

Singapore – International Medical Centre: A Missed Opportunity, or Not Too Late?

By Dr Toh Han Chong, Editor

The Singapore healthcare sector has been in flux and yet also in transformation. While well regarded internationally to be robust and reputable, it will continue to face imminent challenges. The speaker for this year's SMA Lecture, Mr Ngiam Tong Dow, taps on his deep and wide experience in various ministries to offer insights and wisdom on many issues: Singapore as an international medical centre, the possibility of supplier-induced demand in healthcare, as well as his political vision and opinion on Hainanese chicken rice.

This is the full version of the SMA News interview with Mr Ngiam. The contents of this interview are not to be printed in whole or in part without prior approval of the Editor (email news@sma.org.sg). (For the version published in our September 2013 issue, please see <http://goo.gl/DDAcyd>.)

SMA Lecture 2013

Dr Toh Han Chong – THC: The upcoming SMA Lecture is titled Developing Singapore as an International Medical Centre. Why did you choose this topic?

Mr Ngiam Tong Dow – NTD: In Economics, there are two types of economies – production-based and knowledge-based. The former depends on land, labour and capital, but it is the latter that Singapore really needed. This was clear to me as Chairman of Economic Development Board (EDB) in the 1980s. We could not offer cheap labour and cheap land for long. We needed to have a significant niche.

At that time, we identified two key areas. The first was banking and finance, and the second, Medicine. The first niche was identified by Mr Van Oonen from the Bank of America. He felt that Singapore could become one of the centres of foreign exchange trade, which operates round the clock – so it could start from Tokyo, come to Singapore, and then reach London. Medicine was singled out by me as the other possible area that Singapore could compete in. You see, among my schoolmates, only the best go to medical school. How then can we use these brilliant minds to be part of the knowledge economy to build up Singapore as an international medical centre? I thought we had a chance to succeed with Medicine. I shared this insight with then Prime Minister Lee Kuan Yew, but he didn't want to interfere directly. I think he passed the word to the Ministry of Health (MOH) though.

MOH thought their job was only to train enough doctors to meet the needs of the Singapore economy. But from EDB's point of view, they need to think outside the box. This is because our original economy was expanding since the middle class in the region was sourcing for better medical services than what they could get at home.

The initial ratio was to have one doctor for every 600 Singaporeans, which then became 450, but they were only looking at the domestic market, which had limited growth. I suggested aiming for

growth within the Southeast Asian region, and true enough, the region prospered and a lot of patients from the region started coming to Singapore, instead of London or New York! After the Middle East problems, the Arabs also came here. We are an ideal knowledge and healthcare delivery centre for Medicine; that is why I was so firm in my belief then.

My next question was how do we become an international medical centre? We must first increase medical school enrolment. Fortunately, the Government agreed to my suggestion, and we expanded from one medical school to three. In time to come, I expect this expansion to produce around 1,000 doctors with intellectual prowess, which will give us the thrust to become an international medical centre.

THC: If Singapore becomes an international medical centre, it might create more pressure points, especially in the public sector. What are your thoughts?

NTD: In my view, the public sector should compete. If Singapore is to become a medical centre, we have to develop our public hospitals, as they are at the forefront of local Medicine. If you have a very serious complex illness, you would probably not go to a private practitioner, but engage an established and experienced medical team who see a high volume of such a disease, who can get to the problem immediately. The method you use to pay for it depends on MediShield and copayments. We should develop our public hospitals, instead of running them down, so that doctors will want to stay on and not leave once they get higher qualifications.

THC: The issue is whether our hospitals can cope with the rising number of foreign patients coming into Singapore.

NTD: If I may say so, that would be a pleasant problem for us. When you've got the demand, it's up to you to organise to meet the demand. You only need to start worrying when you have no demand, when you *pa bang* (Hokkien for "swatting flies", meaning "lack of business"). The other interesting thing is that when local patients see people from all over the world coming to our hospitals, they will realise that they're also getting good healthcare services. But now, Singaporeans don't realise that.

Folly of supplier-induced demand?

THC: Some health economists have been known to say that supply induces demand. The more doctors you produce, the more demand you create, the more healthcare costs would go up, which will result in severe health expenditure repercussions. What is your take on this?

NTD: Yes, a very influential local health economist in Singapore once said that. He was referring to the backwards sloping supply curve, and thus felt that we needed to restrict the number of doctors. I once sat on a committee chaired by Lee Hsien Loong and S Dhanabalan, and he was the health economist there too. I completely disagree with him because he has missed the wood for the trees. The demand

for doctors does not come only from our own population, but also from the regional economies. As the middle class becomes richer, they want better medical services, and this is true today! If you look at all the paying patients, the demand is coming from the Indonesian and Vietnamese. In fact, we are very worried about the increase in the costs of Medicine.

My point is there will be greater economies of scale if you serve not just your own people, but also that of the region. With economies of scale, you can restrain the growth of health expenditure. Today, it is 4% of the gross domestic product (GDP). Therefore, I think greater economies of scale can restrain costs but not growth, so we have to be realistic. This is the reality today. Great credit should be given to our private sector; it consists of businessmen who bring in all the patients who indirectly help us restrain, not add to, the rising costs of Medicine.

THC: In national health systems across Europe, they will tend not to overinvestigate, overtreat or “overprocedurise” because of the national guidelines and regulatory frameworks that are in place. But in the US, third party payers (private insurance companies) dominate the health payment landscape, so there is a higher chance that they might overinvestigate or overmanage patients. What about Singapore?

NTD: That is why I think the Singapore healthcare system is in fact one of the best in the world. We have copayment, whereas the British and Americans do not, and the private insurance companies are the ones who rip everybody off! We should not only look at what others do. Our health financing system is a very balanced one, with copayment and a bigger market with greater economies of scale. Although it will not reduce the amount of GDP used for healthcare, we can restrain rising cost. However, we should not restrain the salaries of doctors and nurses, as they have chosen to be in the healthcare sector, even though they have many career choices.

The health economist I mentioned earlier came up with a theory that autonomous public hospitals should only be allowed to keep a part of the increase in revenue. I then told Hon Sui Sen that the excess money should be returned to the Ministry of Finance (MOF) if the health economist decided that the revenue had exceeded a stipulated amount! Mr Hon asked me, “Whatever for?” As such, the hands of the autonomous hospitals were tied for a long time. The idea is for the additional revenue to be used to pay the doctors, upgrade equipment, and so on. It is a mistaken socialist policy that the revenue received by autonomous hospitals must be capped so that the doctors do not overprescribe. This whole idea came from that health economist!

This policy stems from a premise of distrust of the medical profession, which should not be the starting point of a policy. Why would busy hospital doctors prescribe unnecessary procedures just to collect fees? Most doctors don’t even have time for a cup of coffee! If you look at the breakdown of a medical bill, the doctors’ fees constitute, at most, 10% to 20%. The rest goes to paying for facilities and salaries of other staff such as the administrators! I don’t want to be too harsh on that health economist,

but our medical sector would have advanced further if this theory of supply creating demand had not been proposed, at least not for the public hospitals.

Uniquely Singaporean issues

THC: We've invested so much into biomedical research. There is a strong feeling that in order to bring it to relevant applications and real patient care, there must be more of a connection between such R&D hubs like the Biopolis and the clinical institutions. What are your thoughts about the substantial investment that has gone into biomedical research?

NTD: I'm afraid that so far, we've gone for trophy scientists as a key strategy. In the 70s, when we were building Changi Airport Terminal 1, Mr Ng Pock Too brought the Chinese to the terminal. Of course, as typical Singaporeans, we boasted about being the best in the world. The Chinese leader said, "Mr Ng, who built this terminal?" Alas, we had to say Takenaka Corporation of Japan. He rested his case.

We shouldn't buy trophies. The best thing is to train our own people and give them the experience. I wrote an article some time ago on how we were spending over \$6 billion trying to raise productivity. I found out that we have 30,000 trained workers each year, if we took into account the graduates from all our universities, polytechnics and Institutes of Technical Education! Yet, our employers refuse to take them on because they say that while the graduates may have the theories, they may not be able to do the job! As such, I proposed that MOF, using the money set aside, pay for the salaries of new graduates that employers hire and train for the first year. If these employers hire them permanently, the training will be free; if not, half of their total salaries must be returned! I think that's the best way, as we can reduce a lot of manpower wastage. I have not received a response yet!

THC: After the General Elections in 2011, many Singaporeans were angry about the issue of increased foreign talents on local shores. As a result, we have fewer foreign talents in this country now. Since then, our small and medium enterprises have suffered, and our local manpower is insufficient to cope in various industries, including healthcare. What are your views?

NTD: My own hospital stay has really opened my eyes. Other than the radiologist who was a Singaporean, all the hospital technicians were Chinese, Filipinos or Indians. If we send all of them back, the hospitals may have to close down. I think a lot of these pseudo-economists and pseudo-politicians say Singaporeans should be employed first, but are Singaporeans fit or willing to do some of these job?

For example, the delivery of medical care falls squarely on the shoulders of our nurses, so I was very upset to read that our Population White Paper classified nursing as a "low-skilled" job. Whoever passed that document should have his pay revoked. *(laughs)* Nursing is for the toughest minded, as nurses take care of patients for long hours in the frontlines. Sometimes, the patients get impatient and scream at them. It's a job I wouldn't want to do myself, but I respect nurses for it.

THC: What about the silver tsunami? Many local elderly patients, who are in their 80s or 90s, are alone at home because their children are working full-time. How do we address the health care and social needs of the silver tsunami in Singapore?

NTD: I am part of the silver tsunami. *(laughs)* Actually, it is a very tough problem to solve for the nuclear family and the state. It is a dilemma that we are facing. Do we spend taxpayers' money to prolong the elderly's lives, or leave it to the hands of God? It is a really tough decision, and I have no answer for that yet. However, the silver tsunami is inevitable because of better medical care. In the animal kingdom, the old and infirm just die. But we're different because we're human beings.

THC: Singaporeans in their 20s and 30s are having fewer babies today. How would you solve the problem of low fertility rates in Singapore?

NTD: Tell the young people, "You are now young, successful, with First Class Honours from Cambridge University, and you live with your parents – life cannot be better. Project your mind to when you are 60, when maybe your parents are no longer around, do you want to live in a mansion all by yourself?" Every human being has to have a mate for company, like how my wife and I are going through the golden years together. In general, we should appeal to real life scenarios like this.

In the past, our family planning schemes were very mechanistic. For your first child, you will not receive any accouchement fees; for the second child, a certain degree of help will be provided; and by the time you have your third child, the incentives are one too many. Whoever thought of such a policy in MOH doesn't know anything about human motivations. People don't have children just to satisfy your population ratios, but out of love and affection. The most important thing is for them to decide if they can live all alone when they're older.

My wife and I married young, when we were 23 and 24 respectively. We have a daughter and a son, and three grandchildren. Your children and grandchildren will be the greatest joys in your life. Whether they take care of you later on in life, that's in God's hands, but the joy that they provide is irreplaceable.

THC: How else can Singapore further transform into a global city?

NTD: My favourite topic – I'm on public record – is the Formula 1 (F1). We're paying the Englishmen to stage the F1 night race here. Why should we use taxpayers' money to pay for these races? I have asked this question publicly, but MOF has never addressed it.

THC: Doesn't F1 put Singapore on the world map, just like how the F1 race in Sepang showcases Malaysia too?

NTD: What does it mean by putting a country on the world map? I was born in a generation where every cent counts, so I believe we should spend our money wisely, and not on frivolities. Sometimes, I think our present Cabinet spends money on frivolities, and staging the F1 is my "favourite" example.

A Hong Kong delegation asked me what I consider frivolities. In Hong Kong, they have fireworks displays every year. One of the delegates asked me whether I thought it was a waste of public money. If everyone in Hong Kong can see the fireworks, then there is no waste; if only a restricted number of people can see it, then the money spent is wasted.

THC: Since Singapore has been considered a boring country, don't you think it will increase our soft power?

NTD: These are all Hollywood-type dialogue. When you do not have money or there is no food in your stomach, your priority would not be Singapore's soft power. For example, one of my favourite topics to show the stark difference in priorities during my younger days and today is work-life balance. During my younger days, we never thought of work-life balance. For me, my first airplane ride was for a work conference in Bangkok! It's a different generation now, as people today travel frequently for leisure from a young age. I'm not saying we should be miserly, but we should spend our personal money and public funds wisely to benefit most people.

THC: What if the private sector brought F1 to Singapore, without any co-funding from the Government?

NTD: In that case, they can do what they like. We may even pay them to clean up the streets after the race!

THC: There is a belief that if you introduce a wider access to good preschool education for children from an early age, the economic outcome for society will improve too. They're only starting to broadly build up the preschool space now, but why was this not done 20 years ago?

NTD: Let me tell you the history of this. At that time, I was already with MOF, and Francis D'Costa was the Permanent Secretary of the Ministry of Social Affairs (in the early 1960s). Every other day, Lee Kuan Yew would question him about the delay in building more kindergartens. I told Francis D'Costa that even if he worked day and night, he'll never be able to build and operationalise one more centre in six months, so I suggested collaborating with the private sector. The private sector could provide us with the kindergarten centres, and we'd give a subsidy to the child – that was how parents were able to send their kids to preschool.

I think preschool is important because I observed that my children are the most curious before they go to school. They'll do whatever they like, and it comes naturally for them so there's no need to

teach. The problem is that “the minute they go to school, they become “formatted” in a certain way, so preschool is important because it provides a natural environment for them to grow and learn. What I fear most is that they’re going to make preschool a more advanced version of primary one, to make it more *chim* (Hokkien for “difficult to understand”). I think that the best way is for preschool to be run by the private sector. The recent child abuse incident is just an isolated case. Why should we make a big song and dance about it?

Politically speaking

THC: Lee Kuan Yew, Goh Keng Swee, Hon Sui Sen, Lim Kim San, etc, are all different in strengths and personality, what were the key qualities they possessed that helped to build this country in those early years?

NTD: Lee Kuan Yew has the ability to attract the best people in the country – Goh Keng Swee, S Rajaratnam, Toh Chin Chye, Hon Sui Sen and Lim Kim San. Goh Keng Swee is a real thinker and very innovative. Hon Sui Sen is the perfect Permanent Secretary; he once told me, “When I look at you, I never think of your weak points. I always think of your strong points, and I use your strong points to do my work for me rather than spend day and night on your weak points.” Of course, we need to be aware of the weak points of a person but we should always identify the strong points and develop them.

Lee Kuan Yew is the political messiah, Goh Keng Swee is the architect, Hon Sui Sen is the builder, and Lim Kim San provides business insights. In a way, Singapore and Lee Kuan Yew were lucky to have such a team then. Sorry to say, but I don’t see such a team today.

THC: You have been very outspoken after your retirement. Is the perception that you are more outspoken now in retirement than before while in the civil service accurate?

NTD: I have always been outspoken. When I was Permanent Secretary to then Prime Minister Lee Kuan Yew, he invited me for lunch twice a year, only the two of us. He was always a perfect gentleman. He once said, “Ngiam, we’re not having lunch today as Prime Minister and Permanent Secretary. We’re both intellectual equals. You can tell me what you think, and I’ll tell you what I think.” Those were very robust conversations.

One of these conversations involved the Certificate of Entitlement (COE) scheme. I had a big fight with him over this because the implementation of the COE scheme meant that we were taxing every man, woman and child in Singapore, from the day of his birth till the day of his death. As COE taxes transportation, nobody can avoid it. You can avoid eating good durians, but you cannot avoid using transportation. He saw that I was right, but he was a charmer. Looking at me, he asked, “Ngiam, are you the Permanent Secretary of the Budget and Revenue Divisions at MOF?” I said yes, to which he replied, “What’s wrong with collecting more money?”

THC: You have said that you were worried that some of the politicians today do not have the same qualities as the pioneer generation. What are you hoping to see in the newer and younger politicians today?

NTD: In the early days, Lim Kim San and Goh Keng Swee worked night and day, and they were truly dedicated. I don't know whether Lee Kuan Yew will agree but it started going downhill when we started to raise ministers' salaries, not even pegging them to the national salary but aligning them with the top ten.

When you raise ministers' salaries to the point that they're earning millions of dollar, every minister – no matter how much he wants to turn up and tell Hsien Loong off or whatever – will hesitate when he thinks of his million-dollar salary. Even if he wants to do it, his wife will stop him. Lim Kim San used to tell me, "Ngiam, if you want to leave your job, make sure you have enough walkaway money." When the salary is so high, which minister dares to leave, unless they decide to become the opposition party? As a result, the entire political arena has become a civil service, and I don't see anyone speaking up anymore.

THC: You said that there were many exchanges of ideas and even criticisms in the pioneer years of the civil service. Do you see this happening much today?

NTD: The civil service has definitely become tamer, which is not good because we need a contest of ideas. The difference is that no one wants to make a sacrifice anymore. The first generation of PAP was purely grassroots, but the problem today is that PAP is a bit too elitist.

THC: In what way do you mean are they elitist?

NTD: I think that they don't feel for the people; overall, there is a lack of empathy.

A glimpse into personal life

THC: What is the best memory of your civil service career of more than 40 years? And what was your worst memory?

NTD: I'm such an optimist that I never remember the bad incidents. *(laughs)*

My best achievement is getting Sumitomo Corporation to set up the Petrochemical Corporation of Singapore (PCS) with MOF, against great odds. Although Singapore did not have the advantage of natural gas for the production of plastics and other products, Sumitomo still came and suggested that we used ethanol from the petroleum refinery plants. This experience taught me that technical processes could be overcome, but to attract such an industrious long gestation period, it is important to offer political stability. In answer to why Singapore was chosen, Norishige Hasegawa, President of Sumitomo replied, "I'm Japanese and a Catholic. When I met Mr Hon Sui Sen, both of us instantly trusted each

other.” In fact, Mr Hasegawa wrote a chapter on Singapore entitled “By Divine Intervention”, in his memoirs.

I was later summoned by the Ministry of International Trade and Industry (MITI) from Japan, as they had heard all the good points about Singapore. They wanted to meet me personally, not for me to regurgitate the facts, but to see whether Singapore was sincere and trustworthy. The cross-examination was not meant to test my facts, but my convictions. I’m proud that I passed the ten-minute test. However, after having successfully established the business, news that Lee Kuan Yew had agreed to sell MOF’s PCS shares to Shell broke my heart. How could I face Mr Yano, the Administrative Vice-Minister of MITI, since I’ve broken my word? Although the decision was not within my control, when you give your word, you have to carry it out. I noticed that after this incident, very few Japanese companies came here subsequently. In Medicine, trust is very important too. I think that in life, it’s not the price, but the value that matters at the end of the day.

THC: Could you share with us what inspires and drives you?

NTD: I am the perfect example of mediocrity because I did not score any As in my Senior Cambridge O-Level examinations in 1953. Although I only scored “credits” in the O-Level examinations, I was awarded a Grade 1 certificate, which enabled me to pass the entrance examination for admission into the University of Malaya, where I read Economics and Philosophy. I was subsequently awarded a First Class Honours degree in Economics when I graduated in 1959. Although I had a good career, I only had 40 years of it and no distinctions. In terms of intelligence, I’m mediocre but I’m very lucky to have very good mentors who are my inspiration.

My mother was a very remarkable woman. She was widowed at a very young age, leaving her with five children. She would take on any job she could find to support us. I’ll always remember her admonition to me, “Even if you have to starve, you should starve in Singapore rather than back home in Hainan.” My three brothers and I benefited from meritocracy in Singapore and eventually went to university on scholarships. As a Christian looking back, I believe the good Lord has been holding my hands all the way through the ups and downs in my life.

THC: Are you a fan of Hainanese chicken rice?

NTD: I’m very proud of our chicken rice, but if you go to Hainan, you won’t find any chicken rice there. It was started in Singapore by Swee Kee, a hawker who carried the rice around to sell. One day, a journalist wrote a story about his fragrant rice and how it melted in the mouth; it was an exaggeration, but that was how the business grew. Swee Kee’s story is quite a good one. His chicken rice is excellent because he mixes the chilli himself, and he will never pass the secret on to anyone else. Also, he personally buys the chickens every morning, after feeling the birds and ensuring quality control. But, I think the secret lies in the chilli, which I’m sorry to say, his sons never inherited. It’s a pity because their chicken rice has never been the same since. **SMA**