Singapore & its Economic Transformation

A success story

Laurence Bradford
Make no mistake about it, the geographically small city-state Singapore is a force to be reckoned with. Despite having a land area of 247 square miles, slightly smaller than that of New York City, Singapore went from a third world country to first world in a matter of several decades. At the time of independence in 1959, annual per capita income was less than US$1,000. Today the figure sits at US$45,910. Moreover, it is predicted that by 2020 annual per capita income will jump another 30 percent.\(^1\) Even more telling is the fact that today Singapore has the highest proportion of millionaires than any other country; where nearly one in every six households has more than US$1 million in assets, making it the densest population of wealthy households in the world.\(^2\) Singapore is not only economically prosperous, but also has a high level of human development. Based off the 2010 Human Development Index (HDI), Singapore ranks 26 out of the 187 nations surveyed.\(^3\) In less than half a century, Singapore underwent a complete transformation as a result of state-led development. The two main pillars supporting Singapore’s success are stability and efficiency. Features contributing to such immediate changes include the government’s strategic role, state-led economic and social policies and uncontrollable factors, such as time and place. Overall Singapore’s development strategy was unique, unlike any other nations; for both cultural as well as contextual reasons, it would be impossible for others to replicate.

---


Singapore was initially established as a British trading post after the 1819 discovery by Thomas Stamford Raffles. Although there were a marginal number of inhabitants from Malayan and Chinese descent, the tip of the peninsula was basically deserted. As the British began to colonize, the next several decades featured an influx of migrants from all parts of Asia looking to work on rubber plantations and tin mines. Soon a naval-base was constructed, making Singapore a city defined by trade as well as cultural exchange. From the onset Singapore was made up by an array of nationalities. To this day, Singapore remains a polyglot—demonstrated by the fact that the country has four official languages: English, Malay, Mandarin and Tamil. However, Singapore had neither prospect nor aspiration for nationhood until the collapse of European power in the aftermath of the Second World War, which redrew the political map of Southeast Asia. After brutal Japanese occupation from 1942-1945, it became evident to many that they would no longer submit to any foreign rule. Finally identifying as their own nationality, Singaporeans began to mobilize.
On the forefront of the anti-colonial movement was the People’s Action Party (PAP), established in 1954. The clever, yet aggressive, Lee Kuan Yew was the face behind this new political party, whose initial motive was to achieve independence. In the 1959 elections, the PAP won a landslide victory. At the age of 35 Lee became the first Prime Minister of an internally self-governing state within the Commonwealth. Singapore officially broke away from Britain in 1963 when joining with their neighbor, Malaysia. However, the following two years were tumultuous—filled with race riots and political upheaval—resulting to the official independence of Singapore in 1965. At last, with Singapore on her own two feet, substantial economic growth in addition to social betterment took root. The PAP’s administration style can be described as hierarchical, structurally rigid and promoting meritocracy. Singapore operated from the top-down. The PAP implemented state-led institutions and development programs, with population stability and economic efficiency as the end goals. The PAP regard their development philosophy as pragmatic, others regard it as dictatorial, even fascist. Nevertheless as Lee points out in the beginning of his book, *From Third World to First: The Singapore Story*, the PAP’s first and most important mission was to provide all citizens, regardless of race, religion or socioeconomic class, with equal treatment, especially in terms of public services. After British colonization, followed by cruel treatment from the Japanese, to racial tensions between Malaysians and the Chinese in the 1960s, ensuring equality was fundamental. Equal opportunity philosophies such as these resonate with the Western psyche. In spite of this, Singapore certainly does not operate as a democracy, nor does the PAP have any intention of doing so.

---


Despite a provision for multiparty elections, the political system under the PAP has taken
the shape of a one-party dominant system rather than the Western model of liberal democracy
with occasional changes in the ruling party.\(^6\) When the PAP took hold in 1959, only PAP
members held seats in parliament. Not until 1981 did the first opposition party member, Joshua
B. Jeyaretnam from the Worker’s Party, gain a seat. To this day the PAP has a stronghold over
Singapore; opposition is rarely voiced. The PAP aims to be efficient and free from corruption.
Any dissent is looked unfavorably upon—mainly because the PAP feels as though they serve the
people effectively. In the case of JB Jeyaretnam, who spoke out against the PAP, promoted more
socialist ideologies and opposed Lee, he was met with verbal condemnation. As Lee brashly put
in response:

> If you are a troublemaker…it’s our job to politically destroy you. Put it this way. As long
as JB Jeyaretnam stands for what he stands for – a thoroughly destructive force – we will
knock him. Everybody knows that in my bag I have a hatchet, and a very sharp one. You
take me on, I take my hatchet, we meet in the cul-de-sac.\(^7\)

More so, though, JB Jeyaretnam was charged with libel and eventually went bankrupt for all the
fines he was given. Basically, it is believed that “radical” people that people such as JB
Jeyaretnam are a threat to the PAP, thus a threat to the overall stability in Singapore.

Nevertheless, charges he faced would never be served in a country like the US. Yet because of

---

\(^6\) M. Shamshul Haque, “Governance and Bureaucracy in Singapore: Contemporary Reforms and Implications,”

\(^7\) Quote featured in biography *Lee Kuan Yew: the Man and His Ideas*, (1998), quoted in Haque, “Governance and
Bureaucracy in Singapore,” 228.
this political party permanence, with virtually no turnover, it is argued that there is a context to pursue pragmatic economic concerns instead of generating ideological contestation.  

It is impossible to discuss Singapore’s economic success without giving mention to Lee Kuan Yew, for he is inextricably tied to the story. Born and raised in Singapore as a third generation, Lee’s ancestors were Hakka from northern China. He grew up speaking Malay, English and the Cantonese dialect of his family’s maid. 

In pragmatist nature, Lee later taught himself Japanese, Mandarin and Hokkien as Singapore’s political situation required. Lee was first educated in Singapore at Raffles College where he studied English along with mathematics and economics. He then travelled to Cambridge to study law. Lee disliked the English, however admired their way of doings things. With an assortment of influences, Lee can be described as a blend of Chinese instincts and English training. Lee is a champion of Asian values, nonetheless simultaneously displays un-Asian traits with his frank and confrontational style. Despite his stern personality, on the day of Singapore broke away from Malaysia Lee was shown crying at a televised press conference. Singapore was his legacy. It is difficult to view Lee on his own, distinct from Singapore.

To some outsiders, Lee is viewed critically for his blatant, sometimes controversial remarks as well as ruling style. Lee makes no secret of his dismay towards Western democracy, particularly America’s attempt to spread it. At a speech given in Tokyo, Lee asserted that “with

---

8 Haque, “Governance and Bureaucracy in Singapore,” 229.

few exceptions, democracy has not brought good government to new developing countries.”

The ideals underpinning American society—liberty, free speech, human rights—diverges with those of Singapore. Whereas Westerners value freedoms and liberties of the individual, Lee asserts that Asians value a government that is honest, effective and efficient. Unquestionably Lee is an elitist, believing only the most educated should have ruling power. He is still not convinced that the “one-man, one-vote” principle of democratic societies is best. Singapore does in fact follow this rule for British had bestowed it and there has yet been a reason to challenge it. Still, Lee believes multiparty politics as simply inefficient and would set Singapore back in its development.

Certain ideologies attributed to democracy can be traced in the Singaporean government—equality, free trade policies and free capital flows. In the end, though, the tight state control and limited citizen participation make Singapore unlike any other first world nation. It could even be seen as an anomaly, particularly in the eyes’ of democracy proponents. Look to Nobel Laureate Amartya Sen, whose ideas on economic development have been very influential. Sen proposed an idea that individual freedoms equate to overall societal development. Ultimately countries with a high level of individual “freedoms” on the micro-level are those who see economic success on the macro-level. Basically, the role of the individual connects to the

---


12 Amartya Sen, in Development as Freedom, 1999, identifies five freedoms essential to advancing the capability of a person to make them truly developed: political freedoms, economic facilities, social opportunities, transparency guarantees and protective security. In Singapore, individuals do experience/have access to all freedoms aforementioned except the first—political freedoms—is debatable. Political freedoms are defined by having the capability to decide who is in place in the government, the government structure and capacity to voice any dissenting opinion.
development of society; it is a two way street. However, Singapore is arguably one of the only exceptions to this rule; where overall monetary prosperity has not been linked to individual freedoms. It has maintained first-world status without allowing free speech, an open media and other sorts of human rights that are sacred to countries like the United States. Instead, Singapore and the PAP administered strict guidelines and essentially their own blueprint to follow.

In the context of Singapore, where the domestic private-sector was relatively weak, the state and its bureaucracy became the leading actor to enhance economic growth, generate employment, foster industrialization, finance private investment, build infrastructure, deliver various services, and the like. A combination of state-led economic programs, partnerships with transnational corporations and social policies ultimately brought modernization. Basically, goals are set by PAP leaders and the state bureaucracy ensures that these are carried out. Starting in the 1960s, a series of development-related institutions were created, owned or managed by the state. For instance, the Housing and Development Board (HDB) was established in 1960 in order to build and manage public housing. In 1961 the Economic Development Board (EDB) was created, charged with attracting foreign investments and enhancing the business environment. The Public Utilities Board (PUB) was founded in 1963, responsible for providing clean water access. In 1968 the Development Bank of Singapore (DBS) was formed, the initial purpose to takeover industrial financing activities of the EDB. There are many other state-led institutions controlling the majority of land, capital and labor.

Coming into power, the PAP recognized that Singapore was too dependent on its entrepot trade functions. To assure future prosperity, it was clear that the economy had to be diversified. Greater diversification would lead to more employment opportunities. One of Singapore’s main
concerns was to lower the unemployment rate, which would range from 10 to 15 percent in the 1950s. Thus, an early decision Lee made was to encourage manufacturing industries as a basis for future prosperity. In 1960, manufacturing made-up 12 percent of the GDP and by 1985 the figure reached 28 percent. Singapore’s leaders also reinforced its traditional servicing and entrepot functions, initially installed by the British, and in 1962 became the second busiest port in the world. Throughout the 1960s and 1970s, the Singaporean economy diversified from one based in sea trade and British military services to export manufacturing, transport and communications, and financial and business services. The PAP also made efforts to promote tourism, marketing Singapore as an ideal Asian getaway. The hotel industry was bolstered and infrastructure modernized. By 1980 Singapore started to attract 2-3 million visitors a year.

Aside looking for immediate economic gains, the PAP also sought out industries of the future; a case in point being petroleum related products and services. Although not a natural resource in Singapore, oil had been discovered in the nearby South China Sea. Officials recognized this opportunity and began to construct a solid refining industry. By the 1980s, Singapore had the third largest refining center in the world. Also, given the strategic location as well as pre-existing infrastructure, Singapore became the regional headquarters for major oil companies. Aside from petroleum, PAP leaders turned attention towards other high-tech,

---


15 Ibid, 348.

16 Ibid, 353.
knowledge industries as gateways for future development; notably electrical and electronic products and transport equipment to be exported.

An extremely important characteristic of Singapore’s economic development is its’ gear towards foreign enterprises. A great deal of their economic growth can be attributed to foreign direct investment (FDI), as authors Kevin Grice and David Drakakis-Smith dub “foreign financed industrialization.” When looking at the other Asian Newly Industrializing Countries, which the World Bank defines as Taiwan, South Korea and Hong Kong, growth is largely financed by domestic sources. On the other hand, Singapore nurtured industries that were found favorable by its multinational corporation (MNC) investors; such as petroleum products, electronics, and shipbuilding/repairs rather than textiles, plastics and clothing. By 1978, MNC’s employed 52 percent of Singapore’s population, accounted for 71 percent of total output and 84 percent of manufactured exports. Most of the foreign investment came from the United States and Japan. However, more than just fiscal investments, MNC’s also introduced innovative skills and technical expertise, which inadvertently developed local skills—advancing Singapore’s workforce.

PAP leaders gave foreign firms many incentives to setup shop or simply invest in Singapore. The city-state boasted a stable government and infrastructure. Also Singapore’s port was essentially free with only a few revenue tariffs and protective tariffs and no foreign

17 Ibid, 348.
18 Together, Hong Kong, Singapore, South Korea and Taiwan makeup the “Asian Tigers,” four economies in Asia that saw rapid industrialization starting in the 1960s.
19 Found in C. Hamilton’s “Capitalist industrialization in East Asia’s four little tigers,” 1983, referred to in Grice and Drakakis-Smith, 353.
exchange controls or domestic price controls common in many other developing countries.\textsuperscript{20} There were also virtually no controls on private enterprise and investment, no anti-monopoly laws, no approval or licensing required of foreign or local private investments, no limitations on profit remittances, and so on. By looking at these indicators, it appears that free trade and capital flows were the basis of Singapore’s economic success. However, there is a paradox at hand. While there were economically liberal features, there was also highly interventionist, state control coming into play.

Unlike the laissez-faire nature of many Western economies, the Singaporean government did not let market forces take their course. Instead, the PAP intervenes and sets relative prices to attract the type of investment it wants. Wages are kept low by government subsidies on low income housing and other social services. In essence, the state created an artificial comparative advantage in export manufacturing. Rather than a “hands-off” approach, there is an undeniable long arm of the state, controlling almost all components of land, capital and labor resources, and their allocation. In the 1970s, the PAP owned 75 percent of the land. With the remaining 25 percent the state had the ability acquire whatever land they desired if pursuing “developmental” purposes.\textsuperscript{21} The government is also a major actor in the capital market. The Central Provident Fund (CPF) and Post Office Savings Bank hold a majority of national savings; meanwhile the DBS is the major government-led commercial bank which holds deposits and grants loans. Later in 1981 the Government of Singapore Investment Corporation was created to manage foreign reserves and make foreign investments. There is also the Economic Development Board (EDB),


\textsuperscript{21} Ibid., 755.
which has power to grant tax exemptions, write-offs and other subsidies as a means to encourage private investment from foreign firms.\textsuperscript{22} When it comes to labor, in 1980 the government was the major employer, accounting for 20\% of the total employment.\textsuperscript{23} In addition, there is a National Wages Council which regulates wages and also invests in manpower training programs to benefit private industry.

Possessing such power, the PAP essentially created an environment conducive to foreign business. The state modernized infrastructure and developed an advanced transportation system. Aside from creating favorable economic conditions, the PAP also implemented social policies to ensure a stable population. Early on Lee identified the booming population as a problem. In the years 1947 to 1957, following World War II, falling death rates coupled with high birthrates and increased immigration from neighbor-countries led to an annual population growth rate of 4.4 percent, of which 3.4 percent represented natural increase and 1.0 percent immigration. Already in place was the non-profit Singapore Family Planning Association, promoting sexual health awareness.\textsuperscript{24} However, in 1965 Singapore’s main hospital reached a Guinness Book record high number of deliveries—almost 40,000 newborns in one year. This led the PAP to outline a five-year Mass Family Planning Program aimed at reducing the birth rate from 29.9 per thousand in 1965 to 20 per thousand by 1970. The Family Planning and Population Board (FPPB) was subsequently established in January 1966 to implement recommendations for the plan.\textsuperscript{25}

\textsuperscript{22} Ibid., 756.
\textsuperscript{23} Ibid, 756.
Birth control programs were then put into place, extending far beyond an increased availability of basic contraceptive devices to the imposition of fiscal penalties for families with more than two children. The FPPB initiated a full-blown campaign, dispensing pamphlets and posters, to educate the public on the benefits of having a small family, as the prints demonstrate below.

![Family planning campaign posters](source: FPPB)

Family planning campaign posters produced between 1974-1983, to educate public on the advantages of small families and how that could be achieved with family planning. "Stop at Two" was the official slogan.

Reasons behind the push to curb birth rates were because the government saw rapid population growth as a threat to living standards and political stability. Large numbers of children and young people threatened to overwhelm the schools, available medical services, and the ability of the economy to generate employment for them all. Lee particularly considered high birth rates among the uneducated as a detriment to Singaporean society. As he straightforwardly put in an interview with the *Straits Times* in 1967:
We must encourage those who earn less than $200 per month and cannot afford to nurture and educate many children never to have more than two… We will regret the time lost if we do not now take the first tentative steps towards correcting a trend which can leave our society with a large number of the physically, intellectually and culturally anemic.\(^{26}\)

Aside from monitoring population growth, the PAP took other actions to stabilize the population. Previously mentioned, the HDB was created in 1960 to take over housing. In 1959, 9 percent of the population lived in government housing. By the early 1980s, the figure amplified to 70 percent.\(^{27}\) More so than just housing, the government became the exclusive provider of infrastructure and social services. State monopolies provided all utilities, telephone and postal services, port and airport services, industrial estates, and radio and television programs. Government ministries supply a large part of medical services, all sanitation services and education for the entire population from primary to tertiary level.\(^{28}\) Unlike other countries, with the exception of health, education and lowest-income public housing, all state-led programs at least break even, and most are profit making. They are not subsidized by tax dollars. This can be achieved by a combination of cost efficient operation and by charging users full costs of the services provided. Ultimately government-run facilities created higher levels of efficiency and stability that not only keeps the citizenry in line but also caters to foreign business.

---


27 Ibid.

To further guarantee a stable workforce for foreign investors, the National Trades Union Congress (NTCU) was established in 1972 as the single national labor union to oversee employment and wage problems. The NTCU accounts for 90 percent of all union members in the city-state.29 The organization is headed by a government minister and run by government bureaucrats. In such a controlled environment, with governments’ interests coming first, it is hardly surprising that worker-strikes are practically nonexistent. Furthermore other social controls were instituted, such as: media censorship, a ban on chewing gum and spitting, harsh drug policies, limits on free speech and strict law enforcement. One of the hallmarks of Singapore is the education system. Recognizing the fact that the nation has little natural resources, great emphasis was put into their human development. Seeing that English was the universal business language, starting in the 1980s English was the primary language taught in schools. The state provides education and training opportunities, with especial emphasis in the areas of science and technology, since they are industries of the future. Accordingly, in the 1980s, there was a shift to capital and skill intensive investments, high-productivity, higher-wage activities; an educated population is necessary to achieve this.30 There was also an introduction of rigid educational streaming to produce an appropriate balance for the various occupational categories and to put those more physically and mentally endowed towards certain positions, for the state “must expend limited and slender resources.”31

Naturally, Singapore’s almost invasive social engineering reforms had sparked controversy. Nevertheless, Lee’s argument against dissent:

30 Lim, “Singapore’s Success,” 757.
31 Ibid.
I am often accused of interfering in the private lives of citizens. Yes, if I did not, had I not done that, we wouldn't be here today. And I say without the slightest remorse, that we wouldn't be here, we would not have made economic progress, if we had not intervened on very personal matters - who your neighbor is, how you live, the noise you make, how you spit, or what language you use. We decide what is right. Never mind what the people think. - Lee Kuan Yew, Straits Times, 20 April 1987

In short, Singapore stability and efficiency, its two major attractions to foreign capital, have been built around curbs on personal liberties and choice. At the very core, Singapore’s economic strategies can be summarized into three basic categories: (1) The government’s strategic role, (2) Mobilization of its human capital, and (3) Continuous development of infrastructure. Yet in spite of a high level of state-led management, there are still uncontrollable factors that contributed to Singapore’s economic success.

First and foremost, the small land area of Singapore made it far easier for the PAP to enforce both economic and social policies. Also Singapore’s geographic location, on the tip of the Malaysian peninsula, is an ideal place for a port, for it links the Eastern world with West. By the turn of the twentieth century, still under British rule, Singapore had one of the busiest ports in the world, mainly resulting from the opening of the Suez Canal in 1869. With an increased demand for rubber and tin, thanks to the growing automobile and packing industries in the developed world, Britain even developed an airbase on the island in 1921. So Singapore being a third-world nation at the time of independence, there was still some preexisting British infrastructure; thus the country was not wholly starting from scratch. Also, since reaching

autonomy fairly late in the game, Singapore had the advantage of looking to other newly industrializing Asian countries as a reference point, specifically Taiwan, South Korea and Hong Kong. Although these Asian tigers were achieving remarkable success at this time, Singapore leaders could specifically indicate policies that worked and those that were less fruitful. Singapore also observed other industrializing nations, or those already industrialized, as models. One attribute of Singapore’s development was the fact that unlike other newly industrializing countries, in particular Brazil and South Korea, it did not borrow from overseas to finance its industrial development. As a result Singapore was never subject to conditionality agreements, whereby certain financial institutions and policies would have to be liberalized.

Moreover, Singapore’s development strategies initiated in the 1960s and 1970s was during a time when the developed country economies were still experiencing relatively high growth rates and the world market for manufactured goods was expanding. Their implementation also coincided with the growing competition between US, Europe and Japanese firms and their increased investment in overseas markets. For this reason, many production processes and facilities were located in third world nations to benefit from cheaper labor costs.33 Also around the same time, the US was taking on increased involvement in Vietnam. Consequentially, Singapore became an important servicing depot and rest and rehabilitation center for the US.34 Nonetheless, in spite of preexisting infrastructure and natural worldwide trends, Singapore’s true economic success was a result of state-intervention. In the end, Singapore’s key strategies were to adopt a pro-business, pro-foreign investment, export-oriented economic policy framework,

33 Grice and Drakakis-Smith, “The Role of the State in Shaping Development,” 351.
34 Ibid., 353.
combined with state-directed investments in strategic government-owned corporations.\textsuperscript{35} Without the presence of any natural resources, Singapore had to rely mostly on its human resources as well as its infrastructure.

Immediate results from Singapore’s unique development plan proved successful. During the 1960s, Singapore’s GDP grew at a relatively high average of 6 percent per year. In the same period, the manufacturing share of the GDP grew from about 10 percent in 1960 to about 15 percent in the late 1960s.\textsuperscript{36} More importantly, though, the entry of foreign corporations enabled Singapore to adopt the technology brought in by the investors. In the following decade, the unemployment rate dropped to a low 3.5 percent, compared to double digit unemployment in the 1950s. And by the 1980s, unemployment hit only 3 percent. By the 1980s, Singapore’s GNP growth rate hit the double digits and even outpaced that of Japan. The average income of local residents tripled between 1970 and 1980, and rose by 5.9 percent a year in real terms during the 1970s.\textsuperscript{37} In 1983 per capita income reached over US$4000, making Singapore ranked 31\textsuperscript{st} of 126 nations in the United Nations, and two to three times higher than the per capita income in other newly industrializing countries like Taiwan, South Korea and Malaysia.\textsuperscript{38} According to author Linda Lim, writing in 1983, “Singapore is the world’s most successful economy, by achieving sustained rapid growth with relative price stability, full employment, a strong balance of payments, rising real incomes and constant if not declining income inequality.”\textsuperscript{39}

\textsuperscript{36} Ibid.
\textsuperscript{37} Lim, “Singapore’s Success,” 753.
\textsuperscript{39} Ibid., 754.
Regardless of the obvious economic benefits to private businesses as well the PAP, the “every day” Singaporean also profited. Although in some ways the state-led government style with strict social policies can seem repressive, state responsibility for workers’ welfare had won the government the support and dependence of the population, thus guaranteeing the political stability that encourages private investment. Between 1965 and 1978, 418,000 people entered the work force making the service sector the principle source of employment, rather than the manufacturing sector. Educational reforms and training did in fact make the working population more knowledgeable, demonstrated by the proportion of skilled employees rising from 11 percent in 1979 to 22 percent in 1985. There was a particular increase of women in the work force. Female labor force participation rose from 30 percent in 1970 to 40 percent by 1978, with the 20 to 24 year age group rising to 73 percent. However, unlike other Asian NIC’s, most of these women were single and working in the electronics sector rather than the manufacturing. Because of the abundance of jobs, unemployment basically dissolved. Starting in the 1970s, Singapore actually had to encourage Malaysian people to relocate to work lower skilled jobs. In 1970s, Malaysian people accounted for 11 percent of Singapore’s workforce. Unlike their Singaporean equivalent, these new additions to the workforce were more willing to work longer shifts and overtime.

40 Grice and Drakakis-Smith, “The Role of the State in Shaping Development,” 353.
42 Ibid.
43 Ibid., 354.
In the early 1980s, Singapore had been ranked as the best investment location in the world out 45 other countries. More notably, Singapore had been ranked first among 45 nations surveyed in “lack of future political risks” (Japan as fourth) and first in “labor force quality” (with Taiwan second, South Korea fifth, and Japan seventh). Moreover, Singapore ended up becoming one of the most corruption-free countries in the world. With such strict law enforcement, crime rates as well as drug usage virtually disappeared. As Lee explains to Fareed Zakaria in an interview, unlike the United States, Singapore does not have issues with guns and drugs, making it one of the safest countries in the world. Undeniably a rare case, Singapore has managed to be pro-business without being anti-labor, at least in the sense of material welfare. Since independence, what has made Singapore successful is not the invisible hand of the free market, but rather the very visible hand, indeed the long arm, of the state.

At the same time Singapore was rapidly advancing, so were other Asian tigers. The rest of the pack, Hong Kong, South Korea and Taiwan, also achieved success through export oriented development; nevertheless, the others were financed domestically. For Singapore, industrialization was mainly financed by foreign business. By 1978, multinational corporations accounted for 84 percent of manufactured exports. The other Asian NIC’s also have small land area as well as population. However, a fact making Singapore standout compared to the rest is its’

---

44 Survey put together by Business Environment Risk Ltd., an American firm, which prepares reports on business environments for the heads of 250 MNCs. Found in Lim, “Singapore’s Success,” 754.

45 Composite measures looking at labor laws, unions, hire/fire/lay off flexibility, relative labor productivity, worker attitude, and technical skills. Included in Lim, “Singapore’s Success,” 754.

46 Haque, “Governance and Bureaucracy in Singapore,” 237.


diverse population. While the other Asian Tigers are practically homogenous—the majority ethnicity representing over 95 percent of their population—the majority Chinese in Singapore composite a figure around 77 percent, still steady till this day. 49 Naturally, a nation’s population makeup will have effect on governmental law and policy. Additionally, when looking at Hong Kong, a small city-state also colonized by the British, it could seem easy to make comparisons. However, keep in mind that Hong Kong remained under British rule for far longer, until 1997 technically, meaning for that duration they were receiving monetary assistance.

Furthermore making Singapore standout from the rest of the pack is its government leadership, specifically Lee Kuan Yew. The case of Lee shows how personality can be more important than circumstances. Lee came into power during unfavorable circumstances post WWII—high unemployment, a weak economy, racial tensions, communist uprising threats—and completely turned the nation around. Today, Singapore is recognized internationally as an Asian powerhouse; Lee has often been called a “little man on a big stage.” Even Richard Nixon speculated that, had Lee lived in another time and another place, he might have “attained the world stature of a Churchill, a Disraeli or a Gladstone.”50 He pulled Singapore up by the bootstraps, and for the most part Singaporeans are grateful.

Although Singapore is a rare case, Lee believes that there are fundamental differences between the ways of the Western and Eastern worlds. In the West, personal freedoms and liberties are valued in a governmental system, whereas in the East efficiency and a lack of corruption are more important. All Asian societies have a comparable cultural context, with


Confucian underpinnings and an emphasis on collective identity rather than the individual. For Lee, he believes that the “individual exists in the context of the family” and that family is the “building brick of society.”\textsuperscript{51} However in the West, the individual and their respective accomplishments are cherished. For this reason, Lee maintains that Western style governance could never be effective in Asian societies for there are core cultural differences and dissimilarity between values.

Therefore because of these vast cultural differences, it seems that Singapore’s state-led, strict, development style could never be replicated in the West, and perhaps nowhere else for that matter. Originating under colonial rule to becoming a sovereign state based in manufacturing to ultimately a diversified, innovative economy—Singapore’s story is remarkable. Within two decades of independence Singapore landed itself a name on the world stage. And by the early 1990s, Singapore’s per capita GNP surpassed that of its former colonizer, Great Britain.\textsuperscript{52} Once more, it is generally believed that individual freedoms, found in democratic systems, are inextricably linked to economic prosperity. However, Singapore is an exception to this rule. A combination of leadership personality, government economic and social strategy, uncontrollable components—right time, right place—as well as their previous history, have all contributed to Singapore’s success. Today Lee sits as Senior Minister, a political position made-up for such a distinguished man where continues to advise PAP leaders. Lee also travels extensively giving speeches in other nations who are hoping to find Singapore’s secret recipe for accomplishment. As much guidance as Lee can offer, say to officials in Beijing, Singapore’s overarching strategy could never fully be emulated. Just as every person is unique, so is every country with its history.

\textsuperscript{51} Ibid.

\textsuperscript{52} Ibid.
population and leaders. The conditions Singapore found itself in, alongside the leadership, may just be unmatchable.
Bibliography


