

Ex-minister's book examines role of govt in business

Panel agrees state capitalism is vital – but divestment must be done carefully

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THE role of government in business – and not least whether it should make an exit – was revisited at a forum yesterday.

The event, held in conjunction with the launch of a book on the topic by former minister Lim Hwee Hua, featured a spirited exchange of views that drew largely from the Singapore context. The fact, for instance, that building services firm CPG Corporation – which started life as the Public Works Department (PWD) – is now in the hands of a Chinese state-owned enterprise (SOE), came up for debate.

Mrs Lim's book, *Government In Business – Friend or Foe?*, delves into the issue through case studies covering a wide range of sectors, not only in Singapore but elsewhere too.

"I wanted to discuss as many examples as possible, to lend a sense of reality to an otherwise dry topic of philosophy or ideology," she said at the event at The Tanglin Club.

The book analyses the many roles of government that make an impact on business – as manager of the economy and national budget, provider of essential services, developer of industry, regulator of strategic sectors, and – perhaps most controversially – as a shareholder and provider of capital.

But overall, "government need not apologise for its role in business", said Mrs Lim, who was second minister for finance and transport before she left politics in 2011. While in government, she was involved in reviewing Singapore's pro-enterprise policies and overseeing its investments in the private sector.

She is now executive director of Tembusu Partners



Book launch: Mrs Lim said in essential goods and services, or where the market has failed, the state should be involved, usually as investor. PHOTO: NG SOR LUAN/THE STRAITS TIMES

and an independent non-executive director of Jardine Cycle & Carriage and Stamford Land.

She said that in essential goods and services, or where the market has failed, the state needs to be involved, usually as an investor. But even then, the extent to which government should remain in business should be a deliberate decision, and the state should not "overstay its usefulness".

Her fellow panellists at the forum – Changi Airport Group chairman Liew Mun Leong; Mildred Tan, managing director, advisory services at Ernst & Young; and moderator National University of Singapore associate professor Lan Luh Luh – largely agreed on the "vital role" of state capitalism and on the merits of corporatisation and divestment at some point.

"But we must be careful

what we sell," said Mr Liew, citing the divestment of CPG Corp – and the consequent loss of core capabilities – as a matter of regret.

Sold in 2003 to Downer EDI, an Australian company, the former PWD Corporation changed hands again last year when it was bought by the China Architecture Design and Research Group for A\$147 million (S\$173 million).

To Mrs Lim, who also discussed the CPG divest-

ment in her book, the case highlighted the need to spell out the objectives for divesting a particular business. She noted that the public had moved from allegations of favouritism pre-divestment to regret that the nation had lost its core competencies in the planning and building of public amenities.

She said: "Some questioned if the government had sold off the crown jewels. In the final analysis, this was quite clearly a case of a change of mind on the part of the public."

Mrs Tan drew a sharp distinction between Singapore's government-linked companies (GLCs) – run just like private-sector firms on market principles – and SOEs elsewhere.

Indeed, said Mr Liew (who was previously president and chief executive of the CapitaLand Group); perish the thought if anyone felt the GLCs had preferential treatment.

"Absolutely not true!" he said. If anything, he said he was handled "with reverse discrimination".

The forum was jointly organised by the NUS Business School's Centre for Governance, Institutions and Organisations and Straits Times Press, publisher of the 278-page book, which is available at major bookstores.