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## THE LONG INTERVIEW / YEOH LAM KEONG

Singapore's social policies are not future-ready, says former GIC economist. He talks to Susan Long about his new cause in life

WHEN Mr Yeoh Lam Keong quit his job as chief economist of the Government of Singapore Investment Corporation last June, his colleagues presented him with a T-shirt which read: "Buddha says: Stop wanting stupid shit."

It's a message that suits the 54-year-old to a T.

He lives in a Housing Board flat, takes public transport, and eschews holiday resorts with air-conditioning. "I don't consider it spartan, it's cosier and aesthetically more pleasing," he says.

He has not moved from the Marine Terrace flat he bought in 1987 because he wants his children to grow up in an HDB setting. "So they have a choice. They don't have to live in private housing, they can go and live in a three-room flat in Sengkang if they need to and be totally comfortable," he says.

To his mind, he is not under-consuming. "Others are over-consuming. Most of us have enough resources to live comfortably, yet we kill ourselves to drive a Lotus, instead of an ordinary car.

"We end up killing the environment and stressing each other out. Perhaps, as Lord Robert Skidelski, professor emeritus of political economy at Warwick University said, mass consumption capitalism has outlived its usefulness."

### Social awakening

MR YEOH grew up in a bungalow along Bukit Timah Road. He was the eldest of four children born to an orthopaedic surgeon and doctor-turned-housewife. His three siblings include Ms Yeoh Chee Yan, permanent secretary for Education.

His social awakening happened five years ago, when he was roped in to help analyse Ministry of Community Development, Youth and Sports data on poverty. As he examined the grim figures, he realised serious structural problems were creating a growing underbelly of poverty in Singapore.

Before long, he found a face to the problem.

While watching football with his son in a coffeeshop one evening, he chatted with a

neighbour from a nearby rental block, and found out that the latter, after working as a cleaner for 10 years, earned \$700 a month.

Mr Yeoh ventured in Mandarin: "That's really tight, I don't suppose you have kids?"  
The guy's response: "You mad, ah?"

His son, then 11, soon became aware of the substance of the conversation – that there were people too poor to have children. Later that night, he asked his father: "Pa, do you think the Prime Minister knows about people like him?"

Mr Yeoh said: "I hope so." His son prodded: "I think someone should tell him."

Before long, father and son had added to their coterie of coffeeshop companions an odd-job labourer, who had been unemployed for 10 years because of a history of mental illness. The man had not eaten properly, surviving on a giant vat of green bean soup for days.

Mr Yeoh offered to go with him to see their Member of Parliament. But the man refused, fearing social workers "will bother my brothers and sisters".

"It became clear to me that the so-called social safety net was both undignified and insufficient. It was undignified where sufficient, or plain insufficient.

"He didn't want to be ashamed before family, or for government officials to bug his family to look after him, which he himself would not do," says Mr Yeoh, citing a 2009 Lien Foundation survey which showed that being a burden to family and friends was the top death-related fear of Singaporeans, followed by medical costs.

### Early influences

HE CREDITS his Anglo-Chinese School mate and Deputy Prime Minister Tharman Shanmugaratnam for first stimulating his social conscience.

He was all set on becoming a naturalist – and studying marine biology – but was persuaded by Mr Tharman that economics was more "socially useful". They both applied to the London School of Economics and were accepted.

In London, Mr Tharman encouraged his interest in the underprivileged, social issues and student activism. Mr Yeoh returned to Singapore in 1983, and worked at the Skills Development Fund in the Economic Development Board for two years, then left to become a senior economist at the Monetary Authority of Singapore.

He was soon seconded to help start up the Economics and Strategy Department at GIC and ended up staying a total of 26 years because the work was so riveting.

GIC, he says, taught him all about "real-world economics, politics, markets, people, policymakers, under the most extreme stress". Six major financial crises unfolded

during the time he was there. "It was a huge education in economic policy analysis, what could go right and wrong."

The department he headed at GIC became infamous for its high-quality analysis, independence and daring to challenge convention, say Mr Yeoh's colleagues.

GIC's chief economist Leslie Teo says: "Lam Keong was never afraid to speak his mind even if his views were not popular or politically correct; he was not afraid to explore new and unconventional ideas. He always stood apart from the prevailing culture of the industry – big money, flashy, top of the world – by his concern for the average person and his simple tastes."

He worked under Mr **Lim Siong Guan**, group president of GIC, whom he says drummed into him the importance of being ready to meet the future.

"He taught me that being future-ready is being strategically on top of the most important relevant long-term trends even before they became conventional wisdom," he says.

"Because catching up is the worst position to be in, you are chased and dragged and not the master of your own destiny. You become like Nokia, or Blackberry, as opposed to Apple."

One of his top worries for Singapore today is whether its social policies are future-ready.

He worries that the old social compact is eroding, because the delivery of public services in social security, housing, health care, education and infrastructure is fraying at the edges, and excessive immigration has crowded out quality in such services.

"It's not ready for the world that faces us now; a world where median wages are stagnating, inequality is rising sharply, our population ageing, our maturing economy is growing much more slowly. And it's not going to be ready for the decades ahead, or maybe even the next five years," he vexes.

Time for social reform

HE FEELS that now is the time for the Government to embark on large-scale social reform because it can.

Singapore is in a "uniquely privileged" position to make these changes, he says. "We have extremely low taxes, such that we can afford to raise them somewhat and still remain very tax-competitive, and we are unnecessarily conservative in our budgetary accounting, even by International Monetary Fund standards."

He notes that the Government's spending, as a share of GDP, of around 17 per cent

is among the lowest in the developed world, compared to 35-40 per cent in most OECD countries and 25-30 per cent in other advanced Asian economies.

"Our current levels of spending are low even by our own historical standards of up to 25 per cent of GDP seen in the mid-1980s and early 1990s. These are levels of a public spending we can afford to return to while maintaining competitiveness and long-term fiscal sustainability," he says.

He applauds the Government's pledge announced by Health Minister Gan Kim Yong to double health-care expenditure from \$4 billion to \$8 billion in 2017, which will raise it from 1.5 per cent to 2.2 per cent of GDP. However, he points out, Taiwan was already spending 3.5 to 4 per cent of GDP on health care in 2001.

Notwithstanding the superiority of quality and efficiency of Singapore's health care, he asks: "Is it enough for Singapore, which is steadily ageing, to spend half of Taiwan's 2001 budget in 2017?"

He adds that Mr Gan, to his credit, has assured that no Singaporean will be denied medical care if he or she needs it. "But rather than say it, why not design policy for someone to afford it, rather than have him deplete his own savings and his family's Medisave accounts first?"

"The most important reform needed, which is still missing, is that we still do not have universal financial access to medical care for all citizens, which is politically unacceptable in most democratic developed countries."

Citing figures, Mr Yeoh notes that a relatively large proportion of health-care expenditure in Singapore is still funded out of pocket, with 55 per cent of spending financed by patients, with the rest borne by the state or insurance.

In comparison, patients in other developed Asian economies like Hong Kong, Taiwan, South Korea and Japan pay about 15 to 30 per cent out of pocket. The World Health Organisation's recommendation is 33 per cent and below.

He says the key driver of Singapore's success, going forward, will hinge on how substantively the government can overhaul social policies and win back voters.

The Government still enjoys strong credibility and trust, he says, though he fears that too is eroding, "especially if they keep to their current course and the public continues to feel the level of provision of these basic needs is inadequate".

"It will take a decade to build up a credible alternative government capability as the opposition, while making impressive strides, is starting from such a low base."

He worries that if the government continues with piecemeal tweaks but does not restructure sufficiently to meet the future, "it will be like a big company not doing enough to keep market share, like Nokia or Blackberry, which refused to go touch

screen till it was too late". Both are now eating the dust of Apple.

"A key business of government is strategy, says US statesman Zbigniew Brzezinski. Right now, we are forgoing strategy for tweaks. The trouble with tweaks is that you are not spending strategically and not making headway in things that matter, you are just reacting to pressure from the ground," he says.

One example: The many rounds of cooling measures that have failed to arrest runaway housing prices.

Although most Singaporeans can afford \$150,000 to buy a Build-To-Order flat in Sengkang, on a lower floor and facing a car park now, they worry that future HDB flats will be priced out of their children's reach, he says.

"They know that prices will converge towards resale and private residential prices which, at five to six times median annual household income, are extremely unaffordable. On current trends, how likely is it that HDB can keep prices at \$150,000 if they price off market price plus costs?"

He thinks that HDB needs to abandon its "market fundamentalist" pricing formula and revert to its original mission of meeting "social needs". For starters, he suggests pricing entry-level three- room flats at around two times household income in all locations – only for citizens – which he says would be "in the spirit of HDB's original inspiration and success".

But will these sweeping changes he suggests – radically increasing health and housing subsidies – depart too much from the ethos of cautious continuity and fiscal prudence that the People's Action Party has come to symbolise?

He disagrees: "The original brand of the PAP, as I remember it, was pragmatically meeting the needs of the ordinary citizen and often exceeding expectations in doing so on a universal basis. And it did so from the 1950s to 1980s.

"Back then, their policies were revolutionary and ahead of time, because they anticipated and drove and mastered the future. I would love to see them recapture that original brand."

Life after GIC

LAST June, Mr Yeoh left GIC to spend more time with his family, as well as outdoors, where he fishes, does ink sketches and pens poetry on nature. He intends to apply his economist training to "social investigation" projects, especially on inequality and poverty.

He is a senior adjunct fellow at the Institute of Policy Studies at the Lee Kuan Yew School of Public Policy, a fellow of Civil Service College and an adviser to Singapore Management University's economics faculty.

He is married to Dr Lai Ah Eng, a senior research fellow at the Asian Research Institute. Their son Lai Hsin, 16, studies at Victoria School, and their daughter Lai Lin, 19, at Cambridge University.

The self-styled "Engaged Buddhist" says his goal in life is "to seek peace of mind, happiness and freedom from suffering, for all sentient beings".

The person he most admires is Vietnamese Zen Buddhist monk and peace activist Thich Nhat Hanh, who helped rebuild bombed villages, set up schools and resettle homeless families during the Vietnam War.

"In his books, he describes movingly how he went about rebuilding villages each time they were bombed and destroyed. I am convinced you need these deep-seated values: compassion, reverence for life and its beauty and a sense of the eternal rather than just chasing money, power or fame. Unless you have that spiritual foundation, it's very hard to stay sane or be truly effective."

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This is the start of a weekly interview series featuring change-makers.

#### "TOP WORRY

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– Mr Yeoh, on Singapore's social compact

#### VALUES TO LIVE BY

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– On how he chooses to live"