

# The World We Live In



Chapter

# 01



## The World We Live In

After four decades of nationhood, Singapore has progressed from a Third World backwater into a prosperous, dynamic and cosmopolitan metropolis. We are what we are today because our government has the foresight and determination to pursue policies and create conditions that best assured our nation's survival, security and success. Our nation-building process is underpinned by the time-tested principles of incorruptibility, meritocracy, religious freedom, racial harmony and the continuous pursuit of excellence.

## FORCES SHAPING OUR FUTURE

In this decade, the four forces shaping our future are:

***Globalisation.*** Each passing day sees the world continuing to become more integrated and inter-dependent. National borders are becoming more and more open as globalisation rapidly creates a single integrated trading, financial and labour market pool, with talent, capital, goods and services moving easily and quickly from one region to another. Singapore has to distinguish itself as an attractive destination for talent and investment.

***Technology.*** Quickening the pace of globalisation are the huge technological advances which cause products and processes to change continually, at breakneck speed. Entire industries have been displaced overnight because of this. To stay competitive and relevant, every nation and industry has to continuously innovate and relentlessly reinvent their business models.

***Competition.*** Manufacturing, backend operations and other low-cost industries are being relocated to China and India. Other developing countries are boldly opening themselves up to foreign trade and investments, and liberalising their previously closed domestic market. Singapore has to ride on the challenges and opportunities presented by this new wave of competition.

***Terrorism.*** Terrorism now threatens both global stability and our region's economic prospects. It also represents the most critical threat to Singapore's national security. This threat is not likely to abate quickly because the roots of terrorism are lodged deeply worldwide and its cause lies in complex social and religious phenomena. As the security of individual countries is closely linked to the security of the regions they are in, collaboration and cooperation between nations is crucial for any anti-terrorism measures.

## SINGAPORE'S RESPONSE

Faced with such unprecedented challenges, we have to remake Singapore so that it continues to be a land of opportunity in the heart of a resurgent Asia. Our fundamentals are an effective government that exercises fiscal prudence and formulates sound fiscal policies; a strong society founded on a resilient and cohesive population; and a strong social compact between the government and the people.

To do this, we will focus our resources on:

- The continued growth of our manufacturing and services sector. This will strengthen our position as a global business hub and an attractive place in Asia for investments and talent;
- A flexible and responsive labour market that continues to attract foreign investors in the face of fast-changing technology and volatile business conditions. Changes in the contribution rates to the Central Provident Fund and the push for more flexible wages are some strategic measures to preserve and create new jobs;
- A conducive business environment in Singapore. We will be pro-business, and also boost our capacity for entrepreneurship. This includes providing access to financing for start-ups, helping our entrepreneurs venture off shore and reducing bureaucracy; and
- The creation of a highly-competitive environment to spur businesses to become more innovative, efficient and responsive to customers' needs. Singapore will continue to be pro-competition.

In order to support the remaking of Singapore as a land of opportunity, the Ministry of Finance (MOF) strives to achieve:

- a Secure Singapore;
- a Balanced Budget;
- a Best for Business approach;
- an Excellent Public Service; and
- a World-Class MOF