



Reinventing Destiny: A Conference on the Occasion of Mr Lee Kuan Yew's 100th Birth Anniversary

Panel 1: 21st Century Economic Transition

By Sebastian Sim and Stella Koh

The Reinventing Destiny conference marked the 100th birth anniversary of Singapore's first Prime Minister, Mr Lee Kuan Yew and was jointly held by the Lee Kuan Yew Centre for Innovative Cities at the Singapore University of Technology and Design, and the Lee Kuan Yew School of Public Policy and the Institute of Policy Studies (IPS) at the National University of Singapore. While the conference took inspiration from Mr Lee's legacy, discussions were very much forward-looking and centred on issues critical to the future survival and success of Singapore.

The first panel focused on the dynamics of Singapore's continued economic transition. The panellists discussed how Singapore should position itself for economic progress in the face of new challenges and opportunities arising from escalating tensions, structural insecurities and fundamental changes in value creation and labour markets catalysed by the Fourth Industrial Revolution.

The panel was moderated by Professor Danny Quah, Dean and Li Ka Shing Professor in Economics at the Lee Kuan Yew School of Public Policy, and featured four speakers (in order of appearance):

- Professor Lawrence H. Summers, President Emeritus and Charles W. Eliot University Professor at Harvard University, and Former United States Secretary of the Treasury
- Ms Jessica Tan, Group Executive Director and Group Co-Chief Executive Officer of Ping An Group
- Professor Ian Goldin, Professor of Globalisation and Development and Director of Programmes, Future of Work, Technological and Economic Change and Future of Development at the Oxford Martin School, University of Oxford
- Mr Piyush Gupta, Group Chief Executive Officer of DBS Bank Ltd.



Panellists speaking on stage, pictured from left to right: Mr Piyush Gupta, Professor Ian Goldin, Ms Jessica Tan, Professor Danny Quah and Professor Lawrence Summers (participating virtually).

Singapore's Success

Alluding to opening remarks by IPS Director Janadas Devan on how Singapore had reinvented its improbable destiny as a city-state, Professor Quah began by focusing the session on the narrative for Singapore's development journey.

He set the scene with a short description of Singapore's economic success, noting how Singapore, a small nation with no natural resources, had overcome sharp odds to become a hugely successful nation on the economic front. Six decades ago, Singapore had been plagued by malaria, widespread unemployment and near destitution. Since then, the bottom 50 per cent of its population has experienced a six-fold increase in average income, and its per capita income now exceeds that of most countries, including the United States, United Kingdom, France and Germany.

Professor Quah then sought the panellists' views on what they thought had worked for Singapore's successful economic journey to date, and how they figured Singapore's narrative might need to change in the next decade — in a world going digital and green and becoming geopolitically fraught even as domestic tensions tear at the fabric of social cohesion.

Contributors to Singapore's Economic Success

Speaking first and participating virtually from the US was Professor Lawrence H. Summers. He paid tribute to the late Mr Lee Kuan Yew, attributing Singapore's economic and geopolitical success in large part to Mr Lee's leadership. He described Mr Lee as a force of personality who was intelligent and determined, and who set the same high standards for himself as he did for others.

He noted that Mr Lee had, from the onset, established Singapore's principle of being a commercial and collegial nation. This involved providing what the world wanted while refraining from judging others, seeking to be a friend to all without sacrificing Singapore's interests. Professor Summers added that in his 35 years of dealings with Singapore officials,

he had never encountered any Singapore official who attended a meeting unprepared, or who was undiplomatic.

Ms Jessica Tan recounted her experience growing up as a second-generation immigrant. She said she had been fortunate to receive a first-class education in Singapore, and that Singapore's ambition and courage to create world-leading capabilities had contributed to its success. For instance, Singapore had successfully developed itself as a first-class air hub and achieved global prominence with one of the highest GDP per capita in the world.

Professor Ian Goldin noted that the very fact that the day's conference was held at the Marina Bay Sands Convention Centre was emblematic of how Singapore had reinvented its destiny. He said that Singapore had achieved a pace of growth beyond what anyone could have imagined, developing from "a tropical swamp infested with malaria" to a metropolis with iconic structures such as the spectacular Marina Bay Sands SkyPark containing an infinity pool suspended almost 650 feet above ground, "which now is a symbol in the world of defying gravity." He added that Singapore had withstood many challenges, including the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003, the global financial crisis in 2008, and the COVID-19 pandemic of recent years.

Professor Goldin said that Singapore's deliberate policy choice to remain open to the world was a defining characteristic that had helped the country achieve its success. He said that Singapore's founding leaders understood the risks associated with openness — such as the risk of competition and susceptibility to global forces — but were able to manage Singapore's openness with deftness and resilience, even in the face of the "butterfly defect" of globalisation.

Professor Goldin added that Singapore's forward-looking approach combined with its ability to reinvent itself had been critical to Singapore's success. He said Singapore remained curious about the future and understood its diversity and that of the world, as evidenced by the existence of a unit in the Singapore Prime Minister's Office that looked specifically into "futures". Professor Goldin personally experienced this characteristic of Singapore when he started interdisciplinary programmes at the Oxford Martin School focused on the future. Singapore senior civil servants were among the first delegations to fly to the United Kingdom to visit the school for these programmes. He found this remarkable because, ironically, "from down the road in Downing Street, no one visited."

Mr Piyush Gupta, Group Chief Executive Officer of DBS Bank Ltd, echoed Professor Goldin's view that Singapore's neutrality — essentially being a friend to all and an enemy of none — was instrumental to Singapore's success.

Mr Gupta added that Singapore had benefited from the growth of the global system, as Mr Lee had predicted in 1972. Like Professor Summers, Mr Gupta said that Mr Lee's leadership had been a significant contributing factor to Singapore's success. He said Mr Lee was not only a man of vision and courage, but also a genius in social engineering, having created a strong government and public sector that made it possible for Singapore to succeed.

The Way Forward

Professor Summers said that going forward, it would be more effective for Singapore to create a new mould than to fit into existing moulds. Singapore would need to foster creativity, as well as create space for unfashionable ideas that might have a positive impact on society.

Professor Summers argued that cultivating extraordinary individuals and providing them with opportunities to contribute to society would be critical to Singapore's continued success in a world that would be defined by ideas, intelligence quotient (IQ) and emotional quotient (EQ). To this end, Singapore should continue to uphold the principle of meritocracy and ensure that people were assessed based on their contribution to society, and not along lines of identity, influence, personality or friendship.

Additionally, Singapore would need to leverage its smallness to its advantage. Professor Summers noted Singapore's ability to forge common social goals for its people, which in turn produced a sense of unity and common purpose for society. This would continue to be important to its success.

Alluding to Professor Summers' comment on Singapore's smallness, Ms Tan argued that Singapore's physical size would be a disadvantage in the age of big data and digitalisation, where physical scale is particularly critical for collecting data and for testing innovations through numerous pilots. She cited examples of how China's vast population gave it a tremendous boost in amassing sufficient big data within a short period for building Artificial Intelligence (AI) models and predictive systems. For instance, her firm, Ping An, processes 14.6 million car claims a year in China, she said. In 2017, Ping An used just two years of data to build an AI-driven app that could process claims through photos submitted by motorists of the accident scene. "In Singapore, we only have 160,000 accidents in all of Singapore in one year. It would take us 90 years to accumulate the same amount of data to build such a model," she noted.

Ms Tan said Singapore could overcome its size constraints and lack of physical scale by remaining nimble and continuing to identify areas in which it could create world-class capabilities. She added that it would be instrumental for its people to be supported by good education, healthcare and housing policies.

Professor Goldin said the world would experience an accelerated rate of change, with greater connectivity between people, more ideas, more technologies and dimensions of technology, and greater presence of the "butterfly defect". Thus, it would be essential for Singapore to maintain its curiosity and desire to learn, and to understand that it would fall behind if it were to maintain the status quo and stop reinventing itself. Professor Goldin also highlighted the productivity paradox, contending that it was not apparent that the AI revolution would lead to the productivity improvements that Singapore would need, especially given its ageing population.

Another challenge facing Singapore was climate change. Professor Goldin said that Singapore, along with other low-lying and small island states, faced an existential risk with weather extremes potentially posing massive infrastructure and other challenges.

Additionally, geopolitics was a challenge that Singapore would need to manage. The escalation of tensions in the South China Sea, as well as tensions between the United States and China, posed severe challenges to Singapore and the rest of the world. Professor Goldin said that Singapore's wisdom of being a "friend to the world" was increasingly being challenged, and Singapore would need to navigate these tensions carefully.

Despite the challenges, Professor Goldin said that there were still opportunities for Singapore. First, being part of Asia, Singapore would benefit from the increasing financial, trade and service flows into the region. Second, Singapore would benefit from its comparative advantage in areas such as services, robotics and AI. Professor Goldin said that Singapore, being a city-state, had the advantage of not needing to subsidise its hinterland, and it could continue to succeed by leveraging its strengths of being a knowledge hub and a dynamic city.

Concluding his speech, Professor Goldin said that Singapore should take a moment to reflect, reenergise itself with curiosity, embrace openness and ideas, and continue to practise meritocracy.

Mr Gupta stated that the notion of Singapore's success being linked to the success of the global economy was as true today as it was 60 years ago. Hence, outside of China-US, Singapore should continue to "double down" on globalisation, with particular focus on Southeast Asia and India. He acknowledged the existence of geopolitical challenges, specifically between the United States and China, but was of the view that a cold war between both nations would be unlikely, considering how China's sizeable economy was intricately linked with that of the United States and the rest of the world. Mr Gupta agreed with Professor Goldin that Singapore benefits from being in Asia. He believed that the world would become multipolar at best, rather than becoming bipolar.

Mr Gupta said it was important for Singapore, a small country and a price taker, to anchor its economy to other economies in Southeast Asia and beyond the United States. He added that Singapore should persist in its efforts to guide the ASEAN model of collective engagement.

Mr Gupta suggested two emerging trends that Singapore should embrace: digitalisation and sustainability. Singapore could leverage on the first trend (digitalisation) by helping to develop the infrastructure of the new digital economy and defining the norms of operating in a new digital world. This would require "a marriage between the hard and soft sciences, between technology and philosophy." He disagreed with Ms Tan's assessment that the quantity of data (or lack thereof) would be a handicap for Singapore; instead, Singapore's value would come from creating data hubs built on the strengths of its reputation for trustworthiness. "If we can leverage our trusted position to be... the interlocutor or the manager of this data, I think we can build on that trend," he said. On the second trend of sustainability, Mr Gupta noted that as with the case of digitalisation, some of the biggest challenges in sustainability revolved around trust issues. Carbon markets, for instance, have failed to work because "they're opaque, nobody trusts them." Singapore could take the lead in creating a sustainable ecosystem built on trust and verification.

Mr Gupta ended his speech by stating his optimism about Singapore's future. He said that Singapore's nimbleness, adaptability, resilience and ability to bring the people, private and public sectors together, would all work to ensure Singapore's continued success.

Question-and-Answer

Q: What are some things you wish Singapore might do more of? What is one sacred cow that should be slaughtered?

A: Ms Tan said that she was most concerned about the resilience and commitment of future generations of Singaporeans in the long term. A country could have ambition, but such ambition had to be supported by its people who were committed to achieving the same.

Professor Summers noted that sociocultural cohesion had been central to Singapore's success to date. However, going forward, for Singapore to lead from the front of the pack it would need to develop tolerance for rule-breaking and to cultivate "the odd and the difficult". He wondered how Singapore's society would take to highly unconventional people such as Elon Musk and Steve Jobs, and if such individuals would flourish within the Singapore system, adding wryly that "the amount of rule-breaking in a creative society is substantially greater than zero." This quality has been key to the United States' global dominance in the last century. "A great, great strength of the United States is its ability to draw in everybody, to draw in the drug addicted and alcoholic, to draw in the pathological personality, to provide second acts in life for some of the most spectacular failures," he said.

Mr Gupta highlighted the creation of the Jurong island, Asian dollar market and Singapore's export-oriented system as examples of Singapore's boldness and creativity. Unlike in the United States where creative solutions were largely private-driven, creative solutions in Singapore had been public-sector driven and politically led. He shared that Singapore was less afraid to take risks in the past when it had little to lose, and worried that Singapore had, through the years, become *kiasu*, or risk averse. He asserted that in the face of rapid changes, Singapore could not always be afraid to lose.

In addition, Mr Gupta noted that Singapore had amassed huge reserves and ought to consider how best to put this capital to work to create competitive advantage. He called on Singapore to break its stereotypical image as a "self-serving country" in the eyes of its ASEAN neighbours. This could be achieved by using Singapore's amassed capital to emulate "what the Japanese and Koreans have done so well, which is to invest for the long term... to buy greater solidarity and goodwill."

Professor Goldin stated that Singapore's capital resources could be used in the investment of public goods, such as university education. He added that in today's knowledge economy, Singapore's success would depend very much on its ability to retain its people and attract talent from the world to come to Singapore. "This has to be the place that young people want and choose to be, the young people that you want to attract from around the world, the young people that you want to keep here," he said. To that end, Singapore would have to cater to their different interests, including diversity interests. Additionally, given that Singapore had risen to "the front of the pack" and was part of the global commons, Singapore would need to display greater leadership in solving global problems, said Professor Goldin.

Q: Geopolitics is shaping our world in threatening ways, such as through geoeconomic fragmentation. How would you manage the growing tension caused by geopolitics in the work that you do? How would you advise the attendees of the ASEAN Summit and G20 Leaders'?

Summit? How can Singapore remain prepared, diplomatic, and constructive in the face of the United States-China economic competition?

A: Professor Summers said that the upcoming G20 Leaders' Summit would be a crucial juncture that would reflect the level of commitment of the world's leaders in addressing global issues and restoring the focus on common humanity. He added that it would be a mistake to be complacent and think that issues could be solved without key actors taking strong and difficult decisions at key junctures.

Ms Tan said that Singapore might eventually be asked to take sides in the competition between the United States and China, and that Singapore would have to brace itself for such a situation.

Mr Gupta highlighted that Switzerland had remained a neutral party during the Cold War. He said that Singapore could play the role of an interlocutor, in the face of United States-China tensions.

Q: Post-WWII, the strategy of many countries has been to be incorruptible, to control population growth, and hitch their wagons to globalisation (more or specifically, to the United States). Moving forward, is there a similar formula for countries to adopt, in balancing United States-China relations?

A: Mr Gupta commented that while the underlying premise of countries being able to achieve economic success in the last 20 to 25 years by "hitching to globalisation" was correct, it was wrong to attribute globalization entirely to the US. Mr Gupta pointed out that it was, in fact, China that had been propelling the largest part of global economic growth since 2000. In a world facing a number of profound challenges including those from climate change, the rise of AI, as well as social imbalances and inequity, the winning formula would be to double down on globalisation and to embrace these new trends and find solutions for them.

Professor Goldin said that there was not a single global problem that did not require cooperation between the United States and China. Without their cooperation, the world would see more crises, with greater populism, nationalism and protectionism stemming from widening inequality and risks. Therefore, it was imperative for countries to help the United States and China recognise that their mutual coexistence had an impact on the coexistence of the rest of the world.

Additionally, Professor Goldin said that countries should practise risk management at the global level even as they embraced the future. Commenting that the world had never been "flat", he said that the distance between the rich and poor had become greater within and between countries, and this trend would only be intensified by the rise of AI and climate change.

Ms Tan agreed with Professor Goldin, stating that scenario-planning would be important for countries as they navigated their way forward.

Professor Summers disagreed with the idea that countries would have done better by hitching their wagon to China in the last 25 years. He pointed out that the United States had been instrumental in the world's progress on various fronts. For example, biomedical discoveries in the United States had contributed to tremendous improvements in the health of the global population. He added that the United States and China should avoid forcing countries to take

sides, and that countries could take reference and learn from Singapore's experiences and Mr Lee's writings on Singapore's policy of neutrality.

Finally, Professor Summers said that in an ever more differentiated world with increasing specialisation of labour, countries should leverage their strengths to create distinctive and comparative advantages, rather than compensating for their weaknesses.

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