

MAY DAY MESSAGE 2009 BY PRIME MINISTER LEE HSIEN LOONG

Much has changed in the course of a year. When I was preparing my May Day Message last year, we were in a very different situation. The economy had a strong first quarter in 2008, and workers were enjoying good bonuses from the year before. The US had already run into difficulties, but we still hoped that the world could avoid taking a major tumble.

Unfortunately, the US problems grew into a major financial crisis which has caused a severe worldwide recession. World financial markets are no longer frozen, but things are far from back to normal. All the major economies are contracting simultaneously, for the first time since the Great Depression. The World Bank expects global industrial production to fall by 15% by the middle of this year, and world trade also to fall sharply, especially in Asia. Governments have taken bold steps to boost their economies, but in this unprecedented situation nobody can be sure what measures will work, or how quickly.

Singapore is doing all we can to buffer ourselves from the storm. We have launched the Skills Programme for Upgrading and Resilience (SPUR), and the “Resilience Package”, which includes the Jobs Credit scheme. We have focused on preserving jobs, because when people have jobs they can look after themselves and their families. Unions and employers have supported these schemes. They have aligned the interests of employers and workers, and helped companies to think of cutting costs to save jobs, instead of cutting jobs to save costs.

Singapore’s recovery will depend on how the situation develops worldwide, especially in the US. An optimistic scenario is for the US economy to stabilise by the end of this year, and begin a gradual recovery next year. But this is not at all certain. The US recession may well continue into next year. In the worst case if the troubled banks are not put right, the problems can drag on for several years.

MTI has revised our growth forecast down to between minus 6% and minus 9%. While retrenchments and unemployment have gone up, new jobs are still being created. The situation would have been worse if not for the Resilience Package. Employers have more reasons to keep jobs with the support they get from the Jobs Credit, SPUR and other measures in the Resilience Package. But if global demand continues to be weak, we must expect more job losses, despite all our measures. In some sectors, things will get worse before they get better. We must prepare for a prolonged difficult period, and continue to build capabilities for the future.

But we have reason to be quietly confident. Our economy has important strengths. Our banks are sound, our industries are competitive, our wage systems are flexible, and many good jobs are still available. Our workers are cooperating with employers and the government, to acquire the skills which will make them more productive and employable. Our substantial reserves are funding programmes to counter the recession. Few countries are in as secure a position as Singapore.

Despite the unfavourable climate, our economic agencies are actively seeking new business opportunities. The Economic Development Board (EDB) continues to win investments. Many global companies have long term perspectives and are still launching projects in Asia. They see opportunities in this dynamic region, and know that Singapore provides a stable base for their Asian business.

Upcoming projects in the service sector, particularly the tourism industry, will create more jobs. Our two Integrated Resorts will be completed soon. Beyond that, we will have the Gardens by the Bay, the International Cruise Terminal and Asia's first River Safari in Mandai.

We are also growing our external wing. International Enterprise (IE) Singapore is helping companies to win projects in China, India and the Middle East, where many opportunities still exist. It is also working with Trade Associations and Chambers of Commerce to access markets worldwide, in Latin America and even Africa. We must venture further afield to find new business opportunities, and think of more creative ways to make a living for ourselves.

The basic strategy for Singapore must still be to stay open and linked to the world. We prosper by servicing the region, Asia and the world, and by being equal to the best in niche areas. Thus banks in Singapore service customers from all over the region. We will still be a major financial centre, especially in areas like fund management or global treasury business. Our factories produce critical components for computers and active ingredients for drugs, often accounting for a third or more of the world market for those products. Unfortunately, our access to foreign markets will become more difficult, because governments will raise more protectionist barriers as they come under political pressure to help domestic producers. As we continue to develop new markets, our wide network of Free Trade Agreements with major trading partners will prove invaluable.

As an open economy, we must make ourselves globally competitive rather than try to protect ourselves from competition. We must gather talent from all over the world to strengthen the Singapore team. At the same time, we must upgrade the knowledge and skills of our own people. This downturn is an opportunity to mount a major effort in this area. Schemes like SPUR and Professional Skills Programme (PSP) convert slack manpower into learning opportunities. They help workers to become more productive, flexible and competitive.

Every Singaporean must do his or her part. I urge workers to go for training, to up-skill and reskill yourselves. If you are seeking a new job, do take up one of the many jobs still available, even if it is not your first choice. Have realistic salary expectations, and be willing to learn new things and adapt to different working conditions. I urge employers to think of all possible ways to save costs, and consider retrenchment only as a last resort. Make full use of government programmes and work closely with the unions. For any cost-cutting measures, management should lead by example. Most importantly, everyone must be mentally prepared, and be ready for sacrifices in these difficult times.

In many countries, workers are mounting angry protests and demonstrations as the economic pain deepens and more people lose their jobs. These outbursts are understandable, but unfortunately they do not make things better. In Singapore, our response to the crisis has been rational and constructive. Unions, employers and government are working together to find practical solutions, to explain to Singaporeans what is happening, and what we must do to see through the downturn. This cooperation depends on the trust and confidence among the tripartite partners built up over many decades. In this moment of stress and uncertainty, it is helping Singapore to stand out from other countries, enhancing our reputation and bringing in more investments and jobs.

We must use this crisis to prepare for a different, more competitive world when the storm passes. We must build resilience in a new generation of Singaporeans, and strengthen their bonds with a new team of leaders. Most of all, we must unite as a nation, keep our calm, unflinching spirit and emerge stronger from the crisis.

I wish all Singaporeans a Happy May Day.