

BY INVITATION

## What Singapore can learn from Europe

Four Nordic nations do better in birth rates, equality, heritage and the environment

**By Tommy Koh**

IT IS a sad reflection on human nature that when a region is faced with a crisis, it is often treated with disdain instead of sympathy. I recall that during the Asian financial crisis of 1997-1998, some of our European and American friends were extremely unkind and predicted that Asia would suffer a lost decade.

We must not do the same to Europe which has been faced with a serious financial and economic crisis since 2008. I have, therefore, decided to swim against the tide of anti-Europe sentiments.

I wish to highlight the fact that not all the countries of Europe are in crisis. Last year, of the 27 European Union countries, only three had a negative growth rate. In the 2010-2011 Global Competitiveness Index of the World Economic Forum, six EU countries were ranked among the 10 most competitive countries.

I wish to make the case that Singapore has much to learn from the successful countries of Europe. I will focus on four European countries whose populations are below 10 million - namely, Denmark, Finland, Norway and Sweden.

### LESSON NO. 1

#### **Inclusive growth**

THE citizens of the world aspire to live in fair societies. One important aspect of fairness is the equitable distribution of income and wealth. This is the moral force behind the economic doctrine of inclusive growth. As a result of globalisation, technological change and domestic policies, many countries have become extremely unequal.

The Occupy Wall Street movement is a reflection of the American people's sentiments against a growth model which over-rewards the top 1 per cent and

under-rewards the remaining 99 per cent. The inequality in Singapore, as measured by the Gini coefficient, is even greater than that in America. Too great a gap between rich and poor undermines solidarity and social cohesion. It poses a threat to our harmony and our sense of nationhood.

Let us compare Singapore, on the one hand, and Denmark, Finland, Norway and Sweden on the other. Their per capita incomes in 2010 were as follows:

- **Singapore:** S\$59,813
- **Denmark:** S\$69,249 (€42,500)
- **Finland:** S\$54,584 (€33,500)
- **Norway:** S\$105,096 (€64,500)
- **Sweden:** S\$60,613 (€37,200)

The Gini coefficient is used universally as a summary measure of income inequality. It is based upon the difference between the incomes of the top 20 per cent and the bottom 20 per cent. Zero represents total income equality and one represents total inequality. What are the Gini coefficients of the five countries? In 2010, they were as follows:

- **Singapore:** 0.46
- **Denmark:** 0.27
- **Finland:** 0.25
- **Norway:** 0.24
- **Sweden:** 0.24

In order to get a better sense of the wages earned in the five countries by the bottom 20-30 per cent of the working population, I have chosen the cleaner and the bus driver. The average monthly wages of the cleaner and bus driver in the five countries are as follows:

### **Singapore**

**Cleaner** S\$800

**Bus driver** S\$1,800

### **Denmark**

**Cleaner** S\$5,502

**Bus driver** S\$6,193

### **Finland**

**Cleaner** S\$2,085

**Bus driver** S\$3,910

### **Norway**

**Cleaner S\$5,470**

**Bus driver S\$6,260**

**Sweden**

**Cleaner S\$3,667**

**Bus driver S\$4,480**

A few observations are in order. First, Singapore's per capita income is roughly similar to those of Denmark, Finland and Sweden. Second, the four Nordic countries are much more equitable than Singapore. This is reflected in their Gini coefficients as well as in the average monthly wages earned by the cleaner and the bus driver. Third, some Nordic countries have a minimum wage and some, such as Denmark, do not. The minimum wage is, therefore, a means but not the only means to ensure that workers earn a living wage.

Fourth, the argument that the only way to raise the wages of our low-wage workers is through productivity increase is not persuasive. I would like to know, for example, how the two women who clean my office can be more productive than they already are in order to deserve higher wages? I would like to know how the Singapore bus driver can be more productive so that his income will approximate those of his Nordic counterparts?

The truth is that we pay these workers such low wages not primarily because their productivity is inherently low, but largely because they are competing against an unlimited supply of cheap foreign workers. Because cheap workers are so plentiful, they tend to be employed unproductively. In the Nordic countries, unskilled workers are relatively scarce and thus deployed more productively, with higher skills, mechanisation, and better organisation.

What is the solution? The solution is for the State to reduce the supply of cheap foreign workers or introduce a minimum wage or to target specific industries, such as the hospitality industry, for wage enhancement.

## **LESSON NO. 2**

### **Higher fertility**

ONE of our challenges is our low fertility rate. For a country's population to remain stable, it needs a total fertility rate (TFR) of 2.14. Singapore's current TFR is 1.2. Our population experts tell us that our population will begin to shrink by 2025. They have, therefore, argued that, to make up the deficit, we need to import foreigners to add to our population.

Importing foreigners is the second best solution. The best solution is to raise our TFR. On this point, our policymakers seem to have run out of ideas. The various incentive schemes, such as baby bonus, do not seem to be productive. It is time to look at our four European countries for inspiration. Their 2010 TFRs were as follows:

- **Denmark:** 1.87
- **Finland:** 1.87
- **Norway:** 1.95
- **Sweden:** 1.98

The four Nordic countries have TFRs which are close to the replacement level. This achievement seems extraordinary. They do not have the benefit of maids. There are over 200,000 foreign domestic workers in Singapore. They also do not have grandparents who help with child-rearing. At the same time, they have very high participation of women in their workforces. In terms of availability of time and help for child-rearing, common sense would suggest that the TFR in Singapore should be higher than those in the Nordic countries. How do we explain this paradox?

Our population experts cannot explain this paradox. I will venture a hypothesis. I believe that the high TFR in the Nordic countries could be due to four factors: the availability of convenient, affordable and good childcare; good work-life balance; an excellent and relatively stress-free education system; and the relative absence of male chauvinism.

Let me say a few words on each of the four factors.

First, one of the missing links in Singapore is the inadequate supply of conveniently located, good quality and affordable childcare for infants and young children.

Second, the work-life balance in Singapore, especially for many young professionals such as lawyers, architects and teachers, is poor. Singaporeans work one of the longest hours in the developed world. They have little energy for life other than work and thus little time for meaningful family life.

The Government and our employers should reflect on whether the existing climate of encouraging or requiring our young professionals to work late into the night is necessary or desirable.

Third, sociologists like Paulin Straughan have pointed out that Singapore's highly competitive and stressful education system is also a deterrent to working parents having more children. The Nordic countries, on the other

hand, are famous for their high quality, egalitarian education which fulfils the children's aspiration for a happy childhood. It is a paradox that Finland, with no streaming, no elite schools and no private tuition industry, is ranked as having the world's best education system.

Fourth, it is significant that the developed countries with low TFRs include Japan, Korea, Italy and Spain, which have a high degree of male chauvinism. Is it possible that Singapore too has a high degree of male chauvinism? The women of Singapore are often blamed for not marrying and having children. Perhaps, the main problem is not our women but our men. Perhaps, what we also need is a mindset change on the part of our men towards the status and role of our women and the shared responsibilities of the husband and wife, and father and mother in domestic chores and child-rearing.

### **LESSON NO. 3**

#### **Embracing nature and sustainable development**

SINGAPORE is probably Asia's cleanest, greenest and most liveable city. Our air is healthy, our water is potable and our land is wholesome. In addition, we enjoy good public health and food safety. Visitors are astonished by the fact that, in spite of our high density, 47 per cent of our land is covered in greenery. In view of this, the reader will ask what can we learn from the four Nordic countries? I suggest three things.

First, people there love nature and their natural heritage. They seem to have an emotional, even a spiritual, relationship with nature. They love their forests, lakes and fjords. In contrast, most Singaporeans tend to have a more pragmatic relationship with nature. They apply a cost-benefit analysis to the destruction of a natural heritage. Pragmatism is one of our virtues. We should, however, be aware of the defects of our virtues. Not everything in life can be monetised.

Second, we can learn useful lessons from the way in which the Nordic countries have been able to reconcile economic competitiveness with a deep commitment to sustainable development. After the 1992 Earth Summit, each of them has established a national commission to mainstream sustainable development.

In the case of Finland, the Prime Minister chairs the National Commission on Sustainable Development. The result is that there is a national consensus in

each of those countries to internalise the ethic of sustainable development into all aspects of life.

Third, at the micro-level, there are lessons in areas where Singapore has room for improvement - for example, in energy efficiency, the use of solar energy, the recycling of waste, the use of non-polluting buses, changing unsustainable patterns of consumption and production, etc.

## **LESSON NO. 4**

### **Heritage, culture and the arts**

IN THE past two decades, inspired by the 1989 Ong Teng Cheong report and Mr George Yeo's leadership at the then Ministry of Information and the Arts, Singapore has undergone a paradigm shift in the areas of heritage, culture and the arts. The arts have blossomed. More and more Singaporeans are interested in knowing their history and preserving their heritage. The trend is, therefore, favourable. What can we learn from the Nordic countries?

First, we can learn the importance of giving all our children a good education in the arts. We have made good progress in recent years. The opening of the Yong Siew Toh Conservatory of Music and the School of The Arts were important milestones.

We can strengthen arts education in our schools. We should consider starting courses in art history and museum studies at the undergraduate and graduate levels. This will help in the training of teachers, curators, dealers, collectors and museum administrators, all in short supply.

Second, we can emulate the achievements of the Nordic countries in respect of museums. They have an impressive range of museums with strong collections. They have been able to harness the benefit of public-private partnership. Their museum collections extend beyond their nations to the cultures of the world.

For example, the David Collection in Copenhagen is one of the world's best collections of Islamic Art. The Kiasma Museum of Contemporary Art in Helsinki has a very ambitious programming agenda, covering Western as well as Asian and African art.

Third, because of their ancient Viking past and current strength in shipping and other maritime industries, Denmark, Norway and Sweden have outstanding museums of maritime history.

Given the importance of maritime trade to Singapore's past and present, it is puzzling that we do not have a museum of maritime history. I hope one day the historic Clifford Pier, which now houses a restaurant, will be the home of a world-class museum of maritime history. When that time comes, we can look to the Nordic countries for inspiration.

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