

IPS Corporate Associates Lunch Dialogue: Report of the Committee on the Future Economy (CFE)

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On 15 FEBRUARY 2017, IPS organised a lunch dialogue for its [Corporate Associates](#) to discuss the Committee on the Future Economy's (CFE) report, which was released on 9 February. The CFE, a 30-member committee of business and government leaders, was [set up in November 2015](#) to review Singapore's economic strategies and make recommendations on how to keep the Singapore economy competitive. Around 40 Corporate Associates, comprising business leaders from different industries, and members of IPS attended the dialogue.



From left: Dr Cheong Wei Yang, Mr Manu Bhaskaran and Mr Jean-Luc Butel

IPS Adjunct Senior Research Fellow Manu Bhaskaran chaired the session, which consisted of two panel discussions. Panel One featured two CFE members - Dr Cheong Wei Yang, Deputy Chief Executive Officer at the National Research Foundation and the Secretariat Head of the CFE Sub-Committee on Future Corporate Capabilities and Innovation; and Jean-Luc Butel, President of K8 Global, Senior Advisor at McKinsey & Company and Co-

Chair of the CFE Sub-committee on Future Growth Industries and Markets. The speakers gave the background and rationale to the CFE's recommendations.

In Panel Two, two economists, Associate Professor Randolph Tan and Dr Lee Soo Ann, critiqued the report and suggested improvements. A/P Tan is Director of the Centre for Applied Research at SIM University, and Dr Lee, a Senior Fellow at the Department of Economics, Faculty of Arts and Social Sciences at the National University of Singapore.

Panel One

Seven Strategies to Position Singaporeans for the Future Economy

Dr Cheong described three features of the current global environment — rapid technological change, subdued global growth and the rise of anti-globalisation sentiment. Given these challenges, Singaporeans must be pioneers and be able to combine old and new skills for innovation and agility in responding to future challenges. He went on to explain the rationale behind [the seven strategies listed in the CFE report](#), noting for instance, that through deepening connections internationally, Singapore could plug into wider networks of ideas and talent for growth opportunities.

Dr Cheong added that the seven strategies were mutually reinforcing and effective as a whole in working towards building an inclusive society. Singaporeans should be resilient, adaptable and optimistic in facing the future, he said.

Structural shifts and future growth markets

Mr Butel began by focusing on several forces of change that resulted in structural shifts for the global economy. For example, the rise of disruptive technologies and an ageing demographic meant that policies had to be relooked and revised for the future.

Given Singapore's interconnectedness with the world, trade relations have also become "tricky" in the face of structural shifts in the global economy. But while China has started to reorient itself to internal-led growth, ASEAN holds promising trade and infrastructure opportunities due to its robust economic growth.

Moving forward, there are future growth opportunities in China's One Belt, One Road initiative, India's need for urban solutions, as well as the growing consumerism and infrastructure development in Indonesia and Vietnam. Also, Singapore should focus on becoming a leading digital hub and capture opportunities in advanced manufacturing, financial and health services given that our growing elderly population would require more health services and home solutions.

Question and Answer Session

Members of the audience asked several questions — among them, whether the current CFE strategies were old hat and a rehash of the Economic Strategies Committee (ESC) back in 2010. Some thought the CFE strategies were too broad and asked if it was an overreaction, giving more significance to the anti-globalisation movement than necessary. They also

asked how the government was going to communicate the strategies, given that there were some concerns within the population about immigration and the rising cost of living.

In response, Dr Cheong and Mr Butel highlighted that the CFE and ESC were meant to work in tandem. It is more important for the government, businesses and individuals to communicate the same focus in pursuing the CFE strategies instead of working as disjointed entities aiming for the targets.

They added that the wave of anti-globalisation sentiment is a real danger as Singapore's growth depended on interconnectivity, hence the CFE strategies were meant to provide guidance and resilience in the face of greater protectionism. To meet demographic challenges, we should focus on creating human augmentation technology to enable us to become more productive than before.

Panel Two

The CFE Report: Highlights

Both Dr Lee and A/P Tan lauded the report's focus on inclusive economic growth — looking after workers who were left behind, with a push for more modular and technology-enabled programmes to train and re-skill workers.

A/P Tan pointed out Singapore's strength in convening high-level committees that had dealt successfully with past economic problems. The Industry Transformation Maps' emphasis on supporting local enterprises in developing their capabilities and scaling up were also commended by Dr Lee.



From left: Dr Lee Soo Ann, Mr Manu Bhaskaran and Associate Professor Randolph Tan

What the report didn't cover

As Singapore plans for a resilient future economy, A/P Tan questioned whether our small market size restricted us from further implementing automation and robotisation. Dr Lee further questioned if it was time we switched to using an independent monetary policy over exchange rate policy, as rising protectionism might result in competitive exchange rate devaluation.

Both speakers pointed out that the issue of foreign labour was not addressed in the report. Having foreign labour worked well before, but our maturing economy has an increasing number of older workers. The current median age of our workers is 43.

If continued reliance on foreign manpower were truly necessary, A/P Tan recommended refining the foreign labour policy. Currently, there has been little skills transfer from foreign talent to our local workforce. Hence, there should be changes to ensure that the policy complemented our future workforce's needs, and to better address the skills gap, especially among the growing group of older workers.

Dr Lee suggested that knowing the breakdown of foreign and local labour composition would be useful. Having a "local labour first" policy would help, but high wage costs might force employers to rely on cheaper foreign labour, he cautioned.

Question and Answer Session

The audience voiced concerns mostly about the skills gap and whether the SkillsFuture programmes could adequately address the gap now and in the long term. Why was there an emphasis on overseas exposure and could Singaporean workers really be protected from change?

The panel opined that, at present, local workers did not have the right level of expertise or the desire to work in certain jobs. Hence, they felt that while the SkillsFuture programmes were important in preparing Singaporeans for the future, there would still be a reliance on foreign labour to fill the skills gap in the short term.

Worker protection should be minimal to prevent a false sense of security and deterioration of skills, they added. For our markets to survive and thrive, overseas work exposure and experience could help Singaporeans to develop skills that are in demand both at home and in global markets. One suggestion was for young Singaporean men to serve shorter basic military stints and spend the remainder of their national service period working and learning abroad.

Concluding remarks

In wrapping up the 90-minute session, Mr Bhaskaran pointed out that while not all the CFE recommendations were new, Singapore's economic challenges are complex and it was not easy to come up with targeted solutions.

Mr Bhaskaran pointed out that, in thinking about the future economy, Singaporeans might need to face up to the possibility of breaking "old taboos, even long-held policy

assumptions.” In order to build a sustainable future for all our children, he added “we should be prepared to jettison some of our old ideas, even if they offend some of our sensibilities.”

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