



## INNOVATIVE POLICY IN SINGAPORE

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### ABSTRACT

*Based on the work, the article explores Singapore's innovation policy, in particular its history and current state. The author focuses on such concepts as innovation in education, innovation in the economy and others. In conclusion, fundamental conclusions were made.*

**KEYWORDS:** *Innovative, possibilities, Singapore, government, reforms*

### INTRODUCTION

The process of becoming Singapore, as a new, independent state, takes place in the most difficult socio-economic conditions. The government understands that in order to overcome difficulties it is necessary to use scientific and technical potential.

In this regard, back in 1965, the country's first prime minister, Lee Kuan, discovered that: "Our people are the only people that we need to be leaders in the field of scientific and technological progress [1].

Based on his words, we can assume that in the development of the state the main stake was made, first of all, on the human factor.

It must be emphasized that after independence, the main barriers to the development of the country were:

1. limited territory and small population;
2. Lack of natural resources;
3. Basing the main part of the economy on trade, as well as financial and business services;
4. A small agricultural sector and a low share of industry;
5. Statement in 1967 on the upcoming withdrawal of the British armed forces, which in turn was marked in 1970 by the loss of 20% of jobs and a decrease in GDP by 18% [2].
6. Subsequent rapid population growth amid increasing unemployment [3];
7. Widespread lack of skilled labor, engineers and technical personnel;
8. Lack of own R&D and finished technologies;

9. Poorly developed education system: the presence of only 100 primary, 11 secondary and 1 polytechnic school;

10. Internal opposition to state power, represented by an elite trained in the UK, as well as the national Chinese business community and, as a result, the state's reluctance to support local business, represented by the political opposition;

11. A small domestic market, as well as a loss of access to the markets of Malaysia and Indonesia, resulting from the deterioration of relations with the above countries.

### METHODOLOGY AND RESEARCH

In these extremely unfavorable conditions for the country, the main goal of Singapore's economic development was the creation of an "efficient business city", and to achieve this goal, the Singapore government set itself the difficult goals of industrializing the economy, improving the quality of education, and in reducing unemployment.

It should be noted that the main objectives of the innovation policy of the Singapore government were:

- Development of the national educational sphere, including higher education, vocational training, as well as training in the process of production activity;
- Attracting foreign direct investment;
- Borrowing and accelerated adaptation of foreign technologies;
- The formation of conditions and the development of its research infrastructure [4].

An objective analysis of the works [5] available on this issue allows us to argue that the Singapore



government in achieving its goals took into account the existing advantages of its state, such as:

1. The strategic and geographical location in the center of the Malaysian archipelago and the historically entrenched position of the international logistics and trade center;

2. The availability of English equipment and certain industrial infrastructure left over from colonial times;

3. The presence of transnational corporations since colonial times;

4. The availability of cheap labor.

It is important to note that for the Singapore government, the above benefits played an important role. On this basis, education has become a priority for the development of domestic policy for the country's leadership. In particular, the elite of Singapore had chosen the path of intellectual modernization associated with the creation of a market for highly qualified personnel to attract foreign investment [6].

To solve the problem associated with the education system, the Singapore government has taken a number of measures to reform the system of higher and secondary education, adapting them to the new economic policy.

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In particular, during the period of reforming the education system, the main emphasis was placed on training the workforce with basic mathematical knowledge and practical technical knowledge. In addition, English was introduced in schools and universities as the main language of instruction.

As a result of large-scale reforms in the education system, 12 vocational schools and 7 secondary technical schools were opened, and admission to polytechnic institutes was significantly expanded. Engineering institutes were opened in universities, focused on the training of technical specialists. As a result of the reforms in the field of the education system in the country, the level of education among young citizens has increased and it should be noted that the country's leadership in every way stimulated talented people.

In particular, in 1970 the Skills Development [7] Fund was established, the main purpose of which was to finance up to 70% of the costs of retraining, re-profiling employees in priority areas.

The creation of the Assistance Fund led to the creation of the Council for Vocational Education to coordinate, consolidate and expand training and education, and in 1981, at the merger of the

University of Singapore and Nanyang University was created the National University of Singapore [8].

So, according to published works, as a result of the reforms, the costs of developing the education system in the period from 1978 to 1983 increased from 21 million to 245 million US dollars, which in our opinion is one of the best indicators in the countries of Southeast Asia.

Thus, we can state that already in the late 70's. XX century, the leadership of Singapore realized that for the country's sustainable economic growth, it is necessary to invest financial resources in the country's education system.

During its development, the Singapore government took all necessary measures to attract specialists from other countries, which was facilitated by the fact that for their opening representative offices and headquarters Transnational corporations sent high-ranking business and technical managers to Singapore.

However, as a result of rising unemployment in the country, the government restricted the entry of foreign lower-level specialists and workers into the country through a strict migration policy. As a result, in a short period of time, the country managed to create a significant base of human resources for working at foreign enterprises and to reach the solution of the problem "training in the process of production activity [10]".

During the period under review, the Singapore government began to actively pursue a policy of attracting foreign investment to the country. In particular, a strategy for attracting foreign direct investment was developed and implemented, which involved the solution of the following measures:

- Representative offices of the Economic Development Board of Singapore were opened in cities such as Hong Kong, New York, San Francisco, London and others;

- Representatives of foreign transnational corporations were included in the International Advisory Council (International Advisory Council) in order to obtain timely information directly from transnational corporations about their preferences, difficulties, wishes, etc.

- Various tax incentives were widely introduced, grants were provided, including across the state line, in the absence of restrictions on the creation of a company with 100% foreign capital, hiring personnel, selecting suppliers, etc.

- Measures were taken to artificially restrain workers' wages and a substantial increase in the salaries of skilled engineers with the consent of the Singapore National Wage Council.

As a result of the implementation of this strategy, in the period from 1965-1973 Singapore alone received investments worth more than 1.6



billion US dollars [11], which had a significant impact on the further development of the country's economy.

In addition, already during this period, through the efforts of highly qualified representatives of the Government of Singapore Investment Corporation [12], the organization of business was clearly established both in the country itself and later beyond. As a result of this, in a short period of its independent development in the country, it was possible to create a sufficient number of jobs.

It should be noted that in order to turn Singapore into one of the industrial countries of Southeast Asia, the Singapore government has taken a number of measures.

In particular, the country's leadership managed to attract many and stimulate the further development of operations of those transnational corporations that had already functioned in the country.

It should be emphasized that electronics and industry during this period were identified as one of the key sectors of the economy due to the presence in the country, of several leading global multinational corporations, which in turn had constantly expanding external demand for contract manufacturing in developing countries from foreign companies.

As a result of the involvement of multinational corporations in Singapore, factories began to be built. In particular, the first oil refineries were built by corporations on the islands of Singapore back in the 60s of the XX century [13].

Our objective study allows us to state that the policy to attract large world corporations to the economic activities of Singapore, which was carried out by the government of the country, first of all required the construction of modern technologies, which led to a stable growth of the country's economy. In particular, already in the second half of the 80s of the 20th century, without its own oil, Singapore became the largest center for its processing and trade in petroleum products in Southeast Asia.

As a result of a rational policy from 1965-1977, the share of the labor force employed in transnational corporations doubled from 26% to 52%, and their share in the production of total value added increased from 44% to 63%.

Thus, it can be safely stated that the initiative of the Government of Singapore to attract transnational corporations to the country played one of the important roles in improving the social situation in the country.

It should be noted that already in the late 60s, XX centuries, Singapore began to actively integrate into the global market. In particular, from 1965 to 1971 years industrial exports grew from 10% to 50% of GDP. Average annual production growth was 20% in 1975 and 10% in 1981 [14].

Conclusion Summing up, we can state that over a short historical period, the country's leadership was able to introduce innovative development methods in Singapore, which positively played a huge role in the country's socio-economic situation. In particular, the introduction of innovations in all areas of development allowed the Singapore government to solve such socio-economic difficulties as:

1. New jobs were created that allowed Singaporeans to improve their social status;
2. In a short period, it was possible to provide all citizens of Singapore with their own housing;
3. The government of the country began to actively invest financial resources in the education system, which created new conditions for research work;
4. In a short period of time, Singapore has become the so-called a training ground for transnational corporations, most of which have transferred their head offices to the territory of a city-state;
5. Created its own infrastructure for oil refining, beginning to positively affect the country's economy.

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