Singapore’s story
The key elements of its success

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Singapore has been a trading post for over a hundred years.

It has developed a large stock of capabilities; engineered structural change; and become a complex economy.

Ability to organize activities.
Key concepts

- **Capabilities**: Set of institutions, legal system, human and physical capital and firm level know-how and working practices, that allow firms in a country to produce and export successfully a product. It shows up as a combination (quality, productivity)

- **Structural Change**: Process of transferring resources from the less productive sectors of the economy into the more productive ones. This entails diversification of the production and export baskets and an increase in sophistication

- **Complex Economy**: One that is diversified and that exports unique products
Its leaders have:

(i) Extremely high commitment to deliver
(ii) Political vision
(iii) Drive to excel as a nation

And are aware of the country’s economic and political constraints
High ability to coordinate

Within the public sector

With the private sector

Modern market economy: partnership between public and private sectors
Government and private sector work with:

(i) Advisory Panels
(ii) Well developed:
   - Plans
   - Road Maps
   - Forecasts and Scenarios

e.g., MTI, EDB, PSA, MTA, Changi, URA
High capacity to implement realistic plans
“Always on your toes”:

(i) Acknowledgement of risks

(ii) Fear not to be number 1 in international rankings
“Seeding for surprises”
New areas e.g., Biopolis

Products and services produced (i) under increasing returns; (ii) with a high income elasticity of demand; and (iii) in imperfect markets (allow to pay high wages)
Capabilities

Commitment, Political vision, Drive to excel

High ability to coordinate

Advisory Panels Plans, Road Maps, Scenarios

High implementation capacity

Risk, Fear

“Seeding for surprises” New areas

High Capacity to Deliver

High Quality Of Life

“Singapore Inc.”
The future is bright

- What to do? Follow your capabilities
- Objective should be to continue delivering world-class services to the citizens
- There are lots of lessons in Singapore’s story for many developing nations
The “model” remains valid but pay attention to:

- Political transition to the next generation
- The international environment
- Aging population and immigration pressures
- Land constraints
- The dependence on MNCs (e.g., electronics): need to develop *indigenous* capabilities to be able to export complex and sophisticated manufactures
The “model” remains valid but pay attention to:

- Aim at creating a world-class champion in manufacturing. Find niches!
- Need to continue developing the complex services in which you already excel (e.g., port and airport related activities)
- Make sure that Biopolis succeeds
- Need to create employment for the people you have, and not for the people you wish you had