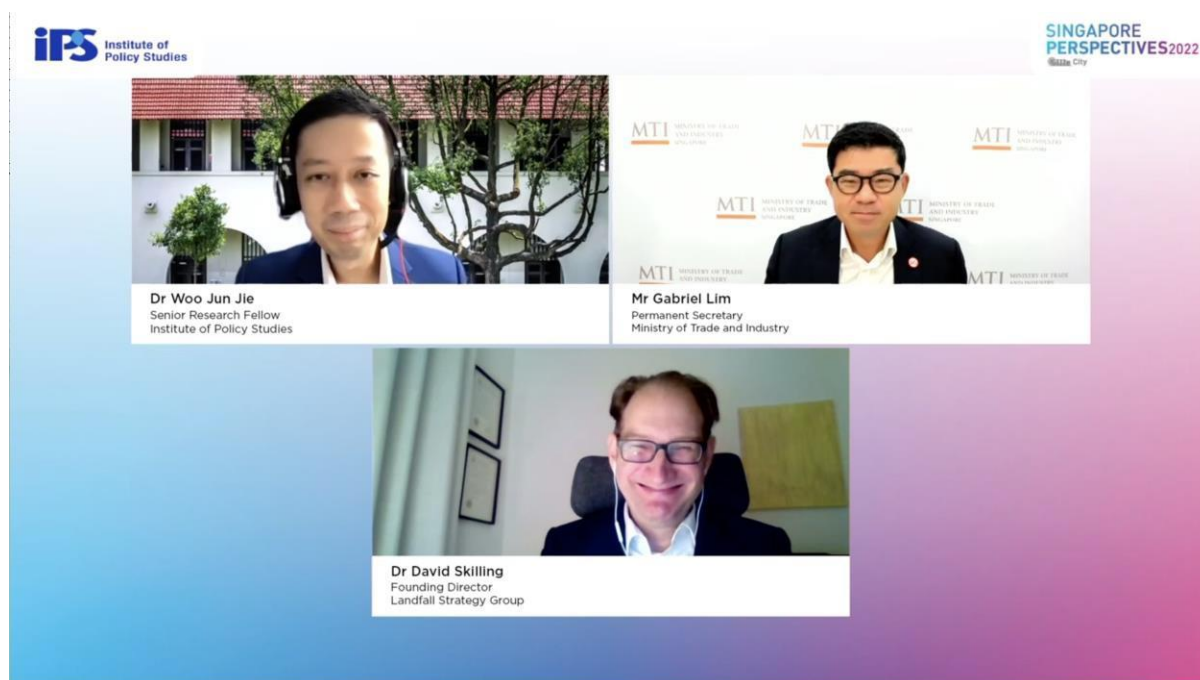


Singapore Perspectives Conference 2022: City Forum 4: City as an Economic Space

By Eddie Choo



Caption for photo: Panellists engaging in a discussion during the fourth forum of Singapore Perspectives 2022, moderated by Dr Woo Jun Jie

Forum 4: City as Economic Space of the Singapore Perspectives Conference was held on 17 January 2022 with an online audience. The forum featured Permanent Secretary of the Ministry of Trade and Industry Mr Gabriel Lim and Dr David Skilling, Founding Director of Landfall Strategy Group as speakers. Professor Edward Glaeser, Chairman & Fred and Eleanor Glimp Professor of Economics at Harvard University gave a pre-recorded speech. Senior Research Fellow Dr Woo Jun Jie of the Institute of Policy Studies was the moderator for the session.

Survival of the City

Professor Edward Glaeser gave a presentation based on his latest book, *Survival of the City: Living and Thriving in an Age of Isolation*, co-written with David Cutler. Professor Glaeser shared about the “enduring strengths” of the city despite the many challenges to it. He started off by sharing about cities — as places where people come together in high densities — were places of economic productivity; the denser the area, the more economically productive it was.

For Professor Glaeser, economic development “ran through city streets.” Cities also had a long experience with diseases.

As to whether COVID-19 will decisively change the way people worked via remote working, Professor Glaeser said that in knowledge-intensive industries, in-person work would still have an important role. He added that the transmission of complicated ideas was better done in person than remotely. Remote work was also more compatible for people with higher degrees, compared with blue-collared workers. A world where remote work was pervasive would also mean difficult circumstances for people of lower education.

The rise of remote work would also enable Singapore to compete in terms of quality of life if global talent were to become more mobile. In all, cities are likely to prosper despite COVID-19.

City as Economic Space

Mr Gabriel Lim gave a presentation of Singapore’s economic space. He shared how Singapore’s GDP per capita still ranked lower than New York, Tokyo and London, and described three attributes that Singapore needed to thrive as an economic space. The first attribute was connectivity, the second was talent, and the third attribute was the sense of the ability to shape the future (or “carpe futura”).

Mr Lim discussed Singapore’s connectivity in various dimensions. Singapore’s network of free trade agreements (FTAs) covered 90 per cent of global GDP. He described the efforts of the Port of Singapore Authority (PSA), and how they were continually updating their digital efforts with Singapore Customs, and more recently, with financial institutions.

The second attribute was talent, and he pointed out how Singapore had historically been focused on developing human capital in Singapore, and recent efforts in skills training.

The third attribute was the ability to shape the future. Here, Mr Lim described sustainability as a “challenge for humanity.” Mr Lim described Singapore’s vulnerability to the effects of climate change. He mentioned changes to come in the carbon tax system, and the focus on green financing as an important tool for the transition to a sustainable future. His hope was that Singapore could do with sustainability what was done with the issue of water scarcity – turning it into an issue that Singapore could lead the world with.

Mr Lim ended with a reflection of how Singapore needed to maintain a “sense of verve” and “derring-do” to overcome the challenges of being a city-state.

City-States and Small Advanced Economies

Dr David Skilling provided the perspective of small advanced economies and reviewed Singapore’s performance during COVID-19 and beyond.

He mentioned how Singapore, along with several small advanced economies, had generally done well over the past few decades due to a favourable external environment of increasing economic flows. Two other factors contributed to their historical economic performance. The first was intrinsic — strong social and political institutions that enable effective governments and strong policy attention. The other factor was high-quality deliberate choices that enabled

Singapore to position itself well in the global economy. Singapore's economic model had gone beyond being a hub of economic activities to being a platform from where value created, especially with innovative activities being based here, and with strong investment in research and development and in universities.

Next, he discussed small advanced economies in the COVID-19 pandemic. He observed that small advanced economies had usually done better than large countries.

The successes aside, Dr Skilling pointed out that there were several issues that small advanced economies would have to be ready for. He pointed out how globalisation was taking a more regional and local form than before. Small economies would have to pay attention to how to position themselves, with investments in research and development, human capital, and economic infrastructure.

Singapore's economic base was already well diversified, but it needed to be attentive to shifting business models and growth sectors. Climate change was also a substantial challenge, pointing how it could lead to changing investor and consumer preferences, just as COVID-19 had been.

Question & Answer

The first question was on how Singapore might maintain its competitive advantage despite low-cost competitors. Mr Lim said Singapore's connectivity was important and that consistent and rational policymaking created a favourable environment. He also noted that Singapore's government was pro-science. Dr Skilling mentioned how Singapore had been a leader in the cluster-approach of economic development. Singapore had been relatively successful in integrating knowledge-intensive activities on top of current hub advantages.

There was a question on the balance between multinational corporations (MNCs) and local small and medium companies, and how government needed to balance the two. A related question was on the balance between developing Singaporeans and tapping the global talent pool. Mr Lim pointed out that there were efforts to provide workers with the skills to compete. He also noted that being a global city created more opportunities for people of various skills, pointing out how the COVID-19 recession had affected lower-skilled workers harder. Dr Skilling explained that successful small economies in Europe combined strong economic performance with high levels of distribution. He also noted that Singapore's strategy of capturing growth through developing more local companies was a significant one.

A third question was about the balance between foreign companies and developing local companies. Mr Lim noted how the trends of MNCs in developing local supply chains had changed. The issue was on how to grow companies and increase Singaporeans' awareness of Southeast Asia as a growth region. Dr Skilling noted the difficulty of the issue given how the global supply chain was also becoming sophisticated. It might be difficult for local companies to develop the capabilities to fit. Dr Skilling thought that sustained policies in this area would be needed.

There was a fourth question on remote work and how to secure jobs for locals when companies can tap on global talent. Mr Lim thought that work would still need an in-person element, for building camaraderie. He also thought that individuals needed to continuously

upgrade themselves for companies to keep jobs in Singapore. Dr Skilling believed Singapore remained an attractive location in terms of quality of life. Given that Singapore was a high-cost, high-wage location, the issue was also about letting go of jobs and industries that might not be suitable anymore, that could be done in low-cost parts of the region.

The fifth question was on sustainability. Dr Skilling observed that there would have to be dramatic transformations in industrial systems. While some parts of the economy will suffer, there will also be significant opportunities in other parts. A price on emissions was important to attract more investment in green sectors. Mr Lim agreed with Dr Skilling, and that the transition might not be smooth. He reminded the audience about how Singapore turned water scarcity into an advantage, and how that might be possible with sustainability, carbon trading and green financing.

The last questions were on Singapore's prospects of being a "capital city" for Southeast Asia, and possible competitors and cooperation targets. Mr Lim shared that Singapore should continue to work with as many cities as possible, and that developments in the Middle East such as with Dubai in the United Arab Emirates were being watched very carefully. Within Southeast Asia, Mr Lim shared that Singapore could remain a hub and a platform that neighbouring countries could work through for the rest of the world, and for the world to work through Singapore to get to Southeast Asia. Dr Skilling noted that competition was intensifying and that Singapore would have to figure out how to adapt in its role as a hub.

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IPS is grateful to the following organisations for their support of IPS and Singapore Perspectives 2022:



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