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Challenges Faced by Singapore Economy in the Future

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ABSTRACT

The article aims to figure out the challenges Singapore possibly faces in the future to be the super economy in the future. Singapore was one of the poorest countries at the time of their independence, after a forced independence and a country with fewer resources Singapore have managed to become one of the wealthiest countries in the world. Singapore achieved all its fortunes through a long-term vision and strict government control. But the situation and circumstances are not the same in the future as Singapore has already reached its peak of its development. Now Singapore has to concentrate on maintaining their position. Like every other countries Singapore also has to face a lot of challenges to maintain its economy. The technological advancement, changes in labour allocation, the shift in job patterns, and change in the education system are few of the challenges which Singapore possibly face. The world is full of opportunities and the ones who grab it becomes the winner. Now Singapore has all the facilities and tools to seize each and every opportunities available. Singapore is now a prosperous country which is the ninth largest country in terms of GDP Per capita. Singapore focuses on manufacturing sector, shipping and business. Now Singapore economy should target to climb up the ladder and maintain their position as a super economy. For improving their country the Singapore economy has to concentrate on the changes happening across the world. Once the changes have been identified the economy has to formulate strategies to grab the opportunities available.

Keywords: *Super Economy, Development, Opportunities, Strategies, Manufacturing and Monitor.*

1. INTRODUCTION

Singapore achieved their independence on August 9, 1965 from Malaysia. Singapore was a third world country which was facing a lot of economic and social problems in 1965, and had a Per capita of only 516.29 USD which was similar to other third world countries like Mexico, Zimbabwe, Ghana etc. After fifty years of independence, in 2016 Singapore's economy rose to their all-time high GDP per capita of USD 81443.40. Singapore improved from a third world country to tenth best country in the world in terms of GDP in 2016. Singapore has been one of the successful transformed societies in the world. Singapore achieved this under the leadership of Mr. Lee Kuan Yew, the first Prime Minister of the Republic of Singapore. Mr. Lee Kuan Yew formulated a policy that can achieve his dream of political, economic and geographical freedom. The long term vision with a strict and disciplined government engineered the success of Singapore.

2. Singapore Economy: The Time of Independence

In 1965 August 9, Malaysia expelled Singapore from the federation leaving Singapore no choice rather than to declare themselves as an Independent nation. A third world country with a GDP per capita of 516.29 with no natural resources was struggling to tackle various problems faced by them in the economy. Mr. Lee Kuan Yew took charge of the Republic Of Singapore as the Prime Minister. Mr. Lee restructured the law and order which made them very strict and he also built proper government structure. Mr. Lee also ensured that Singapore was corruption free and these measures will help Singapore to achieve economic stability.

The Singapore government started facing problems in security of their citizens. Singapore faced both internal and external issues and was struggling to tackle these problems. Internal security issues like terrorism, bombing, gang fights and fight among races and religion disturbed the peace of the Singaporeans. The Indonesian Saboteurs bombed Singapore 37 times from 1963 to 1967. The MacDonald House bombing was the serious one which took the life of 3 and injured 33 others (Ong, 2014). Singapore government also had to deal with different race and religion as the tension was very high inside the country. External security issues like instable South East Asia and communism also bothered Singapore.

There was no corporation by the neighboring countries as they were busy Singapore's condition. The war in Vietnam between the Communists in North and non- communists in South are one such instance. Singapore also had to fight against entering of communism in their country.

Singapore only had 2 Army battalions' troops with 1000 soldiers in each battalion. 700 out of those 2000 battalion were Malaysians. Singapore navy only had 2 gun boats and the air force didn't have any aircrafts at all. The police force of Singapore only had 5000 officers in the country. British supported Singapore government by providing armed forces to the region. But in 1971 due to high defense expenditure, the British government decided to withdraw troops from the region. People who were employed in British bases lost their jobs. This made Singapore defense more vulnerable. Lack of security affected the investment flow towards the Country as investors weren't ready to take a risk in such a country. This affected the economy of Singapore. To overcome the problem of security, Singapore Government took a soft loan of 50 million pound from Britain. With the help of Israel Singapore revamped their whole defense sector. Singapore adopted Israel's defense system and it was successful. Air force was trained with the help of Royal Air force. Weapons, minesweepers and ships were purchased from USA. The ex-Defense minister Dr. Goh Keng Swee started the initiation of National Service, which was started with the aim of increasing the armed forces available. With the initiation of National service Singapore had 900 full time national servicemen. By 1976, 140000 Full time National Servicemen were available in the country. Singapore Armed Forces was also started in the same year.

Singapore was also affected by the external security issues so Singapore decided to have diplomatic relations with many countries to safeguard its Independence from these countries. Singapore joined UN on 21 September 1965 and became 117th member of the UN. Singapore became the 22nd member of Commonwealth on 15 October 1965. Joining these associations helped Singapore to achieve good relations with the global countries. Singapore along with Malaysia, Thailand, Indonesia and Philippines created Association of South East Asian Nations or ASEAN. ASEAN's main objective was to promote free trade and tariff and to bring understand and cooperation in the South East Asian region.

Apart from Security concern, Singapore was a small island nation with low natural resources. At the time of Independence Singapore even had to depend on foreign aid for food, water and energy. Along with not having any resources the country also faced unemployment of its citizen. The country was depending on entreport trade and when countries started to restrict the import of foreign goods and services the industry hit a major drawback. The Singapore Government recognized that they have to find alternative measures to survive the economic crisis they are facing. Singapore consulted Dr. Albert Winsemius, a Dutch economist, who recommended Singapore to shift from entreport economy to manufacturing of low-value products like clothing, textile and toys. Singapore government implemented the suggestions of Dr. Albert Winsemius. New factories were set up in the cities of Jurong, Redhill and Tanglin. Government also gave subsidies for those industries which were set up; free electricity and water were provided to the factories by the government. Economic Development Board was set up on August 1961 for the improvement of economic condition in Singapore. EDB aimed to encourage Japanese, American and European Countries to invest and set up companies in Singapore. Singapore government offered Tax holiday for the companies who set up their factories in Singapore. EDB also helped small companies to develop by their own by providing those loans and other subsidies.

Paya Lebar International airport was expanded to handle more cargos and bigger aircrafts. To supervise, manage and develop port operations, Port of Singapore Authority was set up in 1964. Singapore government built container port to accommodate container ships from other countries. Necessities like supply of water, electricity and gas was provided to the people and industries through Public Utilities Board. Housing and Development Board cleared slums and built 53000 flat-houses for the low income people in Singapore.

Revolutionized education policies which concentrated on subjects like science, mathematics, languages, technical skills and moral values were introduced. This improved the education sector of the country. PAP government promoted two- children family among the population to tackle the high population growth in the country. Government offered monetary incentives and public campaigns regarding two children family in the country. Public policy implementation and awareness policies were informed to the citizens through large scale public campaigns. Singapore government introduced strict rules and regulations to improve the attitude and behaviour of Singaporeans. The government aimed for corrupt free economy and introduced various measures to tackle corruption in the country. Meritocracy was followed in the country to up bring bright talents and possible leaders from the people. Singapore government not only targeted on the improvement of physical infrastructures and other facilities but also concentrated on improving their citizen's mindset to achieve success.

3. Singapore Economy: In the Future?

Singapore, the ninth largest country on base of GDP Percapita income grew from a third world country to one the most developed country within a few decades of time. Singapore achieved everything very quickly thanks to the technological advancement in the country. But the future of Singapore is uncertain like any other countries. Even though Singapore is one of the most developed countries in the world it still faces challenges to remain the same.

Singapore requires investment to grow further in the future. Singapore can't only depend on technological advancement for shaping their future. Singapore should be able to attract more investments for developing their infrastructure and for financing small and medium scale industries. Singapore needs investment to enhance their technology and cope up with the future technology. World is full of opportunities and whoever grabs it first will be the winner. Singapore has to grab all the opportunities to reach the top of the league. The investment which has been attracted has to be allocated for enhancing Singapore's digital and technological capabilities. The future is an era of advanced technology and technology is taking over manual managerial and non-managerial works. Even Singapore has to reduce their human labour and replace them with machines. AT the same time Singapore also have to generate employment opportunities for the labourers who are losing jobs. Singapore also has to invest on cyber security as the usage of internet increases. The cybercrimes have been increased rapidly over the years. Singapore has to invest to protect their citizen's privacy and safety. Singapore also has to invest on bringing Wi-Fi connectivity across the country. By enhancing their digital and technological capabilities will help them to achieve their goal of Smart Nation. In the era of rapid change Singapore has to adapt to this rapid change. Singapore government has to monitor how industries transform through technology.

The latest advancements in technology are creating more opportunities for the business. Technology can eliminate supply chain, helps businesses to produce enough to meet the demand. This change in supply chain will also change in the job structure of the country. Ideas are going to drive the future. Singapore should concentrate more on generating ideas and innovation as the countries across the globe are competing on generating ideas. As the economy is shifting towards the technological and digital phase, growth in labour force will decline in the future. The labour force will shift from quantity to quality of the workforce. So educating the population of the future is a necessity. Job patterns in Singapore are changing, citizen's preference for job are changing day after day. Singapore should be able to offer education facility which the citizen's demanding. Estimation of Singaporeans working as professionals and in other white collar jobs would be 2 out of 3. So the government should be able to educate the future generations according to this requirements and the government also has to provide as many white collar jobs to their people. Singapore government has to allocate employment opportunities in a optimum level so that the supply of employees match demand so the businesses set up in Singapore will get quality workforce at a reasonable price. If businesses are not getting good employees at reasonable prize they will move away from Singapore this will hinder Singapore's growth. Singapore should also promote diverse workforce culture as diverse workforce can contribute new ideas and innovation to the business. Singapore can provide job opportunities by promoting small and medium enterprises as these organizations will also compete and emerge in the global market.

4. CONCLUSION

Singapore is one of the most developed countries within a small period of time. Singapore emerged as one of the major player in the market recently and Singapore has to compete to and strive to be the same in the future. The world is full of opportunities; those who grab it are the winners. Singapore has to face many challenges in the future to climb up the ladder. The world is more dependent on technology in future. Singapore as a country needs a lot of investment for building their future. Singapore needs a lot of investment for improving their infrastructure facilities, basis facilities provided for their citizens, providing loan for small and medium enterprises and various other activities that improve Singapore. Countries are dependent on artificial intelligence and robotics for their development. To cope up to the rest of the world, Singapore has to invest on their technological advancements. Many unskilled and skilled jobs will be reduced due to technological advancements. Singapore has to accommodate the labourers who are losing their jobs. Singapore government should invite more businesses and promote small scale and medium scale industries to function in the country so they can accommodate these unemployed workers. There is a change in job pattern as the Singaporeans are shifting their job patterns from unskilled and normal labour works to professional jobs. By 2030 the prediction is that 2 out of 3 Singaporeans will be a professional or a white collar job holder. So Singapore government has to monitor the change and provide opportunities according to the changes. For adapt to all these changes Singapore has to change their old strategies and form new strategies according to the requirement. These changes will help Singapore to develop more and be one of the most advanced countries in the world. "According to the research of CITI bank and property consultancy giants Knight Frank, Singapore would be the richest country on basis of GDP purchasing power parity by considering factors like inflation, cost of living and exchange rates. Singapore will lead the world GDP per capita as it's predicted that Singapore's GDP per capita would be \$137710 in 2050" (Winn, 2012) Even though it is predicted Singapore will be the most prosperous economy in the world by 2050 it might not be always true.

Singapore has to monitor the continuous change and cope up with the change accordingly for achieving the dream of most prosperous economy in the future.

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