Chapter 2. The Society and Its Environment

Vendor grilling satay, skewered pieces of meat dipped in a spicy peanut sauce.

MIRROR GLASS BANK TOWERS overshadowing Victorian-era government buildings symbolized Singapore's transformation from a colonial port to an independent city-state with the highest standard of living in Southeast Asia in 1989. Singapore's status as a newly industrializing economy (NIE—see Glossary) was signaled by its landscaped complexes of owner-occupied apartments and streets blocked by the private cars of affluent citizens. The citizens increasingly considered themselves Singaporeans rather than Chinese or Indians or Malays, and the multiethnic population increasingly used English as the common speech in schools, offices, and the armed forces. Singapore in the 1980s had become a byword for orderliness and effective administration, a place where stiff fines discouraged littering and citizens of all ethnic groups were subject to common, impartial standards of merit and achievement. Government efforts at social engineering extended beyond slum clearance and the creation of housing estates to such matters as men's hair length, the language families spoke at breakfast, and the number of children born to women with university degrees.

Singapore's leaders reacted to the unanticipated 1965 separation from Malaysia, which left a city without a hinterland, by deciding to "go cosmopolitan." This meant seeking a place in the world rather than in the regional economy; it also meant maintaining a certain social and cultural distance from neighboring countries while deliberately fostering a new and distinctively Singaporean culture and social identity. By late 1989 Singapore was cosmopolitan, prosperous, modernized, and orderly. Its population was educated in English, worked for multinational corporations, and consumed a worldwide popular culture of film, music, and leisure activities. English was, however, a second language for most, and many distinctively Chinese, Indian, and Malay customs, practices, and attitudes continued. In contrast to many countries of the region, Singapore's avowed social values were secular, democratic (within certain limits), and nondiscriminatory.

The content of the distinctive "Singaporean identity" and the proper balance between cosmopolitan and traditional values were issues that both preoccupied the leadership and would continue to shape the society in the 1990s. There was much public discussion of social identity, ethnicity, and the proper relation of Singaporeans to worldwide popular culture. Such discussion, often initiated by political leaders, tended to dichotomize habits and behavior into

mutually exclusive "Asian" or "Western" categories. The initial premise was that Singapore should be a modernized but not a Westernized society, and that it would be a mistake for Singaporeans to become so thoroughly Westernized and cosmopolitan as to lose touch with their Asian roots and values. Such concepts as tradition and modernity, local and cosmopolitan, had a distinctively Singaporean meaning as was indicated by the widespread use of such terms as "Asian traditions" and "cultural ballast." The meaning of these concepts, however, remained to be defined more precisely by the discussions and day-to-day decisions of Singapore's citizens.

Physical Setting

Singapore is located at the tip of the Malay Peninsula at the narrowest point of the Strait of Malacca, which is the shortest sea route between India and China. Its major natural resources are its location and its deep-water harbor. Singapore Island, though small, has a varied topography. The center of the island contains a number of rounded granitic hills that include the highest point, the 165-meter Bukit Timah Peak. The western and southwestern regions are composed of a series of northwest to southeast tending ridges, which are low but quite steep. To the east is a large region of generally flat alluvial soils where streams have cut steep-sided valleys and gullies. The island is drained by a large number of short streams, some of which flow into the sea through mangrove swamps, lagoons, or broad estuaries.

The island originally was covered with tropical rain forest and fringed with mangrove swamps. Since the founding of the city in 1819, the natural landscape has been altered by human hands, a process that was accelerated in the 1970s and 1980s. By 1988, Singapore's land area was 49 percent built up, and forest covered only 2.5 percent. Three water reservoirs and their reserve catchment area, which preserves a fragment of the original tropical forest, occupy the center of the island. Extensive land reclamation between 1965 and 1987 increased the size of Singapore Island from 586 square kilometers to 636 square kilometers; further reclamation was planned for the 1990s. Hills have been leveled, swamps drained and filled, and many of the fifty-odd small islets and reefs have been enlarged or joined to form new larger islands suitable for industrial uses. In 1989 three of Singapore's five oil refineries were on offshore islands, and other small islands were used for military gunnery or as bombing ranges. Some of the larger streams were dammed at their mouths to form fresh-water reservoirs, and the major stream courses through built-up areas were lined with concrete

to promote rapid drainage. Throughout the 1970s and 1980s, the municipal authorities made great efforts to establish parks and gardens as land became available and to plant tens of thousands of ornamental trees and shrubs, thus completing the transformation of the natural landscape.

Singapore is two degrees north of the equator and has a tropical climate, with high temperatures moderated by the influence of the sea. Average daily temperature and humidity are high, with a mean maximum of 31°C and a relative humidity of 70 to 80 percent in the afternoon. Rain falls throughout the year, but is heaviest during the early northeast monsoon from November through January. The driest month is July in the middle of the southeast monsoon. The intermonsoon months of April–May and October are marked by thunderstorms and violent line squalls locally known as Sumatras. The average annual rainfall is 2,370 millimeters, and much of the rain falls in sudden showers. Singapore is free from earthquakes and typhoons, and the greatest natural hazard is local flash flooding, the threat of which has increased as buildings and paved roads have replaced natural vegetation.

In spite of the high rainfall, Singapore's small size and dense population make it necessary to import water from Malaysia. The water, from reservoirs in upland Johor, comes through an aqueduct under the causeway linking Singapore with the Malaysian city of Johor Baharu. Singapore also supplies treated water to Johor Baharu, which in 1987 took about 14 percent of the 1 million cubic meters treated by Singapore each day. Singapore has responded to this dependence on a foreign country for water by expanding its reservoir capacity and constantly urging household and industrial users to conserve water.

Singapore's rapid economic growth in the 1970s and 1980s was accompanied both by increased air and water pollution and by increasingly effective government efforts to limit environmental damage. The government established an Anti-Pollution Unit under the Prime Minister's Office in 1970, set up the Ministry of the Environment in 1972, and merged the Anti-Pollution Unit with that ministry in 1983 to ensure unified direction of environmental protection. The new unit, subsequently renamed the Pollution Control Department, had responsibility for air and water pollution, hazardous materials, and toxic wastes (see Government Structure, ch. 4). Singapore first moved to limit air pollution, closely monitoring oil refineries and petrochemical complexes and limiting the sulfur content of fuel oil for power plants, factories, and diesel motor vehicles. Because motor vehicles were the main source of air pollution, the government required emissions controls on engines and

reduced (but not eliminated) the lead content of gasoline. The government also acted, partly for environmental reasons, to restrict private ownership of automobiles through very high (175 percent) import duties, high annual registration fees, and high charges for the entry of private automobiles to the central business district.

Between 1977 and 1987, the Ministry of the Environment carried out a major program to clean up rivers and streams by extending the sewer system, controlling discharges from small industries and workshops, and moving pig and duck farms to resettlement areas with facilities to handle animal wastes. The success of the program was demonstrated by the return of fish and aquatic life to the lower Singapore and Kallang rivers. Singapore, the world's third largest oil refiner, also acted to prevent the pollution of coastal waters by oil spills or discharges from the many large oil tankers that traversed the Strait of Malacca. The Port of Singapore Authority maintained oil skimmers and other equipment to clean up oil spills, and a comprehensive plan assigned both the oil companies and Singapore's armed forces responsibilities for dealing with major oil spills.

Singapore's environmental management program was intended primarily to ensure public health and to eliminate immediate hazards to citizens from toxins. Protection of the environment for its own sake was a low priority, and the government did not respond to local conservation societies' calls to preserve tropical forests or mangrove swamps. The pollution control laws gave the authorities wide discretion in dealing with offenders, and throughout the 1970s and 1980s penalties usually were light. Enforcement of the laws often reflected an appreciation of the economic benefits of polluting industries and provided time for industrial polluters to find ways to limit or eliminate their discharges.
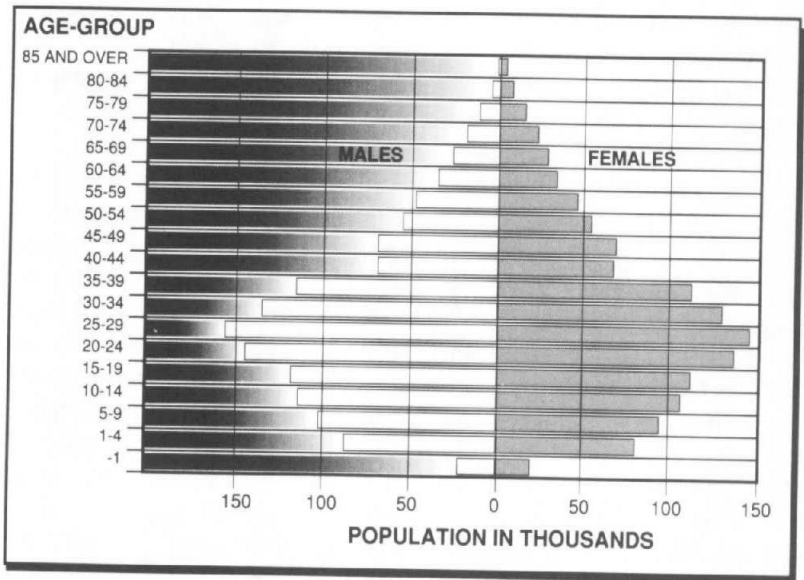
Population

Population, Vital Statistics, and Migration

Singapore had a population of 2,674,362 in July 1989 and the low birth and death rates common to developed economies with high per capita incomes. In 1987 the crude birth rate (births in proportion to the total population) was 17 per 1,000 and the death rate was 5 per 1,000 for an annual increase of 12 per 1,000. The infant mortality rate of 9.1 per 1,000 in 1986 was quite low by international standards and contributed to a 1987 life expectancy at birth of 71.4 years for males and 76.3 years for females. As in most developed countries, the major causes of death were heart disease, cancer, and strokes. As of 1986, 74 percent of married women of

childbearing age practiced contraception, and the total fertility rate (a measure of the number of children born to a woman over her entire reproductive career) was 1.6, which was below the replacement level but comparable to that of many countries in Western Europe (see fig. 5).

Since the city's founding in 1819, the size and composition of Singapore's population has been determined by the interaction of migration and natural increase (see table 2, Appendix). Throughout the nineteenth century, migration was the primary factor in population growth. Natural increase became more important after the 1920s, and by the 1980s immigration and emigration were of minor significance. In the nineteenth and early twentieth centuries, Singapore's population was composed largely of immigrant adult males and grew primarily through immigration. By the 1920s, the proportion of women, the percentage of the population that was Singapore-born, and consequently the relative contribution of natural increase to the population, all were increasing. By the 1947 census, 56 percent of the population had been born in Singapore, and there were 1,217 males for every 1,000 females. The 1980 census showed that 78 percent of the population had been born in Singapore and that the sex ratio had reached 1,042 males for every 1,000 females.

Migration to Singapore dwindled during the Great Depression of the 1930s, ceased during the war years of 1941 to 1945, and resumed on a minor scale in the decade between 1945 and 1955. Most nineteenth-century and early twentieth-century immigrants came from China, India, or Sumatra and the Malay Peninsula. Between 1945 and 1965 immigrants came primarily from peninsular Malaya, which shared British colonial status with Singapore and so permitted the free movement of people between Singapore and the rural areas and small cities of the peninsula. After independence in 1965, Singapore's government imposed strict controls on immigration, granting temporary residence permits only to those whose labor or skills were considered essential to the economy. Most such workers were expected to return to their homelands when their contracts expired or economic downturns made their labor redundant. Illegal immigrants and Singaporeans who employed them were subject to fines or imprisonment. The immigrants of the 1980s fell into two distinct categories. The first category, unskilled labor for factories and service positions, was composed largely of young unmarried people from Malaysia, Thailand, the Philippines, Sri Lanka, and India. Regulations prohibited their marrying without prior official permission and required women to be tested for pregnancy every six months—measures intended to make it difficult

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AGE-GROUP

| 85 AND OVER |
| 80-84 |
| 75-79 |
| 70-74 |
| 65-69 |
| 60-64 |
| 55-59 |
| 50-54 |
| 45-49 |
| 40-44 |
| 35-39 |
| 30-34 |
| 25-29 |
| 20-24 |
| 15-19 |
| 10-14 |
| 5-9 |
| 1-4 |
| -1 |

MALES   FEMALES

150   100   50   0   50   100   150

POPULATION IN THOUSANDS

Figure 5. Age-Sex Distribution, 1986

for them to attain Singaporean residence or citizenship by becoming the spouse or parent of a citizen. The second category comprised skilled workers, professionals, and managers, often working for multinational corporations. They came from Japan, Western Europe, North America, and Australia. Predominately middle-aged and often accompanied by their families, they were immigrants only in the strict sense of the government's population registration and had no intention of settling permanently in Singapore.

The 1980 census reported that 9 percent of Singapore's population were not citizens. The aliens were divided into permanent residents (3.6 percent of the population) and nonresidents (5.5 percent). The acquisition of Singapore citizenship was a complex and often protracted process that began with application to the Immigration Department for permanent resident status. After residing in Singapore for two to ten years, depending on skills and professional qualifications, those with permanent resident status could apply to the Registry of Citizens for citizenship. In 1987 citizenship was granted to 4,607 applicants and denied to 1,603 applicants. The 1980 census showed that 85.5 percent of citizens had been born in Singapore, 7.8 percent in China (including Hong Kong, Macao, and Taiwan), 4.7 percent in Malaysia, and 1 percent in the Indian

subcontinent (including Pakistan, Bangladesh, and Sri Lanka). Singapore's government, keenly aware of the country's small size and the need to survive by selling the skills of its citizens in a competitive international marketplace, was determined not to permit the city-state to be overwhelmed by large numbers of unskilled rural migrants. In 1989 Singapore mounted a campaign to attract skilled professionals from Hong Kong, offering a Chinese cultural environment with much lower living costs than Hong Kong's. At the same time, however, that the government was attempting to attract skilled professionals, Singaporeans themselves were emigrating. From July 1987 to June 1988, records show that 2,700 Singaporeans emigrated to Australia, 1,000 to Canada, 400 to the United States, and 97 to New Zealand. A large number of the emigrants were university-educated professionals, precisely the category that Singapore wished to keep and attract. In 1989 a special government committee was reported to be devising policies to discourage emigration by professionals and managers.

Population Control Policies

Since the mid-1960s, Singapore's government has attempted to control the country's rate of population growth with a mixture of publicity, exhortation, and material incentives and disincentives. Falling death rates, continued high birth rates, and immigration from peninsular Malaya during the decade from 1947 to 1957 produced an annual growth rate of 4.4 percent, of which 3.4 percent represented natural increase and 1.0 percent immigration. The crude birth rate peaked in 1957 at 42.7 per thousand. Beginning in 1949, family planning services were offered by the private Singapore Family Planning Association, which by 1960 was receiving some government funds and assistance. By 1965 the crude birth rate was 29.5 per 1,000 and the annual rate of natural increase had been reduced to 2.5 percent. Singapore's government saw rapid population growth as a threat to living standards and political stability, as large numbers of children and young people threatened to overwhelm the schools, the medical services, and the ability of the economy to generate employment for them all. In the atmosphere of crisis after the 1965 separation from Malaysia, the government in 1966 established the Family Planning and Population Board, which was responsible for providing clinical services and public education on family planning.

Birth rates fell from 1957 to 1970, but then began to rise as women of the postwar baby boom reached child-bearing years. The government responded with policies intended to further reduce the birth rate. Abortion and voluntary sterilization were legalized in

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1970. Between 1969 and 1972, a set of policies known as "population disincentives" were instituted to raise the costs of bearing third, fourth, and subsequent children. Civil servants received no paid maternity leave for third and subsequent children; maternity hospitals charged progressively higher fees for each additional birth; and income tax deductions for all but the first two children were eliminated. Large families received no extra consideration in public housing assignments, and top priority in the competition for enrollment in the most desirable primary schools was given to only children and to children whose parents had been sterilized before the age of forty. Voluntary sterilization was rewarded by seven days of paid sick leave and by priority in the allocation of such public goods as housing and education. The policies were accompanied by publicity campaigns urging parents to "Stop at Two" and arguing that large families threatened parents' present livelihood and future security. The penalties weighed more heavily on the poor, and were justified by the authorities as a means of encouraging the poor to concentrate their limited resources on adequately nurturing a few children who would be equipped to rise from poverty and become productive citizens.

Fertility declined throughout the 1970s, reaching the replacement level of 1.006 in 1975, and thereafter declining below that level. With fertility below the replacement level, the population would after some fifty years begin to decline unless supplemented by immigration. In a manner familiar to demographers, Singapore's demographic transition to low levels of population growth accompanied increases in income, education, women's participation in paid employment, and control of infectious diseases. It was impossible to separate the effects of government policies from the broader socioeconomic forces promoting later marriage and smaller families, but it was clear that in Singapore all the factors affecting population growth worked in the same direction. The government's policies and publicity campaigns thus probably hastened or reinforced fertility trends that stemmed from changes in economic and educational structures. By the 1980s, Singapore's vital statistics resembled those of other countries with comparable income levels but without Singapore's publicity campaigns and elaborate array of administrative incentives.

By the 1980s, the government had become concerned with the low rate of population growth and with the relative failure of the most highly educated citizens to have children. The failure of female university graduates to marry and bear children, attributed in part to the apparent preference of male university graduates for less highly educated wives, was singled out by Prime Minister Lee Kuan

Yew in 1983 as a serious social problem. In 1984 the government acted to give preferential school admission to children whose mothers were university graduates, while offering grants of S$10,000 (for value of the Singapore dollar—see Glossary) to less educated women who agreed to be sterilized after the birth of their second child. The government also established a Social Development Unit to act as matchmaker for unmarried university graduates. The policies, especially those affecting placement of children in the highly competitive Singapore schools, proved controversial and generally unpopular. In 1985 they were abandoned or modified on the grounds that they had not been effective at increasing the fecundity of educated women.

In 1986 the government also decided to revamp its family planning program to reflect its identification of the low birth rate as one of the country's most serious problems. The old family planning slogan of "Stop at Two" was replaced by "Have Three or More, If You Can Afford It." A new package of incentives for large families reversed the earlier incentives for small families. It included tax rebates for third children, subsidies for daycare, priority in school enrollment for children from large families, priority in assignment of large families to Housing and Development Board apartments, extended sick leave for civil servants to look after sick children and up to four years' unpaid maternity leave for civil servants. Pregnant women were to be offered increased counseling to discourage "abortions of convenience" or sterilization after the birth of one or two children. Despite these measures, the mid-1986 to mid-1987 total fertility rate reached a historic low of 1.44 children per woman, far short of the replacement level of 2.1. The government reacted in October 1987 by urging Singaporeans not to "passively watch ourselves going extinct." The low birth rates reflected late marriages, and the Social Development Unit extended its matchmaking activities to those holding Advanced level (A-level) secondary educational qualifications as well as to university graduates (see The School System, this ch.). The government announced a public relations campaign to promote the joys of marriage and parenthood. In March 1989, the government announced a S$20,000 tax rebate for fourth children born after January 1, 1988. The population policies demonstrated the government's assumption that its citizens were responsive to monetary incentives and to administrative allocation of the government's medical, educational, and housing services.

Population Distribution and Housing Policies

In the early 1950s, some 75 percent of the population lived in

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very crowded tenements and neighborhoods; these were usually occupied by a single ethnic group in the built-up municipality on the island's southern shore. The remaining 25 percent lived in the northern "rural" areas in settlements strung along the roads or in compact villages, known by the Malay term *kampong,* and usually inhabited by members of a single ethnic group. Many kampongs were squatter settlements housing wage laborers and urban ped-dlers. Low-cost public housing was a major goal of the ruling People's Action Party (PAP—see Glossary). Vigorous efforts at slum clearance and resettlement of squatters had begun with the estab-lishment in 1960 of the Housing and Development Board, which was granted wide powers of compulsory purchase and forced reset-tlement. By 1988, Housing and Development Board apartments were occupied by 88 percent of the population and 455,000 of these apartments (74 percent of all built) had been sold to tenants, who could use their pension savings from the compulsory Central Provi-dent Fund for the downpayment (see Forced Savings and Capital Formation, ch. 3). The balance was paid over twenty years with variable rate mortgage loans, the interest rate in 1987 being 3.4 percent. The government envisaged a society of homeowners and throughout the 1980s introduced various measures such as reduced downpayments and extended loan periods to permit low-income families to purchase apartments.

The massive rehousing program had many social effects. In almost every case, families regarded the move to a Housing and Development Board apartment as an improvement in their stan-dard of living. Although high-rise apartment complexes usually are regarded as examples of crowded, high-density housing, in Singa-pore the apartments were much less crowded than the subdivided shophouses (combined business and residence) or squatter shacks they had replaced. Between 1954 and 1970 the average number of rooms per household increased from 0.76 to 2.15, and the aver-age number of persons per room decreased from 4.84 to 2.52. Movement to a public housing apartment was associated with (although not the cause of) a family structure in which husband and wife jointly made important decisions, as well as with a fami-ly's perception of itself as middle class rather than working class. The government used the resettlement program to break up the ethnically exclusive communities and sought to ensure that the eth-nic composition of every apartment block mirrored that of the coun-try as a whole. Malays, Indians, and Chinese of various speech groups lived next door to each other, shared stairwells, communi-ty centers, and swimming pools, patronized the same shops, and waited for buses together.

A Singaporean Malay family, at home in
their Housing and Development Board apartment
Courtesy Singapore Ministry of Communications and Information

Although the earliest public housing complexes built in the 1960s were intended to shelter low-income families as quickly and cheaply as possible, the emphasis soon shifted to creating new communities with a range of income levels and public services. The new complexes included schools, shops, and recreation centers, along with sites on which residents could use their own resources to construct mosques, temples, or churches. The revised master plan for land use called for the creation of housing estates at the junctions of the expressways and the mass transit railroad that were to channel urban expansion out from the old city center (see Land, ch. 3). New towns of up to 200,000 inhabitants were to be largely self-contained and thoroughly planned communities, subdivided into neighborhoods of 4,000 to 6,000 dwelling units. In theory, the new towns would be complete communities providing employment for most residents and containing a mixture of income levels. In practice, they did not provide sufficient employment, and many residents commuted to work either in the central business district or in the heavy industrial area of Jurong in the southwestern quadrant of the island. Public transportation made the journey to the central business district short enough that many residents preferred to shop and dine there rather than at the more limited establishments

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in their housing estates. Thus, as in other countries that have attempted to build new towns, Singapore's new towns and housing estates have served largely as suburban residences and commuter settlements, the center of life only for the very young and the very old.

Throughout the 1980s, the government and the Housing and Development Board made great efforts to foster a sense of community in the housing estate complexes by sponsoring education and recreation programs at community centers and setting up a range of residents' committees and town councils. The apartment complexes generally were peaceful and orderly, and the relations between residents were marked by civility and mutual tolerance. But social surveys found that few tenants regarded their apartment blocks as communities in any very meaningful sense. Residents' primary social ties were with relatives, old classmates, fellow-workers, and others of the same ethnic group, who often lived in housing complexes some distance away. In the late 1980s, families who had paid off their mortgages were free to sell their apartments, and a housing market began to develop. There were also administrative mechanisms for exchanging apartments of equivalent size and value. Residents used sales, purchases, and apartment exchanges to move closer to kin and friends who belonged to the same ethnic group. The result was a tendency toward the recreation of the ethnic communities that had been deliberately broken up in the initial resettlement.

The government criticized the tendency toward ethnic clustering as contrary to its policy of multiracialism and in March 1989 announced measures to halt it. Although no family would be forced to move from its apartment, new rules prohibited the sale or exchange of apartments to members of other ethnic groups. Although the tendency toward ethnic resegregation apparently stemmed more from personal and pragmatic motivations than from conscious antagonism toward other ethnic groups, the government effort to halt it and to enforce ethnic quotas for apartment blocks demonstrated the continued significance of ethnicity in Singapore's society.

Ethnic and Linguistic Groups
Ethnic Categories

Since the city's foundation in 1819, Singapore's population has been polyglot and multiethnic. Chinese have been in the majority since 1830 but have themselves been divided into sometimes antagonistic segments speaking mutually unintelligible Chinese languages. The colonial society was compartmented into ethnic and

linguistic groups, which were in turn associated with distinct political and economic functions. Singapore has never had a dominant culture to which immigrants could assimilate nor a common language. This was the foundation upon which the efforts of the government and ruling party to create a common Singaporean identity in the 1970s and 1980s rested.

In July 1989 Singapore's 2,674,362 residents were divided into 2,043,213 Chinese (76.4 percent), 398,480 Malays (14.9 percent), 171,160 Indians (6.4 percent), and 61,511 others (2.3 percent) (see table 3, Appendix). The proportions of the ethnic components had remained substantially unchanged since the 1920s. Although the ethnic categories were meaningful in the Singaporean context, each subsumed much more internal variation than was suggested by the term "race." Chinese included people from mainland China, Taiwan, and Hong Kong, as well as Chinese from all the countries of Southeast Asia, including some who spoke Malay or English as their first language. The Malays included not only those from peninsular Malaya, but also immigrants or their descendants from various parts of the Indonesian archipelago, such as Sumatra, the Riau Islands south of Singapore, Java, and Sulawesi. Those people who in Indonesia were members of such distinct ethnic groups as Acehnese, Minangkabau, Buginese, Javanese, or Sundanese were in Singapore all considered "Malays." Indians comprised people stemming from anywhere in pre-1947 British India, the present states of India, Pakistan, and Bangladesh, and from Sri Lanka and Burma. Singapore's Indian "race" thus contained Tamils, Malayalis, Sikhs, Gujaratis, Punjabis, and others from the subcontinent who shared neither physical appearance, language, nor religion.

The Chinese

Singapore's Chinese residents were the descendants of immigrants from coastal southeastern China, an area of much linguistic and subcultural variation. The migrants spoke at least five mutually unintelligible Chinese languages, each of which contained numerous regional dialects. Singaporean usage, however, following the common Chinese tendency to assert cultural unity, referred to mutually unintelligible speech systems as "dialects." All the Chinese languages and dialects shared common origins and grammatical structures and could be written with the same Chinese ideograms, which represent meaning rather than sound. The primary divisions in the immigrant Chinese population therefore followed linguistic lines, dividing the populace into segments that were called dialect communities, speech groups, or even "tribes" (see table 4,

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Appendix). In the nineteenth century, each speech group had its own set of associations, ranging from secret societies to commercial bodies to schools and temples. The groups communicated through leaders conversant with other Chinese languages or through a third language such as Malay or English.

The nomenclature for Chinese speech groups common in Singapore and Southeast Asia is confusing, partly because each group can be referred to by several alternate names. Most of the names refer to places in China with characteristic regional speech or dialects and include the names of provinces, counties, and major cities.

The distribution of Singapore's Chinese speech groups has remained fairly stable since 1900. The largest group were the Hokkien, who came from the area around the trading port of Xiamen (Amoy) in southern Fujian Province. Hokkien traders and merchants had been active in Southeast Asia for centuries before the foundation of Singapore. In 1980 they made up 43 percent of Singapore's Chinese population. The second largest group were the Teochiu (sometimes written Teochew), comprising 22 percent of the Chinese population. Their home area is Chaozhou, in Chao'an County in northeastern Guangdong Province, which has as its major port the city of Shantou (Swatow). Chaozhou is immediately south of the Hokkien-speaking area of Fujian, and both Teochiu and Hokkien are closely related languages of the Minnan group, mutually intelligible to native speakers after sufficient practice. Hainanese, from the island of Hainan south of Guangdong, made up 8 percent of the population. Hainan was settled by people from southern Fujian who arrived by sea, and Hainanese is a Minnan language whose native speakers can understand Hokkien or Teochiu with relatively little difficulty after practice. Speakers of Minnan languages thus made up 72 percent of the Chinese population, for whom Hokkien served as a lingua franca, the language of the marketplace.

The third most numerous group were Cantonese, from the lowlands of central Guangdong Province around the port city of Guangzhou (Canton). They made up 16 percent of the Chinese population. Hakka, a group scattered through the interior hills of southern China and generally considered migrants from northern China, were 7 percent. Other Chinese call them ''guest people,'' and the term *Hakka* (*kejia* in pinyin romanization) is Cantonese for ''guest families.'' There also were small numbers of people from the coastal counties of northern Fujian, called Hokchia, Hokchiu, and Henghua, whose northern Fujian (Minbei) languages are quite distinct from those of southern Fujian and seldom spoken outside of Fujian. A final, residual category of Chinese were the ''Three Rivers People,'' who came from the provinces north of Guangdong

*Wife of Chinese millionaire,
late nineteenth century
Courtesy Library of Congress*

and Fujian. This group included people from northern and central China and more specifically those provinces sharing the word *river (jiang)* in their names—Jiangxi, Jiangsu, and Zhejiang. They would have spoken southern Mandarin dialects or the Wu languages of Shanghai, Ningbo, and Hangzhou. In 1980 they were 1.7 percent of the Chinese population.

A significant category of Chinese, although one not listed in the census reports, were the Baba Chinese (see Glossary) or Straits Chinese (see Glossary). They were Chinese who after long residence in Southeast Asia spoke Malay or English as their first language and whose culture contained elements from China, Southeast Asia, and sometimes Europe as well. An indication of the size of the Baba Chinese community was provided by the 1980 census report that 9 percent of Chinese families spoke English at home. Stereotypically the Baba were the offspring of Chinese migrants and local women. In the nineteenth century, they tended to be wealthier and better educated than the mass of immigrants and to identify more with Singapore and Southeast Asia than with China. In spite of their language, the Baba considered themselves Chinese, retained Chinese kinship patterns and religion, and even when speaking Malay used a distinct Baba dialect of Malay with many loan words from Hokkien. Never a large proportion of Singapore's Chinese population, in the late nineteenth century they took advantage of opportunities for education in English and

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promoted themselves as loyal to Britain. In Singapore, many Baba families spoke English as a first language and produced many of the leaders of Singapore's independent political movements, including Lee Kuan Yew. Although the Baba, in a sense, provided the model for the current Singaporean who is fluent in English and considers Singapore as home, the community fragmented in the early twentieth century as Chinese nationalism spread. After the 1920s its members gained no advantage, economic or political, from distinguishing themselves from the rest of the Chinese population and tended increasingly to become Chinese again, often learning to speak Chinese as adults. In the 1980s, Baba culture survived largely in the form of a well-known cuisine that mixed Chinese and Malay ingredients and in some families who continued to use English as the language of the home.

As the majority of the population and the ethnic group that dominated the political system and state administrative structure, Singapore's Chinese exhibited the widest range of occupational, educational, and class status. Those with little or no formal education occupied the bottom rungs of the occupational hierarchy and led social lives restricted to fellow members of the same dialect group. The level of formal education and language of education—Chinese or English—divided the Chinese into broad categories. Status for those working in the internationally oriented private sector or in government service depended on command of English and educational qualifications. In the still substantial Chinese private sector, status and security rested on a position in a bounded dialect community and a network of personal relations established over a lifetime. Although the latter exclusively Chinese category was shrinking, by the late 1980s it still contained some quite wealthy men who helped set the international price of rubber, controlled businesses with branches in Malaysia, Indonesia, Hong Kong, and other countries of the region, and supported Singapore's array of Chinese charities, hospitals, and education trusts. Members of Singapore's Chinese society had a high degree of social mobility and their status increasingly was determined by educational qualifications and command of English and Mandarin.

The Malays

The Malay made up 15 percent of Singapore's population and were, like the Chinese and the Indians, descendants of immigrants. They or their ancestors came from peninsular Malaya, Sumatra, Java, and the other islands of the Indonesian archipelago. Throughout the nineteenth and twentieth centuries, Java was much more densely populated than peninsular Malaya, and its people had a

Chinese medicine shop in Chinatown
Courtesy Ong Tien Kwan

significantly lower standard of living. From the mid-nineteenth cen-
tury to the period just after World War II, many Javanese migrated
to Singapore, attracted both by urban wages offering a higher liv-
ing standard and by freedom from the constraints of their native
villages, where they often occupied the lower reaches of the eco-
nomic and social order. Singapore Malay community leaders esti-
mated that some 50 to 60 percent of the community traced their
origins to Java and an additional 15 to 20 percent to Bawean Is-
land, in the Java Sea north of the city of Surabaya. The 1931 cen-
sus recorded the occupations of 18 percent of the Malays as
fishermen and 12 percent as farmers; the remaining 70 percent held
jobs in the urban cash economy, either in public service or as
gardeners, drivers, or small-scale artisans and retailers. The Brit-
ish colonialists had considered the Malays as simple farmers and
fishermen with strong religious faith and a "racial" tendency toward
loyalty and deference; they preferentially recruited the Malays to
the police, the armed forces, and unskilled positions in the public
service. In 1961 more than half of Singapore's Malays depended
on employment in the public sector. Although the colonial stereo-
type of the Malays as rural people with rural attitudes persisted,
Singapore's Malay residents were for the most part no more rural

than any other residents. Malay identity was couched in religious terms, with Malay being taken almost as a synonym for Muslim and most Malay organizations taking a religious form.

After independence, the government regarded the Malay preponderance in the police and armed forces as disproportionate and a potential threat to security and acted to make the security forces more representative of the society as a whole, which meant in practice replacing Malays by Chinese (see Public Order and Internal Security, ch. 5). The government's drive to break up ethnic enclaves and resettle kampong dwellers in Housing and Development Board apartment complexes had a great effect on the Malays. Evidence of the convergence of Malay patterns of living with those of the rest of the population was provided by population statistics, which showed the Malay birth and death rates, originally quite high, to be declining. In the 1940s, Malay women had married early, had many children, and were divorced and remarried with great frequency. By the 1980s, Malays were marrying later, bearing fewer children (2.05 per woman for mid-1986 to mid-1987), and divorcing less frequently. By the 1980s, a large proportion of Malay women were working outside the home, which was a major social change. Many young women in their late teens and early to mid-twenties were employed in factories operated by multinational corporations, which, unlike the small-scale Chinese shops and workshops that had dominated the economy into the 1960s, paid no attention to ethnicity in hiring. Even Malay fishing communities on the offshore islands, which appeared to preserve the traditional way of life, were in the 1980s losing population as young people moved to Singapore Island, attracted by urban life and unskilled jobs that offered higher and more reliable incomes than fishing.

Although very much a part of Singapore's modernizing society, the Malays conspicuously occupied the bottom rungs of that society; their position illustrated a correlation between ethnicity and class that presented a major potential threat to social stability. With the lowest level of educational attainment of any ethnic group, the Malays were concentrated at the low end of the occupational hierarchy and had average earnings that were 70 percent of those of Chinese. Malays had a higher crime rate than other groups and in 1987 accounted for 47 percent of the heroin addicts arrested. The 1980 census showed that 86 percent of the Malay work force was in the clerical, service, and production sector; 45 percent of all employed Malays worked on assembly lines, largely in foreign-owned electronics factories. Only 8 percent of all professional and technical workers (including schoolteachers), and 2 percent of all administrative and managerial personnel were Malays. Malays

dropped out of the competitive school system in large numbers, and those who continued past primary school were concentrated in vocational education programs. In 1980 they made up only 1.5 percent of all university graduates and 2.5 percent of students enrolled in higher education.

In sharp contrast to neighboring Malaysia with its policies of affirmative action for the Malay majority, Singapore's government insisted that no ethnic group would receive special treatment and that all citizens had equal rights and equal opportunities. The potential threat, however, posed by the overlap between Malay ethnicity and low educational achievement and occupational status, was clear. Demonstrating the Singaporean propensity for discussing social affairs in terms of "race," both government spokesmen and Malay intellectuals tended to attribute the Malays' economic position and educational performance to something inherent in the Malay personality or culture, or to their supposed "rural" attitudes. The ways in which lower income and ill-educated Malays resembled or differed from the very many lower income and ill-educated Chinese, who had very different cultural backgrounds, were not addressed.

In 1982 the prime minister defined Malays' educational difficulties as a national problem and so justified government action to improve their educational performance. The colonial government had provided free but minimal education, in the Malay language, to Malays but not to Chinese or Indians, on the grounds that the Chinese and Indian residents of Singapore, even those born there, were sojourners. In the colonial period most English-language schools were run by churches or missionaries, and many Malays avoided them for fear of Christian proselytization. Although after independence schooling in Singapore was not free (fees were generally low, but the government felt that people would not value education if they did not pay something for it), Malays continued to receive free primary education. In 1960 that benefit was extended to secondary and higher education, although the free schooling was offered only to those the government defined as Malay, which excluded immigrant Indonesians whom the Malays regarded as part of their community. Throughout the 1960s and most of the 1970s, most Malay children continued to attend schools that taught only in Malay, or, if they taught English at all, did so quite poorly. Opportunities for secondary and higher education in the Malay language were very limited. Although many Malays were employed in the public service or as drivers or servants for foreign employers, in almost all cases the language used at work was the grammatically and lexically simplified tongue called Bazaar Malay.

Throughout the 1970s, relatively few Malays knew English, a language that became progressively more necessary for high-paying professional and technical jobs. Substantial numbers of the Chinese knew no more English than the Malays, but they found employment in the extensive sector of Chinese commerce and small-scale industry where hiring demanded command of a Chinese regional language and personal recommendation. The former Malay economic niche in the military and police forces was eliminated in the late 1960s and 1970s, and the large number of Malays who had been employed by the British armed forces at British naval and other military facilities lost those secure and well-paying positions when the British withdrew from Singapore from 1970 to 1975. Such factors as poor command of English, limited availability of secondary and postsecondary education in Malay, and the loss of public-sector jobs accounted for much of the low economic position of the Malay community in 1980.

In 1981 Malay community leaders, alarmed by the results of the 1980 census that demonstrated the concentration of Malays in the lower reaches of the occupational hierarchy, formed a foundation called Mendaki, an acronym for Majlis Pendidikan Anak-anak Islam (Council for the Education of Muslim Children). Mendaki (ascent in Malay), devoted itself to providing remedial tuition classes for Malay children in primary and secondary school, offering scholarships for living expenses and loans for higher education, attempting to encourage parents to take a more active role in their children's education, and holding public ceremonies to honor Malay students who excelled in examinations or graduated from academic secondary schools or universities. Government support for Mendaki took the form of financing the organization through a special voluntary checkoff on the monthly contribution of Muslim workers to the Central Provident Fund, and through unspecified other public donations.

Throughout the 1980s, both the number of Malay students in selective secondary schools and institutions of higher education and the proportion of Malays passing and scoring well on standardized examinations slowly increased. As with the changes in birth rates, it was difficult to separate the effects of such government-sponsored programs as those of Mendaki from other factors, including increased female participation in the work force, residence in apartment complexes rather than kampong housing, exposure to television and radio, smaller family size, and better teaching in the schools.

The use of a voluntary checkoff on the monthly Central Provident Fund contribution as a means of raising Malay educational funds was characteristic of Singapore in the 1980s. Malays, like

other Singaporeans, were assumed to have regular employment and salaries, and their distinctive Malay and Muslim concerns were efficiently and equitably addressed through a computerized government program.

The Indians

The Indians, although a component of Singapore's society since its founding, were in the 1980s its most immigrant-like community. In the nineteenth and early twentieth centuries, Indian men had worked in Singapore, sending money home to families and wives in India, whom they would visit every few years. Indian women and complete Indian families were rare before World War II, and the Indian sex ratio in 1931 was 5,189 men for every 1,000 women. The 1980 census showed 1,323 Indian men for every 1,000 women; most of the surplus males were over age 60. In the 1980s, the "Little India" off Serangoon Road contained many dormitories where elderly single men lived, as well as some shops and workshops whose owners, in the traditional pattern, housed and fed a workforce of middle-aged and elderly men who might or might not have wives and children in India or Sri Lanka. Significant issues for the Indian community included securing residence status, citizenship, or entrance for the Indian families of men who had worked in Singapore for decades and for the Brahman priests who were necessary for Hindu religious life.

Almost two-thirds (64 percent) of the Indian population were Tamils from southeastern India's Tamil Nadu state; some Tamils also came from Jaffna in northern Sri Lanka. The great diversity of the Indian populace was indicated by the census category "other Indians," who made up a substantial 19 percent of the group, followed by Malayalis (8 percent); Punjabis, mostly Sikh (8 percent); and Gujaratis (1 percent). Like the Straits Chinese, some of Singapore's Indians adopted English as a first language, a change facilitated by the widespread use of English in India, where it had become another Indian language. Indians were the most religiously diverse of Singapore's ethnic categories; an estimated 50 to 60 percent were Hindu, 20 to 30 percent Muslim, 12 percent Christian, 7 percent Sikh, and 1 percent Buddhist (see Religion, this ch.). Indian immigrants, like those of other nationalities, had been primarily recruited from among poor farmers and laborers, which meant that they included a large proportion (perhaps one-third) of untouchables. In Singapore untouchables were usually referred to by the more polite Tamil term Adi-Dravidas, meaning pre-Dravidians. Although Tamils made up nearly two-thirds of the Indian population and Tamil was one of the country's four official languages

(along with English, Malay, and Mandarin Chinese), by 1978 more Indians claimed to understand Malay (97 percent) than Tamil (79 percent). The 20 to 30 percent of the Indian population who were Muslims tended to intermarry with Malays at a fairly high rate and to be absorbed into the Malay community, continuing a centuries-old process of assimilation of Indian males to Malay society.

The linguistic and religious diversity of the Indian population was matched by their high degree of occupational differentiation. Indians were represented at all levels of the occupational hierarchy in numbers roughly proportional to their share of the total population. Within the Indian category, occupational and education attainment was far from equitably distributed. The untouchables for the most part did unskilled or semiskilled labor, while the Jaffna Tamils and the Chettia caste, who were traditionally moneylenders and merchants, were often professionals and wealthy businessmen. After World War II, caste received no public recognition in Singapore. Untouchables were free to enter Hindu temples, and food was distributed at temple festivals without regard for relative degrees of purity and pollution. Members of the Indian community were reluctant to discuss caste in public, but it continued to play a decisive role in marriage arrangements. The Indians were the most likely of all ethnic groups to attempt to arrange marriages for their children, or at least to restrict the choice of marriage partners to acceptable caste categories. Although the relatively small size of the Indian population and the disparate mixture of local caste groups from large areas of southern India made it difficult for most families to insist on strict caste endogamy (marrying only within the caste), Hindu marriages were made within a tripartite hierarchy. The highest level was occupied by Brahmans and Chettias, who attempted to maintain caste endogamy or at least to marry only members of other high castes. Mid-level caste Hindus intermarried with little difficulty, but the marriages of low-caste or outcaste category of former hereditary washermen, barbers, and untouchables were restricted to their own circle.

Singaporean Identity

The period after Singapore's withdrawal from Malaysia in 1965 saw much public discussion of Singaporean identity. The discussion tended to use terms, categories, and basic assumptions provided by the government and ruling party. One basic assumption was that there was not, at least in the late 1960s and 1970s, a common Singaporean identity, but that there should be. A corollary was that Singaporean identity would not spontaneously emerge from

the country's ongoing social, political, and cultural life. Rather, it would have to be consciously created and "built" by policies, directives, and educational campaigns. The content of the identity remained somewhat ill-defined, and it often appeared easier to say what Singaporean identity was not than what it was. The ideal seemed to combine, somewhat uneasily, a self-consciously tough-minded meritocratic individualism, in which individual Singaporeans cultivated their talents and successfully competed in the international economy, with an equally self-conscious identification with "Asian roots" and "traditional values," which referred to precolonial India, China, and the Malay world. Singaporeans were to be modern and cosmopolitan while retaining their distinctively Asian traditions.

Singapore's leaders explicitly rejected the ideology of the melting pot, offering rather the vision of a confidently multiethnic society whose component ethnic groups shared participation in such common institutions as electoral politics, public education, military service, public housing, and ceremonies of citizenship; at the same time they were to retain distinct languages, religions, and customs. Singaporeans were defined as composed of three fundamental types—Chinese, Malays, and Indians. These ethnic categories, locally referred to as "races," were assumed to represent self-evident, "natural" groups that would continue to exist into the indefinite future. Singaporean identity thus implied being a Chinese, a Malay, or an Indian, but self-consciously so in relation to the other two groups. The Singaporean model of ethnicity thus required both the denial of significant internal variation for each ethnic category and the highlighting of contrasts between the categories.

Being Singaporean also meant being fluent in English, a language which served both as a neutral medium for all ethnic groups and as the medium of international business and of science and technology. The schools, the government, and the offices of international corporations for the most part used English as their working language. The typical Singaporean was bilingual, speaking English as well as the language of one of the three component ethnic groups. Hence the former English-speaking Baba, Chinese or Indian, would seem to serve as the model of Singaporean identity. The resulting culture would be the type social scientists call "creolized," in which a foreign language such as English or French is adapted to local circumstances and the dominant culture reflects a unique blending of local and "metropolitan" or international elements. In the 1980s, there were signs of the emergence of such a culture in Singapore, with the growth among youth (of all "races") of a distinctive English-based patois called "Singlish" and the attraction of all

ethnic groups to international fashions and fads in leisure activities.

Singapore's leaders resisted such trends toward cosmopolitan or creole culture, however, reiterating that Singaporeans were Asians rather than Westerners and that abandoning their own traditions and values for the tinsel of international popular culture would result in being neither truly Western nor properly Asian. The consequence would be loss of identity, which in turn would lead to the dissolution of the society. The recommended policy for the retention of Asian identity involved an ideal division of labor by language. English was to function as a language of utility. The Asian "mother tongues"—Mandarin Chinese, Malay, and Tamil—would be the languages of values, providing Singaporeans with what political leaders and local academics commonly called "cultural ballast" or "moral compasses." Stabilized and oriented by traditional Asian values, the Singaporean would be able to select what was useful from the offerings of "Western" culture and to reject that which was harmful. This theory of culture and identity resulted in the effort to teach the "mother tongues" in the schools and to use them as the vehicle for moral education (see Education, this ch.).

In an extension of the effort to create a suitable national identity, in 1989 Singapore's leaders called for a "national ideology" to prevent the harmful drift toward superficial Westernization. The national ideology, which remained to be worked out in detail, would help Singaporeans develop a national identity and bond them together by finding and encouraging core values common to all the country's diverse cultural traditions. Suggested core values included emphasizing community over self, valuing the family, resolving issues through the search for consensus rather than contention, and promoting racial and religious tolerance.

Language Planning

In colonial Singapore, the nearest thing to a common language had been Bazaar Malay, a form of Malay with simplified grammar and a very restricted vocabulary that members of many ethnic groups used to communicate in the marketplace. The government used English, with translators employed when necessary, as in the courts. Among the Chinese a simplified form of Hokkien served as the language of the marketplace. The Chinese schools, which were founded in large numbers in the early years of the twentieth century and associated with the rise of Chinese nationalism, attempted to teach in Mandarin or Guoyu, the use of which on such formal occasions as weddings and Chinese national holiday celebrations came to carry some prestige. In the terminology of sociolinguistics, Singapore's language system was multilingual and diglossiac, that is, characterized

by two languages or dialects, high and low, or classical and ver-
nacular, each used in different social contexts and carrying differen-
tial prestige. Bazaar Malay and market Hokkien were the low
languages, employed in the streets and market places, and English
and Mandarin were the high languages, used in education, govern-
ment offices, and public celebrations. In addition, such native
tongues as pure Malay, Teochiu, Tamil, or Punjabi were used in
the home and in gatherings of members of the same speech group.
In a 1972 survey asking which language people understood, Hok-
kien came first, at 73 percent, followed by Malay, with 57 per-
cent. Malay was the most important language for intergroup
communication, with almost all the Indians and 45 percent of the
Chinese claiming to understand it. English came third, understood
by 47 percent of the total population. A follow-up survey in 1978
showed that 67 percent claimed to understand Malay and 62 per-
cent to comprehend English. As the 1990s approached, English was
replacing Malay as the common language. It was used not only
as the high language but also, in its Singlish variant, as a low lan-
guage of the streets. Bazaar Malay was declining, and Malay in
its full native complexity was increasingly used only by Malays.
Even though it was one of the four official languages and the puta-
tive ''mother tongue'' of the Indian community, Tamil was used
less often, and literacy in Tamil was reported to be declining.

   The most ambitious aspect of Singapore's language planning and
attempted social engineering was the campaign to replace the
Chinese ''dialects'' with Mandarin, called the ''mother tongue.''
The Speak Mandarin campaign began in 1979 as a PAP project
and was subsequently institutionalized in the Mandarin Campaign
Secretariat in the Ministry of Communications and Information.
The promotion of Mandarin as a common Chinese language dates
back to the early years of the century, when it was associated with
the rise of Chinese nationalism and the foundation of Chinese
schools. Learning Mandarin would, it was argued, permit all
Chinese to communicate in their ''mother tongue,'' be useful for
doing business with China, and, perhaps most important, promote
traditional Chinese values. All ethnic Chinese were required to study
Mandarin through secondary school and to pass examinations in
it for university admission. Chinese civil servants took a required
162-hour conversational Mandarin course, and the Mandarin Cam-
paign Secretariat coordinated the annual Speak Mandarin cam-
paigns. Mandarin classes were offered by the Singapore Chinese
Chamber of Commerce and Industry and by some native-place
and clan associations. All Chinese television broadcasting was in
Mandarin, as was most radio broadcasting. Radio programs in

Chinese dialects were limited to 9:00 P.M. to midnight on the same station that broadcast Tamil from 5:00 A.M. to 9:00 P.M. In 1989 members of Parliament complained that some residents were tuning in to Cantonese opera broadcast by television stations in neighboring Malaysia. By late 1988, some 87 percent of the Chinese population claimed to be able to speak Mandarin. People did not agree, however, on the appropriate social contexts for use of what was for everyone a school language. As a result, people tended to use English or their native tongue on most everyday occasions. During the late 1980s, the Speak Mandarin campaign attempted to persuade people to use Mandarin when shopping and targeted taxi drivers, bus conductors, and operators of food stalls as workers who were to use Mandarin.

The goals of the Speak Mandarin campaign included improving communication between Chinese speech groups, teaching people to read Chinese, and promoting Confucianism. Some critics argued that children were expected to learn two foreign languages in school (English and Mandarin) and that for some students the result was fluency in neither. The official response was that the problem would be avoided if people would speak Mandarin at home. Some educators questioned whether a sufficient level of Chinese literacy could be achieved with the amount of time the schools devoted to Chinese, a point that was indirectly supported in August 1988 when Brigadier General Lee Hsien Loong, the minister for trade and industry and son of Prime Minister Lee Kuan Yew, urged Chinese newspapers to use simpler language to attract younger readers. Some academics questioned the restriction of Chinese values to Confucianism and recalled that in the 1950s and early 1960s Chinese was the language of radicalism and revolt rather than of loyalty and conservatism. The necessity of learning Mandarin to conserve traditional Chinese culture was not obvious to those Chinese who felt that Chinese culture had been transmitted for centuries through Hokkien, Teochiu, and Cantonese. They pointed out that the colloquial speech of modern Beijing (upon which Madarin is based) was as distant from the classical Chinese of the Confucian texts as was colloquial Cantonese. Giving up the dialects implied a major transformation of the social structure of the Chinese community, because the associational and commercial structure of Singapore's Chinese-oriented society rested on (and reinforced) dialect distinctions.

The Social System

Ethnicity and Associations

Because Singapore was a small society open to influence from

the West through the English language and subject to the homogenizing effects of modernization and industrialization, the persistence of ethnicity as a fundamental element of its social structure was by no means assured. By the late 1980s ethnic affiliations were in many ways less significant than they had been in 1970 or 1940, and the lives of members of distinct ethnic groups had more and more common elements. In Singapore, as elsewhere, the forces of standardized education, impartial application of laws and regulations, common subordination to the impersonal discipline of the factory and the office, common pursuit of leisure activities, and exposure to international mass media resulted in many shared attitudes among ethnic groups. Studies of factory workers in Malaysia and Singapore, for example, found no marked differences in the attitudes and performance of Chinese and Malays. Psychological profiles of a cohort of poorly educated young Chinese who had held a succession of unskilled jobs before induction into the armed forces resembled those of equally poorly educated and unskilled Malays. Foreign popular culture seemed equally tempting or equally threatening to young Singaporeans of all ethnic groups. Ethnic boundaries persisted, especially where they corresponded with religious distinctions, and were evident in the continuing low rate of ethnic intermarriage. In daily life, however, the significance of ethnic affiliation had apparently diminished from the levels of previous generations.

Government policies were a major factor in the continuation of ethnicity as an organizing principle of Singapore's society. On the one hand, the government and the ruling party acted to break up ethnic enclaves, to provide public services to members of all ethnic groups, and to reshape society with the network of People's Association Community Centers, Residents' Committees, and Members of Parliament Constituent Advisory Groups. On the other hand, the government's ideology defined Singaporeans as members of component ethnic groups, and its various ministries listed everyone's "race" on identity cards and all official records, and remained very concerned with such matters as the ethnic mix in apartment complexes. Official statistics usually included breakdowns by "race," indicating an assumption that such categorization was significant. National holidays featured displays of the distinctive traditional cultures of the major ethnic groups, represented by costumes, songs, and dances. Pupils in secondary schools took required courses in the ethics and religion of their designated traditional culture—Confucian ethics for the Chinese, Islamic studies for the Malays, Hindu or Sikh studies for the Indians, and Buddhism or Bible study as options open to all.

Although state policies reinforced ethnic boundaries and the habit of ethnic categorization, they had little effect on the content of the ethnic categories. Ethnic identity was acted out on a daily basis through an extensive network of ethnically exclusive associations. Many Malay and Indian associations took a religious form, such as mosque and endowment management committees, sharia (Muslim law—see Glossary) courts, Hindu temple committees and the high-level Hindu Advisory Board, which represented Hindus to the government. An example of the reinforcement of ethnic identity was provided by the groups of Indian employees in one government department who distinguished themselves from their Malay and Chinese coworkers by jointly sponsoring festivals at a major Hindu temple. All ethnic groups had their own education and charitable associations as well as higher-order federations of such associations whose officers were the recognized community leaders. Singapore law required all associations of ten or more persons to be registered with the government, which supervised and could dissolve them. Trade unions, financial, education, and religious bodies were supervised by the appropriate government departments, and the catch-all Registry of Societies listed all associations that did not come under the authority of a specialized department. In 1987 3,750 associations were under the Registry of Societies.

The most elaborate set of ethnic associations was found among the Chinese, who in 1976 supported over 1,000 clan, locality, occupational, religious, and recreational associations. The membership of each association usually was restricted to those speaking the same dialect or tracing ancestry to the same small region of China. The lowest level associations were clan or district associations, which were in turn grouped into federations based on progressively larger administrative or linguistic regions of China. The Singapore Chinese Chamber of Commerce and Industry, founded in 1906, was the overarching association that represented the entire Chinese community. A federation, its constituent units were not individuals or individual businesses but associations. Its basic structure consisted of representatives of seven regional associations (Fujian, Teochiu, Cantonese, Hakka 1, Hakka 2, Hainan, and "Three Rivers") and ninety-three trade associations, each one usually restricted to speakers of one dialect.

The functions and activities of the associations were multiple, reflecting the concerns of members and leaders. Common activities included mutual aid; insurance benefits; foundation and maintenance of schools, hospitals, or cemeteries; contributions to the same sorts of public projects in the ancestral districts of China; settling disputes between members; acting as spokesman for the

community to the government; and promoting good fellowship and continuing identification with the clan or region. Associations were run by committees and met at least once a year for a formal banquet. Association leaders were prosperous businessmen who had played a major part in fundraising and the management of activities. Success in business gave them both the free time to devote to association activities and the funds to contribute to the association and its charities. The associations conferred prestige and public recognition on those who took the burdens of office and community service, but the community so served was restricted to those from the same region and speaking the same dialect. The leadership of the lowest level associations was usually provided by those of moderate means, while the more wealthy belonged to several or many associations and worked for the higher level, more inclusive associations, which conferred more public recognition and prestige. The mechanisms of leadership and prestige and the channeling of much charity and assistance (schools, scholarship funds, hospitals, recommendations for employment or loans from Chinese banks, death benefits) through the associations thus reinforced ethnic and subethnic identification for both poor and rich.

In a pattern common to Chinese urban society in China and in Southeast Asia, groups defined by common place of origin or dialect also tended to specialize in certain trades or monopolies. Exactly which regional group dominated which trade varied from place to place and represented historical accidents and contingencies, but the principle of a regional group also acting as an occupational group was common. As late as the 1980s, the Singapore Hokkien were dominant in banking, insurance, shipping, hardware, real estate, and other lucrative fields. Within the Hokkien community, smaller subgroups controlled particular trades. For example, 96 percent of the merchants dealing in China tea in the 1980s traced their ancestry to Anxi County in southern Fujian. Teochiu dominated the fresh produce trade and the jewelry and antiques business; Cantonese predominated in furniture making, watch and clock repair, and operating drug stores and restaurants; and the Hakka were pawnbrokers, tailors, and dealers in Chinese herbs and medicines. The Henghua people from northern Fujian, a small component of the Chinese population, controlled the very important bicycle, motorcycle, and taxi businesses. Over the years the speech groups competed for the control of trades, and the pattern of dialect-specific occupations was a dynamic one, with, for example, strong competition for shares of the textile trade. In the 1980s, four textile trade associations represented Teochiu, Hokkien, Hakka, and Cantonese traders. The competition between speech

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groups reinforced both their internal solidarity and the social boundaries between them. Regional associations were, to a certain extent, also trade associations. For the large proportion of the Chinese population employed in regional commerce, service trades, or small-scale manufacturing, there remained a close relation between ethnicity and occupation, each aspect reinforcing the other.

For the proprietors and employees of many small and medium Chinese businesses, continued identification with dialect and subethnic communities provided many benefits and indeed was a precondition for engaging in many lines of trade. Although the dialect communities were not primarily occupational groups, the social solidarities created within the communities were economically useful. Much of the business activity in the extensive Chinese "traditional" sector of the economy depended on credit, personal relations, and the reputation of individuals for trustworthiness. In the final analysis, individuals met their obligations because failure to do so would result in immediate loss of reputation and creditworthiness with their fellows in restricted subethnic communities.

For many members of the Chinese community, economic self-interest reinforced the identification with an ethnic or subethnic community and the continued use of a regional dialect. Such individuals tended to be both more intensely and self-consciously "Chinese" and "Teochiu" or "Anxi Hokkien" than their fellows, who might well be their own brothers, sons, or daughters, who worked for the government or large multinational corporations. For the latter, formal educational certification, command of English, and perhaps skill at golf rather than Chinese finger games and etiquette were associated with economic success.

Social Stratification and Mobility

During the 1970s and 1980s, economic development and industrial growth reduced poverty and income inequity and accelerated upward social mobility. Those with educational qualifications, command of English, and high-level technical or professional skills profited the most from the process.

In the late 1980s, the major indices of social stratification were education level, citizenship status, sector of the economy where employed, and number of employed persons in the household. Residents were sharply differentiated by the amount of education they had completed. In 1980 about 44 percent of the population aged 25 and above had no educational qualifications, 38 percent had completed primary school, 15 percent secondary school, and only 3.4 percent higher education. Those people born after 1970 were on average much better educated than previous generations, but

throughout the 1990s the work force will contain many individuals with limited education. Wages correlated fairly closely with educational attainment, although education in English brought higher salaries than Chinese education. Many benefits, such as access to a Housing and Development Board apartment, were available only to Singapore citizens, and only citizens and permanent residents were enrolled in the Central Provident Fund. In 1985, a recession year when many foreign factory workers lost their jobs and residence permits, citizens made up 91 percent of the work force. Noncitizens were concentrated in the lower and in the highest wage levels, either as factory or service workers on short-term work permits, or as well-paid expatriate managers and professionals. Wages were relatively higher in government service and government-owned corporations and in the capital intensive and largely foreign-owned export-oriented manufacturing sector. They were lower in the service, retail, and less highly capitalized light industrial, craft, and commercial sector, which was dominated by small Chinese firms (see Wage Policies, ch. 3). Wages for unskilled and semiskilled factory work and for unskilled service jobs were relatively low. Those who held such jobs, often young women in their teens and early twenties, were not entirely self-supporting but parts of households in which several members worked at low-paying jobs. Families of the poorly educated and unskilled improved their standard of living between 1970 and 1990 in part because full employment made it possible to pool the wages of several family members.

Economic growth and the associated increase in the demand for labor from 1960 to 1989 raised living standards and sharply reduced the incidence of poverty. A survey of living costs and household incomes in 1953–54 found 19 percent of all households to be in absolute poverty, meaning that their members did not have enough to eat. Application of the same standard in 1982–83 found 0.3 percent of households in absolute poverty. A measure of moderate poverty, defined as adequate nutrition and shelter but little discretionary income and no savings, was devised by the Amalgamated Union of Public Employees in 1973. By that measure, 31 percent of households in 1972–73 were in moderate poverty, 15 percent in 1977–78, and 7 percent in 1982–83. Compared with other countries in the region, household incomes in Singapore were equitably distributed, with most households falling in the middle or lower middle ranges of the distribution.

The lowest income levels were those of single-person households, representing the elderly, the disabled, and those without kin in Singapore. Apart from the childless elderly and the disabled, those

in moderate poverty in the 1980s were overwhelmingly working poor, holding unskilled jobs with no prospects for advancement. Such households typically had only one wage-earner with either primary education or no education and lived in rented housing and often a one-room or two-room Housing and Development Board apartment. Households with two or more members working, even at relatively low-paying jobs, were able to contemplate purchasing a Housing and Development Board apartment, save money for emergencies, and devote more resources to the education of children.

Much of the alleviation of poverty and decrease in income inequality that took place in the 1970s and 1980s resulted from the increased participation of women in the work force. In 1985, 46 percent of all women above the age of fifteen held paid employment; 68 percent of single women and 33 percent of married women worked outside the home. This trend was associated with women marrying later and having fewer children. One reason that more households attained an adequate standard of living in the 1980s was that there were more wives and unmarried daughters at work and fewer young children to be supported and looked after.

Surveys in the 1980s showed that most Singaporeans described themselves as middle class, justifying that status by their ownership of a Housing and Development Board apartment and the substantial and secure savings guaranteed by their Central Provident Fund Account. Families in the middle-income ranges usually occupied two- or three-bedroom apartments that they were buying from the Housing and Development Board, participated in one or more formal associations, took an active part in planning and supervising their children's education, stocked their apartments with a range of consumer appliances, and had money to spend on hobbies, sports, or vacations. Automobile ownership was not common, and most middle-income Singaporeans used public transportation. Their mode of life rested on occupational skills and educational qualifications, secure employment in large, bureaucratic government or private organizations, or ownership of their own small business.

The upper levels of the society were occupied by a tripartite elite of high-level civil servants, local managers and professionals employed by foreign-owned multinational corporations, and wealthy Chinese businessmen who served as leaders in the associational world of the Chinese-speaking communities. The first two categories were marked by fluency in English, university-level education, often in Britain or the United States, and a cosmopolitan outlook reinforced by foreign residence and travel. Many of the

Chinese businessmen were entrepreneurs who operated in an exclusively Chinese setting and often had minimal educational qualifications. Their sons, however, often were graduates of the best secondary schools and of local or foreign universities and worked either as English-speaking representatives of their fathers' businesses, as civil servants, or as professionals. Few of the elite had inherited their status, and all were aware that they could not directly pass it along to their children. Having themselves been upwardly mobile in a society more open to individual effort than most in the region, they valued that society's stress on competition, individual mobility, and success through hard work. In the domestic sphere, they expressed those values by devoting much effort to the education of their children.

Increased family incomes made possible by full employment and by such government programs as the construction and sale of apartments and the enrollment of nearly everyone in the Central Provident Fund are to be distinguished from upward mobility, in which individuals moved into more highly skilled and highly paid jobs and hence into higher social classes. The expansion of industry, banking, and of the ranks of civil servants created many high and mid-level positions that Singaporeans could aspire to and compete for. Residents from every ethnic community regarded social mobility as a common and accepted goal. Education was regarded as the best channel for upward mobility, and most families tried to encourage their children to do well in school and to acquire educational qualifications and certification. This fact put severe pressure on the school system and the children in it, although, as elsewhere, middle- and upper-income families had an advantage in maneuvering their offspring through the education system.

Individuals approached jobs with a keen appreciation for their potential for further mobility. Most large organizations, whether government or private, provided some training. Some foreign-owned enterprises, such as those in the oil industry, employed large numbers of skilled workers and ran extensive in-house training programs. The electronics assembly factories, in contrast, offered no prospects for advancement to their large numbers of unskilled or semiskilled assembly line workers. Small scale enterprises, which in the late 1980s often recruited along ethnic and subethnic lines, were associated with long working hours and low wages, but sometimes offered the workers opportunity to learn a skill, such as automotive repair. Workers in such establishments commonly advanced by quitting and opening their own small firms, often after years of saving.

In a system that reflected both the great differences in educational attainment in the work force and the great significance attached to educational qualifications, most large organizations, public and private, made a sharp distinction between mental and manual labor, and movement from the lower to the higher was very difficult and rare. Lower level white-collar workers and skilled blue-collar workers often took advantage of opportunities to upgrade their occupational skills, either through training offered by the organization or through night school and short-term courses offered by educational or other government bodies. Unskilled workers in industry and service trades and employees in small Chinese firms saw few prospects for advancement and considered self-employment as their only hope for upward mobility. Vending food and consumer goods on the streets or operating a cooked-food stall, traditional entry points for entrepreneurs, had been practically eliminated by government action to tidy up the environment and to limit the numbers of mobile hawkers who obstructed traffic. Many Singapore economists felt that the successful modernization of the economy and the increases both in government regulation and in rents for shops and small premises had made it more difficult for the ambitious poor to get a start. By the late 1980s, Singapore's academics and political leaders were discussing the perceived shortage of entrepreneurs and suggesting solutions to the problem, although most discussion focused on industrial innovation and growth rather than the commercial fields in which most Singapore entrepreneurs had succeeded (see Policies for the Future, ch. 3).

Family, Marriage, and Divorce

Almost all Singaporeans lived in small nuclear families. Although both Chinese and Indian traditions favored large extended families, such families were always rare in immigrant Singapore where neither the occupational structure, based on wage labor, or the housing pattern, characterized by small, rented quarters, favored such family forms. In the 1980s, families were important in that most individuals as a matter of course lived with their parents until marriage and after marriage maintained a high level of interaction with parents, brothers, and sisters. Probably the most common leisure activity in Singapore was the Sunday visit to the grandparents for a meal and relaxed conversation with brothers, sisters, in-laws, uncles and aunts, cousins, and other assorted kin. Although the age of marriage increased in the 1970s and 1980s, reaching a mean 28.5 years for grooms and 25.8 years for brides in 1987, Singapore remained a society in which it was assumed that everyone would marry, and marriage was a normal aspect of fully adult status.

Both ethnicity and class affected the form and functioning of families. Chinese and Indian families rested on cultural assumptions of the permanence of marriage and of the household as an ongoing, corporate group whose members, bound by duty, obligation, and subordination, pooled and shared income. The continued efforts of Indian parents to arrange the marriages or at least to influence the marital choices of their offspring and the Tamil obligation to provide daughters with large dowries reflected such cultural definitions of family and household. In a similar manner, some Chinese combined the household with the family enterprise, practicing a traditional entrepreneurial strategy that included mobilizing the savings of all household members and allocating them in accord with a long-term plan for family success. Such a strategy might take the form of a thriving business with branches in the major cities of Malaysia and Indonesia, or of sons and daughters employed in the Singapore civil service, a large foreign bank, or a university in Australia.

Malay families, on the other hand, gave priority to the individual and to individual interests. They viewed relations between siblings as tenuous and saw the household as a possibly short-lived coalition of autonomous individuals linked by sentiments of mutual concern and affection. Malays had traditionally had much higher rates of divorce and adoption than other ethnic groups, and the distinction continued in the 1980s although the divorce rate was lower than in the 1940s or through the 1960s. More significantly, for the Malays divorce was regarded as a realistic and normal, although unfortunate, possibility in all marriages. Because Malays did not define the household as a continuing body, they did not make long-range strategic plans to maximize family income and success. In Malay families, husbands, wives, and children with jobs held separate purses and sometimes separate savings accounts. It was thus difficult for Malays to establish family businesses as the Chinese and the Indians did.

Class affected families in a manner generally similar to many other industrialized societies. In all ethnic groups, lower-class or working-class people tended to be dependent on kin outside the immediate household for a wide range of services, and to operate wide networks of mutual assistance and gift exchange. Throughout the 1980s, kin provided the bulk of child care for married women working in factories. Such relatives were paid for their services, but less than a stranger would have been paid. The possibility of such support often determined whether a woman took a job outside the home, and thus demonstrated the relation between large

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numbers of kin and material comfort and security. Substantial sums of money were passed back and forth on such occasions as the birthdays of aged parents, the birth of children, or the move into a new apartment. Family members were a major source of information on and referrals to jobs for many unskilled or semiskilled workers. Relations with the extended circle of relatives were not always harmonious or happy, but they were important and necessary to the welfare and comfort of most working-class families.

Middle- and upper-class households were less dependent on kin networks for support. They maintained close ties with parents and siblings, but did not need to rely on them. Indeed their relations with their extended kin often were more amiable than those of the lower-class households, where mutual need often was accompanied by disputes over allocation of such resources as grandparents' childcare services, or of the costs of supporting elderly parents and other dependent kin. Middle- and upper-class households spent more leisure time with people who were not their relatives and gained much of their social support from networks based on common schooling, occupation, and associational memberships. In such families, the bond between husband and wife was close as they shared more interests and activities than most working-class couples and made more decisions jointly.

Marriages across ethnic lines occurred, but not often. Between 1954 and 1984, intermarriage rates remained at a stable 5 to 6 percent of all marriages. None of the traditional cultures encouraged marriage outside the group. The Hindu traditions of caste endogamy and the Malay insistence on conversion to Islam as a condition of marriage were major barriers to intermarriage. Shared religion encouraged intermarriage, with marriages between Malays and Indian Muslims the most common form of ethnic intermarriage. Interethnic marriages included a disproportionate number of divorced or widowed individuals.

Divorce rates in Singapore were low. Interethnic marriages were somewhat more likely to end in divorce than were marriages within an ethnic group. During the 1980s the divorce rate for Malays fell, while it rose for the other ethnic groups. In 1987 there were 23,404 marriages in Singapore, and 2,708 divorces, or 115 divorces for every 1,000 marriages. The figures included 4,465 marriages under the Muslim Law Act, which regulated the marriage, divorce, and inheritance of Muslims, and 796 divorces under the same act, for a Muslim divorce rate of 178 divorces for every 1,000 marriages. Marriages under the Women's Charter (which regulated the marriage and divorce of non-Muslims) totaled 18,939, and divorces under that law were 1,912, for a non-Muslim divorce rate of 100

per 1,000 marriages. The differential rates of divorce for ethnic groups may have suggested greater differences than were in fact the case. Situations that for Malay families resulted in prompt, legal divorce were sometimes tolerated or handled informally by Chinese or Indian families for whom the social stigma of divorce was greater and the barriers to legal separation higher. For all ethnic groups, the most common source of marital breakdown was the inability or unwillingness of the husband to contribute to maintaining the household. This sometimes led to desertion, which was the most common ground for divorce.

Religion
Temples and Festivals

Singapore's immigrants commonly made their religious congregations a form of social organization. From the foundation of the city, colonial authorities had avoided interfering with the religious affairs of the ethnic communities, fostering an atmosphere of religious tolerance. It was characteristic of colonial Singapore that South Bridge Street, a major thoroughfare in the old Chinatown, should also be the site of the Sri Mariamman Temple, a south Indian Hindu temple, and of the Jamae or Masjid Chulia Mosque, which served Chulia Muslims from India's Coromandel Coast. The major religions were Chinese popular religion, commonly although inaccurately referred to as Daoism or Buddhism; Hinduism; Islam; Buddhism; and Christianity. Other religions included smaller communities of Sikhs and of Jains from India; Parsis, Indians of Iranian descent who followed the ancient Iranian Zoroastrian religion; and Jews, originally from the Middle East, who supported two synagogues.

The Chinese practiced Chinese popular religion, a distinctive and complex syncretic religion that incorporates some elements from canonical Buddhism and Daoism but focuses on the worship of gods, ghosts, and ancestors. It emphasizes ritual and practice over doctrine and belief, has no commonly recognized name, and is so closely entwined with Chinese culture and social organization that it cannot proselytize. In Singapore its public manifestations included large temples housing images of deities believed to respond to human appeals for guidance or relief from affliction and use of the common Chinese cycle of calendrical festivals. These occasions included the lunar New Year (in January or February), a festival of renewal and family solidarity; Qing Ming (Ch'ing Ming in Wade-Giles romanization), celebrated by the solar calender on April 5th (105 days after the winter solstice), to remember the ancestors

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and worship their graves; the fifteenth of the fifth lunar month (April or May), in Singapore known as Vesak Day and celebrated as marking the birth of the Buddah; the festival of the hungry ghosts in the seventh lunar month, a major Hokkien holiday, marked by domestic feasting and elaborate public rituals to feed and placate the potentially dangerous souls of those with no descendants to worship them; and the mid-autumn festival on the fifteenth of the eighth lunar month, an occasion for exchanging gifts of sweet round mooncakes and admiring the full moon. All Chinese temples held one or more annual festivals, marked by street processions, performances of Chinese traditional operas, and domestic banquets to which those who supported the temple, either because of residential propinquity, subethnic affiliation with a particular temple and its deity, or personal devotion to the god, invited their friends and business associates. To prevent the disruption of traffic and preserve public order, the government limited the length and route of street processions and prohibited the use of the long strings of firecrackers that had previously been a component of all Chinese religious display. Some festivals or customs that had little religious significance or were not practiced by the southeastern Chinese migrants were promoted by the government's Singapore Tourist Promotion Board for their spectacular and innocuous content. These included the summer dragon boat races, originally held only in China's Chang Jiang (Yangtze) River Valley, and the lantern festival in which paper lanterns in the shape of animals or other objects are carried through the streets by children or, if especially impressive, displayed in parks and temples. In China the lantern festival is celebrated in the first lunar month at the end of the New Year season, but in Singapore it is combined with the mid-autumn festival.

Canonical Buddhism was represented in Singapore as Sinhalese Theravada Buddhism. This form of Buddhism prevails in Sri Lanka and mainland Southeast Asia and differs from the Mahayana Buddhism of China, Korea, and Japan in both doctrine and organization. Theravada Buddhism was brought by Sinhalese migrants from Ceylon (contemporary Sri Lanka), who also influenced the architectural style of Thai and Vietnamese Theravada temples. These latter were staffed by Thai or Vietnamese monks, some of whom were originally members of the overseas Chinese communities of those countries and served a predominantly Chinese laity, using Hokkien, Teochiu, Cantonese, or English. Singapore was also home to a number of Chinese sects and syncretic cults that called themselves Buddhist but taught their own particular doctrines and lacked properly ordained Buddhist monks.

Sri Mariamman Hindu temple in Chinatown Courtesy Ong Tien Kwan

Hindus have been part of Singapore's population since its foundation in 1819, and some of the old Hindu temples, such as the Sri Mariamman Temple, were declared national historical sites in the 1980s and so preserved from demolition. Singapore's Hindus adapted their religion to their minority status in two primary ways—compartmentalization and ritual reinterpretation. Compartmentalization referred to the Hindus' tendency to distinguish between the home, in which they maintained a nearly completely orthodox Hindu pattern of diet and ritual observance, and the secular outer world of work, school, and public life, where they did not apply categories of purity and pollution. Singapore lacked the tightly organized caste groups of communities found in India but replaced them in large-scale temple festivals with groups representing those of the same occupation or place of employment. The major Hindu holidays were the Hindu New Year, in April or May; Thaipusam, a festival during which penitents fulfilled vows to the deity Lord Subramanya by participating in a procession while carrying *kavadi,* heavy decorated frameworks holding offerings of milk, fruit, and flowers; and Deepavali, the Festival of Lights. Deepavali, a celebration of the victory of light over darkness and hence of good over evil, was a national holiday.

Seven of the ten national holidays were religious festivals; two of them were Chinese, two Muslim, two Christian, and one Hindu.

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The festivals were the Chinese New Year; Vesak Day; Hari Raya Haji, the Muslim pilgrimage festival; Hari Raya Pusa, which marked the end of the fasting month of Ramadan and was a time of renewal; Christmas; Good Friday; and Deepavali. Citizens were encouraged to learn about the festivals of other religious and ethnic groups and to invite members of other groups to their own celebrations and feasts. Public ceremonies such as National Day or the commissioning of military officers were marked by joint religious services conducted by the Inter-Religious Organization, an ecumenical body founded in 1949 to promote understanding and goodwill among the followers of different religions.

Religion and Ethnicity

In the 1980s, members of all ethnic groups lived and worked together, dressed similarly, and shared equal access to all public institutions and services. Religion, therefore, provided one of the major markers of ethnic boundaries. Malays, for instance, would not eat at Chinese restaurants or food stalls for fear of contamination by pork, and a Chinese, in this case, could not invite a Malay colleague to a festive banquet. Funerals of a traditional and ethnically distinctive style were usually held even by families that were not otherwise very religiously observant. The community associations and the Singapore Tourist Promotion Board encouraged the public celebration of such ethnically distinctive and appropriately colorful and noncontroversial festivals as the Chinese lantern festival and the dragon boat races.

The marriages, divorces, and inheritances of members of religious communities and the management of properties and endowments dedicated to religious purposes were of concern to the government, which interacted with some religious bodies through advisory boards dating back to the colonial period. The Hindu Advisory Board, established in 1917, advised the government on Hindu religion and customs and on any matters concerning the general welfare of the Hindu community. It assisted the Hindu Endowments Board, which administered the four major Hindu temples and their property, in organizing the annual festivals at the temples. The Sikh Advisory Board acted in the same way for the Sikhs.

The Singapore Muslim Religious Council (Majlis Ugama Islam Singapura) played a very important role in the organization of Islamic affairs and therefore of the Malay community. Authorized by the 1966 Administration of Muslim Law Act, the council, composed of members nominated by Muslim societies but appointed by the president of Singapore, was formally a statutory board that advised the president on all matters relating to the Muslim religion.

Entrance to Sultan Mosque
Courtesy Ong Tien Kwan
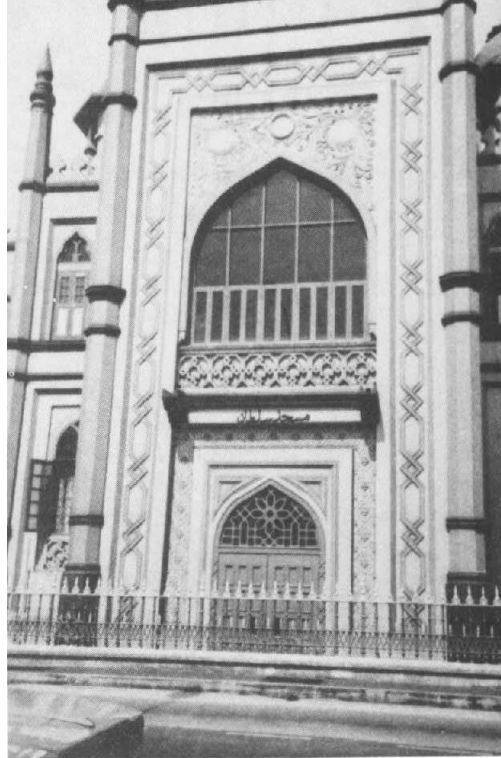
It acted to centralize and standardize the practice of Islam. The council administered all Muslim trusts (*wafs*); organized a computerized and centralized collection of tithes and obligatory gifts (*zakat harta* and *zakat fitrah*); and managed all aspects of the pilgrimage to Mecca, including registering pilgrims, obtaining Saudi Arabian visas, and making airline reservations. The council also helped the government reorganize the mosque system after redevelopment. Before the massive redevelopment and rehousing of the 1970s and 1980s, Singapore's Muslims were served by about ninety mosques, many of which had been built and were funded and managed by local, sometimes ethnically based, communities. Redevelopment destroyed both the mosques and the communities that had supported them, scattering the people through new housing estates. The council, in consultation with the government, decided not to rebuild the small mosques but to replace them with large central mosques. Construction funds came from a formally voluntary contribution collected along with the Central Provident Fund deduction paid by all employed Muslims. The new central mosques could accommodate 1,000 to 2,000 persons and provided such services as kindergartens, religious classes, family counseling, leadership and community development classes, tuition and remedial instruction for school children, and Arabic language instruction.

The government had regulated Muslim marriages and divorces since 1880, and the 1957 Muslim Ordinance authorized the

establishment of the centralized Sharia Court, with jurisdiction over divorce and inheritance cases. The court, under the Ministry of Community Development, replaced a set of government-licensed but otherwise unsupervised *kathi* (Islamic judges) who had previously decided questions of divorce and inheritance, following either the traditions of particular ethnic groups or their own interpretations of Muslim law. The court attempted to consistently enforce sharia law, standard Islamic law as set out in the Quran and the decisions of early Muslim rulers and jurists, and to reduce the high rate of divorce among Malays. In 1989 the Singapore Muslim Religious Council took direct control of the subjects taught in Islamic schools and of the Friday sermons given at all mosques.

Religious Change

Modernization and improved education levels brought changes in religious practice. The inflexible work schedules of industrialism, which tended to restrict communal ritual to evenings and Sundays, and the lack of opportunity or inclination to devote years to mastering ceremonial and esoteric knowledge, both contributed to a general tendency toward ritual simplification and abbreviation. At the same time, prosperous citizens contributed large sums to building funds, and in the 1980s a wave of rebuilding and refurbishing renewed the city's mosques, churches, Chinese temples, Buddhist monasteries, and Hindu temples. Ethnic affiliation was demonstrated by public participation in such annual rituals as processions, which did not require elaborate training or study.

Immigrants tended to drop or modify religious and ritual practices characteristic of and peculiar to the villages they had come from. Hindu temples founded in the nineteenth century to serve migrants of specific castes and to house deities worshipped only in small regions of southeastern India became the temples patronized by all Hindu residents of nearby apartment complexes. They offered a generic South Indian Hinduism focused on major deities and festivals. Many Chinese became more self-consciously Buddhist or joined syncretic cults that promoted ethics and were far removed from the exorcism and sacrificial rituals of the villages of Fujian and Guangdong. The movement away from village practices was most clearly seen and most articulated among the Malays, where Islamic reformers acted to replace the customary practices *(adat)* of the various Malay-speaking societies of Java, Sumatra, and Malaya with the precepts of classical Islamic law—sharia.

In 1988 the Ministry of Community Development reported the religious distribution to be 28.3 percent Buddhist, 18.7 percent

Buddhist temple
Courtesy Ong Tien Kwan

Christian, 17.6 percent no religion, 16 percent Islam, 13.4 per-
cent Daoist, 4.9 percent Hindu, and 1.1 percent other religions
(Sikhs, Parsis, Jews). The Christian proportion of the population
nearly doubled between 1980 and 1988, growing from 10 percent
to nearly 19 percent. The growth of Christianity and of those
professing no religion was greatest in the Chinese community, with
most of the Christian converts being young, well-educated people
in secure white-collar and professional jobs. Most converts joined
evangelical and charismatic Protestant churches worshiping in En-
glish. About one-third of the members of Parliament were Chris-
tians, as were many cabinet ministers and members of the ruling
party, which was dominated by well-educated, English-speaking
Chinese. The association of Christianity with elite social and po-
litical status may have helped attract some converts.

By the late 1980s, some Buddhist organizations were winning
converts by following the Protestant churches in offering services,
hymnbooks, and counseling in English and Mandarin. A Bud-
dhist Society at the National University of Singapore offered lec-
tures and social activities similar to those of the popular Christian
Fellowship. Some Chinese secondary students chose Buddhism as
their compulsory religious studies subject, regarding Confucian-
ism as too distant and abstract and Bible study as too Western and

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too difficult. They then were likely to join Buddhist organizations, which offered congenial groups, use of English, and a link with Asian cultural traditions. In the late 1980s, other Chinese white-collar and skilled workers were joining the Japan-based Sōka Gakkai (Value Creation Society, an organization based on Nichiren Buddhism), which provided a simple, direct style of worship featuring chanting of a few texts and formulas and a wide range of social activities. The more successful religious groups, Christian and Buddhist, offered directly accessible religious practice with no elaborate ritual or difficult doctrine and a supportive social group.

In the 1980s, the government regarded religion in general as a positive social force that could serve as a bulwark against the perceived threat of Westernization and the associated trends of excessive individualism and lack of discipline. It made religious education a compulsory subject in all secondary schools in the 1980s. The government, although secular, was concerned, however, with the social consequences of religiously motivated social action and therefore monitored and sometimes prohibited the activities of religious groups. The authorities feared that religion could sometimes lead to social and implicitly political action or to contention between ethnic groups. Islamic fundamentalism, for example, was a very sensitive topic that was seldom publicly discussed. Throughout the 1980s, the authorities were reported to have made unpublicized arrests and expulsions of Islamic activists. The government restricted the activities of some Christian groups, such as the Jehovah's Witnesses who opposed military service, and in 1987 the government detained a group of Roman Catholic social activists, accusing them of using church organizations as cover for a Marxist plot. The charismatic and fundamentalist Protestant groups, though generally apolitical and focused on individuals, aroused official anxiety through their drive for more converts. Authorities feared that Christian proselytization directed at the Malays would generate resentment, tensions, and possible communal conflict. As early as 1974 the government had "advised" the Bible Society of Singapore to stop publishing materials in Malay. In late 1988 and early 1989, a series of leaders, including Prime Minister Lee Kuan Yew, condemned "insensitive evangelization" as a serious threat to racial harmony. Official restatements of the virtue of and necessity for religious tolerance were mixed with threats of detention without trial for religious extremists.

Health and Welfare

Medical Services and Public Health

As indicated by their long life expectancy and low death rates, Singaporeans generally enjoyed good health. Standards of nutrition

and environmental sanitation were high. The Ministry of the Environment's Vector Control and Research Department was responsible for controlling mosquitoes, flies, rats, and other disease-bearing animals; the Food Control Department and the Hawkers Department inspected food producers and outlets for cleanliness and sanitation. The Ministry of the Environment's Public Affairs Department conducted educational campaigns on such topics as environmental sanitation, control of mosquito-breeding sites, proper disposal of refuse, and food handling. Educational efforts were backed up by sanctions, which included fines of up to S$500 for spitting or failing to flush public toilets.

The population was served by nine government hospitals with 7,717 beds and by twelve private hospitals with 2,076 beds. In 1987 the Ministry of Health certified 2,941 physicians, 9,129 nurses, 653 dentists, and 487 pharmacists. Five of the nine government hospitals were general hospitals, providing a complete range of medical services and twenty-four hour emergency rooms, and the other four each had a specialty: obstetrics and gynecology, dermatology and venereology, psychiatry, or infectious diseases. In 1987 the Ministry of Health's Community Health Service operated twenty-four clinics in major housing complexes, offering primary medical treatment for injuries and common diseases. The Maternal and Child Health Service provided preventive health care for mothers and preschool children at twenty-three clinics, while school children were served by the School Health Service.

Government hospitals and clinics charged fees for their services, although the fees were generally low and the medical services were heavily subsidized. The fees were intended to discourage frivolous use of the medical system and to demonstrate that residents were responsible for their own health costs, as Singapore was not a welfare state. After 1984 Singaporeans could pay for their medical expenses through the Medisave Scheme, under which 6 percent of the monthly income of every contributor to the Central Provident Fund could be set aside for the medical expenses of the contributor and the contributor's spouse, parents, grandparents, and children in all government or private hospitals.

Mortality and Morbidity

The major causes of death in 1986 were heart disease, accounting for 24 percent of all deaths; cancer, 23 percent; cerebrovascular disease (stroke), 11 percent; and pneumonia, 8 percent. In 1988 two minor outbreaks of dengue fever took place but were halted through prompt control of arthropod-borne microorganisms, and a minor cholera epidemic broke out among the inmates of a mental

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institution. In 1982 the World Health Organization (WHO) declared Singapore malaria-free, and 161 of the 165 cases of malaria reported in 1987 were determined to be imported. In 1987 the most serious epidemic disease was hepatitis; 752 cases of acute viral hepatitis and 11 deaths were reported. Noise-induced deafness and industrial-related skin disease were the major occupational diseases; there was also some concern over exposure of workers to toxic and carcinogenic substances and to asbestos. The health authorities paid special attention to patients with kidney failure, a condition that killed some 200 people a year. The number of deaths reflected inadequate dialysis facilities and a shortage of organ donors. The 1987 Human Organ Transplant Law gave doctors the right to remove the kidneys of those killed in accidents unless the victim had objected in writing or was a Muslim.

AIDS Policy

At the end of 1988, the Ministry of Health reported thirty-four cases of acquired immune deficiency syndrome (AIDS) among Singaporeans; four of these cases resulted in death. The first two cases were identified in 1985. Thereafter the incidence increased; five new cases were reported in December 1988 alone. In 1987 the Ministry of Health established an AIDS Task Force to inform health professionals of research on and treatment programs for the disease. A National Advisory Committee, also formed in 1987, with representatives from the Ministry of Health, other ministries, the public media, hotels, and travel agencies concentrated on educating the public about the disease. The Ministry of Health worked with WHO, adapting its information and strategies to local circumstances. All blood donors were routinely screened for AIDS, and blood screening could be done at designated government clinics. In 1989 the Ministry of Health was sponsoring education programs on AIDS and offering confidential counseling to people worried that they might be infected. The ministry was trying to reach members of high-risk groups, but many of them refused counseling from fear of being identified and stigmatized.

Education

The School System

The government frequently referred to Singapore's population as its only natural resource and described education in the vocabulary of resource development. The goal of the education system was to develop the talents of every individual so that each could contribute to the economy and to the ongoing struggle to make

Singapore productive and competitive in the international marketplace. The result was an education system that stressed the assessment, tracking, and sorting of students into appropriate programs. Educators forthrightly described some students and some categories of students as better "material" and of more value to the country than others. In the 1960s and 1970s the education system, burdened with large numbers of children resulting from the high birth rates of the previous decades and reflecting the customary practices of the British colonial period, produced a small number of highly trained university graduates and a much larger number of young people who had been selected out of the education systems following secondary schooling by the rigorous application of standards. The latter entered the work force with no particular skills (see table 5, Appendix). Major reforms in 1979 produced an elaborate tracking system, intended to reduce the dropout rate and to see that those with low academic performance left school with some marketable skills. During the 1980s, more resources were put into vocational education and efforts were made to match the "products" of the school system with the manpower needs of industry and commerce. The combination of a school system emphasizing testing and tracking with the popular perception of education as the key to social mobility and to the source of the certifications needed for desirable jobs led to high levels of competition, parental pressure for achievement, and public attention and concern.

In 1987 some 4 percent of the gross domestic product (GDP—see Glossary) was devoted to education. The government's goal for the 1990s was to increase spending to 6 percent of GDP, which would match the levels of Japan and the United States. Education was not compulsory, but attendance was nearly universal. Primary education was free, and Malays received free education through university. Students' families had to purchase textbooks and school uniforms, but special funds were available to ensure that no student dropped out because of financial need. Secondary schools charged nominal fees of S$9.50 per month. Tuition at the National University of Singapore for the 1989–90 academic year ranged from S$2,600 per year for students in the undergraduate arts and social sciences, business administration, and law courses to S$7,200 per year for the medical course. The university-level tuitions were intended to induce prosperous families to bear a share of the cost of training that would lead to a well-paying job, but a system of loans, need-based awards (bursaries), and scholarships for superior academic performance meant that no able students were denied higher education because of inability to pay.

The schools operated a modified British-style system in which the main qualifications were the Cambridge University-administered General Common Entrance (GCE) Ordinary level (O level) and Advanced level (A level) examinations. Singapore secondary students took the same examinations as their counterparts in Britain or in British system schools throughout the world. All instruction was in English, with supplementary teaching of the students' appropriate "mother tongue"—Malay, Tamil, or Mandarin. The basic structure was a six-year primary school, a four-year secondary school, and a two-year junior college for those preparing to enter higher education. As part of the effort to reduce the dropout rate, some students progressed through the system more slowly than others, spending more time in primary and secondary school but achieving similar standards. The goal was that every student achieve some success and leave school with some certification. Both primary and secondary schools operated on double sessions. Plans for the 1990s called for converting secondary schools to single-session, all-day schools, a measure that would require construction of fifty new schools.

As of June 1987, there were 229 government and government-aided primary schools enrolling 266,501 students. Government-aided schools originally were private schools that, in return for government subsidies, taught the standard curriculum and employed teachers assigned by the Ministry of Education. There were 157 secondary schools and junior colleges, enrolling 201,125 students, and 18 vocational training schools, enrolling 27,000 students. The 15 junior colleges operating by late 1989 enrolled the "most promising" 25 percent of their age cohort and were equipped with computers, laboratories, and well-stocked libraries. Some represented the elite private schools of the colonial period, with their ancient names, traditions, and networks of active alumni, and others were founded only in the 1980s, often in the centers of the housing estates (see Land Management and Development, ch. 3). In 1989 the government was discussing the possibility of permitting some of the junior colleges to revert to private status, in the interest of encouraging educational excellence and diversity.

Singapore had six institutions of higher education: National University of Singapore (the result of the 1980 merger of Singapore University and Nanyang University); Nanyang Technological Institute; Singapore Polytechnic Institute; Ngee Ann Polytechnic; the Institute of Education; and the College of Physical Education. In 1987 these six institutions enrolled 44,746 students, 62 percent male and 38 percent female. Enrollment in universities and colleges increased from 15,000 in 1972 to nearly 45,000 in 1987,
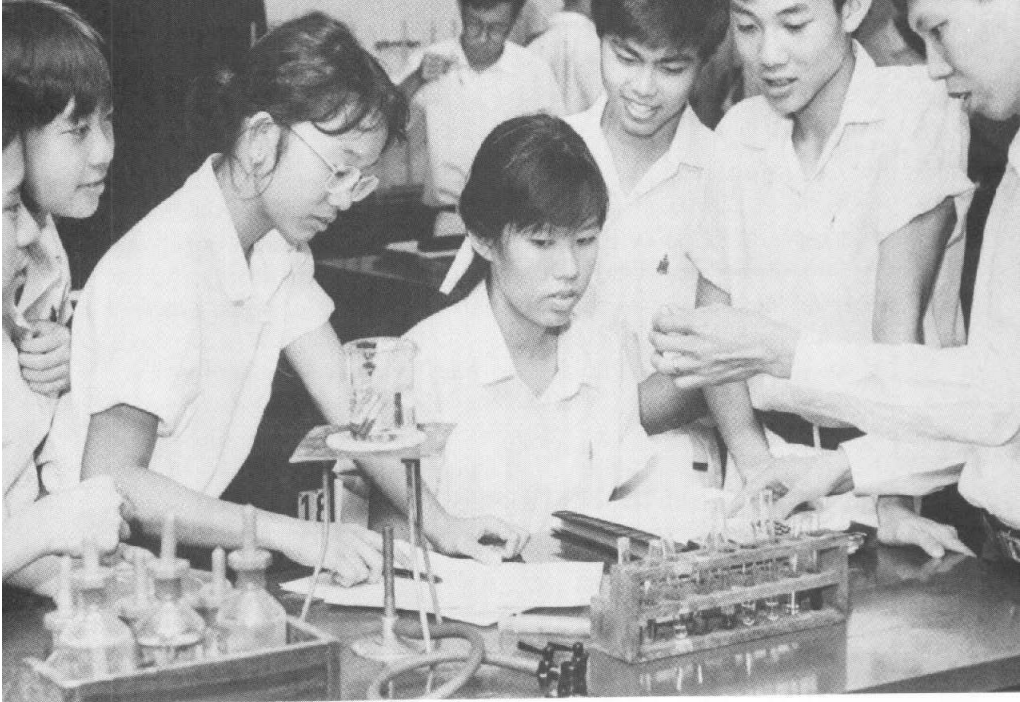
tripling in fifteen years. The largest and most prestigious institution was the National University of Singapore, enrolling 13,238 undergraduates in 1987. Only half of those who applied to the National University were admitted, a degree of selectivity that in 1986 brought parliamentary complaints that the admission rate was inconsistent with the government's objective of developing every citizen to the fullest potential.

The Ministry of Education tried to coordinate enrollments in universities and polytechnic institutes and specific degree and diploma courses with estimates of national manpower requirements. At the university level, the majority of the students were enrolled in engineering, science, and vocationally oriented courses. The Ministry of Education and the government clearly preferred an education system that turned out people with vocational qualifications to one producing large numbers of general liberal arts graduates. The ministry attempted to persuade students and their parents that enrollment in the three polytechnic institutes, which offered diplomas rather than the more prestigious degrees (a common distinction in the British system of higher education), was not necessarily a second choice. In promoting this choice, the ministry pointed to the good salaries and excellent career prospects of

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polytechnic graduates who were employed by large multinational corporations. Similar arguments were used to persuade those who left secondary school with respectable O level scores to enroll in short courses at vocational and technical training institutes and to qualify for such positions as electronics technicians or word processors that were beyond the capabilities of those who had been directed into vocational schools after the primary grades. Almost all of the graduates of the demanding four-year Honors Degree Liberal Arts and Social Science program at the National University of Singapore were recruited into the upper levels of the civil service. Many graduates of the ordinary three-year arts, social science, and science programs were steered into teaching in secondary schools.

Education and Singaporean Identity

More clearly than any other social institution, the school system expressed the distinctive vision of Singapore's leadership, with its stress on merit, competition, technology, and international standards, and its rejection of special privileges for any group. Singaporeans of all ethnic groups and classes came together in the schools, and the education system affected almost every family in significant and profound ways. Most of the domestic political issues of the country, such as the relations between ethnic groups, the competition for elite status, the plans for the future security of the nation and its people, and the distribution of scarce resources were reflected in the schools and in education policy. Many of the settled education policies of the 1980s, such as the use of English as the medium of instruction, the conversion of formerly Malay or Chinese or Anglican missionary schools to standard government schools, or the attempted combination of open access with strict examinations, were the result of long-standing political disputes and controversy. In the determination of families and parents that their children should succeed in school, and in the universally acknowledged ranking of primary and secondary schools and the struggle to enroll children in those schools that achieved the best examination results, families expressed their distinctive values and goals. The struggle for achievement in the schools, which often included tutoring by parents or enrollment of young children in special private supplementary schools to prepare for crucial examinations, also demonstrated the system of social stratification and the struggle for mobility that characterized the modern society. It was in the schools, more than in any other institution, that the abstract values of multiracialism and of Singaporean identity were given concrete form.

*   *   *

The Information Division of the Ministry of Communications and Information produces useful and informative annual volumes and monthly journals, such as *Singapore 1988, Singapore Facts and Pictures 1988, Mirror,* and the *Singapore Bulletin.* The Department of Sociology of the National University of Singapore and the Institute of Southeast Asian Studies both publish social science and historical research on Singapore's society. Maurice Freedman's *Chinese Family and Marriage in Singapore* and Judith Djamour's *Malay Kinship and Marriage in Singapore,* both based on field research conducted in 1949–50, provide a baseline for assessing subsequent social change. Cheng Lim-Keak's *Social Change and the Chinese in Singapore* analyzes the associations and economic organization of the Chinese-speaking community, a topic not covered in government reports. Janet W. Salaff's *State and Family in Singapore,* which concentrates on Chinese families, and Tania Li's *Malays in Singapore* both analyze family structure in the context of economic growth and modernization. Although somewhat dated, the essays in *Singapore: Society in Transition,* edited by Riaz Hassan, provide a good introduction to major aspects of Singapore society. Some of the flavor of life in Singapore is conveyed in Tan Kok Seng's autobiographical *Son of Singapore* and in the fiction of Philip Jeyaretnam, such as *First Loves* and *Raffles Place Ragtime.* The *Far Eastern Economic Review* regularly covers events and trends in Singapore, sometimes illuminating topics such as religious change that are not treated in official publications. (For further information and complete citations, see Bibliography.)

Chapter 3. The Economy
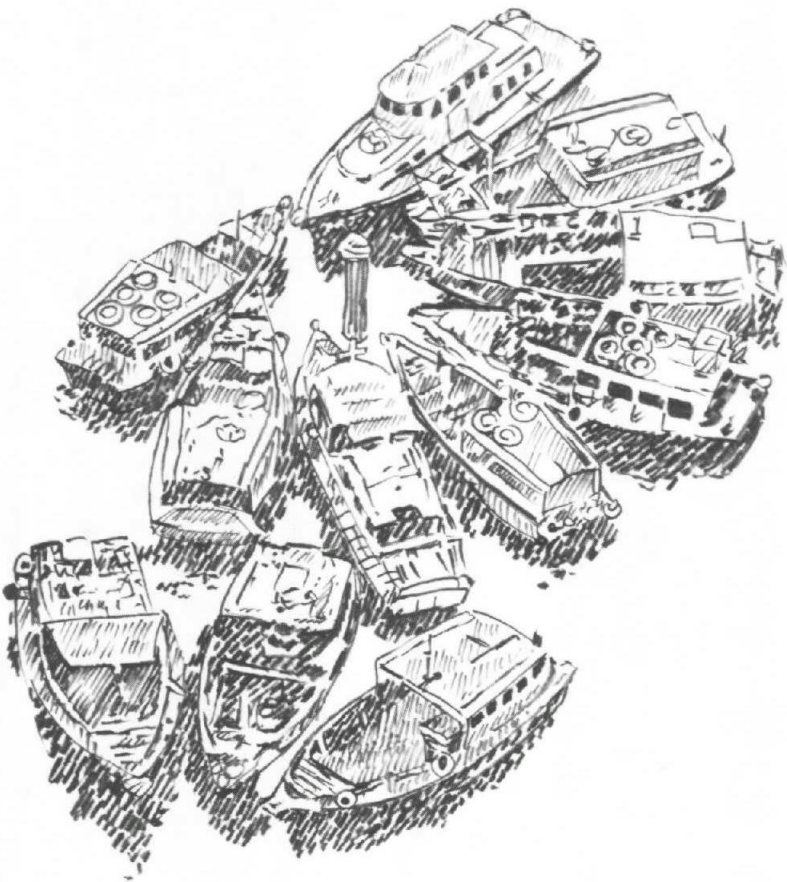
Harbor workboats at mooring

A FORMER COLONIAL TRADING PORT serving the region-
al economies of maritime Southeast Asia, Singapore in the 1990s
aspired to be a "global city" serving world markets and major multi-
national corporations. A quarter century after independence in
1965, the city-state had become a manufacturing center with one
of the highest incomes in the region and a persistent labor short-
age. As one of Asia's four "little dragons" or newly industrializ-
ing economies (NIEs—see Glossary), Singapore along with the
Republic of Korea (South Korea), Taiwan, and Hong Kong was
characterized by an export-oriented economy, relatively equitable
income distribution, trade surpluses with the United States and
other developed countries, and a common heritage of Chinese civili-
zation and Confucian values. The small island had no resources
other than its strategic location and the skills of its nearly 2.7 mil-
lion people. In 1988 it claimed a set of economic superlatives, in-
cluding the world's busiest port, the world's highest rate of annual
economic growth (11 percent), and the world's highest savings rate
(42 percent of income).

Singapore lived by international trade, as it had since its found-
ing in 1819, and operated as a free port with free markets. Its small
population and dependence on international markets meant that
regional and world markets were larger than domestic markets,
which presented both business managers and government policy-
makers with distinctive economic challenges and opportunities. In
1988 the value of Singapore's international trade was more than
three times its gross domestic product (GDP—see Glossary). The
country's year-to-year economic performance fluctuated unpredic-
tably with the cycles of world markets, which were beyond the con-
trol or even the influence of Singapore's leaders. In periods of
growing international trade, such as the 1970s, Singapore could
reap great gains, but even relatively minor downturns in world trade
could produce deep recession in the Singapore economy, as hap-
pened in 1985–86. The country's dependence on and vulnera-
bility to international markets shaped the economic strategies of
Singapore's leaders.

The economy in the 1980s rested on five major sectors: the regional
entrepôt trade; export-oriented manufacturing; petroleum refining
and shipping; production of goods and services for the domestic econ-
omy; and the provision of specialized services for the international
market, such as banking and finance, telecommunications, and

tourism. The spectacular growth of manufacturing in the 1970s and 1980s had a major impact on the economy and the society, but tended to obscure what carried over from the economic structure of the past. Singapore's economy always depended on international trade and on the sale of services. An entrepôt was essentially a provider of services such as wholesaling, warehousing, sorting and processing, credit, currency exchange, risk management, ship repair and provisioning, business information, and the adjudication of commercial disputes. In this perspective, which focused on exchange and processing, the 1980s assembly of electronic components and manufacture of precision optical instruments were evolutionary steps from the nineteenth-century sorting and grading of pepper and rubber. Both processes used the skills of Singaporeans to add value to commodities that were produced elsewhere and destined for consumption outside the city-state.

The dependence on external markets and suppliers pushed Singapore toward economic openness, free trade, and free markets. In the 1980s, Singapore was a free port with only a few revenue tariffs and a small set of protective tariffs scheduled for abolition in the 1990s. It had no foreign exchange controls or domestic price controls. There were no controls on private enterprise or investment, nor any limitations on profit remittance or repatriation of capital. Foreign corporations were welcome, foreign investment was solicited, and fully 70 percent of the investment in manufacturing was foreign. The government provided foreign and domestic enterprises with a high-quality infrastructure, efficient and graft-free administration, and a sympathetic concern for the problems of businesses.

The vulnerability inherent in heavy dependence on outside markets impelled Singapore's leaders to buffer their country's response to perturbations in world markets and to take advantage of their country's ability to respond to changing economic conditions. Unable to control so much that affected their nation's prosperity, they concentrated on those domestic institutions that could be controlled. The consequence was an economy characterized by a seemingly paradoxical adherence to free trade and free markets in combination with a dominant government role in macroeconomic management and government control of major factors of production such as land, labor, and capital. The extraordinarily high domestic savings rate provided reserves to weather such economic storms as trade recessions and generated a pool of domestically controlled capital that could be invested to serve the long-term interests of Singapore rather than of foreign corporations. The high savings rate, however, was the result of carefully formulated government

Singapore River in the mid-1960s
Courtesy Daniel Regan

programs, which included a compulsory contribution of up to 25 percent of all salaries to a government-controlled pension fund. The government held about 75 percent of the country's land, was the largest single employer, controlled the level of wages, and housed about 88 percent of the population in largely self-owned apartments. It also operated a set of wholly-owned government enterprises and held stock in additional domestic and foreign firms. Government leaders, deeply aware of Singapore's need to sell its services in a competitive international market, continually stressed the necessity for the citizens to master high levels of skills and to subordinate their personal wishes to the good of the community. The combination of devotion to free-market principles and the need for internal control and discipline in order to adapt to the demands of markets reminded observers of many family firms, and residents of the country commonly referred to it as Singapore Inc.

Patterns of Development

Modern Singapore, founded as a trading post of the British East India Company in 1819, achieved its initial economic success as an entrepôt because of the island's location, harbor, and free port status (see Founding and Early Years, 1819–26, ch. 1). Although

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Singapore at first served only as a center for trade and transshipment, by the early twentieth century, primary goods, mainly rubber and tin from the neighboring Malay Peninsula, were being imported for processing. Singapore also became a regional center for the distribution of European manufactured goods. After World War I, when the British established a naval base on the island, Singapore became a key element of the British Commonwealth of Nations (see Glossary) military defense east of India, thus adding the naval support industry to the island's economy.

In the period immediately after World War II, Singapore faced enormous problems, including labor and social unrest, a decaying, war-ravaged infrastructure, inadequate housing and community facilities, a slow economic growth rate, low wages, and high unemployment made worse by a rapidly expanding population (see Aftermath of War, 1945–55, ch. 1). As late as 1959, the unemployment rate was estimated at 13.5 percent. The struggle for survival in the postwar period deeply affected the economic decision making of Singapore's first generation leaders.

Mounting political pressure for independence from Britain culminated in 1963 in the merger of Malaya, Singapore, and the British northern Borneo territories of Sabah and Sarawak into the new nation of Malaysia. A combination of political and ethnic differences between Singapore and the national government, however, led in 1965 to Singapore's separation from Malaysia and establishment as an independent nation. The economic prospects of the new city-state at first appeared bleak. Upon separation from Malaysia, Singapore lost its economic hinterland and jeopardized its hopes for an enlarged domestic market to absorb the goods produced by a small but growing manufacturing sector. Moreover, Indonesia's policy of Confrontation (Konfrontasi—see Glossary) with Malaysia between 1963 and 1966 had substantially reduced Singapore's entrepôt trade (see Road to Independence, 1955–65, ch. 1).
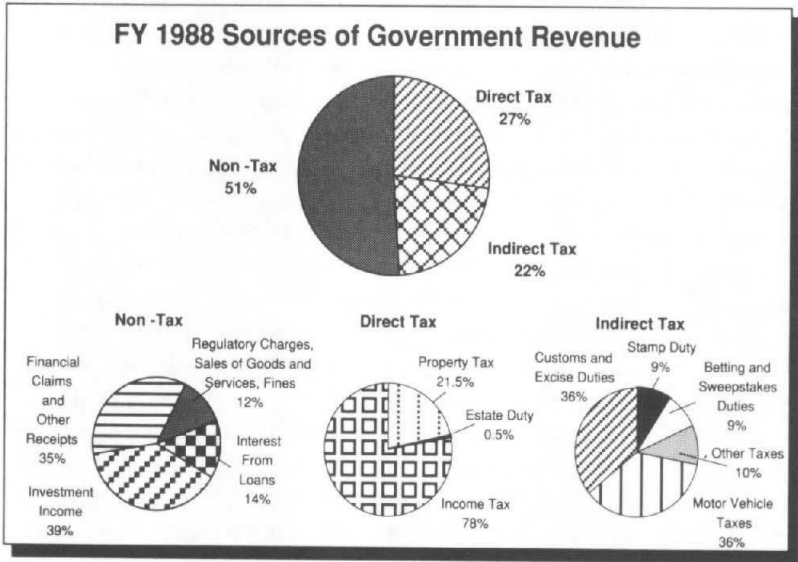
Britain's announcement in 1968 of its intention to withdraw military forces from Singapore by the early 1970s marked the beginning of a greatly expanded, more intrusive role for the government in the economy. From then on, the government no longer confined itself to such traditional economic pursuits as improving the infrastructure, but instead began to engage in activities that were or could have been the domain of private enterprise (see fig. 6). Britain's departure meant the loss, directly or indirectly, of 38,000 jobs (20 percent of the work force) at a time of already rising unemployment and rapid population growth; a consequent reduction in the GDP; and an increase in Singapore's own budgetary defense allocation to compensate for the British withdrawal. Even so, the

S$1,616 (for value of the Singapore dollar—see Glossary) per capita income of Singapore in 1965 already was quite high by developing country standards, an indication that subsequent high growth rates were not merely a result of beginning at a low base.

The period from 1965 to 1973 witnessed unprecedented economic growth for the island nation, during which the average annual growth of real GDP was 12.7 percent. Major credit for this development must be given to the effective implementation of soundly conceived government policies, which from the outset took full account of Singapore's strengths and weaknesses. Furthermore, the time was right for structural change in the economy. Enough capital had been accumulated to permit the domestic production of goods that were more capital intensive. The government's economic response to separation from Malaysia and the withdrawal of British military forces included efforts to increase industrial growth and solve the domestic problems of unemployment, population growth, and housing. Growth was achieved because workers were added to the payroll and provided with better machinery with which to work. Even more remarkable, this growth was accomplished with an outstanding record of price stability. Inflation was kept low by the government's conservative fiscal policies, which included the maintenance of strict control over the money supply.

Industrialization promised the most economic progress. The strategic question was whether to rely principally on domestic entrepreneurs or to make a conscious effort to attract foreign direct investment. The decision to encourage the latter resulted both in a large share of Singaporean manufacturing being foreign-owned and a high degree of export-led growth. Singapore's reliance on multinational corporations of the world to provide the necessary investment meant less dependence on the Southeast Asian region generally and neighboring countries particularly.

The 1973 oil shock with the collapse of prices and the worldwide recession it triggered brought the end of the super growth period. Even so, Singapore's growth rate averaged 8.7 percent from 1973 to 1979, which was high compared with other countries during that same period. Manufacturing continued to grow as did transportation and communications. Although the second worldwide oil crisis, beginning in 1979, set off the longest and deepest recession in the industrialized countries since the Great Depression of the 1930s, Singapore was seemingly untouched. If anything, its economy grew in 1980–81 while the world economy was contracting. The real average GDP growth rate between 1979 and 1981 was 8.5 percent. Financial and business services joined manufacturing as the major economic engines. During this period, Singapore's

FY 1988 Sources of Government Revenue

Direct Tax
27%

Non -Tax
51%

Indirect Tax
22%

Non -Tax

Financial
Claims
and
Other
Receipts
35%

Regulatory Charges,
Sales of Goods and
Services, Fines
12%

Interest
From
Loans
14%

Investment
Income
39%

Direct Tax

Property Tax
21.5%

Estate Duty
0.5%

Income Tax
78%

Indirect Tax

Customs and
Excise Duties
36%

Stamp Duty
9%

Betting and
Sweepstakes
Duties
9%

Other Taxes
10%

Motor Vehicle
Taxes
36%

Source: Based on information from "Country Watch: Singapore," *Asian Finance*, Hong Kong, 15, No. 9, September 15, 1989, 83.

Figure 6. Sources of Government Revenue, Fiscal Year (FY) 1988

function as a petroleum-servicing entrepôt made it more like an oil producer than an oil consumer.

For the first two decades of its independence, Singapore enjoyed continuous high economic growth, largely outperforming the world economy. Its GDP growth rate never fell below 5 percent and rose as high as 15 percent. At the same time, Singapore managed to maintain an inflation rate below world averages.

Given Singapore's dependence on the world economy, however, the consequences of declining foreign demand were inevitable. The 1985 recession was the worst in the nation's history. Singapore staggered under a year of negative growth (– 1.5 percent), then recovered slightly in 1986 (+ 1.9 percent). The causes lay both outside and within the country. Externally, worldwide slumps in petroleum-related and marine-related sectors were reflected in reduced demand for Singapore's goods and services and raised the specter of worldwide overcapacity in shipbuilding and ship-repairing. Furthermore, the slowdown in demand for semiconductors and electronics in the United States sharply reduced demand for Singaporean components and parts.

Internally, the construction boom—which had produced a glut of hotels, shopping centers, and apartments—began to be reversed.

Domestic demand also weakened as a result of a rise in domestic savings, which was not matched by a rise in productive domestic investment. The situation was complicated by a loss of international competitiveness and a profit squeeze attributed to labor costs rising faster than productivity.

The government responded promptly and firmly by lowering employer contributions to the Central Provident Fund, freezing overall wage levels for 1986 and 1987, reducing corporate income taxes from 40 to 30 percent, reducing personal income taxes in line with corporate taxes, and introducing an across-the-board investment allowance of 30 percent to encourage greater investment in equipment and machinery (see Forced Savings and Capital Formation; Finance, this ch.). These measures were highly successful; costs dropped 30 percent and productivity climbed. By 1988 Singapore's economy had rebounded.
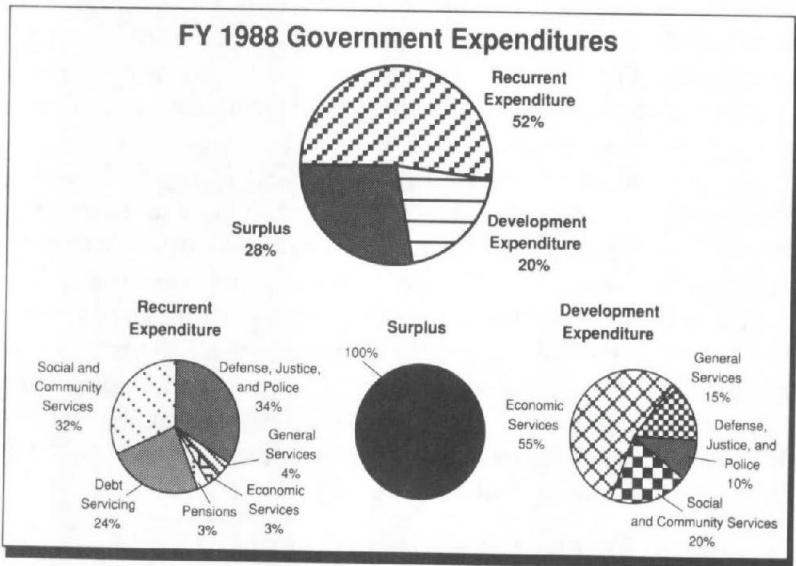
Economic Roles of the Government
Budgeting and Planning

Although Singapore billed itself as a free-enterprise economy, the economic role of government was pervasive. As governing body for both the nation and the city, the government was responsible for planning and budgeting for everything from international finance to trash collection. The government owned, controlled, regulated, or allocated land, labor, and capital resources. It set or influenced many of the prices on which private investors based business calculations and investment decisions.

State intervention in the economy had a positive impact not only on private business profitability but also on the general welfare of the population. Beyond the jobs created in the private and public sectors, the government provided subsidized housing, education, and health and recreational services, as well as public transportation. The government also managed the bulk of savings for retirement through the Central Provident Fund and Post Office Savings Bank. It also decided annual wage increments and set minimum fringe benefits in the public and private sectors. State responsibility for workers' welfare won the government the support of the population, thus guaranteeing the political stability that encouraged private investment. In general, state intervention in the economy managed to be probusiness without being antilabor, at least regarding material welfare.

Budgeting and taxation were frequently used for attaining economic goals. In the postrecession period, budgetary changes primarily benefited business. For example, the fiscal year (FY—see Glossary)

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FY 1988 Government Expenditures

Recurrent
Expenditure
52%

Surplus
28%

Development
Expenditure
20%

Recurrent
Expenditure

Social and
Community
Services
32%

Defense, Justice,
and Police
34%

General
Services
4%

Debt
Servicing
24%

Pensions
3%

Economic
Services
3%

Surplus

100%

Development
Expenditure

General
Services
15%

Economic
Services
55%

Defense,
Justice, and
Police
10%

Social
and Community Services
20%

Source: Based on information from "Country Watch: Singapore," *Asian Finance,* Hong
Kong, 15, No. 9, September 15, 1989, 83; and Singapore, Ministry of Trade and
Industry, *Economic Survey of Singapore, Second Quarter 1989,* Singapore, 1989, 53.

Figure 7. Government Expenditures, Fiscal Year (FY) 1988

1988 budget included an overseas investment incentive program,
administered by the Economic Development Board, allowing tax
write-offs for losses from approved overseas investments (see fig.
7). Other concessions such as suspension of taxes on utilities and
a 50 percent rebate on property taxes were in effect between 1985
and 1988 to counteract the economic slump.

Budgeting and taxation also were often used to achieve or rein-
force social goals such as population control. Until 1984 the govern-
ment encouraged limiting of families to two children by levying
higher medical and education costs for additional children. In 1986,
however, tax rebates were introduced to encourage college-educated
women to have third and fourth children.

Economic Boards

Under the appropriate government ministries, statutory boards—a
concept carried over from colonial days—were established to manage
specific parts of the economy and foster overall and sectoral develop-
ment. Each worked somewhat autonomously, using a hands-on ap-
proach to the problems in the areas in which it operated.

Economic Development Board

The Economic Development Board was established in 1961 to spearhead Singapore's industrialization. Initially its function was to promote industrial investment, develop and manage industrial estates, and provide medium- and long-term industrial financing. The latter function was taken over in 1968 by the newly created Development Bank of Singapore (see Financial Center Development, this ch.). When the limits of import substitution became evident, given the small domestic market, policy was redirected toward promoting an export-oriented, labor-intensive industrialization program. After 1986 the board's portfolio was enlarged to include the promotion of services in partnership with other government agencies responsible for the various service sectors and the development of local small- and medium-sized enterprises. In the first two decades following independence, the board evolved industrial strategies in response to changes in the international and domestic business environments, and negotiated the public-private consensus necessary for implementing them. The board was not an economic czardom but, rather, a consensus maker among agencies and corporations that commanded larger financing. In 1989 the Economic Development Board focused its attention on attracting investments in manufacturing and other high value-added services, which met the technological skills and employment needs of Singapore's future economic development.

Small Enterprise Bureau

The Small Enterprise Bureau was established in 1986, following the economic slump, when the government realized the importance of developing and upgrading local small- and medium-sized enterprises. The bureau worked closely with the Economic Development Board and managed a number of assistance programs, some of which predated the bureau. Emphasis was placed on helping local firms to improve and modernize their plants and technology, product design, management skills, and marketing capabilities. Launched in 1976, the Small Industry Finance Scheme provided low-cost financing to local small- and medium-sized enterprises in manufacturing and related support services. In 1985 this program was extended to the nonmanufacturing sector, and in 1987 some 1,125 loans amounting to S$297 million were approved by the Economic Development Board under the plan. The Small Industry Technical Assistance Scheme, introduced in 1982, provided grants to defray part of the cost of engaging short-term consultants and increasing or establishing in-service training for employees.

National Productivity Board

The National Productivity Board was established in 1972 to improve productivity in all sectors of the economy. Increasing individual and company productivity at all levels was a government priority, given Singapore's full employment picture and relatively high wages. Greater worker productivity than the country's neighbors and competitors was viewed by the government as a necessity as well as one of Singapore's major advantages.

The National Productivity Board followed a "total productivity" approach, which emphasized productivity measurement, product quality, a flexible wage system, worker training, and assistance to small- and medium-sized enterprises. In order to promote productivity in both the public and private sectors, the board used mass media publicity, seminars, conventions, and publications to remind Singaporeans that productivity must be a permanent pillar of the economy. The board sponsored a productivity campaign each year with such slogans as the one for 1988, "Train Up—Be the Best You Can Be."

The National Productivity Board offered management guidance services to small- and medium-sized enterprises to assist them in improving their productivity and efficiency, as well as referring companies to private management consultancy services available in Singapore. Beginning in the early 1980s, the board also spearheaded campaigns to introduce productivity management techniques used extensively by Japanese business and industry, such as quality control circles.

Trade Development Board

Changes in world trade patterns and in what the government viewed as an increasingly protectionist international trade environment prompted the establishment of the Trade Development Board in 1983 as a national trade promotion agency. Based on the recommendations of specialists, the board formulated policies reflecting the needs of traders in general, as well as the specific needs of particular trade sectors. Initial areas of focus were trade facilitation of electronics, printing and publishing, textiles, and timber products. The Trade Development Board reviewed existing marketing policies, strategies, and techniques and explored new opportunities in both traditional and nontraditional markets. The board assisted both local and foreign companies interested in using Singapore as a base for such trading activities as warehousing and distribution. The Trade Development Board also helped

Singapore companies market their products by assisting them in improving their product designs.

Land Management and Development

One of the government's most important roles was the oversight of land use and development. This was a particularly critical issue given the country's minute size and dense population; a total land area of 636 square kilometers and a population density of 4,166 per square kilometer made Singapore one of the most densely populated countries in the world (see Population, ch. 2). As pressure for economic growth increased, optimization of land use became more critical.

Housing and Development Board

Central to the issue of land management was another statutory board, the Housing and Development Board, established in 1960. Between 1960 and 1985, the government-owned board completed more than 500,000 high-rise, high-density public housing apartments—known as housing estates—along with their related facilities. By comparison, the British colonial government's Singapore Improvement Trust had completed only 23,000 apartments in its thirty-two years of existence (1927–59). From 1974 to 1982, the Housing and Development Board built and marketed middle-income apartments, an activity that became a function of the board after 1982.

By 1988 the Housing and Development Board was providing housing and related facilities for 88 percent of Singaporeans, or some 2.3 million people—a feat that has been called urban Singapore's equivalent of "land reform." Government encouragement of apartment ownership was both an economic and a "nation building" goal because individual ownership would ultimately pay for the program while giving citizens a "stake in Singapore." The board also provided estate management services and played an active role in promoting the advancement of construction technology. As one of the country's major domestic industries, housing construction served as an important economic pump primer.

Home owners were encouraged to use their Central Provident Fund savings to pay for the apartments. The factors determining the selling prices of apartments included location, construction cost, ability of the applicants to pay, and the practical limits to government subsidies. Resettlement policies aimed at equitable payments, minimal readjustment, and real improvement in housing conditions. In social terms, attention was paid to providing an environment conducive to community living, integrating the population,

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preserving the traditional Asian family structure, and encouraging upward social mobility by providing opportunities for home upgrading.

Starting with a capital expenditure of S$10 million in 1960, the Housing and Development Board's annual capital expenditures rose to about S$4 billion by 1985. The board's capital budget, with funds obtained in the form of low-interest government loans, represented 40 percent of the government's capital budget. Selling prices, rent rates, and maintenance charges were determined by the government, and the board received an annual subsidy of 1 to 2 percent of the government's main operating expenditure.

Urban Renewal Authority

In 1974 the Housing and Development Board's Urban Renewal Department was made a statutory board and named the Urban Renewal Authority. Responsible for slum clearance and comprehensive development of the city's Central Area, the authority was to plan, guide, and implement urban renewal. The Urban Renewal Authority drew up long-term land-use plans, which it implemented through its own development projects as well as the Sale of Sites Programme. The latter, a key instrument in the government's comprehensive redevelopment plans, represented a partnership between the public and private sectors. The public sector provided initiative, expertise, and infrastructural services; the private sector contributed financial resources and entrepreneurship to facilitate the completion of projects. Between 1967 and 1983, some 166 parcels of land were turned into 143 projects for residential, office, shopping, hotel, entertainment, and industrial developments.

Jurong Town Corporation

The primary responsibility for acquiring, developing, and managing industrial sites, however, belonged to the Jurong Town Corporation, established in 1968. The corporation provided manufacturers with their choice of industrial land sites on which to build their own factories or ready-built factories for the immediate start-up of manufacturing operations. In the 1950s, when the idea of establishing an industrial estate was first conceived, Jurong was an area of dense tropical forests and mangrove swamps on the southwestern quadrant of the island, and it was not until 1960 that the government decided to undertake the project. During the first few years, entrepreneurial response was disappointing, but after independence the pace of development accelerated. By 1989 Jurong had quadrupled its original size, and the corporation also managed

twenty-three other industrial estates, including the Singapore Science Park, a research and development park adjacent to the National University of Singapore. Although the emphasis in the 1970s had been on the development of labor-intensive industries, in the 1980s priority was given to upgrading facilities to make them more attractive for the establishment of high value-added and high technology industries.

The industrial estates were designed to be self-contained urban centers and included such facilities as golf courses, banks, shopping centers, restaurants, child-care centers, and parks. As of 1988, they contained some 3,600 factories employing a total of 216,000 workers. The Jurong Town Corporation also provided infrastructure and support facilities, including the Jurong Industrial Port, which was the country's main bulk cargo gateway, and the Jurong Marine Base, which serviced offshore petroleum operations.

The Jurong Town Corporation shared responsibility for coastal planning and development control with the Housing and Development Board, the Urban Renewal Authority, and the Port of Singapore Authority. The coastal zone, dominated by its entrepôt facilities, was the traditional foundation on which Singapore's economy was built. Between 1965 and 1987, the coastal zone was enlarged by about fifty square kilometers through reclamation of tidal flats, shallow lagoons, and wetlands. The two largest landfill operations were the East and the West Coast Reclamation schemes adjoining the Central Business District. The former was the Housing and Development Board's largest project, in which a "sea city" almost the size of the present-day downtown area had been developed by both the private and public sector. Experts estimated that in the 1980s Singapore, including the offshore islands, had the potential of increasing its existing land resources by about 10 percent.

Forced Savings and Capital Formation

Singapore's much-vaunted savings rate—and much of the funding for development, particularly public housing—resulted in large measure from mandatory contributions to the Central Provident Fund, as well as voluntary deposits in the Post Office Savings Bank. The Central Provident Fund was set up in 1955 as a compulsory national social security savings plan to ensure the financial security of all workers either retired or no longer able to work. Both worker and employer contributed to the employee's account with the fund. The rate of contribution, which had gradually risen to 50 percent of the employee's gross wage (coming equally from employer and employee), was lowered to 35 percent in 1986. In 1987

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new long-term contribution rates were set calling for 40 percent for employees below fifty-five years of age, 25 percent for those fifty-five to fifty-nine, 15 percent for those sixty to sixty-four, and 10 percent for those over sixty-five, with equal contributions coming from employee and employer. A series of transition rates leading to the new long-term rates were first applied in 1988. The contributions were tax-exempt and subject to maximum limits based on a salary ceiling. Beginning in 1986, the government paid a market-based interest rate on Central Provident Fund savings (3.19 percent per year in June 1988).

Every employed Singaporean or permanent resident was automatically a member of the Central Provident Fund, although some self-employed people were not. Membership grew from 180,000 in 1955 to 2.08 million in 1989. At the end of 1988, the 2.06 million members of the fund had S$32.5 billion to their credit. That same year, a total of S$2,776 million was withdrawn to purchase residential properties; S$9.8 million was paid under the Home Protection Insurance Scheme; S$1,059 million was paid under the Approved Investments Scheme; and S$13.7 million was withdrawn for the purchase of nonresidential properties.

Each member actually held three accounts with the Central Provident Fund: Ordinary, Special, and, since the mid-1980s, Medisave Accounts. The first two were primarily for old age and contingencies such as permanent disability. The Ordinary Account, in addition, could be used at any time to buy residential properties, under various Housing and Development Board programs, and for home protection and dependents' protection insurance. Two further programs were established in 1987: a Minimum Sum Scheme, which established a base amount to be retained in the account against retirement, and a Topping-up Extension under which, as well as adding to their own, members could demonstrate "filial piety" by adding to their parents' accounts. Since the late 1980s, members could use their accounts to buy approved shares, loan stocks, unit trusts, and gold for investment. Part of the rationale for the latter was to allow Singaporeans to diversify their savings and to gain experience in financial decision making.

Although comparable to social security programs in some Western countries, the Central Provident Fund's concept and administration differed. Rather than having the younger generation pay in while the older generation withdrew, whatever was put into the Central Provident Fund by or for a member was guaranteed returnable to that person with interest.

Thus, at the individual level, Central Provident Fund savings promoted personal and familial self-reliance and financial protection,

an economic attitude constantly encouraged by government leaders. Collectively, the Central Provident Fund savings assured the government of an enormous, relatively cheap "piggy bank" for funding public-sector development; the savings also served as a mechanism for curtailing private consumption, thereby limiting inflation. The result, according to some critics, was that the city-state had become overendowed with buildings, with too few productive businesses to put in them. They also noted that the bloated size of the Central Provident Fund (S$32.5 billion in 1988, equivalent to 82 percent of the GDP) was the most important factor behind the unwieldiness of public savings. Some analysts advised that the fund was beginning to outlive its usefulness and should be dismantled and replaced by private pension funds and health insurance plans. As a result, they stated, savings would be channeled to private businessmen rather than to bureaucrats.

State-Owned Enterprises

Over time, the statutory boards not only became major actors in the economy but also formed subsidiary companies to add flexibility to their own operations. For example, in 1986 the Singapore Broadcasting Corporation formed a subsidiary to produce commercials on a fee-for-service basis. The government entered other areas of the economy that it considered appropriate, exerting leadership, assuming risk, and not hesitating to withdraw its support or close down unprofitable companies.

Numerous state and quasi-state companies were created either directly by ministries or, more often, organized under three wholly owned government holding companies (Temasek Holdings (Private) Limited, MND Holdings, and Sheng-Li Holding Company), which provided a wide range of goods and services. Joint ventures between the government and both domestic and foreign partners produced several industrial products, including steel and refined sugar. In addition, the National Trades Union Congress (NTUC), which was closely tied to the government, ran many cooperative businesses, including supermarkets, taxis, and a travel agency.

Although these companies collectively contributed significantly to the growth of the economy, neither their total amount of profits nor their rate of return on investment could be documented. In 1983 some 450 such companies, excluding subsidiaries of the statutory boards, employed 58,000 workers, or 5 percent of the labor force. In 1986 there were approximately 500 such companies still active. These different institutional forms permitted versatility.

Public Utilities

The Public Utilities Board, established in May 1963, was responsible for providing the country's utility services. At the turn of a faucet, potable water was available throughout the country. All parts of the main island and several offshore islands were supplied with electricity. About one in three households used piped gas.

In its early years, Singapore depended on wells for its water supply. By the mid-nineteenth century, however, wells were inadequate to supply the needs of a booming seaport and the ships that called there, and a series of reservoir and waterworks projects were undertaken. By the late 1980s, the water supply system consisted of eighteen raw water reservoirs, twelve service reservoirs, eleven waterworks, and about 4,000 kilometers of pipeline. Although some water came from rainfall trapped in catchment basins, much of the country's supply was imported from Malaysia and piped into the reservoir system. Consequently, water was a precious resource, and domestic and commercial consumers were constantly advised to use it efficiently.

Electricity was made available to the public for the first time in 1906. It was purchased from Singapore Tramway Company and distributed to consumers in the main town areas. The demand escalated from 39,613 kilowatt-hours in 1906 to about 13 billion kilowatt-hours in 1988. The first power station, commissioned in 1926, had a generating capacity of two megawatts. In 1988 electricity was generated at four power stations with a total installed generating capacity of 3,371 megawatts. From these stations, electricity was distributed to consumers through more than 4,900 substations and a network of more than 23,000 kilometers of main cables. To meet the increasing demand, a second stage was required for the Pulau Seraya Power Station, the first power station to be sited on an offshore island. Its Stage II, having a generating capacity of 750 megawatts, was scheduled to have its first 250-megawatt generating unit operational in early 1992 and to be completed in 1993. Because all fuel oil used for electricity generation had to be imported, energy conservation was encouraged.

The first gasworks started in Kallang in 1862 using coal as feedstock. In the late 1980s, gas was manufactured from naphtha, a pollution-free fuel, by six gas-making plants at the Kallang Gasworks. To meet the increasing demand, a S$4.3 million plant was scheduled for completion in 1989 to replace an older, smaller plant. Gas was piped to consumers through about 1,800 kilometers of gas main extending over major areas of Singapore. Of the total gas production in 1988 of 681 million units, about 46 percent

Singapore coffee plantation, late nineteenth century
Courtesy Library of Congress

of gas sales went for domestic and 54 percent for commercial consumption.

Policies for the Future

Although the Singapore government took a long-range economic view, it steadfastly refused to draft five-year economic plans of fixed targets and objectives. Rather, its leaders preferred the freedom to change and adapt—coping with unforeseen crises or reacting to sudden global opportunities—a system that worked more often than it failed. As needed, detailed plans were formulated, policies reorganized, and programs implemented. According to the 1986 Report of the Economic Committee, however, economic planning for the 1990s and beyond would require new strategies. Certain fundamental goals, including "good government, efficient infrastructure, education, free enterprise, and flexibility," would remain, but long-term competitiveness would depend on new initiatives. As a result of the report, Singapore announced plans to become an "international total business center for manufacturing and services" and a major exporter of services, focused on information technology (see Information Technology, this ch.).

To lay further groundwork for the next century, the National Productivity Board in 1989 instituted Productivity 2000, a plan for adjusting management styles and work attitudes to deal with a variety of factors expected to exert pressure on the economy in the coming decades. These anticipated factors included slower economic growth resulting from stiffening trade barriers and increasing world competition for foreign investors and markets, slower productivity growth and pressure to tie wage increases to productivity increases, the need to increase capital investments for technology and machinery, the changing labor force profile, and increased standards of living resulting in higher expectations for improvement in the quality of work-life (see Manpower and Labor, this ch.).

In planning for the economic future, the government placed the ultimate burden for continued sacrifice on all Singaporeans: "It is true," an article published in the national magazine *Mirror* in 1988 informed citizens, "that in the past few decades we have all been too easy in choosing the soft options. We gave in to demands without insisting on responsibilities... specifically responsibilities of productivity. This is true both domestically and internationally. It is not possible anymore."

Privatization

Privatization was the long-term government policy that ultimately could have the most effect on the structure of the economy and the lives of Singaporeans. At one level, privatization represented the government's decision, articulated in the 1986 Report of the Economic Committee, that the economy had sufficiently matured for the private sector to become the primary engine. Since government-owned enterprises had "been successful in their respective areas of endeavor and should continue to be so," the government no longer needed to continue running them. In 1987 a government-appointed committee, the Private Sector Investment Committee, issued a report recommending the sale of shares in 41 of the approximately 500 state-backed firms, ranging from Singapore Airlines (SIA) to the national lottery, while retaining more than half the value of the share. SIA shares subsequently went public, although the government retained control. Sale of four statutory boards, including the telecommunications monopoly, was also recommended in the proposed ten-year divestment plan.

At another level, privatization meant that, over time, Singapore intended to divest itself of the loss-making functions of government—chiefly the responsibility for subsidizing housing and health care—the burden of which would increasingly be shifted to private

employers and the workers themselves. Examples of the likely trend were the addition of Medisave and the topping-up plans to the Central Provident Fund package. The government was increasingly unable, given escalating costs, to provide subsidized social services to match the ever-rising demands and expectations of the population. The result might be called a shift from "state welfarism" to "company welfarism."

Singapore's younger leaders seemed particularly in favor of privatization. Although they approved of the near-monopoly on political life maintained by the People's Action Party (PAP), they expressed fear that Singaporeans were growing far too dependent on the government and expected it to solve their problems.

Through privatization the state was changing its role from that of direct provider of social and business amenities to that of director and overseer of a much wider range of private, social, and business institutions. The strategy was not without problems, however. One of the most difficult questions was what effect privatization would have on the management of the divested companies and on the statutory boards. Since the government had absorbed the "best and brightest" into the civil service, there was a critical shortage of private-sector top-level entrepreneurial talent. Moreover, even if the plan were carried out fully, the government would still maintain control in many areas of industry and services because more than half the value of shares of state firms would remain under government control, a partial divestment at best.

Economist Linda Y.C. Lim had suggested in 1983 that, despite the success of its state development policies, the government itself had succumbed to the free-market ideology and believed that its so-called Second Industrial Revolution in the mid-1970s—upgrading technology and moving upmarket—required dismantling much of the state apparatus rather than divesting itself of its profit-making functions. She also warned that the shift would likely also mean more interference by the government in companies' internal production and employment decisions. The new policy, Lim contended, could also inhibit rather than enhance free-market adjustments in the labor market: labor and management would be locked into benefits derived from a particular company, which in turn could adversely affect productivity. Singapore's spectacular economic success, Lim asserted, was the result more of state intervention than of the free market. "Privatization—the reduction of the state's responsibility for social welfare—will further limit free market adjustments and personal freedoms, and possibly pose a threat to continued economic success while undermining the government's political support on which both political stability and labor

peace—the strongest investment attractions of Singapore—were based."

Economist Lawrence B. Krause suggested in 1987 that Singapore needed less government control of the economy, which could come about through the government's restraining itself from absorbing new investment opportunities and encouraging local private entrepreneurs to undertake the new investing. In time, this would likely produce a more vibrant economy.

Manpower and Labor

Singaporeans themselves were universally viewed as the nation's best natural resource. In 1989, however, the work force was a shrinking resource (see table 6, Appendix). The high rate of economic growth combined with an increasing number of Singaporeans over the retirement age of fifty-five (nearly 12 percent) and a lower-than-replacement birth rate had resulted in a significant labor shortage. By the end of the century, the labor market was projected to be even tighter. According to the Ministry of Health, the fifteen to twenty-nine age-group would decline 25 percent, from 816,000 in 1985 to 619,000 in the year 2000.

In 1987 and 1988, slightly more than six Singaporeans out of ten were working or looking for work. Men's rate of participation, 79 percent, remained steady. Women, however, responding to job opportunities in the manufacturing and commercial sectors, were increasingly entering the labor market (48 percent in 1988, up from 47 percent in 1987, 40 percent in 1978, and 24.6 percent in 1970). Job-switching was rampant, particularly in manufacturing, where a 1988 survey showed that three out of four new workers quit within the month they were hired. Higher wage and input costs, as well as job-switching, resulted in a decline in the growth of manufacturing productivity (2.4 percent in 1988 compared with 3.7 percent in 1987 and 13.6 in 1986). The labor market, then, was at the center of challenges facing the Singaporean economy. The nature of the concern about the labor market had been almost totally reversed since independence. The early 1960s were a time of labor unrest, and unemployment was still about 10 percent by 1965. By the late 1960s, however, there was substantial industrial peace, which had continued through the 1970s and 1980s. With unemployment at a very manageable 3.3 percent in 1988, the government's attention was focused on other aspects of the labor market.

Industrial Relations and Labor Unions

Industrial relations in Singapore reflected the symbiotic relationship between the labor movement and the dominant political party,

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the People's Action Party (PAP), a relationship rooted in a po-
litical history of confrontation that evolved into consensus build-
ing. Trade unions were a principal instrument in the anticolonial
struggle used by both the democratic socialist PAP and the com-
munists with whom they cooperated uneasily. In 1961 the Singa-
pore Trade Union Congress split into the left-wing Singapore
Association of Trade Unions (SATU) and the noncommunist
National Trades Union Congress (NTUC). The NTUC quickly
became the leading trade union organization, largely because of
its effectiveness and government support. Moreover, in 1963, when
SATU led a general strike against the government, the pro-
communist trade organization was banned and many of its lead-
ers were arrested.

Strong personal ties between leaders of the PAP and the NTUC
formed the background of the symbiotic relationship, which was
institutionalized by formal links. In 1980 NTUC Secretary General
Ong Teng Cheong was made a minister-without-portfolio, and a
NTUC–PAP Liaison Committee comprising top leaders of both
organizations was established. As the "second generation" politi-
cal leaders assumed more government leadership following the 1984
election, Ong was named second deputy prime minister. Follow-
ing the September 1988 general elections, the NTUC reaffirmed
its close relationship with the PAP by expelling officers of NTUC-
affiliated unions who had run for Parliament on opposition tickets.
The NTUC and the PAP shared the same ideology, according to
NTUC officials, so that active support of the opposition was in-
consistent with membership in NTUC-related institutions. Work-
ers who did not support the PAP were advised to form their own
unions.

The legal-institutional framework also exerted control over labor
conditions. In mid-1968, in an attempt to woo private foreign in-
vestment, Prime Minister Lee Kuan Yew successfully pushed
through Parliament a new employment bill and amendments to
the 1960 Industrial Relations Act. In order to make factors such
as working hours, conditions of service, and fringe benefits predic-
table, and thus make businesses sufficiently attractive for inves-
tors, trade unions were barred from negotiating such matters as
promotion, transfer, employment, dismissal, retrenchment, and
reinstatement, issues that accounted for most earlier labor disputes.
To spread work and help alleviate the effects of unemployment,
overtime was limited and the compulsory retirement age was set
at fifty-five. Lee's actions, which the militant unions opposed but
could do little about, were part of the government's efforts to cre-
ate in Singapore the conditions and laissez-faire atmosphere that

had enabled Hong Kong to prosper. Such measures, in the government's view, were necessary to draw business to the port. Lee stressed survival, saying: "No one owes Singapore a living."

Rapid economic growth in the late 1960s and early 1970s reduced unemployment and resulted in the amendment of these laws. A National Wages Council was formed in 1972 and many of its recommendations adopted (see Wage Policies, this ch.). By 1984 a twelve-hour shift was permitted. In order to enlarge the limited labor pool, in 1988 changes were introduced in Central Provident Fund policies reducing payment rates for those over fifty-five, thereby encouraging employers to raise the retirement age to sixty. The discipline imposed on, and expected of, the labor force was accompanied by provisions for workers' welfare. The Industrial Arbitration Court existed to settle disputes through conciliation and arbitration. The court, established in 1960, played a major role in settling labor-management disputes through binding decisions based on formal hearings and through mediating voluntary agreements. Adjudication of disputes between employers and nonunion workers came under the separate jurisdiction of the Labour Court. To help job seekers, the government maintained a free employment service serving both job seekers and employers. A comprehensive code governed the safety and health of workers and provided a system of workers' compensation. Under the Ministry of Labour, the Factory Inspectorate enforced these provisions in factories, where more than 35 percent of Singapore's workers were employed in 1988.

The trade unions' role and structure also had been modified. In the 1970s, the NTUC began establishing cooperatives in order to promote the welfare of its members. In the 1980s, omnibus unions were split along industry lines and further split into house unions to facilitate better labor-management relations and promote company loyalty. In the 1982 Amendment to the Trade Union Act, the role of trade unions was defined as promoting good industrial relations between workers and employers; improving working conditions; and improving productivity for the mutual benefit of workers, employers, and the country.

Union membership declined steadily beginning in the late 1970s. In 1988 there were some 83 registered unions, with about 1,000 branch locals, representing one-quarter of the organizable work force. This number was down from ninety unions in 1977. Increasing emphasis on developing white-collar, capital-intensive, and service-oriented industries was partly responsible for the union membership decline. The unions were countering the decline by offering attractive packages to bring in new members.

Wage Policies

Following the rapid economic growth of the late 1960s and early 1970s, signs of a tight labor market emerged along with a concern that wages might escalate. In response, the government in 1972 established the National Wages Council, a tripartite forum with representation from the employers' federations, trade unions, and the government. As a government advisory body, the council recommended annual wage increases for the entire economy; ensured orderly wage development so as to promote economic and social progress; and assisted in the development of incentive schemes to improve national productivity.

The wage guidelines were not mandatory but were followed by the public sector (by far the largest employer) and widely implemented in the private sector. The influence of these recommendations generally was not applicable to private-sector professional and managerial workers, whose wages were determined more by international forces, but was more important for non-professional white-collar workers. For blue-collar workers, who constituted about 40 percent of the labor force in both the public and private sector, union influence was more crucial than the National Wages Council's recommendations, but market forces were even more important.

Between 1973 and 1979, actual wage increases followed the council recommended wage increases closely. In 1979 the "wage correction policy," in which there were three years of high-wage recommendations, was designed to force an increase of the productivity of higher value-added operations, to reduce the reliance on cheap unskilled foreign labor, and to rise labor productivity. From 1980 to 1984, however, actual wage increases exceeded the recommendations by an average of 2.4 percentage points per year, as the increasingly heavy demands for labor apparently outstripped its supply. Additionally, collective agreements for unionized workers lasted for two or three years with built-in wage increases. Although starting pay was relatively low, large gaps in wages were institutionalized through longevity of employment and annual raises.

The effect of wage increases, compounded by a further rise in the mandatory Central Provident Fund component of wages, was to price Singapore out of the market. High wages were a major contributor to Singapore's 1985 recession. Consequently, in 1986 and 1987 the government instituted a wage restraint policy: wages were frozen and the employer's contribution to the fund substantially reduced. The policy's relative success could be attributed to close government-labor ties and to the tripartite forum of the National Wages Council.

Proposals for wage reform—a "flexi-wage policy"—were announced in mid-November 1986 and became effective with the enactment of the 1988 Employment (Amendment) Act. Under this plan, the basic wage remained relatively stable with adjustments for good or bad years made by increasing or reducing the annual bonus. Negotiating the size of the bonus—frozen to the equivalent of one month's salary since 1972—was left to employers and unions, who would be able to bargain for its retention, abolition, or modification. Profit-sharing, productivity incentive, and employee share plans were encouraged to ensure that high wage payments awarded in fat years were not perpetuated in lean years and that individual as well as company productivity, growth, profitability, competitiveness, and prospects for the industry were taken into account. The government was anxious that wages not increase precipitously. This concern was shared by management, which worried about shrinking profit margins resulting from higher operating costs. Workers, on the other hand, wanted to share in the benefits of the economic boom after giving up wage increases to help cope with the 1985 recession.

Foreign Labor

Two groups comprised foreign nonresident labor in Singapore. The majority were unskilled work-permit holders who could only enter and work in the country if their prospective employers applied for work permits for them. Skilled workers and professionals on employment passes comprised the other group.

Work permits were for a short duration with no guarantee of automatic renewal. Malaysia, particularly the southernmost state of Johor, was the traditional source of such workers. Singapore's tight immigration policy was relaxed as early as 1968 to allow in these workers. At the peak of the economic boom in 1973, noncitizen work-permit holders reportedly accounted for about one-eighth of the total work force. Large numbers of these "guest workers" were repatriated during the 1974–75 world recession because of retrenchments, particularly in the labor-intensive manufacturing industries.

With the tightening of the labor market in 1978–79, it became more difficult to fill less desirable jobs with domestic labor or labor from Malaysia, which also had a tight job market. Foreign workers were then recruited from Indonesia, Thailand, Sri Lanka, India, Bangladesh, and the Philippines. By 1984 workers from South Korea, Hong Kong, Macao, and Taiwan were being allowed in, on the basis that their Confucian cultural background might enable them to adapt more readily than immigrants from other cultures.
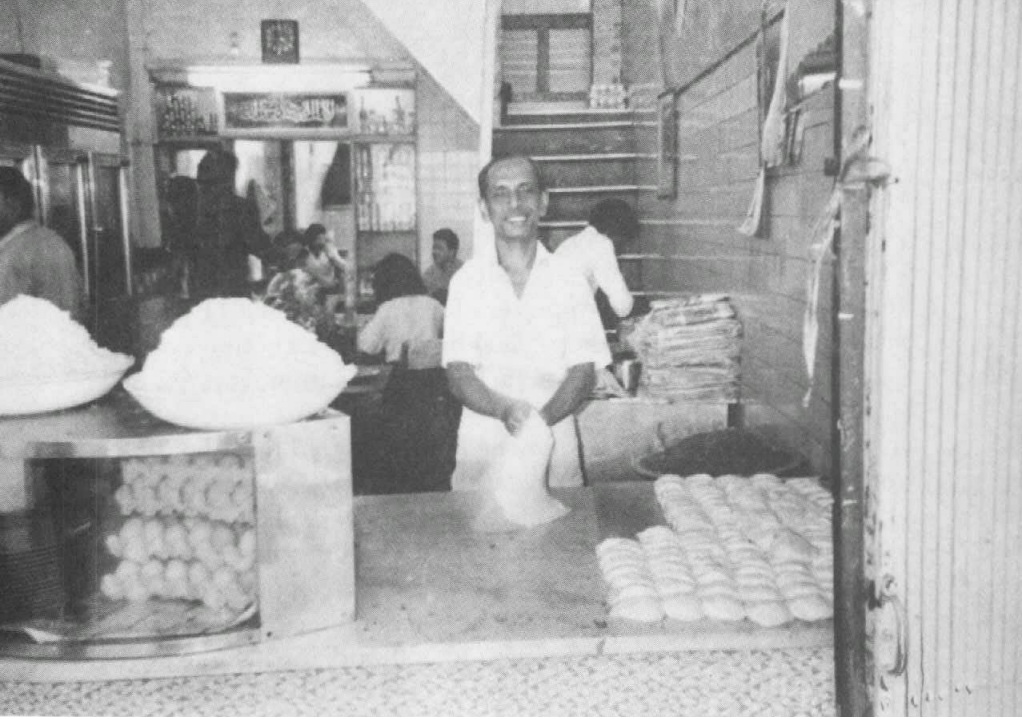
Serving up roti canai *(Indian pancakes) near Arab Street*
Courtesy Ong Tien Kwan

The increase in foreign workers was remarkable; by 1980 they comprised 7 percent of the total labor force compared with 3 percent a decade earlier. No figures on foreign labor were published after 1980. According to the 1980 census, 46 percent of the foreign workers were in manufacturing, 20 percent in construction, and 9 percent in personal and household services. The recession led to a repatriation of some 60,000 foreign workers in 1985, two-thirds of the total employment decline. The foreign worker levy was raised to S$250 per month in July 1989, and the maximum foreign worker dependency at the firm level was reduced from 50 percent to 40 percent. Both measures were designed to encourage firms to speed up automation of labor-intensive operations in order to reduce reliance on foreign workers.

Manpower Training

The main goals of manpower training were to increase the average skill level of the labor force and, at the same time, provide sufficient numbers of workers with the specialized skills necessary to meet future industrial needs. Beginning in the late 1970s, the government placed increased stress on education in order to achieve the objective of industrial restructuring. As of 1987, however,

Singapore's work force was less educated than that of some of the countries with which it competed. Five percent of the work force had university educations compared with 19 percent for the United States and Japan and 6 percent for Taiwan. Some 11 percent had received post-secondary schooling other than in universities, compared with 46 percent for Japan, 23 percent for Taiwan, and 16 percent for the United States.

In the early 1980s, government studies showed that about half of the work force had primary-level education or less, and many older workers had low levels of English language skills. To remedy this situation, the Basic Education for Skills Training (BEST) program was introduced in 1984 to provide opportunities for workers who had not completed primary education to improve their English and math. By 1989 some 116,300 workers (half the target group) had had some BEST training. Time was also solving the problem as younger people received more education and the older, less-educated workers passed out of the work force; between 1979 and 1984, entrants to the work force with only primary-level education or less declined from 43 percent to 26 percent. The government needed, however, to ensure that this better-educated work force was trained in the necessary skills to complete the transformation of Singapore from a labor-intensive economy to a high-technology city-state—a ''technopolis.''

A further problem in achieving this transition resulted from ''government brain drain.'' Each year 50 to 60 percent of new university graduates were absorbed by the government, including government-owned companies and the statutory boards. A system of awarding undergraduate scholarships, which often tied the awardees to eight years of government service, assured that the public sector absorbed many of the top-ranking students. Some critics thought that this concentration of the country's valuable human resources in the public sector might be to the long-run detriment of entrepreneurial and private-sector development.
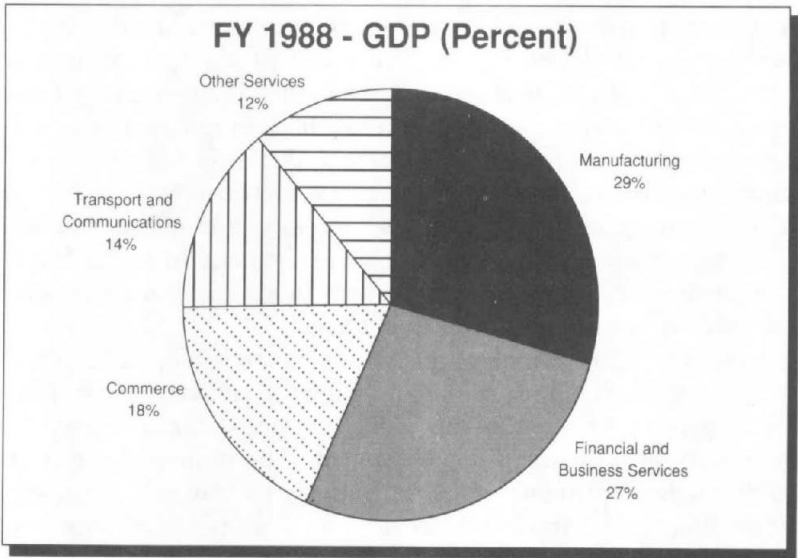
Industry

Industrialization Policy

The manufacturing sector was a mainstay of Singapore's economic growth despite the absence of natural resources or an agricultural base (see table 7, Appendix). By the mid-1970s, the country had undergone a quarter-century of rapid industrial advance based on low-cost labor, low- to middle-level technology, and a rapid increase in exports. At that time, Singapore's planners settled on a policy emphasizing high technology, particularly information

technology. In 1988 Singapore's 3,694 manufacturing establish-
ments, employing 352,600 workers, were responsible for 29 per-
cent of the GDP (see fig. 8). Industrial production, valued at
S$14,509.7 million, was fractionally higher than earnings from
financial and business services, double those from commerce, and
nearly equal to the total of commerce and transport and commu-
nications. This represented a 20-percent increase over 1987. The
manufacturing sector's continuing success was largely a function
of Singapore's ability to attract foreign investment through a favor-
able business climate and then provide investors with an educat-
ed, trained, and disciplined labor force.

Singapore entered nationhood with a mixed legacy. The indus-
trial sector was small, its productivity low. Manufacturing in 1960
was a mere 11.4 percent of the GDP; commerce, far and away the
largest sector, accounted for 32 percent. The industrial policy in
1959 sought to promote industrialization as a way of diversifying
from Singapore's traditional role as an entrepôt. Reliance was
placed on private enterprises whose basic decisions were determined
on the expectation of a common market with the neighboring Fed-
eration of Malaya. A system of import quotas was introduced for
a limited number of goods, along with controls on how many en-
terprises could enter a particular field. Circumstances altered strate-
gies. After separation from Malaysia in 1965, quotas were mainly
replaced by a low level (for developing countries) of protective im-
port tariffs. A traditional import substitution strategy was im-
plemented.

In 1968, when the British announced their intention to withdraw
from their Singapore bases, import substitution was succeeded by
a strategy promoting export-oriented, labor-intensive industriali-
zation. At that time, the government began its central role in for-
mulating and implementing the industrialization program through
the Economic Development Board.

The new approach became official policy in 1967 with the govern-
ment's proclamation of the Export Expansion Incentives (Relief
from Income Tax) Act and was further enhanced by the 1968 Em-
ployment Act. Direct foreign investment was welcomed both to help
Singapore penetrate export markets and to bring in advanced tech-
nology. As early as 1970, when full employment was attained, there
was some thought given to upgrading the industrial structure in
order to provide more higher paying jobs. By 1979 efforts to up-
grade the overall industrial structure and to accelerate the trend
toward skill- and technology-intensive, higher value-added economic
activity were intensified. The government implemented the large,
three-year wage increases recommended by the National Wages

FY 1988 - GDP (Percent)

Other Services
12%

Manufacturing
29%

Transport and
Communications
14%

Commerce
18%

Financial and
Business Services
27%

Figure 8. Gross Domestic Product (GDP), by Sector, Fiscal Year (FY) 1988

Council, which began the easing out of labor-intensive, low value-added activities in Singapore.

The machinery industry was increasingly in the forefront of technological innovation as a result of the Economic Development Board's promotion of computer-controlled production, industrial robots, and flexible manufacturing systems. The industry's output increased by 17 percent in 1987 and 20 percent in 1988.

Domestic enterprises played a lesser role in industrialization. The government argued that the emphasis on large industry was a more effective stimulus to increased productivity and long-range economic development. Major promotional efforts sponsored by the government were focused on high-productivity projects, creating industries that officials claimed would not otherwise have been established in Singapore. Although institutional assistance for small-scale local industry, the majority of enterprises, was provided through a subsidiary of the Economic Development Board, the effectiveness of this aid was limited until after the mid-1980s recession, when greater emphasis was placed on encouraging and upgrading small-scale local industry.

Following a decline in the textile industry in the mid-1980s resulting from increased international competition, automation and the

upgrading of product lines were encouraged. What had originally been a textile industry and then a mass-market clothing industry was encouraged to target high-fashion markets. A 10 percent growth in the fashion industry in 1987 reflected both the new trend and a strong market among Western trading partners.

Information Technology

After 1979 there was a single-minded emphasis among policy makers on escalating the level of technology in order to implement the succeeding phases of Singapore's industrial revolution. They relied on information technology as the strategy's principal instrument. The Telecommunications Authority of Singapore (Telecoms) was a key to the strategy because of the high caliber of its services and products and because Telecoms and the telecommunications industry had an important role in the progress of every industry in Singapore (see Telecommunications, this ch).

A second key was computers and related electronics, which in the late 1980s constituted Singapore's largest industry, measured both in numbers of jobs and in value added by manufacturing. In 1981 the 65,000 to 70,000 electronics workers comprised about 7 percent of the labor force; gross production of electronics at about S$5.9 billion was about 15 percent of total manufacturing output. By 1987 electronics accounted for 28 percent of manufacturing employment and contributed 31 percent or S$11 billion in output. By 1989, Singapore had become the world's largest producer of disk drives and disk drive parts. Other related products included integrated circuits, data processing equipment, telecommunications equipment, and radio receivers.

The electronics industry began a calculated transition away from labor-intensive products toward higher technological content and worker-skilled products in 1974. Potential investors were encouraged to look elsewhere for low-wage, unskilled labor. Aside from producing high value-added exports, the computer and electronics industries played a vital role in raising manpower productivity in other technology-intensive industries through computerization and computer communications. The National Computer Board was formed in 1981 to establish Singapore as an international center for computer services, to reduce the shortage of trained computer professionals, and to assure standards of international caliber at all levels.

Copyright and "intellectual property" issues served as an impediment to computer and other industrial development in the early 1980s, when Singapore, as well as other Asian countries, was known for producing pirated versions of everything from computers and

computer software to designer handbags. Following threats by their major Western trading partners to impose trade sanctions and by international computer and software companies not to do business, Singapore passed its first copyright law in 1986. There was fairly rigorous enforcement in areas in which Western pressure was applied (computer software, films, and cassette tapes), and nearly full compliance in the book trade, which had not been as serious a problem. The Asian "copyright revolution" (Singapore's was one of several such laws enacted in the region) was significant as a realization by those countries that they had joined the international knowledge network as producers as well as consumers.

By the mid-1980s, the small but growing printing and publishing industry had entered the high-technology world with computerized typesetting, color separation, and book binding. Its high-quality printing facilities and sophisticated satellite telecommunications network made Singapore a regional publishing and distribution center in 1989.

Petroleum

Petroleum and petrochemicals were another base of Singapore's industrial and economic life. In the late 1980s, Singapore was the world's third largest oil-trading center and also the third largest center for petroleum refining. It was the second largest builder of drilling rigs, and its facilities for repairing and maintaining rigs and tankers were the most competitive in East Asia.

When oil prices began eroding in 1981 and collapsing toward the end of 1985, Singapore felt both negative and positive consequences. The collapse of oil prices dealt a severe blow to oil exploration. The impact was felt widely and immediately in everything from reduced orders for rig construction to lowered occupancy of luxury apartments as foreign petroleum workers returned home. With both of its immediate neighbors, Indonesia and Malaysia, heavily dependent on oil and gas exports for revenue, Singapore had a resulting loss of trade in both goods and services.

Singapore benefited, however, from the availability of cheaper energy, which in 1986 amounted to a savings of about S$2.5 billion (US$1.12 billion). Furthermore, Singaporean refineries invested in the equipment and technology necessary to enable them to refine a wide variety of crude oils and obtain a greater proportion of high-valued products from the refining process. Petroleum refining alone made up 28 percent of Singapore's manufacturing output in 1985, although by 1988 it had dropped by half as a result of a decline in petroleum production and growth in other industries. Singapore also benefited indirectly when large oil importers

such as Japan and the United States obtained higher real incomes from lower oil prices, enabling them to increase their imports from Singapore and other countries.

Trade, Tourism, and Telecommunications

Foreign Trade

Trade in goods and services was Singapore's life blood as truly in 1989 as it was in the early twentieth century or a century earlier when the British East India Company first began business there. Trade, along with domestic savings and foreign investment, remained key to the country's growth. Singapore traditionally had a merchandise-trade balance deficit (in part at least because food was imported), which it customarily offset with a surplus on the services account (see table 8, Appendix). It was one of the world's few countries where total international trade (domestic exports and reexports plus imports) was greater than total GDP. In 1988 trade (S$167.3 billion) was more than three times GDP (S$48 billion), and two-thirds of the goods and services Singapore produced were exported.

Singapore, however, was more than simply a trade and manufacturing center in the late 1980s. Trade and manufacturing were closely tied to the country's expanding business services and international financial market; each enhanced the other. In addition to the more than 650 multinational companies that had set up manufacturing plants and technical support facilities, several thousand international financial institutions, service companies, and trading firms also maintained a presence in Singapore. The increasing internationalization of the economy and the continuing centrality of external trade meant that world trade fluctuations and the state of the global economy were significant factors—largely out of the country's direct control—in what happened to Singapore's trade and wider economy.

As a British colony in the nineteenth and early twentieth centuries, Singapore was an entrepôt for the exchange of raw materials from Southeast Asia—mainly present-day Indonesia and Malaysia—for European merchandise. Newly independent Singapore's decision in 1965 to emphasize industrial development and the growing success of that plan gradually resulted in a significant change in the nature of trade. By the mid-1970s, the proportion of reexports and domestic exports had been roughly reversed, with reexports accounting for less than 41 percent.

In the 1980s, the somewhat diminished entrepôt trade remained important, and Singapore continued to act as a regional processing

and distribution center. Reexports' share of total exports averaged 35 percent from 1980 to 1987. Although primary commodities (crude rubber, nonferrous metals, and to a lesser extent palm and coconut oil) were still a factor in trading activities, machinery and transportation equipment dominated (see table 9, Appendix). Singapore also served as a back door to trade with Asian communist countries for third countries, such as Indonesia.

Between 1980 and 1984, total exports grew an average of 5.5 percent per year. The strongest impetus came from the newer electrical and electronics industries. The trade deficit declined steadily after 1982, reflecting lower commodity prices paid to foreign producers, greater levels of internal efficiency, and industrial upgrading. In 1985, however, total exports decreased by 2.26 percent. Higher value-added exports declined, both as a function of weaker demand and a worldwide saturation in many areas, such as computer peripherals. Petroleum exports, still a major sector, virtually stagnated.

Trade, along with the rest of the economy, reasserted itself by 1987, resulting partly from government economic decisions and partly as a reflection of rising world commodity prices. In 1988 Singapore's total trade amounted to about S$167.3 billion (US$80.8 billion), with a global trade deficit of about S$8.18 billion. Singapore's GDP grew by 10.8 percent in 1988, the best growth rate in fifteen years. Disk drives were the largest non-oil item exported, worth S$4.89 billion. Other major exports were integrated circuits, data processing equipment and parts, telecommunications equipment, radio receivers, clothing, and plastics.

By early 1989, signs of slowing down and leveling off had appeared with the first export declines in eighteen months. Analysts agreed the weak external demand for electronics and computer parts resulted, in part, from an oversupply on the world market of disk drives, semiconductors, and related items. Imports surged, however, widening the trade deficit sharply (see table 10, Appendix).

Although their volume was not large, food products were a significant aspect of Singapore's trade. The urban nation produced only a small proportion of its own food (see Agriculture, this ch.), requiring it to import large quantities. Some food products, such as soy sauce and juices, were processed in Singapore for export, and Singapore continued its historical role as the regional center for the spice trade.

Trading Partners

Along with the changes in the composition of trade that had taken place since independence, there also were changes in direction.

The Keppel Wharves handled mainly noncontainerized general cargo.
Courtesy Singapore Ministry of Communication and Information
Container handling facilities at the Tanjong Pagar Terminal
Courtesy Singapore Ministry of Communication and Information

The preeminence of Britain as supplier of manufactures declined after independence, and by the early 1970s the United States and Japan had become Singapore's two leading sources of industrial products. Malaysia and Indonesia remained the principal sources of such primary imports as crude rubber, vegetable oils, and spices and an important destination for manufactured exports, including both the products of Singapore and of the entrepôt trade.

Singapore did not report trade with Indonesia. The omission dated from the period of the Indonesian Confrontation in the mid-1960s and continued, according to some observers, because Singapore was afraid that if the Indonesian government knew the volume of the trade, it might try to curtail it. Estimates were difficult because a substantial part of the trade was viewed by Indonesia as smuggling and was, therefore, unlisted, although in Singapore's open export market it was legal. Nevertheless, trade with Indonesia could be presumed, based partly on Indonesian trade figures, to have assumed a gradually larger role starting in the mid-1970s.

As Singapore became more export oriented, its trading patterns became increasingly complex and interdependent. By the late 1980s, Singapore's trade links were strongest with the countries of the Organisation for Economic Co-operation and Development (OECD— see Glossary), especially the United States, Japan, and the countries of the European Economic Community (EEC—see Glossary) or of the Association of Southeast Asian Nations (ASEAN—see Glossary; see table 11, Appendix). Singapore's drive to industrialization had drawn it increasingly towards the OECD countries for foreign investment, technology, and markets. To a large extent, this shift had meant decreasing reliance on its ASEAN neighbors, particularly for markets and supplies (see table 12, Appendix). The other Asian NIEs, Hong Kong, Korea, and Taiwan, were sometimes viewed as Singapore's competitors. On the other hand, Singapore engaged in considerable and growing trade with them, particularly with Taiwan, and all three were a source of skilled labor.

United States

By the 1980s, the United States had become Singapore's most important trading partner and, as such, crucial to the country's welfare. Singaporean officials often stated that a 1 percent drop in the United States economy had a 1.4 percent effect on Singapore's gross national product (GNP—see Glossary). Consequently, in the 1980s Singapore was critically concerned about protectionist policies and budget deficits in the United States. In 1988 Singapore's total exports to the United States amounted to S$18.8 billion, up 28 percent over the previous year, and accounted for 24

percent of the nation's total exports. Of that total, about 80 percent were Singaporean manufactures, including disk drives, integrated circuits, semiconductors, parts for data processing machines, television sets, radios and radio cassette players, and clothing. Reexports to the United States also were an important part of the trade. Singapore's exports to the United States outstripped its imports from there, although the United States was, after Japan, Singapore's second largest supplier.

Until 1989 Singapore and the three other NIEs enjoyed trade preferences with the United States under the United States Generalized System of Preferences (GSP—see Glossary). This system was originally instituted to aid developing economies, but in 1989, the four Asian NIEs were removed from the program because of what some observers have seen as their major advances in economic development and improvements in trade competitiveness. The United States had been trying for some time to wrest trade and currency concessions from all four countries (but primarily South Korea), which had not been forthcoming. Although Washington presented the decision more as an economic graduation ceremony, observers noted that the move reflected United States frustration over its continuing trade deficit despite considerable devaluation in the United States dollar.

The removal of the GSP affected less than 15 percent of Singapore's exports to the United States, among them telephones, office machines, wood furniture, and medical instruments, which faced duties of 5 to 10 percent. Ironically, United States firms based in Singapore were among the hardest hit. More than 50 percent of Singapore's exports to the United States came from American firms with operations there, such as AT&T, Digital Equipment, Hewlett-Packard, Rockwell International, and Travenol Laboratories. Singaporean companies, as well as Japanese and European firms with operations in Singapore, were also affected by the removal of the GSP. In early 1988, some 4,000 NTUC members gathered outside the United States Embassy in Singapore to protest the decision, and the Singaporean government expressed regret.

Japan

Japan's place in Singapore's business picture was underscored by the fact that, in the 1980s, Japanese were the largest resident expatriate community in the city. Japan was the country's single largest supplier, accounting in 1987 for 25.3 percent of total imports, and Singapore's largest trade deficit was with Japan. Buyback arrangements for products manufactured by Japanese firms in Singapore also accounted for a significant part of the trade. Oil

accounted for 40 percent of Singapore's exports to Japan in 1988. Singaporean observers noted by 1989 a significant difference in the market orientation between Japanese firms and United States-owned multinationals. Japanese firms in Singapore were producing primarily for the United States and other third-country markets, rather than for the Japanese home market. The United States-controlled multinationals, on the other hand, produced mainly for their own home market. Many of these same observers, both official and unofficial, also expressed the sentiment that the world export market in the 1990s, would ''belong to Japan.''

Association of Southeast Asian Nations

The Association of Southeast Asian Nations (ASEAN) was founded in 1967 primarily as a forum for discussing issues of mutual concern among neighboring Southeast Asian countries rather than as a trading union similar to the EEC. In part, this orientation was because, other than Singapore, most of the ASEAN countries had similar products, tending to make them more competitive than cooperative. Although trade relations among the ASEAN countries remained largely bilateral, there was some informal economic cooperation, including joint representations to foreign governments on economic issues of common concern. In 1989 the possibility of a more formalized economic entity was at least being considered by the ASEAN members.

In 1988 Malaysia was Singapore's largest ASEAN trading partner and third largest overall trading partner, after the United States and Japan. The Malaysian market was the single largest ASEAN destination for Singapore's exports and its second largest export market overall. In the late 1980s, Singapore established increasingly close economic and industrial ties with Malaysia's Johor state, which had served as Singapore's hinterland in colonial times. To alleviate its land shortage as well as its labor shortage and high labor costs, Singapore began to transfer labor-intensive industries to sites across the causeway connecting it to Malaysia's southernmost state. Johor, in turn, hoped ''economic twinning'' with Singapore would boost its long-term development. By early 1987, there were 217 Singaporean companies or Singapore-based multinationals in Malaysia, having total investments of slightly more than S$200 million.

Singapore's much smaller markets with the other ASEAN countries also were growing. In 1989 Singapore recorded its highest growth in bilateral ASEAN trade with Thailand, which replaced Taiwan as its fifth largest trading partner. Intra-ASEAN trade generally might have been underestimated, partly because of the

volume of informal trade, including smuggling, and partly because so much of it was controlled by the Chinese community in each country. Keeping business within the family, clan, or dialect group was a central Chinese business practice that persisted across national boundaries.

Other Trading Partners

Beginning in the mid-1980s, Singapore—which for two decades had sharply curtailed many forms of contact with China—began promoting itself as an alternative to Hong Kong as a "Gateway to China." In 1989 Singapore was estimated to be the fourth-largest foreign investor in the special economic zones of southern China and that country's fifth-largest trading partner; Singapore's companies were estimated to have about S$1 billion directly invested in China. Since most such investments were made in conjunction with Hong Kong-based companies, the real extent of Singapore's exposure to China may have been considerably higher.

Non-oil trade with the various EEC countries, which had been steady during the early 1980s, strengthened in 1987 and 1988. Nearly three-quarters of this increase was in exports of disk drives and integrated circuits, particularly to the Federal Republic of Germany (West Germany), Great Britain, and the Netherlands. Overall, however, Singapore had a small trade deficit with Western Europe in 1988.

Tourism

Tourism had been an important sector of Singapore's economy for more than a decade, averaging 16 percent of total foreign exchange earnings and 6 percent of GDP between 1980 and 1985. Tourist arrivals had dropped sharply in 1983, however, the first decline in over twenty years. The decrease resulted both from the regional and world economic downturn at that time and from travel restrictions instituted by neighboring countries to preserve their own foreign exchange. Observers noted also that Singapore was losing its "oriental mystique and charm." In its effort to build a modern city, it had torn down old buildings and curtailed traditional street activities, aspects considered by tourists to be part of Singapore's attraction. In 1984 the government established a Tourism Task Force to recommend ways to attract more visitors, and the following year the budget of the Singapore Tourist Promotion Board was increased by 60 percent. Steps were taken to preserve areas of special architectural, historical, or cultural interest. Sentosa Island, off the southern coast, was developed as a resort and recreation center, complete with museums, parks, golf

courses, lagoons, beaches, trails, and gardens, all connected by monorail. Singapore also began billing itself as the "hub of Southeast Asia" and marketing sidetrips to destinations in neighboring countries. As with other economic activities, tourism was viewed as a high value-added industry. Although increasing the absolute number of visitor arrivals was the main target, a further aim was to attract the high-spending, business visitors attending conventions and trade exhibitions, which Singapore hosted in large numbers.

Tourist arrivals recovered quickly from the 1983 downturn, reaching 3 million in 1985. In 1987 tourist arrivals reached 3.7 million, a 15 percent increase over the previous year. In 1988 arrivals rose another 14 percent to nearly 4.2 million. Singapore's top tourist-generating markets in 1987 were ASEAN (29 percent), Japan (15 percent), Australia (9 percent), India (7 percent), the United States (6 percent), and Britain (5 percent). Although a building boom had caused a glut of hotel rooms in the mid-1980s, by early 1989 occupancy was running at about 80 percent.

Telecommunications

The Singaporean government, which had inherited a fairly good telecommunications system from the British at independence, assigned telecommunications a high priority in economic planning. By the late 1980s, Singapore had one of the world's most advanced telecommunications infrastructures, developed under the guidance of Telecoms, a statutory board. Its mission was to provide high quality communications for domestic and international requirements, and to serve the business community as well as the public. Telecoms offered a comprehensive range of products and services at rates among the lowest in the world. Information services accounted for an estimated 2 percent of Singapore's GDP in 1988.

Chartered to function commercially, Telecoms received no subsidies. Aside from an initial loan, Telecoms paid for its capital needs out of its earnings. In lieu of taxes, it made an annual payment to the Treasury comparable to a business tax. This financial autonomy was a major factor in Telecom's ability to respond to user demand. During the early 1980s, as the drive for high technology got underway, Telecom's capital budget rose by 20 to 30 percent a year, the highest growth of any public agency in Singapore. Although the rate of increase dropped to about 15 to 20 percent in the late 1980s, the capital budget remained high and continued to increase.

Telecoms offered a large and growing number of services, including radio paging, mobile phones, facsimile, electronic mail,

and telepac, a system for linking computers locally and internationally. By 1987 Singapore's domestic telephone network was completely push-button, and all twenty-six telephone exchanges were linked by an optical fiber network. The country had more than 1.2 million telephones in 1988, or 48.5 telephones for every 100 Singaporeans, providing virtually 100 percent coverage in homes and offices.

Satellite links with the world were provided by satellite earth stations at Bukit Timah and on Sentosa Island. Submarine cables connected Singapore to all of its ASEAN neighbors except Brunei, which was scheduled to be linked with Singapore by fiber-optic cable in 1991. In 1988 Singapore installed the region's first dedicated digital data network, providing up to two megabits per second (Mbps) high-speed data transmission and voice communications. Intelsat Business Service was available for a wide range of applications, including corporate data communications, financial services, and remote printing via satellite. A video conferencing service also was offered by 1988.

Finance

The country's rapid development was closely linked to the government's efficient financial management. Conservative fiscal and monetary policies generated high savings, which, along with high levels of foreign investment, allowed growth without the accumulation of external debt. In 1988 Singapore had foreign reserves worth about S$33 billion, which, per capita, put it ahead of Switzerland, Saudi Arabia, and Taiwan. That same year, the domestic savings rate rose to one of the highest in the world (42 percent), as gross national savings, comprising public and private savings, totaled S$20.9 billion, 19 percent higher than in 1987. By the mid-1980s, however, domestic demand had been so stunted that it became increasingly difficult to find productive areas for investment. In the recession year of 1986, for the first time, gross national savings exceeded gross capital formation. This was in spite of a 15 percent cut in the employers' contribution to the Central Provident Fund. As a result, already depressed domestic demand was depressed even further, falling by 1 percent in 1986 after a decline of 3 percent the previous year.

Singapore's foreign reserves were, in fact, the country's domestic savings held overseas. Since the source of the domestic savings was in large measure the compulsory savings held by the Central Provident Fund, Singapore had a huge domestic liability. The fund claims, standing in 1988 at S$32 billion, almost equalled Singapore's foreign reserves. But since they were fully funded and

denominated in Singapore dollars, the country was relieved of the problems of showing either a budget deficit or an external debt.

Indeed, for many years, the government had pointed out that its foreign reserves, managed by the Government of Singapore Investment Corporation, were larger than that of wealthier, more populous countries. The reserves issue became politicized after 1987 when Lee Kuan Yew proposed a change in the country's government to an executive presidency in which the president (presumably Lee himself) would have veto power over Parliament's use of the reserves. In 1986 the government-sponsored Report of the Economic Committee admitted that "over saving" was a problem. Not until 1988, however, were some tentative steps taken to invest the surpluses directly in productive resources. This process included a one-time transfer to government revenue of S$1.5 billion from the accumulated reserves of four statutory boards.

The country's public sector financial system was structurally complex and difficult to follow owing to different accounting practices. Funds essentially were derived from three sources: tax revenue (directly on income, property, and inheritance; indirectly as excise duties, motor vehicle taxes; stamp duties, and other taxes); nontax revenue (regulatory charges, sales of goods and services, and interest and dividends); and public sector borrowing (see fig. 6). The statutory boards had separate budgets, although they played a major role in infrastructure creation. Government companies also were not included in public finance reporting.

After 1975 the government consistently had substantial current as well as overall surpluses. From 1983 to 1985, total government expenditure averaged 59.8 percent of current revenue. In fact, the overall surplus exceeded even the net contributions to the Central Provident Fund. The seven major statutory boards also had consistent current surpluses. Economic theoretician and member of Parliament Augustine Tan suggested that Singapore's public spending and public savings were much too large. According to Tan, the government tended to err on the side of financial surplus, despite frequent forecasts of deficit, because the government consistently underestimated tax revenues and overestimated expenditures. These surpluses then put upward pressure on the exchange rate and eroded manufacturers' competitiveness.

Currency, Trade, and Investment Regulation

Singapore had an exceptionally open economy. Fundamentally strong, the currency reflected a sound balance of payments position, large reserves, and the authorities' conservative attitude. From 1967 until June 1973, the Singapore dollar was tied to the

United States dollar, and thereafter the currency was allowed to float.

The Monetary Authority of Singapore, the country's quasi-central bank, pursued a policy of intervention both domestically and in foreign exchange markets to maintain a strong currency. This multifaceted strategy was designed to promote Singapore's development as a financial center by attracting funds, while inducing low inflation by preventing the erosion of the large Central Provident Fund balances. Furthermore, the strong currency complemented the high wage industrial strategy, forcing long-term quality rather than short-term prices to be the basis for export competition.

Given Singapore's dependency on imports, however, setting an exchange rate always generated controversy. The 1986 Report of the Economic Committee did not clarify official thinking. It recommended that the exchange rate should "continue to be set by market forces, but its impact on [Singapore's] export competitiveness and tourist costs should be taken into account. The [Singapore] dollar should, as far as possible, be allowed to find its own appropriate level, reflecting fundamental economic trends."

After 1978, when the government abolished all currency exchange controls, Singaporean residents (individuals and corporations) were free to move funds, import capital, or repatriate profits without restriction. Likewise, trade regulations were minimal. Import duties applied only to a few items (automobiles, alcohol, petroleum, and tobacco), and licenses were required only for imports originating from a few Eastern bloc countries. There were no export duties. As the government played an active part in promoting exports, there was an extensive system of supports including an export insurance plan.

The government promoted investment vigorously through a whole range of tax and investment allowances and soft loans aimed at attracting new investment or at helping existing businesses upgrade or expand. There was no capital gains tax. Special incentives existed for foreigners, including concessionary tax arrangements for some nonresidents, relief from double taxation, and permission to buy commercial and certain residential property. In 1985 extensive tax reductions were introduced to reduce business costs.

Financial Center Development

As a result of its strategic location and well-developed infrastructure, Singapore traditionally had been the trade and financial services center for the region. In the 1970s, the government identified

financial services as a key source of growth and provided incentives for its development. By the 1980s, the focus was on further diversification, upgrading, and automation of financial services. Emphasis was placed on the development of investment portfolio management, securities trading, capital market activities, foreign exchange and futures trading, and promotion of more sophisticated and specialized fee-based activities.

Consequently, by the mid-1980s, Singapore was the third most important financial center in Asia after Tokyo and Hong Kong. The financial services sector, having sustained double digit growth over the previous decade, accounted for some 23 percent of GDP and employed approximately 9 percent of the labor force. In 1985, however, growth in the sector slowed to just 2.6 percent, and in December of that year the Stock Exchange of Singapore suffered a major crisis, which forced it to close for three days. In view of the troubled domestic economy, observers worried that Singapore's future as a financial center looked somewhat problematic. Furthermore, international financial market deregulation threatened to create an environment in which it would be more difficult for Singapore to thrive, especially given its high cost structure and somewhat heavy-handed regulatory environment. The government took steps to correct some of the problems, and by 1989 Singapore's financial service sector could again be described as "booming."

The financial sector included three types of commercial banks (full license, restricted, and offshore), representative offices, merchant banks, discount houses, and finance companies. In 1988 there were 13 local, 64 merchant, and 134 commercial banks. All banks in Singapore were administered by the Monetary Authority of Singapore and were required to hold a statutory minimum cash balance against their deposit and other specified liabilities with the authority.

The Development Bank of Singapore was established in 1968 to provide financial services supporting industrialization and general economic development. Owned jointly by the government (49 percent) and private sector shareholders, it had evolved from a long-term financing institution to a multiservice bank. The largest Singaporean commercial bank in terms of assets in 1989, the Development Bank was listed on the stock exchanges of both Singapore and Malaysia. Through its subsidiaries, it also provided specialized financial and insurance services, factoring, stockbroking, merchant banking, and venture capital investment management services. The Development Bank was the city-state's largest source of long-term finance, including equity and venture capital financing, medium- and long-term loans, and guarantees.

The Singapore Foreign Exchange Market had grown remarkably since the 1985 recession. As an international financial center, the country had benefited from the worldwide increase in business as well as from the related expansion in the financially liberated Japanese market. Major currencies—the United States dollar, the Japanese yen, the West German deutsche mark, and the British pound sterling—were actively traded. Volumes in such other currencies as the Australian dollar had risen as well. Average daily turnover was US$45 billion in 1988 compared with US$12.5 billion in 1985.

Singapore established the Asian dollar market as the Asian equivalent of the Eurodollar market in 1968 when the local branch of the United States-based Bank of America secured government approval to borrow deposits of nonresidents, mainly in foreign currencies, and use them to finance corporate activities in Asia. At the time, expanding economic development in Southeast Asia was rapidly increasing the demand for foreign investment funds, and the desirability of a regional center able to carry out the necessary middleman function was apparent. Singapore offered the ideal location. The Asian dollar market was essentially an international money and capital market for foreign currencies, and its assets grew from US$30 million in 1968 to US$273 billion in November 1988. To operate in the market, financial institutions were required to obtain approval from the Monetary Authority of Singapore and to set up separate bookkeeping entities called Asian currency units for transactions in the market. Funds were obtained mainly from external or nonresident sources—central banks, foreigners seeking a stable location such as Singapore to deposit cash, multinational corporations, and commercial banks outside Singapore.

In 1973, to stimulate the expansion of the Asian dollar market, the Monetary Authority of Singapore established the so-called offshore banking system, designed to concentrate on that market and its foreign exchange operations. Beginning in 1983, funds managed in Singapore on behalf of nonresidents and invested offshore or in the local stock market were exempt from tax. The fees earned for managing such offshore funds were taxed at a concessionary rate of 10 percent.

Inaugurated in 1973, the Stock Exchange of Singapore was governed by a committee comprising four elected stockbroker members and five appointed nonbroker members. In late 1988, the 327 companies listed on the main board of the exchange were classified into six groups: industrial and commercial, finance, hotel, property, plantation (farming), and mining. The market underwent a major, prolonged reorganization following the December

1985 collapse of a Singaporean company, Pan Electric, which revealed a massive web of forward share dealings based on borrowed money. The collapse resulted in a tighter regulation of the financial futures market and the securities industry. In 1986 the Securities Industry Council was established to advise the minister for finance on all matters relating to the securities industry.

In 1987 the government introduced tax incentives to encourage the trading of international securities in Singapore. The National Association of Securities Dealers (NASDAQ) in the United States and the Stock Exchange of Singapore established a link to facilitate the trading of NASDAQ stocks in Singapore by providing for the exchange of price and trading information on a selected list of NASDAQ stocks between the two exchanges. A move by the Singapore exchange to a new, spacious location in 1988 brought a transformation in trading methodology, including partial automation of the trading system, which until then had adhered to the traditional outcry auction system.

By 1987 Singapore's stock market, fuelled by bullish sentiments sent indices soaring to new highs—a recovery from the December 1985 crisis. All gains, however, were wiped out by the crash of world stock markets in October 1987, a crash from which the Singapore exchange had made substantial recovery by mid-1989.

Singapore also expanded other international financial markets in the late 1980s. Trading in gold futures originally was undertaken in the Gold Exchange of Singapore, which was established in 1978 and reorganized in 1983. The scope of its activities was widened to include financial futures trading, and it was renamed the Singapore International Monetary Exchange (SIMEX). Starting in 1984, the financial futures market featured a mutual offset arrangement between SIMEX and the Chicago Mercantile Exchange, which allowed contracts executed on one exchange to be offset on the other without additional transactional cost for market participants. The linkage was the first of its kind in the world and greatly facilitated round-the-clock trading in futures contracts. In 1988 six forms of futures contracts were traded: international gold futures; the Eurodollar time deposit interest rate; the Nikkei Average Stock Index; and three currency exchange rates—US dollar/West German deutsche mark, US dollar/Japanese yen, and US dollar/British pound sterling. Trading volume on the SIMEX had grown steadily.

The restructured Government Securities Market was launched in May 1987, auctioning at market rates taxable Singapore government securities ranging in maturity from three months to five years. Previously, long-term government stock was sold to a captive

market of banks, insurance companies, and a few individuals and nonprofit organizations.

International Financial Organizations

In 1966 Singapore became a member of the International Monetary Fund (IMF—see Glossary), the World Bank (see Glossary), and the Asian Development Bank (see Glossary). Two years later, Singapore joined the International Finance Corporation, an affiliate of the World Bank. Singapore's loans from the World Bank and the Asian Development Bank had been used to finance development projects relating to water supply, electric power generation and distribution, sewerage, telephone services, educational services, and environmental control. A total of fourteen loans were secured from the World Bank between 1963 and 1975 and fourteen from the Asian Development Bank between 1969 and 1980. There were no further loans in the 1980s. Singapore's estimated outstanding borrowings from the World Bank and the Asian Development Bank in late 1988 totalled US$35.1 billion and US$45.4 million, respectively. Its 1988 quota of IMF special drawing rights (SDR)—related to its national income, monetary reserves, trade balance and other economic indicators—was SDR 92.4 million.

Transportation

Singapore as a modern city came into being because of its location and its harbor. Both assets remained major sources of its economic vitality as the island nation continued to serve as a major transportation and communications hub.

Sea

In 1988 the port of Singapore was the world's busiest in terms of shipping tonnage (396.4 million gross registered tons), just ahead of Rotterdam. Singapore was also a major transshipment hub and a global warehousing and central distribution center. In 1988 more than 36,000 vessels arrived in Singapore, up 6 percent from the previous year. The 150 million freight tons of cargo handled by the wharves and oil terminals represented an increase of 16 percent over the previous year.

Ships of more than 700 lines linked Singapore and the region to some 600 ports worldwide. The port area was administered by the Port of Singapore Authority, a statutory board responsible for the provision and maintenance of facilities and services and for the control of navigational traffic in the port. Operations were continuous, round the clock and year round. As a member of the International Maritime Organization since 1966, Singapore kept

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abreast of international developments in shipping and adhered to international conventions adopted under the organization's auspices. The five port terminals operated by the port authority had about fifteen kilometers of wharf, which could accommodate vessels of all sizes. The Tanjong Pagar Terminal was the port's main gateway for containerized cargo. It had ten container berths, supported in 1988 by a fleet of twenty-six quay cranes, sixty-seven transtainers (straddle carrier cranes), seventeen van carriers, and other types of heavy moving equipment. The seven container freight stations were all equipped with closed-circuit television to enhance fire safety and cargo security. A new billion-dollar container terminal with five container berths, four multipurpose berths, support facilities, and storage space for 8,500 twenty-foot equivalent units (TEUs) was being developed on a nearby island. The first berth was scheduled to be operational by 1992.

Keppel Wharves, the oldest conventional gateway, handled mainly containers and bulk cargo, such as cement, vegetable oil, and rubber. With four kilometers of sheltered deep-water berths, Keppel Wharves could accommodate twenty-two ocean-going vessels and three coasters at any one time. Pasir Panjang Wharves was also a conventional gateway with facilities for coasters, lighters, barges, and ocean-going vessels. It had three deep-water, ten coastal, and forty-six lighterage berths. Sembawang Wharves handled primarily high-volume homogeneous cargo such as timber and rubber. Equipped with five berths, Sembawang also handled containerized and bulk cargo. Jurong Port, developed principally to serve the industries in the Jurong Industrial Estate, had twelve berths.

Singapore's merchant fleet ranked fifteenth among the principal merchant fleets of the world. In late 1988, its 1,243 vessels totaled 7.33 million gross registered tons and included 156 general cargo ships, 150 oil tankers, 74 bulk carriers, 49 container ships, and 12 passenger vessels. There were two vessels above 100,000 gross registered tons: a very-large crude carrier and an ultra-large crude carrier.

Singapore also was noted for its ship-repair industry, the beginnings of which dated to colonial times. In 1968 the government turned the former British dockyard into the Sembawang Shipyard and built it into a commercial success.

Three major yards—Keppel, Sembawang, and Jurong—in which the government held a controlling stake dominated the industry, accounting for about 90 percent of the S$1.1 billion business in 1988. Many privately owned yards, of which the largest was Hitachi Zosen, split the remaining 10 percent of the business.

In 1989 the four major shipyards employed some 70,000 work-
ers, about 40 percent from overseas, mainly from Malaysia,
Thailand, and Bangladesh. Despite the booming business of the
late 1980s, the shipyards faced problems of rising labor costs and
government restrictions on importation of labor. As a result, a joint
venture between Keppel and a shipyard near Madras, India, was
given government approval in 1989, and the industry was explor-
ing the possibility of joint-venture projects in other neighboring
countries. Government strategists reportedly favored an eventual
merger between Sembawang and Jurong—which would overtake
Keppel to become the largest ship-repairing group—as part of a
move to consolidate the industry and begin directing it toward a
less labor-intensive future.

Land

In line with its goal of providing fast, convenient, and afford-
able transport for its population and visitors and a transportation
infrastructure that supported its economic position, the government
gave top priority to investments in public transport and the high-
way system. Beginning in the early 1970s, Singapore engaged in
a systematic program of road building that led to the development
of a network that was considered to be one of the best among de-
veloping countries. By late 1988, Singapore had 2,789 kilometers
of roads occupying some 11 percent of the country's land area. In
the previous decade, the government had spent some S$1.9 bil-
lion on building and maintaining roads.

In 1989 five expressways—the thirty-five-kilometer Pan Island
Expressway (PIE), the nineteen-kilometer East Coast Parkway, the
eleven-kilometer Bukit Timah Expressway, the fourteen-kilometer
Ayer Rajah Expressway, and the sixteen-kilometer Central Ex-
pressway—were complete, and work was underway on four more
(see fig. 9). The highway building program called for a network
of nine expressways, for a total of 141 kilometers, to be completed
by 1991. Access to the Central Business District was limited dur-
ing rush hour to holders of special passes sold on a day-to-day ba-
sis, and a one-way street pattern further facilitated traffic movement.
A computerized traffic control system, introduced in 1981, moni-
tored some 200 major road junctions. The Public Works Depart-
ment planned to put the remaining 800 signals on-line in the 1990s,
making Singapore's one of the largest traffic control systems in the
world.

At the end of 1988, 491,808 motor vehicles were registered, an
increase of 20,000 over the previous year. Nearly half of registered
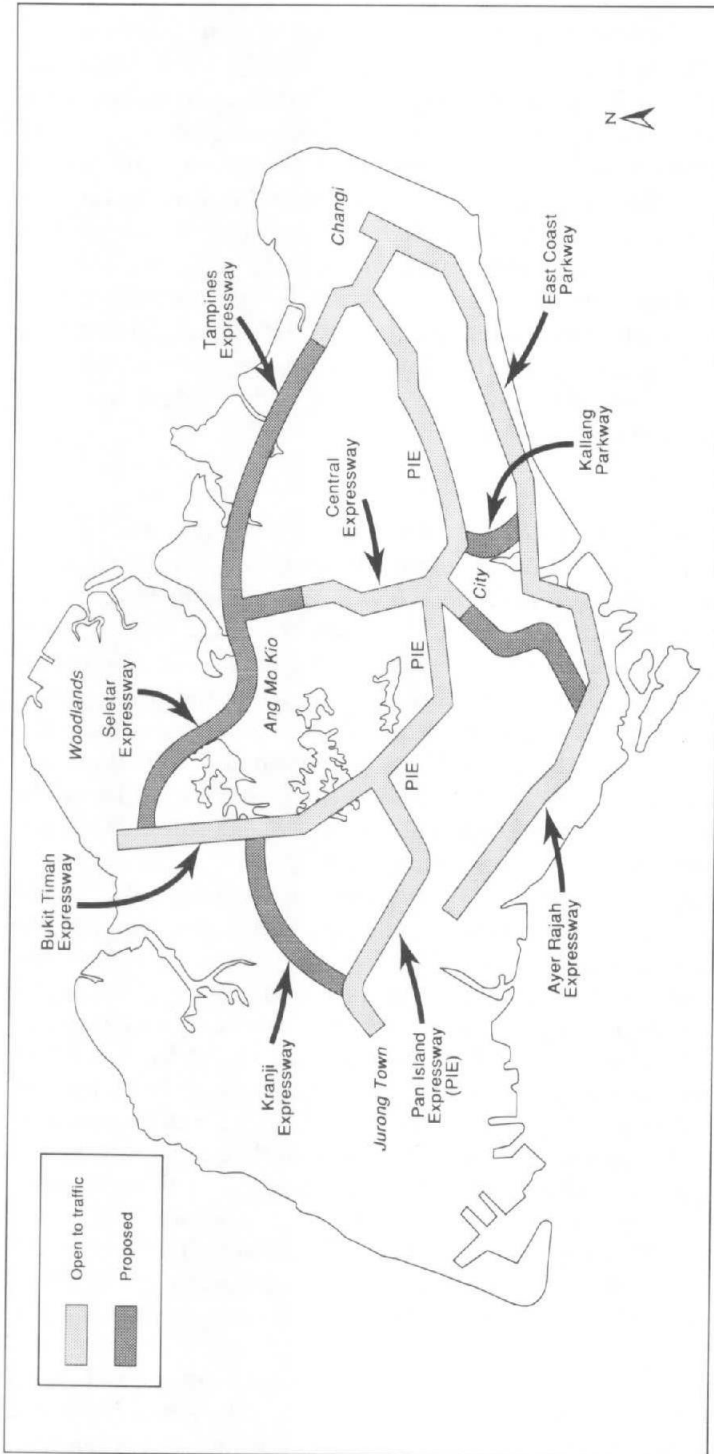vehicles were automobiles. In order to implement a government

Figure 9. Expressway System, 1989

policy of limiting the number of private automobiles, a number of monetary disincentives were employed, including heavy annual road taxes, fuel taxes, ad valorem registration fees, and other licenses and fees.

Taxi fares also were kept reasonable in order to reduce traffic flow into and out of congested areas during rush hour. By late 1988, Singapore's 10,500 taxis were mostly air-conditioned and equipped with electronic taximeters. Most taxis were driven twenty-four hours a day by a succession of drivers. The largest company, NTUC Comfort, was affiliated with the union. A fleet of nearly 2,800 buses also helped to alleviate the need for private automobiles. The Singapore Bus Service and the Trans-Island Bus Service provided full-day service throughout the island.

In 1987 land transportation was propelled into a new era with the opening of the S$5 billion Mass Rapid Transit (MRT) system, which formed the backbone of the country's public transport network (see fig. 10). The entire MRT system, spanning 67 kilometers, was expected to be fully operational by 1990—two years ahead of schedule—when it would serve 800,000 passengers daily. The bus routes were being progressively redesigned to dovetail with the expanding system. Some 40 percent of all businesses and industrial areas were located near stations, and some 50 percent of all Singaporeans lived within one kilometer of an MRT station. The infusion of MRT construction funds into the economy beginning in the early 1980s helped offset downturns in other sectors of the construction industry during the recession.

Overland connections to the Malay Peninsula, across the causeway spanning the Johore Strait, included a highway and a Malaysian-owned railroad. These, in turn, were connected with the Thai railroad system.

Air

Singapore's supermodern Singapore Changi Airport, a travel and shipping hub, had connections to all parts of the world in keeping with Singapore's "open skies" policy. In 1988 forty-eight scheduled international airlines—twelve more than in 1983—linked the country to 101 cities in fifty-three countries. These carriers offered a total of 1,500 scheduled flights per week to and from Singapore; a total of 12.6 million passengers used the airport in 1988—a 12.4 percent increase over the previous year and the highest passenger volume recorded in any one year since the airport opened in 1981. Nearly half of those passengers came from or went to other destinations in Southeast Asia. A second passenger terminal scheduled for completion in 1990 would increase Changi's passenger
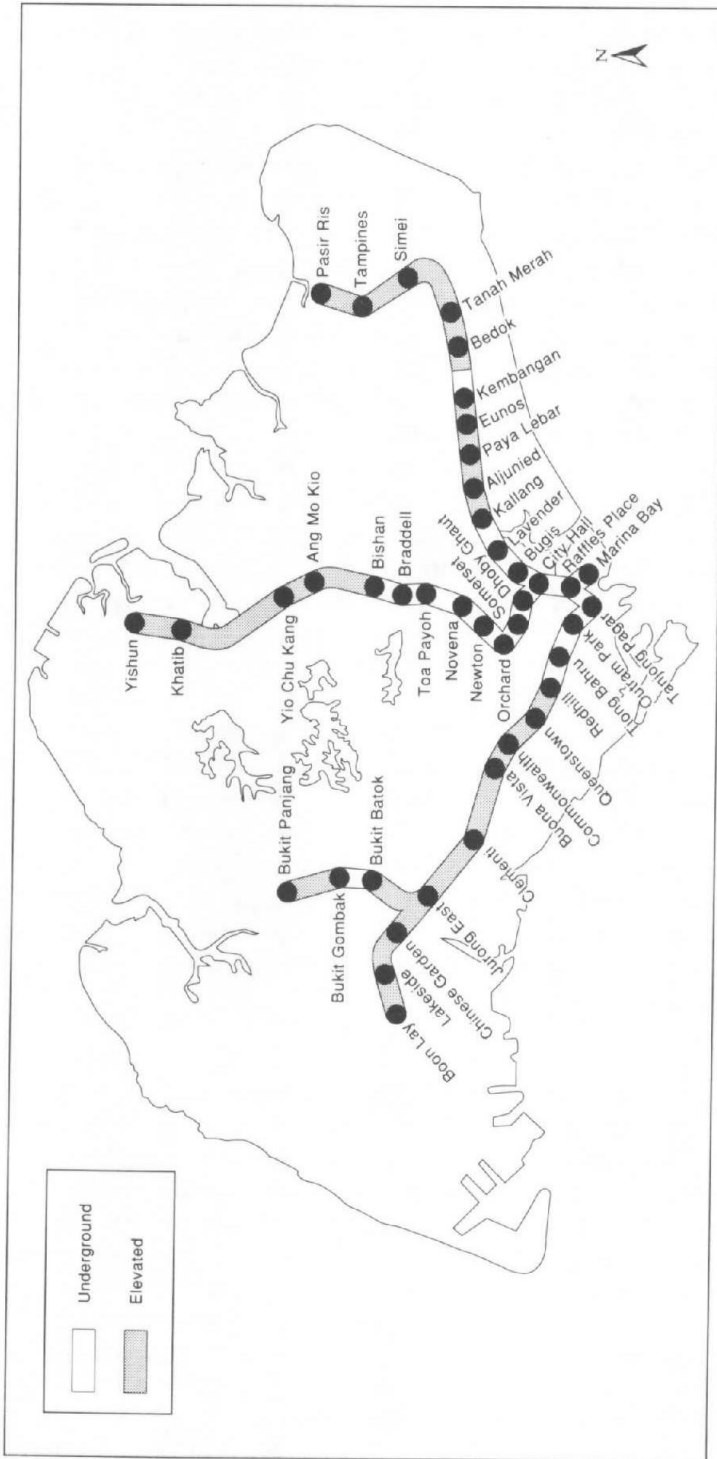
Figure 10. Mass Rapid Transit System, 1989

handling capability to 20 million annually. The Civil Aviation Authority of Singapore managed the facility, which was consistently rated by the travel industry as one of the best airports in the world.

Changi also was noted for its air cargo facilities. The total volume of air cargo surged to 511,541 tons in 1988, an increase of 22.3 percent over the previous year and more than double the volume handled in 1983. Seletar Airport was used for charter and training flights. Additionally, Singapore was one of the most comprehensive airline maintenance and overhaul centers in the Asia-Pacific region, having more than fifty approved airline organizations in 1987.

Singapore Airlines (SIA) emerged from its humble beginnings in 1972 to become one of Asia's, if not the world's, leading airlines with an unparalleled reputation for service and efficiency. Following the division of Malaysia-Singapore Airlines, the airline owned jointly by Malaysia and Singapore between 1965 and 1972, SIA inherited the company's limited international routes and an aging fleet of ten airplanes. By 1988 SIA operated with one of the youngest fleets in the airline industry—twenty-two Boeing 747s, four Boeing 757s, six Airbus 310s, and twenty Boeing 747-400s on order. SIA flew to fifty-seven cities in thirty-seven countries around the globe, carrying 5.6 million passengers in 1988 and filling 74.8 percent of its seats. The airline ranked fourteenth worldwide in the number of passenger-kilometers and twelfth in terms of air freight-kilometers in 1987.

In economic terms, SIA's earnings accounted for 3.6 percent of the 1987 GNP. The airline was one of the country's major employers, providing jobs for one out of every eighty-nine workers in the country in 1987. As part of the government's move toward privatization, shares of its stock were sold to the public in 1985, leaving the government holding 63 percent of the shares, foreign investors 20 percent, and the public, including SIA employees, 17 percent. Another public sale of stock in 1987 brought the government-owned holdings down to 55 percent.

Agriculture

Orchard Road, now one of Singapore's most up-scale thoroughfares, got its name because it originally was lined with fruit orchards and vegetable gardens. Although contemporary Singapore still maintained a tiny agricultural base, by 1988 urbanization had reduced the land area used for farming to only about 3 percent of the total. Nonetheless, with intensive production, the farming sector met part of the domestic demand for essential fresh farm produce: poultry, eggs, pork, some vegetables, and fish. In 1988

there were 2,075 licensed farms occupying only 2,037 hectares of land, with a total output of some S$362 million worth of farm produce. A decade earlier farm holdings had covered 10,280 hectares.

The Primary Production Department, under the Ministry of National Development, ensured an adequate and regular supply of fresh produce and provided support for agro-industries, including research and development aimed at improving commercial and high-technology farming. The department projected in 1988 that a total of 2,000 hectares of land in ten agro-technology parks would be developed and rented out for long-term farming over the next decade.

The government began phasing out pig farming in 1984 because of odor and environmental pollution. Some 200 pig farms raising about 500,000 pigs in 1987 were scheduled to be reduced to 22 farms with 300,000 pigs by 1990. Imports from Malaysia, Indonesia, and Thailand would be increased to meet domestic needs. Some 1,000 poultry farms kept a total of about 2.2 million layers, 1.6 million broilers, 245,000 breeders, and 645,000 ducks. Singapore remained free of major animal diseases.

Singapore grew 5.6 percent of its total supply of 180,000 tons of fresh vegetables in 1988 and imported the rest from Malaysia, Indonesia, China, and Australia. The main crops cultivated locally included vegetables, mushrooms, fruit, orchids, and ornamental plants. About 370 vegetable farms produced an estimated 10,000 tons of vegetables, and mushroom cultivation expanded rapidly after the mid-1980s. The Mushroom Unit of the Primary Production Department conducted research on mushroom cultivation and advised commercial mushroom growers, who produced a variety of mushrooms for the local market.

Noted for its orchids, Singapore exported flowers worth S$13.8 million in 1988, mainly to Western Europe, Japan, Australia, and the United States. Singapore's 153 orchid farms produced another S$2.2 million worth of flowers for the domestic market.

Local fishermen provided about 13 percent of the country's 110,000-ton fresh fish supply in 1988, using three major fishing methods—trawling, gill-netting, and long-lining. There were about 1,170 licensed fishermen operating nearly 400 fishing vessels, most of which were motorized. The Jurong Port and Market Complex was a major fish landing point for both domestic and foreign vessels and handled 84 percent of the total fresh fish supply in 1988. Many foreign vessels brought their catches there for processing and reexport. Fresh fish arrived also by truck from Malaysia and Thailand and by sea and air from other neighboring countries.

The Ayer Rajah Expressway
Courtesy Singapore Ministry of
Communications and Information

Mass Rapid Transit train
passing a Housing and
Development Board
apartment complex
Courtesy Singapore Ministry of
Communications and Information

Fish farming was a small but growing field. In 1988 seventy-four licensed marine fish farms raised mainly high-value fish such as grouper and sea bass in a total of forty hectares of coastal waters. Many of the farms had also introduced prawn farming in floating cages. Exports of ornamental fish for aquariums amounted to S$60 million in 1988. Some 400 licensed aquarium fish farms operated in Singapore in 1988, including 36 commercial farms operating in the Tampines Aquarium Fish Farming Estate.

* * *

Lawrence B. Krause, et al. present an interesting and readable background analysis in *The Singapore Economy Reconsidered.* For a summary of Singaporean economic development between 1959 and 1984, see *Singapore: Twenty-Five Years of Development* edited by You Poh Seng and Lim Chong Yah. The 1986 Report of the Economic Committee *The Singapore Economy: New Directions* (Singaporean Ministry of Trade and Industry) is vital for understanding the 1985 recession and the government's strategies for overcoming it and entering the 1990s. Analysis on this same subject is provided in *Policy Options for the Singapore Economy* by Lim Chong Yah, et al. Margaret W. Sullivan's *"Can Survive, La": Cottage Industries in High-rise Singapore* presents a sidewalk-level view of Singapore's small-scale manufacturing and economic and social psychology. The weekly *Far Eastern Economic Review* [Hong Kong] provides up-to-date information on economic events and developments. Statistical information from the Singapore government abounds in the form of annual yearbooks from the various ministries—Culture, Trade and Industry, and the Department of Statistics—and the very useful, although promotional, *Singapore 1989* and its annual equivalents. (For further information and complete citations, see Bibliography.)

# Chapter 4. Government and Politics

Lee Kuan Yew, prime minister of Singapore, 1959-90

AFTER TWENTY-FIVE YEARS OF INDEPENDENCE, Singapore enjoyed a reputation for political stability and honest, effective government. Probably the world's only ex-colony to have independence forced upon it, Singapore responded to its unanticipated expulsion from Malaysia in August 1965 by concentrating on economic development and by fostering a sense of nationhood. Though the survival of the miniature state was in doubt for a time, it not only survived but also managed to achieve the highest standard of living in Southeast Asia. The country also enjoyed a rare political continuity; its ruling party and prime minister triumphed in every election from 1959 to 1988. Singapore's government had an international reputation for effective administration and for ingenious and successful economic policies. It was also known for its authoritarian style of governance and limited tolerance for opposition or criticism, qualities the government deemed necessary to ensure survival in a hostile world and which its domestic and foreign critics claimed indicated a refusal to consider the opinions of its citizens or anyone outside the closed circle of the aging leadership. In the early 1990s, the leadership would face the issues of political succession and of modifying the relationship between the state and the increasingly prosperous and well-educated society it had created.

Government Structure

Form of Government

The Republic of Singapore is a city-state with a governing structure patterned on the British system of parliamentary government (see fig. 11). In 1989 legislative power was vested in a unicameral Parliament with eighty-one members who were elected for five-year terms (or less if the Parliament was dissolved prematurely). Members of Parliament were elected by universal adult suffrage from forty-two single-member constituencies and thirteen group representation constituencies. Voting was compulsory for all citizens above the age of twenty-one. The group representation constituencies elected a team of three members, at least one of whom had to be Malay, Indian, or a member of one of Singapore's other minorities. The group representation constituencies, introduced in the 1988 general election, were intended to ensure multiracial parliamentary representation to reflect Singapore's multiracial society. In another

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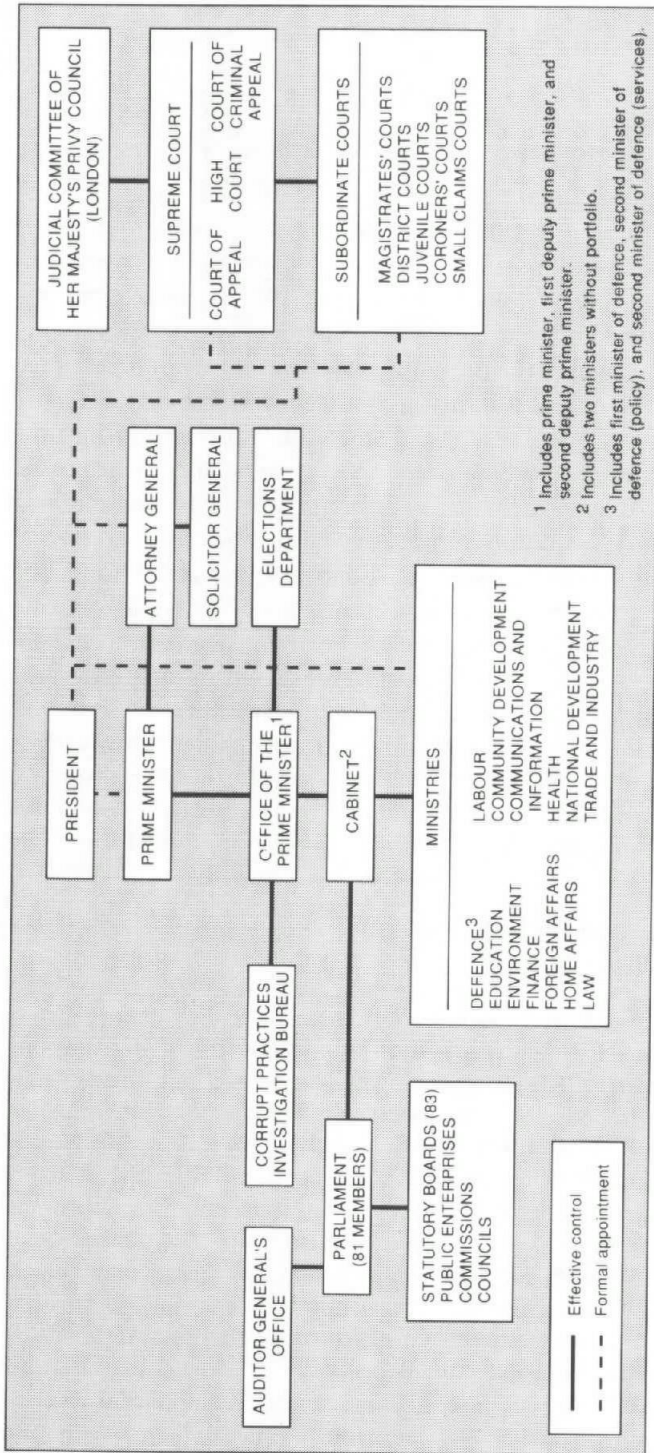
Source: Based on information from Singapore, Ministry of Communications and Information, Information Division, *Singapore, 1989*, Singapore, 1989, 53–63.

Figure 11. Governmental Structure, 1989

departure from the British model, members of Parliament elected
on a party ticket had to resign if they changed parties. A 1984
amendment to the Parliamentary Elections Act provided for the
appointment to Parliament of up to three nonconstituency mem-
bers if the opposition parties failed to win at least three seats in
the general election. The nonconstituency members were chosen
from the opposition candidates who had polled the highest percen-
tage of votes. The seventh Parliament, elected on September 3,
1988, and meeting for the first time on January 9, 1989, included
one elected opposition member and one nonconstituency member.

Singapore had only one level of government—national govern-
ment and local government were one and the same. The form of
the government reflected the country's unusually small area and
modest total population of 2.6 million. Below the national level,
the only recognized territorial divisions were the fifty-five parliamen-
tary constituencies. Members of Parliament thus performed some
of the same functions as municipal aldermen in foreign cities and
often won political support by helping to find jobs for constituents
or doing other favors requiring intercession with the powerful civil
bureaucracy. The single-member constituencies varied in popula-
tion from 11,000 electors to as many as 55,000; some of the varia-
bility reflected population movement away from the old urban core
and out to new housing developments.

As in all British-style polities, the government was headed by
a prime minister who led a cabinet of ministers of state selected
from the ranks of the members of Parliament. The cabinet was
the policy-making body, and its members directed the work of the
permanent civil servants in the ministries they headed. In 1989,
the cabinet comprised fifteen members. Below the prime minister
were a first deputy prime minister and a second deputy prime
minister. They were followed by the ministers in charge of such
functional departments as the Ministry of Finance or the Ministry
of Defence and by two ministers without portfolio. The prime
minister could reassign his cabinet members to new portfolios or
drop them from the cabinet, and successful ministers headed several
progressively more significant ministries in their careers. There were
thirteen ministerial portfolios in 1989: defence, law, foreign affairs,
national development, education, environment, communications
and information, home affairs, finance, labour, community develop-
ment, trade and industry, and health. Some portfolios were split
between different ministers. The first deputy prime minister (Goh
Chok Tong) was also first minister for defence. The minister for
communications and information (Yeo Ning Hong) also served as
second minister for defence (policy). The minister for trade and

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industry (Brigadier General (Reserve) Lee Hsien Loong) was concurrently second minister for defence (services). The foreign affairs and law portfolios were similarly divided.

The cabinet met once or twice a week; its meetings were private and confidential. Administrative and staff support to the prime minister and cabinet was provided by the Office of the Prime Minister, the officials of which included a senior minister of state, a political secretary, a secretary to the prime minister, and a secretary to the cabinet. The Office of the Prime Minister coordinated and monitored the activities of all ministries and government bodies and also directly supervised the Corrupt Practices Investigation Bureau and the Elections Department. Each minister was assisted by two secretaries, one for parliamentary or political affairs and the other for administrative affairs. The latter, the permanent secretary, was the highest ranking career civil servant of the ministry.

The constitutional head of state was the president, who occupied a largely powerless and ceremonial role. The president was elected by the Parliament for a four-year term. He could be reelected without limit and removed from office by a two-thirds vote of Parliament. In turn, the president formally appointed as prime minister the member of Parliament who had the support of the majority of Parliament. On the advice of the prime minister, the president then appointed the rest of the ministers from the ranks of the members of Parliament. The president, acting on the advice of the prime minister, also appointed a wide range of government officials, including judges and members of advisory boards and councils.

In 1988 the government discussed amending the Constitution to increase the power of the president. A white paper introduced in Parliament in July 1988 recommended that the president be directly elected by the people for a six-year term and have veto power over government spending as well as over key appointments. It also proposed an elected vice president with a six-year term of office. The proposed changes originated as a device intended to permit Prime Minister Lee Kuan Yew, who had been prime minister since 1959, to retain some power should he retire, as he had hinted, and assume the presidency. No specific dates for the proposed constitutional change were given in the white paper. As of late 1989, no action had been taken.

Constitutional Framework

Singapore became an autonomous state within Malaysia, with its own constitution, on September 16, 1963. It separated from Malaysia on August 9, 1965. On December 22, 1965, the Legislative Assembly passed a Singapore Independence Bill and a

Constitutional Amendment. The Constitutional Amendment provided for a parliamentary system of government, with a president, whose duties were largely ceremonial, elected every four years by the Parliament.

The Constitution can be amended by a two-thirds vote of Parliament. A 1966 amendment allowed appeal from the Court of Appeal in Singapore to the Judicial Committee of Her Majesty's Privy Council (see Glossary) in Britain. In 1968 an amendment created the office of vice president and liberalized the requirements of citizenship. A 1969 amendment established the Supreme Court in place of the High Court and Court of Appeal as the highest appeal tribunal. A 1972 amendment entitled "Protection of the Sovereignty of the Republic of Singapore" introduced a measure to ensure the sovereignty of the city-state. It prohibited any merger or incorporation with another sovereign state, unless approved in a national referendum by a two-thirds majority. Under the same terms, it also prohibited the relinquishment of control over Singapore police forces and armed forces. In 1978 the Fundamental Liberties section of the Constitution (Part IV, Articles 9-16) was amended; the amendment extended government powers by establishing that arrests to preserve public safety and good order and laws on drug abuse would not be inconsistent with liberties set forth in that section of the Constitution.

Major Governmental Bodies

The President

The Constitution states that the president shall be elected by Parliament for a term of four years. In consultation with the prime minister, the president appoints to his personal staff any public officers from a list provided by the Public Service Commission. In the exercise of his duties, the president acts in accordance with the advice of the cabinet or of a minister acting under the authority of the cabinet. The president may use his discretion in the appointment of the prime minister and in withholding consent to a request for the dissolution of Parliament.

The Executive

The Constitution stipulates that the executive authority of Singapore is vested in the president and exercised by him or the cabinet or any minister authorized by the cabinet, subject to the provisions of the Constitution. The cabinet directs and controls the government and is responsible to Parliament. The president

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appoints a member of Parliament as prime minister and, in accordance with the advice of the prime minister, appoints an attorney general. The attorney general advises the government on legal matters and has the discretionary power to initiate, conduct, or terminate any proceedings for any offense.

The Legislature

The legislature consists of the president and Parliament. Members must be citizens of Singapore, twenty-one years of age or older, on the current register of electors, able to communicate in either English, Malay, Mandarin Chinese, or Tamil, and of sound mind. Membership ceases with the dissolution of a Parliament, which takes place every five years or at the initiative of the president. A general election must be held within three months of the dissolution of Parliament. Parliament convenes at least once a year, scheduling its meetings after the first session is summoned by the president. Members may speak in English, Malay, Mandarin Chinese, or Tamil, and simultaneous translation is provided. Parliamentary procedure follows the British pattern: all bills are deliberated in three readings and passed by a simple majority. Only the government may introduce money bills, those that allocate public funds and so provide for the ongoing operations of the state. Once passed, bills become laws with the assent of the president and publication in the official *Gazette.*

The final step in the passage of laws is the examination of bills by the Presidential Council for Minority Rights. The council, established by the Constitution (Amendment) Act of 1969, must determine if bills or other proposed legislation discriminate against any religious or ethnic community or otherwise contravene the fundamental liberties guaranteed by the Constitution. It also renders advisory opinions on matters affecting ethnic and religious communities that are referred to the council by the Parliament or government. The council is composed of ten members appointed for life and ten members and a chairman appointed for three-year terms by the president on the advice of the cabinet. Any bill on which the council renders an adverse opinion may not become law unless modified to its satisfaction or passed by two-thirds of the Parliament. The council has no jurisdiction over money bills or over any bill certified by the prime minister as affecting the defense or security of Singapore or the country's "public safety, peace, or good order." In addition, bills certified by the prime minister as so urgent that it is not in the public interest to delay their enactment are also exempted from review by the council.

Singapore Supreme Court
Courtesy Ong Tien Kwan
Singapore Parliament House
Courtesy Singapore Ministry of Communications and Information

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Elections

The electoral system is based on single-member constituencies. The law (amendments to the Constitution and to the Parliamentary Elections Act) providing for group representation constituencies also stipulated that the total number of members of Parliament from group representation constituencies had to total less than half the total number of members. Slightly more than half the constituencies would remain single-member constituencies. The candidate receiving the largest number of votes wins the election in that constituency. The consequence of this electoral rule, common to most British-style constitutions, is to eliminate parliamentary representation for minority parties and to encourage the organization of parties whose candidates can win pluralities in many constituencies. In theory it is possible for a party to win every seat in parliament by receiving a plurality in every constituency.

The Judiciary

Singapore's judicial power is vested in the Supreme Court, consisting of a chief justice and an unspecified number of other judges. All are appointed by the president, acting on the advice of the prime minister. The judiciary functions as the chief guardian of the Constitution through its judicial review of the constitutionality of laws. The Supreme Court of Judicature Act of 1969, and various subsequent acts ensured judicial independence and integrity by providing for the inviolability of judges in the exercise of their duties and for safeguards on their tenure.

The Constitution establishes two levels of courts—the Supreme Court and the subordinate courts. The subordinate courts are the magistrates' courts, trying civil and criminal offenses with maximum penalties of three years' imprisonment or a fine of S$10,000 (for value of the Singapore dollar—see Glossary); the district courts, trying cases with maximum penalties of ten years' imprisonment or a fine of S$50,000; the juvenile courts, for offenders below the age of sixteen; the coroners' courts; and the small claims courts, which hear civil and commercial claims for sums of less than S$2,000. The Supreme Court consisted of the High Court, which has unlimited original jurisdiction in all civil and criminal cases and which tries all cases involving capital punishment; the Court of Appeal, which hears appeals from any judgment of the High Court in civil matters; and the Court of Criminal Appeal, which hears appeals from decisions of the High Court in criminal cases. The final appellate court is the Judicial Committee of Her Majesty's Privy Council in London. According to Article 100 of the Constitution, the

president may make arrangements for appeals from the Supreme Court to be heard by the Judicial Committee of the Privy Council. In May 1989, Parliament abolished the right to appeal to the Privy Council except for criminal cases involving the death sentence and civil cases in which the parties had agreed in writing to such an appeal at the outset. The judicial system reflected British legal practice and traditions, except for trial by jury. Singapore abolished jury trials except for capital offenses in 1959; all jury trials were abolished by the 1969 amendment of the code of criminal procedure.

The chief justice and other judges of the Supreme Court are appointed by the president on the advice of the prime minister. The prime minister, however, is required to consult the chief justice on his recommendations for the Supreme Court. Judges of the subordinate courts are appointed by the president on the advice of the chief justice. Singapore's judges and superior courts repeatedly demonstrated their independence from the government by ruling against the government in cases involving political opponents or civil liberties. The government response in such cases was to amend the law or to pass new laws, but it did not attempt to remove or to intimidate judges. Although internal political struggle in Singapore from the 1950s through the 1980s was often intense, and the ruling government was quite willing to intimidate and imprison its political opponents, it always followed legal forms and procedures.

The attorney general is appointed by the president, on the advice of the prime minister, from persons qualified to become judges of the Supreme Court. A judge may be removed from office only for misbehavior or incapacitation, which must be certified by an independent tribunal. The attorney general, who is assisted by the solicitor general, is the principal legal advisor to the government, serves as the public prosecutor, and is responsible for drafting all legislation. The office of the attorney general, the Attorney General's Chambers, is divided into the legislation, civil, and criminal divisions.

The Public Service

The public services included the Singapore Armed Forces, the Singapore Civil Service, the Singapore Legal Service, and the Singapore Police Force. A Public Service Commission, consisting of a chairman and no less than five nor more than nine other members, was appointed by the president, with the advice of the prime minister. The Public Service Commission acted to appoint, confirm, promote, transfer, dismiss, pension, and impose disciplinary

control over public officers. The Public Service Division, established within the Ministry of Finance in 1983, managed civil service personnel. It was headed by a permanent secretary who was responsible to the minister for finance.

A Legal Service Commission, with jurisdiction over all officers in the Singapore Legal Service, was composed of the chief justice as president, the attorney general, the chairman of the Public Service Commission, a judge of the Supreme Court nominated by the chief justice, and not more than two members of the Public Service Commission nominated by that commission's chairman. The Legal Service Commission acted to appoint, confirm, promote, transfer, dismiss, pension, and exercise disciplinary control over officers in the Singapore Legal Service.

The investigation of corruption in both the public and private sectors was under the sole authority of the Corrupt Practices Investigation Bureau, part of the prime minister's office. The Auditor General's Office, an independent agency functioning without interference from any ministry or department, monitored Parliament to ensure its compliance with laws and regulations and to identify irregularities in its disbursement of government resources.

The Public Bureaucracy

The government played an active role in managing the society and developing the economy and was the country's largest single employer. Government bodies and their employees fell into two distinct categories. The regular ministries and their civil service employees concentrated on recurrent and routine administrative tasks. The three ministries of education, health, and home affairs (including police, fire, and immigration) employed 62 percent (43,000) of the 69,700 civil servants in 1988. Members of the civil service in the strict sense of the term were those public employees who were appointed by the Public Service Commission and managed by the Ministry of Finance's Public Service Division. Active projects in economic development and social engineering were carried out by a large number of special-purpose statutory boards and public enterprises, which were free from bureaucratic procedures and to which Parliament delegated sweeping powers. As of 1984, there were eighty-three statutory boards employing 56,000 persons. About 125,000 members (10 percent) of the 1987 total work force were public employees (see Manpower and Labor, ch. 3).

The two branches of the public service served different functions in the political system. The civil service proper represented institutional continuity and performed such fundamental tasks as the

collection of revenue, the delivery of such goods as potable water, and the provision of medical and educational services. The various quasigovernmental bodies, such as statutory boards, public enterprises, commissions, and councils represented adaptability, innovation, and responsiveness to local conditions. The constitutional framework of Singapore's government, with its Parliament, cabinet, courts, and functional ministries, resembled that of its British model and its peers in other countries of the British Commonwealth of Nations (see Glossary). The particular collection of boards and councils, which included everything from the Central Provident Fund to the Sikh Advisory Board, reflected the successful adaptation of the British model to its Southeast Asian environment.

Public service employment carried high prestige, and there was considerable competition for positions with the civil service or the statutory boards. Civil servants were appointed without regard to race or religion, and selected primarily on their performance on competitive written examinations. The civil service had four hierarchical divisions and some highly ranked "supergrade" officials. On January 1, 1988, there were 493 supergrade officers, who included ministerial permanent secretaries and departmental secretaries and constituted less than 1 percent of the 69,700 civil servants. Division one consisted of senior administrative and professional posts and contained 14 percent of the civil servants. The mid-level divisions two and three contained educated and specialized workers who performed most routine government work and who made up the largest group of civil servants, 33 and 32 percent of all civil servants, respectively. Division four consisted of manual and semiskilled workers who made up 20 percent of employees. In 1987, there were 3,153 appointments from the 9,249 applicants for positions in divisions one through three; 2,200 (some 70 percent) of the appointees were women.

The Singapore public service was regarded as almost entirely free from corruption, a fact that in large part reflected the strong emphasis the national leadership placed on probity and dedication to national values. The Corrupt Practices Investigation Bureau enjoyed sweeping powers of investigation and the unreserved support of the prime minister. Official honesty was also promoted by the relatively high salaries paid to public officials; the high salaries were justified by the need to remove temptations for corruption. In a system with clear echoes of the Chinese Confucian tradition, and the British administrative civil service, which recruited the top graduates of the elite universities, Singapore's public service attempted, generally successfully, to recruit the most academically talented youth. The Public Service Commission awarded scholarships to

promising young people for study both in Singapore and at foreign universities on the condition that the recipients join the civil service after graduation. Young recruits to the development-oriented statutory boards were often given substantial responsibilities for ambitious projects in industrial development or the construction of housing estates. Officials had greater social prestige than their peers in business; power and official title outranked money in the local scale of esteem.

Statutory Boards

The eighty-three statutory boards were a distinctive feature of Singapore's government. In law, a statutory board was an autonomous government agency established by an act of Parliament that specified the purpose, rights, and powers of the body. It was separate from the formal government structure, not staffed by civil servants, and it did not enjoy the legal privileges and immunities of government departments. It had much greater autonomy and flexibility in its operations than regular government departments. Its activities were overseen by a cabinet minister who represented Parliament to the board and the board to Parliament. Statutory boards were managed by a board of directors, whose members typically included senior civil servants, businessmen, professionals, and trade union officials. The chairman of the board of directors, who was often a member of Parliament, a senior civil servant, or a person distinguished in some relevant field, was appointed by the cabinet minister who had jurisdiction over the board. The employees of the board were not civil servants, as they were not appointed by the Public Service Commission. The salary scales and terms of service of employees differed from board to board. Statutory boards did not receive regular allocations of funds from the public treasury, but were usually expected to generate their own funds from their activities. Surplus funds were invested or used as development capital, and boards could borrow funds from the government or such bodies as the World Bank (see Glossary). Statutory boards included the Housing and Development Board, the Central Provident Fund, the Port of Singapore Authority, the Industrial Training Board, the Family Planning and Population Board, and the Singapore Muslim Religious Council (Majlis Ugama Islam Singapura).

The statutory boards played the major role in the government's postindependence development strategy, and their activities usually served multiple economic and political goals. The Housing and Development Board provided a good example. The board was established by the first People's Action Party (PAP) government on

February 1, 1960, to provide low-cost public housing. The Lands Acquisition Act of 1966 granted the board the power of compulsory purchase of any private land required for housing development. The prices paid by the board were about 20 percent of the estimated market value of the land, which was, in fact if not in form, being nationalized. Between 1960 and 1979, the percentage of land owned by the government rose from 44 to 67 percent, increasing the government's control over that scarce resource and benefiting low-income voters, who supported the PAP, at the expense of the much smaller number of private landowners. Rents for Housing and Development Board apartments were subsidized, and selling prices for the apartments were set below construction costs and did not include land acquisition costs. Purchase prices for board apartments in the 1980s were 50 to 70 percent below those of privately owned apartments. By 1988 Housing and Development Board apartment complexes were home to 86 percent of the population, and construction of new apartments continued.

The Housing and Development Board succeeded in its primary goal of building large numbers of high-quality apartments. Its success depended on several factors, among them: access to large amounts of government capital; sweeping powers of land acquisition; the ability to train its own construction workers and engineers; the freedom to act as a building corporation and develop its own quarries and brick factory; the opportunity to enter into partnerships and contracts with suppliers of construction materials; and the ability to prevent corruption in contracting and allocation of apartments to the public. The government raised the capital for housing construction from the Central Provident Fund, a compulsory savings plan into which all Singapore workers contributed up to 25 percent of their monthly incomes, and from low-interest, long-term loans from such international development agencies as the World Bank.

By providing adequate housing at low cost to low-paid workers in the 1960s, the PAP delivered a highly visible and concrete political reward to the electorate and laid the foundations for its unbroken electoral success. In the 1960s and early 1970s, before the growth of export-oriented industry, housing construction provided much employment and an opportunity for workers to learn new skills. By controlling the pace and scale of housing construction, the government was able to better regulate the economy and smooth out cycles of economic activity. The result of rehousing practically the entire population was to make the government either the landlord or the mortgage holder for most families and so bring them into closer contact with the state. The government used resettlement

to break up the ethnic enclaves and communities that had characterized colonial Singapore. It put its policy of multiracialism into practice by seeing that all apartment buildings contained members of all ethnic groups in numbers that reflected their proportion of the national population (see Population Distribution and Housing Policies, ch. 2). The program kept the cost of housing in Singapore relatively low and helped to avert pressure to raise wages. Because access to subsidized housing was a benefit extended only to citizens, it served to promote identification with the new state. Providing most of the population with low-cost housing gave the government and ruling party much favorable publicity, won public support, and was used as evidence for the correctness of the government's policies of centralized planning and social engineering implemented by experts on behalf of a passive public.

In a similar fashion, the Central Provident Fund (see Patterns of Development, ch. 3) benefited the citizens by providing them with secure savings for their old age and the satisfaction of having their own account, which could be used as security for the purchase of a Housing and Development Board apartment, for such expenses as medical bills, for college tuition, or to finance a pilgrimage to Mecca. The government benefited by gaining control of a very large pool of capital that it could invest or spend as it would and by removing enough purchasing power to limit inflationary tendencies. Furthermore, the proportion of the wage contributed to the fund by both workers and their employers could be adjusted at any time, enhancing the government's ability to control the economy. In 1988 the fund took 36 percent of all wages up to S$6,000 per month; 24 percent was paid by the worker and 12 percent by the employer. Among its other functions, the Central Provident Fund was one of the major instruments used by the government to control wages.

Public Enterprises

Apart from the statutory boards, which met general development and infrastructure goals, the government owned or held equity in many businesses that operated in the private sector. The government asserted that such businesses received no special subsidies and would be liquidated if they proved unprofitable. The wholly government-owned Temasek Holdings (Private) Limited was the country's largest corporation. Operated as an investment and holding corporation, its offices were in the Ministry of Finance, which provided the corporation with free accounting and secretarial services. Some government enterprises included former government departments, such as the Government Printing Office, which in

1973 became the Singapore National Printers Limited and offered its services to the private sector at market rates. Most government enterprises either provided key and potentially monopolistic services, such as Singapore International Airline or Neptune Orient Line, an ocean shipping firm, or they met strategic and defense needs. The Ministry of Defence wholly owned or had large equity shares in a range of companies engaged in weapons production, electronics, computer software, and even food production. In some cases the government banks, holding companies, or corporations were partners or had shares in local operations of multinational corporations. In such cases, the goal was both to attract the corporations to Singapore by offering investment funds and the promise of cooperation from government departments and to ensure that the corporations transferred proprietary technology and training to Singapore. The strategic nature of much government enterprise was acknowledged by the January 20, 1984, passage of the Statutory Bodies and Government Companies (Protection of Secrecy) Act. The law barred the unauthorized disclosure of confidential information by anyone associated with a statutory board or government enterprise and was considered necessary because the Official Secrets Act did not cover those bodies.

Parapolitical Institutions

After independence, Singapore's rulers perceived the population as uncommitted to the new state and as lacking a common identity. Accordingly, the government devoted much effort to fostering popular identification with the nation and commitment to the government's goals. In 1985 the Ministry of Community Development was formed by combining the former Ministry of Social Affairs with activities previously administered by the Office of the Prime Minister and by the Ministry of Culture. The new ministry coordinated a network of grassroots agencies intended to promote community spirit and social cohesion. These were the People's Association, the Citizens' Consultative Committees, the Residents' Committees, and the Community Center Management Committees. The People's Association was a statutory board established in 1960 and until 1985 a part of the Office of the Prime Minister. Its primary activity was to manage a system of 128 community centers, which offered recreational and cultural programs, along with such services as kindergartens and a limited number of day-care centers for children of working parents. The members of the various consultative and management committees were volunteers who received prestige but no salary. Each parliamentary constituency had a Citizens' Consultative Committee, whose members

were in frequent contact with their member of Parliament. All Housing and Development Board apartment complexes had Residents' Committees, headed by volunteers and intended to promote neighborliness and community cohesion. The committees' activities included organization of neighborhood watch programs and tree-planting campaigns, in which the committees were assisted by the civil servants of the Residents' Committees Group Secretariat. In 1986 the government began organizing Town Councils in the larger housing estates. Although not official government bodies, the councils' immediate purpose was to take over some responsibilities for management of the complexes from the Housing and Development Board. Their larger purpose was to promote a greater sense of community and public involvement in the residents of the clusters of high-rise apartment buildings. In March 1985, the government inaugurated a Feedback Unit, a body intended to collect public opinion on proposed government policies and to encourage government departments to respond quickly to public suggestions or complaints.

The various advisory committees and the Feedback Unit provided functions that in many countries are provided by political parties. In Singapore the parapolitical institutions, which had the clearly political goal of generating public support for government policies, were presented as apolitical, inclusive, community-oriented bodies, headed by people motivated by a selfless desire for public service. Such an approach reflected a decision made by the country's rulers in the 1960s to avoid trying to organize a mass political party, in part because many less-educated citizens tended to shy away from partisan and overtly political groups. Others habitually avoided government offices and officers but would participate in community-oriented and attractive programs. The ruling elite had had serious problems both with opposition parties and with left-wing opposition factions within the PAP and apparently found the controlled mobilization offered by the parapolitical institutions more to its liking. Members of all the advisory and consultative boards were appointed by the government and were carefully checked by the security services before appointment. The government closely watched the performance of the leaders of the community organizations and considered the organizations a pool of talent from which promising individuals could be identified, promoted to more responsible positions, and perhaps recruited to the political leadership.

Political Parties

In 1989 the government of Singapore had been led since 1959 by one political party, the PAP, and one man, Prime Minister Lee

Kuan Yew. In the 1988 parliamentary elections, opposition candidates challenged the ruling party in an unprecedented seventy contests, but the PAP still won eighty of the eighty-one seats in Parliament with 61.8 percent of the popular vote, 1 percent less than in 1984, and 14 percent less than in 1980.

The PAP was founded in 1954, and in the mid- and late 1950s acted as a left-wing party of trade unionists, whose leadership consisted of English-educated lawyers and journalists and Chinese-educated and pro-communist trade union leaders and educators. It won control of the government in the crucial 1959 election to the Legislative Assembly, which was the first election with a mass electorate and for an administration that had internal self-government (defense and foreign relations remained under British control). The PAP mobilized mass support, ran candidates in all fifty-one constituencies, and won control of the government with forty-three of the fifty-one seats and 53 percent of the popular vote (see People's Action Party, ch. 1). After a bitter internal struggle the English-educated, more pragmatic wing of the party triumphed over the pro-communists in 1961 and went on to an unbroken string of electoral victories, winning all the seats in Parliament in the 1968, 1972, 1976, and 1980 general elections.

With a single party and set of leaders ruling the country for thirty years, Singapore had what political scientists called a dominant party system or a hegemonic party system, similar to that of Japan or Mexico. There were regular elections and opposition parties and independent candidates contested the elections, but after the early 1960s the opposition had little chance of replacing the PAP, which regularly won 60 to 70 percent of the popular vote. The strongest opposition came from the left, with union-based parties appealing to unskilled and factory workers. In the early 1960s, the union movement split between the leftist Singapore Association of Trade Unions and the National Trades Union Congress (NTUC), which was associated with Lee Kuan Yew's pragmatic wing of the PAP. In 1963 the Singapore Association of Trade Unions was banned and its leaders arrested as pro-communist subversives. The NTUC was controlled by the PAP and followed a government-sponsored program of "modern unionism," under which strikes were unknown and wages were, in practice, set by the government through the National Wages Council.

The dominance of the PAP rested on popular support won by economic growth and improved standards of living combined with unhesitating repression of opposition leaders, who were regularly arrested on charges of being communist agents or sympathizers. In the mid-1980s, eighteen other political parties were registered,

although many of them were defunct, existed only on paper, or were the vehicles of single leaders. Much of the electoral support for opposition parties represented protest votes. Those voting for opposition candidates did not necessarily expect them to win or even wish to replace the PAP government. They used their votes to express displeasure with some or all PAP policies.

At the top of the PAP organization was the Central Executive Committee (CEC). In 1954 the PAP constitution provided for a CEC of twelve persons directly elected by party members at the annual general meeting. The CEC then elected its own chairman, vice chairman, secretary, assistant secretary, treasurer, and assistant treasurer. This practice continued until August 1957, when six pro-communist members of the party succeeded in being elected. In 1958 the party revised its constitution to avoid a recurrence. The document called for CEC members to be elected at biennial party conferences by party cadre members, who in turn were chosen by a majority vote of the committee. The CEC was the most important party unit, with a membership overlapping the cabinet's. The two bodies were practically indistinguishable. Chairmanship of the CEC was a nominal post. Actual power rested in the hands of a secretary general, a post held by Lee Kuan Yew since the party's founding. He was assisted by a deputy secretary general who was charged with day-to-day party administration.

Subordinate to the CEC were the branches, basic party units established in all electoral constituencies. The branches were controlled by individual executive committees, chaired in most cases by the local delegate to Parliament. As a precaution against leftist infiltration, the CEC approved all committee members before they assumed their posts. One-half of the committee members were elected and one-half nominated by the local chairman. Branch activities were monitored by the party's headquarters through monthly meetings between members of the party cadre and the local executive committee. The meetings provided a forum for party leaders to communicate policy to branch members and a means to maintain surveillance over local activities.

The party's cadre system was the key to maintaining discipline and authority within the party. Individual cadres were selected by the CEC on the basis of loyalty, anticommunist indoctrination, education, and political performance. Cadre members were not easily identified but were estimated to number no more than 2 percent of the party's membership. As of 1989 a list of cadres had never been published.

Although clearly the dominant party, the PAP differed from the ruling parties of pure one-party states in two significant ways.

Unlike the leaders of communist parties, the leaders of the PAP made no effort to draw the mass of the population into the party or party-led organizations or to replace community organizations with party structures. Singapore's leaders emphasized their government roles rather than their party ones, and party organizations were largely dormant, activated only for elections. Compulsory voting brought the electors to the polls, and the record of the government and the fragmented state of the opposition guaranteed victory to most if not all PAP candidates. In many general elections, more than half of the seats were uncontested, thus assuring the election of PAP candidates. The relatively weak party organization was the result of the decision of the leaders to use government structures and the network of ostensibly apolitical community organizations to achieve their ends. By the 1970s and 1980s, the leaders had confidence in the loyalty of the public service and had no need for a separate party organization to act as watchdog over the bureaucracy. The government was quite successful at co-opting traditional community leaders into its system of advisory boards, committees, and councils, and felt no need to build a distinct organization of party activists to wrest power from community leaders. Second-echelon leaders were recruited through appointment and co-optation and were preferentially drawn from the bureaucracy, the professions, and private enterprises, typically joining the PAP only when nominated for a parliamentary seat. The path to Parliament and the cabinet did not run through constituency party branches or the PAP secretariat. In the view of the leadership, political parties were instruments used to win elections and could be dispensed with if there was little prospect of serious electoral competition.

Political Dynamics
Power Structure

In 1989 political power in Singapore had largely passed from the hands of the small group of individuals who had been instrumental in Singapore's gaining independence. The successors of the independence generation tended to be technocrats, administrators, and managers rather than politicians or power brokers. The PAP leaders, convinced that a city-state without natural resources could not afford the luxury of partisan politics, acted after 1965 to "depoliticize" the power structure. Economic growth and political stability would be maintained instead by the paternal guidance of the PAP. Politics, as a result, was only exercised within very narrow limits determined by the PAP. Singapore was thus administered by bureaucrats, not politicians, in a meritocracy in

which power was gained through skill, performance, and demonstrated loyalty to the leaders and their policies.

At the top of the hierarchy in 1989 were fifteen cabinet ministers, who were concurrently members of Parliament and the CEC, the PAP's highest policy-making body. Among these ministers was an inner core of perhaps five members. Below this group was a tier of senior civil servants who, in addition to their official duties, filled managerial and supervisory roles as directors of public corporations and statutory bodies. PAP members of Parliament without cabinet or government portfolios also tended to function at this level of the power hierarchy, providing links between the government and the populace.

Rifts within the leadership were rare. Although minor differences over policy may have existed, the top leaders presented a united front once decisions were made. The mode of decision making was consensus, and the style of leadership was collective, but in 1989 Prime Minister Lee Kuan Yew was by far the first among equals on both counts. The leaders identified themselves with the nation, were convinced that they knew what was best for the nation, and interpreted opposition to themselves or their policies as a threat to the country's survival.

The overwhelming majority of the leadership were not propertied or part of the entrepreneurial class. They did not appear particularly motivated by profit, gained lawfully or through corruption (which was almost nonexistent), or by the perquisites of their office (which although increasing, remained less than could be achieved in the private sector). Their reward, instead, derived from their access to power and their conviction that they were working for the nation and its long-term survival. Prime Minister Lee Kuan Yew and his close associates were highly conscious of their roles as founders of the new city-state.

The power structure was extremely centralized. It was characterized by a top-down style, featuring appointment rather than election to most offices; the absence of institutional restraints on the power of the prime minister and cabinet; and more effort devoted to communicating the government's decisions and policies to the public than to soliciting the public's opinion. The high degree of centralization was facilitated by the country's relatively small size and population. Although members of Parliament were elected by the public, the candidates were selected by the core leadership, often ran unopposed, and regarded their positions as due to the favor of the prime minister rather than the will of the voters. At the highest levels, the distinction between the bureaucracy and the political offices of Parliament was only nominal, and many members of

Parliament were selected from the upper ranks of the civil service and the public enterprises. Many high-level civil servants had direct access to the prime minister, who consulted them without going through their nominally superior cabinet minister.

Political Culture

Singapore possessed a distinct political culture, which fit into no simple category formulated by political scientists. It was centralized, authoritarian, and statist. It was also pragmatic, rational, and legalistic. In spite of possessing the superficial trappings of British institutions such as parliamentary procedure and bewigged judges, Singapore was, as its leaders kept reiterating, not a Western country with a Western political system. Although elections were held regularly, the electoral process had never led to a change of leadership, and citizens did not expect that political parties would alternate in power. Nor was there a tradition of civil liberties or of limits to state power. The rulers of an ex-colony with a multiethnic population, and a country independent only by default, assumed no popular consensus on the rules of or limits to political action. Singapore was a city-state where a small group of guardians used their superior knowledge to advance the prosperity of the republic and to bring benefits to what they considered a largely ignorant and passive population.

Singapore's leaders were highly articulate and expressed their principles and goals in speeches, books, and interviews. Their highest goal was the survival and prosperity of their small nation. They saw this as an extremely difficult and risk-filled endeavor. Conscious of the vulnerability of their state and aware of many threats to its survival, they justified their policy decisions on the grounds of national survival. They viewed government as an instrument intended to promote national ends and recognized no inherent limits on government concerns or activities. They prized intellectual analysis and rational decision making, and considered their own decisions the best and often the only responses to problems. The senior leadership prided itself on its ability to take the long view and to make hard, unpopular decisions that either responded to immediate dangers or avoided problems that would become apparent one or two decades into the future. They valued activism and will, and tried to devise policies, programs, or campaigns to deal with all problems. In a characteristic expression of Singapore's political culture, the rising young leader Brigadier General (Reserve) Lee Hsien Loong, when discussing the threat to national survival posed by declining birth rates, said, ''I don't think we should . . . passively watch ourselves going extinct.''

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Passivity and extinction were linked and identified as trends the government's policies must counter.

The leadership's conviction of the state's vulnerability to manifold dangers and of the self-evident correctness of its analysis of those dangers resulted in very limited tolerance for opposition and dissent. According to Singapore's leaders, their opponents were either too unintelligent to comprehend the problems, too selfish to sacrifice for the common good, or maliciously intent on destroying the nation. Although by the 1980s Singapore had the highest standard of living in Southeast Asia, its leaders often compared it with generalized Third World countries. They saw such countries suffering from widespread corruption and demagogic politics, both reflecting concentration on immediate payoffs at the expense of long-term prosperity and the common good. For Singapore's leaders, politics connoted disruptive and completely negative activities, characterized by demagoguery, factionalism, and inflammatory appeals to communal, ethnic, or religious passions. When they spoke of "depoliticizing" Singapore's government, they had this view of politics in mind.

Key Political Issues

Succession

Prime Minister Lee Kuan Yew marked his sixty-fifth birthday in October 1988 and celebrated thirty years as prime minister in May 1989, and the question of political succession received increasing attention. The prime minister and his long-time associates devoted a good deal of their attention to the issue during the mid- and late 1980s. They continued their efforts to identify promising younger leaders and bring them into the cabinet. The process of selection was an elaborate one, which began by identifying well-educated administrators from the public service or private sector. Those people selected would be promoted to managerial positions, often when in their thirties; those who succeeded would be considered for appointment to a government position, often by being designated a parliamentary candidate. In addition to identifying good administrators, the older leaders tried to select persons of integrity and good character who were able to work as members of a team. Second-generation leaders were then tested by being given ministerial portfolios and encouraged to go out and meet the common people. The selection favored technocrats and administrators and rewarded those able to defer to senior leaders and get along smoothly with their peers. The senior leaders were aware that the process did not test the ability of the second-generation leaders to

cope with a severe political crisis, but apparently could find no way to select for that skill.

The first-generation leaders were confident of their own recti-tude and ability to use their very extensive powers for the com-mon good, but they were not confident that their successors would be so self-restrained. Throughout the 1980s, they considered vari-ous limits on executive power that would minimize the possibility of arbitrary and corrupt rule. These included constitutional changes such as a popularly elected president with significant powers. The leaders claimed, perhaps with hindsight, that their refusal to build up the PAP as a central political institution and their efforts to bring a wide range of low-level community leaders into the system of government advisory bodies reflected a deliberate effort to disperse power and, in this sense, to "depoliticize" the society. The effort to encourage the circulation of elites between the government and the private sectors and between the military and the civilian struc-tures served the same end. In so centralized a system, much de-pended on the decisions of the prime minister and undisputed leader, who was reluctant to appoint a designated heir or to ap-prove any measure that would diminish his authority. The expec-tation clearly was that a much more collective leadership would replace the old guard.

An important member of the next generation of leaders was Lee Kuan Yew's son, Lee Hsien Loong. A brigadier general in the army, he first attained prominence in mid-1984 when he was cited as a possible candidate for the December 1988 general election. His prominence soared when, as minister for trade and industry and second ministor for defence (services), he was appointed head in 1986 of the critical Economic Committee assigned to redraft Sin-gapore's economic strategy.

Lee Hsien Loong's ascendancy and his consolidation of adminis-trative and political power assisted the political fortunes of bureaucrats who formerly had served in the Ministry of Defence (known as the "Min-def mafia") and ex-army officers who had served with Lee when he was a brigadier general. The ascendancy of the so-called "Min-def/ex-army officer group" under Lee ini-tially was suggested by some observers when Singapore's armed forces appeared to assume new importance in government policy decisions. In March 1989, when the government announced a sub-stantial pay raise for the civil service, the military received an even larger raise with guarantees that future raises would be consistently higher than those allotted for the civil service. The government also announced that the policy of assigning military officers to two-year rotations in civil service positions would continue. The policy

ensured that the Singapore armed forces would be represented in all branches of the government and that the distinction between the civilian and military bureaucracies would be less clear.

The younger Lee's ascendancy to positions of greater power both in the PAP and the cabinet demonstrated his increased political stature. He was elected second assistant secretary general of the party in 1989, a post that had been vacant since 1984. This position placed him second in line in the party hierarchy behind his father and Goh Chok Tong, who was first assistant secretary general of the party and deputy prime minister and minister for defence in the cabinet. Lee enhanced his position in the cabinet when, as minister for trade and industry, he was named chairman of a special economic policy review committee. In this capacity, he gained the power to review the policies of all the ministries for their economic impact on Singapore. Previously such reviews were conducted only by the Ministry of Finance. Some Singapore observers speculated in 1989 that Lee would one day be appointed minister for finance and add control of Singapore's purse to his influence over the armed forces.

Generational ties supplemented the institutional links. Lee Hsien Loong and his associates were in their mid- to late thirties in 1989. Lee's nearest rival for power was Goh, who was forty-seven years old and for the past five years had been carefully groomed to serve as Lee Kuan Yew's immediate successor. For those with a military background, the military connection remained important even though they had resigned from the military before undertaking their civilian posts. The obligation of all males to periodically undergo reservist training assured that the military connection was not severed. If the army became a source of future cabinet ministers, some political observers expected that ethnic Malays and Indians would find it even more difficult to gain access to senior government positions. Ironically, the army in pre-independent Singapore was predominantly Malay and Indian. After independence, however, the government changed this bias by increasing Chinese representation through universal conscription.

Relations Between State and Society

By the late 1980s, Singapore's leaders generally agreed that the extensive economic and social transformation achieved after independence required a changed pattern of relations between the government and society. Government policies and practices devised to deal with the much simpler economy and less educated and prosperous citizenry of the 1960s were becoming increasingly

*Goh Chok Tong, first deputy prime minister and minister for defence
Courtesy Singapore Ministry for Communications and Information*

*Brigadier General Lee Hsien Loong, minister for trade and industry and second minister for defence
Courtesy Singapore Ministry for Communications and Information*
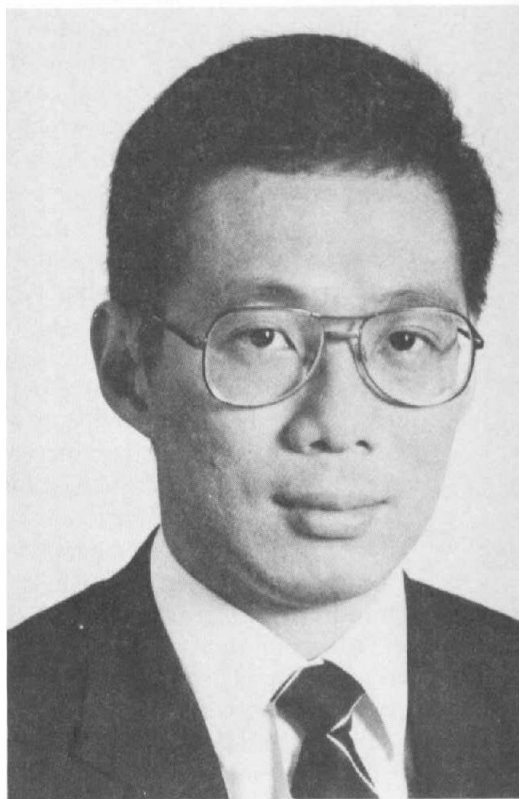
ineffective in the 1980s. The major issues were economic, involving debate over the optimal form of government involvement in the economy, and political, centering around highly contentious questions of the limits of government efforts to regulate the lives of citizens and to suppress dissent and criticism.

The Government's Economic Role

Singapore had achieved economic success with an economy that was heavily managed by the government (see Budgeting and Planning, ch. 3). The state owned, controlled, or regulated the allocation of capital, labor, and land. It controlled many of the market prices on which investors based their investment decisions and was the exclusive provider of social services and infrastructure. The 1985–86 recession, however, stimulated discussion of impediments to economic performance and of dysfunctional aspects of the government's role in the economy. A 1987 report by the government-appointed Private Sector Divestment Committee recommended that the state dispose of most of its interest in private companies over a ten-year period. It recommended privatizing forty-one of ninety-nine government-controlled companies and investing the proceeds in high-technology companies.

Throughout the 1970s and 1980s, the government controlled wages through the annual wage guidelines set by the National Wages Council, a body in which representatives of employers, trade unions (which were controlled by the PAP), and the government reached a consensus on wage levels for the coming year. The council's wage guidelines were in the form of macroeconomic projections and were applied across the board in all sectors of the economy. In December 1986, the cabinet approved a National Wages Council report calling for a revised wage system that permitted greater flexibility (the flexi-wage policy), with more use of bonuses and wage increases linked to increases in productivity. It was, however, not clear how the productivity of white-collar workers and civil servants, who constituted an increasing proportion of the work force, was to be measured. The call for wages to reflect the productivity and profitability of particular industries and firms implied more bargaining between workers and employers and a diminished role for the government, which could not impose a single rate on hundreds of distinct firms.

Although there was general agreement on the need for changed economic policies and modes of administration, significant tensions remained between those who favored greater flexibility and liberalization and those who wanted government direction of the economy. For Singapore's leaders, the challenge was to devise more

Singapore courtesy campaign
Courtesy Ong Tien Kwan
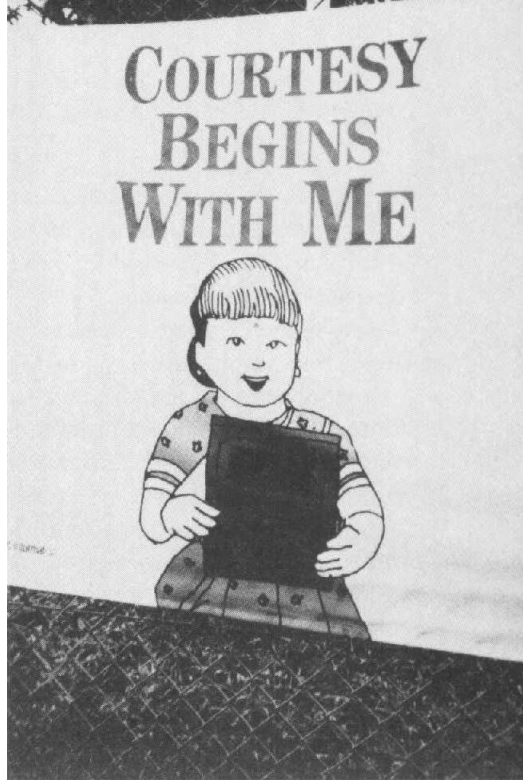
sophisticated means of ensuring overall control while permitting greater autonomy and flexibility at lower levels.

The Limits of Government Control

The highly ordered quality of life in Singapore itself became a political issue. Many citizens felt that they were over-regulated, governed by too many laws that were too easy to break. Singapore's leaders attributed the cause of the assumed decline of Western societies to the excessive individualism fostered by Western culture and warned that Singapore would suffer a similar fate unless saved by a national ideology (see Singaporean Identity, ch. 2).

The perceived need for an ideology was a phenomenon of the 1980s. Previously, Singapore's leaders had been concerned with physical survival more than cultural survival and had dismissed official ideologies as contrary to Singapore's status as an open port unfettered by conventional wisdom or fashionable orthodoxies. In the 1980s, as peace prevailed in the region, the government shifted its focus to the cultural sphere. Cultural preservation replaced physical survival as the major concern of leaders who feared being overrun by foreign cultures.

Looking ahead, senior leaders identified two major dangers to the nation: the failure of the nation to reproduce itself and the loss of national identity. The first threat was manifested in steadily falling birth rates, particularly among the nation's best educated

citizens, many of whom failed even to marry (see Population, Vital Statistics, and Migration, ch. 2). The second threat, loss of identity, it was feared, would lead to loss of cohesion and hence to the destruction of the nation.

Singapore's leaders addressed these problems by proposing a series of policies intended to encourage citizens to marry and reproduce and to create a distinct Singaporean identity. The programs addressing the population problem included extensive publicity and exhortation, along with material incentives for giving birth to third and fourth children. Women university graduates were singled out for special attention because of their failure, in general, to marry and pass on their supposedly superior genes. The efforts to foster a Singaporean identity involved defending positive traditional Asian values against the perceived threat from Western culture. Both the schools and the society at large emphasized mastering Asian languages, such as Mandarin Chinese, and promoting Confucianism. Such programs, which attempted to modify the personal and intimate behavior of citizens but did not clearly reflect the demands of economic development, aroused a good deal of opposition, especially from younger and better educated citizens. The leadership's paternalistic style and its intolerance of criticism became political issues and were blamed by some observers for the increased vote for opposition candidates in the 1984 and 1988 elections.

Opponents of programs relating to Singapore identity claimed that the leaders' purpose was to shift support for a national ideology into support for the government and the ruling PAP. Promoting Confucianism, for example, was a convenient means of convincing individuals to subordinate their interests to those of society. Others held that the government's real fear was not that Singapore would lose its culture or values but that continued Westernization of the society would mean more pressure for real democracy, more opposition candidates, and the possibility of a change in government.

The electoral vote for the PAP dropped considerably, going from 75.6 percent in 1980 to 62.9 percent in 1984 and by a lesser amount to 61.8 percent in 1988. In 1988 the PAP campaign slogan was "More Good Years" and the opposition had no solid issues with which to attract support. The election resulted in another landslide victory for the PAP and the winning of eighty out of eighty-one parliamentary seats.

The PAP's style of leadership emphasized control by a strong bureaucratic leadership intolerant of political opposition. The PAP mind-set has been traced to its battle for political preeminence with its communist rivals in the 1950s and 1960s. In the late 1980s,

Singapore had one of Asia's highest standards of living and was not regarded as fertile ground for a communist insurrection. The PAP maintained that Singapore was too small for a two-party system to work effectively and did not anticipate sharing power. It stymied the development of a legitimate opposition by a range of political tactics, such as using the provision of public services to induce citizens to vote for PAP candidates. Critics also charged that the party controlled the press, preventing the free flow of ideas. Although there was no direct censorship of the press, newspapers were closely monitored and radio and television stations were owned by the government (see The Media, this ch.).

Political Opposition

In the elections of September 1988, the only opposition member to win election was Singapore Democratic Party candidate Chiam See Tong who repeated his 1984 victory. However, in the contest over eight additional seats—two representing single-seat constituencies, and six representing two newly formed three-member group representation constituencies—the PAP received less than 55 percent of the vote. Furthermore, under a constitutional amendment passed in 1984, the opposition was to be allotted three parliamentary seats, whether it won them or not. Thus, as a result of the 1988 election, in addition to Chiam, the opposition was permitted to seat two additional, nonconstituency, nonvoting members of Parliament in the new Parliament.

In the 1988 elections, Lee Siew Choh, a candidate of the Workers' Party and one of the two opposition members chosen to sit in Parliament as nonvoting members, was forced on the campaign's opening day to go to court and pay damages for comments he made about PAP during the 1984 election. The other opposition member, Francis Seow, faced trial for alleged tax evasion and, if convicted, faced disqualification from Parliament. Shortly afterwards, Prime Minister Lee threatened to bring a defamation suit against Workers' Party leader J.B. Jeyaretnam. Another Workers' Party candidate, Seow Khee Leng, was threatened by the government with bankruptcy proceedings. All three had been successfully sued by Lee for slander in earlier elections.

The state of the opposition was rooted in the PAP's drive, beginning in 1963, to suppress all communist and leftist influence in Singapore. The government discouraged opposition political activity through the use of open-ended laws such as the Internal Security Act, which was originally intended to deal with armed communist insurrection during the Malayan Emergency of 1948-60. This law permitted the indefinite detention by executive order of

any person suspected of leftist or procommunist activity. Amnesty International frequently cited Singapore for using the act to suppress legitimate, nonviolent political opposition. That organization also cited Singapore's use of deprivation of citizenship and banishment as means of repression. The government often associated opposition with foreign manipulation, which compounded its fear of dissent of any kind.

There were few issues on which the PAP could be challenged. Under PAP rule, Singapore had achieved unprecedented economic prosperity as well as marked social progress in racial harmony, education, health care, housing, and employment. The PAP's achievements had created a popular confidence in the party that was difficult to overcome. The opposition parties themselves were divided along racial and ideological lines and unable to compete with the PAP as a common front.

In May and June 1987, twenty-two people were detained without trial under the Internal Security Act for alleged involvement in a communist conspiracy. All detainees were released by the end of the year with the exception of Chia Thye Poh, who was held for more than two years. A virulent critic of the government and former member of Parliament representing the Barisan Sosialis (The Socialist Front—see Glossary), he was finally released in May 1989 after having been detained since October 1986. Although Chia was never charged, the government alleged that he was a member of the outlawed Communist Party of Malaya (CPM—see Glossary), assigned to infiltrate the Barisan Sosialis in order to destabilize the government. In 1987 amendments were made to the Parliament Privilege, Immunities, and Powers Act of 1962, giving Parliament the power to suspend any parliamentary member's immunity from civil proceedings for statements made in Parliament and to imprison and fine a member if he or she were found guilty of dishonorable conduct, abuse of privilege, or contempt.

The Workers' Party, led by J.B. Jeyaretnam in 1989, was the principal opposition party. The Workers' Party stood for a less regimented society, constitutional reforms, less defense spending, and more government social services. It was supported by lower income wage earners, students, and intellectuals. Next was the United People's Front, founded in December 1974 as a confederation of the Singapore Chinese Party, the Singapore Islamic Party, and the Indian-supported Justice Party. It campaigned for a more democratic political system. A third party, ideologically to the left of both the United People's Front and the Workers' Party, was the People's Front, established in 1971. In 1972 its campaign platform advocated a democratic socialist republic and no foreign

military ties. In 1973 the party's secretary general, Leong Mun Kwai, received a six-month prison sentence for inciting the people of Singapore to seize government leaders. Seventeen other opposition parties were registered in 1989, including the Barisan Sosialis, once the primary target of the government's political surveillance activities because of its former role in antigovernment street demonstrations, student protests, and industrial strikes. Lee Siew Choh, a nonvoting member of Parliament in 1989, was the leader of the party's moderate wing.

Foreign Policy

Governing Precepts and Goals

Minister for Foreign Affairs Suppiah Dhanabalan described the governing precepts of the country's foreign policy in 1981 as a willingness to be friends with all who sought friendship, to trade with any state regardless of ideology, to remain nonaligned, and to continue to cooperate closely with Association of Southeast Asian Nations (ASEAN—see Glossary) members (see fig. 12). These precepts, while consistent with the thrust of foreign policy from the 1960s to the mid-1980s, failed to account for the basic role that the survival of the nation played in determining foreign policy goals. A primary foreign policy consideration until the mid-1980s, survival became an issue because of Singapore's size and location and Indonesia's Confrontation (Konfrontasi—see Glossary) campaign against Malaysia in the 1960s. It was further linked to the concept of the "global city" first proposed in 1972 by then Deputy Prime Minister for Foreign Affairs Sinnathamby Rajaratnam. This concept suggested that Singapore's survival depended on its ability to create a continuing demand for its services in the world market. By implementing a policy of international self-assertion, Singapore would shift from a reliance on entrepôt trade and shipping to export-oriented industries.

The focus on survival was evidenced in Singapore's reaction to Vietnam's invasion of Cambodia in 1978. Of the many issues surrounding the event, one of particular interest to Singapore was Vietnam's blatant disregard for the sovereignty of a small nation. Singapore's decision to draw international attention to the situation was based, in part, on the need for international recognition of its own sovereignty. Following the invasion, Singapore heightened its international profile by expanding diplomatic representation abroad and attending international forums. Singapore was a member of ASEAN, the Nonaligned Movement (see Glossary), the Asian Development Bank (see Glossary), the Group of 77 (see

Figure 12. Association of Southeast Asian Nations (ASEAN), 1989

Glossary), the International Telecommunications Satellite Organization (Intelsat—see Glossary), and the United Nations and its affiliated organizations.

With the passing of the first generation of leaders in the late 1980s, foreign policy was shaped less by the old fears produced by the events of the 1960s and 1970s and more by the experience of regional stability that prevailed during the formative years of the new guard or second generation of leaders. The self-assertion of a decade earlier was no longer required, and Singapore could afford to be less abrasive in its foreign policy style. Foreign policy objectives in the late 1980s were far more subtle than simple survival.

In March 1989, Singapore announced that it was charting a new course of "economic diplomacy" to meet future international challenges. It sought expanded economic ties with China, the Soviet

Union, several East European nations, and the three nations of
Indochina: Laos, Cambodia, and Vietnam. In a speech to Parlia-
ment on March 17, 1989, Minister of Foreign Affairs Wong Kan
Seng announced that Singapore was hoping to reverse its previ-
ous staunchly anticommunist posture and normalize relations with
several communist countries to promote more compatible relation-
ships based on mutual economic interests.

Foreign policy also had to accommodate the views of predom-
inantly Islamic neighbors who were viewed by Singapore's lead-
ers as possible threats to its existence. As a gesture toward its
neighbors and in recognition of its own regional roots, Singapore
maintained its membership in the Nonaligned Movement, although
it consistently rejected neutrality as a foreign policy option. Sin-
gapore's leaders had reasoned that avoiding entanglements with
the great powers would leave Singapore far too vulnerable to threats
from regional neighbors, as Indonesia's Confrontation campaign
had demonstrated. Neutrality also was perceived to be inconsis-
tent with the Total Defence (see Glossary) style of defensive vigilance
that the PAP attempted to instill in the citizenry following the Soviet
invasion of Afghanistan and the Vietnamese occupation of Cam-
bodia. The guiding concept of Total Defence was known as na-
tional integration and was meant to unify a population made up
of immigrants and a mix of racial groups into a people with the
''human will'' to be ''unconquerable.''

Foreign policy, therefore, stressed maintaining a balance of power
in the region. Singapore promoted the regional involvement of all
great powers because it feared aggravating a neighbor by relying
on any one power. Although it would have preferred relying upon
the United States to guarantee its security, such dependence would
not have been tolerated by the other ASEAN states. Singapore also
remained suspicious of the ability of the United States to pursue
a consistent foreign policy following its withdrawal from Vietnam.

Retaining its developing nation status was another foreign poli-
cy goal of the 1980s. In 1989, however, Singapore lost the conces-
sions enjoyed under the United States government's Generalized
System of Preferences (GSP—see Glossary) on imports from de-
veloping countries and the ability to borrow from the World Bank
and the Asian Development Bank at concessional rates (see Trade,
Tourism, and Telecommunications, ch. 3).

Regional

Association of Southeast Asian Nations

Cooperation with ASEAN, which included Indonesia, Malaysia,
Thailand, the Philippines, and Brunei, was the center of Singapore's

foreign policy after 1975. Before 1975, Singapore's interests were global rather than regional, and its policy toward ASEAN was characterized by detachment. As the wealthiest country in Southeast Asia, it was criticized for failing to help its neighbors. After 1975, however, Singapore was criticized for being too ASEAN oriented, too active, and too vocal in the organization for its size, particularly where matters of regional security were concerned. The shift in Singapore's stance toward ASEAN followed the communist victory in Vietnam in 1975, the waning of a United States military presence in Asia, and new signs of Soviet interest in the region. Furthermore, the other ASEAN states permitted Singapore to assume a leading role in regard to the issue of Vietnam's invasion of Cambodia in 1978. The situation in Cambodia, in fact, became the unifying force for the diverse countries belonging to ASEAN. Singapore's minister for foreign affairs, Wong Kan Seng, commented in March 1989 that, if the situation were resolved, some other force would be required to unite the member nations. The resolution of the Cambodian conflict would also raise the possibility of Vietnam being considered for membership, although in 1989 Singapore was not prepared to support Vietnam's immediate entry.

ASEAN provided Singapore with a means of improving its bilateral relations with Indonesia and Malaysia, two neighbors who were potential threats to Singapore's security. Singapore's leaders never identified the external enemy Singapore's armed forces were trained to deter (see Strategic Perspectives, ch. 5). When asked in 1984 who was Singapore's biggest threat, Prime Minister Lee responded only that "the biggest threat . . . is that any threat will come from someone bigger than us."

Malaysia

The acrimony that once characterized Singapore's relationship with Malaysia began to change in the 1980s when the two countries adopted a course of reconciliation. The improvement in relations began when Mahathir Mohamad became prime minister of Malaysia. Lee Kuan Yew and Mahathir achieved a personal rapport that established the tone for a rapprochement, but Singapore's expulsion from Malaysia in August 1965 continued to color the relationship. Singapore's primary concern was that Malaysia maintain a political system that tolerated multiracialism. In Singapore's view, the undermining of this political principle in Malaysia would have regional ramifications. Regional tolerance of multiracialism, for example, might be reduced if an Islamic revival in Malaysia led to the establishment of an Islamic state and the status of Malaysia's Chinese population were subsequently endangered.

Singapore was linked with Malaysia militarily through the 1971 Five-Powers Defence Agreement (see Glossary), an arrangement under which the security of Singapore and Malaysia was guaranteed by Britain, Australia, and New Zealand. Singapore cooperated with both Malaysia and Indonesia in maintaining the security of the Malacca and Singapore straits. Another link with Malaysia was the Inter-Governmental Committee, a forum established in 1980 for the informal discussion of bilateral issues by delegations headed by each country's minister for foreign affairs.

Indonesia

Singapore's relationship with Indonesia, like its relationship with Malaysia, was built on a foundation of past discord, specifically Indonesia's Confrontation campaign against Malaysia from 1963 to 1966. After President Sukarno (1945–67) was deposed, relations were based to a large degree on Lee Kuan Yew's personal relationship with President Soeharto. Because bilateral relations lacked an institutional foundation, they were vulnerable to the departure of either leader.

Indochina

Singapore's relationship with the countries of Indochina in 1989 permitted the conduct of normal commercial transactions, but discouraged aid, training, infrastructural development, and trade in strategic goods. In April 1989, the Ministry of Home Affairs and the Ministry of Foreign Affairs informed Singaporean companies that they could not invest in Vietnam until the Vietnamese had withdrawn their troops from Cambodia. The companies were allowed to conduct negotiations with Vietnam but could not commit any investments until the Vietnamese withdrawal was complete. A few Singaporean companies had invested in Vietnam while normal commercial transactions were still going on, before the government had a clear policy concerning investments. Minister for Foreign Affairs Wong Kan Seng indicated in 1989, however, that Singapore was looking beyond the Cambodian problem to its future relations with Indochina.

Superpowers

The United States

Relations between Singapore and the United States became strained in 1988 after the United States was accused of meddling in Singapore's internal affairs and a United States diplomat was expelled as a result of the charge. The United States had objected

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to the government's policy of restricting the circulation of several Hong Kong-based publications, including the *Asian Wall Street Journal* and the *Far Eastern Economic Review*, and to the use of the Internal Security Act to detain indefinitely dissidents or those deemed a threat to the existing order. The expelled diplomat was accused of instigating members of the opposition to contest the 1988 elections. The essence of a speech on United States-Singapore relations, given by Lee Hsien Loong before the Asia Society in Washington, D.C., on May 16, 1989, was that the relationship was strong but that the United States should refrain from interfering in Singapore's internal affairs.

The United States was Singapore's largest trading partner in the 1980s. It also was viewed as a benevolent power whose military presence in the region kept Soviet influence in check, balanced China's increasing military strength, and obviated Japan's rearming. Singapore was concerned, however, that the United States eventually would tire of its role in the Asia-Pacific region. This concern was somewhat allayed in 1989 when President George Bush, demonstrating his commitment to maintain American interests in the area, both dispatched Vice President Dan Quayle on an Asian tour and visited the region himself in the first few months of his administration.

China

In 1989 Singapore had not yet established diplomatic relations with China, largely out of deference to Indonesia, the ASEAN state most concerned about China's intentions in the region. Indonesia's move to initiate diplomatic relations with Beijing in February 1989, however, was expected to clear the way for Singapore to follow. Regarding Indonesia's announced intentions, Singapore's First Deputy Prime Minister Goh Chok Tong stated in February 1989 that it was "logical" for Singapore "to follow suit"; however, he saw no need to move hastily because Singapore already had a cordial trading relationship with China. Singapore's trade with China in 1988 amounted to US$2.98 billion, a 27 percent increase over 1987. Reexports to China were up by 108 percent over the same period.

The other side of improving relations with China was maintaining good relations with Taiwan. Although Singapore lacked diplomatic ties with Taiwan in 1989, the two enjoyed a flourishing economic exchange. Trade with Taiwan in 1988 reached S$6.9 billion, exceeding that with China (S$5.7 billion). Some analysts suspected, however, that once serious negotiations to establish diplomatic ties began with Beijing, China was likely to pressure Singapore to end its

Queen Elizabeth II visiting Prime Minister Lee Kwan Yew in 1989
Courtesy Singapore Ministry of Communications and Information

relationship with Taiwan, particularly in matters of military cooperation such as the training in Taiwan of Singaporean troops. Others speculated that the relationship would not be affected. Lee Kuan Yew said in March 1989 that he did not expect Singapore's relationship with Taiwan to change because both countries had been aware for some time of Singapore's intention to follow Indonesia in normalizing relations with China and both had taken such a development into consideration. A visit by Taiwan's President Li Teng-hui shortly after Indonesia's diplomatic initiative was interpreted as a sign of continuing warm relations between Taiwan and Singapore.

The Soviet Union

In 1989 Singapore maintained both economic and diplomatic relations with the Soviet Union. From the mid-1960s until the mid-1970s, Singapore's leaders promoted trade relations with Moscow in the belief that a Soviet role in Southeast Asia would ensure the permanent interest of the United States in the region. The Soviet Union was viewed as a major power and as a counterweight to China and, therefore, as a significant factor in maintaining the regional power balance. This view changed when the Soviets

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established a military presence at Cam Ranh Bay in Vietnam, following the signing of the Soviet-Vietnamese Treaty of Friendship and Cooperation in November 1978, and actively supported the Vietnamese invasion of Cambodia a month later. At that time, according to Singapore, Moscow became a threat to regional stability.

Soviet diplomacy toward the region changed, however, in the mid-1980s under the leadership of new General Secretary Mikhail Gorbachev. Beginning with a milestone foreign policy address in Vladivostok in July 1986, he initiated extended ties with the ASEAN states and committed the Soviet Union to playing a more constructive role in resolving the Cambodian issue. His interest in improving ties with the region and his new emphasis on Soviet economic development acted to modify regional perceptions. Singapore, as well as many of its ASEAN partners, became increasingly receptive to upgrading their bilateral relations with Moscow.

Trade, banking, and shipping were the three critical areas of Singapore's economic ties with Moscow. Singapore's exports were mainly in the form of repairs to Soviet vessels in Singapore shipyards. Other exports included rubber, coconut oil, and fuel oil. In return, the Soviets exported fish and fish products, cast iron, light machinery, and crude oil. Beginning in the mid-1980s, the Soviets encouraged Singaporean firms to invest in joint ventures in the Soviet Union. Singapore's shipyards were reported in 1988 to be interested in reconstructing and developing the port of Nakhodka, the second largest port in the Soviet Far East after Vladivostok.

The Media

The government did not normally censor the press, but it owned the radio and television stations and closely supervised the newspapers. Under the Newspapers and Printing Presses Act, passed in 1974 and amended in 1986, the government could restrict—without actually banning—the circulation of any publication sold in the country, including foreign periodicals, that it deemed guilty of distorted reporting. These laws provided the legal justification for restrictions placed on the circulation of such foreign publications as the *Asian Wall Street Journal* and *Time* magazine's Asian edition in 1987. The government also restricted the circulation of *Far Eastern Economic Review* and *Asiaweek* in 1987 for "engaging in the domestic politics of Singapore."

Singapore had seven daily newspapers at the end of 1987: two in English, *The Straits Times* and *The Business Times;* three in Chinese, *Lianhe Wanbao, Shin Min Daily News,* and *Lianhe Zaobao;* one in Malay, *Berita Harian;* and one in Tamil, *Tamil Murasu.* With the

exception of the *Tamil Murasu,* all were published by Singapore Press Holdings Ltd, a group that comprised Singapore News and Publications Ltd, the Straits Times Press Ltd, and the Times Publishing Company. Daily newspaper circulation in 1988 totaled 743,334 copies, with Chinese language newspapers accounting for the highest number (354,840), followed by English (340,401) and Malay (42,458) newspapers.

The Singapore Broadcasting Corporation operated five radio stations and three television channels. Established in 1980, it provided programming in Singapore's four official languages—Malay, Chinese, Tamil, and English—and was supported by revenue from radio and television licensing fees and commercial advertising. Each of four of the five radio stations broadcast in one of the four official languages, while the fifth alternated between English and Mandarin. The television stations, which provided a total of about 163 hours of programming a week, also broadcast in separate languages. Channel Five's programming was in Malay and English, Channel Eight's in Mandarin and Tamil, and Channel Twelve's in English. In many cases, programs also were subtitled in several languages.

By 1989 Singapore's leadership had been in place for three decades, during which it guided an extraordinarily successful program of economic development and physical rebuilding. In the 1990s, a new generation of leaders would take over, and the debate over the need to change the political system that had been so successful in the past would grow. Some elements of an increasingly prosperous and well-educated population, who took Singapore's national viability and survival for granted, questioned the elderly leaders' assertions that a host of pressing dangers justified their authoritarian and paternalistic style of governance. To the leaders, however, the country's prosperity and their continued electoral victories demonstrated the correctness of their policies and methods of rule. They envisioned a new generation of leaders who would continue the proven practices established by the country's founding fathers. The inherent tensions between generations and between the advocates of change and those of continuity were likely to mark the politics of the 1990s.

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Basic information on Singapore's form of government is provided by the annual volumes published by the Information Division of the Ministry of Communications and Information, such as the annual editions of *Singapore* and *Singapore Facts and Pictures.* The same

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division's monthly *Singapore Bulletin* provides brief coverage of a wide range of events in the country, and its sister publication, *Mirror,* publishes longer articles on selected topics, focusing on industry and education. Singapore's internal politics attracted little attention from foreign scholars in the late 1980s; the basic sources were produced by local scholars affiliated with the National University of Singapore and the Institute for Southeast Asian Studies. The most comprehensive is *Government and Politics of Singapore,* edited by Jon S.T. Quah, Chan Heng Chee, and Seah Chee Meow. This is complemented by Peter S.J. Chen's *Singapore: Development Policies and Trends.* Raj K. Vasil's *Governing Singapore* takes a more analytical perspective and includes information based on interviews with senior leaders. The annual country summaries published in the February issue of *Asian Survey* and the *Far Eastern Economic Review's* annual *Asia Yearbook* provide authoritative coverage of politics and foreign relations. The quarterly and annual *Country Reports* for Singapore, published by the Economist Intelligence Unit, contain timely and succinct political reporting. The weekly *Far Eastern Economic Review* and *Asiaweek* regularly cover Singapore's politics and social trends. (For further information and complete citations, see Bibliography.)