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Subject: Speech by Yaacob Ibrahim, 25 Mar 2000

Singapore Government

PRESS RELEASE

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KGMS DEBATE SERIES 25 MARCH 2000, 3.45 PM

MARINE PARADE LIBRARY SPEECH BY DR YAACOB IBRAHIM

**PARLIAMENTARY SECRETARY MINISTRY OF
COMMUNICATIONS & INFORMATION TECHNOLOGY**

Haji Mamun Suheimi, President, Singapore Malay Teachers Union
Chairman and Members of the Organising Committee
Ladies and Gentlemen

Assalamu'alaikum Wrh. Wbh.

I recently attended a seminar where the main speaker was Prof Lester Thurow of MIT. He was speaking on the subject of Building Wealth in the New Economy. Clearly, Prof Thurow has a good grasp of what is happening in the world today. He gave a clear presentation of what the new economy is all about and impressed the audience on what government, companies and individuals can do to survive and thrive in this new economy. But what keeps coming back, and this point remained stuck in my mind, is that there is a lot more uncertainty now than before. And that no one knows exactly how societies and communities will evolve. Take for example the business of retailing. According to Prof Thurow, retailing has not changed for the last 5000 years but he is certain that it will change in the next 5 to 10 years. But he is uncertain as how it will change.

Therein lies the paradox of our times. Change is the only certainty. But the speed at which it will take place and what the outcome of that change will be is anybody's guess. But those who can predict correctly will be the winners. And those who cannot do so will be the losers. America, ten years ago was written of as a country which will never recover its once mighty economic power while Japan was touted as the rising star. Now, ten years later, the situation has reversed. The American economy is growing from strength to strength while Japan is in the midst of a 10 years depression. The new economy is about creative destruction, a concept advanced by the Austrian economist Joseph Schumpeter. Essentially a society or community destroys in order to create. And that in destroying, you throw up more opportunities and subsequently you create. Hence America took that path and created the new economy, while Japan with its emphasis on life long employment could not change.

When American companies downsize, they release into the economy talent which either get absorb into other industries or this talent create new industries.

What about our community in Singapore? Do we need to shake the box, carry out creative destruction, in order to create and push our community forward? I believe we need to do so. Allow me to give an example which is related to the example of retailing mentioned by Prof Thurow. Last year, in the midst of preparing for the KBE convention, I gave an example during a radio interview on the meaning of KBE. My example was that of selling fried bananas. Malays have made a good business out of selling fried bananas. But for the business to grow fried bananas needed to be sold globally. To do so, we need to invest in research on what needs to be done to freeze fried bananas which can then be thawed and cooked via a micro wave anywhere in the world. Hence issues of research, packaging and marketing are important. Then to cater to a global market, I suggested we could look into adding some flavour to the batter. For example you could have cinnamon flavoured fried bananas, strawberry flavoured fried bananas and so on. The end product is a global product which can shipped anywhere in the world. I imagine a scenario where a lady in New York putting in a frozen-packed cinnamon flavoured fried bananas in a microwave. And in 3 minutes she is able to enjoy hot and piping fried bananas. Hence, the humble banana, with value added to it, has become a global product. That is an example of a KBE. Customers can purchased it via the Net. The Malaysian cartoonist, Lat, captures this very well in a cartoon strip. Just like in any computer, there is a sign that says "Intel inside"; Lat has a cartoon, which shows a Malay lady selling Malay cakes with a slogan,

“Inti inside”. Hence, in a KBE, it is the intellectual contents in a product that makes the difference. Hence from selling say 3000 fried bananas a month in Geylang, one of our entrepreneur could be selling 300,000 monthly. That is wealth creation.

To my surprise, and sadness, Singapore Food Industries (SFI) has just launched frozen banana fritters about a month and half ago which are available at NTUC outlets. Hence, another of our traditional businesses may be replaced by another business, selling entirely the same product, but using knowledge and technology. The list is endless beginning with Bengawan Solo selling Malay cakes, lontong in packets sold in supermarkets, frozen prata and many others. I am told that mee siam is already available in supermarkets. Before long

mee rebus maybe available also. And with many restaurants and eating outlets becoming halal, it is likely that they will produce Malay traditional food to cater to our community. Yet these outlets would probably be able to value add these dishes and hence catering to a larger and more upmarket audience.

Our traditional recipes form our intellectual capital. Increasingly others are exploiting this capital to their advantage. In short, our community will increasingly become the consumers of the products of our intellectual capital. But the producers of those products, and the new owners of this intellectual capital, are not from our community. Hence in the new economy, if this trend continues, we risk becoming consumers and not wealth creators.

We need to respond to the demands of the new economy and rapid change. If not, we risk being left behind. Hence we have to do our own

exercise of creative destruction in order to create. To do so requires courage, the ability to make hard decisions and to focus our energies on those activities which matter the most. How can we get our young to view life as many learning experiences and failures? How do we encourage more in our community to think global? Are there elements in the Malay family structure which inhibit progress? Do we need to re-invent our organisations? Are we providing too much support such that it inhibits the growth of self-reliance in our community? In thinking out the answers to these questions, other questions will emerge and in that process new solutions can be found.

Allow me to give another example. One of my favourite pastime is browsing in a second hand bookstore. I like to look at books which people have discarded and find good bargains. The range of books available in the store tells a story of a reading community, the books they enjoy reading and the books which they are prepared to sell. The people browsing with you in the bookstore form part of that reading community.

On one of those occasion in a second hand bookstore, I suddenly asked myself if there is a Malay second hand bookstore in Singapore. I started asking around among my colleagues and got the same reply ; there's none. One even mentioned that there isn't a good first hand bookstore.

So what do we do? While the reasons as to why we do not have a Malay second hand bookstore deserve some attention, I thought we could consider starting an on-line Malay second hand bookstore to serve not the local market but the regional markets. Hence instead of having to first open a physical brick and mortar store, a virtual store is a lot cheaper and faster. Thus we break out of the traditional norms and march onto

the Internet superhighway and into the new economy. Can we do this?

Prof Thurow describes the new economy as the wild west. I like to see it as an adventure and voyage into the great unknown. This voyage or adventure is similar to that of the Portuguese, Dutch, Americans, and English adventurers who sailed the seas to the East in search of spices. For those who succeeded they became rich. For those who failed, death and misery awaited them. The discovery of the route to the Spice Islands contributed to rise of European power. Similarly, for those who succeed in this current adventure will be those who will become a dominant power. My call to our community is that we must all be part of this great adventure into the uncertain future. In so doing, we leave behind a legacy which our future generations can be proud of.

Wassalam. Thank you.

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