

# People-centred growth in ascent to SG100

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For *The Straits Times*

In thinking about Singapore's economic future, the most important frame that the past two General Elections have provided us is the need for "inclusive growth". What is deemed good for the economy must be judged on whether it is good for Singaporeans, right across the spectrum of the workforce.

Four drivers of change can affect Singapore's future – geopolitical instability; a low-growth, low-demand world; robotics and automation; and an ageing population.

Instability and low growth will dampen demand and consumption, but possibly feed the war industry.

Smart factories and big data analytics allow for mass customisation of existing offerings, if nothing else, but they must be harnessed to the advantage of an ageing and labour-tight Singapore, and not the opposite.

If the number of working-age citizens supporting those aged 65 and above shrinks from 5.2 in 2014 to a projected 2.1 in 2030, every part of the economy will have to be activated to generate greater value. The good news is that the seniors of

the future will be better-educated, and employers can tap their richer worklife experiences and business networks.

## YOUNG, OLD AND MIDDLE CLASS

These changes will shape what Singaporeans need and want in the future.

First, the seniors. They will become a larger voting bloc and how they do will depend on the following: how long more they can work to pay their way ahead; how much further they can stretch their voluntary and Central Provident Fund (CPF) savings; how they realise gains from their housing assets; and how the elderly poor are supported.

The Government tried to deal with some of these issues – think of the reformed CPF and its life annuity scheme now in play, and the increased options for unlocking the value of the public housing asset; the Pioneer Generation Package and the Silver Support Scheme; as well as increased provision of state-subsidised healthcare and housing.

But the question remains: What are the fresh shoots of employment and business opportunities for those in their late 50s today?

The re-employment age may be raised from 65 to 67, but what are the benefits to businesses of an inter-generational workforce?

Certainly, deeper work and business partnerships can be formed between the younger generation who have energy and ideas to create economic value and the seniors' with their experience and business networks. Some seniors may have the capital to support businesses targeted at neighbouring emerging markets they are familiar with. Professional guilds can organise senior members to provide contracted advisory services to growing local enterprises.

Second, the youth. Their productive and creative input is necessary to double the value of the economy, so as to support an ageing society. But they will have to go through the life cycle that human capital requires to develop.

The Government is trying to fast-forward the process with the SkillsFuture programme, and investments in research and development. But what needs to be taken into account is a particular orientation to work of young people. If it takes 10,000 hours to master something, then millennials' preferences may get in the way since they are known to value curiosity over loyalty; excitement over experience; and variety over a deep mastery of one field of endeavour.

Perhaps businesses can sprout around this new culture, but young

people lack capital. Existing businesses need a strategy to meld different work orientations of the generations effectively.

Third, the middle class. We used to think of ourselves as a middle-class society. But what really shakes the middle class to the core is the fear of "falling behind" in this current age of uncertainty and change. This is why the call to strengthen social safety nets is emanating – not just from the lower-income households, but also from people with homes and jobs which should make them feel relatively comfortable in life.

While Singaporeans in the 41st to 60th percentile of household income have received more benefits per dollar of taxes paid over the course of the past decade, this uncertainty translates into pressure to strengthen social safety nets and a greater utilisation of state finances.

## CITIZEN-LED

The Committee on the Future Economy, helmed by Finance Minister Heng Swee Keat, has been tasked to strategise how to foster greater entrepreneurship, promote internationalisation and ensure inclusive growth. Some say they have a sense of *deja vu* of past rounds of public consultation, but each age is unique in specific ways and these shape what are

appropriate responses.

Two approaches need more work in this year and beyond. They will allow an even broader range of economic actors to benefit from Singapore's future external and domestic business development.

First, building up the Singapore diaspora.

Prime Minister Lee Hsien Loong's recent visit to San Francisco, where he met Singaporean tech professionals working there, is yet another demonstration of how opportunities, knowledge and networks are all out there. It is difficult to dislodge the lead that some locations have as innovation hubs and places where venture capitalists, businesses and customers are keen on finding the "next big thing".

But Singapore could, for argument's sake, have a population of eight million with a good many doing great exploits overseas.

Switzerland, for comparison, has 9.4 per cent of its 8.081 million population working abroad, supporting a thriving economy that is not just based on activities in their high-cost, yet smart and entrepreneurial, country of origin.

To create a real wave of Singaporeans moving out to those innovation hubs or emerging markets, three things are needed: the Singapore education system replicated out there for their children; Singapore-standard healthcare; and clean, rational Singapore banks or venture capitalists. Local communities can take advantage of these as well. So, the beachhead to a great Singapore Unlimited economy is not going to be the government-linked company, but the social system and smart money.

Second, the further blurring of borders between academia and industry that has begun in the Institute of Technical Education, polytechnics and universities. More resources, via the

Government's second tranche of five-year research and development funding, will encourage the creation of industry-changing technologies.

How can greater traction be achieved? A friend recently gave me an example of his university alumni in Sweden. Those who have made it in life plough back some of their net worth to the university venture capital fund. This provides patient capital for scientists and their students to work on that next big thing, like the seniors did.

The key to nailing the money is proof of an effective team and a commitment from an end-user for the proposed technology. When things work out, the virtuous cycle is repeated. It is that patient capital which is well-attuned to the scene; the knowledge-based industry-relevant assessment of bets on innovation that make the difference.

In Singapore, too much dependence on the Government means that assessments are bound tightly to public accountability, to bureaucratically objective assessment with less room for entrepreneurial gut feel. Rightly so, as the Government has to account for how it spends taxpayers' money.

The Government will still play a valuable role in the transition to this new scheme of things – firstly, by putting its money in the pot as a credible, silent partner when industry has given its nod. Secondly, and most importantly, in assuring people in authority in these institutions that no permission has to be sought to conquer new territories of innovation.

For all the reasons above, I dare say that a truly successful SG100 will not be a state-led story.

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