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*To what extent was the economic success of
Singapore due to authoritarian or semi-
authoritarian political control?*

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1. Introduction

In less than four decades since its independence in 1959, the small port-city of Singapore has transformed itself into a competitive first world economy. The fundamentals for this successful development process were laid by the government, led by the People's Action Party (PAP), ahead long-term Prime Minister Lee Kuan Yew. Since its assumption of power in 1959, the PAP solely decides on the application of the industrialization concepts and enjoys de facto monopolies on politics and social-engineering. In short, Singapore shows many features of a semi-democracy or semi-authoritarian regime with a single dominant party (Kingsbury 2001: 336-338; Mutalib 2000: 314-325).

In this essay, I'll argue that due to the vulnerability of the small city-state, its economic difficulties and the needs of nation-building in the context of a multinational and multi-cultural society, a strong and effective, albeit not necessarily an authoritarian government was a prerequisite for the successful management of the industrialization process after Singapore's independence. I'll further show that the government's dominant influence over the economy is owed to the PAP's undisputed political prerogatives and its all-embracing control of the social and private lives of its citizens. But, as the thesis concludes, in our globalised society, the PAP's authoritarian style of governance, legitimated through an "ideology of survival" (Chua 1985: 18) that is allegedly based on "Asian" or "Confucian" values, endangers Singapore's further economic, political and societal progress.

The starting point for this essay is an analysis of the role of the government in the industrialization process. Chapter 2 deals with the nation-building process and social-engineering. In that context, I'll take a closer look on the PAP's ideology, critically questioning its "Asian" content. The essay will close with an outlook on Singapore's democratisation prospects.

2. The development process

Founded by the British colonial administrator Sir Thomas Stamford Raffles in 1819, the port city of Singapore, situated at the southern end of the Malayan peninsula, was always exposed to external political, economic and cultural influences. As a vulnerable small city (672,7 sqm and a population of 4,608,595 in 2002) lacking an own hinterland and raw materials, it was always forced to make arrangements with its more or less friendly neighbours and adapt its policies to external constraints (Peebles 2001: 1229; Harris 1987: 64). Eventually, as a consequence of external threats—and after a period of political and social instability in the 1950s and early 1960s—a strong government emerged (Castells 1992: 58; Yong 1992: 450). In the years after independence, through its hegemony in economic policy formulation the PAP-led government gradually gained control over nearly all aspects of the life of its citizens. This enabled it to reach its major objective: the maintenance political and social stability (Lee 2000: 96). As the PAP regarded stability as a *conditio sine qua non* for the economic development, the circle closes.

During Singapore's whole development process since 1959, the PAP-led government was the driving and steering force that elaborated and implemented the development strategy (Castells 1992: 36-37). Through fiscal and monetary policies or via intermediary institutions such as the Economic Development Board (EDB) or (partially) state-owned companies and holdings, it guided the private companies to sectors which it identified as future growth engines. Overall, the technocratic government maintained high GNP growth rates and a relative equal income distribution. Furthermore, it provided not only the material infrastructure but also shaped a favourable environment for (foreign) investors: Thanks to its tight control of the trade unions and strict industrial relations acts, the government settled labour and wage disputes and kept the wages competitive (Harris 1987: 64; cf. SarDesai 1997: 302). In addition, it created an educational and vocational system that, just like its immigration policy, addressed the needs of the modernization process (Peebles 2001: 1219).

Fully aware of its vulnerability and the limitations of a small domestic market with limited resources, the government's industrialization schemes reflected and still reflect three main (economic) maxims: pragmatism, flexibility and openness. In fact, instead of a long lasting master plan only "the broad economic objectives and the target periods within which to achieve them" (Lee 2000: 66) existed. Hence Singapore was able to respond sooner than other countries to the changing international environment, taking challenges as opportunities.¹ For instance, in the early 1970s, Singapore was, together with Taiwan and South Korea, among the first nations that gave up their import-substitution approach and instead

turned to an outward-oriented model of industrialization. Through the government's active export promotion and trade liberalization, Singapore strongly benefited from the at that time open Western markets (World Bank 1993: 22-23; Rigg 1991: 188-190).

Consequently, also in the early 1970s, the government initiated the shift from the manufacturing of labour-intensive to more skill- and capital-intensive high-tech goods and later to financial and banking services (Rigg 1991: 190-192). Because of Singapore's limited capital and labour market, the EDB began in the late 1960s with various incentives to actively attract foreign capital in innovative sectors like electronics or telecommunications, mainly from the US, Japan and Europe. During the 1970s, FDI became increasingly important, providing not only jobs but also technological transfers, thus substituting the Lion City's chronic shortages of entrepreneurial and technological skills (Chang 2003: 98; Harris 1987: 67).ⁱⁱ The second pillar of Singapore's economy are the government-owned or controlled companies in strategic sectors, such as petrochemicals, steel, shipbuilding, airlines, trading, telecommunications or electronics. Above all, the government always maintained close relations with the private business sector (Peebles 2001: 1219; World Bank 1993: 13).ⁱⁱⁱ

The above described first major reorientation in Singapore's development process unveils a pattern still present today: Through its market-oriented economic and its educational reforms, the government gradually upgraded, diversified, liberalised and opened up the investment place Singapore, thus providing both an excellent material infrastructure and a highly skilled work force for investors. Thereby the government used the "carrot and the stick" approach: For instance, already in the 1970s, the abolishment of trade barriers had made the domestic companies fit for the competition on a global scale. Or between 1979 and 1981, it enforced a wage increase of more than 40 per cent, which fostered the companies to increase their productivity through investments in the skills of its employers and in R&D (Rigg 1991: 194). Thus, as a result of the so-called second industrial revolution, proclaimed in 1979, Singapore was again one step ahead of other members of the Association of Southeast Asian Nations (ASEAN), atop Malaysia and Indonesia. The Lion City finally developed into a modern service society and a trading, financial and commercial centre that registered its only major economic crisis in the mid-1980s (Peebles 2001: 1226-1227).

In a response to the difficulties of those years, Singaporean companies started to shift labour-intensive productions to Asian low-income countries. Therefore Singapore's recent economic as well regional diversification has reached a new quality. Due to its transparent

financial market and sound financial institutions, the 1997 Asian crisis caused not much direct harm in Singapore (Islam & Chowdhury 2000: 50-53).

To summarize: Through its undisputed primacy in policy formulation, through its strict control over labour and through its holding companies the PAP government allocated, mobilised and improved Singapore's resources (Peebles 2001: 1219). It guided the Lion City through its industrialization, thereby, as shown above, sometimes changing the direction, sometimes increasing the tempo. In short, Singapore is a perfect example for a mixed economy with a predominant state (Harris 1987: 60) or a developmental state (see Hoogvelt 1997: 203-206; Castells 1992: 56-58). The government shows no ideological constraints to apply all instruments that promise benefits, though they were and are usually market-conform (SarDesai 1997: 303). As a consequence of the government's pragmatism and flexibility, its economic and social policies reflect a mixture of both liberal and social democratic methods, albeit the degree of state interventionism and control exceed that in the Western European countries by far, even in comparison with the Keynesian 1970s.

In the face of all the internal and external obstacles mentioned above, a strong government, able to react quick and effective to those constraints, was a necessary prerequisite for Singapore's astonishing economic development (Henderson & Appelbaum 1992: 18-23; cf. Todaro & Smith 2003: Ch. 16, esp. 710-711). Yet Singapore, together with the other three Tigers, stands out as an exception, because in the majority of the other developing countries state interventions have failed to deliver benefits (see World Bank 1993: 13-15 and 23-26). Furthermore, neither all the threats Singapore faced nor the needs of the industrialization process in general can legitimate an *authoritarian style* of governance that denies basic human and political rights like the freedom of association for workers or independent political activity. There is no reason not to doubt that a truly democratic government committed to good governance and the respect of human rights could not have managed the development process (cf. Sen 1999: 91-93). Though the basic political rights don't endanger Singapore's development but the PAP's supremacy, the topic of the next chapter.

3. The PAP's hegemony in nation-building and social engineering

Aware of the vulnerability of their city and the worse economic situation immediately after World War II, the Singaporeans were somewhat reluctant in accepting independence from Britain. The transition period of the former "centre for the diffusion of Britain's political,

economic and cultural influence throughout Southeast Asia” (Stockwell 1992: 354-355) was smooth (cf. Shee 1987: 18) and therefore, unlike as in Indonesia or Vietnam, not a potentially source for nation-building through mass mobilization or nationalism.

Not part of a vast empire anymore, the Singaporean government, atop Lee Kuan Yew, favoured a federation with neighbouring Malaya. Dependent on Malaya’s resources, for instance water and food, Singapore with its historical entrepôt function should serve as Malaysia’s export gate to the world. However, the federation of 1963 was rather a pragmatic, rational approach for solving common economic problems than based on mutual affinity. And indeed, as a consequence of political and ideological conflicts the federation broke apart as early as August 1965.^{iv}

Yet the experiences with the failed experiment of the federation and the hardship of the 1950s and early 1960s which threatened Singapore’s very existence had a decisive influence on the ideological development of the PAP as well as on the willingness of the Singaporeans to accept the PAP’s primacy in the economic and political sphere as well as in social-engineering. First, after their expulsion from the federation, the Singaporeans finally showed their readiness “to endure the hardship of going it alone” (Lee 2000: xiv). But the doubts about Singapore’s viability were widespread, and economic indicators like the growth and unemployment rates as well as social unrest and racial conflicts in the 1950s and early 1960s apparently justified that pessimism. Moreover, ethnically the Lion city was a “disparate collection of immigrants from China, British India, and the Dutch East Indies” (Lee 2000: 3).

Consequently, the PAP regime, in power since 1959, created an “ideology of survival” which postulates that “(...) if Singapore were to survive, the population must be transformed into a tightly organised and highly disciplined citizenry all pulling in the same direction with a sense of public spiritedness and self-sacrifice in the national interest” (Chua 1995: 18). Although the Chinese (76.7 percent of the population, compared to 14 per cent Malayan and 7.9 per cent Indian) were always dominant—in fact, apart from China, Singapore is the only state with a Chinese majority—, one of the PAP’s main goals is to prevent the Lion City’s transformation into a Chinese-dominated society. Therefore, contrary to Malaysia’s positive discrimination of the Malayan people, the PAP always claimed social assistance for those who need it, regardless of their ethnicity (Hooker 2003: 223-225).

But before being able to initiate the nation-building process according to its own values and concepts, the PAP had to overcome its political opponents. As early as in the 1960s, the main opposition parties, atop the socialist Barisan party but also nationalist parties that probably would have exploited the ethnic cleavages, were marginalised, due to political and

judicial pressure (Kingsbury 2001: 339-348). Since then the PAP, led by Lee Kuan Yew (Prime Minister from 1959–1990), a charismatic leader in Max Weber’s terminology,^v dominates the political system of the one-party state with limited party competition and only formally free elections (Kingsbury 2001: 336-338; Mutalib 2000: 314-325).

In the social arena, the government successively became the exclusive provider of economic and social services such as telephone, radio and tv, medical and health services or education, thus creating a state of dependency. Especially important is the housing scheme started in 1960; today, nearly 90 per cent of all Singaporeans live in flats leased from the government. As a society of house or flat owners tends to be politically more conservative, the housing policy is an instrument for the stabilisation of the society (Lee 2000: 95). The same can be said for the Central Provident Fund (CPF), the official pension fund and an instrument for maintaining high domestic saving rates (Peebles 2001: 1221).

Directly connected with the process of nation-building as well as with the ideology of survival are the so-called Five Shared Values, promoted since the late 1980s. According to the PAP, these “Asian” or Confucian values reflect a true “national ideology” (www.sg/flavour/value_five.asp). They postulate a hierarchy of the nation over the community, putting the individual on the third place. The family as the basic unity of society, community support for the individual (especially in matters of welfare), decision-making through consensus and a plea for racial harmony are further maxims. But neither those values nor the arguments to justify them used by Lee (or Malaysian Prime Minister Mahatir Mohamad) reflect distinctive Asian values. Instead, they merely repeat, in an Asian context, the communitarian critic on the “cold” liberal society which presumably consists only of self-encumbered, egoistic selves. Because of the individualism and pluralism in a liberal society, communitarians argue, the citizens can’t share common values, therefore they are not able to live in solidarity, and this eventually endangers the very existence of the whole society (see Gerstl 1996: 2-6).

The appeal of the communitarian discourse for the PAP is obvious, and thus the PAP, as Chua (1995: 35 and Ch. 7) puts it, has conceptionally reduced Confucianism and transformed into communitarianism. But it propagates a concept of communitarianism that emphasises the role of the government instead of independent civic organizations which would strengthen both the community and the individual at the expense of the state (cf. for instance Etzioni 1995: IX-X). Maybe because of this consequence, maybe because of their banality the Singaporeans more or less ignore the Five Shared Values (Chang 2003: Table 1).

Although communitarism is the main “Western” ingredient in the PAP’s ideology, it is not the only one; for instance, it also embraces economic (neo)liberalism, conservatism, socialism or anti-Communism (cf. Chang 2003: 101; Vasil 2000: 37-41).^{vi} In addition, it consists of values and concepts such as paternalism, consensus orientation, respect for authority, technocracy, pragmatism or elitism that are not cultural specific. Rather than resting on a distinctive “Asian” approach, the PAP’s ideology represents an eclectic ideological mixture of Western and Asian concepts with paternalism, technocracy and communitarianism at its heart, created in order to legitimate and perpetuate its political hegemony. Though the most distinctive feature of the PAP’s ideology is pragmatism—a logical response to Singapore’s vulnerability and the external threats it faced and faces—which seems to have become an ideology itself (Chua 1985: Ch. 3). To conclude, ideology plays only a role as a conceptual disguise for the PAP’s pragmatism and its wish to stay in power for the next decades. Consequently, the PAP advocates the concept of an “Asian” democracy with limited party competition, ruled by an authoritative but enlightened and benevolent leader (cf. Kingsbury 2001: 336-338).

4. Conclusion

Not the PAP’s authoritarianism but good governance, a non-corrupt technocratic regime that got the fundamentals right and co-operated closely with the private sector are the key features of Singapore’s tremendous successful development process – a “model combination of capitalism and social welfare schemes” (SarDesai 1997: 303). Thus output-legitimation, underpinned by an ideology of survival, stands out as the PAP’s main argument to justify its hegemony. But exactly therein lies the danger for the PAP: An economic downturn could cause an erosion of its power (Mutalib 2000: 330-331; Khong 1995: 108), because the Singaporeans’ loyalty is presumably shallow (Chang 2003 98-100; Lingle 1996: 99).

Not only the fiercer competition in Southeast Asia is challenging Singapore’s progress but also the Singaporeans’ passivity, their lack of own initiative and entrepreneurial skills (Neher & Ross 1995: 27). Although the government is fully aware of those constraints and promotes virtues like openness, flexibility and creativity (www.singapore21.org.sg Islam & Chowdhury 2002: Box 2.1), only a long-term reform of the whole education system promises help. But to stimulate critical thinking also endangers the PAP’s political and ideological hegemony: Critical citizens will question its legitimacy; eventually they might fight for democracy or leave the country.

However, the immediate outlook for a democratisation of Singapore's political regime and society remains bleak because of the PAP's total control of the political process and the social sphere (Bolongaita 2003: 150; Clammer 1993: 49). Without the freedom of speech and a free press and with strict internal security laws,^{vii} any potential political alternative faces enormous obstacles. Secondly, the Singaporeans themselves, heavily influenced by PAP's economic performance and propaganda, are politically apathic or cynical, focusing on their individual economic forthcoming and thus even accepting the establishment of a Lee dynasty.^{viii} Furthermore, the majority of the middle class—usually the main catalyst for political changes—still supports the government (Heng 1997: 130-131). But: In the long run, no regime can maintain economic liberalism without sooner or later facing claims for political liberalism as well (cf. Islam & Chowdhury 2000: Box 2.2), especially in our globalised society that demands good governance from all nations.

Although no one had imagined the surprisingly fast collapse of the former Communist regimes in Eastern Europe in 1989, caused by people's power, the most probable scenario will see the PAP in the next 20 years in the role of a party like the Bavarian Christian Social Union (CSU): as a dominant party in a democratic system that controls the behaviour of its citizens with more subtle instruments, like economic initiatives, than open, ideologically disguised repression.

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In many ways, Lee Kuan Yew—the mastermind of both Singapore's economic development and political landscape—reminds me of the Austrian emperor Joseph II. (1780–1790). In Austria, the enlightenment was not the result of a strong people's movement, but was introduced by Joseph II. During the first years of his paternalistic, but still absolutist reign, the liberal intellectuals enthusiastically supported his policy of modernizing and strengthening the state. Therefore the government was enabled to initiate the necessary liberal reforms in the economic, judicial, religious and societal sphere, sometimes against public resistance. In short, it was a paternalistic policy conducted for, but not by the people (cf. Gerstl forthcoming). As democratic ideas were not widespread, it was a new phenomenon as a contemporary writer claimed that the citizens ought to have the right to ask, if the emperor's benevolent actions do not only suits his but also their interests (Friedel 1786: 33). Time changes, but ideals prevail.

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Notes

ⁱ In general, crises like the withdrawal of the British military in 1971 and the oil price shocks in 1973 and 1979 were regarded as opportunities to concentrate on new sectors and to upgrade the economy. In addition, the PAP government also rearranged its international relations during the Cold War in a pragmatic manner in an attempt to maintain sound political and economic relations with its neighbours and the great powers (Stubbs 1994: 368-370).

ⁱⁱ For instance, in 1975 wholly or majority foreign-owned companies employed 52 per cent of all Singaporean workers and held a share of 84,1 per cent of all exports (Rigg 1991: Tab. 9.2).

ⁱⁱⁱ Despite the two oil crises in the 1970s, Singapore's annually GNP growth amounted 14,3 per cent in that decade, surpassing the already impressive 10 per cent rate of the 1960s that was primarily based on labour-intensive industries (Fischer Weltalmanach 2002: "Singapur"; SarDesai 1997: 301).

^{iv} Because the Malaysian Prime Minister Tunku Abdul Rahman could accept nothing but the political and ideological supremacy of his Malayan-dominated United Malaysia National Organization (UMNO) in the federation, the political competition between UMNO and PAP, together with the personal rivalry between Lee and Tunku, eventually led to the expulsion of Singapore in August 1965 (SarDesai 1997: 285; Yong 1992: 413-414).

^v No wonder, Lee's biographers differ extremely—not in respect of his undisputed record for Singapore's socioeconomic development but his person. Two extreme interpretations can be found: Certain authors are personally impressed and justify Lee's politics (especially Lee's friend Josey 1976). Others like George 1973 also describe his achievements, but they focus more on the problematic aspects, especially the democratic shortcomings.

^{vi} Overall, Chang (2003: 87-92) identifies the seven following underlying values of the government: neo-Social Darwinism, connectionism, rationalism, pragmatism, communitarianism, conservative liberalism, and elitism.

^{vii} Thus the Human Development Index (HDI) 2003 ranks Singapore only on rank 28 (other Asian nations are for example: Japan: 9, Brunei: 31, Malaysia: 58), because it encompasses economic as well as social and political indicators (human rights, political and labour rights, female participation and so on) (www.undp.org/hdr2003/pdf/presskit/HDR03_PKE_HDI.pdf).

^{viii} Yet the establishment of the Lee dynasty could become a real constraint for Singapore's future development. In the next one or two years, Lee's son Lee Hsien Loong is expected to succeed Goh Chok Tong as prime minister. Furthermore, the Lee family control key political and economic positions, such as Temasek Holdings (which oversee the government's stake in Singapore Airlines or Singtel) or the telecommunication company Singtel itself (Sydney Morning Herald 20./21.9.2003, p. 24; cf. Kingsbury 2001: 348-350). Although Singapore won't necessarily become a regime associated with nepotism and crony capitalism in the style of Suharto's Indonesia, the awareness of foreign investors for those dangers has increased.