

The Sixth SGH Lecture—Singapore: A New Venice of the 21st Century[†]

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Introduction

Venice is one of the legendary cities of the world. Its beauty and physical setting make Venice unique. For almost 800 years, from 1000 AD to 1797, the Venetians were a separate people. It was therefore one of the world's longest surviving city states. The great historian of Venice, Frederic C Lane, wrote that "among the many cities men have made, Venice stands out as a symbol of beauty, of wise government, and of communally controlled capitalism... a city renowned for its skills in handicraft, finance, and government."¹

In 1802, William Wordsworth wrote the following poem "On the Extinction of the Venetian Republic":

"Once did she hold the gorgeous East in fee;
And was the safeguard of the West: the worth
Of Venice did not fall below her birth,
Venice, the eldest child of Liberty.
She was a maiden city, bright and free;
No guile seduced, no force could violate;
And, when she took unto herself a Mate,
She must espouse the everlasting Sea.
And what if she had seen those glories fade,
Those titles vanish, and that strength decay;
Yet shall some tribute of regret be paid
When her long life has reached its final day:
Men are we, and must grieve when even the Shade
Of that which once was great is pass'd away."

My Fascination with Venice

It is natural for a Singaporean, a citizen of the only city state in the contemporary world, to be fascinated with Venice. I realised my childhood dream of visiting Venice only in June 1997. I marvelled at the genius of the ancient Venetians in overcoming the odds and building such a beautiful city on the sea. I reflected on the fact that Singapore is a city built by the sea and, like Venice, lives on the sea. As I walked along the cobbled streets and crossed the many bridges of Venice, I remembered that this was the home of Marco Polo, the first European explorer to visit China in 1271 and whose book, "Description of the World", published in 1295, astonished the Western world.

Standing in the Piazza di San Marco (Saint Mark's square), I wondered what magical combination of good policies' institutions and leaders, had enabled Venice to

achieve and maintain the status of a great power for 200 years, from 1282 to 1481.² I went in search of the Jewish and Armenian communities which, along with many others, had flourished in cosmopolitan Venice. I attended a service on a Sunday in the Armenian Cathedral and visited its library to look for information on the Armenian community in Singapore.

Lessons Learnt

What lessons did I learn from my visit to and readings on Venice which are relevant to Singapore? First, one ingredient of Venetian success was national unity. The Venetians were united whereas some of their rival cities, for example, Genoa, were divided. Second, the Venetians enjoyed good government. The central organs of government formed a pyramid, with the General Assembly at its base and the doge (duke) at its apex. In between were the Great Council, the Forty and the Senate, and the Ducal Council. The doge was elected by a nominating committee of wise men. Frederic Lane observed: "Distrust of individual power made the Venetians depend on committees and councils. Even in their judicial system, sentences were not imposed by an individual judge but by several judges acting together. Each committee or council was checked by some other committee or council so as to assure the rule of law, even at the cost of losing some executive efficiency."³ Therefore, although the Venetian Republic was not a democracy, the Venetians did enjoy good governance.

Third, Venice prospered because it used its maritime power to enforce freedom of navigation. Freedom of navigation is crucial to maritime trade. Even today, the bulk of world trade is seaborne. However, unlike the past, an increasing share of world trade is airborne. Electronic commerce has become a reality and is expected to grow exponentially. Singapore must therefore support the freedom of navigation at sea, in the air, as well as on the Internet.

Fourth, Venice was both a trading and financial centre. Venice pioneered a commercial revolution in the 14th Century in Europe. Resident agents took the place of travelling merchants. Family partnerships, in which one brother would stay in Venice while the others would live abroad, became common. Non-family partnerships, joint ventures, the system of double-entry book-keeping, the

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bill of lading, the bill of exchange, and marine insurance were evolved to facilitate trade. For centuries, Venice was an important trading centre linking Europe with Turkey, the Arab world and the East. Venice was also a source of capital, to finance trade, the crusades, and various kings and princes of Europe. Banking developed in Venice in the 12th Century. Until the Church prohibited usury, Venetian creditors used to charge 20% interest on well-secured loans. After the prohibition, Venice developed its own standard of what was legitimate gain. It approved as non-usurious the payment of a rate of return determined by market conditions, much as we do today.

Fifth, I was impressed by the reputation for competence and professionalism of Venetian leaders, admirals, diplomats, ship builders, glass blowers, and other artisans. The Venetians excelled in war and in peace. The talent and ability of the Venetian leaders and citizens was one of the necessary ingredients of the success of the city state. This lesson is timeless. It is as relevant to present day Singapore as it will be to Singapore in the 21st Century.

To sum up, the five lessons which I have learnt from ancient Venice, which are relevant to Singapore are:

- 1) the importance of national unity;
- 2) the crucial role of good governance;
- 3) the fact that the fate of a nation is ultimately dependent upon the quality of its people and its leaders;
- 4) the value of freedom of navigation, on the sea, and by extension, in the air, and on the Internet; and
- 5) the imperative for Singapore to maintain its pre-eminence as an international trading and financial centre.

From Saint Mark's Square to Harvard Square

Let me now take you from Saint Mark's Square in Venice to Harvard Square in Cambridge, Massachusetts. If Venice is a symbol of the great cities of the past, Boston is a symbol of the great cities of the future. The 21st Century will reveal a very different world from the world of the 20th Century. Let us walk into one of the bookstores on Harvard Square. Let me pick up three books from the shelves and share the insights of the authors with you. They tell us of the forces which are driving and transforming our world.

Richard Rosencrance: The Rise of the Trading State⁴

In 1987, an American scholar, Richard Rosencrance, published a book, entitled "The Rise of the Trading State". In his pioneering book, Rosencrance argues that the world has been transformed by the force of international trade. Propelled, on the one hand, by the new wisdom that free trade brings benefit to all and that economic autarchy leads to poverty; and, on the other, by the GATT and WTO which will be 50 years old this

year, trade barriers have been substantially reduced. This has brought benefits to consumers all over the world, expanded the markets for producers of goods and services, and enabled many developing countries to export their way out of the poverty trap. The result has been the greatest growth in prosperity in recorded history.

International trade has been good for all countries, big and small. It is especially good for small countries because of their small domestic markets. It may come as a surprise to many Singaporeans to learn that Singapore is the world's 15th largest trading state, out-ranking such big countries as Russia (No. 18), Mexico (No. 20), Brazil (No. 25), Indonesia (No. 28), India (No. 32), South Africa (No. 33), and Argentina (No. 38).

Singapore is therefore right to support continued trade liberalisation through the WTO, APEC, AFTA, etc. We must fight against the forces of protectionism, in all their guises and wherever they rear their heads. Singapore should develop a coterie of experts on international trade so that we can continue to play a leadership role in WTO and APEC. Singapore should be alert to new trends in international trade, such as, electronic commerce and be ahead of the wave in order to maintain our competitive edge.

Kenichi Ohmae: The Borderless World⁵

In 1990, the Japanese physicist turned management guru, Kenichi Ohmae, published a book called "The Borderless World". In his book, he argues that we live in an increasingly borderless world, one in which the economies of the major regions of the world, North America, Western Europe and East Asia are interlinked. To prosper in this new world, governments and corporations must recognise the necessity to compete in a global market place and an interlinked economy.

Kenichi Ohmae's major thesis that we live in an increasingly borderless world is correct. Singapore can take advantage of this trend. However, in order to do so, we must remain outward-looking, open to the world, and be willing to compete in the global market place. Because of this trend, it is possible for the company of a small country, such as the Singapore Airlines, to become world class by being the best in its business. Because of this trend, it is possible for the Neptune Orient Lines to acquire the American President Lines and become the world's 7th largest container line. Other Singapore companies have globalised their manufacturing facilities. NatSteel Electronics, for example, has production plants in 7 countries: Singapore, Malaysia, Indonesia, Thailand, China, Mexico and USA.

Rosabeth Moss Kanter: World Class⁶

The third book I want to refer to is Harvard Business School Professor, Rosabeth Moss Kanter's book, "World

Class". In her 1995 book, she discusses the implications of globalisation for businesses, cities, regions and countries. The world has been transformed by the force of globalisation. Globalisation has been brought about by the forces of trade, travel, business, technology, especially information technology. Globalisation is an irresistible force. It has already succeeded in tearing down walls and barriers. It is accelerating the pace at which we are progressing towards the making of a global economy and community. No one, whether a state, region, city, business, family or individual, can run away from its impact.

The Rise of A Cosmopolitan Elite

One of Professor Kanter's observations is that globalisation has brought about the rise of a new cosmopolitan elite. The members of this elite are citizens of the world. They feel at home managing businesses all over the world. They possess three things: (a) the best and the latest knowledge and ideas; (b) the ability to operate at the highest standards anywhere; and (c) the best relationships which give them access to the resources of other people and organisations around the world.

The Singapore Government's recent campaign to attract foreign talent to Singapore is consonant with Kanter's point. In order to be world class, Singapore must attract increasing numbers of this cosmopolitan elite to live and work in Singapore. We need them in our universities and polytechnics, in our research institutes and think tanks, in our banks and corporations, in our professional, cultural and artistic communities.

I believe that Singapore has a better chance to succeed in this endeavour than any other city in Asia. We are the most cosmopolitan city in Asia. People of all races, colour, religion and language feel welcomed here. We are the natural meeting place between Northeast Asians and Southeast Asians; between the Chinese and Indian civilisations; and between the East and the West because Singapore is part Chinese, part Malay, part Indian, part East and part West. We have been practising multi-culturalism long before multi-culturalism has become fashionable. We are the living reality of the East-West Centre.

Knowledge is a Country's Chief Economic Resource

The conventional economic wisdom is that a country's economic resources consist of its land, labour and capital. The new economic wisdom is that knowledge is a country's most important economic resource. Dr Gregory F Treverton of the Rand Corporation has written that in

this period of technological revolution, the premium on knowledge is high and that of a nation's endowments, only one really matters: the quality of its people. This new economic wisdom is based upon two facts.

The first is that the highest paid jobs are to be found in the knowledge-intensive industries. This trend is likely to become even more important in the 21st Century. The second is that in our increasingly borderless world, it is possible for a country, such as Singapore, to overcome the limitations of land and labour by using the under-utilised land and labour resources of other larger countries.

Singapore is positioning itself to take advantage of this new economic wisdom by investing heavily in educating and training its people. The fact that in a recent international survey of 13-year-old high school students, Singapore came in first in both mathematics and science, shows that the investment is paying dividends. Singapore should continue to upgrade its schools, polytechnics, universities, research institutes and think tanks. I share the Prime Minister's aspiration to make Singapore the Boston of the East. To achieve that aspiration, we need more than money and state of the art facilities. We also need visionary leaders, respect for scholarship and a culture of tolerance.

A City of Grace and Culture

Let me conclude by sharing with you my vision of Singapore in the 21st Century. I envision Singapore as a city of beauty, prosperity, grace and culture. Singapore will maintain its traditional excellence in trade, finance, manufacturing and communications. In addition, it will become a city of grace, learning and culture. This is what I mean when I say, in the title of my talk, that I want Singapore to be a new Venice of the 21st Century.

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