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Summary of discussions at New Frontiers: IPS-CFE Conference on the Future Economy of Singapore

The Institute of Policy Studies (IPS), in collaboration with the Committee on the Future Economy (CFE), organised a conference to discuss the emerging global trends in industries and markets due to technological advancements, and the possible strategies that will help Singaporeans thrive in this new environment.

New Frontiers: IPS-CFE Conference on the Future Economy of Singapore was held over one-and-a-half days from 12-13 July 2016. Around 300 people from the public and private sectors, trade associations, unions and academia attended the conference. There were 35 speakers — including academics specialising in computing, engineering and entrepreneurship; business and industry leaders; and economists. They discussed how government and business policies, social attitudes, organisational and work practices, and the nature of higher and lifelong education will have to change to support Singapore's future economic growth.

The conference closed with a dialogue with Minister for Trade and Industry (Industry) S Iswaran, and members of the CFE. The CFE was convened in 2016 to develop economic strategies that can position Singapore for the future.

Highlights from each panel session, and the presentation slides are available on the [CFE website](#). Photos from the conference are available via the [IPS website](#).

Below is a summary of the key discussion themes of the conference.

1. The speakers identified the geopolitical risks, and the technological and trade developments that will **impact the economic landscape**. These include connectivity and data-centric manufacturing, crowdsourcing and the sharing economy, the democratisation of innovation, and the future of work. Developments in **regional economic integration** were discussed, including new opportunities for Singapore in the export of services due to the Trans-Pacific Partnership, and potential future competition posed by the development of the China-Mekong region. The abovementioned changes, they said, will impact organisational practices (for instance, companies may have to manage freelance rather than full-time employees) and supply chains.

2. Pertinent **questions about the kind of society and economy that Singapore wants to be** were also raised. For instance: How much risk can a small economy such as Singapore take and should it make concentrated bets on a few key areas? Should government pick winners? Should there be more efforts to boost local companies vis-à-vis global companies? Several audience members felt that these overarching issues had to be settled first before specific solutions could be considered.

3. Several **strategies to position Singapore for future growth** were discussed. Economist and urban theorist Sanjeev Sanyal suggested that Singapore's economic policy should remain flexible and agile in a complex and uncertain environment. He suggested that the government adopt a second-mover strategy — studying and adapting from best practices elsewhere while still allowing industry to take the lead in experimenting with new technologies. However, others disagreed and noted that in a fast-moving global environment, Singapore could not afford to take a wait-and-see approach and should move fast to seize opportunities as they opened up. A “fail-fast, fail-early” approach was preferred in a short product cycle environment.

4. Participants discussed responses to changes in **traditional models of employment**, due to factors such as the automation of jobs. More Professionals, Managers, Executives and Technicians (PMETs) are being laid off, and there is a pool of freelance workers which will increase steadily as the sharing economy grows. Science, Technology, Engineering and Medicine (STEM) education continues to be important, but so are qualities such as deep quantitative reasoning skills, and soft skills. These will help employees adapt to change and be globally competitive. Education institutions can offer more experiential learning, while bridging tertiary and vocational curriculums will help develop a well-rounded workforce.

5. How should we cope with the **opportunities and threats presented by technological advancements**? Mindsets, business models and institutional structures will have to evolve in tandem to capture new opportunities. For example, Professor Loh Han Tong from the Singapore Institute of Technology emphasised that a high-tech economy would still need a human touch. A hair salon may use computer technology to show customers what they would look like in different hairstyles, but a hairstylist would still be needed to cut the customer's hair. Companies can also use crowdsourcing, for example, to simultaneously develop productive aging solutions and tap under-utilised silver talent. Technology may displace some jobs, but will create many more employment opportunities.

6. Singapore's scorecard of turning its investment in Research and Development into marketable innovations is relatively poor. Suggestions to **improve the productivity of research inputs** included closer collaborations between enterprises and research institutes, and the development of a bottom-up innovation culture.

7. Finally, how can **government policy play a role** in helping firms ride the waves of change? Panellists suggested that regulations that protect oligopolies should be re-examined, and competition should be used to spur productivity. Light-touch regulation can also help spur innovative businesses, by allowing more room to trial ideas, enabling players with new operating models (for example, businesses in the sharing economy), or facilitating the organic co-location of like-minded firms. For instance, in London, tech hubs have developed, aided by flexible land use and zoning and area management policies to prevent rent escalations. There is also the need to for Singapore's economy to integrate further with the immediate hinterland. One panellist felt that with a large cluster of highly competitive activities being formed along China's coast and extending all the way into the Mekong region, the only way

Singapore could retain an edge in manufacturing was to take bold steps to create a cluster along the “Malacca Straits Diagonal”. Many others felt that there should be broad efforts — such as study and work abroad programmes within the education system — to get Singaporeans more familiar with the region.

8. During the dialogue session, members of the CFE discussed the **role of different stakeholders** in moulding the future of Singapore’s economy. Minister S Iswaran noted that the CFE sought to canvas views broadly — not only to be inclusive, but also because the complex, evolving nature of the challenges we face requires a greater diversity of ideas and solutions. Panel members highlighted that Singapore has the right ingredients to flourish, especially in terms of technological innovation — with fast, reliable Internet, a good education system, good global networks and a populace with the requisite skillsets to succeed in this future economy.

In response to a question on how the government’s strategy might shift in the next phase of Singapore’s development, Minister Iswaran said that government has to make choices about where it channels limited funds and resources. In doing so, it must identify sectors that have the best chances of succeeding, based on an analysis of trends in the economic landscape and the capabilities of players in our economy. In terms of regulation, there is a tension between the need for a safe, stable system, and allowing entrepreneurship and experimentation. Amidst the proliferation of new business ideas, the government’s role is to ensure that each of them is given a fair hearing, even if not every idea can be adopted. Lastly, Mr Iswaran encouraged Singaporeans to be willing to try new things, fail sometimes, and learn from those mistakes. “If we don’t have the instinct to try something new, for all the technical skills we acquire, it will still not pay off”, he concluded.

About the Committee On The Future Economy

The Committee on the Future Economy (CFE) is a 30-member committee comprising members from different industries that operate in both global and domestic markets, as well as enterprises both large and small. It is co-chaired by Minister for Finance Mr Heng Swee Keat and Minister for Trade and Industry (Industry) Mr S Iswaran. Minister in the Prime Minister's Office Mr Chan Chun Sing serves as Deputy Chairman.

The CFE was formed to develop economic strategies to position Singapore well for the future – to be a vibrant and resilient economy with sustainable growth that creates value and opportunities for all. The CFE aims to keep the Singapore economy competitive by helping to position Singapore for the future, as well as identify areas of growth with regard to regional and global developments.

About the Institute of Policy Studies (IPS)

The Institute of Policy Studies (IPS) was established in 1988 as an independent think-tank to study and generate public policy ideas in Singapore. IPS became an autonomous research centre of the Lee Kuan Yew School of Public Policy at the National University of Singapore in 2008. Today, IPS continues to analyse public policy, build bridges between thought leaders, and communicate its findings to a wide audience. The Institute examines issues of critical national interest across a variety of fields, and studies the attitudes and aspirations of Singaporeans through surveys of public perception. It adopts a multi-disciplinary approach in its analyses and takes the long-term view in its strategic deliberation and research. For more information about IPS, please visit www.lkyspp.nus.edu.sg/ips/

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