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As part of the *Café Insights* series of interviews with inspiring speakers, The Insight Bureau recently caught up with Vijay Vaitheeswaran, US Editor of *The Economist*. Vijay is a writer, editor and commentator on innovation and business, and is the author of a best-selling book on innovation called “Need, Speed & Greed”



Andrew Vine

Hello and welcome to another in the series of Café Insights. I'm Andrew Vine, CEO of The Insight Bureau, and today, it's my pleasure to be in conversation with Vijay Vaitheeswaran from The Economist. Vijay, Hi.

Vijay Vaitheeswaran

Nice to be with you.

AV

Nice to see you in Singapore again. You have just got a new job; you are the US business editor now. Tell us a little bit about what your new mandate is.

VV

Yes. That's right. I'm now based in New York, and I look after the big themes coming out of American business. So this is really looking at the future of work, for example, new business models that are emerging, the role of CEOs and leadership in society. Looking beyond just the news of the week to what might be the cover stories, the briefings, the bigger ideas that are emerging from American business which as in recent examples like the gig economy, for example often have implications for business around the world.

AV

Terrific. Okay. Well, your big claim to fame, of course, is around innovation. I mean, you wrote the best seller called *Need, Speed, and Greed* and in fact, the whole question around disruption, of how countries, and industries, and companies will need to change has been a theme across much of the work you've done as an editor across The Economist.

VV

You're quite right. And it came really from the bottom up. Over the years, I've covered industries as disparate as energy and environment as healthcare ... In the last five years I was in China. Ostensibly, nothing to do with innovation, but in fact, as I saw incumbent industries one after another being challenged by global forces what I call wicked global problems; the ones that are responding, the ones that are dynamic where the dinosaurs are dancing are really because they've learned the new rules of global innovation.

AV

After five years now of having been based in Shanghai and covering China, how do you feel? There's a little debate about whether China is truly an innovator or not. How do you feel about that question?

VV

There's no doubt that China got its start as a copycat. Many countries do. Learning by doing, trying to catch up to the frontiers of innovation in places like Silicon Valley. But in the time I was there, I saw firsthand how copycat China went to the bleeding edge. Not only with technologies. If you look at artificial intelligence, machine-learning, virtual reality drones, you see a number of industries and technology where Chinese companies are now competing with the best coming out of the United States, particularly, and Israel, but also in business model innovation where I argue

the Chinese are leading. Look at things like frugal engineering, cheaper but sometimes better business models. The Chinese are showing the world how this can be done.

AV But of course, a lot of this has to do with the rise of China's private sectors. Its the private sector is going to be driving this innovation more than state-owned industries?

VV You're quite right. Much of the attention of the press is given to the party and the state and enterprises, the so-called red capitalists. And the problems they have, among them, massive debt, inefficiency, misallocated capital. All these things are true. But if you actually look at what's moved the economy at record pace, two-thirds of the GDP comes from the private sector. Almost all new net jobs created in the last 15 years were from private companies, and where the world-beating ideas and business models are coming are entirely from venture-backed private sector companies that look perfectly at home in the leading innovation centers in the world.

AV Because when you look at Asia, we tend to always be drawn to China because of its size and its importance in the world economy, but what about the rest of Asia? Are we seeing pockets of innovation growing in other parts of the region?

VV Absolutely.

AV Where would you say that those are?

VV So, for example, if you're looking for technologies, technology-led innovation, you could still see Japan and Korea as producing extraordinary inventions. If you're looking for innovative government, I think Singapore is a world leader in experimentation with policies including enabling Fintech, for example, and economist car experiments. And if you're looking for consumer-led innovation, the giants of the region -- India and Indonesia -- were seeing extremely interesting business models emerging from the bottom up.

AV Well, now that you're in America -- obviously you have a very strong global view of the world -- you see the strengths of globalization and some of the challenges. How do you think this looks if you are the CEO of a global company operating around the world? Is this the time to be optimistic about the opportunities? There's such a lot of turbulence, both political and economic. It seems to be a complex world we're working in now. But how do you feel about the opportunities?

VV There's no question that we are at the end of easy multinational advantage. That is, for decades, multinationals, particularly western multinationals, had tremendous advantages, not only in technology, but also in culture. They would bring processes in products -- often gold-plated -- to new markets, and they would get the prices they demanded. Then you had a market and so on. But that has been eroded dramatically in recent years because of upstarts in emerging markets, and they're getting better and better, including very small companies coming up against the big multinationals. So, what I see now is that these giants are learning how to do things in a much better way. So when foreign companies are coming to markets like China, like India, like Indonesia, what they're doing is they're learning how to compete against some of the world's toughest consumers and against some of the world's most nimble and adaptable competitors. The lessons they learned in these kinds of markets are making them better back home and making them better globally. So I actually see for those CEOs and other leaders who are farsighted, that this is actually going to make their companies stronger.

AV And I know having read your book -- I can't remember exactly when it came out, but it was a few years ago -- you were talking about innovation really being the key to taming some of the world's most wicked problems. How are we doing? Do you feel

optimistic that we're actually making progress to be able to overcome some of the big, big challenges facing humanity?

VV

I think this is one of the central questions we face in the 21st century. You just look at the policies and politics of it, you would start to despair. Government, the UN and so on. It's a bit of a morass. But if you look beyond that and say, "How is change actually happening?" It typically happens from the bottom up. And there, business plays a central role. If you look at this proliferation of clean technologies, battery cars are one example where advances in materials, energy storage and ultimately new kind of business models embodied by companies like Tesla of course in the United States but upstarts like NEO coming out of Shanghai, you see some very interesting, new kinds of ways of using energy and transforming our societies are coming. But I think this is really a bottom-up revolution that's going to tame those global problems.

AV

Terrific. Well, thank you very much for spending a little bit of time with me today Vijay. All the best. You are travelling onto Shanghai and then back home to New York.

VV

Great to be with you.

<http://www.insightbureau.com/VijayVaitheeswaran.html>