

OPINION

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By Invitation

A glimpse of the future at a roundtable

Chan Heng Chee For The Straits Times

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Aim to be a 'runway', not 'control tower' economy. The state moves from regulator to being 'enabler-in-chief'. These and other insights came up during a recent roundtable discussion of experts.

In recent years, the industrialised economies have been grappling with slower global growth and the future of the economy impacted by new technologies. Policymakers and business leaders are worrying about creating good jobs and increasing productivity for long-run economic growth.

Singapore is a country that believes in long-term strategic planning and anticipating problems of the future.

Singapore has convened national committees periodically, drawing on all sectors of government, SMEs (small and medium-sized enterprises) and MNCs (multinational corporations), unionists, academia and media, helmed by senior Cabinet ministers, to review the state of our economy and consider how we should be plotting our way forward.

It adopts a whole-of-government and whole-of-country approach. In this way, we aim to be strategically prepared for the next trends appearing on the horizon and benefit from being early movers. The report of the Committee on the Future Economy (CFE) just released is the latest testament to this.

No country prepares for its economic future quite the way Singapore does in this comprehensive and thorough way, followed by implementation. In the United States, presidents have convened economic summits at the start of their term with captains of industry, Nobel prize-winning economists and other rock star academics. President Donald Trump established the President's Strategic and Policy Forum, chaired by Blackstone chairman Steve Schwarzman, with top CEOs of leading industries. It met recently to discuss how to create jobs and spur economic growth. Other governments have chosen to focus on more immediate economic reform agendas.

International relations expert Parag Khanna in his latest book, *Technocracy In America: The Rise Of The Info State*, lists the few countries which dedicate resources to think about the future.

Singapore has the Centre for Strategic Futures and the CFE.



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The Government will be the enabler-in-chief for the overall vision which is realised through seven strategies. What is significant in the report is the emphasis on helping workers develop their skills, to reskill and retrain for the future with modular courses at colleges and universities, helping businesses to digitalise, using data analytics to expand their opportunities and helping start-ups to build an ecosystem and to scale up.



Sweden appointed a Minister of the Future from 2014 to 2016, South Korea has a Minister of Science, ICT and Future Planning, Finland, a Committee for the Future and the United Arab Emirates appointed a Minister of Cabinet Affairs and the Future.

Working on the same issues, the Lee Kuan Yew Centre for Innovative Cities in the Singapore University of Technology and Design (SUTD) last month brought together a number of experts from North America and Europe, high-level policymakers in government and business to a roundtable on The Future Of The Economy. This timely meeting had the advantage of harvesting comparative perspectives on how others think about common issues and their solutions.

So how are we to think about the future economy and what problems do we look out for? Here are some of my observations, as the person who moderated the roundtable.

Minister for Education (Higher Education and Skills) Ong Ye Kung opened the roundtable on a positive note, itself a refreshing change as most discussions on the future of the economy tend to be gloomy.

Singapore starts from a position of strength. It was and is a natural thriving hub. There is no reason, he argued, why we should not be able to maintain this position. Singapore has been doing the right things. Productivity and credit schemes have been established, and SkillsFuture was introduced to train the workforce and assist in the upgrading of workers. Now we must tap into the region and inculcate in the young a more meaningful engagement with the world.

He spoke of a necessary culture change required, a cultural shift in which the society moves from "honouring scholars" to "honouring entrepreneurs", a change that must begin with parents. The new economy will no longer be a "control tower economy" but a "runway economy", where everyone will play and take the lead. He stressed that at the heart of the CFE was the principle of inclusive growth.

Three messages came through at the roundtable reflecting the global debate.

First, how to think about the future of work and the impact of automation. Second, the concern with inclusive growth and inequality, and third, the role of government in the future economy.

AUTOMATION AND THE FUTURE OF WORK

On automation and its impact on jobs, instead of focusing on jobs, we were urged to look at activities, tasks and capabilities. Activities are easier to automate, but capabilities less so, such as sensing, reasoning and generating new ideas. Only a small number of jobs can be automated.

A McKinsey report suggested that 5 per cent of the jobs could be 100 per cent automated while 60 per cent could be 30 per cent automated. But even if the technology were there, would businesses or governments adopt it? Technological progress is only one of the factors. Other considerations, such as costs, labour markets, social attitudes, regulation and economic challenges, could affect the pace of automation.

Some jobs would disappear, but new jobs would be created and the new jobs could well bring back more traditional jobs. Microsoft created 120,000 service jobs, 80,000 teachers, doctors and architects.

It was also suggested that to cope with the new changes, mindset shifts must take place. Instead of focusing on content mastering, we must shift to continuous learning, from academic qualifications to skills training, from learn and earn to learn, earn and learn, from creativity and empathy to information and data awareness. This shift can happen only if schools, employers, students, teachers and parents change as well.

David Weil of Boston University and a former official in the Obama Labour Department drew attention to a phenomenon affecting employment in the U S which could hold lessons for Singapore. Because capital markets push industries to focus on core competencies, outsourcing and subcontracting is the result. Subcontracting begets subcontracting. This has substantially transformed industries and changed the employment relationship. The employment relationship is fissured.

What results could be higher non-compliance in work standards and work injury, absence of pensions, health coverage as well as training, in other words, a workforce population that will be in need of greater forms of support and protection down the line.

INCLUSIVE GROWTH

The second message was concern with inequality or the difficulties of achieving inclusive growth. According to Jonathan Woetzel of McKinsey, 60 per cent of households in Organisation for Economic Cooperation and Development countries have seen their household incomes stagnate or shrink over the last seven years. Quoting Unctad (the United Nations Conference on Trade and Development), Robert Wade from the London School of Economics said in 1984, 62 per cent of world income accrued to labour while in 2011, only 54 per cent went to labour. And in the United States and Europe, where there is concern that jobs have been lost due to rapid technological change and globalisation, introducing a basic income has been mooted. This notion is supported by both the right and the left of the political spectrum but for different reasons. The right, and this was proposed by Milton Friedman earlier, sees the introduction of a basic income supplanting all other benefits.

This is totally rejected on the left. So while it has been discussed, there is no appetite for a basic income.

ROLE OF GOVERNMENT

Finally, on the role of the government in the future economy: In the context of rapid change, the experts see governments providing services and infrastructure, helping to bring about the cultural changes surrounding innovation and entrepreneurship, strengthening competitiveness, writing the rules of the economic game such as regulations, and intervening on redistribution and fairness.

There should be an awareness of the need for balance between government regulation and organisation creation.

The roundtable was not meant to provide a commentary on the CFE report.


It was held earlier, but it is interesting to read the report in the light of the thoughtful wide-ranging discussions.

The report presented last week by CFE chair, Finance Minister Heng Swee Keat, and co-chair, Minister for Trade and Industry (Industry) S. Iswaran, emphasised a commitment to openness and connectivity to the world to counter anti-globalisation sentiments, and the need to go regional and think Asean because the timing is right.

The Government will be the enabler-in-chief for the overall vision which is realised through seven strategies. What is significant in the report is the emphasis on helping workers develop their skills, to reskill and retrain for the future with modular courses at colleges and universities, helping businesses to digitalise, using data analytics to expand their opportunities and helping start-ups to build an ecosystem and to scale up.

The Industry Transformation Maps covering 23 sectors is a key strategy of CFE to strengthen local industry to grow and create jobs, including external expansion, and to ensure workers would have the training that allows mobility in a cluster of industries. The CFE has made a powerful case that in Singapore, we all go forward together in the future economy. It is the right direction. Our bureaucracy and our people must now adopt the transformative mindset and greater risk-taking to move with this.

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