



INTEGRITY, MERITOCRACY AND INCLUSIVENESS: SINGAPORE'S CORE VALUES

The seventh President of Singapore, Dr Tony Tan, talks about the challenges and opportunities for the island-state, in this interview with Philip Zerrillo.

What is the best position Singapore can take in this volatile world that we are living in?

Today we are living in an environment that is changing rapidly, both politically and economically. By and large, things are going well. The biggest question now is the relationship between the U.S. and China—that is the most important relationship in the world. For many years now, we have lived in a world where the U.S. is the dominant power, and overall it has been a benign superpower, providing stability. Now China's economy has grown significantly and China is a rising power. In many ways, China is occupying a greater role in the world. It is now the second largest economy in the world after the United States. There are, of course, some tensions between the two nations—the latest being trade tensions—which have created some uncertainties. But so far, there is no major impact on the world economy or on Singapore, although it can become more serious if it continues this way.

As for global exposure—be it in terms of migrant labour, foreign investment, or trade—this is a fact of life. Whether it is an asset or risk is beside the point. Singapore is a small country, we have to be open to the world, and we have to make the best of it. We depend on trade and we have to keep our borders open. We have to link up with as many countries in the world as we can. We must continue to be relevant to the world, as the reason we are prosperous is that we have made ourselves useful to other countries. We are too small to actually set the stage; the stage has been set for us.

However, Singapore has not stood still. Our economy has changed a lot since 1965, when we became independent. There was high unemployment then, and we developed labour-intensive industries to create employment. Since then, we have moved on to capital-intensive industries, and now we are in the knowledge economy. We have set up a Committee on the Future Economy to see the direction in which Singapore's economy will be growing in the coming years.

We are a financial centre and a global logistics hub for seaports, airports, and many other areas. Fortunately, Singapore is located in Asia, a region that is still growing. ASEAN is relevant and more integrated today, and we have just formed the ASEAN Economic Community, which is a market of over 600 million people. So all in all, there are some challenges in the world, but I would say that as long as there are no major disturbances and we

continue on this path forward, Singapore will continue to do well. There are no guarantees in this world, but, by and large, Singapore is in a strong position.

What role do you see Singapore playing in ASEAN? Does Singapore's development model offer insightful lessons for its neighbours, or is it unique to Singapore, making it hard to emulate?

Let me first talk a little bit about demographics because that is the biggest challenge for Singapore. We are an ageing society. Our birth rate is very low—even lower than that of Japan—which means that our population is not only stagnant but diminishing. We are going to face some big issues; social services costs will rise, and so will healthcare costs.

I believe that with the foundation we had laid and the plan that the government has put forward, we will be able to continue attracting foreign investments to Singapore. Therefore, we will be able to create jobs, more than enough for our own people. The only question is whether we will have enough people in Singapore to fill these jobs. Certainly not if we rely only on Singaporeans. We have to allow foreign labour to come in, but that creates some political problems. Already 40 percent of our workforce is non-Singaporean. That is about the limit that is politically sustainable. So this is a very big issue.

The other big issue for Singapore is that notwithstanding whether jobs are available, will our people have the skills to fill those jobs? That's a big challenge in the world today. I worry less for the young people—they are adaptable, they can learn new things, and they are comfortable with the digital age. They will look after themselves, provided you give them the right education. The bigger problem is with people in the workforce who are 40-50 years old and doing fairly routine jobs. With automation, robotics and artificial intelligence, many of these jobs will become redundant. The question is whether we can reskill the older workers. That's why we encourage people to continue their education even when they are already in the workforce. Education and retraining have to be on a continuous basis if you want to remain employable. And it is important for people to be employed—it is not only about the economic incentive, but it also gives them a sense of dignity and usefulness. If an individual is unemployed, it impacts not just the person but the whole family. So that's really a big challenge for Singapore.

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Singapore's role in ASEAN has always been to encourage other ASEAN countries to improve together. This year Singapore is the Chair of ASEAN, and we are handing the role over to Thailand next year. We are trying very hard to integrate ASEAN economically, tackle common challenges, and learn how to deal with the digital age. Singapore is always willing to share its expertise with other countries around us. For instance, we are taking in a lot of people for training courses in our universities and technical institutes. Of course, one recognises that the most important country in ASEAN is Indonesia, simply because of its size and huge population. I think we have been fortunate that there are good leaders in Indonesia, who are friendly, helpful and open. Today we see that leaders of both countries, President Jokowi from Indonesia and Singapore's Prime Minister Lee Hsien Loong, get on well—and as long as that continues, Singapore would have opportunities to develop our mutual trade and business relationships.

But while Singapore is always willing to share its expertise in, say, maintaining transparency or running our ministries—we recognise that elsewhere the circumstances may be different. Every country is different and at a different stage of development. What works in Singapore may not work in other countries. Basically, Singapore is an urban society; we don't have a large rural area like Indonesia or Thailand, and that's a different dynamic. So they just can't copy what Singapore does, but each country will have to work out its own model. It is up to the countries concerned to see what in Singapore's experience would be useful to them. But Singapore will always be open to share its knowledge and views with them. In a way, because we are small, we are open to the world. If we can assist other countries, and if they want us to, we are always willing to do so. So, in that way, Singapore can play a key role in ASEAN.

With four decades of public service experience, what would be your recommendations to the leaders of Singapore?

The only advice I would give is to take the world as it is—not the world as you would like it to be. Whatever its imperfections,

this is the world you live in. You can't change it, so you have to make your way through it and find how to make yourself useful, always recognising that nobody owes you a living. Singapore has done well in this aspect. On a per capita basis, we are among the highest income countries in the world, even more than many countries in Europe now. The reason we have succeeded in doing so, despite limited natural resources, is that we have concentrated on the fundamentals.

First of all, our only resource is our people. So right from independence, the government has always emphasised the need to develop our people's capabilities. That's why education has always been a priority for the Singapore government. We have invested a lot of money in upgrading our schools. Actually, we have a very good school system today. We are also developing a skills training programme that is very relevant to the changing circumstances. I believe that it is essential for a nation to have a good education system, otherwise you cannot have a strong economy. And without a strong economy, you would not have the means to do everything else.

We also need to defend ourselves, and we have spent a lot of money to upgrade and modernise the Singapore Armed Forces. I think the threats we face have changed over time. Today, terrorism and cybersecurity are the top defence and security issues. When I was Minister of Defence, it was conceptually relatively straightforward—you knew who your enemies were; you knew where the battleground was. But today, there is no battleground. Everything is integrated. Cybersecurity will be one of the big issues of this century for every country in the world because we are all so dependent on the Internet. And by its very nature, the Internet is a porous system designed to reach out to people and have people interact with one another. We have our defences, and we have strengthened our security level, but it is never ever going to be totally successful unless you close down and isolate the Internet systems, which would lower efficiency.

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Terrorism is another major issue for the whole world. It doesn't matter whether it is the U.S. or Europe, or a country in ASEAN. It is a major issue. The radicalisation of individuals through the Internet, for example, is a reality. Even in Singapore now, from time to time we have cases of people who are radicalised through the Internet—not only men, but also women—who want to go to Syria to fight. But what happens when they come back? They are a threat to society. The Ministry of Home Affairs has detained some of them. Fortunately, we have a high level of racial harmony in Singapore. We have also done a very good job in countering misleading teachings on Islam. But while we have tried to correct the views of these people, it is not easy. It is an ideological battle and the appeal of the message from some of the radicals is very strong. When I was the Minister of Defence, I spent a lot of time on this issue and it was always strange to me that teachings that were relevant in the sixth century still have an emotional pull on people today. You can't really explain it rationally, but it is there and it is dangerous. So it's a continuing battle that the ASEAN countries are working together to try and combat. Every country in this part of the world joins in, we conduct joint exercises and have free exchanges of intelligence, but unfortunately, we won't see the end of this battle for many years. So in that respect too, Singapore is playing its part in ASEAN, and will continue to contribute where we can.

What are your observations on how the core values of Singapore have contributed to its prosperity and progress?

The core values of Singapore are first its high degree of integrity. We ensure that the civil service is honest, there is no corruption—and that has been a great asset for Singapore and it is really the reason we have been able to run such an efficient system. We have an open and transparent system of remunerating our civil servants and ministers.

Next is the concept of meritocracy. We appoint the best people for the job, there is no nepotism where we appoint people because of their connections or because they are

related to somebody. The third key core value is inclusiveness. We try and ensure that everybody benefits from Singapore's progress. We have a major housing programme by the Housing & Development Board, so that everybody has a home and something worth defending.

Our schools too are open to all; no Singaporean is denied an education because he or she cannot afford it. We also try and make sure that our people have available the best healthcare possible. So I would say that integrity, meritocracy and inclusivity are the core values that have built Singapore, and I don't see us departing from these three values.

How do you think the education system has helped Singapore develop its key asset—its people—and meet the country's need for a well-skilled workforce?

Let me talk a little bit about university education because it's an area that I have been in for over 40 years. We started off for a long time with two universities, National University of Singapore (NUS) and Nanyang Technological University (NTU). NUS was a generalist university that taught everything from medicine to law, science, arts and engineering, while NTU was a more technically-oriented university, specialising in engineering. But the demand for university education was very strong. After a while, both NUS and NTU became very large.

So we decided that we needed a third university. We could have simply started another university, just like NUS and NTU. But I was the Education Minister at that time, and thought that if we had to start a new university, we might as well do something new, both in its location as well as scope, in an area that Singapore needed. Singapore was growing and had become a financial and business centre. So we thought this was an area that could sustain a university with that orientation, and decided to start a business university. Since we were going to do it in a different field, first of all we decided to locate it in the city, unlike NUS and NTU, which are located in the suburbs. Fortunately, we were able to find land, and build what you see is Singapore Management University (SMU) today.

We also thought of looking into having a different system. We found that the Wharton Business School, University of Pennsylvania, was very keen to work with us as they saw that Asia was growing and wanted to have a base in this part of the world. So the Singapore government entered into an agreement with them, and we started SMU. That turned out to be a very good partnership. For a number of years, Wharton provided advice and faculty. They also provided

SMU's first president, Professor Janice Bellace, who was then the Deputy Dean at Wharton.

I also wanted to have a founding chairman of the board of trustees who was business-oriented and relatively young with new ideas. So I contacted Ho Kwon Ping, executive chairman of Banyan Tree Holdings, and asked him whether he was willing. I think he was a bit surprised, because he had no higher education experience. But I explained that what we needed was his ideas, and Janice would provide the technical expertise. I think he and Janice made a very good team. They recruited very good faculty, some from Wharton, and started an education system that was more interactive. And this has worked very well, because the graduates of SMU have had no difficulty finding employment. Many employers have told me they find SMU graduates more articulate and able to market themselves—which is very important in the business world.

Later we started Singapore University of Technology and Design in collaboration with the Massachusetts Institute of Technology and two others, Singapore Institute of Technology and Singapore University of Social Sciences. But that was after my time. So SMU has played a very important role. It is not a very large university, which I think is good and it should stay that way. But it has carved an important role for itself; it complements the other universities. It has no trouble attracting students not only from Singapore, but also from the region. And it has also created a very good network by setting up advisory councils in many countries in ASEAN.

To conclude, what do you see as the most pressing challenges and greatest opportunities for Singapore in the coming five to 10 years?

I think the major challenge and opportunity remain the same: How do we remain relevant in this world? Singapore is not a U.S. or an Indonesia, it is not a large country. To progress, we need to make ourselves useful. And to do that, we need to have an open economy and well-educated people to find niches in the global economy.

One of the big issues today is technological disruption. In the past, we used to have incremental improvements in businesses, but now technology has disrupted whole businesses. An example is the private car hire business. With Uber, and now Grab, the taxi business has been completely disrupted and will never be the same again. Similarly, e-commerce has changed the entire retail scene. Retailers

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have to adapt to survive. It is possible and new industries are being set up. And the same is happening in financial services with Fintech, something that is very relevant to us. We are a little bit behind. For example as a cashless society, we are very far behind China. Literally no one uses cash in China nowadays, they use mobile phones to scan QR codes, even in hawker centres. We are making a start there, and are trying to improve our payments systems. But this is something we have to catch up on. So technology is a different game now; it is no longer about the small improvements of how you run a business or how you sell things, but in fact technology changes the whole business.

So it is a very exciting world that we are in today, but also a very challenging world. And as I said earlier, this may not be the world you would like it to be, but it is the world as it is. Don't try to avoid the challenges—but instead develop yourselves, and you will continue to not only progress but also prosper.

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