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**THE INTERNATIONAL CONSORTIUM FOR SOCIAL DEVELOPMENT (ICSD)  
SYMPOSIUM  
09 JULY 2015**

**DAN SANDERS MEMORIAL LECTURE**

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1. In exactly a month's time, Singapore turns 50 years old. We're still a young nation, but we've accomplished a lot. In the mid-1900s, my grandfather was a fisherman whose income depended on his luck at sea. Seven children – including my mother – depended on his income. The family toilet was a metal bucket in an odorous wooden hut. In the early 1970s, my parents got public housing – a HDB flat – at Marine Parade, which was close to the sea. In those days, this neighbourhood was not desirable because it stood on reclaimed land. Presently, this is a prime location. Singapore has come a long way. Many of our projects, like public housing, water management, and pension system, receive global acclaim. Thanks to our pioneer generation, lead by the late-Mr Lee Kuan Yew, we have enjoyed the fruits of social development. But this journey to improve the livelihoods of our citizens is not over. There are challenges on the horizon.

2. **We live in the digital age, where technology is a momentous force for change.** Andreessen Horowitz, a venture capital firm, noted that the iPhones sold over the weekend of their release in September 2014 had 25 times more computing power than the whole world had in 2015. Machine and entrepreneurs are re-configuring the way resources are allocated, and re-



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ordering the livelihoods of our citizens. All these have profound influences on social development, to which present governments have to respond.

3. The digital age has intensified the fundamental market forces of supply and demand. Algorithms and geo-location services are getting better at optimising supply and demand. We have Uber for car-rides, AirBnB for temporary stays, Mechanical Turk for ad hoc tasks like data entry. And we have a host of competitors in each category. Better matching of supply and demand injects greater efficiency and dynamism into markets.

4. More efficient and dynamic markets are beneficial. Some people find new income streams and others delight in more responsive services. Age-long players in existing industries cannot rest on their laurels, and are challenged to innovate. Previously un-used or under-utilised capital in cities, like spare rooms, is leveraged. With greater concentration of economic activities, cities will draw and support more people. For people living in cities teeming with economic opportunities, what livelihoods will they lead?

5. **Dynamism and volatility are often two sides of the same coin.** Technology poses a threat to traditional employment models, which have provided stable jobs to many citizens in most times. Ronald Coase, a renowned economist, stated that firms primarily exist because the costs of coordinating things within a firm are lower than the costs of transacting with the free market. Now, companies like Uber and AirBnB are bringing down the transaction costs between individual demanders and individual suppliers. Traditional business



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models are under threat. Consequently, the employment regime of stable, long-term, jobs looks to be undermined by intermittent, contract-based, gigs.

6. More dynamic economic activity increases the pie of revenues. The minority of people with the entrepreneurial drive and talent to seize and convert opportunities will enjoy a generous slice of this pie. Meanwhile, those whose labours, like housecleaning and chauffeuring, are brokered by algorithms may not partake in the fruits of our digital age.

7. This phenomenon can violate our sense of fairness. In San Francisco Bay Area, there were riots against Google buses, symbols of opulence with fully knitted-out video games and HD games for Google employees. The buses were also a lightning rod for rising costs of living in a place that attracted the best and the brightest in tech entrepreneurship. There, time-starved Silicon Valley employees would contract ad hoc tasks, like laundry and gift wrapping, to job-starved people. When the instability of pedestrian jobs meets the steady climb in the cost of living, our social glue weakens.

8. What does this bode for social development? How can governments and other players act strategically so that societies can flourish? I suggest that governments refurbish our approach to education and social security nets.

9. Our assumptions about education have to change. The vintage mindset that first-to-school, then-to-work has to go. **Lifelong learning is vital.** It is not just about adapting your skills to leverage technology like Uber. Your very trade may be rendered obsolete by the next technological bound like self-driving cars.



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As technology like 3D printing proliferates, our workforce has to be nimble and pick up new skills.

10. Governments have to excavate the old mindset of education as a life-stage, and entrench the new mindset of lifelong learning. This has to be backed by concerted support. In Singapore, SkillsFuture is the government's serious bid to engage students, employees, employers, and training institutes. To kick-start this bid, the government gave each Singaporeans aged 25 years and above \$500 of credit to support his learning needs. Competitiveness and flexibility have long been hallmarks of Singapore's economy. We will make the best of the changes wrought by technology.

11. Likewise, our approach to social security nets cannot stagnate. In a more dynamic economy, businesses can reap huge profits, but a good number of ventures will fail. With this churn, fewer employees can rely on pension plans and medical insurance tethered to their employers. Moreover, we note the trend of workers, like drivers and administrative staff, becoming self-employed contractors instead of employees. Some people would appreciate this volatility, like students who wish to moonlight by driving Uber cars. But there are many in the workforce, like those supporting a family of young kids, who would prefer stable and predictable income streams.

12. In this context, **social security nets have to be strengthened**. Singapore has rolled out universal healthcare insurance through MediShield Life to pool individual risks and give our citizens a firmer assurance.



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13. Nevertheless, social security nets have to be strengthened in a way that is sustainable. First and foremost, governments –both present and future ones– must be able to afford them. Otherwise, the fiscal system is living on borrowed time. Second, Singapore has to maintain the ethos of self-reliance. The dignity of earning one’s keep is a proud tradition of our labour market. Even as we respond to the changing economic environment, this ethos should remain. Social security nets can be trampolines to help people bounce back from setbacks.

14. It is also imperative that social spending empowers our young. We do not want a lack of resources to crimp a child’s ambitions and aspirations. Social spending, like investment in pre-school education, can give our youngest citizens the boldness the dream, and the ability to pursue these hopes.

15. The digital age heralds a more dynamic economy that will leave many of our workers in a more precarious position if we choose not to enhance our social policies. This age does not tolerate lethargy. Inertia in social policies will be punished. But rank-and-file workers and governments are not the only ones who have to act. The few who rake in considerable wealth have to be part of our solution.

16. A society is not simply measured by the pulse of the economy. Market transactions and government redistributions do not engage the human spirit that transforms a gathering of individuals into a nation. A nation is held together by the culture of responsibility for one another. Citizenship accords rights and



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duties. Hence, **we have to build a giving nation where those with more give their times, talents, and treasures.**

17. In Singapore, many social institutions, like schools and hospitals, were philanthropic gifts from those who had made it good here. The U.S. has a more extensive history of philanthropists, like Andrew Carnegie and Jean Paul Getty. Today, some of the wealthiest people in the world are continuing this proud tradition of philanthropy. But today's philanthropy is increasingly backed by business acumen.

18. We see the rise of venture philanthropy. The Gates Foundation has an endowment of over US\$40 billion. Marc Zuckerberg and Priscilla Chan, his wife, launched Startup:Education to transform U.S. public schools through a startup approach. These philanthropic organisations are investing monies and deploying innovation to maximise social impact. They are important players that recognise the winner-takes-all mindset is neither fair nor tenable in the long-run. Given that more wealth will accrue to fewer people in the digital age, it would do society even more good if private parties, government, and non-profits can partner to strengthen the collective wellbeing of society.

19. New financial instruments can attract capital from the private sector into the social sector. Social impact bonds are a potential instrument, where private investors provide the capital to non-profit programmes. Governments or foundations give the investors a return on their investments only if there are clear and measurable social benefits. Last year, Goldman Sachs backed a US\$27 million social impact bond in Massachusetts to stem recidivism rates over seven



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years through a non-profit's interventions. These endeavours tap on the strengths of each stakeholder: the private investor's hunger for results, the government's interest in the long-term savings from social impact, and the non-profits' expertise in engaging beneficiaries.

20. To take social development to the next level, we look to engage those who are enriched by the dynamic marketplace. It is not just chequebook giving. We desire new partnerships to address issues in our society. I call this the Musketeers' Principle: one for all, and all for one.

21. So, in our digital age, governments would do well to re-look traditional approaches to education and social security nets. And those who capitalise on the riches begotten by the digital age have a part to play in social development. Lastly, and perhaps most importantly, we have to work towards **a stronger identity that holds us together as one society, one people, and one nation**. This is especially important because the shifting tectonics of technological progress can alienate people. Jobs that are transient lose meaning. Perceptible gaps between the haves and the have-nots sabotage our sense of togetherness.

22. It is important to note that technology cannot substitute some domains of our social life. Strings of code are the architects of clinical efficiency. But to imagine the intimate stories and be moved the grand emotions that commit a painter, an author, or a choreographer to his masterpiece, one has to be human. We applaud the underdogs in sports because they show us what the human spirit can accomplish. If athletes were robots, sports would be insipid.





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Evidently, we discover what cannot be replaced by technology, and what truly makes us human in the domains of arts, heritage, sports, and community.

23. These are domains that fortify our sense of nationhood. National identity is an imperative for the Singaporean society. We are a multi-racial and multi-religious society with varied ancestries. These are not natural building blocks of a nation. But over 50 years, we have managed to unite around our rich heritage inhering in places like the Botanic Gardens; our delicious and diverse cuisines like *satay* or *char kway teow*; our appreciation of our pioneers, especially Mr Lee Kuan Yew, who defied the odds to build this country, our athletes at the most recent Southeast Asian Games. In a mere 50 years, we have grown as a nation.

24. And the digital age may test our sense of togetherness. Tech solutions are tightening the screws of efficiency in every possible system. Just-in-time services are the rage. In an age of tighter efficiency, we may be more vulnerable to Black Swans, a term coined by Nassim Nicholas Taleb in his book released a year before Lehman Brothers filed for bankruptcy. Black Swans are hard to predict events of large consequence to society. Systems built according to the architecture of efficiency can crumble in the event of Black Swans. I contend that aspects of our humanity –the arts, heritage, sports, culture, community rituals– that cannot be automated by algorithms are in fact shock absorbers in the event of Black Swans. These activities consolidate our national identity. And a national identity is what makes a society resilient amidst turbulence.

25. A month ago at the medal presentation ceremony of the Women's 4x200m freestyle relay, our swimmers proudly stood on the podium after





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clinching the gold medal. The Singapore flag ascended, and our national anthem, *Majulah Singapura*, was played. During the last stanza, the PA system coughed and died. And the crowd came alive, chorusing the remainder of the national anthem. The acapella rendition was most beautiful. Technology failed, and patriotism prevailed.

26. So, societies face daunting challenges and exciting opportunities in this digital age. There is a role for enhanced social policies, and there is also a role for those who have come out on top. But as the digital age ushers in greater dynamism and efficiency, let us not forget that humans are most formidable when we take on challenges together. The can-do spirit of our pioneers lifted Singapore from Third World to First World. And we can meet our future with confidence if we stand united, singing *Majulah Singapura*.