

To:  
cc: (bcc: NHB NASReg/NHB/SINGOV)  
Subject: (EMBARGOED) Speech by Mr Lim Hng Kiang, 30 April 2000, 8.00 pm

# *Singapore Government*

## ***MEDIA RELEASE***

Media Division, Ministry of Information and the Arts, 140 Hill Street #02-02 MITA Building  
Singapore 179369. Tel: 837 9666

---

### **EMBARGO INSTRUCTIONS**

The attached press release/speech is **EMBARGOED UNTIL AFTER DELIVERY**.  
Please check against delivery.  
For assistance call 837 9666

---

**SPRInter 4.0**, Singapore's Press Releases on the Internet, is located at:  
<http://www.gov.sg/sprinter/>

---

**SPEECH DELIVERED BY MR LIM HNG KIANG, MINISTER FOR HEALTH AND SECOND MINISTER FOR FINANCE, AT THE NTUC MAY DAY DINNER ON 30 APRIL 2000, 2000 HOURS, AT THE GRAND BALLROOM, ORCHID COUNTRY CLUB**

### **THE SINGAPORE WAY**

Prime Minister Mr Goh Chok Tong and Mrs Goh,  
DPM Lee Hsien Loong,

Secretary-General NTUC Mr Lim Boon Heng,  
Distinguished Guests, Ladies and Gentlemen,

1. I am very honoured to be able to celebrate May Day with you. May Day is also known as Labour Day or Workers' Day in other countries. Here in Singapore, it is not just another public holiday. It is not just an occasion for workers to celebrate. It is also an opportunity for us to take stock of the challenges facing us and rally our workers to forge ahead.

New Challenges

2. There is clear consensus what every country has to deal with in the coming years. Globalisation. Technology. Competition through a Knowledge-Based Economy. How to harness the opportunities of the New Economy and adapt the Old Economy to the changing environment.

3. The situation is not like in the past when there were opposing ideologies on where the world is heading. Today, there is surprising consensus on what the new challenges are. As countries deal with these challenges, the successful strategies will become clear to everyone. And adopted as best practices. If such practices can be replicated elsewhere, then what one can only hope to reap is first-mover advantage. This is the situation for companies competing in the New Economy. It is increasingly the case for countries as well.

4. For the individual caught up in the middle of these changes, it can appear bewildering and even intimidating. We have to upgrade; change our mindsets; learn new skills; re-tool, re-train and re-validate. It seems such an uphill task.

5. But there is no need to be overwhelmed. Singapore has faced daunting challenges before and overcome them. In the past, we had less resources, our people lacked education and training, our infrastructure was weak. Today, we are better equipped to meet our challenges – more resources, better infrastructure and a more competitive base. Our workforce is ranked Number One by BERI (or Business Environment Risk Intelligence) since 1980. We are still Number One in the Year 2000 report. We have a strong tripartite partnership of workers, employers and the Government. More importantly, over the years we have established key principles and trust through our common experience. The government has kept faith with our people. We are therefore quietly confident that our approach, The Singapore Way, will enable us to meet the challenges ahead.

### The Singapore Way

6. What is The Singapore Way? It is our characteristic approach in solving long term problems and challenges that confront us. If I have to summarise what this approach entails, I would say that it has four key features - Personal Responsibility, Partnership, Pragmatism and Pre-emption. If you want an easier way to remember this, then think of it as the 4 'Ps'.

## Personal Responsibility

7. The first key feature is Personal Responsibility. By this, I mean that the individual must be motivated to make the required effort and change to overcome the problems that confront him. The motivation that drives him would be the wish to have a better life for himself and his family. We do not believe in molly coddling the individual. The community and the government can help but it is the personal responsibility of every person to look after himself and his family.

8. By insisting on personal responsibility, we have become more robust, resilient and flexible. In contrast, in Europe, their welfare support structure has resulted in more rigidity and higher cost. We are therefore in a better position to respond to the New Economy. What we need now, beyond personal responsibility, is for every individual to understand the changes needed and act on it.

## Partnership

9. The second key feature of the Singapore Way is Partnership. By this, I mean that we don't leave the individual to struggle all by himself. Rather, we ensure that he or she gets adequate financial and social support from the Government, the unions, businesses, and the community.

10. The government provides the leadership, the infrastructure and the financial resources. The companies know it is in their interest to upgrade the skills of their workers so that they can increase their productivity or take on new responsibilities with the organisation. Our unions organise their members and help them to upgrade their skills, be more productive, earn more and be more employable. The community pitches in, rallying the better-off to look after the less well-off. We are in this together.

## Pragmatism

11. The third key feature of the Singapore Way is Pragmatism. By pragmatism, I mean that we have no ideological hang-ups. Instead, we look for the most practical, efficacious and sensible solution. In turn, this requires us to be flexible and adapt, to change if circumstances change. We look for best practices elsewhere, just as we develop good practices for ourselves, and others emulate. It is a constant search for realistic, practical solutions. We are realistic

because we appreciate the limitations of our small population and even smaller talent pool. We may start with small pragmatic steps but our vision can take quantum leaps. We started the CPF scheme with small matching contributions from the employer and employee. Today, it is a comprehensive social security system that other countries envy.

### Pre-emption

12. The fourth key feature of the Singapore Way is Pre-emption. It means that it is better to plan and act early rather than late. It means setting aside resources for the future, staying ahead of the curve.

13. A good illustration is our approach to reserves. For a small country like Singapore, our financial reserves are of crucial importance because we have no natural or physical assets to fall back on. Other countries have oil, gas, timber, minerals and land. We have to depend on our financial reserves to see us through times of crises. Our level of reserves must also increase as our population grows and our standard of living increases with economic growth.

14. More importantly is how we manage our reserves. We have institutionalised the second key mechanism through the office of the President. The pension obligations of the civil service are fully funded by the current administration. We have built up endowment funds for Edusave, Medifund and Elder Care Fund. Pre-emption sums up our attitude to always prepare for the future.

### Tried and Tested

15. The Singapore Way has served us well in dealing with past challenges. Over the years, it has proven to be effective and fair. Our people take Personal Responsibility but they are not alone. They are supported by a thriving Partnership with the Government, corporates, unions and community. We adopt a Pragmatic approach, solving real life problems faced by our people in a sensible and practical way. Through Pre-emption we can afford to take small practical steps and build up a robust solution before being hit by the rump of the problem.

16. Let me leave you with two contemporary illustrations of the Singapore Way, the 4 Ps. I hope that it will raise your confidence that with this tried and tested approach, we are on the right road in facing the challenges ahead.

## Worker Re-training

17 The first illustration is Worker Re-training. Every developed country is faced with this challenge. Competition from lower cost countries means that companies are forced to re-structure and upgrade. To stay employed and remain employable, workers have to re-train for new jobs. The workforce that can make this transition successfully will remain competitive and keep the jobs. It is indeed a formidable challenge.

18. NTUC has done a commendable job developing the strategy for this. It recognises that the main thrust must come from every worker himself. It must be the Personal Responsibility of every individual worker. But he is not alone.

19. One of the programmes NTUC has set up is the Skills Redevelopment Programme in which NTUC works with members, Government agencies and employers to raise the skills level of workers, especially older ones with lower education. Government provided NTUC a \$50 m grant for this. NTUC also offers classes for members without basic education to acquire a grounding for skills courses. Through these courses and programmes, members get trained and tested for specific skills, and obtain certificates that are recognised at industry and national levels. To do this, NTUC has an Education and Training Fund to subsidize fees for members who are attending courses on their own. As for members' children who are still of school-going age, they can apply for bursaries from NTUC.

20 This is a Pragmatic approach to a very big problem. By breaking up the problem into parts and developing the solution at the grassroot level, from the bottom up, it becomes less daunting. By taking action early, preparing our workers to anticipate restructuring, NTUC can build up the resources and extend their outreach programmes over time.

21. The Singapore worker need not feel alone in facing his future. He has the full backing of the Government, the unions, the management and the community. That is the strength of the Singapore Way.

## Healthcare Financing

22. The second illustration is healthcare financing for a more mobile workforce.

23. Currently, many workers enjoy medical benefits provided by their employers, with these benefits being on a pay-as-you-go basis. When the worker needs medical attention, the employer will pay the agreed amount. If the worker stays healthy, he will not enjoy any real benefit. The employer also does not set aside a separate fund to pay medical benefits.

24. In the New Economy, we envisage medical benefits given by employers to be made more portable. Younger workers who are more healthy can save unconsumed medical benefits for use in their old age. Government is in the process of working with employers and unions to make employer-provided medical benefits more portable. The Government's White Paper on "Affordable Health Care" proposes that employers build their medical benefits system on Medisave. They can make voluntary Medisave contributions for their employees, over and above the statutory contributions, in lieu of part of their traditional benefits in kind. These additional contributions would be tax free, up to 2% of salary, corresponding to the 2% cap on the tax deductibility of free medical benefits. Workers can insure themselves against catastrophic illnesses by buying Medishield or similar schemes (like Incomeshield), using their Medisave to pay the premiums.

25. As the largest employer in Singapore, the Civil Service has set the lead by introducing a new medical benefits scheme for new employees along these lines. New recruits receive additional Medisave contributions over and above the statutory Medisave contributions, in lieu of hospitalisation benefits. They also retain the traditional outpatient benefits, but subject to a cap. This gives them more freedom to decide how they want to use the Medisave amounts.

26. With such a system, employers in the future can then give both older and younger workers the same level of medical benefits. The older worker can draw on his past savings from previous employers to supplement the medical benefits offered by the current employer to pay for his medical expenses. All the companies that employ the worker in his working life will be paying a share of his medical expenses when he is old. Older workers will then not be considered more expensive to hire, unlike the case now.

27. This approach of save-as-you-earn, not pay-as-you-go is a prudent one. We will not be creating problems for our children and grandchildren to solve in the future.

## Role of NTUC

28. One final point I would like to make. The Singapore Way works because Singaporeans make it work. A key player is NTUC. We would not have made such progress if not for the contribution of NTUC, the unions and our workers.

29. NTUC has the following three objectives: To help Singapore stay competitive, and workers to remain employable for life. To enhance the social status and well-being of workers. To build a strong, responsible and caring labour movement.

30. Since NTUC was set up in 1961, it has played an important role in the Singapore Way. NTUC has an impressive record of taking care of its members and ensuring that the Singapore workforce is the best in the world. Together we will prepare our workers for a Knowledge-Based Economy. And we will do it, the Singapore Way.

National Archives of Singapore