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SPEECH BY MR LAWRENCE WONG, ACTING MINISTER FOR CULTURE, COMMUNITY AND YOUTH, AND SENIOR MINISTER OF STATE FOR COMMUNICATIONS AND INFORMATION, AT THE INSTITUTE OF POLICY STUDIES “SINGAPORE PERSPECTIVES” CONFERENCE 2013, ISLAND BALLROOM, SHANGRI-LA, 28 JAN 13

Governing in the Future - Together

Introduction

1. Over the past few months, I have attended many dialogues and participated in many conversations. In these sessions, I've heard feedback and views on a wide range of policies – education, healthcare, transport, housing etc. But beyond the policy issues, there is a search for something deeper – what Singapore stands for and what it means to be a Singaporean. One participant felt that Singapore had changed too quickly over the past few years, and that he no longer felt the same sense of connection with the country. Or as another participant put it more vividly, “I would like to see a Singapore where buildings are not just commercial premises like shopping centres...I want Singapore to build and promote its traditions from 20 years ago, such as coffee shops (no air-con please), mama shops, Malay barber shops, the old dragon design playgrounds...” So, nearly 50 years after gaining independence, Singapore and Singaporeans are examining “big questions” today: Who are we? What are our values?

2. These are critical questions as we try to make sense of the changes occurring around us. Life was tougher in the past. But fighting colonial, communist and communal forces, and overcoming deprivation gave older Singaporeans a powerful sense of shared memories and common destiny. There was a strong sense of group solidarity, loyalty to extended families, and social cohesion. Today, our environment is becoming more interconnected, complex, and uncertain. Advances in technology, the growth of global migration and trade have intensified the pace, intensity and volume of interaction between our people. All this means that the experience of being Singaporean has become more varied. Different Singaporeans will have different priorities: some needing to focus on meeting basic needs; others on wider aspirations; and many on a mix of both.

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3. Ultimately, these issues of identity and social anchors relate back to how we want to govern ourselves. The roles of the government will have to evolve. Among our principles of governance are some enduring ones that continue to be important. After all, we have to deal with the same strategic realities: our geography, history, and our multi-religious and multi-racial population have not changed. However, as new challenges arise, fresh principles will emerge; or we will need fresh interpretations of enduring principles.

4. In this changing environment, all Singaporeans – from the government and businesses, to civil society and individual citizens – must come together to forge a new compact that will allow Singapore to navigate the way forward. Governing in the future will mean casting new roles and relations between the government and citizens, and among citizens themselves, while strengthening and reinforcing values that Singaporeans cherish.

5. How should our governance principles evolve to address the challenges of the future? Let me share my views in four areas.

Meritocracy

6. First, the issue of meritocracy as a governing principle. This has been the topic of debate recently. I think if you ask most Singaporeans, they would agree that meritocracy has served us well over the years. As a small country, Singapore cannot compete in the world if we do not harness the talents of our people. Moreover, in a multi-ethnic society, any form of discrimination would easily have created resentment and tensions. So ability and performance are a fair and objective basis for making decisions, whether it is appointments in the public and private sectors, or admission to our institutions of higher learning.

7. Having said that, there are concerns that with growing income inequalities, a system of meritocracy would favour those with means. This can undermine social mobility and lead to stratification in society. I understand the concerns. We all have hard-wired in us a deep moral belief and instinct for fairness and due desert. We

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agree that people deserve rewards for ability and hard work. So when someone is held back by multiple layers of disadvantage through no fault of his or her own, it upsets our sense of fairness.

8. Clearly, unfettered meritocracy taken to an extreme can lead to inequality and a winner-takes-all society. But that does not mean that meritocracy is inherently bad or dysfunctional. More importantly, if we are not going on merit, then how else are we going to determine a person's progression in school or work? I had a chat with several poly students some months back, and they raised concerns about PSLE stress, and how this can be reduced. I asked them if they would prefer a system where progression to the next level was not based on PSLE, but on random balloting. No one wanted such a system. They all still favoured some form of academic assessment, preferably less stressful than the current PSLE, with progression based on merit. So we have to be careful not to throw the baby out with the bathwater.

9. The challenge for us is to improve our system of meritocracy. We do not want a meritocracy that breeds excessive competition, where people seek primarily to advance their individual interest, at the expense of others. We do not want a meritocracy that results in a closed group of winners, where advantages to any individual are ascribed by birth. What we want is to shape a system of meritocracy in Singapore that works for the benefit of all, and is consistent with our ideals for a fair and just society.

10. It's not going to be easy to do this, and there are no ready-made solutions. As Amartya Sen once said, the "idea of meritocracy may have many virtues, but clarity is not one of them". Policy-wise, there are things we can and are doing to keep our system open and mobile. That's why we have already initiated several significant changes in education, for example by increasing state investments in pre-school, so that children get an equal start in life. And we will continue to study and review how our policies need to be updated to give full opportunities to every child, especially those who come from disadvantaged homes, to fulfil their potential.

11. At the same time, those who have succeeded must think beyond themselves,

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and give back to society. They have to show that they care for their fellow citizens, for example, through philanthropy. We see this in the US – people who have become rich are setting up foundations and doing good work. Mayor Bloomberg was just in the news recently for donating more than \$1 billion to his alma mater Johns Hopkins University. Here too, many Singaporeans are donating generously to good causes. More people should do so, according to their means, and from their heart. Just as we embrace the value of meritocracy, we should also set new social norms for more giving and philanthropy in Singapore.

12. It is also important to have a broader and more appropriate conception of meritocracy – one that goes beyond academic success or achievements in a few selected careers. And we are in a better position to do this today than years back because our economy has become more sophisticated, thereby creating many more avenues for talents in different areas to be recognised. We already see more and more young Singaporeans pursuing their interests in a diverse range of areas – arts, fashion, music, sports etc. We should continue to celebrate talents in these different fields, and recognise those who excel, who overcome adversity, who show spirit, character and determination.

Markets and Government

13. Besides meritocracy, public policy in Singapore has also been guided by a deep appreciation of the critical interdependence between markets and government.

14. The tension between markets and government is not new, nor unique to Singapore. It has been the central issue in the evolution of political economy and governance models over the last 200 years. The reality is that neither markets nor governments can work effectively on their own. Market principles are needed to help governments work better, and good government is necessary to help markets function more effectively. The balance between markets and government is never static, and has to be re-calibrated continually, according to circumstance and context.

15. The recent global financial crisis and the significant stresses associated with

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globalisation have put the spotlight on the imperfections and limitations of relying only on the market. I am reminded of what happened in my previous job at the Energy Market Authority (EMA). Because of our high reliance on imported piped gas from our neighbours, the government had decided to import Liquefied Natural Gas (LNG) to diversify our gas supply sources, and enhance our energy security. A private company was appointed to build the LNG terminal. But when the Financial Crisis struck in 2007, project financing tightened up, and the project became commercially non-viable. We could have waited till the crisis passed and allowed for some delays in the project. But we decided that this was important enough to our energy security that it could not be left to the vagaries of the market. So EMA took over the terminal project. We quickly set up a company, assembled a project team virtually from scratch, and with a loan from the Ministry of Finance, got the project started again. Since then, I've been keeping track of the progress of the terminal, and I am glad that in a few months' time, the LNG terminal will be completed, and we will soon be able to import LNG, and begin our process of fuel diversification for energy security.

16. This is a story with a happy ending – of how the government successfully stepped in to address a market failure. And indeed, this is something the government since 1959 has done repeatedly in various sectors – from housing to banking; from the airline industry to military armament. But there are also problems with relying too much on the government.

17. Take again the example of our power sector, but go further back in time. Many years ago, the power plants and grid used to be owned and operated centrally by the Public Utilities Board (PUB). In government hands, PUB thought that they were doing all they could to be efficient and that they were ready for the functions to be spun off and privatised. But in private hands, the company (Singapore Power) realised that there were still areas for efficiency improvements, and for costs to be trimmed. The privatisation and subsequent liberalisation of the electricity market brought more concrete benefits to consumers. Under the heat of market competition, power companies aggressively switched away from the more expensive oil-fired plants to the more cost-efficient natural gas plants. If the power plants had all remained in government hands, this switch to gas would probably have taken a

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much longer time to materialise, and consumers would have been worse off.

18. So this is the challenge in public policy. The debate is not about nationalisation versus market competition, as though they were mutually exclusive options. It is not about government intervening to supplant markets, or allowing market forces to reign unbridled with little or no government oversight. Rather the real issue is about finding the right balance between markets and government, recognising that both are necessary.

19. The fact is that in our next phase of development, with slower growth and an ageing population, the state will have to do more, and play a more significant role in funding or providing certain core services. I mentioned pre-school education earlier, where the Government will make significant investments. We are also doing a lot more to strengthen our social safety nets. In transport, we are making massive investments to expand the rail network and provide more buses. Another area is healthcare, where government spending will double to \$8 billion over the next five years.

20. As government spending increases, we must ensure that there are sufficient resources to fund and sustain the programmes we want. We can see the mistakes other countries have made – how easy it is for governments to spend beyond their means, and end up with large fiscal burdens and structural deficits. More importantly, state provisions have to be designed so as not to reduce the dignity of individuals, erode work ethic and create dependency on the state. Otherwise, after some time, the economy will stagnate, and the people suffer.

21. So what we are striving for in Singapore is not bigger government, but smarter and better government – one that understands the interdependencies between the state and markets; one that is responsive to the needs of our times, while maintaining the competitive spirit and drive that is so crucial to our existence.

Active Citizens and Strong Community

22. The government will do its part to facilitate and lead in terms of the broad

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policy directions, but it has no monopoly of knowledge or ideas. To understand and tackle our challenges fully and vigorously, we need to draw on the expertise and resources of all our people. This leads me to my next point on the importance of active citizenry, strong communities, and vibrant civic society.

23. Over the years, we have raised the level of engagement between the government and the people, opened up more space for civic groups and alternative views and matured as a society. The growing participation and diversity have been vital pluses for Singapore, enabling us to adapt to changing conditions and to the needs and expectations of a new generation. Going forward in our new environment, I have no doubt that our society will continue to open up further. Younger Singaporeans, in particular, would like more space to express themselves, voice diverse views and experiment with new ways of doing things. These are positive trends – they show that Singaporeans care about issues, and want to play a part in shaping the future of the country.

24. Governance must keep pace with these changes in our society. It means more engagement and consultation in policy formulation. It also means more effort on the part of everyone involved – to listen to one another, to actively seek our viewpoints that challenge our own assumptions and beliefs, so that we can begin to understand where the people who disagree with us are coming from. Ultimately, we want to discuss issues with reason, passion and conviction; but always in a spirit of respect, so that people with legitimate but bridgeable differences can sit down at the same table and hash things out.

25. This is why we embarked on the Singapore Conversation. It is a process for the whole nation to have a conversation about what values are important to us, to engender a sense of rootedness, and to build a stronger consensus on the way forward for Singapore. Such engagement is not new — the government has been engaging Singaporeans in various forms and platforms over the years — but the scale and scope of the engagement are now much wider.

26. Besides more consultation and engagement on policy issues, we also want to promote active civic participation in solving problems. The late Mr Rajaratnam

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described this as strengthening a democracy of deeds, and not just words. As he put it, we must “encourage participation at all levels to get people away from adversarial democracy to a problem-solving democracy”. To facilitate this, the government should pull back from being all things to all citizens, and give Singaporeans the opportunity and space to organise themselves, and develop their own solutions.

27. Many have observed that when there is a problem, the first question people usually ask is: what will the government do about it? So at a recent Singapore conversation meeting, I was struck when a poly student said, “Why must there always be a policy answer to all our problems? Why can’t we solve the problems by ourselves?” Over the weekend, I had a conversation with university students, and the theme was “More than ourselves: A generation that cares”. These young people reflect the coming of age of a new generation, who are more active and engaged, and prepared to do their part for the community. We should encourage more of such civic activism – to empower and support Singaporeans to take the initiative, and make a difference to the lives of others. This is how we can nurture the kampong spirit in our urban city, and strengthen the sense of togetherness in our society.

Leadership

28. Finally, let me end on the role of leadership in governance. We have always believed that leadership is key; that as a small country, we need good leaders and able people to serve, whether in the political arena or in public administration.

29. In a new environment of active citizenry and civic participation, one may be tempted to think that leadership is no longer so important. On the contrary, I believe that leadership remains just as, if not more, critical. But the leadership demands are different. In a complex and rapidly changing environment, knowledge is always localised and fleeting. As a result, leaders are sometimes faced with an “inversion of expertise”, where people at the lower levels have more accurate information, and are better able to adapt and respond to changing circumstances. A recent survey by the public relations firm Edelman shows that people tend to put more trust in their peer group, defined as a “person like me”, than in traditional “authority” figures. Trust is

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being expressed in horizontal ways, rather than solely on a vertical axis. So the leadership approach must evolve to one that encourages more open collaboration, feedback and empowerment of our people.

30. You see this happening in the military. The former US Commander in Afghanistan General Stanley McChrystal once described how he had to adapt to a new leadership style, to operate in a complex, networked environment, and more importantly, to earn the trust and confidence of a younger generation of soldiers. He had to become “a lot more transparent, a lot more willing to listen, a lot more willing to be reverse-mentored from lower”. Over time, McChrystal said that he came to realise that “leaders aren’t good because they are right; they are good because they are willing to learn and to trust”.

31. It sounds easy to do all this, but in fact, leadership in this new environment will be more challenging. It means having the humility to admit that we don’t always have all the answers. It means having the courage to take risks, and trust our people to make the right decisions.

32. With a more diverse population, leaders will have to gather a wide range of suggestions and ideas, and take time to build a consensus. It is not always possible to align everyone to the same view. So leaders also have to decide, explain the basis for the decisions they make, and take responsibility for the outcomes. As short-term populist interests gain increased voice and traction, leaders must have the moral courage and integrity to retain the long-term perspective, and make the difficult decisions that will yield long-term benefits to Singapore and its citizens.

33. This ability to look beyond the short-term has been crucial to the success of many of our policies. Today, it will be harder to take the long-term view, even as the government’s policies and actions are being subjected to daily barracking. The daily incessant round of the 24-hour news cycle, its noise amplified by the social media, will make governance more difficult here as it has elsewhere. This calls for more, not less, leadership. And indeed this is not just a question of political leadership. It is, more fundamentally, about what sort of government we want, and the kind of society we want to be.

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Conclusion

34. Meritocracy, the role of the state and markets, active citizenry, and leadership – I've touched on four aspects of governance where I believe our principles have to adapt and change, in order to stay relevant in a new environment.

35. In charting the way forward, we no longer have the benefit of following and adapting best practices by others who are ahead of us. In many ways, we will have to break new ground ourselves and find fresh solutions that are suited to our circumstance and context. Increasingly we will have to experiment, make mistakes, learn from them, and improve ourselves.

36. More and more is now expected of governments. Some say that it is impossible to meet the high expectations. But almost 50 years ago, the cynics and critics said that a small, resource-scarce country with no hinterland had little chance of survival. In the 1960s and 70s, some analysts thought in order to survive, a country had to be protectionist and favour domestic production. Singapore proved that we could be exceptional each time – we not only survived but thrived. We eschewed import substitution and found advantages from free trade. The “big questions” of today are the challenge of our generation. We can defy critics and cynics again – if we answer these questions together.