

IPS PRISM SCENARIOS (Revised 31 October 2012)

With the completion of Phase One of IPS Prism, the following have emerged as the most plausible yet challenging set of driving forces and scenarios for Singapore in 2022. (For notes to the various workshops conducted in Phase One in IPS Prism, see <http://www.spp.nus.edu.sg/ips/ipsprism.aspx>.) The IPS Prism Immersive Arts Experience is based primarily though not solely on this set of scenarios.

DRIVING FORCES

These are driving forces that may shape how we govern ourselves over the next 10 years, the central question of the IPS Prism project. The IPS Prism team and participants identified three driving forces as bearing the greatest uncertainty yet the most potential influence on this question.

Credibility of the Government — Sense of Trust or Distrust

The first driving force is the public's view of the credibility of government and its motives for governing. At one end of the spectrum, the population has a high level of trust in the government and national institutions, believing the government knows best and does its best for the people. At the other is uncertainty about its competence and distrust as to whether it acts for the common good. This trend affects the public's willingness to comply with the rules and policies of the government.

Society's Definition of Success — Material or Non-material Social Values

The second driving force is the value system of society in Singapore — how it defines its goals and therefore, success. While there will always be different views in society at any one point in time, the question is what the dominant view is at the time. This is in turn determined by social, economic, political and cultural factors. At one extreme, success is defined by economic rewards and material wealth. At the other, success is defined by how well social and moral values such as justice, fairness, egalitarianism, liberty and self-reliance are given expression in society. This trend affects how people want the country to be governed and what they want it to achieve.

Distribution of Help and Rewards — “The Winners” or “The Rest”

The third driving force is how or who public policy and the social compact are designed to benefit. At one extreme, policies are broad-based, address the concerns and needs of the man-in-the-street, developing the human potential of all. At the

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other extreme is a system that privileges a segment of the population — perhaps an elite or those considered to have the potential to make the most significant contribution to the community and the country. The argument is that providing more help to this special segment to realise their potential will create a multiplier effect to benefit the common good. This trend affects the design and implementation of public spending and incentives as well as regulatory frameworks of the private sector enforced by the government.

SCENARIOS

The Prism Scenarios are alternative stories of how we might govern ourselves over the next 10 years, built on the three key driving forces cited above. None are utopian or dystopian. Each can be viewed as a mix of positive and negative outcomes as the driving forces interact and precipitate change in governance in Singapore by 2022.

Context

The starting point or context for all the scenarios are first, that the world is facing a global recession and the prospect of low growth or uncertain economic conditions for many years to come. This sort of uncertainty as well as its attending political and geopolitical effects is something Singapore has faced. Its ability to adapt to this has been built-up over the years. The working assumption here is that it is this internal, domestic capacity that will determine how the country will respond to the external conditions. The second aspect of the context for the scenarios is that there is a great deal of discussion about how the country is being governed among residents. The third aspect of the context for the scenarios is that the public is holding the Prime Minister of the day to the promise of focusing government efforts on developing Singapore as a “home”, with a “heart” and to “hope” of a better life for Singaporeans.



The first scenario is called “SingaStore.com”. Here, the public’s trust in the government strengthens as it prioritises economic growth and ensures that growth translates to better-paying jobs for all Singaporeans — from year to year, people see improvements in their material well-being. To do this, the government reinforces its influence over all state agencies, business and even community associations to make Singapore more pro-business in its economic and social policies than ever.

The country’s leaders are not only the best and the brightest scholars, civil servants and army officers but also former business titans who now seek a different form of fulfillment through public service after earning their millions.

Private entrepreneurship thrives on its links to big business and emerging multinational companies in new business fields, including those in which the government had previously invested. Singapore is “the store and more” for everything from clean technology and pills to stave off Alzheimer’s, to robotics and immersive 3D gaming.

Globally, Singapore scores a double first — the highest GDP per capita, and the highest Gini coefficient, reflecting both the highest wealth and significant income inequality in the population. The government gives relatively generous assistance to households in the lowest income brackets through their breadwinners. It does so through vouchers, surplus-sharing programmes and insurance schemes that reinforce the role of the private sector or more broadly, the market, rather than undermine it. The government’s fiscal position is kept on an even keel by making personal income taxes more progressive and by the increased corporate tax revenues generated by what is considered healthy economic growth for a mature economy. The slight increases in taxes are worth it, say those in the higher income rungs, for “The Singapore Premium”. Enormous incentives are given to scientific, business, creative and sporting endeavours that promise the greatest impact on Singapore’s economic future. Critics have said that this is “Singapore of the 2000s on steroids”.

Pragmatic and realistic Singaporeans are reconciled to having foreign labour at the two extremes of the skills ladder. All sorts of incentives from the private sector and newly corporatised state entities are provided, so that demand on the physical and social infrastructure emerging from the growing population is spread out rather than bunched up at certain locations or peak hours — work, recreation and even seeing the doctor or pet groomer are priced differently at different points of the 24-hour day. There are incentives galore to foster pro-social behaviour from philanthropists — each tycoon has his or her favourite cause. For example, the man on the street can garner points (exchangeable for cash) for separating trash or eating more vegetables. It appears we can buy “good society” in Singapore too.

In reality, as the clock ticks towards 2022, society becomes more stratified but there are enough “rental flat to Sentosa Cove” stories to keep “The Singapore Dream” alive. Singapore attracts those who hunger for economic success; people who want more out of what money can buy, and more money for what they want out of life.



The second scenario is called “SingaGives.gov”. This is where the public’s sense of trust in a new government — formed by a splinter group from the former ruling party, the People’s Action Party — strengthens with the government’s emphasis on

developing an egalitarian policy framework. This means it guarantees that all citizens have an equal right to cheap, heavily subsidised goods that it defines as being critical for social development, such as healthcare, education and housing. Social safety nets for unemployment and retirement are strengthened and made accessible to all, rich or poor. This is possible by spending a larger percentage of the investment returns on the national reserves than the past.

Pro-social values like egalitarianism, solidarity and human development give proper meaning to the role of the market, say the leaders of the day. They look at all the models of the social compact that they consider inclusive as they design theirs with the people. The government nationalises providers of important public goods as this is deemed the most meaningful, socially responsible, one-off way of spending the national reserves. All this is possible because a new president who is of the same mind is voted in and agrees to a new framework for the use of the reserves.

Shaken by the political change, foreign businesses adopt a wait-and-see attitude about further investment in Singapore. This, together with the long-term global economic recession, results in low but inclusive economic growth. All the local factors of production will be used and more productively, with social investments made by the new government.

For some, however, the jury is still out on the new equilibrium. They ask if this new compact is fiscally sustainable — and if and when the giving will translate to real pay-offs. They worry that there is poor risk management now that the size of state reserves is diminished.

Also, while there is more confidence about the Singaporean identity, the solidarity among citizens becomes jealously guarded. The circle of trust and giving cannot be expanded infinitely, and membership has its privileges and outsiders are excluded, especially if all, including foreigners working in Singapore, are to be treated with equal dignity. There are fewer foreigners and immigrants admitted because those residing in Singapore have become more self-reliant and productive, and also due to populist political pressure.

However, if the social investments of SingaGives.gov bring about that second wind of economic vibrancy, Singapore will achieve a new paradigm of low and inclusive growth through greater welfarism. There is a large government-initiated campaign to reinforce this value system because this is not an ideological matter but an ethical one, says the Prime Minister. This is to counter the criticism that it is a “benevolent nanny state”.



The third scenario is called “WikiCity.sg”. The reference is to Wikipedia where there is no editor and therefore no central power, but is most critically self-activating and self-correcting by its own user-community — its citizens. This is Singapore after several political convulsions arising from years of being governed by leaders who were disconnected from ground sentiment. It was an incompetent government that lacked integrity. “Corruption in CPIB” is the most memorable headline of the decade. Trust in a central government is so low among the people in WikiCity.sg that they will not let it regulate, manage or control their lives. The old government is thrown out and a coalition government is elected but it is mired in policy gridlock, which further diminishes people’s trust in central government. The broad political consensus is that the state should take care of foreign relations, trade relations and maintain law and order. It should also keep the other burdens on the people, such as taxes and regulations, as light as possible. Critics call it a “donut state”.

In this environment where there is low trust in the government, people turn to a system of community self-help around business interests, professions, religion, villages of origin, recreational pursuits and various other social causes to bring meaning to their lives and provide for their practical needs. The trust in their self-chosen circles of friendship, identities, networks and social production is therefore, high. These communities create organisations — from private profit-driven five-star providers to social enterprises and free services like charity hospitals — to meet the needs of their members’ and even the public at large. It is a “groupon world” where group-buying to enjoy leverage and economies of scale is mainstream practice; so is group-bartering and many other forms of social innovation enabled by developments in information technology.

This is a place where people take things into their own hands within the minimum bounds of law and order. Who would have thought that the investments in education, re-skilling and the basic governance DNA of the disciplined People’s Action Party government of the past have put the people in good stead to govern themselves? High net-worth individuals of the global Singapore diaspora return home to invest in promising enterprises, attracted by the bets in R&D and technological innovation that they can make. They are also attracted by the spare productive capacity that exists because many the traditional multinational corporations upped and left during the political transition.

Turning a virtue out of a vice, the people of WikiCity.sg enjoy the full expression of their identities, passion and potential — this is a venture capital and venture community city. It is, people say, finally a nation defining an exciting destiny for itself. Naysayers ask if this situation is sustainable. Will WikiCity.sg be plagued by mediocrity and in-fighting in the absence of a strong government? Is it merely a loose collection of walled cities and tribes, and if so, how then is it a nation? Or will the competition result in further innovation? The beauty of the situation is that all views are welcomed.

Scenarios in Summary

		
Pro-Singapore scenario	Pro-Singaporean scenario	Pro-active scenario
<p>The public trusts the pro-business government as it prioritises economic growth and ensures better-paying jobs for Singaporeans.</p>	<p>The public trusts a new government that emphasises an egalitarian policy framework, promoting pro-social values, egalitarianism, solidarity and human development.</p>	<p>A coalition government is elected but public trust in government is low; no one central power dictates; this is a self-activating and self-correcting community.</p>
<p>Government organises businesses, employees and even community organisations.</p> <p>Strong government support goes to scientific, business, creative and sporting endeavours that promise the highest contribution to the country's economic future, and good jobs for all.</p> <p>Big businesses, multinational corporations and businesses in emerging technologies boost growth.</p>	<p>The government nationalises providers of important public goods in one-off spending of the reserves. National reserves are also used to fund universal social support and public services. A new president supports these uses of the national reserves.</p> <p>Foreign businesses adopt a wait-and-see attitude about making further investments in Singapore.</p>	<p>By broad consensus, government focuses on foreign and trade relations, defence, and maintaining law and order.</p> <p>Traditional multinational corporations leave during this political transition.</p> <p>High net-worth members of the Singapore diaspora invest in promising enterprises, attracted by the spare productive capacity after multinational corporations flee during the political transition.</p>
<p>Services targeted at the affluent, integral to being a global city, thrive. Market-reinforcing social support is given to the working poor through state vouchers and insurance schemes.</p>	<p>Services targeted at developing the human potential of all, thrive. They are of world-class quality and highly subsidised for locals. Fee-paying foreigners are given some access to them.</p>	<p>Communities create profit-driven as well as free, not-for-profit services like charity hospitals to meet members' and the public's needs. This is a venture capital and venture community city.</p>

<p>Economic growth is strong. Income taxes are more progressive and tax revenues are healthy. Singapore has the highest GDP per capita and the highest Gini coefficient, reflecting high wealth as well as income inequality.</p>	<p>There is low but inclusive growth. National factors of production are used innovatively, but with the emphasis on the services sectors, there is a limit in some, like healthcare and education, as to how far productivity improvements can go.</p>	<p>Tax burdens and regulations are kept light. Critics call it a “donut state”. Economic potential is high, although the economy is in a state of flux.</p>
<p>Society becomes more stratified although there are enough “rental flat to Sentosa Cove” stories to keep “The Singapore Dream” alive. How socially sustainable is SingaStore.com? How is it possible to keep people hopeful that their lives will improve?</p>	<p>If new social investments bring the promised second wind of economic vibrancy, the country will achieve a new paradigm of low but quality growth through welfarism. What if it does not? How will SingaGives.gov be fiscally sustainable? What are the risks the country is open to with the erosion of its reserves?</p>	<p>Resembles a loose collection of walled cities and tribes, rather than a nation. How politically sustainable is WikiCity.sg? Will it be plagued by mediocrity and in-fighting or will it result in further innovation and adaptation, even in protecting its national sovereignty?</p>