EDITORIAL

Government's plan to fix amount spent on cyber security welcome

GOVERNMENTS around the world are taking cyber security very seriously, given the nature of the threat and the potential harm that can come from a security breach. Singapore is no exception in this regard with its spending on cyber security having gone up manifold over the past few years. For example, it went up from S$29 million in fiscal 2013 to S$408.6 million in fiscal 2014.

But is this enough? Unfortunately there is no upper limit on how much money needs to be spent to ensure that the nation, its companies and institutions, as well as ordinary Singaporeans, remain safe from cyber attacks, which can potentially cause major harm with personal data breaches, financial loss and disruption of infrastructure.

Speaking at the Governmentware 2015 conference in Singapore earlier this week, Yaacob Ibrahim, Minister for Communications and Information, and Minister-in-charge of Cyber Security, made the important point that countries such as Israel and South Korea actually prescribe the level of cyber security expenditure required every year. Israel stipulates that 8 per cent of its total government IT budget must be allocated to cyber security, while in South Korea the figure is as much as 10 per cent.

It is heartening to note that Singapore intends to adopt a similar approach for government Infocomm Technology (ICT) projects. The minister has also asked the newly set up Cyber Security Agency (CSA) to see how this approach can be institutionalised beyond the government Critical Infocomm Infrastructure (CII) sector.

Dr Yaacob noted that CSA will look into whether the current allocation of the IT budget on cyber security differs from the 8-10 per cent figure. If it does, then CSA will relook the numbers and revise them to ensure that sufficient resources are allocated to mitigate both emerging as well as pressing threats.

The danger posed by cyber attacks cannot be over emphasised. As more businesses go online, the lure of monetary gain from hacking grows. Sophisticated criminal gangs now employ groups of well qualified hackers to probe cyber defences of not only companies but entire countries. Earlier this year, security vendor FireEye had noted that a hacking group, purportedly from China, had been silently targeting several countries, including Singapore over several years. In a more recent report, the organisation estimates that 33 per cent of organisations in the Asia-Pacific region were exposed to targeted cyber attacks in the first six months of this year. In South-east Asia, organisations were found to be 45 per cent more likely to be attacked than the global average.

Under the National Cyber Security Masterplan 2018, the government is making continuous efforts to enhance the protection of CII and improve cross-sector response to mitigate widespread cyber attacks. It also plans to work closely with critical sectors on cyber security.

Cyber security is not something that the government can ensure on its own. It has to partner the private sector as well. In this regard, it's welcome news that CSA has tied up with vendors such as Singtel, Check Point Software Technologies and FireEye to build local capabilities and deliver advanced cyber security services. While the government must boost its spending on cyber security, there needs to be a nationwide effort as well.

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Education reform is needed to upgrade knowledge and skills, especially as Sri Lanka is no longer a low-income country that can compete with cheap labour.
PHOTO: REUTERS

Singapore lessons for Sri Lanka

The priority must be to "get the basics right" on the economy. BY RAZEEN SALLY

SRI Lanka is at a turning point. Until late last year, Sri Lanka was plagued with authoritarian politics, rampant corruption, ethnic chauvinism and a crony-dominated economy. But a presidential election in January this year toppled Mahinda Rajapaksa and his family. Parliamentary elections in August reinforced the people's verdict. This gives Sri Lanka its best opportunity for reform and renewal in almost 40 years.

Lee Kuan Yew says in his memoirs how impressed he was by Colombo when he stopped off briefly in the 1950s. But, a decade later, he got food poisoning on the train, and goats, cows and squatters were encroaching on the golf course. He describes Sri Lankan elections as "an auction of non-existent resources".

There was talk of Sri Lanka becoming the next Singapore when the economy opened up in the late 1970s. Singapore Airlines was brought in to run Air Lanka. But SIA withdrew when it realised political meddling in Air Lanka would not stop. And ethnic riots in 1983 snuffed out expectations of a Sri Lankan renaissance.

Now Sri Lanka has another once-in-a-generation opportunity to learn profitably from Singapore. So what lessons can be learned and applied?

The first lesson is to KEEP IT SIMPLE. The priority must be to "get the basics right" on the economy: prudent fiscal and monetary policies, a stable exchange rate, domestic competition, a flexible labour market, openness to trade, foreign investment and foreign talent, a basic safety net but not a Western-style welfare state, and better education, skills and infrastructure.

Most urgent for Sri Lanka is macroeconomic stability. Taxation and expenditure need radical surgery to prevent further public-debt accumulation and make debt financing more sustainable. The printing press must be stopped. These measures would also help to stabilise the exchange rate. There should be a bonfire of domestic red tape to free up the private sector.

Education reform is needed to upgrade knowledge and skills, especially as Sri Lanka is no longer a low-income country that can compete with cheap labour. The public sector should be restructured and downsized. Not least, Sri Lanka needs a new global economic strategy. Much bigger volumes of imports, exports and foreign investment are critical to plug Sri Lanka into global supply chains. For this to happen, trade and foreign-investment barriers must be slashed.

Sri Lankan governments have intervened obsessively in particular sectors and firms for decades, wasting enormous amounts of taxpayers' money, stoking corruption and exacerbating market distortions. This is industrial policy gone wrong. The government should limit itself to "soft" industrial policy – marketing campaigns abroad, organising exhibitions and fairs, one-stop-shops for investors, providing infrastructure through industrial and science parks, and even creating special economic zones (SEZs).

Most important is a genuine "one-stop-shop" for foreign investors – a statutory agency that advertises Sri Lanka as an investment destination abroad, and deals with paperwork and approvals. Singapore's Economic Development Board sets the gold standard.

A flourishing market economy needs stable, clean and competent institutions. Singapore's post-independence buildup of such institutions buttressed good policies; it ensured that high catch-up growth morphed into enduring prosperity. Sri Lanka did not have Singapore's luck in having an exceptionally talented and committed first generation of post-independence leaders. But it can still learn the right institutional lessons from Singapore.

These are: Have a strong core leadership team – just a handful of individuals – and a good division of labour among them. Explain market reforms to the public, tirelessly and continuously, and do so in clear, simple language. Take advantage of political and economic crises to accelerate reforms. Aim for lean and efficient government. Put the right systems in place to combat corruption, and be single-minded in tackling it. Establish credible performance benchmarks in the public sector. Strengthen the rule of law on commercial matters.

ETHNIC RELATIONS

Singapore lessons go beyond the economy. Take ethnic relations. Singapore and Sri Lanka have strong parallels in terms of ethnic mix. For both, the majority ethnicity is three-quarters, and the main minority ethnicity is 15 per cent or thereabouts, of the population.

Mr Lee and his colleagues advertised and practised a "Singaporean Singapore", not a "Chinese Singapore", based on meritocracy, a live-and-let-live atmosphere among the different ethnicities and religions, and a strong, unified Singaporean identity. They eschewed Malaysian-style affirmative-action policies. Ethnic harmony prevails, with a much stronger sense of Singaporean identity than there was 50 years ago.

But, from 1956, Sri Lanka went disastrously in the opposite direction, favouring the Sinhala-Buddhist majority at the expense of the Tamil minority. Getting back to a secular, multi-ethnic, multi-religious vision will be very difficult, but that is Singapore's lesson for Sri Lanka.

Now consider foreign policy. The lesson from Singaporean foreign policy is to combine geopolitical realism with the logic of economic globalisation – both especially important for a small country that cannot change the world, but has to adapt as nimbly as possible to changing external circumstances.

For Sri Lanka, that means being friendly with all the major powers – the US, China and India as the dominant sub-regional power. It also means having excellent relations with its main trading partners – the US, the European Union and India – as well as other trading partners, including China, Asean and Japan. Finally, it should mean strong support for a multilateral, rules-based trading system.

POLITICAL SYSTEM

However, there is one negative lesson from Singapore. Sri Lanka should not try to copy Singapore's political system. What worked in one densely populated city-state (though with social and economic costs) is unlikely to work in normal countries with more complicated politics, economies and societies. Sri Lanka has tried Big Man politics and illiberal democracy several times since independence – with calamitous results.

Better political lessons come from the mature liberal democracies of the West. For constitutional inspiration, Sri Lanka should look to the Federalist Papers of Hamilton and Madison, which led to the US Constitution, not to the playbook of Mr Lee or China's Deng Xiaoping. It should aim for an open society in the round, with a maximum of political and economic freedom.

There are great lessons to learn from Singapore as a country and a city. They concern getting the basics right on economic policy, building solid institutions for a prosperous, globalised market economy, ensuring ethnic harmony, and maintaining a balanced foreign policy. But Sri Lanka should not attempt to replicate Singapore's political system, nor should it aim for Singaporean-style social engineering and a nanny state.

Two final thoughts. First, a really big lesson from Singapore is that economic success is the foundation for stable politics and ethnic harmony. A richer Sri Lanka, with a sophisticated market economy, will also be a more politically stable and ethnically harmonious Sri Lanka.

And second, Sri Lanka will never be the "next Singapore". Because Singapore, as the world's last surviving sovereign city-state, is unique. Sri Lanka, in contrast, is a country with much more complicated politics, economics and ethno-religious cleavages. But it can still learn selectively, and profitably, from Singapore.

The writer is an associate professor at the Lee Kuan Yew School of Public Policy, NUS

THE BOTTOM LINE

A fine way to fight haze

By John Gee

Rather than going after those regarded as guilty of starting the fires, there is something to be said for targeting those who benefit from the fires.

THIS year's haze problem has provoked more anger and frustration than any previous episode in the areas that it has afflicted. The public knows that a relatively small number of individuals and companies, for the sake of their own convenience and profit, take it upon themselves year after year to damage the health and livelihood of tens of millions of people and harm entire national economies. They want firm action taken to end the problem once and for all.

Both Singapore and Indonesia have legislation that allows them to act. Among the main measures they can take to combat the haze problem is to identify the companies responsible for setting fires, with a view to prosecuting and penalising them.

It is a necessary and appropriate step, but not without its problems. It requires that those responsible be accurately identified, but Indonesia is unwilling to share detailed maps showing land ownership in the regions where the fires are occurring, though it assures Singapore that it is using them in carrying on its own investigations.

In cases where it seems to be quite well established who owns the land concerned, companies and farmers plead that they are not responsible for starting the fires: other people did it, and the fire spread to their land.

It may be difficult to prove that they are not telling the truth, and, if they might be, it would not be legally justified to make them pay for an offence that they may not have committed, any more than a private citizen should be penalised for a crime that it can't be proven he committed.

There is another way of dealing with the problem by legal and financial means that could be both more practical and effective. It involves a reframing of the problem. Rather than going after those regarded as guilty of starting the fires, there is something to be said for targeting those who benefit from the fires.

The annual haze problem is caused by the clearance of land by burning. Landholders find it far cheaper to clear land by this means than through the labour of workers and machines.

Therefore, any landholder whose land is cleared by burning stands to make a large saving on labour costs regardless of whether he started the fire himself or instigated someone else to do so. He is therefore a beneficiary of clearance by burning. Any company or individual in this position should be made liable to pay a fine equivalent to the amount they save through clearance by burning. The question of proving guilt or innocence in this case simply does not need to arise: only of showing that a particular individual or company owns a patch of land that has been cleared in this illegal way. This should simplify investigation and do away with any need for lengthy legal cases.

Companies may well protest that this is unfair, but they won't have a leg to stand on. If they sincerely meant to bear the cost of clearing land by legal means, then they will not end up paying a cent more than they would if they had done so: What legitimate basis could they have for complaining about that?

If all concerned deny owning a specific patch of land, two options would be available to the Indonesian authorities as a response. One would be to confiscate or destroy any commercial crop grown on that land until such time as the owners admit their responsibility; the other would be to declare the land state property, to be retained or made available for rent or sale to another party.

As to the money taken from all owners of burned land, this could be split between paying for haze prevention measures and a compensation fund upon which those who had suffered harm as a result of the haze could make claims.

The fund would be augmented by punitive fines on any landholders proved to have started fires. As the harm the haze causes would be vastly greater when translated into cash terms than the financial benefits reaped by the burners, it is very probable that it would only cover a small part of the compensation due, but it would help and it would be a proper use for the money. Priority in compensation might go to the most needy: those low-paid workers who have to labour in the open air and those with medical conditions that have been seriously exacerbated by the haze.

Whether this scheme would work would depend on the commitment of the authorities concerned, but it can hardly be dismissed as impractical, since it would eliminate some of the difficulties inherent in existing initiatives.

John Gee is a freelance writer