



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**

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graph TD; A[High ability to coordinate] --> B[Within the public sector]; A --> C[With the private sector]; B --- D[Modern market economy: partnership between public and private sectors]; C --- D;
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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