

COMMENTARY

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Singapore @ 50: Reflections and Observations

**Commentary:
Volume 24, 2015
Singapore @ 50: Reflections and Observations**

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Mission Statement

To foster a lifelong relationship with NUS and the wider graduate community

At NUSS, a lifelong relationship with NUS and the wider graduate community is achieved through two mutually reinforcing thrusts:

- promoting the interests of its members and NUS; and
- contributing positively to Singapore's political and intellectual development and helping to cultivate a more gracious social and cultural environment.

As the foremost graduate society, NUSS strives to promote the interests of its stakeholders by providing appropriate platforms for all to socialise, build networks, improve connectivity and exchange ideas through a multitude of recreational, academic, political, social and cultural activities.

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A Tribute to Mr Lee Kuan Yew (1923-2015): Mentor, Sage and Political Philosopher

As with every Singaporean, the NUS community and the Editorial Board of *Commentary* share the profound grief at the passing of the founder of modern Singapore, Mr Lee Kuan Yew on 23 March at 3.18 am.

Fondly remembered by members of the Society, Mr Lee was conferred NUS' Honorary Membership in 2011. His ties with NUS started from his education at Raffles College, the predecessor institution of NUS in the 1940s. Mr Lee then went on to become a founding Ordinary Member of the University of Malaya Society (later to become NUS) in 1954.

Singaporeans can never thank enough the contributions, drive, and dedication that Mr Lee gave to making his life-long project a success – the creation and development of a city-state, the Republic of Singapore. With tenacity, passion and endless personal determination he championed ceaselessly to turn Singapore into a peaceful, racially harmonious, and developed country. In a matter of 50 years, he gave many Singaporeans national pride, self-confidence, political stability and institutions to face the future as a sovereign country. We are the beneficiaries of his lifelong work.

Until his final journey on 29 March 2015, the outpouring of tributes locally and internationally has been overwhelming and touching. When we watched the thousands of Singaporeans who lined up for hours to pay their respects at Parliament House, the thousands who clapped and shouted his name along the cortege route, emotion engulfed you. We finally stand together as a nation despite our varied political beliefs and racial and religious differences.

Hopefully Mr Lee's family and friends found comfort in seeing so many Singaporeans express their deepest gratitude and holding him in highest esteem. No one ever dreamt that such national outpouring of grief and passion was likely or possible - it demonstrates Mr Lee Kuan Yew's devotion to our city-state did not only go unnoticed but also how much it meant to each of us. He has become our national icon and hero. Indeed he is the defining figure in our nation's genesis and hence will continue to evoke deep respect in the emerging post-Lee Kuan Yew chapter of Singapore's evolving development.

Those of us who had lived under his leadership, encountered him, interacted with him, and accompanied him in the turbulent journey to nationhood, can now count our blessings to have lived within his political aura and be able to tell our stories and share our anecdotes of his political genius. These will be the seeds from whence poetry, legends and myths will spring to become the stuff of Singapore's future national identity.

Victor R Savage

Editor

April 2015

Editorial

Singapore@50: Reflections and Observations

Victor R Savage

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*Singapore@50: Reflections and Observations***Introduction**

 1965-2015 — Golden Anniversary: The *Lonely Planet* guide votes Singapore the best tourist country to visit in 2015 to sample its celebrations. By current measures and benchmarks of newly-formed states to fill the United Nations (UN), the Republic of Singapore's 50th anniversary as an independent state seems like a remarkable achievement. Compared however to the nation-states of Europe, the City-state's golden anniversary celebration covers a short time span, a blip in global history. Historically speaking, City-states have never been sustainable political entities. Athens and Sparta are now part of Greece, while Venice, Florence and Genoa are part of Italy today. All of them, in a short span of time, were meccas of trade and sparkling urban political and economic entities that have ended unceremoniously. Their apogee of greatness continues to be enshrined in books, maps, poetry, architecture and paintings — Singapore is quite the opposite.

Singapore was the capital of a larger political entity of colonial Malaya for nearly a century before it became an independent autonomous City-state in 1965. Its 'territory' and administrative jurisdiction was heavily reduced with independence, its geographical space truncated, and its political influence had to be developed from scratch. This 'accidental' City-state was given little

chance of remaining independent at its controversial birth. Beyond political expectations, it has not only survived as an autonomous City-state, it has thrived and become a 'model' state for other developing countries to emulate. In other international opinions, Singapore is the best example of a highly successful start-up country. With 'venture capital' from the United Nation agencies, governments and other corporations, Singapore has moved out of the arena of the developing world and competing alongside the countries and cities in the developed world.

Like all success stories, Singapore as a City-state has become increasingly a case study in many developmental narratives in economics and finance, political development, transport management, environmental management, legal framework, urban planning, ageing, education, governance, conservation issues and leadership training. Every year, for the past 25 years, legions of delegations from developing states and cities have come to uncover and discover the 'secrets' of the City-state's success. The real Singapore secret is how to manage diverse factors into a cohesive national whole. However, this is easier said than done.

In this 2015 *Commentary*, I have dedicated the issue to reflections of Singapore's achievements and challenges over the last 50 years. In celebrating the City-state's golden anniversary, there is

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much for Singaporeans to be proud of but there is also much to be worried about for the future. Domestically, there is political restlessness on the ground; geopolitically, there are major changes that have unsettled the order of global politics; the economic exuberance of the last 40 years in Asia seems to be winding down and the threat of climate and environmental change is closing in on countries, cities and societies with vengeance and no credible solutions in sight. These articles reflect both Singaporeans' and foreigners' perceptions of the last 50 years of the City-state's historical development. They showcase the views of government bureaucrats, academics, corporate titans, entrepreneurs, non-governmental organisation (NGO) personnel, politicians and public policy researchers. Enjoy the read.

Singapore's Recipe: National Ingredients

Singapore is a unique political experiment and it is not easy to replicate its success. The first 50 years of Singapore's infancy of statehood have been remarkable to say the least. It also reflects on a remarkable group of like-minded leaders who steered Singapore through the Cold War polemics, the Vietnam War and the domino theory of communist victory in Southeast Asia, and the challenging problems of economic development in Third World developing countries. The view that history repeats itself is not something subscribed by most historians,

so no country can repeat its own past successes or transcribe the same for other countries.

Singapore society today is a sum of 50 years of cultural change, political transformations, national aspirations and economic calculus. One needs to begin with fundamentals and that means separating society from culture. While there are some elements of culture (e.g., food, science and mathematical pedagogical systems) that can be replicated and transported to other countries and cities, it is impossible to transport a society with all its societal norms, cultural entrenchments and public behaviour patterns. All societies, including Singapore society, are embedded in a specific time and place. Just by diffusing elements of Singapore's 'culture' (e.g., transport or environmental management systems) in another national society will not have the same results as Singapore. The management of success is a more difficult proposition for states and cities.

Every society is a product of a long history of customs, traditions, behavioural patterns, religious beliefs, societal achievement stimuli, ecological intelligence and public or personal expectations. It has taken the World Bank, in its latest 2014 *World Bank Report*, a rather belated recognition of looking at behavioural economics (decision-making processes) in attempting to deal with the issue of

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global development and poverty challenges. Everyone knows the importance of infrastructure development: more schools, hospitals, irrigation systems, and dams for developing countries — but the driver of development has more to do with societal software than mere national hardware development and improvisations.

One often forgets the Singapore societal make up. This was a colonial city-state developed from poor migrants and refugees of impoverished neighbouring countries (India, China, Indonesia, Sri Lanka, Bangladesh, and Pakistan). After World War II, the countries in the region such as Singapore were devastated and unemployment was rampant. The pioneer generation of Singaporeans inherited this economic predicament. Hence, older generation Singaporeans carried a strong personal commitment, passion, interest and verve to succeed in life.

Some 35 percent of Singaporeans in the 1960s lived in slums and squatters and over 60 percent of the island-city's population lived in 1.2 percent of land area in the city centre. Labour strikes and riots were common. The Cold War (communism versus democratic capitalism) was unfolding in the streets, in schools and within labour unions of Singapore. The per capita GNP income was S\$1,310 or US\$428 in 1960 and rose to S\$22,000 in 1990 to S\$37,000 in 2000

and S\$69,000 in 2013. The World Bank put Singapore's gross domestic product (GDP) purchasing power parity (PPP) per capita at US\$78,744 in 2013. By 2023, Singapore would be the 'Second Wealth Centre' globally after London, according to the *Bank of Singapore-Knight Frank 2013 Report*.

The drive to succeed and improve one's lot was in every personal DNA of Singaporeans — thrift, hard work, diligence, family stability, flexibility and adaptation, entrepreneurship, and a focus for family improvement. The 'pioneer generation' Singaporeans in the 1950s and 60s were poorly educated but it did not stop them from making up with diligent work habits, willingness to adapt and an eagerness to learn. With meagre financial abilities, families enrolled their children in schools and hence, the foundation of Singapore's success was slowly and firmly built. The continuous focus on education has made Singapore's 'Thinking Schools, Learning Nation' a model for emulation by other countries and states — today, the nation's schools rank second in mathematics and third in science and reading globally.

Despite the skeptics who see the government's 'pioneer generation' programme as vote buying and politically motivated, I do not think anyone can rationally doubt the massive sacrifices and contributions this generation had given to Singapore's development. They deserve the accolades, the subsidies and

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financial help. It is the ‘small people’ or what Indonesians call the orang chilik or ‘little people’ whose sacrifices deserve the support in their silver years. If there is one area the Singapore government is finally contending with, it is with the much-needed retirement benefits for older Singaporeans. The government has done well in the other social revolutions (health, education and public housing) that has helped close the income gap and social inequalities.

What has generally lagged behind is retirement benefits and pensions for older Singaporeans, an area which the government has thus far avoided with the excuse that they did not want the social welfare systems of Western European countries. However, French economist, Thomas Picketty (2014), accepts that pensions and retirement benefits are central to the fiscal and social revolutions in capitalism in most western countries — Singapore cannot accept education and health packages and yet, deny pensions as alien to the social compact with citizens.

Given the negative and challenging politico-economic situation in Singapore’s early development, it took a focused, strong-willed percipient, non-corrupt and far-sighted leadership and government to put the City-state on the right track for development. There is no need to rehearse the tributes to the then Prime Minister Lee Kuan Yew here — his many recent autobiographic and biographical

books are testimonies to his astute and determined leadership in moving Singapore out of poverty and on the road to First World development. The most recent testimony to Lee’s national and international impact is the tribute his diplomats, civil servants and politicians paid him for his ‘big ideas’ (Jayakumar & Sagar, 2015).

Singapore was also fortunate to have many cabinet ministers (i.e., Gok Keng Swee, S Rajaratnam, Hon Hui Sen, Edward Barker, Lim Kim San, Toh Chin Chye) during its early years of independence who were equally intelligent, non-corrupt, competent, grounded, and who shared a common vision for development. However, their leadership and policies could not have been realised without a population eager to improve, willing to progress and a desire to develop.

Success did not, however, come without sacrifice, sidesteps and trade-offs. Cherian George (2000) captured Singapore’s downside of development in his book, *Singapore: the air-conditioned nation*. Here, he argues that Singapore is an “air-conditioned nation” — a society with a unique blend of comfort and central control, where people have mastered their environment, but at the cost of individual autonomy, and at the risk of unsustainability” (George, 2000:15). The American sociologist, Joseph Tamney (1996), maintained that Singapore has lost its soul in its

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progressive development. Critics see the government as wittingly feeding the Singaporean material ethos through generous bonuses, cash rebates, financial subsidies and performance rewards to its civil servants, politicians and the public thereby, keeping Singaporeans generally happy and cementing the government-citizen bonds over the last 40 years, albeit in a material manner.

Unlike western societies, the roots of liberal democracy, rooted in personal independence and individual liberties, sets the Western countries apart from East and Southeast Asian political entities. If one is to believe Amartya Sen's thesis of the 'argumentative Indian', the roots of democracy are older in India than in Greece, and hence, one can accept South Asian politics as closer to the Western political experience than to East Asia. In short, Sen dictates that Indian philosophy and religious practices had democratic similarities with the Greek Socratic (self-esteem, independence, individualism) tradition. Despite its democratic institutions, Singapore's political idiom for the last 50 years however, followed an East Asian paradigm, closer to a Confucian tradition (Nisbett, 2003) — with an emphasis on group-think than individual assertiveness, interdependence, holism perspectives, shared obligations and a collectivist social system.

This Singaporean 'collective identity' was buttressed by clan associations, self-help

Chinese schools, voluntary organisations, community healthcare services, temple associations, investments in social capital and the *gotong-royong* (cooperation) spirit. The question is whether Singapore's brand of democracy and the ruling PAP political system has thwarted Western-based democratic and liberal developments or whether socially, Singaporeans have chosen, in the last 50 years, a more Confucian system of self-edition, political sacrifice of self-expression and an economic trade-off for materialism and creature comforts instead of political liberalism.

The onslaught of global capitalisation has however, widened income disparities and loosened the social fabric and cultural bonds. If Thomas Picketty is right, the capitalist system which the Singapore government subscribes to wholeheartedly, fuels an endemic system for widening economic disparities — the rich invariably get richer and the poor remain poor. No politics and cultural issue can change the economic logic of capitalism in widening income disparities. From a global perspective, this is good news for Singapore as the GIC (Government of Singapore Investment Corporation) investments (property, resources, finances) around the world are likely to keep the City-state in good economic stead vis-à-vis other countries. Indeed, Picketty (2014:458?460) enquires, "Will sovereign wealth funds own the world"? Currently SWF only owns 1.5 percent of all private global

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capital but the future is wide open. At the national level however, closing the gap between rich and poor has no easy political solution. Still, over the last 50 years, Singapore invested wisely in closing income inequality through education and technology. Yet, rising costs of living and major changes in wage increments in the last 50 years has meant that Singapore's pioneer generation cannot live on their current meagre CPF (Central Provident Fund) savings in the twilight years of retirement without substantial government aid, assistance or subsidies.

One of the hallmarks of the Singaporean political system often touted by political leaders and administrators is meritocracy. In a multicultural and multi-religious society, meritocracy was aimed at neutralising cultural biases and ethnic prejudices by rewarding efforts and work based objectively on merit and one's abilities. However, while meritocracy solves the issue of inter-ethnic objectivity, it does not quite solve the challenges of social equity and income disparities.

As American anthropologist Clifford Geertz notes in his book, *Negara*, the Balinese rituals, traditions and cultural customs made 'inequality enchant' in the eyes of the masses; likewise, meritocracy can be said to do the same in some ways in modern societies. As Thomas Picketty argues the modern meritocratic system is "harder on losers" because it justifies domination on grounds of "justice and

merit", and says nothing of the "the insufficient productivity of those at the bottom".

What's for Dessert?

In a globalising inter-related world, states, nation-states and City-states are increasingly dependent on an institutionalised global order. Is it no wonder that two well-known public intellectuals have recently written books on political and global order: Francis Fukuyama's *Political Order and Political Decay* and Henry Kissinger's *World Order*. As a small state, Singapore is becoming more reliant on international order, global justice and international law. The Cold War, a clash of two great superpowers, created ironically what Hans Morgenthau called a "balance of power" and in turn, a semblance of world orders. In a fluid, multipolar world with many emerging regional powers, a global institutionalised legal order is necessary. Without this global legal order, the law of the jungle will reign — those with the biggest assertive voices will prevail. We see this already taking place in the South China Sea.

In ASEAN, transboundary disputes between countries (i.e., Indonesia and Malaysia; Singapore and Malaysia; Thailand and Cambodia) have been amicably resolved through the International Court of Justice. Even the old school of ASEAN diplomacy, based on complete consensus, has given way to

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more modern systems of majority-based decisions amongst its leaders.

At the environmental level, the longer-term challenges in this century, are viewed by many as the turning point in human history. More than the current challenges from Ebola, terrorism, unemployment, and geopolitical conflicts, the 21st century will be a defining century for humankind arising ironically from environmental changes that undergird the Anthropocene. As Elizabeth Kolbert (2014) argues in her thought-provoking book, *The Sixth Extinction*, climate change and the acidification of oceans are becoming the trigger mechanisms of the world's sixth major biological extinction in half a billion years. She states, "Right now we are in the midst of the Sixth Extinction, this time caused solely by humanity's transformation of the ecological landscape". More than creating a clean and green city or a city in a garden, Singaporeans need to brace themselves from extreme weather and climate changes and find ways for environmental adaptation to these life-threatening situations.

As both a global city and a wealth centre, Singapore has a lot to lose if the government does not navigate the choppy waters of international politics correctly. Yet, while one can rely on institutionalised systems of justice and peacekeeping, the political reading of global events and winds of change

require leaders who are more astute, percipient and politically savvy. In a social media system where 'big data' is becoming the global norm, sieving through data and information and retrieving relevant trends while making sense of knowledge is further challenging.

Yet, Singapore's favourable global attraction is only as strong as the weakest domestic political link. Domestically, the ruling government needs to find ways of bonding a social compact with its citizens to ensure continuing political stability. Singapore's current prosperity, its attraction to foreign investments, its economic growth trajectory is undergirded by how well operationalised 'governance' is, politically and socially.

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Infrastructure

Singapore has become a City for Cars, not People

Bruno Wildermuth

Bruno Wildermuth, born in 1936 in Zurich Switzerland, studied Civil Engineering and holds a Masters of City and Regional Planning from UC Berkeley. His first assignment in Singapore was to plan the initial Mass Rapid Transit (MRT) System. He played a key role in the MRT Debate, and subsequently was involved in building it. He also established TransitLink, the World's first integrated ticketing system. More recently, he formulated the distance-based through fares for public transport.



Singapore has become a City for Cars, not People

Singapore as a City-state, and cities in general, are a collection of many facilities to support competing activities which, in total, form our daily lives. It is in the city where we work, eat, sleep, entertain, study, shop, relax, and spend time with our families — each of these activities places a demand on the limited space available. How the various activities are located in relation to each other ultimately determines the need for people to be mobile and hence, the generation of traffic.

In the early days, the Government of Singapore, with the support of International Agencies, embarked on comprehensive land use planning efforts to determine the future of the City-state. It was recognised early, that given the limited amount of land available for development, Singapore could not allow urban transport to become dependent mainly on cars. Instead, the crucial decision was made to build a Mass Rapid Transit (MRT) system.

Following an extensive debate, the construction of the initial 48-station MRT system (which forms the North-South and East-West Lines) started in 1983 and was completed in 1990. The system scored a number of firsts in various technical areas and was readily accepted by Singapore's population as a convenient way to travel.

With the MRT in place, the bus network was rationalised and the world's first

integrated ticketing system, TransitLink, was introduced to enhance the overall public transport system. Since then, Singapore's population has increased substantially above the earlier planning target of 4 million, many additional rail lines have been added to expand the urban rail system way beyond its original design.

Even before the initial MRT was completed, the Central Business District (CBD)'s Area Licensing Scheme (ALS) was introduced to charge cars for entering the CBD, essentially establishing the first road pricing scheme globally, with the objective to discourage travelling by private cars or at least, increase the average occupancy of cars. With the completion of the initial MRT system, the Certificate of Entitlement (COE) scheme was introduced. The scheme limits the number of motor vehicles allowed in Singapore at any given time, with each vehicle to be used for a maximum of 10 years only.

With land use, substantial changes were made to bring employment closer to more homes through the decentralisation of many activities to new towns. However, despite these efforts, Singaporeans, like most people in developing countries, fell in love with cars, and the Government found itself increasingly pressured to yield to the resulting demands for more road space. With the prices of cars in Singapore being one of the highest in the world, the road

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pricing scheme largely lost its effectiveness as Electronic Road Pricing (ERP) charges have become an insignificant part of the total cost of operating a car. While the introduction of the COE scheme has resulted in the tight control of the number of cars on the roads, one of its side effects, perhaps originally unintended, has been the excessively high usage of most cars. To a large degree, this is understandable as car owners, having paid a fortune for their car, will maximise the use to the point of making every possible trip by car to recover some of the high initial investment. Here, a more prudent policy is badly needed, where the price of the COE is also linked to the average yearly mileage travelled.

Unfortunately until recently, (in line with a commonly observed Singaporean phenomenon where scant attention is paid to improve current infrastructures), very little effort has been made to maintain and enhance the initial MRT system by increasing its capacity, or to provide reliable bus services despite a substantial growth in the population far greater than originally planned for. Thus, what was once arguably the world's best urban rail system became overcrowded and less comfortable. At the same time, various government agencies, notably the Land Transport Authority (LTA), expanded the road network and gave top priority for road usage strictly to cars, with the effect that pedestrians, including those walking to, from or between public

transport services have become second-class citizens and are often forced to use inconvenient overhead bridges, underpasses or being forced to cross the road via three 'legs' rather than simply straight across.

For a small island nation where immense efforts have gone into ensuring long term sustainability, Singapore may have surprised many with its predict-and-provide approach which invariably led to major road widening works to deal with existing and anticipated vehicular congestion on roads. Such an approach is clearly not sustainable, especially for Singapore where additional space has to be created at great costs. Already, 12 percent of the city's valuable land is set aside for transport-related use, most of which is for roads. Furthermore, it is well proven that the building of more roads does not work. Major road projects are justified based on the expected number of cars, but more cars come up because more roads are built. Over and over again, this simply creates a vicious cycle of never-ending demand and supply of road space. Unfortunately, even till today, the need to solve pressing congestion problems still prevails.

While transport strategies with a focus on the movement of vehicles may have served Singapore well in the past, when applied across all road hierarchies without exception, they have become major hindrances to creating an environment that is friendly to

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pedestrians, cyclists and public transport users. Many of such facilities have been built at substantial costs with little or zero measurable benefits for motorists.

One such example is the removal of the at-grade pedestrian crossing of Paterson Road at the intersection with Orchard Road. There, cars turning from Orchard Road into Paterson Road that previously waited for the pedestrians to first cross, can now zoom around the corner only to wait the same amount of time at Orchard Boulevard where the traffic light is fully coordinated with that of Orchard Road. Thus, while pedestrians are forced to take a detour underground or cross at Orchard Boulevard, if they are in a wheelchair or pushing a baby stroller, cars have zero measurable benefits. Unlike most European cities which have adopted a policy that road space in central areas is to be shared equally between motor vehicles and pedestrians, Singapore has not yet seen fit to adopt such a policy. Quite the contrary, pedestrians are often treated as a nuisance. In short, Singapore has become a city for cars, rather than a city for people!

A good example that says it all is Orchard Road, Singapore's major shopping street. Rather than converting it to a pedestrian street similar to parts of Broadway in Midtown New York or the Bahnhof Strasse in Zurich, pedestrians have been allowed to take over Orchard Road one Saturday every month, from 6pm to 11pm. For the rest of the time, pedestrians are forced underground to make more room for cars.

Given the fast-growing ageing population of Singapore, the elderly and physically-challenged people find it increasingly difficult to move around in a comfortable way, while those eager to walk or use a bicycle can only hope for a change before too long. At this point in time, 50 years after its promising beginning, Singapore still lacks a true champion for pedestrians and cyclists.

Today, in many parts of Singapore, pedestrian-unfriendly overhead bridges, narrow sidewalks and wide slip roads at arterial junctions dominate the urban landscape. Even major access and transfer paths to MRT Stations lack



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priority when it comes to road space usage. With the population graying, such facilities become a real hindrance to many citizens, especially at widely-used locations and along access paths to hospitals and similar facilities.

Excessively long ramps make this Pedestrian Overhead Bridge extremely inconvenient. As shown on the right, long and regular gaps in traffic would have readily allowed an at-grade signalised pedestrian crossing to provide a more convenient and much lower cost solution without any impact on motorised traffic. Many more such facilities can be readily identified. This example clearly demonstrates the need for an independent review of such projects to avoid the waste of public funds for unnecessary and counter-productive projects.

Promoting high-tech solutions: The good and not so practical

Recently, the Government has announced an effort to make Singapore a smart, high-tech city. While this is certainly a desirable objective and can be beneficial for transport users, we can see two rather different outcomes: The first is a rather positive one with the introduction of taxi apps that are properly regulated to ensure that only legitimate taxi services are being offered. These apps have already shown a marked improvement in the availability and hopefully better utilisation of taxis.

However, we must be critical of such high-tech approaches when introduced without regard for the practicality of the proposed solutions. One glaring example is the lack of published timetables for bus



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services, as is common in the rest of the developed world. Instead, the technology-loving administrators at LTA prefer to offer mobile phone apps that tell passengers the expected arrival times of their buses. This, they say, is necessary to allow the change of bus frequency based on the number of drivers reporting for work daily. Thus, a bus service scheduled for six buses per hour could be changed to five buses per hour if any of the drivers fail to report for work. Hence, any published timetable would be incorrect. The resulting situation simply means that passengers cannot plan their journeys in advance and instead, must check the bus timing at the last minute to avoid long, unproductive waiting times at the bus stop. The respective government agencies are also not prepared to check schedule adherence along the route for buses operating in Singapore. Despite the new and supposed tighter service standard regulations, operators and drivers are getting away with bus bunching and leaving huge service gaps behind.

It should be noted that all major cities in the developed world publish bus timetables for bus services and enforce their adherence. In the transport industry, timetables are considered essential for all services operating at headways of six minutes or greater — this applies to almost all bus services in Singapore. Many major cities, including Tokyo, even provide and enforce timetables for services with a five-minute

headway. Singapore, on the other hand, operates its bus services as if it were a third world country with little or no predictability.

Given this situation, many Europeans working in Singapore have commented on this fact and see it as a major hindrance to Singapore's efforts to achieve higher productivity — clearly, time wasted at bus stops is not productive. With millions of daily bus trips taken, the value of such time wastage is indeed very substantial.

In summary

After 50 years of rapid growth, Singapore needs to review and assess its objectives for urban development, especially with the priority given to cars versus people. It needs to decide how much further it wants to go in allocating priority to cars over people. Hopefully, the Centre for Liveable Cities, set up in 2008 by the Ministry of National Development and the Ministry of the Environment, can succeed in its efforts to promote a more people-oriented approach for Singapore's future. However, to achieve this change, the Government must be willing to adopt a more balanced approach to integrated land use and transport planning and must be willing to revise its policies despite the difficulties and potential backlash in the short term.

In addition, the Government should set up an independent committee to review

Singapore has become a City for Cars, not People

all transport-related public projects for their impact on pedestrians and bicyclists. Such a committee should be given the task to perform the appropriate analyses and present a final recommendation to the Government.

The Government may also wish to consider revising the COE scheme to incentivise lower car usage. For example, the COE price might be set in three sub-categories according to the annual mileage travelled within Singapore; for example, at 67 percent of the full price for not exceeding 12,000 kilometres, at 100 percent for not exceeding 20,000 kilometres and 133 percent for cars travelling in excess of 20,000 kilometres per year. While such a scheme might not be popular initially, it could go a long way to make people consider alternative modes of transport for many of their trips.

Infrastructure

An Extraordinary Journey: 50 Years of Urban Planning in Singapore

Mieko Otsuki

Mieko Otsuki has been an urban planner with the Urban Redevelopment Authority (URA) since 2001. She studied at the NUS Faculty of Arts Geography Department for her undergraduate studies and has a Masters Degree in Town Planning from University College London. She has just completed a 2-year secondment with the Ministry of National Development and is now Director (Development Control, City) at the URA.



An Extraordinary Journey: 50 Years of Urban Planning in Singapore

SG 50 In the short span of 50 years since independence, Singapore has seen tremendous physical transformation. Once a troubled city with majority of residents living in overcrowded accommodations and a third of the population living in slums, high unemployment and lack of sanitation, Singapore has since emerged as one of the most liveable cities in Asia and the world.

However, with only 718 square kilometres of land, Singapore is one of the smallest city-states in the world alongside Monaco and Vatican City. As a city-state, Singapore not only has housing, community and recreation, business and transport needs for its growing 5.5 million population, but also a nation's needs for water catchment, airports, defence and utilities that are typically located in hinterlands of cities. This is a luxury that Singapore does not have. Yet, Singapore consistently ranks well in world rankings, such as Mercer's Quality of Living survey and Siemens' Asian Green City Index. We have the highest home ownership rates in the world, at 90 percent. More than 80 percent of the population live in good quality public housing developments. We have 3,500 hectares of nature reserves, protected from development, and 350 parks of all sizes. These green spaces amount to almost 10 percent of the total land area.

How did Singapore's urban planners achieve this? As a planner in Urban

Redevelopment Authority (URA), I was often asked this question while hosting visits at the URA Gallery with overseas city planners. They were eager to learn from us, but more than that, they expressed puzzlement at how such a small country could achieve so much in just a handful of decades. To understand Singapore's journey, we need to look back on our pioneers' work — to understand the struggles and challenges that they overcame through sheer innovation and hard work, as well as their boldness of imagination that continues to drive our planning efforts today.

Past to Present***A New Plan For the Future***

To provide quality housing and address poor living conditions, the Housing Development Board (HDB) was set up in 1960. By 1965, HDB had built more than 54,000 housing units, mainly to cater to the lower-income groups and relocation of squatters from the city. However, there was still no overall plan to guide Singapore's development in its rapidly changing social and economic circumstances. The only land use plan, the Master Plan 1958, was unfortunately outdated by then. In 1967, with the help of the United Nations (UN), planners embarked on creating a new concept plan that would have far-reaching impact on Singapore. The Straits Times on 23 March 1970 reported:

"Underway now is the preparation of

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alternative strategies of development within the ring concept plan for the next 20 years or more...There is greater sense of urgency today about the plan of operation now than when the project was first created in the Ministry of Law and National Development with UN Special Fund assistance in 1967. A contributory factor is the accelerated British military withdrawal...Yet more pressing is the rapid pace of urban growth and industrial development, the traffic and transportation problem, environmental problems and the need for determining priorities for development."

A spokesperson from the Ministry added, *"It is necessary to establish at least an outline strategic plan as quickly as possible to give rational guidance on urban development."* Clearly, planners faced immense pressure to rationalise growth and address urgent problems that Singapore faced.

The four-year project culminated in the Ring Concept Plan, which was formally presented to the Singapore Government and the United Nations in 1971. This first concept plan formed the foundations of Singapore's development, including a ring of residential estates skirting the Central Catchment Area, a southern development belt from Jurong to Changi, all served by a network of expressways and a rapid transit system. This is the plan that also recommended Jurong area to be developed for industry and the airport be moved from Paya Lebar

to reclaimed land at Changi.

Beyond the physical manifestations of this early plan, what is notable about the process is that despite the heavy burden of dealing with immediate issues, the planners of the day decided to take the time to put together a plan for the future — not a three or five year plan, but for the next 20 years. This must have been perceived as an ambitious effort at that time. The Straits Times in March 1970 noted, *"...the intention is to look further ahead...and recommend a plan-staging programme to minimise the cost of short term development."* This principle of planning for sustainable growth and the desire not to lock ourselves out of future opportunities, continues today. However, more than this, the decision by these pioneer planners to plan ahead and keep an eye on the long-term demonstrated strength of spirit, a belief that with their imagination and resolve, they can shape the future. This is a legacy that still bears strong influence on how we plan for our future today.

The Next Lap

The URA was set up as the national planning and conservation authority in 1989. It was tasked to review the early Concept Plan and to transform Singapore into a 'tropical city of excellence'. By this time, Singapore had grown into an important centre for commerce and industry in the Asia-Pacific region and population was close to 2.7 million. The

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priority for planning shifted from tackling hygiene factors to attaining quality of life. The Concept Plan 1991, termed 'Living the Next Lap', had many new innovations. It emphasised having more choices in housing types, jobs closer to home through regional commercial centres clustered around Mass Rapid Transit (MRT) interchanges, recreation spaces and greenery to reinforce our sense of islandness and cultural and creative spaces to encourage artistic expression. It created staging plans and laid out the scenarios for Years 2000, 2010 and Year X.

While overall balanced in the coverage of issues, the Concept Plan 1991 was not shy to declare that Singapore's most pressing concern then was economic in nature — *"If we are to help lift Singapore to higher living standards, the muscle will be provided by our economy"*. However, this did not translate to mere prioritisation of land for business activities. The planners of the day were much more sophisticated. They noted that *"Talented people demand an appealing, varied and stimulating environment in which to live and work."* To prevent overcrowding, to provide space for creativity and culture around Marina Bay and to ensure sufficient breathing space with greenery and open spaces within the Central Business District (CBD), the planners pushed for decentralisation of economic activities. This gave birth to our regional centres

in Tampines, Jurong, including the sub-regional and fringe centres of Buona Vista, Paya Lebar and Novena, and the upcoming Woodlands Regional Centre as well. Beyond regional centres, we are now planning for a northern innovation corridor that includes the Punggol Creative Cluster. The Concept Plan 1991 also presented the Green and Blue Plan which safeguarded nature reserves, nature parks, waterbodies and coastlines for public enjoyment. Notably, the Green and Blue Plan introduced the concept of 'green trails', which are now developed as our Park Connector Network.

It was also during this period following the Concept Plan 1991 that the Master Plan was reviewed comprehensively in the form of Master Plan 1998. For the first time it became a forward-looking plan, translating the long-term strategies of the Concept Plan into Development Guide Plans for 55 planning areas. This was a painstaking process to draw up detailed plans for each of the towns, recognising the existing features that will be retained while proposing new zonings and intensities for areas that would be developed. With the Master Plan 1998, home owners or buyers and businesses benefitted from assurance of their land value and certainty of what would be developed in their neighbourhoods. The Master Plan 1998 still forms the foundation of our Master Plan today, most recently updated in 2014.

*An Extraordinary Journey: 50 Years of Urban Planning in Singapore****Towards a World-Class City***

The next revision of the Concept Plan took place a decade later between 1999 to 2001. By this time, Singapore was a recognised modern city that was growing more affluent. It had just emerged from the Asian financial crisis relatively unscathed, proving its economic resilience. However, the Concept Plan 2001 is not an overt response to the events that must have shaken our confidence significantly. Instead, it unexpectedly shines a spotlight on soft issues such as Singapore's natural and built heritage. This must have come from the underlying belief that authenticity was the key to Singapore remaining attractive to Singaporeans and visitors. It was also to address Singaporeans' softer aspirations that were starting to unfold. This shows again the foresight and tenacity of planners then to keep an eye on the horizon.

Among the innovations of the Concept Plan 2001 was the appointment of two focus groups comprising professionals, interest groups, businessmen, academics, grassroots and students. The two groups each tackled a land use dilemma — one on the issue of balancing land resources among competing uses, and the other on how to retain identity even as we grow and intensify land use. From the second group came recommendations to do more for natural and built heritage conservation, to conserve not just single buildings but entire neighbourhoods and

to refine the land tender system to take into account design considerations, especially for landmark heritage buildings. These recommendations led to the development of the Parks & Waterbodies Plan and Identity Plan in 2002. These plans cemented efforts to safeguard our green spaces and biodiversity, and led to recognition of local identity nodes and further conservation of buildings and structures, which today has exceeded 7,100 islandwide.

Drive toward sustainability

Over the last decade, sustainable growth and further enhancement of quality of life have become major priorities for planners. As population and living densities increase, planners need to work their imaginations even harder to ensure that the 'live, work and play' environment remains high quality and appealing even as we strive to make even better use of land to overcome limitations. As with many other cities' experience, improving liveability also becomes more challenging with rising aspirations. The latest revisions to the Concept Plan in 2011 are intended to address these issues and plan our future up to year 2030. The exercise was also extended to take into account public feedback gathered by the National Population Talent Division (NPTD)'s Population White Paper in 2013. Concept Plan 2011 and the Land Use Plan (released as part of the White Paper) paint a picture of a sustainable city that

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accommodates a higher population while achieving sustainable growth, integration of greenery in the urban environment, better mobility and transportation, and ways to safeguard land for future growth.

Similar to the previous Concept Plan, two focus groups were called upon to discuss issues on 'quality of life' and 'sustainability and identity'. These groups recommended that we should help to deepen the sense of community and ownership of spaces and places, care for diverse population including the elderly, strengthen our infrastructure to help people lead sustainable lifestyles and have greater stakeholder involvement in shaping endearing aspects of Singapore. These suggestions further emphasised what had been raised as part of Concept Plan 2001 but highlighted the growing need for the community and stakeholders to play a greater role in Singapore's development.

Challenges for the Future

Even as Singapore has overcome great obstacles in an extraordinary fashion, planners now face issues that perhaps test our strength and imagination even further. Among these, I will just briefly mention three such challenges. First is the issue of creating more space. While we have plans to reclaim more land, approximately nine Ang Mo Kio towns' worth, we cannot continue to create new land through reclamation. Sea space is limited and we need to keep some areas

for anchorage and shipping. Planners thus have to consider redeveloping existing uses to higher intensity developments. There is a need to manage leases and tenures to facilitate recycling of land as such recycling gives flexibility to meet rapidly changing needs as well as address changing nature of economic and other activities. This in reality is a complicated process. Existing uses and people may need to be relocated, involving lessees and homeowners. The spaces created are also not equal — the possible uses are determined taking into consideration its locational context. There is also ongoing effort to create new underground space to free up more land aboveground for a liveable city. Related to these measures are the associated costs that must be borne by tax payers. Planners hence bear the burden of deciding the most effective way to expand our usable space.

Another challenge is the issue of densities. One of planners and architects' holy grails is to design higher density environments which are at the same time highly liveable, and whose design is compatible with our tropical climate and culture. This is a burgeoning area of research where studies, ranging from microclimatic analyses and integration of sustainability features, to impact of high density living on the community and social fabric, are explored. Upcoming estates such as Punggol Northshore, Bidadari and Kampong Bugis will incorporate many new features to

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address these issues such as sustainable housing design that takes into consideration wind flow, temperature and heat gain, infrastructure to facilitate recycling and resource conservation, plentiful recreation spaces, higher greenery provisions and well-sited social and community facilities. Such new generation housing estates can also support 'car-lite' lifestyles, as public transportation, walking and cycling are made even more convenient and pleasant. There is hope that such design and planning solutions can help enhance high-density living and provide a template for future residential estates.

Lastly, as much as planners seek to enhance the physical environment, what really impacts quality of life is how people use the space, and how these spaces knit people together for a tighter social fabric. There is growing interest in greater community ownership over neighbourhoods and public spaces. National Parks Board's *Community in Bloom* is one such programme that has been a success. There are non-governmental organisations (NGOs) such as Nature Society, Singapore and Singapore Heritage Society that work collaboratively with agencies to safeguard natural and built heritage while raising awareness and making these spaces more accessible. Individuals, experts and students have come together to propose enhancements to safeguard the character of rustic Pulau Ubin. These

bright examples show that planners need to increasingly work hand in hand with the community to envision and shape the spaces and places that would make Singapore more vibrant and endearing.

Planners have come a long way since the 1960s to transform Singapore into the modern city it is today. Even as we think we have achieved much of what was envisioned in the early plans we laid out for ourselves, new challenges await us. While the context may have changed, planners today will need to traverse uncharted territory just as our pioneers did. If we can emulate their commitment, relentless drive and unstoppable creativity, I am confident that we will be able to be proud of the next 50 years of achievements as well.

Social Issues

Singapore In Transition: Staying Together For The Next 50 - Reviving the National Language


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Singapore In Transition: Staying Together For The Next 50 - Reviving the National Language

Pondering the Way Forward

 On the 60th anniversary of the National University of Singapore Society (NUSS) on 3 October 2014, Prime Minister (PM) Lee Hsien Loong spoke of Singapore in transition. For the next phase in its evolution as a nation-state, he said that three basic principles would be needed: first, looking out to stay plugged in to the world while looking in on domestic challenges; second, being good hearted while remaining hard headed; and third, understanding our past as we embrace the future.

“We are now at an inflexion point, changing gears, changing pace. We need not only to navigate the eddies and currents from moment to moment, but to keep in mind basic principles which will help us maintain our momentum, our direction, our purpose,” said PM Lee as he sketched broad strokes of what would be needed for the next journey. Essentially, these would be the guiding fundamentals, the details of which presumably would be for Singaporeans to identify, debate and forge a new consensus on, in this auspicious year marking the 50th anniversary of Singapore’s independence. In other words, for the next phase of Singapore’s maturing as a nation-state, we must bear in mind certain basic fundamentals, one of which, significantly, is the two inseparable dimensions of our past and our future. This, to me, is a key to our way forward.

However, what should the basic principles be? And what of the past must we not discard as we march into the future? Now that we are at these critical crossroads, what PM Lee called “an inflexion point”, we have to decide the kind of Singapore we want over the next 50 years. How different, or similar, will the new Singapore be from the Singapore that we have known for the past five decades? How much familiarity from the past do we want to retain to avoid a sense of rupture with our own history? In my view, for the next 50 years, this sense of continuity amid change is the anchor that Singapore needs to stabilise its journey forward. Indeed, as I see it, this anchor rests on three legs, all intertwined and mutually reinforcing. All three played their respective roles in the last 50 years to forge a common consciousness out of the disparate ethnic communities. Will the three legs - national identity, multiracialism and the national language - remain central to the future nation-state? Will they remain pillars of the future, and if not, why not?

National identity in transition?

It is significant that, at this inflexion point, PM Lee sees Singapore as a nation in transition. However, what does this mean? Does it suggest that everything about Singapore is in transition? Does it also mean that Singapore’s national identity – of being Singaporean - is in a stage of transition? If so, what would the end state or future state be? At the same

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time, a state of transition implies some flux or some uncertainty. If so, perhaps the time has come for Singaporeans to discuss and renew the national consensus on our national identity. It is in this regard that PM Lee's notion of the basic principles and the intertwining of the past and the future become crucial as we ponder our way forward.

Since independence, our national identity has revolved around the interaction of the main ethnic communities of the Chinese, Malays, Indians and Eurasians, as well as others. Singapore's first prime minister, Lee Kuan Yew, understood instantly the crucial need to forge a common identity out of the disparate communities. Although Singapore was predominantly Chinese, its Malay origin is a historical and geopolitical fact that could not be ignored. Lee was acutely aware of the history and geopolitics of the emerging nation-state. Hence, its road to national identity which inevitably took into account the forging of a fine balance among the major races, took two distinct phases.

The first phase was defined by the drive to merge with Malaya to form Malaysia in 1963. Synchronising Singapore's identity politics with Malaysia therefore made political sense — but the Malaysia sojourn was short-lived. With the nation's independence in 1965, Lee's Singapore had to forge a brand new national identity — a 'Singaporean' Singapore. In this second phase, the new identity adapted

to the post-independence political reality without completely detaching from the past. A core aspect of this new national identity was multiracialism and was reflected in the parity of the four official cultures and their languages — English, Malay, Chinese and Tamil. However, with Malay as the national language and English as the working language, making Malay the national language was a strategic step. More than a mother tongue of Singapore's largest minority group, Malay would be the unifying language of the emergent independent Singapore — The national anthem is in Malay, commands and insignias of the uniformed services are in Malay, national awards are named in refined Malay. These symbolisms aside, much else was in English, the language of administration.

As Lee put it to a panel of journalists on 11 August 1965, two days after independence, "The pledge given by the People's Action Party (PAP) is not for the purposes of getting votes. We will earnestly carry it out. I make this promise: this is not a Chinese country. Singapore is not a Chinese country, nor a Malay country nor an Indian country..." On 19 December 1966, speaking at the opening of a school, Lee added, "But to each also must be given the maximum of common denominators without which you and I will never be able to understand each other... And so it is we have designated

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that Malay should be our national language.”

Enshrined in the Constitution, the national language provided the potential glue that goes to the soul of who we are as Singaporeans. We are, as Lee said, not a Chinese state despite the majority being ethnic Chinese, nor a Malay state despite Singapore’s historically Malay origin, nor an Indian state — We are a Singaporean nation-state. Binding us together in a fine balance gave Singaporeans a sense of mutual accommodation and convergence, engendering a sense of stability and commonality as the people developed the economy and transformed Singapore from Third World to First.

In the first 50 years of nationhood, the different ethnic groups adjusted fairly well to each other, although not without problems. For the minorities, this was a good start. I remember my friends were from various races: Chinese, Malays, Indians, and Eurasians. In school, playing and studying together, we conversed in English, and occasionally for some, switching to simple, conversational Malay — there was a sense of bonding. When I went to national service in the 1970s, we had Singaporeans from various races training together and marching to Malay commands, and had such language-defined arrangements as Hokkien platoons, English platoons and even Malay platoons. The cumulative impact was to imbibe a certain sense of solidarity

among the trainees. The environment was the same when I went to university and when I started work in the 1980s, although by then, English was decidedly the common tongue. ‘*Apa macam!*’, the simple colloquial Malay greeting of ‘How are you!’ from a non-Malay colleague captured the bilingual mood. The ability of friends and colleagues to converse in English and simple Malay sustained the feeling of togetherness. At work, my Chinese-educated friends spoke with me in English and we enjoyed our friendly banterings in English.

While Malay was the national language, the wide facility in English was the most important bridge across our ethnic and cultural divides. Everyone was speaking English — the Chinese, Malays, and Indians. By that time, the Chinese, Malay and Tamil schools eventually closed down under the weight of market forces. English was also the social leveller as Singaporeans of every ethnic group spoke the language to get jobs and to communicate with each other in their respective ethnic twangs. Overtime, *Singlish* developed and surged to the forefront while Malay as the national language receded further into symbolism — there was a gradual but certain shift in the sociolinguistic landscape.

The shifting ground

Since the 1990s, I began to sense the shifting ground. Shopkeepers were either

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not able or not as easily inclined to break into conversational Malay. Taxi drivers were asking for my destination in *Singlish* or English, and not conversational Malay anymore, unlike 10 years ago. I found myself speaking to shopkeepers and taxi drivers less and less in Malay, unlike in the past decade or two. Younger Singaporeans could be heard chatting away in Mandarin and not in English. In public places, such as in mass rapid transit (MRT) trains and malls, the chatter was as much in Mandarin as it was in English or *Singlish*.

While this was an understandable consequence of the changed education system, I was beginning to ask myself whether a gulf was emerging as a result of the generational shift. I was beginning to worry whether the different ethnic groups were drifting apart. Yet, at the same time, I noticed that the national uniformed services, the military, police and civil defence, were still using the trappings of the national language, especially Malay for their formation commands and drills, as vividly displayed during National Day parades. Regimental sergeant majors were still called respectfully as '*Encik*' (Malay for 'Sir'). Significantly, the PM is still observing the language policy of using Malay, Mandarin and English, in that order, for his National Day Rally (NDR) speeches and the PAP's main party conferences while PAP Members of Parliament (MPs) also spoke

Malay in parliamentary sessions.

As the NDRs are state-of-the-nation addresses widely telecast to every Singaporean home, this was clearly a deliberate policy by the national leadership to underscore the continuing importance of the three languages as well as Malay as the national language. Strangely, however, the announcers on television consistently referred to the PM delivering his 'speech in Malay', not 'speech in the national language' as it should rightly be. I was wondering whether this was a manifestation of oversight or ignorance, or more tellingly, of the widespread social amnesia of the fact that Malay is the national language.

National identity and changing demographics

While those who were quietly concerned about the perfunctory role of the national language were naturally Malays, I realised over time that this feeling was neither mine nor the community's alone. A number of my non-Malay Singaporean friends were also noticing with equal concern, and they were not just from my generation but also younger ones. For example, I discovered that a friend from a local Chinese language newspaper was taking up Malay classes. Ironically, we were then travelling together on a conference trip to Beijing when she told me this. When I asked 'why?', she replied 'why not?' — after all Malay was our national language, she said. This was a huge revelation for me — I had assumed,

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very wrongly, that a Singaporean from a Chinese-speaking environment would never feel any attachment with the national language. I wondered how many more Singaporeans were like her. If she was a reflection of a silent undercurrent of concern with regard to the state of the national language, then the future of social integration among Singapore's various communities in the next phase would be hopeful.

In more recent years, this concern was accentuated by the trend in immigration. As more and more foreigners took root in Singapore and became citizens as result of the Government's open-door policy, I wondered how they would integrate and imbibe core Singaporean values and identity; I also wondered whether they would be able to understand the genesis and evolution of the Singaporean ethos, including multiracialism, and the reason for Singapore's founding fathers choosing Malay as the national language. It was for this very reason that I wrote an article reflecting my concerns for the future of Singapore's national integration in this journal two years ago entitled *Imagining Singapore 2030: Language, Demographics and the Region*. My related concern was whether the changing demographics in Singapore, brought about by the growing immigration, would divide Singaporeans and hence, the need to bind ourselves even more cohesively,

including through the national language. I read with rapt attention when two years later, one of Singapore's foremost public intellectuals, Kishore Mahbubani, wrote a thought-provoking commentary in his *Big Ideas* column in The Straits Times. On 14 June 2014, his *Big Idea No 5: Speak the National Language* writing called for a campaign to revive the national language by encouraging Singaporeans to speak *Bahasa Melayu* (the Malay Language). His comment was unprecedented in its openness, frankness and clarity of message. I could not recall any public figure, both Malay and non-Malay, who so cogently and boldly made such an exhortation. He said, "Please notice I did not say 'study' the national language. Nor did I say 'read' or 'write' the national language. I only said 'speak' because we should set a very low bar and get most Singaporeans connected with their national language." He listed five reasons, "in ascending order of importance why Singaporeans should learn to speak *Bahasa Melayu*":

The first is to be a normal country because Singapore was to him an "abnormal country" as most Singaporeans do not speak their national language. Second, Singaporeans would be able to sing their national anthem with greater feeling and passion if they knew a few words of *Bahasa Melayu*. Third is the pragmatic reason of being surrounded by Malay-speaking neighbours such as Malaysia, Indonesia and Brunei. The ability to speak the same

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language would open up various opportunities, including economic ones. Besides, by 2030, according to one projection he cited, Indonesia may become the seventh-largest economy in the world, overtaking Britain and Germany. The fourth reason is a geopolitical one — “Most small nations survive over the longer term by developing geopolitical understanding of the neighbourhood.” The final reason, “and perhaps the most important reason for speaking *Bahasa Melayu*”, he said, “is that a common understanding of our national language will be one more invisible thread that will make our nation a more cohesive one”.

Public Reactions

It is instructive to note how Kishore’s call was received by Singaporeans who have essentially grown up not being familiar with the national language, apart from singing the national anthem. At the same time, the rise of China and the consequent-growing importance of Mandarin has confirmed the Government’s policy of promoting the learning of Mandarin among Chinese Singaporeans. Against this backdrop, it is not surprising if sections of Singaporean society questioned the logic of Kishore’s call, such as ‘Cheang Peng Wah’ who, in an online response, argued instead for the learning of Chinese as a “pragmatic step” in view of China’s growing influence. Yet, it could be argued that it is for this same reason that it becomes

compelling to remind Singaporeans of who we are as Singaporeans first and foremost. It is also precisely due to the potential uncertainties of the next 50 years that there is a need for a centrifugal pull towards the centre, a pull which the national language is best poised for and should play.

Significantly, there appears also to be resonance among non-Malay Singaporeans who supported Kishore’s urging for the revival of Malay as the national language. For instance, on 24 Nov 2014, *The Straits Times* ran a letter by Jong Ching Yee calling on Singaporeans to pick up Malay as a third conversational language for social interaction in Singapore’s multiracial society and as a link with the region. Echoing Jong’s call, Paul Sim Ruiqi, writing on the same forum page, called for learning of the national language as a bridge to a deeper understanding of local history and culture. Taking this call further late last year, another reader, Lee Yong Se, called on the Government to promote the revival of the national language and to ride on the momentum of Singapore’s 50th anniversary celebrations to do this: “As we celebrate SG50 next year, my wish is that more non-Malay Singaporeans, especially new citizens, would be well-versed in the national language.”

This growing realisation of the unifying role of the national language was noted by the Government. Speaking at the

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launch of the Malay Language Month for 2014, Deputy PM Tharman Shanmugaratnam said, “Malay is our national language and the Malay culture is a part of our common heritage and identity.” The chairman of the organising committee who is also a senior minister of state, Masagos Zulkifli, said that he noted the growing interest of late among non-Malay Singaporeans in learning Malay and that this was a positive development as Malay could function as a “facilitator of friendly ties” in Singapore’s multiracial society.

Role of the Government and the Malay community

So what can be done? To begin with, there is a need for a study on the thinking of Singaporeans, after 50 years of independence, on how the national language can be better positioned in the next phase of Singapore’s evolution as a nation-state. In this context, there are three key determining factors: national society, the Government and the Malay community.

There will come a time when Singaporeans will feel the void, or to paraphrase Kishore’s statement, the “abnormality” of Singapore where there is a National Language but the people do not speak it. To many, this situation has arisen due to the lack of active government policy to promote the National Language, quite apart from retaining it in symbolic form at the parade

square, at NDRs or PAP general assemblies. Views from the ground have indeed emerged on the way forward. One Straits Times reader, Roland Seow, responding to Kishore’s call, proposed to “bring back *Bahasa Melayu* as a subject in school” while another Singaporean, Alan Kiong, appealed to “please make this a national policy”. Bringing back the National Language is clearly a major exercise in uplifting the national spirit. As Wong Wee Nam wrote in Sgpolitics.net in 2011, “There must be a conscious attempt to promote the national language. People must be reminded that there is a national language.” An annual national language month could be held where free classes could be organised for those who wish to learn the language, he said. Wong’s idea was echoed three years later by Wan Hussin Zohri, a former PAP MP and teacher, when he proposed a Malay Language Week for non-Malay Singaporeans. During this period, he said the Malay Language Council of Singapore could tap non-Malay students learning Malay as a third language to display their proficiency to the public. “Such initiatives are not only appropriate and timely, but could also provide the impetus for government support.”

The Malay community must also play its part. The national language must be kept alive among young Malay Singaporeans in the face of the community’s increasing adaptation and growing use of English. Going forward, the importance of the national language must be reflected in

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the community as the original inhabitants of Singapore — the *pribumi* or *bumiputra* (literally means ‘sons of the soil/land’). Malay Singaporeans must see the use of the national language as their contribution to the growth of a multi-ethnic Singaporean Singapore. I see no contradiction in this — the more Malay is used as the national language, the more Singaporean we become. As the ‘sons of the soil’, the Malays are also the living reminder of Singapore’s glorious past centuries ago as a trading post, much like today, when Malay was the regional lingua franca. The revival of the national language as the glue for a 21st century Singapore provides the continuity amid change that PM Lee so vividly talked about when he envisioned the future Singaporean nation-state. Just as crucial, it is a fitting and timely tribute to the legacy of modern Singapore’s founding prime minister Lee Kuan Yew.

Social Issues

Social Participation in a New Singapore

Ho Kong Chong, Hasliza Ahmad, Helen Sim, and Ho Zhi Wei

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Social Participation in a New Singapore**Introduction**

SG 50 Our youths are witnessing dramatic changes to Singapore's social landscape. For instance, while almost nine in 10 persons in Singapore were citizens in the 1990s, this has declined to six in 10 by 2014 (Department of Statistics [DOS], 2014, page v). As Singapore's population continues to grow through immigration, the population in the Republic will become more heterogeneous as new citizens and permanent residents bring with them established ways of doing things, along with different social and cultural norms.

The resulting greater heterogeneity presents a social integration challenge for hosts and new residents alike. With the small size and high density living of Singapore, the resultant increase in population density with immigrant flow brings people of different social backgrounds physically closer. Thus, in everyday life, congestion (in the use of social and public services) and competition (in school and work) may create a frequent potential for misunderstanding and conflict, when responses to these common situations stem from different cultural norms and different habitual behaviour. Everyday examples include queuing versus rushing, maintaining physical distance in crowded situations, tones of speech in public places, forms of courtesy towards fellow users, etc.

If we were to accept the argument that Singapore is a global city and a small City-state and where movements of people (i.e., service professionals, industry workers and domestic helpers, tourists, and students as well) are necessary for the economy, then it is necessary for Singapore society to embrace temporary visitors, permanent residents, and new citizens. Herein lies the importance of cultivating a deeper appreciation and understanding between differing social and ethnic groups while fostering greater social cohesion in Singapore.

Diversity, Friendships, and Singapore's Youths

Singapore's increasing diversity and heterogeneity have been most keenly felt by our youths, given that the resident youth population has not kept pace with the growth of the overall population. While one in three persons was a resident youth in the 1990s, this proportion has since declined to one in five persons by 2014 (DOS, 2000 & 2014). As social diversity increases, there is a tendency for trust to erode within and across ethnic groups in the short-to-medium term (Putnam, 2007), particularly if there is a lack of frequent, socially diverse interaction (Stolle et al., 2008). Considering the multi-ethnic nature of Singapore society, it is vital that youths develop deeper and meaningful friendships that span multiple social groups and communities to maintain trust and social cohesion.

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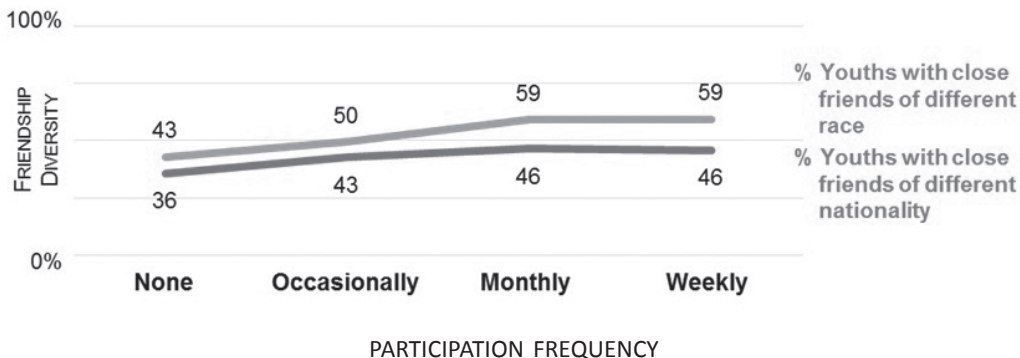
Drawing from the National Youth Survey (NYS) 2013, a number of patterns may be observed attesting to the value of friendship diversity in maintaining trust and social cohesion within and across ethnic groups. When asked whether they were comfortable with someone of a different race as a neighbour, we found that youths with close friends of a different race reported greater levels of comfort, a mean of 4.53 on a 5-point scale with five being ‘strongly agree’. By contrast, youths without close friends of a different race reported a lower mean of 4.24. The differences are even greater when it comes to neighbourly relations. Youths with close friends of a different nationality reported greater comfort with someone of a different nationality as a neighbour with a mean of 4.29; while youths without close friends of a different nationality reported a mean of 3.91.

From a policy perspective, we think that social participation among youths can shape their friendship patterns and

through these networks, create an acceptance of diverse ethnicities and nationalities. Indeed, based on the available data from NYS 2013, we found such a positive correlation between friendship diversity and social participation. Chart 1 illustrates the correlation between friendship diversity and frequency of youths’ social participation. Our measure of social participation includes participation in groups covering a variety of domains such as arts & culture, sports, uniformed, community, welfare, religion, and workplace.

For inter-ethnic relationships, there is a big jump of 7 percent between non-participants and occasional participants, and another 9 percent jump from occasional to regular participation. Internationality relations show a 7 percent increase between non-participants and those with occasional participation, moderating at 46 percent for regular participation — there was no difference

Chart 1: Friendship Diversity and Participation Frequency



Source: National Youth Survey (NYS), 2013

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between monthly and weekly participation in friendship diversity for race and nationality.

Taken together, the survey data suggests that enhancing social participation of youths may be a way forward to building a more cohesive society through the establishment of more diverse friendships and connecting youths with different population segments.

Benefiting from Social Participation

Beyond friendship diversity, there are other benefits that youths are able to derive from social participation that will be valuable to thriving and maintaining social cohesion in a rapidly changing and diversifying society. Table 1 provides a summary of these benefits in terms of multicultural orientation, interpersonal relationships, outward orientation, and

Table 1: Benefits of Social Participation among Youths

	Not involved in any group	Active in at least one group	Difference
Multicultural Orientation			
Respect values and beliefs of other groups	81%	86%	5%
Knowledgeable about people of other races	39%	50%	11%
Interpersonal Relationships			
Caring about other people's feelings	80%	83%	3%
Good at making friends	55%	64%	9%
Working well with others	69%	75%	6%
Leading a team of people	43%	56%	13%
Outward Orientation			
Public speaking	20%	34%	14%
Adapting to change	63%	72%	9%
Civic Engagement			
To be actively involved in local volunteer work	7%	15%	8%
To be actively involved in overseas volunteer work	5%	11%	6%
Worked with fellow citizens to solve a problem in your community	1%	8%	7%

Source: National Youth Survey (NYS), 2013

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civic engagement.

With the exception of the last item in Table 1, the indicators presented are attitudinal and reflect the degree to which the survey participants agree to these statements about themselves. The differences between the involved and uninvolved for the volunteering items (8 percent local volunteering, 6 percent overseas volunteering) suggest that involvement in social groups are associated (though not necessarily causal in nature) with volunteerism. This is clearly important for society as the care of the weak and vulnerable are within the voluntary sector. Another form of civic engagement is community participation. This item is particularly important because it is a behavioural measure, indicating that respondents actually worked to solve a community problem. For this item, the difference between involved and non-involved youths is a significant 7 percent.

The other socially important goal is in our multicultural orientation. Singapore's growing social diversity makes it more important that we adopt a multicultural orientation. Table 1 indicates that there are significantly higher percentages posted by involved youths with regard to respect for the values and beliefs of other groups (5 percent difference) and knowledgeable about people of other races (11 percent difference). Indeed, most social groups that have an open membership criteria, and those which are

larger in size, have within these groups, social diversity in terms of religion and ethnicity and to a certain extent, nationality. Membership in such groupings requires individuals to learn about, accommodate, and embrace such differences.

Besides the socially important goals of volunteering and multicultural orientations, participation in groups is also associated with a set of important interpersonal skills: public speaking (14 percent difference), leadership (13 percent difference), making friends (9 percent difference), adapting to change (9 percent difference), working well with others (6 percent difference), and caring about the feelings of others (3 percent difference). The important point to take away from this set of interpersonal skills is that these cannot really be taught within the classroom. Therefore, to the extent that these are learnt interpersonally and within the everyday routines of group activities, social participation then provides an essential function to prepare individuals for their adult lives.

Cultivating Social Participation

Participation in social groups brings unintended benefits to the individual and society. Perhaps with the exception of uniform groups, which specifically train young people in leadership and other interpersonal skills and workplace-related groups which may be assigned by

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superiors, young people join social groups such as sports, arts and cultural, and hobby groups for the immediate benefits of fulfilling their interests. In the course of fulfilling these interests, youths are embedded in a social and normative environment where they learn new skills necessary in the promotion of such interests, as well as values necessary for teamwork to occur.

Perhaps more importantly, such group-derived attributes benefit society, as friendship diversity and multicultural attitudes acquired through social participation, work to foster integration in society. It is significant to note that these attributes play a sustained and important role in everyday life. Individuals with friendship diversity and multicultural attitudes are the brokers or bridges in different communities. Their presence facilitates crossings in interpersonal relations, and through these relationships, fosters a better understanding of social differences. While organisations can only work in prescribed settings, such individuals in significant numbers and from different socioeconomic backgrounds are able to socially navigate society more easily. Within social groups, interactions are regular and sustained. The diverse friendships formed within such contexts are more intimate and multicultural attitudes formed in such settings and at a young age are strongly held.

If such behaviour cannot be taught in the

classroom and can only be learnt within the context of social groups, then there is a renewed role for an emphasis on youths to participate in groups to create such orientations. The overriding focus cannot be on integration alone, because this naked goal can never be the binding agent between individuals. Instead, the focus has to be on a set of activities that draw youths of similar interests together, such as sports, arts and culture, hobby groups, and so on. Common interests sustain diverse friendships — multicultural orientations can only be a by-product.

Social Participation and a New National Youth Council

The National Youth Council (NYC) was formed in 1989 as the national coordinating body for youth affairs to support youth aspirations and to enable them to lead purposeful, robust, and balanced lives, and contribute positively to the nation. Twenty-five years on, NYC remains committed to the goal of supporting youth aspirations and action for the community. Yet, our society has undergone significant changes, and this requires thoughtful reflection on the role of NYC today.

Our youth social landscape has changed with the Republic's ascendance as a global city. Singapore is global city, nation, and home. Embedded within a global city, Singapore's youths are diverse, innovative, and expressive, possessing

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strong connectivity to non-traditional sources of information and opinion. As citizens calling Singapore home, our youths also feel the strains of the global city. Growing social heterogeneity and stratification, increased competition, and living costs have compounded the challenges youths face today. There exists a cogent need to ensure our youths possess the resilience to meet these challenges, and in particular, develop trust across ethnic and socioeconomic lines.

Given these emergent needs, it is timely that NYC was restructured in 2015 to expand its focus on developing social participation among youths today. Already, a good proportion of youths desire to contribute to society¹, with some setting up social enterprises and non-profit organisations. Compared to just a handful when NYC was founded, there are over 200 active non-government affiliated youth sector organisations (YSOs) today. With Outward Bound Singapore and Youth Corps Singapore now part of the new autonomous agency under the Ministry of Culture, Community and Youth (MCCY), the new NYC is poised to prepare youths for new challenges and empower them in shaping their future.

Examples of NYC programmes that will benefit from this transition are the

Youth Expedition Project and the recently formed Youth Corps Singapore. These programmes bring diverse individuals together in their formative years regardless of cultural, socioeconomic, or academic backgrounds to meet and solve community needs. Involvement in such programmes often creates the beginnings of a new awareness in young people:

“Most of us tend to dismiss troubled youths as just being rebellious. However, after interacting with the local beneficiaries, I learnt that there are a lot of social factors that contribute to their state of affairs, such as family background and lack of opportunities. [...] As different as we are based on race, culture, and upbringing, ultimately, we all aspire towards the same goals and aspirations in life.”

*Youth Expedition Project Participant,
Project Diya V, 2014*

“This journey hasn’t been easy with a lot of time and effort spent, and sacrifices. However, it has revealed the resilience and determination in me. [...] I made new discoveries about myself through engaging the community, understanding the importance of listening, and changing and opening up

¹The National Youth Survey 2013 found a good proportion of youths regard “helping the less fortunate” (41 percent) and “contributing back to society” (39 percent) as “very important” life goals in their lives.

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new perspectives in the way I view and define things, such as success."

*Youth Corps Singapore Participant,
Cohort 1, 2014*

By expanding these initiatives, the new NYC hopes to bridge youths across social strata to foster meaningful relationships and mutual understanding necessary for social cohesion. These national-level initiatives also offer opportunities for our young people to develop the necessary tenacity and resilience to meet challenges in life. The life skills training and mentoring which participants receive aims to help our youths navigate an increasingly diverse and complex society. This is part of the new NYC's vision — to develop our youths to be discerning, resilient, and active citizens.

As the new NYC increases its capacity, plans are in place to increase ground-up initiatives and mentorship programmes. Through the National Youth Fund, YSOs can expect a larger pool of funds to support their social initiatives for youths, and youths can anticipate mentors to guide their local projects or personal development. As youths leave formal education, youth-led initiatives will play a particularly valuable role in providing further opportunities for youths to benefit from social participation, and enable subsequent generations of youths to do so.

Conclusion

More than a decade ago, then-Prime Minister Goh Chok Tong articulated his vision of a global city and anticipated the need and challenges of building a strong social compact as he rounded off his 2001 National Day Rally, "Remaking Singapore":

"For our growth strategy and social compact to be effective, Singapore must be cohesive as a nation. [...] If we have the courage to confront problems instead of skirting them, if we are prepared to endure temporary hardships, and if we can adapt to change, we can continue to do better. This New Singapore - a global city with a strong social compact - is the Mount Everest we must achieve. We must succeed, so that our children can face tomorrow with optimism and confidence."

*Goh Chok Tong, National Day Rally 2001
(National Archives of Singapore, 2001)*

Today, the need for a strong social compact in a highly globalised Singapore remains ever more relevant. It is an Everest for us to climb precisely because Singapore is both an emergent global city and a young nation. Data from the NYS suggests that enhancing the social participation of youths may be the way forward. Having more youths with diverse friendships and stronger multicultural orientations could help foster a better understanding of social

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differences in society and broker or bridge differences across communities. To do this, the new NYC will need to leverage on collaborations with public and private sector organisations to support greater youth participation in the society. Through these efforts, we look forward to support and equip our youths to surmount the challenges of a global city; seize opportunities to fulfil their dreams and aspirations; and contribute to building and shaping the future of Singapore.

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Social Issues

Singapore: Condemned to Change?

Rodolphe De Koninck

Rodolphe De Koninck is a Professor in the Geography Department at the University of Montreal, where he also holds the Canada Research Chair in Asian Studies. Ever since completing his PhD thesis in 1970 at the then University of Singapore, he has remained a close and committed observer of change in the City-state.



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“Territorial land is the essence and foundation of a nation”

~ Linda Lim (2014) p. 38¹

A Culture of Change?



Ever since its modern foundation in 1819 and particularly over the last half-century, the geography of the Republic of Singapore has been constantly remodelled. The Singaporean territory has been extended and redesigned, with its overall as well as detailed configuration and morphology, along with its contents and attributes being the object of everlasting transformation. This physical remodeling has been accompanied by profound cultural, social and economic transformations, when not causally correlated to them. To a point where one could ask: has change been ingrained into the Singaporean culture? And if so, what does it really entail?

In the context of the increasingly critical vocal citizen discourse that has followed the 2011 elections, the question appears relevant, particularly if one considers that change and the capacity to adapt to it seem to remain a dominant preoccupation, one that is reiterated from all sides, whether from the state or civil society.

Firstly, what change are we talking about?

When Singaporeans from all walks of life refer to the need for Singapore or for themselves to ‘change and adapt’, they may refer to living habits and consumer practices. However, more fundamentally, they have in mind government policies, including those that bring about environmental and landscape changes, generally of a profound nature. More often than not, whoever advocates these changes justifies them by emphasising the City-state’s smallness. The discourse goes somewhat as follows: Singapore having limited territory at its disposal, it must manage it carefully, if need be by expanding it and fine-tuning all of its uses when not overhauling them, thus, constantly transforming the living environment. Consequently, Singaporeans have to be ready to change and to adapt.

The PAP state and the request to change addressed to Singaporeans

Secondly, who is really advocating change, or rather, who is most vocal about the need to change? The answer is, by all accounts, the PAP state — at least until very recently. This can easily be verified through an analysis of the numerous publications that, over the years, have been made available by nearly all Singapore ministries and statutory boards. These include the *Singapore Year Books*, starting with the

¹ “How Land and People fit Together in Singapore’s Economy”, in Donald Low and Sudhir Thomas Vadaketh (ed.), *Hard Choices. Challenging the Singapore Consensus*, NUS Press, 2014, pp. 30-39.

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1966 edition all the way to the 1989 one; *The Singapore Economy: New directions* (1986); *Singapore: The Next Lap* (1993); *New Challenges: Fresh Goals* (2003); all of the Master Plans, including the more recent ones [dated 2003, 2008, 2014 and 2030] and, of course, numerous speeches by Prime Minister Lee Kuan Yew and his two successors.

I will never forget a LKY speech, delivered in October 1967, on the then University of Singapore Bukit Timah Campus to a large crowd of students and members of the teaching staff. The harangue was very blunt and definitely clear — all intellectuals, confirmed as well as aspiring ones, had, unless requested otherwise, to confine themselves to study and stay away from public debate. All members of the university community had to stay in line and students, accused of being spoiled brats, were strongly advised to concentrate exclusively on their training. All present, whether Singaporean citizens, Malaysian ones or other foreigners, had to firstly accept that ways of the past would be nearly all swept away and, secondly, step in line — “If you don’t like it, just get out of Singapore!” — and be ready to adapt to the needed transformations, including new rules which the government would make it its duty to define and implement.

Since then, over the years, the tone has of course mellowed, but the attitude has basically remained the same, a point — i.e. the state knows best — that does not

need to be documented here. In fact, still acknowledged by many observers, the argument still prevails. Singapore, being vulnerable largely because of its smallness, both territorial and demographic, has to be ready to adapt and change, the magic word being used to refer to just about any type of transformation!

While equivalent statements for the need for change, a typical political slogan, are heard throughout the world, they have a specific connotation in Singapore. The so-called nanny state has used them extensively and continues to do so, while more fundamentally, deeds have followed the words as transformations are continuously being implemented by the state, with the vast majority of Singaporeans still having little say but the obligation to adapt. This being said, calls for change increasingly emanate from critics of the said state.

Nearly all post-2011 discourses still call for change

Post-2011 discourses remain, firstly, those of the representatives of the government. That is after all not surprising, considering the extent of Singaporean successes over the last 50 years. By being able to constantly adapt itself to the demands of a globalising world, Singapore has splendidly prospered in economic and material terms. That at least is clear. And, according to the dominant narrative, it

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must continue to adapt its territorial configuration and the very distribution of its contents. Among the multiple examples that come to mind, I can refer to a speech delivered, in late October 2014, by Prime Minister Lee Hsien Loong at a *Tourism50* gala dinner held at Gardens by the Bay. According to the Prime Minister, to rise to the challenges that the local tourism industry will need to face in the future, Singapore has to adapt and implement substantive territorial changes. These will include further expansion of the Gardens by the Bay and “bold plans to develop the Mandai area”, notably by the transfer of the ageing Jurong Bird Park!

However, such constant exhortations, to be ready for change, or at least comparable exhortations, particularly of the attitudinal kind, emanate also from civil society including from some of its most thoughtful members. This includes those who contributed to the stimulating pages of the 2014 issue of *Commentary* Volume 23 and of the edited volume *Hard Choices*². In most of the papers assembled in these two publications, not only does the word ‘change’ appear very frequently, but so does the clear advocating style: that Singapore and Singaporeans must change.

Thus, in his introductory article to *Commentary* Volume 23, Victor Savage states, “If the City-state is to sustain itself

it needs to continually reinvent itself...” (p. 5), adding “In Singapore, one wonders whether Singaporeans will adjust easily to adverse changes or has society’s resilience been eroded with prosperity and politically-stable quality living” (p. 7). In the same issue of *Commentary*, Euston Quah and Christabelle Soh add, “It might be preferable to redefine the objective of policies to one that pursues higher quality of life. Here, growth is but a means to an end. Such thinking will need a new mindset...” (p. 50). While quite convincingly arguing against the growing ownership of private cars in Singapore and for the need to deploy a better public transport network, Kishore Mahbubani is equally affirmative when he states, “The simple answer is that the world has changed. Singapore too must change” (p. 66).

Yet, is it really change - daring change - that is being advocated or just simply adaptation to the constantly increasing pressures of globalisation and the apparent inevitable economic growth that such adaptation requires? Of course, these authors do imply that changes must be daring, but in this, they do not distinguish themselves from what has so far been the dominant discourse, namely that of the PAP state. Yet, in writing, “We are not a nation of risk takers and that is obvious” (p. 82), one of them, Bernard Harrison, does question the ability of Singaporeans to opt for daring change.

² Donald Low and Sudhir Thomas Vadaketh (ed.), *Hard Choices*, 2014, op. cit.

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Harrison has a point, in that, like all contributors, he implies that change has so far been imposed from above and not really chosen by those among whom it has been implemented. The idea that the members of civil society have to accelerate their weaning process away from the nanny PAP state, is made particularly clear by Wiswa Sadasivan. In his insightful analysis of the Singaporean national narrative, he points out “With affluence, better education and greater exposure, Singaporeans became less willing to accept everything that the government did or said” (p. 17). He nevertheless recognises that nowadays, “it is far more difficult to pitch a narrative that will be received without some measure of ambivalence” (ibid.) — yet he considers it not impossible. To achieve such a counter narrative, “There are three prerequisites: acknowledging that ground sensibilities have shifted; discerning the deeper concerns from the symptoms; and having the interest and will to change the governing approach” (ibid.).

Are all transformations still predominantly induced by the state?

In fact, the will to change the governing approach appears to be shared by an increasing number of Singaporeans, as the results of the 2011 elections have demonstrated. However, the well-

ingrained ability of the Singapore government to keep the upper hand, by constantly redefining territorial attributions, firstly through a strict and closely monitored allocation of residential space, renders citizen initiative particularly difficult. The latter is made even more challenging by the admittedly contested but equally well-established policy of allowing (into Singapore) large contingents of foreign labourers, which generates contests for space and jobs.

A careful examination of what has happened over the last half century in terms of territorial reallocations and transformations in Singapore has shown the overwhelming power of the state in defining and modifying, at will, most forms of spatial bearings³. As a result, there are very few, if any, places in the world where citizen topophilia has been equally contained and curtailed over such a long period of time. All landmarks, including cultural ones, such as cemeteries and schools, have had little permanence. The imperatives of the everlasting search for the ideal spatial allocation appear supreme. Nevertheless, somewhat surprisingly, there is one form of cultural landmark whose redistribution seems to have gained some form of autonomy, both cultural and spatial: places of religious worship. While the removal or relocation of mosques,

³ Rodolphe De Koninck, Julie Drolet and Marc Girard, *Singapore, An Atlas of Perpetual Territorial Transformation*, NUS Press, 2008. An updated and enlarged edition of this atlas is currently under production.

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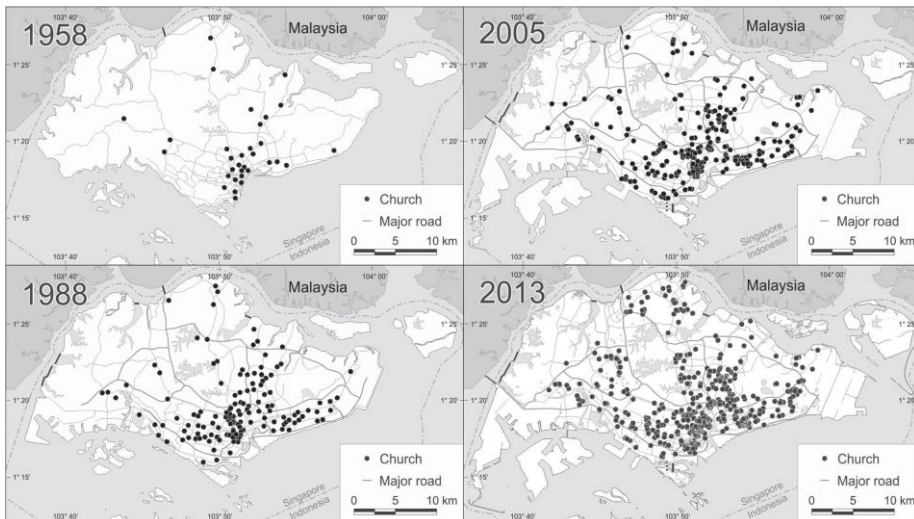
temples and churches has often been dictated by the need for optimal spatial planning as defined by the state, the redistribution of places of worship over the years seems to have been increasingly determined by citizen choices. Since the late 1950s, their redistribution

throughout the entire Singaporean territory, islands included, has been illustrative of both the magnitude of spatial as well as cultural transformations (Table 1 and Figure 1). While the actual increase in the total number of places of worship has been more or less proportionate to that of Singapore’s

Table 1. Temples, Mosques and Churches in Singapore: 1958-2013

	1958	1988	2005	2013
Taoist temples	212	120	163	138
Mosques	76	96	71	59
Churches	32	140	234	557
Hindu temples	13	38	26	26
Buddhist temples	7	73	62	95
TOTAL	340	467	556	875

Figure 1. Churches in Singapore: 1958-2013



Source : De Koninck et al. (2008), and www.google.com.sg/maps/search/churches/

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population of citizens and permanent residents from 1.5 to 3.8 million between 1957 and 2013, the actual redistribution among the religious denominations appears very striking. The most significant of the changes in distribution patterns concern the growing share of churches, all denominations included. While churches, whether catholic or, mostly, protestant, accounted for exactly 10 percent of all places of worship in 1957, in 2013, their share had increased to nearly 64 percent, with 557 churches out of a total of 875 places of worship (Table 1).

Conclusion

While the increase in the appeal for Christian religious practices, particularly of the evangelical type, is by now a widespread and well-known phenomenon in Singapore, its political implications are perhaps not fully understood. The explanation, according to which the rise in the appeal of the Christian religion and particularly of evangelical churches can be attributed to American-influenced patterns of globalisation as well as to the rise of material prosperity, is attested in other Asian countries such as South Korea. However, it is not sufficient. Considering the relative political autonomy of this evolution, and the strongly materialistic and apolitical narrative which characterises most Christian religious denominations, does it not play into the hands of the ‘father knows best’ state?

What better can such a state wish than to see its subjects remain primarily concerned with religious and spiritual issues, particularly those with a very materialistic overtone? This kind of profoundly apolitical change can only play in the hands of a state that insists on the predominance of material preoccupations and rewards. .

For the moment, the capacity to implement meaningful political change, including the type with major territorial implications, appears to remain solidly in the hands of the Singapore government. This confirms the need for the culture of change to be turned around and used by those upon whom it has so far been largely imposed. And this can only be achieved through a thorough and permanent debate of all “policy, institutional and political choices”, which, to paraphrase Donald Low’s concluding statement in *Hard Choices*, are no longer simply hard but “also critical for Singapore’s continued success” (p. 224-225).

Hence, change may become more than just a catchword, when it is not a manipulative one, but rather one that signals increasing citizen responsibility and power over the management of territory and livelihood.

Honour

Edwin Thumboo

i

Grew steadily in us, for us, ever since high resolve,
Great codes of bonding ways of living right began.
Across millennia, he saw through challenged times,
Shaped histories, advancing to unlock and solve
Disputes and happenings that split neighbour, clan;
Lately, he contextualised global wars and crimes.
You made us steadfast, stable, dedicated, true;
Walked the talk; by example tucked us unto you.

But you gradually grew sad, and silent. Kept away
As more and more traduced your energy, trust and love.
Your fairness, spirit of regard; that willingness to share,
To help the weak; wait for our proper turn, or better, say
“After you, please”, not jump queues, elbow and shove
In Lanvin shirt and tie, while appearing proper, fair;
Then anxiously scramble for 5 Cs, then cash and carry,
Then “Ah Beng not my business; no Tom, Dick, Harry”.



ii

We need you in these competitive, octane-trotting times
Chasing big bucks. Ten-month bonuses can yet be best.
We stride, or rot a littler red footnote; limping city-state.

Ambition, hard work for the good life, are not crimes
Of conscience when they share Honour's badge and crest,
Spirit, and embrace. They bring sureties of Heavensgate.

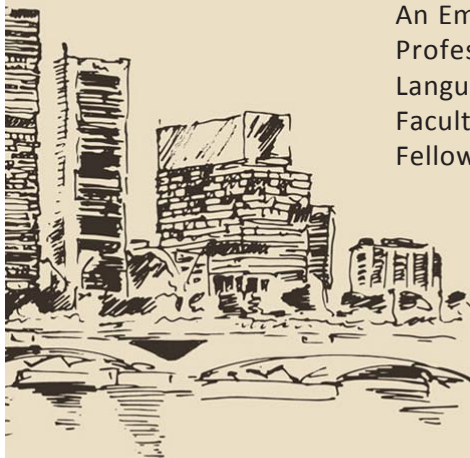
We joined the jam-packed flow of the after-office crowd
Pushing past Lucky Plaza. Impatient with a traffic light,
Many dodged Comfort taxis, weaving like F1s on the road.

We watched, weighed action and re-action. Looking proud,
One minimised herself, giving brown neighbours right
Of way, while a NS lad helped a pregnant lady with her load....

As that serpent of a flow, now wall to wall, tight and flush,
Entered Orchard Station, narrowed, tightened coil and crush,
We saw challenges bobbing in the turbulence and rush.

August 2014

Edwin N. Thumboo is one of Singapore's most distinguished poets. An Emeritus Professor (1997) in NUS, Prof Thumboo was appointed Professor of English in 1979, Head of the Department of English Language and Literature (1977 to 1993), the first NUS Dean of the Faculty of Arts and Social Sciences (1980 to 1991) and Professorial Fellow (1995 to 2002).



Singapore Economy

Singapore's Economic Development, 1965 - 2020: Review, Reflection and Perspective

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Singapore's Economic Development, 1965 - 2020: Review, Reflection and Perspective

Introduction

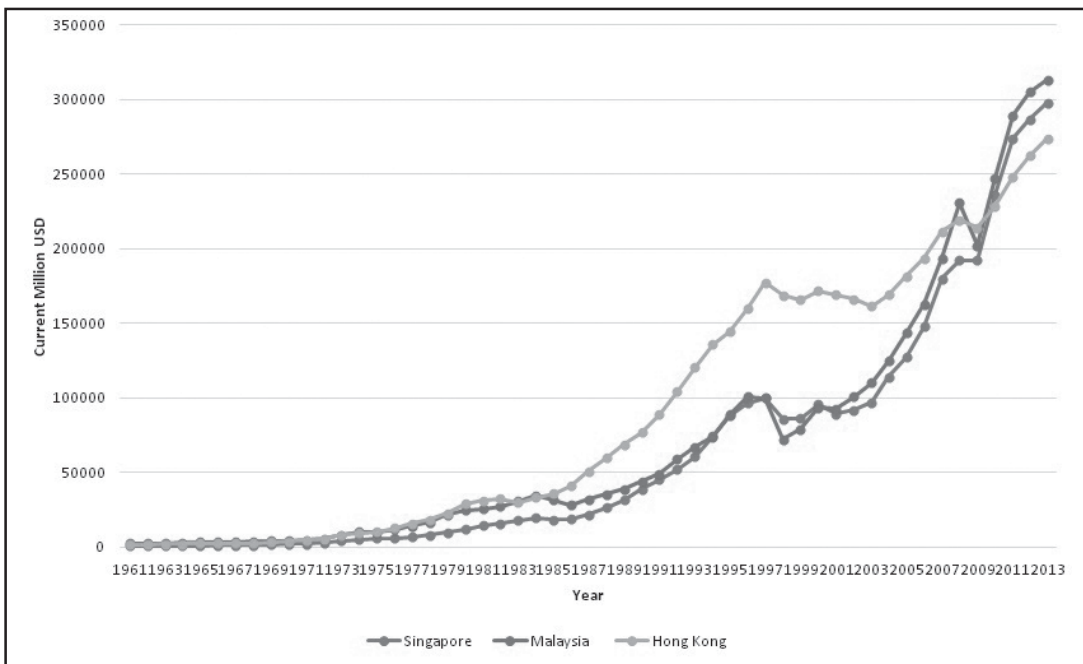
SG 50 To review the past is not just to retain our harsh memory, but more importantly, it is to better understand how far Singapore has travelled and has been transformed in the process of nation-building through the long and uncertain road of fear and anxiety into a cosmopolitan City-state today. Only through a better appreciation of the past efforts of Singapore's founding leaders and contributions by the pioneer generation of Singaporeans, can we continue to move forward with resilience and optimism.

contrast, it is useful to compare the growth of the economic pie or gross domestic product (GDP) and the level of GDP per capita achieved over time amongst Singapore, Hong Kong and Malaysia. It is interesting to compare the achievements of Singapore to Malaysia given how these two countries went their separate ways five decades ago, while benchmarking Singapore against Hong Kong which is always relevant as both these City-states are approximately of the same population size although they are very different in terms of sociopolitical economy.

To provide a broad background for

As exhibited in Figure 1, GDP of Hong Kong began to surge ahead of Singapore

Figure 1: Nominal GDP for Singapore Malaysia and Hong Kong, 1961-2013



Data source: The World Bank, World Development Indicators, <http://data.worldbank.org/country>, 2015

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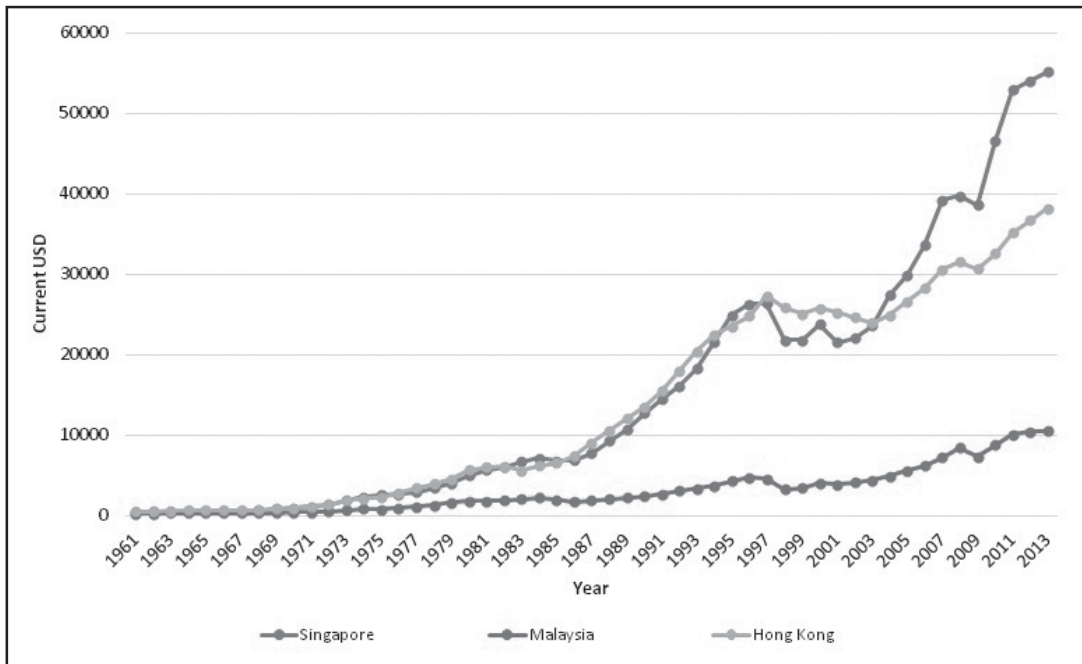
and Malaysia after the mid-1970s with aggressive expansion of the economic pie occurring through the 1980s and beyond 2000 — this was mainly fueled by the robust growing China economy especially after her motherland's accession to the World Trade Organisation in 2002. The size of the Hong Kong economy slowed down in 2008 and was sharply overtaken by Singapore and Malaysia from 2009 onwards, while the latter were not much affected by the global financial tsunami that broke out around this time.

Notwithstanding Malaysia's well-endowed natural resources including plantation crops, commodities for export, natural gas, as well as a relative bigger

domestic market and a much larger population base, Singapore has been able to closely track the size of the Malaysian economy throughout the last five decades of economic expansion even with great handicaps in terms of poor natural endowment, a smaller population and domestic market size. However, the GDP gap between the two economies began to marginally widen since 2011. Singapore's infrastructure bottleneck, manpower capacity constraint and domestic political pressure for a slower pace of economic growth may further restrict business and economic activities.

As summarised in Figure 2, in terms of GDP per capita, Singapore was tracking

Figure 2: Nominal GDP Per Capita for Singapore, Malaysia and Hong Kong, 1961-2013



Data source: The World Bank, World Development Indicators, <http://data.worldbank.org/country>, 2015

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closely with Hong Kong throughout the 1970s and 1980s, before it dipped marginally below Hong Kong after the Asian financial crisis which broke out in 1997 but then recovered robustly to overtake Hong Kong with a widening margin since 2004, partly propelled by a stronger and appreciating Singapore dollar while the Hong Kong dollar remained pegged to the greenback since 1984.

By 2013, nominal GDP per capita for Singapore with a population of 5.6 million stood at US\$55,182 while Hong Kong registered at US\$38,123 with a population of 7.8 million, a substantial 30 percent lower. Rather worrisome for Malaysia, a nation of 28 million people, her GDP per capita dipped slightly in 1997 and has remained trapped at around the US\$10,000 level since 2010 that warrants a closer study.

In comparing and contrasting with the economic performances of Malaysia and Hong Kong, for the ensuing part of the paper, we would dwell in greater details in pinning down the essence of Singapore economic growth strategies, in particular, the role of the government as to how it defers from others. We would address some of the problems Singapore encountered, identify issues pertaining to the challenging economic restructuring and implications related to the potential GDP path ahead.

Reviewing Economic Development after the Exit from Malaysia

Exactly five decades ago, Singapore abruptly became a country overnight, literally and rather unexpectedly on 9 August 1965, with no outpouring of triumph or jubilation accompanying the birth of the new nation. It was with shock and reluctance that Singapore took on the uphill task of nationhood building, as a resource-poor island-state with no economic hinterland, exacerbated by hostile relations with neighbouring economies, including Malaysia and Indonesia, as well as domestic political and social unrest.

A serious racial riot exploded in July 1964, which led to the declaration of curfew and further severe racial rioting was repeated in July 1965. The social fabric of this island-state characterised as being multi-ethnic, multi-religious and multi-language was torn apart. Confrontation broke out with neighbouring Indonesia and only ended after a peace agreement was signed in August 1966, which disrupted economic development somewhat. Street rioting by leftwing activists throughout the 1960s caused tremendous tension amongst the multi-racial community. Singapore's longer-term stability was seriously threatened.

To many citizens then, including the political leadership from both sides of the Causeway, Singapore had neither the necessary attributes nor sufficient

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conditions to become a viable nation. In fact, there was a time when many people doubted Singapore could ever make it, but we did and the rest is now history. The Republic of Singapore today is a highly liveable and economically viable cosmopolitan City-state, enjoying the highest degree of racial harmony, sound industrial relations and social stability as measurable by any international yardstick, which should not therefore be taken for granted.

The cornerstone of Singapore's pioneering success lies in the facilitative role of the government exemplified by pragmatic public policy formulation through a proactive and lean civil service system with zero tolerance for corruption. In a relatively short period of time, an impressive 85 percent ownership of public housing by the populace was achieved under the innovative co-payment Central Provident Fund (CPF) scheme with contributions by both employers and employees, sparing the government from the need for an encumbering state welfare system.

Given the lack of natural resources, Singapore has few options other than to undertake long-term investment in its people through education by establishing high quality schools, tertiary institutions and universities. As Singapore aggressively solicited, grew and retained foreign direct investment from multinational corporations (MNCs) through the work of Economic

Development Board (EDB), skills of indigenous workers were fast becoming obsolete and could no longer match the modern skill contents required by the new jobs created.

Over the decades, the Republic has gradually and consistently built up a comprehensive islandwide physical infrastructure network with roads, expressways and the mass rapid transit (MRT) system, integrating them with sustainable and environmentally conscious practices. In retrospect, infrastructure development and investment should have been ramped up by several notches to cope with greater demands from a rapid growth in population, but prudent consideration must be given in the light of the uncertain nature of economic performance. The balance needs to be struck between ensuring sustainable and efficient use of government revenues versus increasingly onerous government expenditures incurred. Preparation for a rapidly ageing population with longer life spans, due to years of proper healthcare services, will also need further consideration.

Given its limited land mass, Singapore became one of the most densely-populated cities globally in 2013, with total population reaching 5.6 million. In order to grow and achieve the critical mass effect, Singapore embarked upon the external wing policy in the early 1990s with International Enterprise (IE), which Singapore created to help promote

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Singapore companies to expand abroad so as to overcome her limited domestic market size. Singapore has thus successfully plugged herself into the global trading networks with international trade and services now amounting to three times the size of her GDP by running highly efficient regional hubs for financial, aviation, maritime, logistics and telecommunication activities.

After decades of prudent government budgeting and the establishment of professional investment vehicles such as the Government Investment Corporation (GIC) and Temasek Holdings to manage government surpluses, Singapore has accumulated ample financial resources which could be called upon to cope and deal with future challenges and potential long-drawn-out external shocks, so long as we think rationally as a group and behave with responsibility as one united people within a pluralistic society.

When Singapore left Malaysia in 1965, her nominal GDP was at US\$0.97 billion as compared to Malaysia's US\$3.2 billion, less than a third of Malaysia's economy. Singapore's economy quickly expanded to half of Malaysia's GDP size in 1977 and reached nearly 69 percent by 1987 and continued to expand to reach the size of Malaysia's GDP by 1997, as both economies were propelled forward at around 9 percent per annum between 1987 and 1997. Singapore being a highly open export-oriented economy was more

vulnerable to external shocks, and the size of its economy has hovered around 95 percent of Malaysia between 2007 and 2013 as shown in Table 1.

Singapore started as a society of immigrants with multi-ethnicity, religion and language. Being a poor and new nation, improving standards of living through job creation and public housing provision within a harmonious social setting were the immediate tasks of the government, which then was still going through intense struggles with the left-wing political movement. Given that ethnic Chinese-Singaporeans formed the big majority of the population, hence the collaboration of the Chinese merchants and their leadership role in the community, working in support of the government's development strategy, underpinned the strong economic foundation and social environment vital for Singapore's subsequent economic takeoff since 1980s.

President Tony Tan Keng Yam, in his speech at the Singapore Chinese Chamber of Commerce & Industry SG50 Outstanding Chinese Business Pioneer Awards on 6 February 2015 at Ritz Carlton Hotel, Singapore said, "The pioneer generation of Chinese entrepreneurs demonstrated great fortitude in the face of many difficulties in the early years of Singapore's growth journey. As the Singapore economy evolved and progressed, these business pioneers seized opportunities and adapted to the

*Singapore's Economic Development, 1965 - 2020: Review, Reflection and Perspective***Table 1: Major Macroeconomic Indicators for Singapore and Malaysia, 1987-2013**
Singapore & Malaysia: GDP Growth*, Unemployment Rate, Inflation & Gini coefficient

Fiscal year	Real GDP Growth / Gini coefficient		Unemployment Rate		Composite CPI Growth	
	Malaysia	Singapore	Malaysia	Singapore	Malaysia	Singapore
1998	-7.4 %	-2.2 %	3.2 %	2.5 %	5.3 %	-0.3 %
1999	6.1%	6.1%	3.4%	2.8%	2.7%	0%
2000	8.9%	8.9%	3.0%	2.7%	1.5%	1.4%
2001	0.5% (0.46)	-0.9% (0.45)	3.5%	2.7%	1.4%	1.0%
2002	5.4%	4.2%	3.5%	3.6%	1.8%	-0.4%
2003	5.8%	4.4%	3.6%	4.0%	1.0%	0.5%
2004	6.8%	9.5%	3.5%	3.4%	1.5%	1.7%
2005	5.3%	7.5%	3.5%	3.1%	3.0%	0.4%
2006	5.6% (0.46)	8.7% (0.47)	3.3%	2.7%	3.6%	1.0%
2007	6.3%	9.1%	3.2%	2.1%	2.0%	2.1%
2008	4.8%	1.8%	3.3%	2.2%	5.4%	6.5%
2009	-1.5%	-0.6%	3.7%	3.0%	0.6%	0.6%
2010	7.4% (0.44)	15.2% (0.47)	3.4%	2.2%	1.7%	2.8%

GDP Growth	1977-1997	1998-2008	GDP Size	1977 / 1987	1997	2007	2013
	Malaysia	8.9% p.a.		4.4% p.a.	Malaysia	US\$14 / 32 billion	US\$100 billion
Singapore	9.2% p.a.	5.2% p.a.	Singapore	US\$7 / 22 billion	US\$100 billion	US\$180 billion	US\$298 billion
			(SNG / MAL)	50% / 69%	100%	93%	95%

Data source: The World Bank, <http://data.worldbank.org/indicator>, 2015
 Department of Statistics Singapore, "Table 14: Gini coefficient Among Resident Employed Households, 2000 – 2013", 2014
 Department of Statistics Malaysia, Household Income and Basic Amenities Survey Report 2009, 2012
 Department of Statistics Malaysia, Household Income and Basic Amenities Survey Report 2012, 2013

Note: *2000 - 2020 Potential GDP Growth Rate: Malaysia: 5.5%; Singapore: 4.5% (projected by ACI at LKYSPP, NUS); 2013 Per Capita GDP: Singapore US\$55,182; Malaysia US\$10,538

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environment. Our pioneers believed in Singapore's future and remained rooted here. Apart from succeeding in their respective fields, many of these pioneers also made it a point to give back to society."

In fact, we should also pay tribute to the broader business communities, especially the small and medium enterprises (SMEs) that have provided crucial social stability to the society in terms of employment, exemplary work ethic and entrepreneurship. During the transition of economic restructuring, the government then tried very hard to attract MNCs to create jobs and acquired global corporate management skills for Singaporeans. The Singapore business community, including big and small companies, have contributed to Singapore's national defense plan and in promoting education which helped to ensure a competitive economy, strong security in defense, preserved the value of traditional culture and harmonious racial relations.

According to estimations by Asia Competitiveness Institute (ACI) at the Lee Kuan Yew School of Public Policy (LKYSPP), National University of Singapore (NUS), potential GDP growth for Singapore and Malaysia was projected to be at 4.5 percent and 5.5 percent respectively for the period from 2000 to 2020, and the former appears to have grown above its potential level whereas the latter grew considerably below its

potential output over the period of 1998 to 2008. Price stability prevailed in both countries from 1998 to 2010, as inflation registered at 1.3 percent for Singapore although this was higher at 2.4 percent for Malaysia. Correspondingly over the same period, Singapore managed to achieve fairly low unemployment rate averaging at 2.9 percent as compared to a higher rate of 3.4 percent for Malaysia. As for income disparity measured by the Gini coefficient, it was around 0.46 for Singapore and Malaysia from 2000 onwards, and both countries could have done better on this count.

Based on the annual economic competitiveness ranking conducted by ACI at LKYSPP which tracked ASEAN-10 economies from 2000 onwards, Singapore consistently ranked in the top position, followed by Malaysia. As revealed by the standardised score, the former at 2.0507 is at least twice as competitive as the latter calculated to be at 1.0601 (see TAN, et al. 2013; TAN and TAN, 2014).

We thus conjectured that such superior relative economic competitive advantage enjoyed by Singapore over Malaysia can be traced to differences in policy formulation and implementation. There exists relative government inefficiencies, a lack of adequate governance and discriminatory policies in favour of "sons of soil" or *bumiputra* as it is referred to in Malay language, which has been broadly implemented in various fields

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including businesses, education, housing and land policies. Furthermore, as Malaysia moved into a two-party system since more than a decade ago, precious effort and time have been diverted to long-drawn public policy debates, political conflicts and social confrontations at the expense of formulating longer-term economic growth strategies and realising policy objectives.

Singapore's Economic Takeoff and Transformation into a Cosmopolitan city

To fully appreciate Singapore's economic growth model, we have to look to the growth strategies at different phases of transformation over the past five decades. Between 1965 and 1986, Singapore experienced an average GDP growth of 8.6 percent per annum under the labour-intensive production-driven phase where the primary objective was employment creation. Between 1987 and 1997, the republic registered an average GDP growth of 9.3 percent per annum under the capital-intensive investment-driven phase where the objective was to upgrade the quality of economic growth through labour-saving strategy.

Between 1998 and 2008, Singapore went through a much lower average GDP growth of 5.2 percent per annum under the innovation-base technology-driven phase as the City-state attempted to move up the technological ladder. By 2009 and beyond, as regional

competitiveness intensified and business costs started to hike, Singapore entered into the productivity enhancement value-added-driven phase where the economy is currently facing some adjustment difficulties, especially in the business services and construction sectors, which have become used to an abundant supply of relatively cheaper foreign labour.

Currently, the densely populated cosmopolitan island-state is facing twin policy dilemma with some hard choices to make. On one hand, it is about the desirable magnitude of economic growth, which would have a direct bearing on the level of wage growth and labour productivity growth. On the other hand, the public must also decide on a socially tolerable and politically acceptable foreign workforce pool, which would impact on business costs and economic activities. Thus, this section intends to sharpen the focus pertaining to the discourse on public policies related to Singapore's growth strategies as all growth options will necessarily involve policy trade-offs.

Firstly, has Singapore's economy expanded too fast and too high with the GDP growth? Would problems such as income disparity, rising housing prices, public transportation and traffic congestion be avoided if growth were moderated? Secondly, how can the government significantly mitigate these problems through fundamental changes in public policies even as Singapore strives

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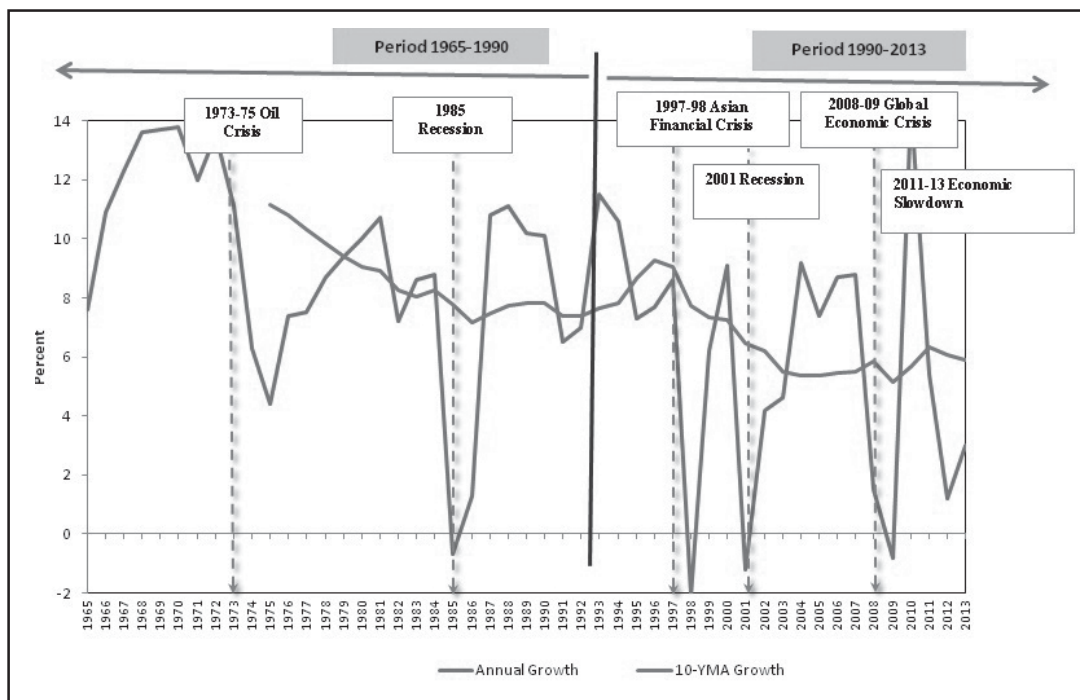
to be more inclusive? Thirdly, as public discontent escalates between the haves and have-nots, can income disparity be significantly mitigated to prevent the emergence of an economic underclass without resorting to a comprehensive social welfare system, which will not only be a financial burden on the state but a disincentive to taxpayers. This is especially pertinent as Singapore's population ages and lifespan increases.

annum over for the period of 1998 to 2008, notwithstanding three crises the nation encountered, all externally driven. These are the 1998 recession caused by the 1997 Asian financial crisis, the bursting of the American 'dotcom' bubbles in 2001 and the outbreak of the Severely Acute Respiratory Syndrome (SARS) in 2003. Singapore's economy contracted again in 2009 as caused by the US subprime-led global financial tsunami.

As illustrated in Figure 3, Singapore went into an era of discontinued economic growth interspersed with recoveries and recessions yet, still managed to achieve an average GDP growth of 5.2 percent per

Note that between 1987 and 1997, when the external environment was still favorable, Singapore went through robust annual GDP growth of 9.2 percent. As with all maturing economies, it is an

Figure 3: Singapore GDP Growth Cycles and Trends, 1965-2013



Data source: The World Bank, <http://data.worldbank.org/indicator>, 2015

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enviable growth rate that is unlikely to be repeated. Interestingly, in those years, not many in Singapore complained that the growth was too high or too fast, as the economic gains were more evenly distributed and the public at large was less outspoken.

Did the Singapore Economy Grow Too High and Too Fast and Can We Optimally Charter our Growth Path as We Choose?

According to the 2013 data from the International Monetary Fund, Singaporeans are the third wealthiest in the world in terms of per capita GDP, ranked after Qatar and Luxembourg. However, such rankings are not meaningful if we also recognise Singapore to be perhaps the world's most vulnerable open economy with trade being three times the size of her GDP. When the 2009 American sub-prime-led crisis kicked in, Singapore was amongst the first to tailspin into a recession, forcing the government to dip into its coffers significantly to help ease costs of the economic downturn for companies and minimize pains of unemployment by deploying the untargetted Jobs Credit Scheme.

Given the slow recovery of the US economy, notwithstanding quantitative easing by the European Central Bank announced to begin by March 2015, the external debt-driven fiscal weakness will continue to ferment within the European Union (EU). The economic crisis plaguing

European economies are unlikely to be quickly resolved as they reflect deep-seated structural problems of eroding competitiveness and heavy burdens of the welfare system. The US and the EU, being two major export markets, presented unique challenges of external shocks for Singapore's highly open economy.

In our recent research on "Asia's Drivers of Growth" (See TAN, et al. 2014), we concluded that given existing trade linkages, the US and the EU are still amongst the major engines of growth for all Asian economies, except Taiwan and Hong Kong. As western economies get chilled, economies in Asia especially Singapore will be the first to catch a severe cold even as we exercise regularly and with antibiotics on standby! We therefore cannot be immune from troubles from these developed western regions.

Singapore went through a drastic economic slowdown in 2012 soon after the US subprime-led recession in 2009. It will become more expensive to finance the European sovereign debts with deteriorating international confidence as the required painful austerity measures continue to be resisted by the European public at large. In the face of such headwinds, no amount of jobs credit scheme could have averted the rapid economic slowdown in 2012 for Singapore because as a small and highly open economy, we can only strive to be

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better prepared and deal effectively with exogenous shocks over which we have very limited control.

Amongst the most misunderstood grievance the public often raised is that the Singapore economy has been growing too fast and were growing at all costs! Such arguments, inappropriately assumed that the government could easily control and decide the speed and magnitude of GDP growth, accelerating or decelerating the economy as desired.

Even if it were to be true, it does not make logical sense that when the external environment is highly favourable, government should curtail employment growth by tightening the labour market, driving up business costs in a bid to slow economic growth. Such a direct interventionist approach would have serious repercussions on businesses and potential investors. Should multinationals conclude such government measures to be the official mode of economic management and once they made a decision to shift their investment plans elsewhere, it would be most unlikely to see them relocate back to Singapore.

Strategies and Policy Trade-Off Going Forward: Can We Have the Cake and Eat It?

It is thus unwise for the government to impede robust economic growth in good times through curtailing employment

growth in response to public resistance to the presence of a large foreign workforce or being pressured by other social-political considerations. Such populist approaches could spell trouble for the government du jour. It is unrealistic to expect the government to dip into its funds regularly for special transfers or to be able to sustain balanced budgets for the full term of the elected government should the future be riddled by a higher frequency of recessions, propelled by circumstances outside of one's control.

During the period between 1998 and 2008, economic growth averaged 5.2 percent and this masked the volatility brought on by recessions that were followed by near double-digit growth rates. Over this period, Singapore actually achieved annual employment growth of 2.9 percent and annual average productivity growth of 2.5 percent. This performance nearly halved the annual growth rate of 9.3 percent for the period 1987 to 1997.

The question at hand, then, is not whether Singapore's GDP has expanded too fast or if the authorities have pursued growth at all costs. Regardless of growth quantum, it falls upon those in the government to muster better plans and coordinate government agencies to better manage anticipated infrastructure demand; identify and understand the types of jobs being generated, along with the suitability of skill sets required from

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the local workforce; forecast public housing needed, make provision for affordable and accessible healthcare and maintain a sustainable living environment in support of a bigger population. In fact, we would venture to argue that even if average GDP growth were to be slower by half for the period of 1998 to 2008, many of these aforementioned problems might continue to prevail with their severity, not necessarily lighten, amidst growing pressure of budgetary difficulties!

It would be a misdirection of criticism to blame the government for seizing robust economic growth when the external environment permits. It is precisely the adoption of such pro-growth strategy which ensured prudent and enable sustainable budgets over the business cycles. [LT1] It is now most timely for us to re-examine the fundamental philosophy underpinning our public policies, by re-addressing the new role of the government in the pursuit of an even more inclusive society even as we attempt to capture the opportunities that avail themselves in favourable external environments.

To rephrase the issues and questions at hand again, which deserves serious consideration and rational thinking through: Should the government cave in to populist political demands by artificially and abruptly choking off the essential foreign labour supply required for business expansion and hence,

slowing down economic and wage growth, or should we rather deploy greater efforts and accumulated government surpluses to better coordinate public policies to help sharpen the ability to compete through transformational productivity and upskill enhancement programmes for those who fell behind?

Rapid Globalisation: Economic Restructuring and Issues Encountered

Singapore then had taken full advantage of the globalisation process by plugging herself into a global trading network by pioneering free trade agreements (FTAs), facilitated by a rising stature as an international financial centre as well as an efficient international aviation and maritime hub. As much as Singapore has reaped the benefits of globalisation through trade and finance, with it were unwelcomed side effects such as widening income disparity, rising housing prices and overcrowded public transportation.

However, as Singapore moves up the technological ladder with intensified regional competition coming from neighbouring ASEAN countries such as China and India, skill sets possessed by Singaporeans born in the 1950s and 1960s are fast becoming irrelevant to higher value-added jobs generated. Attempts to boost productivity have not yielded the results needed to match the demand of a rapidly restructuring

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economy. Singaporeans from low-income households that received only secondary level or lower-education, are increasingly trapped in an economic underclass, and further disadvantaged by factors such as larger family sizes, social capital and information network disadvantages.

Singapore's income disparity as measured by the Gini coefficient has rapidly worsened since the late 1990s registering its worst reading of 0.48 in 2012.

With the quickening pace of globalisation, heavy subsidies for education, healthcare, public utilities and Central Provident Fund (CPF) top-ups were made available through special transfers from the annual budget which came to \$2.6 billion per year from 2000 to 2009. According to computation by Department of Statistics in 2013, such special transfers were able to contain the Gini coefficient at around 0.44, the same level as in 2000.

Over the same period, we have observed a widening gap in the growth of income for the highest 20 percentile households versus the lowest 20 percentile households. It behooves economists to examine why the income gap is widening, the thesis that globalisation and technology advances are rendering lowly trained skills obsolete may not offer a

comprehensive account of the widening gap.

Benchmarking Economic Performances of Two City-states: Hong Kong versus Singapore

Singapore is not as fortunate as Hong Kong, which was able to and is still benefitting from the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) as well as World Trade Organisation (WTO) Plus concessions, with China rapidly expanding as an economic powerhouse. While Hong Kong's defense is entirely taken care of by the People's Liberation Army (PLA) of her motherland, Singapore reserves a substantial portion of her annual budget to maintain her defense capabilities. More than occasional frictions with neighbouring countries distract from what would have otherwise been even closer economic cooperation within ASEAN.

In comparison, Hong Kong's GDP grew at an annual rate of 6 percent in the 1987 to 1997 period and 3.8 percent in the 1998 to 2008 period, about 40 percent lower than what Singapore achieved over the same period. Interestingly, when we contrasted and observed the performance of the two City-states, that whenever there was a recession, Hong Kong would sink deeper, and whenever the economy recovered, Singapore would rebound higher. In comparison, Singapore's GDP was only 43 percent

*Singapore's Economic Development, 1965 - 2020: Review, Reflection and Perspective***Table 2: Major Macroeconomic Indicators for Singapore and Hong Kong, 1998 -2013**
Singapore & Hong Kong: GDP Growth*, Unemployment Rate, Inflation & Gini coeff.

Fiscal year	Real GDP Growth / Gini coefficient		Unemployment Rate		Composite CPI Growth	
	Hong Kong	Singapore	Hong Kong	Singapore	Hong Kong	Singapore
1998	-5.9 %	-2.2 %	2.2 %	2.5 %	2.9 %	-0.3 %
1999	2.5%	6.1%	4.6%	2.8%	-4.0%	0%
2000	7.7%	8.9%	6.2%	2.7%	-3.7%	1.4%
2001	0.5% (0.53)	-0.9% (0.45)	4.9%	2.7%	-1.7%	1.0%
2002	1.7%	4.2%	5.1%	3.6%	-3.1%	-0.4%
2003	3.1%	4.4%	7.3%	4.0%	-2.5%	0.5%
2004	8.7%	9.5%	7.9%	3.4%	-0.4%	1.7%
2005	7.4%	7.5%	6.7%	3.1%	0.9%	0.4%
2006	7.0% (0.53)	8.7% (0.47)	5.6%	2.7%	2.1%	1.0%
2007	6.5%	9.1%	4.8%	2.1%	2.0%	2.1%
2008	2.1%	1.8%	4.0%	2.2%	4.3%	6.5%
2009	-2.5%	-0.6%	3.6%	3.0%	0.6%	0.6%
2010	6.8% (0.53)	15.2% (0.47)	5.2%	2.2%	2.3%	2.8%

GDP Growth	1977-1997	1998-2008	GDP Size	1977 / 1987	1997	2007	2013
Singapore	9.2% p.a.	5.2% p.a.	US\$7 / 22 billion	US\$100 billion	US\$180 billion	US\$298 billion	
			(SNG / HK)	43% / 43%	56%	85%	109%

Data source: The World Bank, <http://data.worldbank.org/indicator>, 2015

Department of Statistics Singapore, "Table 14: Gini coefficient Among Resident Employed Households, 2000 – 2013", 2014

Hong Kong Census and Statistics Department, 2006 Population Census - Thematic Report: Household Income Distribution in Hong Kong, 2007

Hong Kong Census and Statistics Department, 2011 Population Census - Thematic Report: Household Income Distribution in Hong Kong, 2012

Note: * 2000 -2020 Potential GDP Growth Rate: Hong Kong: 3.5%; Singapore: 4.5% (Projected by ACI at LKYSPP, NUS); 2013 Per Capita GDP: Singapore US\$55,182; Hong Kong US\$38,123

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that of Hong Kong's between 1977 and 1987, before it quickly caught up to 56 percent and 85 percent in 1997 and 2007 respectively and has since surpassed Hong Kong by 9 percent in 2013.

One may conclude that the positive interventionist approach enabled the Singapore government to squeeze relatively more growth from the economy than the non-interventionist Hong Kong authorities. Furthermore, Hong Kong's economy was constrained by the rigid Hong Kong-US dollar exchange rate peg regime that prevented the economy from making cost adjustments through exchange rate movements, which necessitates deep price corrections in the stock market and risks severe downturn in the real-estate sector during recession.

The Hong Kong Government's Long Term Fiscal Planning Working Group pointed out in 2014 that "if Hong Kong government still insists on all kinds of public service expenditures and based on the present trend, structural government budget deficit is projected to prevail in seven years' time (2021), and all government surpluses will be used up by 2028, thereafter would have to resort to borrowing". This is the fiscal predicament of Hong Kong after having built up a comprehensive and expensive welfare system that Singapore must not be indulged in.

In contrast, the Singapore government

has been under pressure on how to manage their surpluses from years of economic growth, trying to cater for large demands for special transfers or subsidies in each annual government budget to mitigate income disparity and the effect of an ageing population. In fact, the special transfers from the annual budget have doubled since 2009, and are expected to remain at the same level if not rising higher in the future!

Overcoming Demanding Public Expectations and External Challenges: Reflection and Perspective

After the robust GDP growth of 15 percent for 2010 from 1 percent contraction in 2009, Singapore has registered GDP growth at an average rate of 3.3 percent per annum between 2011 and 2014 that is lower than the potential rate of 4.5 percent per annum estimated by ACI. The lower growth performance was mainly due to labour supply adjustments by the government to improve productivity coupled with pressure by widespread public demand to scale down on foreign workforce engagement. Companies with orders were therefore not able to expand their business activities, with some companies considering relocation that posed a bigger risk for Singapore. This is a policy area Singapore needs to calibrate and tread very carefully on.

Singapore is being ranked by international agencies as among the world's top five

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positions for 2013 in terms of being the freest economy, least risky for investment, least corrupt and the most competitive economy overall, notwithstanding the fact that the nation is a highly open economy that has no natural resources, a small population base with geographical limitation with a total trade volume three times the size of her GDP, making her heavily dependent on external demand.

Over the business cycles, successive terms of pro-active governments were able to achieve above potential GDP growth for nearly five decades and a healthy budgetary position due to political stability and racial harmony, coupled with its relentless effort to diversify the economy, contain costs, cultivate harmonious industrial relations while remaining competitive and innovative, notwithstanding volatile external markets. Nevertheless, such a growth strategy, for various reasons and factors, begun to be doubted by some in certain quarters and culminated in the watershed of dissatisfaction as expressed in popular votes at the General Election (GE) of 2011.

An Inclusive Society: Public Housing Policy and Harmonious Industrial Relations

Improving income disparity and building an inclusive society is a

national commitment, but how to go about achieving it requires consensus. Pertinent questions include what the basic principles for growing the inclusivity is, how costly and sustainable would it be, how is such an inclusive society funded and who will be paying for it.

Public housing is an important social equaliser, a unique facet of Singapore's way of life and an integral part of the asset enhancement programme within a land-scarce rapidly growing City-state. House ownership will be meaningless if its value does not appreciate or worse, stagnates or depreciates over time. Discounted prices and incentives are therefore necessary for first time would-be new house buyers. Discussion as to how the government can ensure the fruits of the land and asset property asset appreciation are to be fairly distributed to those citizens who aspired and are prepared to work for it, holds the key.

Effective tripartite relationships amongst the workers, employers and the government will remain as the cornerstone of Singapore's harmonious industrial relations and productivity drive in exchange for employment stability and production efficiency. Such tripartite arrangements should not be taken lightly or be taken for granted. Indeed it is a bedrock of the economy without which, the erosion of competitiveness painstakingly built over decades, would occur.

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Subsidising public services and tracking of four essential affordability indices

Provision of public services including education, healthcare, public housing and public transportation constituted a significant portion of cost of living for average citizens. Should such essential services be privatised or nationalised? Post-GE 2011, the Singapore government has quite rightly abandoned the break-even cost-recovery market pricing (BCMP) strategy for public services, moving away from the past ultra-prudent budgetary principle.

Such policy about-turn surely cannot come free-of-charge as it would mean bigger government expenditures which have to be funded from elsewhere, presumably from the tax payers, directly or indirectly. Are you prepared to do so knowing that the burden will likely to grow heavier over time with our rapidly ageing population, unless this weight is shared by a younger population through productive new immigrants?

The transparent tracking of affordability indices would assure and serve to allay public concerns. Periodically disclosed Transparent Affordability Indices (TAIs) may be computed, by working in conjunction with the government, to compute the affordability of essential public services for average Singaporean residents that can stand up to public scrutiny, further reinforcing public

confidence and trust in the government. Constructing annual international benchmarking indices to compare the world's major cities in terms of cost of living, wages and purchasing power, as per the studies ACI in LKYSPP has just completed, would be a useful complement to the TAIs (See TAN, et al. 2015).

Calibrated Steady-State National Manpower Policy: Allocating One-Third Foreign Workforce for the Economy

For continued development and growth, relying on a considerable foreign workforce is the reality for our City-state, but there is a trade-off involved. To what extent are we prepared to accommodate or tolerate their existence and how ready would the government be to meet their needs and requirements for hosting them in Singapore?

The government is committed to aim towards a steady-state where not more than one-third of the total workforce will be foreigners and ensuring that all Singaporeans who want to work will find jobs with decent pay through practical education curriculums, industrial internships, subsidised productivity training and workfare income supplement scheme. Singaporeans should feel confident in the workplace while competing against a foreign workforce.

It is therefore paramount for the public

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to understand and accept that, so long as the trend is moving towards the targetted one-third, fluctuation in the foreign workforce hovering above or below this quota would be tolerable over the business cycles. This is to say that whenever the external environment is favourable, we shall need to seize upon external demand to add revenues to the government budget that may have incurred deficits during global economic downturns.

Over the past decade, Singapore was able to create more jobs than the resident workforce can assume. It is therefore crucial for the public to understand and accept that, highly skilled white-collar foreign professionals can help to create more jobs and cheaper blue-collar foreign workers are also needed to work on infrastructure projects.

Quality Employment Creation: Ensuring Two-Third Indigenous PMETs by 2030

As a policy objective, the government projected that indigenous professionals, managers, executives and technicians (PMETs) would increase from the current half of the occupation profile to two-thirds by 2030, so that we would require less employment pass issuance and S-pass holders.

In the event of a protracted low growth economy, either due to companies relocating and/or worsening external demand, would Singapore still be able to

create quality jobs for PMETs? Does it make logical sense that when the external environment is highly favourable, the government should curtail employment growth by tightening labour market condition so much so that it raises business costs and removes 'unwanted' extra business growth, forcing the economy to slow down?

The steady-state projected population of 6.9 million by 2030 is critical in ensuring economic resilience and a consistent growth path for Singapore. The pertinent approach is therefore to monitor for quality immigrants who can contribute to tax income and who possess the ability to integrate locally, which depends on where they are being sourced from without disturbing the racial status quo or undermining social harmony.

Reflections: Stop Inward Looking, Avoid Blind Spots and Pursue Correct Public Policies

Given the ever-rising public expectations, the following are some pertinent questions that Singaporeans can attempt to think through. Are you prepared to see employment creation and business vibrancy in Singapore slow down as MNCs relocate? Would you accept continuing infrastructure bottlenecks and traffic congestions if we do not have enough foreign workers to build them? Would you accept delays in the timelines for building 200,000 units of public housing? Would you be

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prepared to pay higher taxes in the form of good and services tax, personnel income tax or corporate profit tax so as to fund higher social spending?

Meanwhile, the government may want to re-think some of the public policies that served well in the past but have since gone into auto-pilot which might need recalibration, fine-tuning or even a reverse of directions, although in some cases these reform efforts may have already been taking place.

The HDB may want to consider revamping the affordability index for public housing pricing and rentals in order to appropriately reflect weights assigned according to room-types and income brackets.

The National Environmental Agency may want to look at the cost-of-living index in relation to the government's defined Monthly Living Wage when setting the rental and base-price bidding for hawker stalls.

The Public Transport Council may want to reexamine the formula for setting public transportation fares by indexing it to affordability according to capita household income, age groups and inflation.

The Jurong Town Corporation may want to review land costs, factory rentals and selling prices for small and

medium enterprises based on feasibility of business proposals to be judged by an independent private-sector led committee.

The Ministry of Manpower may want to require statutory declaration from human resource directors' that they have actively sourced through the local workforce before approving the applications of foreign workforce for Employment Passes, S passes and Work Permits.

New inclusive approaches would not only necessarily lead to lower revenues or bigger subsidies for statutory boards, ministries and government-linked companies, but they would also translate into higher income and employment for Singaporeans. It is certainly superior to implementing a more expensive, fiscally debilitating and comprehensive social safety nets proposed in some quarters.

These inclusive approaches are also more cost effective than the current Workfare Income Supplement (WIS) Scheme, which cannot significantly mitigate income disparity and would continue to be a funding burden with a very remote possibility of these individuals achieving income independence, unless we raise the level of income supplement and link it to upskilling programmes with a graduation timeline imposed.

Using benchmarks gathered over the past decade, ACI at LKYSPP simulated three

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medium-term GDP growth scenarios achievable under various levels of productivity growth targets required, by assuming a certain level of employment, labour share, total factor productivity, labour and capital quality growth.

Based on the actual economic performance of the economy over the period 1998 to 2008, we have simulated the associated GDP growth band and productivity target for pessimistic, optimistic and the base case scenarios which we perceived it to be most likely to prevail for the period 2009 to 2020 as shown in Table 3.

Basically our base case simulation results suggest that for a policy assumption of 1.5 percent employment growth coupled with other assumptions for capital and labor quality, the Singapore economy would grow at an annual average rate of 4.2 percent with required productivity target of 2.7 percent per year for the period 2009 to 2020. Such a GDP growth scenario would mean that Singapore's workforce must be prepared to deliver at the top end of the National Productivity Target (NPT) band of 2 percent to 3 percent as set by the 2009 Economic Strategies Committee (ESC).

For an optimistic scenario, if the authorities should push for an annual average employment growth of 2 percent, the Singapore economy would be able to achieve an average annual GDP growth of 5.6 percent with required

productivity target growth of 3.6 percent. Such a situation would mean achieving the productivity level well above the NPT — a tall order! Such an optimistic scenario implies continued public discontent against the government as it requires a large foreign workforce, especially during the good years in order to make up for GDP lost during the bad years.

Even as we pursue the base case scenario, the biggest challenge remains as to how best and fair the government could judiciously utilise the budget surpluses generated to mitigate the income disparity through careful calculations and allocation of resources to avoid the emergence of a potential economic underclass. Globalisation and inclusive growth are not mutually exclusive and positive interventionist policies for inclusivity have their places. The challenge for the government is to prove how income disparity can be addressed by enhancing inclusivity without retreating from globalisation in trade and finance. Singapore being a small and highly open economy with no direct hinterland, probably does not have that many choices.

Why is Forging National Consensus Under a Renewed Social Contract Imperative?

As Singaporeans become better educated, they are increasingly keen to participate in public policy formulation and often with vocal voices. Effective

*Singapore's Economic Development, 1965 - 2020: Review, Reflection and Perspective***Table 3: Simulation of GDP and ALP Growth, 2009 – 2020: Assumptions and Projections**

	Actual 1998 - 2008	Pessimistic Scenario	Base Case	Optimistic Scenario	Remarks
Labour share	0.532	0.532 [^]	0.532 [^]	0.532 [^]	[^] assumed
Labour quality growth (%)	1.24	1.00 [^]	1.24 [^]	1.50 [^]	[^] assumed
Capital accumulation enhancement	0.08	0.08 [^]	0.25 [^]	0.50 [^]	[^] assumed
Capital quality growth (%)	0.29	0.18 [^]	0.29 [^]	0.40 [^]	[^] assumed
Total factor productivity growth (%)	0.51	0.30 [^]	0.51 [^]	0.70 [^]	[^] assumed
Employment growth (%)	2.92	1.00	1.50	2.00	[^] assumed
Productivity growth (%)	2.52	1.79@	2.67@	3.61@	@projected
GDP growth (%)	5.45	2.79@	4.17@	5.61@	@projected

Data source: The World Bank, <http://data.worldbank.org/indicator>, 2015

public policy presentations are thus essential if not paramount. However, there is an emerging danger, as it is happening in Taiwan, Hong Kong, Thailand and Malaysia just to name a few, where citizens are becoming so inward-looking, totally engrossed in domestic politics and social debate, such that the entire government and bureaucracy are embroiled in conflicts and deadlocks, thus draining away precious resources, time and effort.

While all political and cultural debates may ultimately be local, engagement on economic discourse for Singapore should

always take the global perspective into consideration. Rational public policies must thus prevail over irrational public pressures. Most of all, public trust towards public institutions and civil servants must not be breached. Apart from the conventional media and press, public opinion shaping and public policy dissemination must be conducted closely in connection with the HDB heartlanders, in particular through the bi-directional policy feedback channelled from community-based grassroots workers.

Increasing public participation in public policy consultation is a positive

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development. However, the type of citizen participatory model to adopt requires careful consideration — Do we necessarily want a confrontational political process of the two-party system or do we prefer a strong check-and-balance approach by opposition parties on the incumbent government with proven track record, bearing in mind that the choice for the latter model could very well eventually lead back to the first option? Singaporeans will need to calibrate and contemplate deeply their choice of government and the political system that comes with it when casting their approvals.

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Singapore Economy


Development of Singapore's Financial Sector

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Development of Singapore's Financial Sector

 In 2012, DBS Bank bade farewell to our long-time home at Shenton Way, and moved to a new headquarters building at Marina Bay Financial Centre (MBFC) Tower 3. Being Singapore's largest bank, our shift to the new premises effectively cemented the MBFC as the country's new financial downtown.

Today, MBFC is a coveted business address, and the Marina Bay area a vibrant and thriving space that epitomises the cosmopolitan, edgy city that Singapore has become. So, it might defy belief that only 50 years ago, Marina Bay was an open sea.

Marina Bay's transformation, from an open sea to a barren reclaimed land to a financial centre par excellence, is due to the foresight of the Singapore government. As early as the 1960s, it envisioned the day when the Central Business District (CBD) would need to expand beyond the confines of Shenton Way. Reclamation works were initiated long before Singapore became a regional, global financial centre — long before the need for that piece of real estate existed.

In many ways, the MBFC story is that of Singapore's financial sector development. It is a story of unparalleled success, made possible by bold vision, detailed planning, and a relentless pursuit of excellence.

Singapore is home to over 200 banks today, a growing number of which have

chosen to base their operational headquarters here to service their regional group activities. The banking sector has a total asset size of almost US\$2 trillion, and employs about 5.5 percent of Singapore's entire workforce of 3.4 million people, or over 180,000 workers.

In 1960, per capita income in Singapore was SG\$1,310 (US\$428). In 2013, it was SG\$69,000, putting the country among the richest in the world. Over the same time, the financial sector's contribution to GDP has risen from 3.9 percent (1960) to about 12 percent today. According to the International Monetary Fund, productivity in Singapore's financial sector has outperformed that in any other financial centre worldwide.

Singapore is also heads and shoulders with the big boys on the global league. It is a leading wealth management centre, as well as the third-largest foreign exchange centre, behind London and New York. Singapore is also Asia's leading commodity derivatives trading hub and according to some estimates, accounts for more than half of Asia's over-the-counter (OTC) commodity derivatives trades.

The financial sector journey

As former Minister Mentor Lee Kuan Yew wrote in his autobiography *From Third World To First*, "anyone, who predicted in 1965 when we separated from

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Malaysia that Singapore would become a financial centre, would have been thought mad...It had a most improbable start in 1968.”

As the story goes, Albert Winsemius, then an economic advisor for Singapore, wanted to transform Singapore into a financial centre for Southeast Asia within 10 years. In a conversation with a Dutch friend, he was told it could be done in three or four years because Singapore was advantaged by timezone differences. As Winsemius recounted, “He took a globe and showed me a gap in the financial market of the world. Trading, he explained, starts at nine o’clock in the morning in Zurich, Switzerland. An hour later, London opens. When London closes, New York is already open. After closing time on Wall Street, San Francisco on the American west coast is still active — but as soon as San Francisco closes, there is a gap of a few hours. This gap can be filled by Singapore, should the government not shun taking some drastic measures, such as cutting its links with the British pound.”

At that time, Singapore was part of the sterling bloc and the Singapore government was warned that it could not follow Hong Kong’s example and set up a foreign currency pool or Asian dollar market. Hong Kong’s privilege was due to historical, legacy reasons. Singapore was warned that if it wanted to pursue this path, it might have to leave the sterling area.

Lee Kuan Yew has shared in the past, “At that time, we were newly independent. We didn’t have the confidence on our own to back the Singapore dollar. So I discussed this with Hon Sui Sen and said, ‘Let’s go.’ So we told the British, ‘Okay, call off the sterling block, we are on our own.’”

While the British threat did not come to pass in the end, Singapore’s financial sector was borne out of the gumption of its founding fathers. Singapore had none of the advantages which Hong Kong had at that time — namely strong links to the City of London nor the explicit backing of the Bank of England. Nevertheless, Singapore had the courage to challenge the status quo and break new ground, even when it risked upsetting the establishment.

This same gumption and trailblazing spirit pervaded other aspects of policymaking. As an example, in the 1960s to 1970s, Singapore strived to attract multinational corporations (MNCs) to set up operations here as part of its industrialisation effort. This initiative ran counter to the conventional economic wisdom of the day. MNCs, which were widely feared at that time, exploited economies rather than enriched them. Not one to go with the flow, Singapore pursued MNCs relentlessly, and they provided the jobs, know-how and the knowledge transfer that helped upgrade the workforce.

As the domestic economy grew, the

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financial sector had benefitted. The financial sector, in turn, had a knock-on effect on the broader economy, spawning the growth of supporting industries including the legal and accounting professions — this helped create a virtuous circle of growth.

Singapore's financial sector flourished because the country was able to capitalise on a timezone advantage. More than that, it had qualities which have set the country apart all these years: political stability, a strong legal system, good corporate governance, physical infrastructure and an English speaking workforce. In addition, Singapore has also cultivated a reputation for being a well-regulated financial centre, and the ability of our banks to come out of successive financial crises relatively unscathed has further burnished our name.

Over the years, Singapore has also continually sought to deepen its financial markets — the Singapore Exchange (SGX) continues to face intense competition from Hong Kong, which has the benefit of a large China hinterland. Nevertheless, a supportive regulatory regime has enabled Singapore to become the largest real estate investment trust (REIT) market in Asia and ex-Japan, while the SGX continues to draw listings from new markets. Our derivatives exchange is one of Asia's largest with the bond market being one of the most developed in Asia. The asset management industry has grown in size and diversity, from

SG\$276 billion in 2000 to SG\$1.82 trillion as at end 2013.

All these have been highly laudable given the prevailing challenges: talent shortage (stemming from the ease of mobility of financial sector professionals), intense competition from rival hubs such as Hong Kong, and the emergence of new ones including Shanghai, as well as a small domestic market.

Nevertheless, I am positive about the prospects for Singapore's financial sector. My view is that the financial services sector will become even more important for Singapore's economy moving forward, and will be crucial to drive its next phase of growth. Assuming that the economy grows at its current medium-term potential growth pace of 4 percent in the coming years, the financial sector will account for about 15 percent of the economy 10 years from now. In terms of workforce, it should employ about 7 percent of the entire workforce.

Looking forward

What accounts for this optimism? I believe there are megatrends that will define Asia in the years to come and Singapore is well-positioned to capture the opportunities before us. These opportunities include:

A growing middle class and rising consumerism — gone are the days where goods produced in Asia are naturally

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shipped to the West. Asia, today, is generating more of its own demand, and this will only increase. Increasingly, Asian companies are also supplying Asian consumption demand. Consequently, there has been a shift from the traditional hub-and-spoke trade architecture of SMEs in Asia supplying to the United States (US) or Europe, to a spaghetti mix of trade patterns arising from more end-user demand in Asia.

With the increase in Asia connectivity, trade between China and India has grown exponentially, and China is now India's number one trading partner. Many of the largest trade corridors also either end in China or Singapore — this presents huge opportunities for banks to work with these companies across borders by helping them set up in new markets, finance supply and distribution chains and manage currencies, risks and working capital.

Increasing consumerism will create large opportunities for consumer finance. Growth in this area is reliant on appropriate policy frameworks for consumer protection and robust infrastructure for credit underwriting, credit bureaus in particular. As an industry, we have made good progress in this area.

Second is rising affluence — Asia today is creating wealth faster than anywhere else in the world. This, coupled with the increasing funds flow from Europe and

the Middle East, provide an obvious opportunity. Singapore has done well to position itself as a wealth management hub, based on a track record for safety, soundness and clockwork efficiency. Going forward, we need to continue to grow the community of asset managers, private banks and wealth advisors here.

Thirdly, as companies both big and small, begin to extend outside of their home markets, there are greater cross border flows. The age of the Asian MNC is here, and the proportion of Asian SMEs which become MNCs will only grow. Increased regionalisation is beneficial to Singapore as the nation is a hub for many Asian corporates in this part of the world.

For example, there are about 6,000 Indian companies incorporated in Singapore — the largest base of foreign companies in Singapore is from India. They are establishing trading hubs here and using Singapore as a regional centre for foreign direct investment (FDI). Most recently, Indian firms have begun thinking of Singapore as a holding company base for all their businesses. The Singapore banks are not just being looked upon as a source of financing; they also provide to Indian companies a springboard to Southeast Asia, and are a conduit into China. At DBS, for example, we are able to intermediate the trade and capital flows coming from India to the East.

Singapore is also growing in stature as a major hub for a wide range of soft and

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hard commodities. We should continue to strengthen the banking industry's competencies so as to offer specialised financial services.

Fourth is to do with infrastructure build-up — between 2010 and 2020, the average overall infrastructure investment in Asia is expected to top US\$750 billion a year. There is a huge thirst for infrastructure investment. Singapore has set up Clifford Capital, a specialist institution to plug gaps in project financing. On DBS' part, we are also working with the World Bank to identify and develop bankable projects in Asia. In addition, the World Bank's investment arm, the International Finance Corporation (IFC), has set up in Singapore its first asset management company office outside of Washington DC to co-invest in regional infrastructure projects.

Fifth is the internationalisation of the renminbi (RMB), another trend that bodes well for Singapore's financial services sector. According to Society for Worldwide Interbank Financial Telecommunication (Swift), China's yuan has become the world's seventh most-used currency for payments, overtaking both the Singapore and Hong Kong dollars. Yuan trade settlement has also expanded quickly since it first began in 2009 with the percentage of China's trade settled in yuan risen to estimated 20 percent in November 2013, from 12 percent in 2012. Singapore has been nimble and quick to become an offshore

RMB centre and this bodes well for us as China continues to internationalise its currency.

All things considered, the opportunities before us are tremendous.

Of course, as we move forward, there will be hard issues to grapple with and challenges that will require the same mettle, inventiveness and meticulous planning that have gotten us to where we are today.

To stay ahead, it is imperative that Singapore continues to build talent and management platforms that can help the financial sector manage risks and grow. The financial services sector is ultimately a people-driven business, and we already have a deep talent pool. However, while a lot has already been done to groom people in the industry, we need to continually raise the bar in training and development, such as through the Finance Industry Competency Standards (FICS) programmes. The Monetary Authority of Singapore (MAS) is stepping up efforts to build a strong core of Singaporean specialists and leaders in finance. At the same time, to stay relevant in the more complex financial landscape of tomorrow, Singapore must remain open to diverse talents and expertise.

We must also ask ourselves: do we really seek to embrace being a global city? For London and New York, the answer has

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been unequivocal. In Singapore's case, the jury is out because being a global city comes with pluses and minuses such as growing income disparity. If we choose not to be a global city, that brings into question the economic and growth model that we seek to aspire to.

All in, I am bullish about Singapore's prospects as the leading financial centre in Asia and positive that it can even eventually be a 'London', that is to become an offshore Eurozone of Asia. Apart from the megatrends that will provide tailwinds for our growth, Singapore has a strong rule of law, and most alternate sites in Asia still have some way to go in this aspect. The country is also a massive aggregator of funds, and such money flows are hard to shift.

In December 2012, about two months after inaugurating our new headquarters, DBS announced that we would be acquiring a 30 percent stake in MBFC Tower 3 for over SG\$1 billion. From being the anchor tenant of MBFC Tower 3, the bank now owns a stake in the building instead. This represents our vote of confidence in Singapore and the future of our financial sector.

Singapore Economy

The Hub Concept - Reflections on the Past, Projections for the Future

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SG 50 Over the preceding fifty years, Singapore has earned, by right, the honour of being labelled the number one hub in the world – absolute leader, uncontested and indisputable.

In the prism of today, it seems obvious, almost self-evident, but this was far from the case when Singapore started to look for a way forward after independence in 1965. In a way you could say that most of the arguments against a success — small population, small economy, and a small market — were turned on their head to become assets by plugging into the role as a hub.

It could not have been possible without reading and interpreting the geopolitical and geo-economic future development correctly. In 1965, the world was divided, grossly speaking, between a capitalist group of countries then led by the US, a socialist part spearheaded by the Soviet Union, and the so-called third world or non-aligned group. Many analysts burnt their fingers and look back at prognoses with trepidation in case somebody remembered! I have just recalled that around 1950, the prevailing mood was that the ‘winners’ in Asia would be the Philippines, Vietnam and Burma as it was then known — this is completely wrong! The forecasts and evaluations overlooked the fact that it was not resource-rich economies that would get the upper hand, but instead, it was countries that were able to assume control over their own destiny and realise where they could

find and exploit a comparative advantage. Singapore did so through the hub concept, just as China did so with Deng Xiaoping’s reforms.

This tells us that good governance, ability to read future trends correctly and even more crucial the will to turn these findings into realities vastly overshadows natural endowment - resources.

It also tells us that political leaders must master the ability to communicate to the population on which course is being set and the reason for it. Otherwise, a nation cannot rally the majority of people behind the chosen policy.

Political leaders must have the ability to adjust and adapt all the time. What is good today may not be so tomorrow. The first mover advantage is crucial when adopting the hub concept amongst other things because success demands infrastructure investments often in a big scale that cannot be changed or discontinued without large costs incurred. It may suffice to recall investments in harbour facilities and airports where countries are stuck with investment undertaken or incurring opportunity costs for lack of investment. Mistakes cannot be remedied with just a snap of the fingers.

Singapore being nimble and adroit may be easier than larger countries, but this does not distract from the achievements of those who saw what was coming and

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made the country ready. There is an old saying that opportunities come to those who are ready for them — and in this respect, Singapore scores well. The first step was, as has almost always been the case, to start with labour-intensive and low-cost manufacturing. Apparel is the classic example — it also worked for Singapore, but only for a limited time.

The next step was to exploit the geography by building harbour facilities. If the British Empire saw Singapore's geography as an asset and built a naval base, then the same would probably be true for shipping. Transport to and from Singapore is very limited, in view of the small Singapore market. However, a harbour serving as a hub for transport in and out of the region promised a larger market.

Singapore may have been lucky in the sense that the global supply chain built around outsourcing and offshoring took off in the 1980s giving harbour facilities of this kind - transshipment - a phenomenal boost, but the crucial observation is that this could have been done by everybody in Southeast Asia, but was only done successfully by Singapore. First mover advantage paid off handsomely as the competitors took time to build facilities. This enabled Singapore to shape a good relationship with the big shipping liners and container transporters whilst gaining experience in handling this apparently simple operation, but it was in fact, rather sophisticated if done

adhering to cost effectiveness.

The same can be said about Changi airport and Singapore Airlines. In fact very few would have dared to predict the success of these two cornerstones of Singapore's economy. There is no reason why Singapore should get this big slice of the cake outmaneuvering other countries, cities, or airports within the region with a larger domestic market, except of course, that Singapore spotted the opportunity first before everybody else — first mover advantage.

Information technology activities and endeavours to build an industry around Information and Communication Technology (ICT) brought along the distinction of being among the top of the group of ICT countries in the world. This is good in itself, but more important is the spinoff effect reducing costs and enhancing opportunities for doing business, making it attractive to set up a regional or even an Asian headquarters in Singapore.

The whole idea of good governance around effective and efficient administration has underlined Singapore's role as the place where, by far, most international companies go to set up headquarters, research or financial services. This produces another spin off effect drawing talented people to Singapore enhancing the intellectual capital of the nation.

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This so-called first phase of the hub was moulded around traditional economic and industrial sectors. What is not always incorporated in analyses is that it announced Singapore as a global player, albeit in very select and narrow sectors, while at the same time branded the nation as an island of efficiency, good governance, corruption-free and respecting the rules of the law.

The next step to opening up new activities was moulded around the service sector. This was more difficult to do and the risks were higher, but the branding as a place for good governance helped.

Singapore's financial sector has become one of the strongest in the world today. It is almost boring to reiterate that it was far from the obvious to position itself as a financial hub with Tokyo and Hong Kong already established and Shanghai and Mumbai coming up — but it succeeded. The difficulty was and still is to strike the right balance. Being a successful financial hub requires good facilities in a broader sense and having good governance. If uncertainty starts to reign, money and subsequently the financial service sector will move. The costs of doing so are bearable for the large financial institutions. The international efforts in gaining ground to combat money laundering and obscure financial transactions, including harbouring dubious person's and/or organisations' money, forces a financial hub such as

Singapore to act according to, not only to international rules, but also to moral and political guidelines. Unless one is seeing what is in the pipeline, there is a risk of being caught and placed under suspicion. Being a hub for global money embeds fragility and vulnerability and few things can move faster in and out than money. For Singapore, that implies continuous high quality vigilance and not misjudging legal and moral borders.

Health care and education has followed adopting the hub concept. The interesting aspect is cost and quality weighed against each other. People going for an operation will do this calculation as will those sending their children for education. Singapore is at the higher end and that is good, however, the challenge is to make sure that the higher quality matches the higher prices.

Leisure and culture has joined the list. The Esplanade (nicknamed the Durian) has since signalled a new approach, which was fully seen with the two integrated resorts. Singapore tapped into the vast flow of money in the slipstream of tourism namely entertainment such as Formula One and gambling. The latter was a hard nut to swallow — over past decades, gaming and gambling were allowed, but under tight control. The integrated resorts with their casinos posed the same dilemma as the financial sector, but in a much harder manner — a balance had to be struck. Inevitably, much of the money and many of the

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people coming to gamble have had questionable backgrounds. How do we ensure that procedures and controls were able to prevent a dent in Singapore's image as a low crime country? In a way, Singapore acquiesced to a low key rebranding to become less 'boring' and more 'adventurous'. This decision illustrates the dilemma sometimes associated with the hub concept. Singapore could have said "no" to the casinos, but the consequence would not only have been to forego this kind of business, but also to see other entertainment and leisure activities go elsewhere — a potential negative spinoff.

The main lessons garnered, so far, can be summarised to: Governance and foresight are the ultimate and indispensable conditions. As a high cost society, quality must constantly be enhanced to match the higher costs. For the financial sector and gambling activities constant vigilance to respect international legal rules and to detect and intercept swings in moral attitudes are difficult, but indispensable.

The hubs stemming from the first and second wave have considerable mileage, but it cannot be skirted that they are on the downward slope and has to be supplemented by what is termed a third wave. What then are the opportunities to look out for?

The global supply chain is going to be replaced by regional supply chains. The

global business cycles ceased to exist since two decades ago and an East Asian business cycle emerged. The implication is an ability for the region to shape its own economy and not be a hostage any longer to the US (and European) economy. Figures for intra-trade (trade among a group of countries) as a share of total trade reveals around 55 percent among East Asian countries compared to 64 percent for the European Union (EU) and 45 percent for The North American Free Trade Agreement (NAFTA).

McKinsey Global Institute[1 yes] comes to the conclusion that Southeast Asia can benefit from this development in three ways:

'Firstly, successful implementation of the ASEAN Economic Community integration plan could significantly increase trade and create a single market of 600 million consumers. Secondly, ASEAN can expand its free-trade agreements and attract additional production from multinationals as labor costs in China continue to rise. Together, these opportunities could create some \$280 billion to \$625 billion a year in economic value by 2030. To realise this potential, ASEAN will need to tackle restrictions on foreign investment, to develop a more competitive manufacturing sector, and to build critical foundations, such as infrastructure, logistics, and workforce skills.'

This trend will strengthen over the

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coming decades. East Asia will gradually increase production for consumption within the region instead of exports. It will also be the same for South Asia, albeit this may take a little more time. Prime Minister Modi of India has tabled an economic policy analogous to the itinerary followed by East Asia, aimed at moving into labour-intensive and low-cost manufacturing.

Singapore will be enviably well situated to exploit these new trade patterns. It may require some new infrastructure as containerships for regional transport may be of different sizes than those built for global transport and the trade in resources such as bulk shipping, may not go through Singapore. However, that will only dent and not remove the opportunities.

A massive restructuring of global trade is under way for energy. Watching the world's energy supply and demand, a number of factors work against global transport. Shale gas and oil are found inside all major industrial countries except in Japan. Self-sufficiency for strategic and geo-political reasons is in the vogue. Oil may give way to coal and LNG (liquefied natural gas). Exploitation of the hub's opportunities asks for correct reading of these new patterns and will undoubtedly require infrastructure investments to be in place before they really set in.

Broadly speaking, global trade over the

last fifty years have been steered by an East-West axis — a supply chain with production in Asia and consumption in the US and the EU, supplemented by transport of resources along the same axis with some, but minor exceptions.

The axis now swings to run from China, over South Asia and on to Africa. Every year, these three geographical areas account for an increasing share of world population, the lion's share of global growth, a higher share of global income, and a rising purchasing power.

It is too early to sketch a final model, but it would look somewhat like this: China will transfer labour-intensive and low-cost manufacturing to some countries in Southeast Asia (Vietnam, Indonesia and maybe Myanmar), but primarily to Bangladesh which is already benefitting. The same goes for Pakistan as well as India which is coming up even faster if Prime Minister Modi's policy succeeds. The substitute for labour-intensive and low-cost manufacturing in China will be higher value-added production competing on quality, service, technology, and branding. Africa will, for the first decade or two, step into the role as a supplier of resources (energy and raw material), but as time goes by, its rising labour force combined with the effect of high growth will attract manufacturing.

Approaching 2050, it is likely, almost certain, that labour-intensive manufacturing will have completed its

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transfer from China to South Asia, and be on its way to Africa. People have long spoken about China as an economic powerhouse, but China's rise will be nothing compared to the axis of China - South Asia - Africa.

For Singapore, this is mixed news. Geographically, it will find itself on the fringe of the new power axis. The challenge is, however, more for Southeast Asia as a whole. The region is economically too small to serve as a viable platform for economic growth. It not only strengthens the well-known arguments to plug into the Chinese and Japanese markets, but adds a new dimension which is the ability to be part of the new growth scenario. If Southeast Asia can do that, and omens are looking good with economic and industrial structure, the region may benefit and Singapore, as a hub in Southeast Asia and part of the East Asian supply chain, may fare even better than what the global supply chain offered.

The industrial age is coming to an end — economic and industrial structures built according to the needs of that age become obsolete. The coming age will be shaped by scarcities. The world can already now feel food shortages, rising resource prices combined with physical scarcities for some resources, an energy problem, water scarcity for almost half of global population, and clean environment as something which cannot be taken for granted.

It is a safe bet that those cities and countries, knowing how to use resources efficiently, recycling resources and moving into re-manufacturing and a number of other measures to reduce resource use will be the eventual winners. Many policies to this effect can be implemented. One of them is the shifting emphasis of research, technology, innovation, and invention, from the saving of manpower, which steered the innovation process throughout the industrial age, to the saving of resources.

For a small and nimble society such as Singapore, this can be done and the City-state has within its grasp, the ability to position itself as a hub for application of the new paradigm which controls production and consumption.

Urbanisation may well be one of the most important issue in the decades to come and focus will be on sustainable cities, liveable cities, and cities which manage to save resources. What can be better for Singapore than taking the lead here?

Above this comes an offer Singapore cannot refuse! Most societies around the world move, unfortunately, toward more violence making people feel insecure. There is a growing demand for human security in a broader sense — the ability to be able to walk safely in the streets, no fear of robbery, and no worries for children's safety — essentially, a safe

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haven for human beings. Those who look for such a place are well off. Strengthening its image, and it will be easy as a quality society, Singapore will attract such people. It fits in very nicely with the trends sketched above as a third-generation hub.

Taken together, the futuristic view for the next fifty years conveys the hub concept as very much alive. It only requires the same adroitness and ability to adjust and adapt as seen already over the first fifty years. Governance, boldness, and correct reading of future trends are called for. It is not easy, but indispensable for Singapore if it wishes to maintain its hard-won place as one of the best societies in the world — a high quality society.

Security & Defence


50 Years of Singapore's Securitisation: Prospects and Challenges

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*50 Years of Singapore's Securitisation: Prospects and Challenges***Introduction**

 Singapore was born in a security conundrum — it was barely eleven months after the second racial riots (September 1964) in the then State of Malaysia, and Konfrontasi (the Indonesian–Malaysian confrontation), the limited war launched by President Sukarno against Malaysia (including Singapore) was still ongoing. Singapore–Malaysia relations were tense and difficult with fears not just of a federal government takeover of Singapore but possibly more racial riots.

The global Cold War was intense and the American-led war in Indochina, to stop the Communist march and prevent ‘dominoes’ from falling, was at its height after the Gulf of Tonkin Incident. The Great Powers, especially the United States (US) and the Soviet Union, were intensifying their Cold War struggle for influence and domination, including within Southeast Asia, best evident in their involvement in Vietnam and Indonesia. It was under such circumstances that the republic’s leadership had to craft a security policy to safeguard its infant sovereignty and a policy of securitisation was essentially the answer to these challenges.

What is Securitisation?

In the field of international relations, this concept is associated with the Copenhagen School of scholars such as

Ole Wæver, Barry Buzan and Jaap de Wilde. While the material disposition of a threat, including military strength and distribution of power, is important, securitisation entails, through ‘speech act’, the transformation (through politicisation) of certain issue(s) by an actor into a security issue. This will enable the state apparatus to use various means to act in the name of security. To understand securitisation, there is the need to know the actor or entity that securitised the issue, the object that is being threatened or that needs protection, for whom and on what grounds is something being securitised and what the outcome(s) was.

For securitisation to be effective, it must be accepted by the audience, namely, the electorate that needs to be convinced of the threat. If an issue is successfully securitised, then extraordinary measures can be legitimately undertaken to address the threat as it would have been defined as an issue of vital priority for the state and its people. Here, not only can purely military issues be securitised but issues in the political, economic, societal and even environmental sectors can be mobilised for securitisation purposes.

In short, every policy can be seen from a security angle, with a State defining ‘security challenges’ from various angles and justifying strong measures to be taken against identified threats in the name of national security, regardless of whether an actual threat exists or

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whether the issue involved state or regime security.

The Securitisation of Singapore

As securitisation entailed viewing every aspects of the State from a security angle, internal and external or from the military, political, economic or social-cultural aspects, it would be instructive to analyse what has been undertaken since 1965 to neutralise the various threats in the name of achieving development, stability and security. In essence, it involved the government's intervention in almost all aspects of the State and viewing every challenge from security lenses.

Political

Following a bruising struggle with the Left and pro-communist elements including within the People's Action Party (PAP), once the PAP became the government of independent Singapore, its approach to politics was to 'depoliticise' it. This approach was reinforced further by the PAP's continued conflict with the Malaysian leaders over various issues, including race and religion, and most importantly, following the two racial riots in 1964.

This saw the government's attempt to clip not just the operation of the opposition parties such as the members of the Socialist Front, then the leading opposition party in Parliament until it abandoned parliamentary politics in

1966, but also other political parties such as the Workers' Party as well as to curb the growth of civil society. These political groups were seen as a source of nuisance that distracted the government from its task of providing development and security goods regardless of its implications for democracy and the need for a system of checks and balances as well as accountability.

Economic

As a resourceless State made up of migrants, providing economic goods was a key strategy for attaining national stability and security. This led to the economic-first, 'at all costs' approach to economic development. One of the key targets of securitisation was the trade union movement that had, prior to 1965, been largely communist-controlled with strike actions and the accompanying man-hour loses one of the key weaknesses of Singapore's economy. In order to attract foreign investments to drive economic growth, the labour sector had to be made attractive, not only through cheap, skilled workers, but also with a peaceful, non-threatening workforce towards foreign multinational corporations (MNCs) that were brought in to drive Singapore's exported-oriented economy.

Social-Cultural

To provide a secure environment for a multi-racial entity to coexist in a political

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setting of respect and stability, especially after the racial and religious violence following the Maria Hertogh riots in 1950 and the racial riots in 1964, was one of the key factors driving the government's securitisation policy. The government's experience with Chinese chauvinists, often controlled by the communist underground, championing Chinese education and culture, were clear reminders that this sector of society had to be depoliticised. Any attempt by any racial or religious group to champion narrow racial, religious and language issues was viewed as a security threat and dealt with harshly. The arrest of the *Nanyang Siang Pau* editors, the leading Chinese daily in May 1971, on charges of championing Chinese chauvinism, was evidence of this security-oriented mindset.

Military

A Singapore that exited from Malaysia in August 1965 was left with only two infantry battalions and that too, composed mostly of Malays and many Malaysians. In response to the dire military situation of having almost minimal military strength to defend itself, very quickly with Israeli's assistance, Singapore built up a National Service system, through conscription that quickly provided military muscles for the republic, especially following the British military withdrawal in 1971. While Singapore was a member of the Five Powers Defence Arrangements, the loose

pact's value was more political than military, especially in the context of poor Singapore-Malaysia relations. Hence, a policy of military built up with more than a quarter of the national budget was devoted to defence.

Foreign Policy

In addition to various domestic political, economic and social-cultural policies, foreign policy was also structured to enhance national security. Within two years of independence, Singapore developed close all-round ties with the United States (US), the de facto security provider in place of the withdrawn British. This saw the slow but steady alignment of Singapore towards the US and eventually, the development of a quasi-alliance relationship with Washington by the 1990s. Singapore also adopted a foreign policy premised on the balance of power, inviting every major state with stakes in the region, to have a tangible political, economic and even military stake in the republic. This was based on the belief that a total dependence on a single power was dangerous, but if there were 'multiple suns', then the rays would mute each other, providing tiny Singapore with space to manoeuvre.

The Outcomes of Singapore's 50 Years of Securitisation

Essentially, a '4-Ds' approach was adopted. This entailed domestic

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development that emphasised on internal stability, economic development and the development of a political entity that valued the benefits of all-round development, especially economic and the physical stability that was provided by a strong state. This also involved giving each racial and religious community a stake in the development of the republic through a policy of multi-racialism, multi-culturalism, multi-religiosity and multi-lingualism, where everyone's key identity was protected and yet, national-oriented values were promoted for nation-building tasks.

By and large, through trickle-down economic benefits, the state's strong control of the mass media, containment of oppositional and civil society's politics, and the provision of basic human needs such as housing, jobs, education and physical security, the ruling government succeeded in providing all-round political, economic and social-cultural goods that helped to entrench the ruling party in Singapore's politics through basic performance legitimacy. The leadership of Lee Kuan Yew, Singapore's prime minister from 1959 to 1990 as a strong and charismatic leader, also ensured a strong, stable and prosperous state.

A sound diplomacy, winning regional friends and developing profitable relations of mutual benefits with great powers was equally critical for national security. The development of a strong defence capability which included

effective defence diplomacy, was the third leg on which national security was underpinned. Despite being a small state with limited manpower resources, through mandatory male conscription of National Service and effective defence diplomacy, a strong defence capacity was developed which underpinned the republic's survival. This provided the insurance policy for foreign investments and guaranteed the republic's 'big stick' while speaking softly in regional and international politics. Together, these pillars provided deterrence to potential adversaries in the hope that if this failed, there then would be an effective defence capability to safeguard the republic.

Challenges Confronting Singapore's Securitisation Policies

While many of these policies proved successful in the past, their future sustenance is questionable. This is due to a number of factors: Firstly, for many of these policies to continue to remain relevant after fifty years is in itself challenging. Many things have changed — the first and second generation of political leaders are no longer in power and a new generation of Singaporeans who are more educated, informed, well-travelled, economically successful, politically confident and highly demanding, have grown up.

There have been a rise of new problems, many of them a consequence of the PAP's successes, including rising income

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disparities, unaffordable basic needs such as housing and medical care, breakdowns of public infrastructures such as Mass Rapid Transit (MRT) and massive traffic jams despite rising costs imposed on the public through all kinds of direct and indirect taxes such as Certificates of Entitlement (COEs), Electronic Road Pricing (ERPs), and so forth.

Secondly, unlike in the past, there has been the rise of a credible political opposition that has harvested these grievances to its advantage, particularly, the rise of the Workers' Party, often dubbed the 'PAP of the 1960s'. This has been greatly aided by the social media which has succeeded in bypassing the government-controlled mainstream media, thereby giving the Opposition a powerful voice as well as the voiceless of the past being able to make their presence felt politically, especially those with grievance.

Thirdly, the government, while in the past, was perceived as the saviour of the republic, through its sound political, economic, social-cultural policies and solving the basic needs problems of the citizens, is now increasingly blamed for many of the electorate's woes, especially rising costs. Here, the single biggest bugbear and milestone around the PAP is the issue of flooding the 'little red dot' with foreigners who are perceived as an economic, social-cultural and potentially, a political threat. The PAP government's economic rationale that has justified this

human flooding, mostly from China, is unacceptable for the majority of the electorate — a government versus the electorate clash is likely to be intensified in the coming years. With a public totally opposed to foreign nationals flooding the nation, the government is unlikely to win in the confrontation.

Finally, in view of the manifold national problems, there is a rising public perception that the quality of the PAP as a political and governing party has declined, and if it is not robustly checked, it could result in negative consequences for the public at large. The PAP's leaders intermittent reference to the fact that no political party has ruled for more than seven decades has also not helped, giving the impression that the days of the ruling party may be numbered. This has led to the perception that the ruling party might be replaced in future, especially if a credible opposition rises and captures the imagination of the electorate.

The Future: De-securitising Singapore's Politics as part of the New Normal

The various problems facing the PAP government, especially since the 2011 general election, has led to growing voices being raised against the government's policies, with the past securitisation approach being nibbled away and in many areas, totally undermined. The government's own approach has also been helpful, best evident in being more respectful and less

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punitive of the electorate's critical views, in accepting opposition parties as an integral part of the political landscape, being more forthright in admitting its mistakes, and increasingly embracing a more welfare-oriented agenda for the public.

Most glaring has not been just a resurgent political Opposition but also the rise of a highly politicised public and civil society. In the last five years or so, Singapore has seen more public outcries and protests against government's policies than the four and the half-decades earlier. This is symptomatic of the fact that the past government's approach of labelling every major potential challenge as a security threat, is no longer viable and tenable in the face of an assertive and political public. The 'coming to life' of Hong Lim Square is clear evidence of this phenomenon and the 'Honglimisation' of Singapore is something that cannot be ruled out in the near future. This would be the ultimate death knell of PAP's securitisation policies, marking the return of total politics to the Singapore arena and signifying Singapore's graduation as a First World political state.

How long the PAP survives, as a governing party will in turn be dependent on the party's ability to address national problems, connect with the electorate, the quality of the Opposition and the various circuit breakers which the governing party is able to place in the

system to prevent the defeat of the party in the upcoming general elections. While the chances of an immediate change of government due to the increasing de-securitisation of national politics are unlikely in the near future, the return of normal political contestation would tend to signal that a new political era is on the horizon, one that befit a political entity and society that is highly developed.

External Relations

Building on a Foundation of Constructive Indonesian-Singapore Relations

Mohammad Amien Rais

Professor Mohammad Amien Rais graduated from the University of Notre Dame and was conferred his PhD in Political Science from the University of Chicago. He was the Chairman of the People's Consultative Assembly and People's Mandate Party [PAN] and has been awarded the Fulbright, as well as the Rockefeller Scholarships, and conferred the Bintang Mahaputera Utama, the Indonesian state honours, by President B J Habibie.



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SG 50 Singapore gained its independence from Malaysia at about the same time Indonesia went through a change in political climate in 1965. The then Prime Minister of Singapore, Lee Kuan Yew took on the mantle at about the same time the then President of Indonesia, Soeharto purged the country of Communists and embarked on a sustained period of social and economic development. Both nations started their journeys in the mid-1960s confronting similar circumstances. The leaders of both nations faced precarious economic conditions and the looming threat of communism that was bent to dismantle the young democracies in the region.

Looking back fifty years, Indonesia and Singapore had shared a somewhat common vision and direction in bringing our region together. It is truly an awkward, yet fulfilling relationship between an island City-state that has had phenomenal appetite for growth as well as being the largest archipelago in the world that has experienced several cycles of tumultuous political changes. Despite the trials and tribulations of global economic, financial crisis and the threat of terrorism, both nations emerged as significant anchors of ASEAN and other intergovernmental organisations. The foundation in bilateral relations is stable and likely to lead to closer collaborations.

Taking a cultural perspective, Indonesia and Singapore share historical roots that

date back several centuries. Our existence has always been characterised by the reliance on vital trade routes which connected the economies along the east of the Straits of Malacca to those across the Indian and Atlantic Oceans. Our ethnic communities had crossed borders long before these borders had been defined by Global Positioning System (GPS) positions. The Malays and the Chinese in both countries share family ties. These migrant communities only started to take on differing political orientations under the British and Dutch rule.

Given that Indonesia and Singapore shares so much of the past, is it possible that globalisation and intense competition could change both countries' bilateral orientation in the near future? Can we foresee an antagonistic relationship between the leaders and people of the two countries? What could cause a rift between the two nations? Before I discuss the trends that will shape our bilateral ties within the next fifty years, I shall lay out the rubrics of what made the past fifty years meaningful.

What factors and events had shaped the last fifty years?

Let us go back to the formation of ASEAN in 1967. The ASEAN Declaration embodied a common desire between Indonesia and Singapore to bring together the neighbouring economies. The main idea was to create common

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programmes to foster economic growth and establish regional peace. Lee Kuan Yew and Soeharto had taken the strategic decision to put aside the recent Konfrontasi (1963-1966) and garner Malaysia, Philippines and Thailand with the intent of building a collaborative front against the concerted and systematic Communist infiltration into the region. The commitment to establish and sustain active collaboration within economic, social, cultural, technical and scientific sectors has given rise to concrete achievements that we tend to trivialise or forget.

If Konfrontasi had become the stumbling block, Indonesia, Singapore and the region would not be where it is today. It would be difficult to envision that both countries would have been able to build submarine pipelines to transport gas from South Sumatera and Natuna to Singapore. It would be impossible to conceive that Singapore would be able to carry out decades of reclamation work to expand its territory with sand and granite brought in from Batam, Bintan and Karimon.

The leadership factor is crucial. Singapore's visionary and level-headed Lee Kuan Yew and Indonesia's growth-oriented Soeharto had been instrumental in putting their bitter history aside and forging bilateral ties. That foresight they had shaped the present — Soeharto was confident that Singapore's growth would not threaten Indonesia and so began a

sympiotic relationship. If history had taken a different route, Soekarno, Indonesia's first President, would not have been so calm in forging economic ties with Singapore or Malaysia.

The geopolitical circumstances that had supported this healthy Indonesia-Singapore relations was also different in the last five decades. In 1965, the dominant global power was the United States (US) while the United Kingdom (UK) and the Netherlands were very much in retreat from its colonies around the world. The US engagement in Vietnam and Korea, during the period of decolonisation, led to a mindset that it needed strong allies in the south of the war zones for its logistical support. These allies also had to become a firm wall to prevent communism from taking grip of Southeast Asia.

Both Indonesia and Singapore are known for its constructive strategic military ties with the US for many decades. The pro-capitalism and anti-communism mindset became the underlying factor in designing the defense policies and capabilities of Indonesia and Singapore. Both militaries share similar configurations of military hardware and have coordinated their mobilisation as joint forces. This shoulder-to-shoulder posture is evident in the decades of coordinated patrols of strategic waterways such as the Straits of Malacca and the Singapore Straits. Both militaries have also participated actively in joint

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exercises such as SAFKAR INDOPURA — The regular exchange of strategies by top commanders from both sides foster trust.

Despite occasional political miscommunications, the goodwill remains strong because of the common strategic interests of defending our sovereignty and economic lifelines. The Singapore Armed Forces has been proactive in responding to the 2004 earthquake and tsunami in Aceh as well as in the disasters affecting Yogyakarta in 2006. To date, the only significant outstanding treaty dealing with strategic matters has been the Extradition and Defense Cooperation Agreement (ET-DCA). It hit political hurdles during the Yudhoyono government, and the new Jokowi administration has little motivation and ability to pursue the matter in the Indonesia House of Representatives Dewan Perwakilan Rakyat (DPR).

To some extent, the key factor that characterised the calm relations in the last five decades. Singapore and Indonesia had been contented to take on specialized roles. Indonesia focused on developing its natural resources sector while Singapore had a supporting role in channeling investments through its globally connected finance sector. Soeharto, Abdurrahman Wahid, and Megawati Soekarnoputri were contented with Singapore as the principal trade and business conduit to the world. Investments in Indonesia were largely

done through Singapore — Indonesians had been content to be the natural resource hub in the region exporting oil, gas, copper, nickel, coal and many other mining commodities through companies and brokers that were largely operating out of Singapore.

The contentment is so clear in the case of Indonesia's dealings with the two mining giants, Freeport Mc-Moran and Newmont Mining. For decades, they had been exporting raw mining commodities and had not been motivated to set up processing plants locally. Mining and plantation deals were inked in Singapore and the banking arrangements were wired through the many international banks based on the island. Singapore was also the preferred location for arbitration.

With that mindset, the past Indonesian governments had not objected to Singapore's continued management of the Flight Information Region (FIR) over critical Indonesian territories. Indonesians had been confident that they would remain the crucial hub for energy and mining supplies where the political leadership allowed Singapore to have access to companies that controlled crucial services such as banking and telecommunications. At present Singapore has a significant stake in Indonesia's banks, mobile phone service providers and access to the vast Indonesian consumer markets while Indonesia itself does not have reciprocal access.

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The Indonesian government has been so preoccupied with the constitutional and political reforms and decentralisation that it had overlooked how Singapore had taken a strategic stake in the country. While the bilateral ties remain cordial, Indonesia is rethinking the role of Singapore as the place where the deals are made. Intensive globalisation has changed the old roles and expectations. Whatever that worked in the past is not likely to be easily accepted as the norms with future bilateral relations.

The underlying factor in the strong bilateral ties remain the sharing of information, particularly intelligence and insights into policy development. The generous scholarship programmes has enabled bright students from Indonesia and Singapore to partake in joint human resource development initiatives. To some extent, the leadership of both nations think alike and have the same competitive mindset with policy development. Leaders on both sides have been largely aligned when working on the ASEAN Economic Community (AEC) blueprint, the ASEAN-China Free Trade Area Agreement (ACFTA) and on the possibilities of making the Trans-Pacific Partnership become workable. All these milestones would not have been possible if the bureaucracies on both sides did not have cordial and functional ties.

The most significant collaborative area has been the sharing of intelligence in combatting terrorism since 2001.

Indonesia has been proactive in sharing information on Jemaah Islamiyah and other terrorist cells from its experience in investigating the perpetrators of the Bali and Jakarta bombings. The cooperative stance of Indonesia's National Intelligence Agency (BIN) towards Singapore has helped, to a great extent, in averting a terrorist attack on the island. It is clear that as neighbours, Indonesia shares the concern on the rise of terrorism as a destabilising factor.

What factors and events will shape the next fifty years?

The ties between Indonesia and Singapore will pivot on our ability as neighbours and a region to come up with sustainable solutions to a looming energy and ecological crisis. Both economies are dependent on imported oil supplies — Indonesia's daily oil consumption has long outstripped its domestic production. However, Singapore imports all aspects of its energy needs. Whatever exploration and refining capabilities Indonesia develops will not likely meet our long-term demand for fuel, especially as population continues to grow. Any sustained military conflict in the South China Sea between China and the claimants to the disputed territories could cause energy price fluctuations and trade disruptions that would impact Singapore and Indonesia. Any geopolitical incident that causes spikes in oil and gas prices would hit both economies hard and slow down economic growth

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significantly. Given domestic energy security concerns, Indonesia would likely also review its gas export commitments to Singapore, Japan and China in the coming decades, causing strain in bilateral ties.

How could Indonesia and Singapore focus on energy security given the knowledge base, experience and financial resources between both countries? How possible would it be for leaders on both sides to consider collaboration in nuclear electricity generation to supply a common electricity grid managed by the private sector of both countries? — this is not impossible. Soeharto had envisioned and planned to sell water from the rivers of Sumatra to Singapore via undersea pipes. That proposal had been investigated and even reached the level of proposals engineering-wise. As early as 1986, ASEAN leaders had proposed to work towards a regional electricity grid. The proposals have many outstanding cross-border issues and a lot of technical challenges involving the 10 economies. Can the initiative begin with Indonesia and Singapore taking the lead on nuclear-generated electricity?

The nuclear disasters in Fukushima recently may have caused many nations to reconsider the option of nuclear-generated electricity as a safe and viable option. However, given the current available technologies and the growing demand for electricity in all sectors of the economy, we face few sustainable and

affordable options. Perhaps it is time to sit together as neighbours to discuss the regulations, concerns and the potential of being the incubator of the regional power grid.

Indonesia-Singapore collaboration in the security and defense sectors will give new definition to bilateral relations. Admittedly, for a small island nation, Singapore has enough military capacity to defend its national interest and to project its influence beyond its borders. It has an established defense industry and is established as the regional hub for military avionics. Indonesia has similar capabilities and far larger needs to upgrade its armed forces to patrol such a large territory. What if we consider for a moment to put aside our differences and plan to expand the military and trade collaboration by developing a joint production of strategic weaponry? This is already done in the European Union — the member economies have reduced their dependence on procuring imported military equipment. They have leveraged on the sophisticated military industries and made weaponry into one of their major exports to the Middle East, and to governments in South America and Asia. It is, above all, a trust-building measure between neighbours.

Building trust between us is an ongoing process. Our common position and coordinated action on thwarting funding and planning of terrorist activities remain critical. There is already close cooperation

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on managing the threat of piracy along the vital trade routes. Singapore's coordinated diplomacy on reducing tensions in the South China Sea is critical in keeping ASEAN together without isolating China as strategic trading partner. Our continued collaboration between the armed forces of Indonesia and Singapore foster healthy bilateral ties. Are we able to take a step further together by leading advancements in military innovations? Could that foster stronger diplomatic and investment ties by forging close security cooperation and why not? After all, Indonesia remains confident that Singapore will not undo the decades of trust.

On the matter of trade and transportation, Singapore-Indonesia ties will be defined by competition or collaboration in developing the air transportation sector. We have the option of working together or striving to exclude the other. The new focus will be developing the air connectivity between the vast consumer markets from India and China to the Pacific economies of Australia, New Zealand and more importantly, to the economies of South America. That connectivity is challenging and lucrative, and inevitably, Indonesia will not give up its strategic access points.

Forging stronger ties

We cannot evade focusing and investing in people-to-people and business-to-business ties as both our countries

balance its domestic political transformation. The present and future generations of political and community leaders in both countries need to understand our shared cultural history and the common vision of the leaders who laid the foundation of close bilateral ties.

There is a need to expand the scholarship programmes and encourage more exchanges between public officials and youths. There is a need to cultivate an understanding that as neighbours, we can develop synergies and exist as equals. If either Indonesia or Singapore want to emerge as the dominant partner, then the doors for collaboration will close and the stalemate will not bring any benefit.

For the past fifty years, the enlightened and visionary leaders of Indonesia and Singapore have understood that as siblings in the ASEAN family, we take the nudges and occasional slurs in our stride of forging lasting ties between our leaders and peoples. We have stayed together in hard times and benefitted from the economic growth of our region. Many decades on, Indonesia and Singapore have competitive economies with citizens that have greater expectations of what their country has achieved. Nevertheless, our two nations can, and must, remain focused on working closely with ASEAN and the world at large.

Our relationship is that of David, the small and capable island of Singapore, and

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Goliath, Indonesia with its size. However, both nations are standing back to back instead of being confrontational. That could change the course of our future as neighbours — our continued mutual respect would guide the course that we have taken as a region.

On this occasion, I congratulate the leaders and people of Singapore for their determination in transforming the economy and laying the foundations for a forward-looking population. Their achievements in advancing their people and developing a credible and efficient system of administration is admirable. We have shared decades learning from each other and should continue to do so. I believe that Indonesia and Singapore can forge a sustained unity in our region despite the diversity that exists between our governments and economies.

External Relations

50 Years of Singapore's Connections with Europe

Yeo Lay Hwee

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50 Years of Singapore's Connections with Europe

Introduction



My personal connections with Europe began in 1995 at a Japanese-American pub known as the *Cable Car*. This was where I first met my Danish architect husband, Poul. I like to joke that we are both involved in building bridges — mine are imaginary and intellectual ones to bring about closer cooperation and connections between Asia and Europe, while he builds real bridges to bring about greater connectivity.

My professional connections with Europe began in 1995, working at the Institute of Policy Studies where I was employed as a Research Associate. I was primarily involved as the Resource person for the Eminent Persons Group looking at revitalising the Association of South East Asian Nations (ASEAN) - European Union (EU) partnership.

Hence, I have much to celebrate in my 20 years of connections with Europe.

Singapore's connections to Europe, of course, date much further back in time. Besides the fact that it was a former British colony, it was also a trading hub and an important port in the region since the 14th century. After its

'discovery' by Stamford Raffles in 1819, its status as a free port attracted many traders from around Asia and Europe to Singapore with many European trading firms setting up merchant houses in Singapore then.

Fast forward to 1965 with Singapore's independence achieved unexpectedly and with much trepidation. Being a small state and feeling vulnerable, Singapore is keenly aware of its limitations in material hard power and hence, invested a lot in diplomacy. Singapore has since established diplomatic relations with 187 sovereign states and participates in all major multilateral forums and an active member of many international institutions.

Six European states - France, Denmark, Italy, Germany, United Kingdom and Netherlands - were amongst a dozen or so who established diplomatic ties with Singapore in 1965. Since then, Singapore has established ties with all 28 member-states¹ of the European Union (EU). The Delegation of the EU set up its office in Singapore in 2002 in recognition of the increasing ties — at the end of 2012, the EU concluded its first Free Trade Agreement (FTA) in Southeast Asia with Singapore.

¹The 28 member states of the European Union are: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom (UK).

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The multi-dimensional and multi-layered ties between Singapore and Europe

Reflecting on the past 50 years of Singapore's development, it has been remarkable that Singapore did not succumb to the post-colonial xenophobia nationalism that was prevalent in the 1960s, and had instead chosen an economic strategy which opened the door wide to foreign direct investments (FDI). Concerted efforts were also made to attract multinational corporations (MNCs) and foreign corporations to set up shop in Singapore, many of them from Europe (from Unilever to Jepsen and Jessen; Shell to BP; Siemens to Rolls Royce; Philips to Electrolux). One could, of course, explain that Singapore is just too small and without its own hinterland, it has no choice but to be open and pursued an export-oriented strategy.

Dutch economist Albert Winsemius played an important part in formulating Singapore's economic development strategy. He was Singapore's long term economic advisor from 1961 to 1984 and worked very closely with then prime minister, Lee Kuan Yew and then second deputy prime minister, Goh Keng Swee in 'industrialising' Singapore and transforming the City-state from an entrepôt trade port into a manufacturing centre.

To complement the transfer of skills and technology, incentives were provided for foreign firms to set up training centres in the 1960s and 1970s for Singapore workers —this was later extended to cooperation with developed nations to establish technical training centres such as the German-Singapore Institute of Production Technology and the French-Singapore Institute for Electro-technology.²

From these snapshots, one could say that Singapore's connections with Europe have been strong and the governments, companies and peoples of Europe have contributed in different ways to the development and transformation of Singapore.

However, what about Singapore's contributions to the EU and Europe?

Singapore has often been said to 'punch above its weight' in foreign policy and international relations. Its first-generation diplomats, many of them 'accidental' such as Professor Tommy Koh, have played an important role in the 'internationalisation' of Singapore. Tommy Koh, the consummate diplomat and negotiator, in particular, has been associated with various UN-initiatives, being the President of the Third United Nations (UN) Conference on the Law of the Sea (1980 to 1982) which resulted in

²Gundy Cahyadi, et al., "Singapore's Economic Transformation", Global Urban Development's Singapore Metropolitan Economic Strategy Report, June 2004.

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the United Nations Convention on the Law of the Sea (UNCLOS) III agreement. He also chaired the UN Conference on Environment and Development, also known as the Rio Summit in 1992. The 10-day meeting resulted in several important political declarations and legally binding agreements. However, lesser known perhaps but no less important, is his appointment as special UN Envoy to the Baltic States in 1993.

The mission to the Baltics concerned the demand of Estonia, Latvia and Lithuania for the full withdrawal of Russian troops from their territories. These three Baltic States had their independence restored in 1991 following the dissolution of the Soviet empire. Russia signed an agreement to recognise their independence that same year. However, Russian troops remained in their territories as Russia struggled to manage the return of the Red Army from various former Soviet republics which had become independent then. The successful mission by Tommy Koh resulted in the phased withdrawal of the troops — assistance was also provided by Denmark, Norway and the United States (US) to help build housings for the returning troops and their families in Russia.³

The Baltic States have since made

extraordinary improvements in their socioeconomic conditions. They became members of the North Atlantic Treaty Organisation (NATO) and of the EU in 2004, and all three countries have also adopted the euro as their European currency.

Singapore has also tried to serve as the interlocutor between the East and the West. It has contributed to the early 1990s debate on Asian values — the rationale for stirring up this debate was to respond to the triumphalism of the West in the early years at the end of the Cold War whilst preventing the beginning of another cold war between an emerging China and a triumphant America.⁴

In responding to the opening up of China and the increasing importance of East Asia to the global economy, Singapore, way back in 1994, saw the need for greater engagement between East Asia and Europe. The idea presented was simple — The narrative was that Europe, East Asia and North America as the three engines of global growth, needed to understand each other further and to work closer. While transatlantic ties between Europe and America are strong due to historical and institutional reasons, and transpacific ties between East Asia and North America have been bolstered with the launch of the Asia Pacific

³ See “The Tommy Koh Reader: Favourite Essays and Lectures”, pp 61-68.

⁴ See Bilahari Kausikan’s “The Idea of Asia in Straits Times”, 8 November 2014.

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Economic Cooperation (APEC), institutional ties between East Asia and Europe were relatively weak. To strengthen this third link, Singapore under then Prime Minister Goh Chok Tong went to Europe to canvass support for a leaders' summit between East Asian and European leaders. The Asia-Europe Meeting (ASEM) comprising ASEAN, which included China, Japan and South Korea on the Asian side; the other 15 EU member states and the Commission on the European side, was launched in 1996.

ASEM was a symbol of Asia's and Europe's rediscovery of each other, and an aspiration for stronger ties. Since then, the interdependence between Asia and Europe has deepened and ASEM has enlarged to 53 partners. Singapore continues to also advocate a pragmatic approach towards our bi-regional ties.

The initiative by Singapore to set up an Asia-Europe Foundation (ASEF) to complement the ASEM process is a sign of strong commitment from Singapore to help strengthen the ties between Asia and Europe at the people-to-people level. ASEF, founded in 1997 and located in Singapore, is now the only 'brick and mortar' institution of ASEM devoted to what the President of the European Council, Herman Van Rompuy called "the cross fertilisation of ideas". Van Rompuy added that he had only

praises of the vision of Goh Chok Tong to bring about closer Asia-Europe ties that led to the launch of ASEM and ASEF two decades ago.⁵

The founding Executive Director of ASEF was Tommy Koh, and together with his team in ASEF initiated a number of projects that brought together academicians and researchers, artists, editors and journalists, teachers and students, and youths from Asia and Europe. As ASEF approaches its 20th anniversary in 2017, it can look back with satisfaction that it has succeeded in building many new bridges of understanding and friendship between Asia and Europe.

In contributing to the broader Asia-Europe relations, the EU and Singapore ties have also grown in importance. The EU opened its Delegation office in 2002, and Singapore is the first Southeast Asian country to conclude a Free Trade Agreement (FTA) with the latter. The EU-Singapore FTA is the most comprehensive agreement that the EU has ever negotiated with a third country and will serve as a benchmark for other countries within the region as well as becoming a stepping-stone eventually for an EU-ASEAN FTA.

In many ways, Singapore served as an entry point and a gateway for many

⁵ Speech by Herman Van Rompuy, President of the European Council at the Schuman Lecture organised by the European Chamber of Commerce in Singapore.

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European companies into ASEAN. Singapore is host to over 10,000 European companies — close to 90,000 Europeans live and work in Singapore. Singapore's active role in ASEAN in the last two decades has also indirectly helped the EU to realise the strategic importance of ASEAN in the broader Asia-Pacific region. Though the EU and ASEAN had established formal partnership since 1977, it was only in recent years that the EU has begun to place more emphasis on its engagement with ASEAN.

However, it is not only in trade that the EU and Singapore are natural partners — Singapore has, in the last two decades, with the setup of the Singapore Cooperation Programme (SCP), actively sought to work with development agencies, banks and other developed countries in Europe to offer various training courses — these can help build capacity and promote human resource development in the newer ASEAN member states such as Cambodia, Laos, Myanmar and Vietnam. For instance, Singapore is the first Southeast Asian country to work with the European Commission on a technical assistance programme for developing countries. The programme, which started in 2004, covered technical assistance in particular to Cambodia, Laos and Vietnam.

The opening of an EU Centre in Singapore, the only such Centre in

Southeast Asia is another EU recognition of Singapore's important hub status in the region. In the call for proposal to set up an EU Centre in Singapore, the Commission noted that "EU's relations with Singapore are underpinned by very strong commercial ties" and that "Singapore acts as the hub for European business in the Asia-Pacific region". Furthermore, Singapore is also seen as an important education hub in Southeast Asia, and the Centre would therefore be "particularly well located to promote the policies and awareness of the EU".

Singapore enjoys excellent bilateral ties not only with the UK because of historical reasons, but with many other EU member states including France, Germany, Ireland, Netherlands, Sweden, to name a few. These ties are not only political and commercial but also in education exchanges, scientific and research collaboration, and so on.

Despite the big presence of European companies and Europeans in Singapore, there is certainly still a lack of awareness with regards to the functioning of the EU. The strong bilateral ties that Singapore enjoys with several EU member states sometimes obscure the importance of the EU. However, as Singapore begins to play an active role in ASEAN to promote closer regional cooperation, the EU is increasingly seen as a reference point for ASEAN as the latter seeks to achieve its goal of building an

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ASEAN Community by 2015.

The EU is one of the most integrated economic bloc with a single market of over 500 million consumers and citizens enjoying the four freedoms (free movement of goods, services, capital and people). The EU's complex institutional structure and decision-making process, which is what makes the EU democratic and resilient, is also often associated with its inflexibility and inability to respond quickly to external events. Despite the current debt problems in the Eurozone, the anaemic growth figures and high unemployment, one must not forget that the EU has delivered on peace and reconciliation, and has contributed to the economic reconstruction as well as increasing living standards of many European citizens for several decades.

While Singaporeans learn more about the multi-level governance and complex institutional structures in the EU, Europeans living in Singapore would hopefully come to appreciate the Singapore paradox — the rich but also rigid diversities and the economically affluent but at times seen as 'politically impoverished' City-state.

Many Europeans look upon their stay in Singapore as a 'training ground' for their 'real entry' into other parts of Asia. Singapore is in Asia and very much part of Asia, and its primarily Asian population comprises people of

Chinese, Indian and Malay background. Therefore, Singapore is supposed to provide a flavour of what 'Asia' is to Europeans, but not too much as to knock them out of their comfort zone. Its 'traditional Asianness' is cushioned by its familiar 'Western modernity' where everything functions like clockwork.

In some way, Singapore, this westernised Asian City-state is some sort of a paradox that hopefully helps to challenge the 'either-or' binary mindset, as well as the teleological belief in linear progression. We can be economically free but not so politically free as we have a rule of law and good governance, but not necessarily multi-party liberal democracy as understood by the West. For Europeans who live and work in Singapore, they too must also be amused by the paradoxical 'can do' spirit of the country as a whole but the 'cannot do unless explicitly told to do so' mentality of many Singaporeans.

Living in Singapore could therefore lead Europeans to question many of the assumptions they have on culture, tradition, development and modernity.

Conclusion

Singapore's connections with Europe go much further back beyond 50 years. This was, of course, very much coloured by its colonial ties with the UK. However, since its independence in

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1965, Singapore has built up a wealth of connections and relations with Europe far beyond the UK. Through its diplomacy, its active engagement in global and regional affairs, Singapore has much to share with the European countries. Through its involvement in ASEAN, it has also strengthened ties with the EU and its member states. Hence, through its openness in welcoming companies, corporations and talents to its shore, it provides a rich environment for mutual learning and growth between Singaporeans and Europeans.

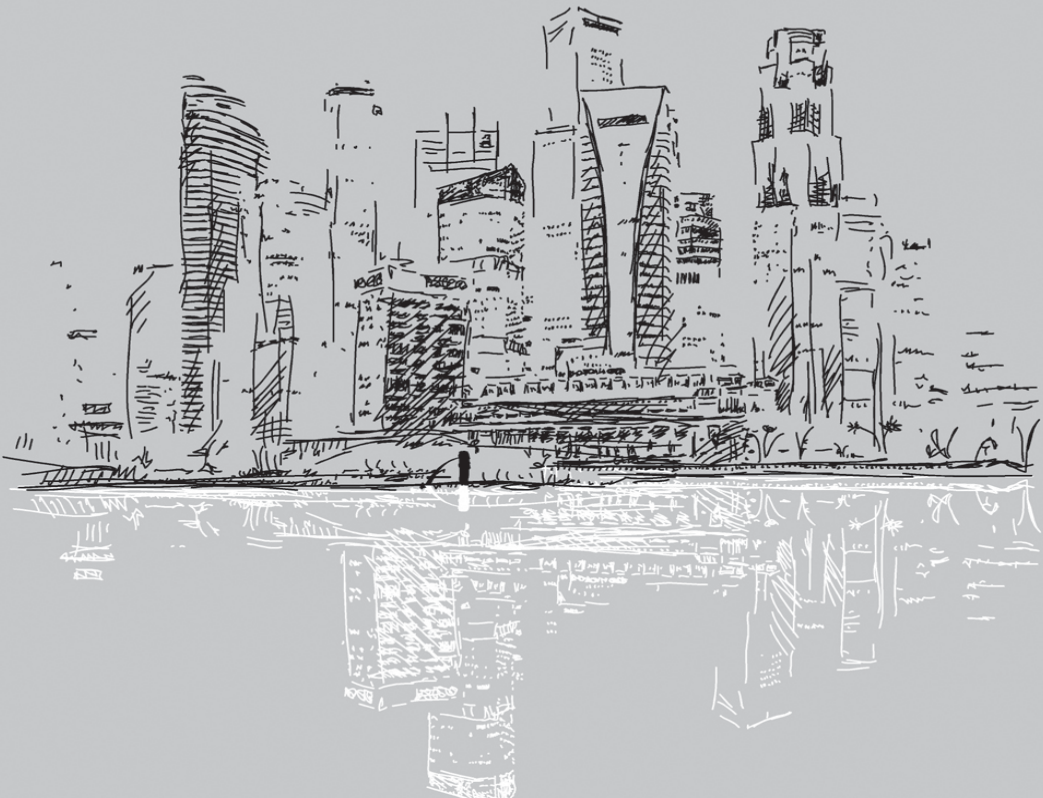
External Relations

Singapore and Southeast Asia: A Shared History and a Shared Destiny

Tan Tai Yong and Soh Yi Da

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*Singapore and Southeast Asia: A Shared History and a Shared Destiny***Introduction**

SG 50 Singapore started life as an independent state with an ambivalent attitude on its place in the Southeast Asian neighbourhood. The acrimony that had led to separation from Malaysia and the accompanying Indonesian Confrontation meant that Singapore's relations with its immediate neighbouring states was fraught with distrust and tensions. Born into a region that was facing a volatile mix of Cold War tensions, political instability and violent insurgencies, the new city-state of Singapore knew that conditions were far from propitious and its future uncertain. Yet, there was no denying geography. Recognising that it is 'inescapably and forever part of Southeast Asia', Singapore knew that its future was very much tied to the fate of the region. With regional stability and national security foremost in its mind, Singapore became a founding member of the Association of Southeast Asian States (ASEAN), formed in 1967 as a regional grouping of non-communists states held together by shared security concerns posed by the looming threat of communism in Southeast Asia.

The ASEAN regional grouping provided safety in numbers, but it could not replace the market or economic base that Singapore had lost when it was excised from its Malaysian hinterland. In its early years, ASEAN did not provide the economic hinterland that Singapore

needed so badly for its economic development. It was, therefore, a matter of its survival strategy that Singapore took the approach that while the fate of the small city-state was fundamentally rooted in Southeast Asia, its well-being could not be solely determined by the region. This led Singapore articulating its ambitions as a global city in 1971, driven by 'the key strategic imperative ... to create political, economic and economic space ... beyond the immediate region and maintain a lifeline to the world at large'. S Rajaratnam, the then Foreign Minister, envisaged that Singapore would gradually be transformed from a regional trading hub and marketplace to become an integral part of the global economic system.

Singapore's responses to the challenges that it faced in the early years of its existence as a nation-state have worked well, and the policies arising from those responses have served Singapore's interests effectively. Yet, even as Singapore finds success as a global city, there is no denying that its fate has always been inextricably intertwined with the developments and transformations in the region. Fifty years after independence, Singapore has since become an established member of the ASEAN community and is now in a much happier place than where it had found itself back in 1965. How will this history now influence its future?

*Singapore and Southeast Asia: A Shared History and a Shared Destiny***Shared history: From regional empires to ASEAN**

Singapore is a 50-year-old nation-state. However, this present status of independence as a sovereign state is an anomaly in the island's long history. Singapore had always been part of a larger polity or geopolitical entity in the region. Since the 14th century, Singapore had functioned as an emporium serving an intricate trading network linking the Persian Gulf, the Straits of Melaka and the South China Seas. It has been pointed out that Singapore was 'not so much an export port for its [Malay] hinterland, but more an emporium for East-West trade and a port linking the archipelago to the world markets in China, South and West Asia as well as Europe. Singapore had either served as a vassal state or had been subjected to the control of the Srivijaya and Majapahit empires, the Malacca Sultanate, Johor Sultanate and other competing powers in the region.

From 1819, Singapore became part of the British Asian Empire that stretched from the Arabian Peninsula to Kalimantan, and more specifically, an integral part of the Straits Settlement together with Penang and Malacca. British rule was interrupted by nearly four years of Japanese Occupation, during which Singapore was *Syonan-To* (meaning 'Light of the South Island') of the Japanese Empire in East Asia. After the Japanese Occupation, Singapore and the region was swept by a wave of postwar

nationalism and decolonisation where former colonies gained self-governance and independence. Together with Malaya, Sabah and Sarawak, Singapore was part of the larger Malaysian Federation from 1963 to 1965. Thus, when it achieved sovereign statehood after leaving Malaysia, Singapore already had a long lineage of associations with kingdoms, sultanates and empires in the region.

The shared regional history was also engendered by the communities that came to populate Singapore in the 19th and early 20th centuries. As a trading hub, Singapore attracted immigrants who moved to the island in search of economic opportunities and livelihood. A plural, energetic migrant community lay at the heart of Singapore's early success as a cosmopolitan emporium and thriving port-city. Linked by people, the port-city served as that critical node in a complex trading and social network that connected communities from Southeast Asia, China, India, and the Middle East.

The shared heritage notwithstanding, Singapore's unexpected birth as a sovereign independent nation in 1965 came at a time when the surrounding Southeast Asian region was mired in suspicion, distrust and conflicts against the backdrop of the decolonisation and the Cold War. Its two immediate neighbours, Malaysia and Indonesia, were embroiled in the *Konfrontasi*, while Indochina was the battlefield for the

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longstanding power struggles between the Cold War rivals and their proxies. Singapore's relationship with its regional neighbours did not get off to an easy and happy start. Despite a rocky beginning, the first generation of statesmen from Singapore, Malaysia, Indonesia, Philippines and Thailand had the foresight to sign the Bangkok Declaration that inaugurated the formation of the Association of Southeast Asian Nations (ASEAN) on 8 August 1967. The Bangkok Declaration was intended to overcome the inherent diversities and differences that was characteristic of the region at that time, and to provide some structural order for interstate relations.

The success of ASEAN lies in the fact that it was able to cement the crucial foundations that would facilitate regional cooperation, paving the way for regional peace, stability and economic development. Inaugurated in an environment that was marked by a high degree of trust deficit, the formation of ASEAN as a regional organisation, as well as the 'ASEAN Way' of decision-making characterised by consensus and non-interference, provided Singapore and its regional partners the opportunity to focus on the consolidation of domestic order and the construction of productive multilateral ties. Since 1967, ASEAN had successfully facilitated economic cooperation and resolution of regional issues through diplomacy and negotiations. While ASEAN was never intended as a security-military alliance,

the regional grouping was able to maintain regional balance and stability, following the withdrawal of the Americans from Southeast Asia in the wake of the fall of the Indo-Chinese states to the communists.

Starting out as a Cold War contingency, ASEAN has come to its own in the past 50 years. It has held together throughout some major international crises, weathering the instability in Indo-China; debilitating financial crisis of 1987; and the fall of long-standing strong men regimes in the Philippines and Indonesia. By the mid-1980s, differences in economic approaches notwithstanding, ASEAN had established itself as a dynamic regional grouping whose credibility was further strengthened when its membership extended beyond the original five Southeast Asian countries (Indonesia, Singapore, Malaysia, the Philippines and Thailand) to eventually include the other five (Brunei, Laos, Vietnam, Cambodia and Myanmar). Through ASEAN, the Southeast Asian region experienced an extended period of peace, stability and economic growth, in spite of the occasional hiccups in interstate relations.

Forty years after its inception, ASEAN member states finally adopted the ASEAN Charter in 2007 at the 13th ASEAN Summit in Singapore, providing a firm foundation for achieving an ASEAN Community by providing legal status and institutional framework for ASEAN, as well as codifying

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the ASEAN norms, rules and values. Progress in these areas will be critical as it has been pointed out that while ASEAN has been reasonably successful as a regional grouping so far, it can never 'entirely erase the primordial diversities of the region because race, language and religion are the essence of core identities'. Despite the realists' concerns, the promulgation of the ASEAN Economic Community 2015 Blueprint at the same ASEAN Summit, together with the ASEAN Political & Security Community and ASEAN Socio-Cultural Community 2015 Blueprint at the 2009 Summit are indeed encouraging testimonies of how far the region has progressed collectively. It is perhaps apt that in the year that Singapore celebrates its 50th birthday as an independent country, the ASEAN Community will be inaugurated.

Bilateral Warmth

Regional stability and engagements were also built on strong bilateral relations within the region, in spite of the occasional spats between neighbours. There have been the occasional squabbles over water supply with Malaysia, and former Indonesian President B J Habibie had dismissively called Singapore 'a little red dot'. Yet, these terse exchanges and diplomatic hiccups did not boil over into overt conflict — bilateral ties with our neighbours have remained strong, underscored by the multitude of bilateral military exercises, high-level political

exchanges and deep trade and business networks.

Fifty years from its acrimonious break-up, Singapore's relations with Malaysia has matured into a stable one. Veteran diplomat, Professor Tommy Koh, has commented that the 'overall relationship between Singapore and Malaysia is good, with Malaysia amongst Singapore's largest trading partners and Singapore among Malaysia's largest foreign investors'. Singapore is also Malaysia's largest source of tourists. Both sides have also 'resolved standing dispute over the Malaysian Railway land, thereby unlocking the door to new areas of cooperation, such as a rail link between Singapore and Johor Bahru'.

The example of the amicable resolution of the territorial dispute of Pedra Branca between Malaysia and Singapore, by referring it to the International Court of Justice's arbitration and accepting its eventual outcome, demonstrated both Singapore's and Malaysia's wisdom in resolving bilateral differences.

Despite historical grievances and the occasional disagreements over issues such as the extradition treaty and the transboundary haze, relations between Singapore and Indonesia have been buttressed by strong economic ties. The two states have also supported each other in times of crises. The Indonesian National Armed Forces came swiftly to Singapore's aid with search and recovery

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operations when a Singapore carrier tragically crashed into the Musi River near Palembang. In the aftermath of the 2004 Indian Ocean tsunami, the Singapore Armed Forces mounted a major operation, involving numerous military assets and over 1,500 personnel to assist in the disaster relief operations.

Singapore's bilateral relations with our regional neighbours, especially our immediate ones such as Malaysia and Indonesia, have indeed progressed significantly in the past fifty years. This has been the result of institutional-building at ASEAN-level as well as the iterative goodwill and relationship-building across government-to-government, military-to-military and people-to-people levels over several decades.

Meeting future challenges

Over the past five decades, the region has had its fair share of tough times, rough patches as well as significant achievement milestones as a region. The future may pose more challenges that will test regional resolve. To face the emerging threats of terrorism, maritime security, climate change and pollution, among others, countries no longer have the option of acting alone as many of these issues now transcend territorial boundaries. In many ways, ASEAN has never been more important to Singapore, and it is incumbent on Singapore to enhance its already strong links in the

region. We suggest that this can be done in a number of ways. In line with realising the region's vision of an ASEAN Economic Community in 2015, Singapore could help to strengthen the hardware by contributing to the enhancement of regional infrastructure and connectivity.

Apart from investments supporting these infrastructural projects, Singapore can also take on an active stewardship role in spearheading more multilateral agreements to liberalise air, land, sea and telecommunications links. The successful completion of initiatives such as the Singapore-Kunming Rail Link and the establishment of the ASEAN Broadband Corridor would go a long way in boosting intra-regional connectivity forging a closer and more inclusive ASEAN. Furthermore, Singapore should maintain its firm commitment to support initiatives related to regional cooperation and regional economic integration. A good example would be Singapore's hosting and stewardship in setting up the ASEAN+3 Macroeconomic Research Office — an independent regional surveillance unit to monitor and analyse regional economies and support the Chiang Mai Initiative Multilateralisation (CMIM) decision-making.

In order to ensure that these strong ties continue to last for many more generations to come, there is a need to create more in-depth People-to-People (P2P) exchanges between our young Singaporeans and the youths from our

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region. This can be done between education institutions and civic organisations across a broad range of issues from research to environmental protection. Schools and institutions of higher learning should develop programs that will deepen students' understanding of the region. By creating new opportunities of engagement, we will open more possibilities for deeper collaboration and paving the way to achieve more for our collective good. The ties forged through these avenues and forums would be the intricate threads that bind the fabric of our region. In many ways, these would not be dissimilar to the informal trade and social networks that once bound the region before the advent of states and boundaries.

Conclusion

By most definitions, Singapore can now be regarded as a global city, and there are clear indicators that Rajaratnam's 1971 vision has largely been realised. Singapore is a First World, cosmopolitan city-state whose economy is deeply integrated into a global system. Its economic hinterland is no longer restricted to its immediate neighborhood — to all intents and purposes, the world is now Singapore's hinterland. However, even as Singapore establishes itself as a successful member of the international community that is widely admired to be able to punch above its weight, it has to remind itself of another reality — the country's fate will always be tied to the

region's wellbeing. Being a small city-state in Southeast Asia, with all its inherent differences and diversity.

Singapore will need to ensure that it will always be welcomed as an integral part of a region that needs to work at staying intact. The old *kampong* spirit of *gotong royong* (mutual cooperation for the collective good) would serve as a useful guiding principle on how Singapore should engage the regional neighbours in the Southeast Asia *kampong*. Anchored on the basis of goodwill and trust, this entails adopting a win-win mindset in approaching regional collaboration, knowing that a rising tide raises all boats. Singapore can play a major role as advocate and connector for the region. It could use its established position as a hub for communications, logistics, trade and investments to good effect.

As an advocate, Singapore ought to champion the articulation of regional identity on local, regional and global platforms. Serving as a connector, Singapore should enhance connectivity links and create new avenues to facilitate cross-cultural interaction so as to strengthen regional cohesion. Singapore's history cannot be delinked from the history of the region, and its destiny is undoubtedly intertwined with the fate and fortunes of Southeast Asia. A peaceful and prosperous Southeast Asia will be the crucial platform that will ensure the continued success of Singapore in the next fifty years.

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