

# Slowing down growth will not help create a more equal society: Josephine Teo

## Singapore

DELIBERATELY slowing down Singapore's economic growth will not help tackle inequality, but will instead make everybody worse off, said Manpower Minister Josephine Teo on Friday. "It will have the harshest impact on the bottom," Ms Teo said. "Jobs will be lost and incomes fall for those at the lower end of the workforce, while at the top end, those with the talent or entrepreneurial ability to seize opportunities elsewhere will up and go." Ms Teo was speaking at a panel discussion during a conference organised to celebrate the 30th anniversary of the Institute of Policy Studies (IPS) at Marina Bay Sands.

She pointed out that slowing down growth "so that those behind can catch up" may sound like an intuitive solution to inequality, but the evidence goes against it. Much of Singapore's growth since 2000 took place between 2004 and 2007, when its gross domestic product (GDP) grew by an average of 8 per cent yearly. Median income adjusted for inflation grew by 20 per cent during that decade, and "virtually all" of it happened during that four-year period. "By going for growth when the conditions allowed, we offset the downturns we experienced earlier in the decade," Ms Teo said. "In the process, we reduced unemployment and raised wages for Singaporeans after the standstill in the first part of the decade."

She added that slow growth will not en-

sure a more equal society as long as we live in a globalised world. "Over the last 10 years, we have seen inequality moderate, both in tandem with the gradual pick-up of the global economy, due in part to a more deliberate effort on the part of the government to implement significant social interventions... but also as the global economy picked up," she said.

Her comments came after Deputy Prime Minister Tharman Shanmugaratnam said on Thursday that to tackle income inequality, Singapore first must ensure that everyone in society – including those in the middle class – continues to progress. He gave the analogy of being on an escalator, which has to keep moving so that everyone is better off.

Ms Teo's fellow panelist, Nominated MP Walter Theseira, also spoke about inequality and social mobility in Singapore. The labour economist, an associate professor at the Singapore University of Social Sciences, said the basic problem is that income inequality "has a very high chance of reproducing itself".

Addressing this problem will mean that we have to weigh the trade-offs, he said. "A completely redistributive society is going to fail. So, too, will a society that fails to ask those who are better off among us for more," he said. "We have to weigh the trade-offs. There is a real cost to having an equal society." Ms Teo added that pursuing economic growth is not at odds with reducing inequality.