

Singapore's development strategy and economic system choice

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Abstract: Although the territory is small and the resources are poor, Singapore's development strategy is to build a country with trade, talent and capital. Its achievements are closely linked with its low tax burden, central reserve plan, and improved public utilities. Singapore's successful experience and lessons are: to implement development strategies, there must be institutional guarantees; We will improve the policy support system, establish competitive and comparative advantages, and enable it to better play the role of the government.

Key words: Singapore's economic development strategy and low tax burden system

Singapore was separated from Malaysia in 1965. From a country with backward economy, poor materials and backward economy, Singapore has grown into the richest small country in Southeast Asia in more than 50 years. Today's Singapore is the world's fourth largest international financial center, international shipping center and international trade center. These achievements are inseparable from Singapore's implementation of the three major development strategies of "building the country through trade", "strengthening the country with talent" and "enriching the country with capital". A series of supporting measures, such as low tax burden, strong implementation of the central reserve plan, and a sound and convenient social public service system, provide institutional guarantee for the smooth implementation of the three major development strategies.

1. Singapore's three economic strategies for development

(1) Commercial-based national strategy

Singapore has a vast territory and poor products. There is only one advantage, that is, its port on the Malacca Strait. So since its establishment, Singapore has regarded trade as its economic lifeline.

1. Use commerce to develop the local economy. Commerce and trade is a major pillar of Singapore's economic development. The development of commerce and trade has promoted Singapore's local related industries and laid a solid foundation for local development. At the beginning of the founding of the People's Republic of China, China's total foreign trade exceeded 90%. In the mid-1980s, China's domestic exports exceeded entrepot exports, reaching 36:64 in 1992. Facts have proved that Singapore's foreign trade development has been a major driving force for Singapore, and the total foreign trade volume in 2014 is expected to reach S \$1 trillion.

2. Promote the development of internal economy and trade. Through the vigorous development of business, Singapore has gradually reached the goal of "industrial-based, development-based financial services, knowledge-based economic transformation and continuous transformation to a higher level. In the early stage, Singapore supported labor-intensive industries in the form of "import substitution", thus achieving the goal of industrialization; In the middle of the 1980s, due to the rising labor prices in Singapore and the rise of emerging economies such as China and India, the

Singapore authorities began to use the favorable conditions of their trade to implement the "soft" of industry, develop finance, information and other related industries, and provide a "second engine" for Taiwan's development; Since the Asian financial crisis in 1998, Singapore has vigorously promoted industrial restructuring, focusing on the development of knowledge, replacing labor-intensive with technology-intensive and capital-intensive, and focusing on high-tech development.

(2) Talent-oriented development strategy

In Singapore, with a population of less than two million at the beginning of its establishment, Singapore has established a successful government with the development of education and immigration, guided by the concept of "no resources, no talents".

1. Cultivate excellent talents in a special elitist way. Singapore's educational policy is to develop high-quality education, open public schools, popularize, strengthen vocational training and improve professional skills; On the basis of "being practical" and "elitism", we should implement "talent training". On the one hand, Singapore's teaching policy is "from the outside to the inside": according to the needs of social and economic development, develop a professional curriculum system suitable for China's national conditions, pay attention to practical talents, and form a three-dimensional talent network of experts and scholars, college students, ordinary technicians, senior technicians, etc; Singapore, on the other hand, attaches great importance to the participation of talents, and maintains a "elite-oriented" approach in politics: since high school, it has been implementing the "National Education" project to cultivate "talents for governance" with the "National Education Fund"; Carry out all-round and all-round selection of civil servants nationwide.

2. Attract the world's outstanding talents and ordinary workers. Singapore's policy focuses on attracting foreigners, including foreigners and ordinary workers. On the one hand, the Singapore government has attracted excellent talents from abroad, including engineering and soft science talents, to form an all-round and all-round think tank with excellent welfare conditions. Singapore also very much welcomes the participation of ordinary workers in the development and development of Singapore to make up for its human resources and alleviate the problem of population aging.

(3) Capital strategies of rich countries

Lee Kuan Yew, the former Prime Minister of Singapore, once said: "Singapore is a country lacking in natural resources, and

its achievements depend on the trust of those who have money or organizations in this country." Recognizing the importance of capital in Singapore, Singapore has always made "attracting foreign capital" its focus, and has been working hard to build Zurich in Asia.

1. Establish an international financial hub as a capital flow hub. In the 1960s, it was at the stage when developed countries' funds gradually flowed to the Asia-Pacific region. Singapore seized the opportunity to vigorously develop overseas financial and financial services. First, a US dollar trading platform has been set up in Asia. In 1978, foreign investors were encouraged to invest in the establishment of Asian financial companies, and foreign exchange control was relaxed. In 1978, complete liberalization was implemented, which increased the attractiveness of foreign banks' deposits and loans. The second is the gradual liberalization of banking business. In order to ensure the safety of domestic banks, the new slope requires foreign investors to hold up to 20% of their shares in domestic banks; From the maximum of 20% to 1990; After the Asian financial crisis, the dual control of banks and stocks was abolished, and the banking industry was completely free. Third, we should do a good job in foreign exchange trading, securities trading, futures and insurance to enhance Singapore's international competitiveness. By the end of the 1990s, Singapore had grown into the center of the Asian currency market and the fourth largest currency trading center in the world.

2. Vigorously introduce FDI. The first is to adopt national subsidy policies to attract funds from rich countries. In Singapore, foreign enterprises can enjoy the preferential policies, services and tax preferences of the government, making Singapore the largest source of FDI and attracting the world's top ten FDI every year. Singapore's total FDI in 2015 reached 67.5 billion, making it the five countries with the largest FDI. The second is to take advantage of the interests of the society to introduce rich businessmen overseas. Singapore welcomes investment immigrants very much. It can become a permanent citizen of the United States as long as it purchases S \$2.5 million of government bonds. However, Singapore also has other requirements for this.

The purpose of these immigrants is to put Singapore's capital into the economy, not just to attract capital, but more importantly, they must put capital into the economy. For businessmen, Singapore's investment is the preservation and appreciation of assets, and it is a business of killing two birds with one stone. Finally, the rich and the officials of Singapore got what they wanted, while the business elites of Singapore gathered together.

2. Institutional guarantee for Singapore's social development

(1) Tax reduction and exemption: strengthen the attractiveness of Singapore's trade, talent flow and capital flow

1. Generally, the tax burden has been reduced. Singapore is one of the few regions with the lowest tax burden, while Forbes' "tax burden" is at the bottom five in the world. In terms of attracting talents, capital and trade, Singapore's lower tax burden is a significant sign. Its tax burden is relatively light. First of all, the tax categories are relatively small. After several simplification, Singapore now has only nine tax categories: corporate income tax, personal income tax, property tax, goods and services tax,

consumption tax, stamp tax, vehicle tax, gambling tax and customs duty. Second, low tax. For example, the income tax of Singapore companies has continued to decline. By 2011, the latest tax rate was 17%; Individual income tax is increased by 8 levels, with a maximum tax rate of 20%. The starting point of annual collection is S \$20000. Third, the scope of tax collection is narrow. Singapore's tax claim belongs to the scope of the host country, while foreign income is not collected; In addition, Singapore has signed agreements with more than 50 countries to avoid double taxation in order to avoid international double taxation as much as possible.

2. Adhere to low tariffs, implement trade tax subsidies, and build a truly free trade port. Singapore has become a free trade zone for nearly 200 years. It levies taxes on some specific products, such as alcohol, oil, tobacco and automotive products, and the rest do not need to pay taxes. In addition, Singapore also implements export tax rebates (mainly commodity services) to promote exports. In addition, Singapore also offers tax exemption policies for five to ten years, including international traders and shipping companies approved by the state. For example, corporate income tax can be reduced within the range of 5% to 10%. Singapore is also promoting the development of bilateral free trade areas. At present, it has signed 27 agreements with 27 countries (regions), including China, the United States and Japan, to ensure zero tariffs on imported goods and eliminate all other non-tariff barriers, thus enhancing its charm. For example, according to the Free Trade Agreement signed by China and New Zealand on October 23, 2008, all imports from China will be exempted from January 1, 2009.

3. Make every effort to avoid tax on capital gains, thus making it a "capital paradise". In terms of the use of funds, Singapore will retain an advance profit only when the banks implement a dual-track system. However, since the reform of the banking system, Singapore has not set up a special capital tax, while Singapore's income tax is very small. Therefore, there are not many funds here. At the same time, Singapore has tried to reduce taxes on capital flow. In 2000, the stamp tax on securities and the estate tax in 2008 were cancelled, making capital flow and transfer more convenient.

(2) The Singapore government has sufficient financial guarantee to provide financial support for the central reserve program

Singapore has implemented a lower tax burden, but how can we solve the high level of public investment and the financial expenditure of providing high-quality public services? This is due to the mandatory deposit reserve system implemented in Singapore. The government has enough cash to ensure the development of Singapore's economy.

1. Implement the national deposit system and increase the national reserve. Before the establishment of Singapore, there was a membership system, whose core function is to ensure the basic function of pension. After the establishment of an independent country, Singapore has expanded from a single retirement insurance to housing, medical care, education and other fields, and its citizens have paid more and more funds. During this period, Singapore's program has been improved: first, compulsory deposit. All Singaporeans are equal and need to establish a separate account to pay their savings with their salary and salary, and the state will bear their deposit interest rate, which can ensure their total deposit. The second is to raise the deposit interest rate. The proportion of central reserve deposits is not unchangeable. The government

adjusts it according to the macroeconomic situation, but the overall trend of development is increasing: at the beginning, only 5% of the deposits were at the lowest, but now they remain between 30% and 40%, and the highest is 50%, which can improve the reserve. Third, the centralization of financial allocation. The minimum limit of individual accounts has been formulated, and certain provisions have been made, and the interest rate has been reduced, so that they can be used to purchase national debt and supplement the construction fund. In fact, Singapore's total central reserve has been increasing. By the end of 2013, its total amount had reached S \$276 billion, accounting for 74% of that year's GDP of S \$37.28 billion.

2. Return the income to the national to ensure its operation.

First, all people can benefit from development. Singapore obtained the initial capital from its national savings to finance foreign capital, and foreign capital poured into it.

Promote the development of Singapore, promote the local economic development, and bring more jobs and more income to the local people. The second is the interest of direct deposit. Compulsory deposit is not free. The reserves paid by citizens are deposited into private accounts, linked to the national deposit, and the interest is paid monthly. Third, good guarantee for social welfare. Singapore has used the central reserve to guarantee high-quality social security, and only buy public housing (affordable), free education, and health care services for local people. At present, 90% of Singaporeans own government-owned houses. No one will be unable to go to school because of insufficient funds, and no one will receive government assistance in the case of overdraft of medical expenses. On the other hand, Singapore's social welfare system is linked to private accounts, which can prevent the loss of social welfare and the burden of social welfare, so Singapore's welfare system can continue to maintain. Fourth, the implementation of national investment management has realized the maintenance and appreciation of private deposits. Singapore has injected government funds and foreign exchange reserves into large state-owned enterprises such as Temasek Group (Singapore Government Investment Corporation) (100% owned by the government), thus increasing the present value of private deposit accounts.

(3) Comprehensive public utilities: Singapore's relative development advantage

1. As a free trade zone, Singapore has a complete port infrastructure. Singapore has paid high attention to this and has invested a lot to improve its operating capacity. Take Singapore for example. In 2012, it spent S \$3.5 billion to expand the Port of Pasir Panjang in the southwest. In addition, Singapore is also making efforts to develop communication infrastructure and reduce information costs. Singapore has established three different operation systems of trade, port, port, port and port, which make the information exchange between traders, enterprises, shipowners and governments, simplify the customs process, reduce costs, shorten the time of stay, and become the most efficient port in the world.

2. Singapore has created good business conditions for the development of other liberalized markets. First, we should ensure that government affairs are open, transparent and effective. The Republic of Singapore is the only 10 Asian countries in the world. The party has been in power for a long time, the political situation is relatively stable, and the policy implementation is sustainable; At the same time, government services are convenient, paperless

office can be realized long ago, approval procedures are simplified, and the time limit for handling is shortened. The second is to create a good market atmosphere in terms of law and information disclosure. A sound legal system and rigorous judicial process have ensured the order of Singapore's market economy, maintained the property rights of the market economy, and strengthened the confidence of investors and traders. Third, the cluster advantage of the headquarters. Singapore has only 718 square kilometers of land, only 65% of Hong Kong and 11% of Shanghai. However, the business network here is highly concentrated, and 60% of the global multinational companies are concentrated in Singapore. There are many business opportunities here, and the trade is also very convenient, so you can complete the transnational trade just by walking.

3. Singapore has provided more suitable living conditions for other migrants. Singapore is a paradise for rich people and also a paradise for funds. Singapore attaches importance to environmental protection and builds a garden capital, creating a warm living space for people. The Singapore government has very loose policies for investment and rich people, and their treatment is similar to that of local people, which is why there are talents and funds pouring in. On the other hand, Singapore has also created good conditions for local talents and funds in providing high-quality education, health and other social services. Singapore is the best university in Asia, with world-class science (medicine, finance, engineering design, etc.) and an excellent scientific research atmosphere, providing students with excellent talents, attracting more excellent talents and attracting more elite talents; Singapore is the largest medical center in the world, attracting more than one million doctors from abroad and a large number of excellent talents and funds. More importantly, Singapore's immigration policy and high-standard public facilities will have a screening system to attract excellent talents.

3. Singapore's development process and lessons

One is to form a good cycle based on development strategies and institutional guarantees. Singapore implements the development strategy of establishing a country through trade, strengthening the country with talent and enriching the country with capital, increasing the attractiveness of the economy by reducing the tax burden, reducing taxes and financial subsidies, and implementing the national reserve system, strengthening the national financial resources, improving social services, cultivating comprehensive comparative advantages, realizing a virtuous circle of economy and society, and achieving mutual benefit and win-win results in all aspects.

Second, we should improve the integrated support of various policies and establish competitive and comparative advantages; While implementing "tax reduction and exemption", Singapore is also constantly improving public and public services and public infrastructure, and establishing a comparative advantage with Singapore's characteristics. At the same time, we will implement the national reserve system and establish a sound financial system:

The third is to effectively implement the functions of the government. Singapore's economy is relatively developed, but its development depends on the strength of the government. For example, Singapore has implemented a mandatory central deposit plan, which enables the country to build infrastructure