

Money
'Help SMEs, ditch MNCs-first mindset'

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Growing local firms allows S'pore to thrive: Forum speakers

HELPING small Singapore firms to expand is imperative if the Republic is to grow and thrive in the difficult environment ahead.

This was one of the key messages that speakers at the **Singapore Economic Policy Forum** delivered to policymakers steering the economy into the next lap.

The event, organised by the Economic Society of Singapore and the National University of Singapore's Singapore Centre for Applied and Policy Economics, was held at the Grand Hyatt hotel yesterday.

Painting a gloomy picture of the global economy, Mr Manu Bhaskaran, chief executive of Centennial Asia Advisors, said the biggest economies in the world - the United States, Europe and Japan - are in for a difficult few years ahead.

This, combined with a slowdown in China, means the global environment would prove a challenging landscape for Singapore's export-oriented economy, he added.

The country's key strengths are its strong reserves, resilient and competitive economy, and flexibility of decision-making to help it through tough times, he said.

Boosting local enterprise will help to give Singapore the special edge, or what Mr Bhaskaran calls 'inherent capacity'.

'This is the critical software or blueprints held by the indigenous workers and companies of a country,' he said.

'It is the financial capital, local skills, intellectual property... (and) accumulated, intangible experience that is locked in the citizens.

'But in terms of getting this inherent capacity up, we still have a long way to go.'

Another forum speaker, Ang Mo Kio GRC MP Inderjit Singh, also urged policymakers to ditch the old 'multinational companies first' mentality and pay much more attention to local firms.

While getting multinational companies (MNCs) to Singapore in its early years to boost the economy was essential, the country cannot continue on this path as big firms do not stick around, he said.

'We have to change the mindset of 'MNCs first', and put local firms in front as well. There are diminishing returns from MNCs where job creation is concerned,' said Mr Singh.

He cited Israel and Taiwan as key models and told of how their governments have pushed and supported local enterprises to become world-beaters.

But for this to work in Singapore, policymakers have to move away from the instant-rewards approach to economic planning.

'We have to be patient. We need to plant the seeds of success and let the firms grow over time. It may take decades and not three or four years,' Mr Singh said.

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