

Singapore

Status Index (Democracy: 2.8 / Market economy: 4.7)		7.5	Management Index		5.2
System of government	Autocracy		Population	4.1 mill.	
Voter turnout^b	92.9 %		GDP p. c. (\$, PPP)	22,680	
Women in Parliament	11.8 %		Unemployment rate	4.4 %	
Population growth^a	2.3 %		HDI	0.884	
Largest ethnic minority	15 %		UN Education Index	0.91	
			Gini Index	42.5 (1998)	
<p>Data for 2001 – if not indicated otherwise. ^a Annual growth between 1975 and 2001. ^b Only in the 13 of the 23 constituencies, in which there was no walkover. Thus, of the total electorate, only 30,1 % actually voted. Source: UN Human Development Report 2003.</p>					

1. Introduction

The phenomenal rise of the city state of Singapore from a British colony with the functions of an entrepôt to an efficiently organized and developed economy and a regional hub for highly specialized services has suffered occasional setbacks, such as the economic downturn of 1987 and the Asian financial crisis in 1997. In each case, however, the country's leadership has been able to analyse the challenges correctly and to devise appropriate measures for recovery. At present, the city state is again confronted by the absence of economic growth, rising unemployment and the need to restructure in the face of growing competition from its neighbours.

The main principles adhered to in the management of the economy have been the preference of market conforming instruments over direct government involvement, the restriction of subsidies to human capital augmenting fields such as education, health and housing, the opening of the economy to free trade and the rejection of a welfare state in which the government assumes responsibility for the well-being of disadvantaged individuals. The system, which views the role of government essentially as that of the chief executive of "Singapore Incorporated" operating in a competitive environment, entails the restriction of political and civil liberties in the interests of economic performance, the redefinition of the functions of trade unions as partners in a tri-lateral relationship comprising workers, private employers, and government, and the stamping out of criticism of the political leadership, unless it is voiced within a narrowly defined political arena. Despite repeated calls for a more open and liberal democracy, Singapore's leadership is likely to adhere to the present system in the interests of the country's economic survival and further progress. The results of the 2001 elections show that in the

face of the present economic difficulties the majority of the electorate is more disposed to vote for those with a proven track record in the economic sphere than for those who articulate criticism of the deficiencies in the political sphere.

The Republic of Singapore has achieved a per capita income of close to US \$ 25,000 in terms of purchasing power parity in 2001, which puts it in the bracket of high income countries and above the erstwhile colonial power, the United Kingdom. The population continues to grow through the controlled immigration of mainly skilled manpower from other Asian countries. The income distribution reflects the extremely high income levels attained in specialized fields on the one hand and the low pay levels that persist in unskilled jobs due to a comparatively weak bargaining position of labour. Unemployment, though showing a rising trend, is still low, mainly because unskilled labour has not been priced out of the market as in countries with greater emphasis on welfare.

Politically, the Republic of Singapore has a unicameral parliament, the majority of whose members are periodically elected through free and clean (if not fair) elections, in which the first past the post system operates in each constituency. In the last general election held in late 2001, the ruling People's Action Party won 82 of 84 seats. Of these, 55 were won in uncontested wards on nomination day. 75 of all seats were in group representation constituencies in which teams of five or six candidates stood for election. Ten of the elected parliamentarians are women.

2. History and characteristics of transformation

From the time of independence from British colonial rule in 1962 and of separation from the Federation of Malaysia in 1965, Singapore has undergone a most remarkable economic transformation. At the time of independence the economic prospects were dismal. Separation from Malaysia severed Singapore from its hinterland. Britain's decision in the early 1970s to give up their naval base in Singapore, which had accounted for a significant proportion of the country's GNP, aggravated the economic problems further.

A fast growing population of two million had to be fed, clothed, housed, and employed. Almost everything had to be imported. And to pay for these imports it was necessary to export goods and services and to attract foreign capital. Lack of adequate housing was acute, with most of the Malay population living in traditional settlements without access to potable water and electricity. The general level of education was low, medical services inadequate, family planning absent, and the unemployment rate of 14 % high and requiring immediate action to create new job opportunities.

The question of economic survival loomed large and obviously required a strong hand to ensure stability and to enforce the discipline needed to turn the country into a viable competitor in the region and later globally. The reliance on market

mechanisms, rather than direct government intervention, to regulate the economy, and the free trade regime introduced at a time when neighbouring countries still followed strategies of import substitution, made Singapore a favoured location for foreign direct investments.

This foreign capital not only helped to expand the economy, but also brought in the foreign exchange needed to prevent foreign indebtedness and to build up significant reserves. The drastic measures required and undertaken by the People's Action Party, while conforming to the principles of market economy, were only possible in a tight framework of social control that subjugated individual and group interests to the needs of "Singapore Incorporated".

Manifest economic success in this endeavour, the highly visible stamping out of all forms of corruption at the top of the system, and the participation of the vast majority of Singaporeans in the fruits of economic growth, were strong reasons for the continued popular support of the People's Action Party. However, the need for strong government and discipline to ensure success in the economic arena was not conducive to the development of individual political rights and civil liberties.

Consequently, the political transformation to a liberal democracy has been retarded, and many further steps remain to be taken in the future if Singapore is to become a democratic market economy. Singapore inherited from the British colonial power a system of elections in which candidates compete for the representation of electoral wards in a unicameral parliament, and in which the candidate with the highest number of votes (first past the post) is elected. The elections held every five years are free and based on universal adult suffrage.

The political situation at the outset of Singapore's independent existence was characterized by the fight against communist insurgents and their "political front organisations". Communist guerrillas had been operating in the jungles of the Malay Peninsular since the end of World War II and were making ever more daring forays into the towns. The question of which economic and political system to adopt in the newly independent country was hotly debated between the socialists and communists on the one hand and the more pragmatic English educated leaders of the People's Action Party on the other.

Political strikes and demonstrations as well as riots were the order of the day, until the People's Action Party under the leadership of Lee Kuan Yew, through devious means including the arrest of opposition candidates, swept the vote for the first time in 1968. It has not given up its hold over parliament since. While the methods used to ensure the dominance of the People's Action Party in general elections and bye-elections are based on legal principles, the perpetual absolute majority of the party provides it with the constitutional right to change those laws at will in accordance with its own interests.

The changing demarcation of electoral boundaries, the introduction of group representation constituencies, in which teams of 5 to 6 individuals rather than single members of parliament are elected, the use of state funds for the promise and subsequent disbursement of privileges to wards returning People's Action Party candidates, the curtailment of foreign funding for political parties, the control of the press, the refusal to permit private satellite dish antennae, the use of the internal security act to imprison dissenters without trial, the use of defamation suits against political opponents, and the disciplining of the trade unions and other professional organisations – such as the Law Society – have effectively stifled opposition to such an extent that the few who dare to speak out openly against the system tend to be regarded by their compatriots not as persons of principle but as deviants. Thus, the economic transformation was achieved under a more or less authoritarian regime that has been characterized by some commentators as an “illiberal democracy”.

The ruling People's Action Party, for the decisive early years under the leadership of its prime minister Lee Kuan Yew, has succeeded in effectively wiping out all opposition parties and stifling all forms of dissent except within a narrowly defined political arena. The judiciary is independent in principle. However, judges are appointed (and disappointed) on the recommendation of the prime minister. Within a city state, where personal familiarity is the rule, it would be surprising not to find a tendency for courts to rule in the government's favour. Occasional indications that an opening of the political system could be in the offing have occurred now and then, but these expectations have been regularly disappointed in the face of impending economic difficulties such as the downturn in 1987, the Asian financial crisis in 1997 and the present economic slump.

3. Criteria of democracy and a market economy

3.1 Democracy

Singapore has the basic institutions for a democratic system in place, but the continued domination of the system by the People's Action Party and the smothering of dissent and the expression of critical views, the control of the press through self censorship and the destruction of opposition politicians through law suits, that in most other countries would have little chance of success, have effectively prevented the state from becoming truly democratic. Moreover, the past and present leaders do not recognize “western type democracy” as a desirable goal for the future.

3.1.1 Political organization

(1) *Stateness*: There are no problems of state legitimacy in Singapore, and the state enjoys sovereign power throughout its territory. Nationality and citizenship

of Singapore are extended to all persons residing in Singapore at the time of independence and their offspring as well as to nationalized immigrants. There is a category of permanent residents, mainly consisting of expatriates who hold employment passes and their dependents, investors and entrepreneurs, and Hong Kong residents who satisfy certain guidelines. All citizens basically have the same rights, although there are some ordinances specifically oriented towards one of the ethnic groups (Chinese, Malay, Indian). Religion and state are separate, and the political process is secular. The administrative system, public security and law and order enforcement operate at extremely high levels of efficiency and are free of corruption.

(2) *Political participation:* Universal active and passive suffrage exists, and elections are carried out in an orderly, efficient and correct manner. The elected government generally adheres to the principles of an open and competitive election process, but in recent elections the ruling party has resorted to the promise of neighbourhood upgrading and housing improvements on a priority basis for wards supporting it. The elected government exercises effective power. There are no veto powers or political enclaves accorded to the military or other groups. The right of association is accorded to groups that do not engage in politics. Those that do – in the eyes of the government, whether by organising public meetings or running internet discussion groups – are required to register with the authorities and are held responsible for any unwelcome criticisms.

Public speaking requires the issue of an entertainment licence and public newsstands selling publications of opposition candidates must be licensed by the Ministry of Health. The private reception of satellite broadcasts is prohibited, the newspapers are mostly owned by Singapore Press Holdings, in which the government holds special management shares conferring special rights regarding the nomination of directors and editors. And the foreign press has been disciplined by expensive law suits or by having their distribution restricted, whenever they have refused to print refutations by the government in full.

(3) *Rule of law:* The executive, the legislature and the judiciary are formally independent, although personal relationships are bound to play a greater role in a small city state than in larger countries. The independence of the judiciary has repeatedly been called into question by outside commentators, several of whom have had to pay the price in legal costs and damages in contempt of court proceedings. The laws, particularly with regard to appeals, have been changed whenever the ruling party has felt endangered by decisions that were not wholly in their favour.

Corruption of officials and members of parliament has been virtually wiped out, earning the country the epithet of “squeaky clean”. Civil rights have been made to take second place behind the dictates of economic competitiveness vis-à-vis neighbouring countries. The internal security act inherited from the British colonial power permits the detention without trial of persons who are regarded by

the home minister as a danger to security. Judicial review in this case is ineffective, since the minister's stated opinion alone is sufficient cause for detention.

3.1.2 Political patterns of behaviour and attitudes

(1) *Institutional stability*: The democratic institutions operate effectively in ensuring the achievement of the economic goals of growth and material prosperity formulated by the political leadership. In this sense the system operates efficiently and with a high degree of institutional stability and legitimacy. The authorities and actors function within the system according to the roles assigned to them by their respective position.

(2) *Political and social integration*: The opposition parties have been effectively reduced to accepting the leadership of the ruling People's Action Party and are not even capable of fielding a large enough set of candidates to challenge its dominance. The economic success of the system is a major reason for the electorate to tolerate what is, in effect, a one-party system. Its acceptance and stability was amply demonstrated in the last election (November 2001), in which 75 % of voters opted for the People's Action Party. There were walkovers in 10 of the 23 wards and for 55 of the 84 seats.

There is a network of various social and economic interest groups, many of which support the given economic policies. Criticism of these policies may be voiced internally, but any attempt to publish criticism of government policies is answered by the call "to enter the political arena", where such criticism can be debated openly. As this means standing as an opposition candidate, the fear of bearing the full brunt of the ruling party's attack will generally silence most critics.

Some groups such as the politically oriented trade unions have been usurped by government. A trilateral co-operation between representatives of private employers, the government dominated trade unions and the government exists in the determination of acceptable wage increases, thus effectively cutting out costly strike actions. In a country that has been as successful economically as Singapore, there is a tendency to believe that the system of illiberal democracy that has evolved is in effect best suited to the needs of the country.

Dissatisfaction regarding the degree of freedom and real democracy achieved so far is to be encountered mainly among intellectuals in the universities and think-tanks of the country. The high participation rate of voters in the order of 93 % of the electorate is due to the fact that voting is compulsory. Non-voters with insufficient grounds for not voting lose their right to vote next time, unless they have their name restored in the electoral role upon payment of a fee.

The fact that the Singapore government frequently calls for the development of civil society is an indication that all is not well in this respect. In fact, the fear of political reprisals in the case of criticism has effectively led to a reluctance to engage in self-organised initiatives and activities. Civil society certainly exists, but at a rather subdued level.

3.2 Market economy

Singapore has achieved a remarkable transformation from a colonial state of low skilled production to a modern service economy operating at high levels of efficiency and discipline and able to compete globally. It is an important regional hub for financial and other skill oriented services.

3.2.1 Level of socioeconomic development

Singapore's economic development status is that of a high income country. Although there are still cases of poverty, the average standard of living of Singaporeans is as high as the top 20 % in India. Of the poorest families which make up 4.4 % of the population, 98 % own a television set and a refrigerator, while 93 % own a telephone. Since Singapore is a free trade country, the freedom of choice in consumer products is tremendous.

3.2.2 Market structures and competition

Competition is unfettered at almost all levels of the economy. This does not preclude government ownership of a large number of production facilities. However, these have to compete on global markets and can not rely on any form of government protection from foreign competition. Monopolies exist in the case of physical infrastructure – roads, railways, telephone lines etc., but even here the tendency is to encourage competition through bidding procedures that are notably fair and transparent. Foreign trade is free of duties, except for those that are imposed for fiscal reasons (as in the case of alcoholic beverages) or to regulate congestion (as in the case of motor vehicles). As an international banking centre, the banking system is highly differentiated and fully liberalised, although the usual state controls apply.

3.2.3 Stability of currency and prices

The control of inflation is a prime concern of the economic management of the country and has been manifestly successful. The economy is continuously stabilized by a system of wage flexibility, in which wage earners receive a basic wage and bonus wages at the end of the year, depending on the business cycle.

The flexible part of earnings may well be in the order of five to six months additional basic wage in good years. In addition, employer and employee pay in to a central provident fund. This is a fully paid up fund from which the employee receives his accumulated capital with interest on retirement and from which medisave contributions are paid. Because the system is fully paid, the over-aging of the population does not entail the same dangers as in countries with contractual obligations between generations.

3.2.4 Private property

The right to property is well established, although in the early stages of Singapore's development after independence, the government operated very close to or beyond the pale of legality in the acquisition of land for development. As a result of the housing policy adopted from the start, 94 % of Singaporeans now own the flats or houses they live in. About 13 % of Singapore's production of goods and services is in the hands or under the control of government linked companies (GLCs), the existence of which was felt necessary in order to remove bottlenecks in the course of rapid development. At present there are measures under way to privatise some of these GLCs. The private sector, which includes not only domestic firms but a large number of foreign firms as well, is regarded as the mainstay of the Singapore economy.

3.2.5 Welfare regime

The Singapore government does not believe in the efficacy of a welfare state and has therefore stressed that it owes no-one a living. The responsibility for taking care of the disadvantaged members of society should rest with civil society rather than the government, whose prior duty is to steer the economy through the rocky waters ahead. The government restricts its social expenditure to measures that are intended to build up human capital, such as education, health and housing. Old age pensions are paid from the sums accumulated with interest during a worker's active life. However, there are a number of charitable organisations such as the community chest which support the destitute and those without any means to help themselves. Chances for personal development are generally good and are not too unevenly distributed. However, those financially well placed enough to donate to private institutions have a greater choice of schools for their children. Beyond that, the system is more or less meritocratic. Women, though still not assured of equality, have very good chances of getting ahead.

3.2.6 Strength of the economy

A small open economy such as that of Singapore is always vulnerable to external shocks and therefore has to be prepared for rainy days. Prudence and thrift during

fine weather periods and great flexibility in the event of a downturn have helped Singapore in the past. The last five years have seen a number of economic setbacks that have been caused by external shocks. The Asian financial crisis in the late 1990s and the global downturn in the wake of the terrorist attacks on the world trade towers and the Pentagon in the United States have brought growth levels down and almost to a standstill. The growing economic strength of China as a competitor on world markets is also cause for concern. The Singapore government characteristically copes with such crises by establishing and listening to special committees which bring together the best economists and decision-makers the country can muster, generally under the chairmanship of a minister who is also an economist in his own right. Unpopular decisions taken by government can then be shown to be inevitable, if they are based on the committees' findings. The table on macro-economic fundamentals gives an indication of the effects of these developments and shows that they have been successfully countered in the years following the external economic shocks.

3.2.7 Sustainability

Singaporeans are well aware of the environmental side effects of economic growth and the issues involved get taken up and discussed in the press. This includes criticism of the forest fires in Indonesia that have caused haze in Singapore. The Republic has earned the reputation of cleanliness to the point of being regarded as sterile by some critics. In addition to a broad sense of awareness, Singapore also recognises that there is money to be made in providing technical assistance to environmental projects in the region. With regard to education, research and development, Singapore has become an important hub for the region. In addition to two well established universities, a third university specializing in management has recently been opened. Singapore's leadership knows that economic survival in the face of increased competition in the traditional fields the country is good at entails restructuring in the direction of even more knowledge-intensive activities and services. For this reason, Singapore places great stress on the general education and further training of its population.

4. Trend

(1) *Democracy*: There has been little change in the direction of a democratic transformation in the last five years. On the one hand a speaker' corner was established in a down-town park, but because potential speakers are required to register their personal particulars as well as the topic with the police before speaking, certain topics such as religion and racial issues being excluded, and because the use of sound amplification equipment is also not permitted, despite the fact that the park is located in the midst of heavy traffic, interest has waned.

The boundaries of electoral wards were redrawn and announced only a day before the 2001 general election was announced and only 17 days before polling day. Apart from nine wards returning a single member (all of which were contested), there were nine wards returning teams of five members each (four of which were contested) and five wards returning teams of six members each (none of which were contested). This shows that it is difficult for opposition parties to field teams of four or six candidates, and this may be one of the reasons for the introduction of group representation constituencies. The official reason, not to be discounted, is that the system ensures the representation of minority groups in parliament, since the teams standing for election have to be of a specific ethnic composition.

Perhaps the clearest indication of the political leaders' unwillingness to accept democratic transformation as a legitimate goal for Singapore is given by the following statement by Senior Minister Lee Kuan Yew: "If you have plain, straightforward Westminster rules, I would tell you frankly, we would never have worked. ... You are going to have a musical set of chairs. Good speakers? Every election will throw up a few. Then what? Then misgovernment and down the slippery slope" (Straits Times, 12.11.01).

Table: Development of socioeconomic modernization indicators

	HDI	GDI	GDP Index	Gini Index	UN Education Index	Political representation of women ^a (%)	GDP p. c. (\$, PPP)
1995	0.857	0.848	0.99	44.3	0.83	4.8	22,604
2000	0.885	0.880	0.91	48.1	0.87	11.8	23,356

^a Percentage of women in parliament after the elections in 1997 and 2001.

Sources: UNDP, Human Development Report, various issues.

Singapore Department of Statistics (2002), Income distribution and inequality measures in Singapore, Paper prepared for the Conference on "Chinese Population and Socioeconomic Studies: Utilizing the 2000/2001 round Census Data", Hong Kong University of Science and Technology.

Table: Development of macroeconomic data (1998-2002)

	1997	1998	1999	2000	2001
GDP growth (%)	8,6	-0,1	6,9	10,3	2,2
Export growth (%)	5,3	-1,0	5,7	22,4	-8,3
Import growth (%)	6,2	-13,6	10,8	23,4	-10,5
Inflation rate (CPI) (%)	2,0	-0,3	0,0	1,4	1,0
Unemployment (midyear %)	1,8	3,2	3,5	3,1	3,3
Budget deficit (% of GDP)	0,0	0,0	0,0	0,0	0,0
Trade balance (\$ bn.)	17,9	20,3	21,8	21,8	23,3

Source: Department of Statistics (DOS), Government of Singapore,

(2) *Market economy*: The table on socioeconomic modernization factors shows that there have been marginal increases in the indices depicting human development in Singapore. The increased Gini index is compatible with linear increases in all income groups, but it is likely that top incomes have risen faster in line with global trends.

The institutional framework conditions of a modern market economy have not undergone significant changes of late. Economic growth has experienced occasional setbacks during the last five years, but experience in the past has shown that Singapore is able to cope with these with measures that are necessarily harsh to bring about the desired result, and that would not have been undertaken in a regime relying more heavily on the popularity of its leaders. The table on economic country data presents the macro-economic data for the period from 1997 to 2001. The inescapable conclusion is that economic management in Singapore has been successful during this period.

5. Transformation management

5.1 Level of difficulty

Singapore is a high income country with a high UN-education index. Since the Republic is multi-ethnic, consisting of roughly 75% Chinese, 15% Malays, and 10% Indians, care has to be taken at all times to ensure that riots such as those that spilled over from Malaysia in 1969 are not repeated. The strict rules governing the religious processions peculiar to each religion and a housing policy that restricts the proportional over-representation of minority groups in each housing block have succeeded in reducing the danger of ethnic strife.

Civil society frequently exists, to be sure, along ethnic lines and expresses itself in the form of multifarious clan organizations and attachments to the original places of origin. The rule of law in everyday life is an important factor in the social stability of the country, and the judiciary in this respect is impartial and dispenses justice efficiently, i.e. without undue delays.

5.2 Reliable pursuit of goals

Parliament, which in the Singapore case means mainly the ruling People's Action Party, is continuously discussing long range goals and the development of Singapore society. Switzerland has frequently served as a goal orientation, albeit only with regard to economic and societal goals. With regard to political democracy, the leadership remains adamant in regarding a more liberal system as unsuitable for the country.

The reference to elusive Asian values, in juxtaposition to a sometimes jaundiced view of what are regarded as "Western" values, is an expression of the search for rational arguments to justify the rejection of "Western type" democracy. In this sense, while there is an active policy of economic restructuring, there is no reform agenda in the political realm. This goal orientation has been very stable in the past and provides economic and political actors with a high degree of confidence in their expectations regarding government policies in the future.

5.3 Effective use of resources

The efficient use of the country's economic, cultural and human resources is a recurring theme in government pronouncements and discussions. Doubts have been voiced by critics now and then regarding the best investment of the vast financial reserves collected for the central provident fund, but the elected presidency to control the use of these reserves is an indication that prudence is an important factor in determining the use of this economic resource. The use and reservation of land for infrastructure and production shows foresight in planning for the future.

The emphasis on education and further training and the establishment of research facilities, particularly in various technical and medical fields, is an expression of the government's intention to use the existing human resources as efficiently as possible. Finally, the selective immigration policy is used to tap further manpower resources from abroad. The Singapore government has been very successful in implementing this strategy. The administrative and other public services at the disposal of its citizens are exemplary and the absence of corruption has earned the confidence of the population and of foreign investors.

5.4 Governance capability

Learning from mistakes, and flexibility of operations, are hallmarks of Singapore Incorporated's management system. Political decision-makers and other actors who fail to deliver in the process of managing the Republic or who are not continually "on their toes" are replaced without hesitation by the political leadership. The government is generally able to realize its goals. Although these do not conform to the norms of a liberal democracy, the government has all the political power required to realize them. Since economic goals of stability, growth and development are always in the forefront, the allocative efficiency of markets is government's primary concern. All reforms are undertaken with prudence and in carefully planned steps so as not to upset the stability of the political system.

5.5 Consensus-building

The political leadership in Singapore agrees on the need to restrict certain political and civil freedoms in order to attain and maintain economic growth and development. This perceived necessity is the mother of invention in the sense that a specific type of consensual democratic system – defined as "Asian" in spirit and conforming to a set of "Asian values" – is regarded as the end product of democratic development rather than an intermediate phase eventually leading to "Western" democracy.

Because of the illiberal character of this "Asian democracy", the path of economic and political progress in Singapore is littered with a series of defeated and ostracized would-be reformers whose political and civil rights have been trampled on: Chia Tye Poh, imprisoned without trial for 23 years; Roman catholic social workers detained without trial for an alleged communist takeover after criticizing the harsh economism of life in Singapore; Francis T. Seow, erstwhile Attorney General of Singapore and president of the law society, self-exiled for criticizing the introduction of a new restrictive press act; Devan Nair, erstwhile President of Singapore, dismissed and self-exiled for internal criticism of the governing of Singapore; J. B. Jeyaretnam, bankrupted by defamation suits for succeeding in winning a seat in parliament for the Workers Party; Tang Liang Hong, self-exiled after a defamation suit for criticising the Singapore leadership; Chee Soon Juan, imprisoned and fined for speaking in public without an entertainment licence and for selling his book in public without a licence from the Ministry of Health; and many others too numerous to mention here.

In this sense, conflicts over Singapore's ultimate goals are sidelined: While fear of reprisals reduces open conflicts within the system, dissenters are ejected at the periphery. In general one would find that, apart from a group of critical intellectuals, the majority of Singaporeans are proud of the successes their country has achieved and the international recognition it has brought to them. Among taxi

drivers, shop keepers and their staff, workers and civil servants, the system of “Singapore Incorporated” has created a sense of belonging and mutual solidarity.

5.6 International cooperation

The political leaders in Singapore co-operate closely with all multilateral international organizations under the UN umbrella, but particularly with those that are concerned with the international trading system. Singapore hosted the first WTO meeting. While Singapore is also a member of the Asian Development Bank, Escap and other regional organizations specializing in assisting developing countries, Singapore is not a borrower in any of them. Because of its clean economic image and an impeccable record in international co-operation, Singapore is regarded as a reliable and calculable partner. Since its inception, Singapore has been a member of the Association of Asian Nations (ASEAN), in which it has played an important role. Similarly, Singapore is a member of the Asia-Pacific Economic Co-operation (APEC) organisation. Although there are occasional irritations between Singapore and its immediate neighbours, Malaysia and Indonesia, these are dealt with according to the principles of international law.

6. Overall evaluation

The main results of this paper may be summarised as follows:

(1) *Baseline conditions:* Five years ago, the framework for “Singapore Incorporated”, which gives priority to the economic and social rights over political and civil rights, was already well in place. There have been very few changes in this framework. Discipline, and intolerance for criticism outside the “political arena” and the ability to react flexibly and quickly to external shocks were already proven, and their success in economic terms ensured the acceptance of the system by the population at large and contributed to a high degree of political stability.

(2) *Achievement and performance:* Because democratic institutions had already been in existence since independence, there was no democratic transformation during the period under review. The ruling party was able to adjust the playing field and shift the goal posts at will in order to minimize the dangers of a credible opposition coming into existence. The percentage of the electorate voting for the People’s Action Party increased (in contested constituencies) at the 2001 polls to 75 % (from 61 % in 1997). Since the market economy was already in place, changes in the last five years can be regarded as marginal in terms of transformation and should rather be regarded as adjustments to a changing regional and global economic environment.

(3) *Transformation management*: In the current setup, policy changes are managed smoothly by the political leadership in Singapore, but in the face of stable goals that have largely been attained, the management capacity of Singapore cannot be seen as a transformation in the sense of this study.

7. Outlook

In spite of the apparent stability of the Singapore system, it needs to be born in mind that the future may still hold problems in store for the country that could well stretch the available social, political and economic resources beyond their limits. The small size of the country, the magnitude of economic shocks and the stability of the regional environment give some cause for concern.

While the country is comparatively well poised to take advantage of further economic globalisation, its small size and the reliance on agricultural imports for food makes it vulnerable to possible setbacks in the global liberalisation of trade. The continuous need to stay ahead of regional rivals in commerce, technology and efficiency is likely to become more difficult as time goes on and as neighbouring countries catch up and increase their efforts to prise some of Singapore's current functions from its grasp. There are indications that the leadership sees this as a danger to the system for which it stands, and this might explain the frequent exhortations of the public not to take the fruits of economic growth for granted.

Furthermore, as economic growth progresses and basic needs are satisfied, dissatisfaction with the current priority placed on the economic dimension may grow. This may express itself as a need for freer access to works of literature, drama, films and other forms of art, and a corresponding change of emphasis could well reinforce the desire for a more liberal political system. While the legitimate desire for a more vibrant society is recognised by the leadership, the implications for a possible democratic transformation in times to come are probably not.