

BTI 2012 | Singapore Country Report

Status Index	1-10	7.25	# 29 of 128	
Political Transformation	1-10	5.32	# 70 of 128	➔
Economic Transformation	1-10	9.18	# 4 of 128	➔
Management Index	1-10	5.94	# 32 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

More on the BTI at <http://www.bti-project.org>

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Key Indicators

Population	mn.	5.1	HDI	0.866	GDP p.c.	\$	57936
Pop. growth ¹	% p.a.	1.8	HDI rank of 187	26	Gini Index		-
Life expectancy	years	81	UN Education Index	0.751	Poverty ³	%	-
Urban population	%	100.0	Gender inequality ²	0.086	Aid per capita	\$	-

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

Singapore experienced macroeconomic recovery and political stability from 2009 to 2011. The country's political reforms toward liberal democracy are still stalled. During the period under review, the country's political leadership under the guidance of Prime Minister Lee Hsien Loong left no doubt that the strict control of the media and limitations on public debate would remain in place as long as the ruling People's Action Party (PAP) is in power. Civil rights were further restricted and critical opponents and journalists were silenced. In April 2009, the parliament passed the Public Order Act 2009, which limits the constitutional right of assembly. This move was widely viewed as further step to limit the opposition's field of activity. In July 2010, officials arrested British author and journalist Alan Shadrake and detained him for two days following the publication of his book "Once a Jolly Hangman: Singapore Justice in the Dock" in which he criticized the Singaporean judicial system. Shadrake was sentenced to six weeks in prison. The trial and his conviction were subject of widespread criticism by international human rights groups. In sum, the government under Lee Hsien Loong's leadership continued to ignore increasing demands for greater pluralism.

Singapore's economic transformation between 2009 and 2011 is more encouraging than its political development. Singapore's economy is extremely dependent on foreign trade and was therefore strongly affected by the global financial crisis. However, the country's economy recovered quickly and gained strong momentum in 2010. As a reaction to the financial crisis, the Singaporean government tapped its reserves and in January 2009 passed a stimulus package to boost the country's economy. The government lowered corporate taxes, subsidized wages, guaranteed bank loans and invested in the country's infrastructure. As a result, Singapore was the fastest growing economy in Asia in 2010 with an overall GDP growth rate at 14.5%. However, the income gap between the rich and the poor increased during the period under review, with high-income earners largely benefiting from the economic recovery.

History and Characteristics of Transformation

Singapore initially gained independence from British colonial rule as an integral part of the Federation of Malaya in 1963 but separated from it in 1965 after political differences between the predominantly Chinese island of Singapore and the Malayan population in what is now Malaysia proved insurmountable. Singapore is a parliamentary republic with a unicameral legislature. The parliament is composed of members elected every five years in a first-past-the-post election and up to nine non-constituency members of parliament (NCMP) and up to nine nominated members of parliament (NMP). Currently, Singapore is divided into 27 electoral constituencies, 12 of which are single member constituencies (SMC) and 15 group representation constituencies (GRC). Since 1991, the president of the Republic of Singapore is the elected head of state. Executive power lies with the prime minister and the cabinet.

When Singapore left the Federation of Malaya, its economic and political situation was fragile. It faced several problems that demanded immediate attention and drastic measures, including high unemployment, low education and health standards, inadequate housing, political polarization and racial tensions between the Malay, Chinese and immigrant Indian populations. The small size of the city-state's economy required the importation of everyday basic goods, and the necessary foreign exchange could only be obtained through exports. As a result, a regime that facilitated foreign trade was required, although the dominant economic development philosophy of the day still advocated import substitution.

Under the leadership of a team of mainly English-educated lawyers, the PAP came to power through a combination of political finesse, visible dedication to the well-being of Singapore and its inhabitants, personal integrity, experience in legal matters and an unflinching and drastic application of undemocratic measures to suppress dissent against policies that they deemed necessary for Singapore's political and economic survival. In the infamous Operation Cold Store of 1963, the PAP organized the arrest of several opposition politicians in order to push Singapore's integration into the Federation of Malaya into being. When the left-wing Barisan Sosialis Party (Socialist Front, BSP), which had previously split off from the PAP, boycotted the first general elections of independent Singapore in 1968, the PAP won every seat in parliament. Since then, it has not relinquished its overwhelming parliamentary dominance.

To this day, the Cambridge-educated octogenarian Lee Kuan Yew is the main political figure in the city-state. He first became prime minister in 1959, when Singapore was still under British rule but had been granted certain limited political rights to form a parliament consisting of both elected members and individuals appointed by the colonial power. During the years of PAP rule under Lee Kuan Yew, Singapore achieved a rare degree of political stability and economic prosperity. As a result, the city-state successfully overcame the 1997 Asian financial crisis. In contrast to neighboring Indonesia or Malaysia, no large demonstrations took place and the PAP maintained its grip on power. Although the country was hit hard by the global financial crisis in

2008, its economy picked up again and recovered quickly. Equally impressive is the fact that Singapore has managed to integrate a diverse population of Chinese, Malays and Indians into a more or less harmonious whole while simultaneously forging a collective sense of nationhood.

Still, this has come at a price. Although democratic institutions exist and are maintained, they do so under the close supervision and control of the top political leadership. Criticism of state policies is interpreted as criticism of the system. Drastic measures that would not stand up in the courts of more democratic countries are used to discourage dissent (e.g., bankrupting opposition politicians through defamation suits). Singapore has traded democracy for wealth and embraced a way of life in which civil liberties, intellectual debate and political parties have become casualties of economic development.

In August 2004, when Lee Hsien Loong, the son of Lee Kuan Yew, became the country's third prime minister, many hoped he and the third generation of leaders would break with Lee Kuan Yew's authoritarian tendencies. However, the government has only recently relaxed (somewhat) its strict control over both the media and criticism of official policies. This occurred only in response to the government's decreasing ability to control the use of modern information technologies. Nevertheless, Singapore is regarded as a success story because it maintains a stable and growing economy and a stable polity despite its ethnoreligious heterogeneity.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

The Singaporean state is strong and faces no challenges to its monopoly on the use of force throughout the country. Due to the country's character as a city-state, government control of the use of force is easier to maintain than it would be in a territorial state. During the period under review, Singapore settled a 36-year-old territorial dispute with one of its neighbors. In March 2009, Singapore and Indonesia reached an agreement that extended the delimitation of the maritime border between the two countries. The agreement was finalized after three years of negotiations. The disputed border section involved the area around Indonesia's Nipah Island, which is located in the Straits of Singapore. The Straits of Singapore are the main channel for Singapore's ports and therefore of strategic importance for the city-state. Although agreement was reached, a small part of Singapore's western maritime border still remains unsettled and requires trilateral negotiations between Singapore, Indonesia and Malaysia.

All Singaporean citizens accept the nation-state as legitimate and all individuals and groups enjoy the right to acquire full citizenship rights without discrimination. Singapore's ethnic composition is very heterogeneous and is dominated by the Chinese, who make up more than three quarters of the country's population. The second and third largest ethnic groups, the Malays and the Indians, represent 13.4 % and 9.2% of the city-state's inhabitants respectively. The Singaporean state has promoted a culturally neutral concept of citizenship since 1965, which is manifested in the slogan "One nation, one people, one Singapore." In this way, the government successfully managed cultural conflicts between the different ethnic groups in the country and fostered a high level of acceptance for the concept of the nation-state. According to data provided by the East Asia Barometer, 95% of the city-state's population are proud to be a citizen of Singapore.

Question

Score

Monopoly on the
use of force

10

State identity

10

The Singaporean state is secular, and religious dogmas have no influence on the legal order or the political institutions. Although the constitution does not explicitly define Singapore as secular, the 1966 constitutional commission report does point out that the city-state is a secular state where religious groups have no influence on the decision-making process. The secular character of the Singaporean state is not affected by the existence of a state Shari'ah court. The court has jurisdiction if all the parties involved are Muslims or where the parties were married under the provisions of the Muslim law and the dispute relates to the issues of divorce and marriage. The court was established in 1955.

No interference of
religious dogmas
10

Singapore has a highly differentiated administrative structure and provides all basic public services. The highly trained and skilled administration is one of the most efficient in the world. It is professional and implements the policies of the elected government. In addition, the city-state is able to fulfill its proper jurisdictional function and to enforce the law throughout the small country. The country's transport network is diverse and highly developed; the road network is particularly extensive and consists of nine expressways. Singapore's port is one of the largest container seaports in the world and Singapore Changi Airport, the country's main airport, handled over 42 million passengers in 2010, an increase of 13% compared to 2009. During the period under review, the government improved the public transportation system, which had often been criticized because of the overcrowded trains and buses in the morning and evening hours. May 2009 and April 2010 saw the opening of stage one, two and three of the Circle Line, Singapore's fourth Mass Rapid Transit line. The government also invested in the telecommunication infrastructure. As a result, in 2009 80% of the country's resident households had internet and broadband access. In addition, 100 % of the population have access to sanitation and to a water source.

Basic
administration
10

2 | Political Participation

Singapore has established universal suffrage and regularly holds general elections. Opposition parties are able to run in the elections and political posts are filled according to the election outcome. Suffrage is compulsory for all resident Singaporeans who are at least 21 years old. The next general elections are scheduled for May 2011. Singaporeans have since 1993 been able to directly elect a president who holds office for a term of six years. In general, elections in the city-state are free of electoral fraud. Despite this, elections cannot be considered free and fair. The ruling PAP frequently uses repressive laws to restrict the opposition and control the media. Cases of gerrymandering and a very short campaign time (often only nine days) reflect an undemocratic strain within the PAP government. Furthermore, the election department is under the jurisdiction of the prime minister's office, raising questions about its independence. In addition, the GRC system, in which a

Free and fair
elections
5

voter casts a ballot for a team of candidates, favors the ruling PAP because opposition parties often have difficulty nominating enough candidates for a constituency, resulting in walkovers for the PAP. In the past, the PAP threatened opposition politicians with defamation suits, thereby limiting criticism of the ruling party during election campaigning.

The Singaporean rulers elected in these unfair elections have the effective power to govern, despite the presence of veto powers such as the military, the clergy, business elites, and external actors. The PAP dominates almost every aspect of the city-state's political, military and economic life, effectively preventing the advent of any possible veto actors. The military has strong ties to the PAP (e.g., current Prime Minister Lee Hsien Loong served as a brigadier general in the armed forces). In addition, the PAP promoted young politicians with military backgrounds, such as former army chief Chan Chuan Sing, in the May 2011 general elections. Furthermore, Temasek Holdings, the country's largest investment company, is controlled by the government, and under the direction of Ho Ching, the current prime minister's wife. Religious groups have no influence on the PAP's effective power to govern as they have to register under the Societies Act and are thereby under the government's tight control.

Effective power to govern

2

Association and assembly rights are severely limited by laws such as the Protected Areas and Protected Places Act or the Public Entertainment and Meetings Act. During the period under review, the Singaporean government further constrained civil rights. In April 2009, the parliament passed the 2009 Public Order Act, which limits the constitutional right of assembly. According to this law, permits for any cause-related activity such as an assembly or a procession are required. Furthermore, the act enables the police to force participants to move from the place where the assembly takes place. The permits are required irrespective of the number of participants. The parliament's passing of the law is in contrast to a government's 2008 decision to rescind the requirement of a police permit if more than four people wanted to rally at Singapore's Speakers' Corner. The enactment of the Public Order Act was widely criticized by opposition parties and human rights groups. Internet sites are tightly watched and often forced to register as political associations. For instance, the opposition internet platform The Online Citizen was told it must register as a political association in January 2011. In contrast, civic groups who support the regime can operate without governmental interference; the Public Order Act does not apply to groups that are affiliated to the PAP. Federal laws such as the Societies' Act ensure that organizations that are critical of the government can be banned or refused registration. Singaporean trade unions are strictly controlled according to the Trade Unions Act. They are supervised by the Registrar of Trade Unions, who can refuse to register a trade union and can withdraw registration. Almost every trade union is affiliated with the National Trade Union Congress (NTUC), which is closely linked to the ruling PAP.

Association / assembly rights

3

In Singapore, freedom of expression is severely limited. Public debate is vulnerable to massive distortion and manipulation by strong government intervention. Laws, such as the Sedition Act, the Defamation Act or the Undesirable Publications Act, heavily restrict freedom of speech. During the period under review, the serious limitations on freedom of expression and press became evident. In July 2009, Singaporean police forces installed closed-circuit television cameras at the Speakers' Corner in Hong Lim Park and cited security and safety reasons. The move was widely criticized by human rights groups and opposition politicians who fear that opportunities to voice critical opinions have been reduced once more. On 16 July 2010, British author and journalist Alan Shadrake was arrested and detained for two days after publishing his book "Once a Jolly Hangman: Singapore Justice in the Dock", in which he criticized the Singaporean judicial system. In the book, Shadrake accuses the judicial system of being subject to political and economic pressures. Four months later, on 16 November, Shadrake was charged with "scandalizing the judiciary" and was sentenced to six weeks in prison in addition to a fine and court costs. The trial was the subject of widespread criticism by international human rights groups and local opposition groups. In October 2009, the journal *Far Eastern Economic Review* lost its final appeal in a defamation suit brought by former Prime Minister Lee Kuan Yew and his son, the current Prime Minister Lee Hsien Loong, and agreed to pay SGD 405,000. In 2006, the journal had published an article that contained allegations of corruption against both leaders. In general, critical newspapers or journals are subject of massive government intervention. The Newspaper and Printing Presses Act gives the Singaporean government the power to silence critical newspapers and journals by not renewing their licenses and empowers the authorities to limit the circulation of foreign newspapers. The 2010 Press Freedom Index published by Reporters Without Borders ranked Singapore at 136, compared to 133 in 2009. Although, the government amended the Films Act in March 2009, the law continues to restrict political speech in the country. In July 2010, authorities decided to ban the latest film of opposition activist and filmmaker Martyn See.

Freedom of
expression
3

3 | Rule of Law

The constitution provides a structure for the separation of powers. However, the ruling PAP has an ongoing monopoly on power and permeates all state institutions. As a result, it is difficult to differentiate between government bodies and the ruling party. The chief justice is appointed by the president, who selects from a range of candidates chosen by the prime minister. The president makes additional appointments to judicial positions on the advice of the prime minister's office. Subordinate judges can be dismissed or transferred according to the executive's will. Due to the PAP's ongoing monopoly on the executive branch, these selection procedures and high-handedness guarantee that the PAP has a continued influence

Separation of
powers
4

on the judicial branch. The strong influence of the PAP on the judicial power was shown in an April 2010 High Court decision. The court overruled a lower court's decision to acquit five activists who were charged with conducting a procession without a permit. The lower court's verdict was viewed as a landmark decision. The PAP dominates the Singaporean parliament. As a result, there is an absence of critical debates in the legislative house, which further indicates the ruling party's power over all branches.

The judiciary is institutionally differentiated and has the ability to interpret and review existing laws, legislations and policies. Channels of appeal and court administration are in place. Despite this, judicial decisions and doctrines are not free from the influence of political decision makers. The ruling PAP's dominance over all aspects of political life in the city-state has negative effects on the independence of the judiciary in Singapore. In January 2011, the Singaporean High Court sentenced vocal opposition politician Chee Soon Juan (the leader of the Singapore Democratic Party (SDP)) to a \$20,000 fine for speaking in public without a permit. The International Bar Association (IBA) criticized the High Court's decision and voiced grave concerns that the PAP was oppressing opposition views. Some lower court decisions such as the acquittal of five SDP members who were charged with conducting a procession without permission were first seen as welcome signs of growing independence in the judiciary. However, the High Court overturned the acquittal, dismissing these positive indications. In addition, Siok Chin Chee, a leading member of the SDP, was sentenced to several short jail terms in 2010 for distributing political flyers without a permit. These convictions have sparked criticism from the opposition and expressions of concern from overseas during the period under review.

In Singapore, officeholders who break the law and engage in corruption always attract adverse publicity and are prosecuted rigorously under established laws. The country pays its government officials the world's highest salaries and the fight against corruption is a key component of the ruling PAP's policy. In June 2010, Koh Seah Wee, former deputy director of the Singapore Land Authority (SLA) was charged with defrauding the SLA of more than SGD 12 million. Koh recommended the award of contracts to business entities in which he had a share of profits. In sum, Koh faces a total of 372 charges and a life sentence in prison. It is the city-state's biggest public-sector graft case since 1995. However, despite the government's rigorous stand with regard to cases of corruption, the strong personal ties between the country's largest investment company, the government-controlled Temasek Holdings and the government itself constantly raises questions about conflicts of interest.

Civil rights are constitutionally guaranteed but are partially violated in the Singaporean state. Moreover, mechanisms and institutions to prosecute, punish and redress violations of civil rights are partly in place, but often prove to be ineffective.

Independent
judiciary
4

Prosecution of
office abuse
10

Civil rights
6

The Singaporean authorities continue to deprive individuals of rights to justice by using laws that allow detention without trial. Most prominently, the Internal Security Act (ISA) enables detention orders to be renewed every two years, which effectively allows the state to continuously re-arrest the same people. On 4 April 2010, authorities arrested Singaporean citizen Muhammad Fadil Abdul Hamid under accusations of planning to undertake jihad-related activities overseas. Michael Fernandez, a former labor unionist who was arrested under the ISA in 1964 and detained without trial until April 1973, initiated a lawsuit against the Singaporean government in December 2010. Fernandez claimed that he has been tortured and exposed to sleep deprivation during his imprisonment. The High Court struck out the lawsuit two months later. The Criminal Law (Temporary Provisions) Act, which permits arrest and detention without warrant or judicial review was extended in February 2009 until 2014. The Sedition Act criminalizes speeches with seditious tendency without defining sedition. Both these acts provide the government with legal cover to take action against its critics, thereby violating civil rights in Singapore on a massive scale. The Public Order Act 2009 further limited the constitutional right of assembly. In November 2010, human rights group Amnesty International (AI) demanded that the Singaporean government abolish the death penalty. AI especially criticized the fact that under the Misuse of Drugs Act, the possession of specific amounts of drugs constituted trafficking, which carries a mandatory death sentence and leaves judges with no choice to consider mitigating circumstances.

4 | Stability of Democratic Institutions

Although Singapore's system of checks and balances is weak, its key institutions are stable. The ruling PAP controls all institutions in the city-state, thereby effectively containing political opponents. The executive is strong and its dominant position negatively affects a horizontal separation of powers in the country. The prime minister and the cabinet make all key political decisions and the parliament is subordinated to them. The Singaporean parliament is dominated by the PAP, which has won the majority of seats in every election since independence. As a result, the intensity of parliamentary debate is notably low. In addition, the judiciary is not free from interference by the ruling PAP. In sum, the ruling PAP's dominance of all institutions continues to block democratization.

At present, the PAP government is not committed to democratic institutions. During the period under review, the ruling PAP faced an increasing level of criticism due to rising living costs. Nevertheless, the party's grip on power continues to go unchallenged, and because of this, the government's commitment to democracy and

Performance of
democratic
institutions

2

Commitment to
democratic
institutions

2

democratic institutions remains dubious. Moreover, the current Singaporean government makes no secret of the fact that it considers liberal democracy unsuitable for Singapore.

5 | Political and Social Integration

The Singaporean party system is moderately stable and socially rooted. It is a predominant party system with the PAP as the largest and most successful party. The PAP has won every election since independence and holds a two-thirds majority in parliament. Consequently, the fragmentation of the party system and the degree of voter volatility are notably low in Singapore.

Party system

8

However, it could be said that the party system became more competitive during the period under review. The ruling PAP now competes with several opposition parties for Singaporean votes. The Worker's Party of Singapore (WP) was the oldest opposition party to contest the last general election. It was founded in 1957 and is the only opposition party that regularly wins a seat in the general election. Its current leader, Low Thia Kiang, was, together with Chiam See Tong, the only elected opposition member of parliament between 1997 and 2011. The aforementioned Chiam See Tong is the leading figure of the second opposition party, the Singapore's People Party (SPP). He is the longest serving opposition politician, representing the constituency of Potong Pasir in the Singaporean parliament from 1984 until 2011. The third opposition party worth noting is the Reform Party (RP), which was founded by the now deceased leading figure in the opposition, J.B. Jeyaretnam. The party is now led by J.B. Jeyaretnam's son, Kenneth Jeyaretnam, and will participate in the upcoming general election for the first time. Another important opposition party is the National Solidarity Party (NSP), which is under the leadership of Sebastian Teo. So far, the party has been unable to claim a constituency seat in parliament. The last opposition party of relevance is the SDP, which was founded in 1980 and is currently led by Chee Soon Juan. The party's founding father was Chiam See Tong, who currently runs for the SPP. This fact illustrates a common pattern in Singaporean opposition parties. The pool of opposition political activists who engage constructively in the political process in the city-state is rather small. This illustrates the structural disadvantage experienced by the opposition parties in comparison with the ruling PAP. Despite this, the opposition parties agreed to contest all 27 constituencies in the 2011 general election and also agreed to avoid "three-cornered fights" in the GRCs.

The PAP is the city-state's largest party and has dominated electoral competition since independence. Currently, the third generation of leaders is running the PAP, with party Secretary-General Lee Hsien Loong occupying the prime minister's

office. During the period under review, formerly high-ranking party members such as Senior Minister Goh Chok Tong remarked that the party had to get their fourth generation of leaders into position in the 2011 general election in order to keep their grip on power.

Contrary to the Malaysian party system, political parties in Singapore are not openly grounded in ethnicity. As a result, polarization between the parties with regard to ethnicity is notably low. Nonetheless, due to the ethnic dominance of the Chinese population, party politics are strongly determined by Chinese interests. To counteract this effect all political parties are forced to nominate election candidates of different ethnicity in the GRCs.

There is a narrow range of interest groups in Singapore, and important social interests are underrepresented. Few interest groups can operate independently of the PAP in the city-state. The spectrum of interest groups ranges from social movements like environmental groups and community organizations that provide assistance for the poor, to professional associations such as the Law Society of Singapore. Civic groups can only act within the narrow limits set by the Singaporean authorities. In practice, this means that they cannot criticize the government or broach issues of race and religion. Furthermore, interest groups run the risk of being co-opted by the ruling PAP if they raise relevant issues. Historically, employers' associations have no political weight and trade unions, such as the umbrella organization the NTUC have adopted a cooperative relationship with the government.

Singaporeans have an ambivalent relationship to democratic norms. According to data provided by the East Asia Barometer, 80% of Singaporeans express a desire for democracy and 85% of Singaporeans believe that democracy is the most suitable form of government for the country. Data provided by the World Value Survey support these findings (93.8% believe that a democratic system is very or fairly good). However, only slightly more than half of Singaporeans believe that elections or the right to criticize those in power are essential characteristics of a democracy. Furthermore, the majority of Singaporeans feels that the current government resembles a complete democracy and not an authoritarian system and 84.6% of Singaporeans are very or fairly satisfied with the way democracy works in their country. In addition, 15.5% of Singaporeans view the city-state as a full democracy and 75.5% feel that Singapore is a democracy, but with minor problems. Only 3.8% of Singaporeans believe that their country is not a democracy.

There is a fairly low level of trust among the Singaporean population. Social and cultural barriers divide the population, especially with regard to the growing number of foreign workers. According to data provided by the East Asia Barometer, 70.4% of Singaporeans believe that they have to be careful in dealing with people. Among the Southeast Asian countries, Singapore is at the bottom with regard to the

Interest groups

4

Approval of
democracy

n/a

Social capital

4

rate of membership in any forms of societal associations. A huge 90.1% of Singaporeans are not members of any societal association, according to data provided by the Asian Barometer Survey (which is different from the East Asia Barometer). Higher levels of trust can be observed in relationships between relatives or neighbors. Nevertheless, social capital is notably low in Singaporean society.

II. Economic Transformation

6 | Level of Socioeconomic Development

Poverty and inequality are minor and are barely structurally ingrained in Singapore. Key indicators show a very high level of development. The country's score in the 2008 UNDP's HDI is 0.846, which is the third highest in Asia after Japan and Hong Kong. Globally, Singapore is in 27th place. The country's level of development permits freedom of choice for all citizens and is comparable to OECD countries. However, the Gini coefficient indicates that there is a growing gap between the rich and the poor in Singapore. In 2007, the Gini coefficient was 0.49 (world average 0.418). According to the 2009 U.N. Development Report, Singapore had the second highest income gap between the rich and the poor among the 38 countries with very high human development, trailing only Hong Kong. The income gap was partly caused by increasing costs for housing, food and transport. Although Singapore experienced strong growth in 2010, the income gap between rich and the poor increased, with high-income earners largely benefiting from the economic recovery. During the period under review, foreign workers (who earn less than Singaporeans) increasingly relied on free meals from charities. Nevertheless, there is an absence of fundamental exclusion because of poverty, unequal access to education or deep gender discrimination. Singapore scored 0.78 on the 2006 Gender Empowerment Measurement. The female literacy rate is 91.6%, slightly less than the male (97.4%). In sum, Singapore shows a very high level of development but the income gap between the rich and the poor is increasing.

Question
Score

Socioeconomic
barriers
9

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	168196.8	177792.1	188479.5	208765.0
GDP growth	%	8.8	1.5	-0.8	14.5
Inflation (CPI)	%	2.1	6.5	0.6	2.8
Unemployment	%	3.9	4.0	5.9	-
Foreign direct investment	% of GDP	20.9	4.8	8.1	18.5
Export growth	%	9.3	4.0	-8.1	19.2
Import growth	%	7.8	9.4	-11.0	16.6
Current account balance	\$ mn.	48384.1	27887.0	35206.6	49558.4
Public debt	% of GDP	85.9	97.2	105.0	97.2
External debt	\$ mn.	-	-	-	-
Total debt service	\$ mn.	-	-	-	-
Cash surplus or deficit	% of GDP	11.4	7.6	1.7	-
Tax revenue	% of GDP	13.1	14.1	13.7	-
Government consumption	% of GDP	9.7	10.8	10.7	10.7
Public expnd. on edu.	% of GDP	-	2.6	3.0	-
Public expnd. on health	% of GDP	3.0	3.3	3.9	-
R&D expenditure	% of GDP	2.52	-	-	-
Military expenditure	% of GDP	3.7	3.9	4.3	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

Market competition is consistently defined and implemented both macroeconomically and microeconomically in Singapore. There are state-guaranteed rules for market competition with equal opportunities for all market participants. The informal sector is very small. According to the 2011 World Bank “Doing Business” report, Singapore was the best country in the world in which to run a business, a ranking it achieved for the fifth consecutive time. According to the report, the country is the most efficient business place from which to import and export goods. A low level of bureaucratic procedures in terms of documents (four to five), and days (four) are required to export and import goods, and this boosted

Market-based
competition
10

Singapore's overall score. In addition, Singapore trails only New Zealand in terms of protecting investors and minority shareholders.

Nevertheless, the Singaporean economy has shortcomings. Although key sectors such as the telecommunication or media sector have been privatized in the past, government-linked companies (GLC) managed by the PAP-controlled Temasek Holdings, the country's largest investment company, play an important role in several key sectors. GLCs produce nearly two-thirds of the country's GDP and include prominent companies such as Singapore Airlines, the world's second largest airline by market capitalization. Although GLCs operate largely independently, they compete directly with private-sector companies. Competing SMEs in the private sector had difficulties getting bank loans for building up their businesses and did not play an important role in the city-state's economy during the period under review. Singapore's dependency on GLCs has potential risks as shown during the global financial crisis. In the wake of the crisis, financial experts demanded a more well-balanced and competitive economy with an increasing number of private-sector companies in order to make Singapore's economy more resilient.

The Singaporean authorities enforce comprehensive competition laws to prevent monopolistic structures and conduct. The efficient functioning of Singapore's markets is guaranteed under the Competition Act 2004, which is largely modeled on the UK Competition Act 1998. The legislation covers both foreign-owned and domestic companies. The provisions were implemented in phases: Firstly, the Competition Commission of Singapore (CCS) was set up in January 2005 with provisions on anticompetitive agreements, decisions and practices, abuse of dominance, enforcement, appeal processes, and other miscellaneous areas coming into force one year later. Remaining provisions relating to mergers and acquisitions were implemented in July 2007. However, important sectors such as telecommunications, media, energy, postal services and the airport have been exempted from the Competition Act 2004. The telecommunication sector is overseen by the Info-communications Development Authority (IDA), which issued a code of practice for competition. However, it is noteworthy that these exempt sectors include some businesses that are monopolies managed directly by the government or controlled by Temasek Holdings.

Anti-monopoly
policy
10

Singapore's economy is one of the most open in the world in terms of foreign trade. The country strongly supports the multilateral trading system. Singapore grants at least most-favored-nation treatment to all its trading partners, and the most-favored-nation tariff stands at zero. The only exceptions are six lines for alcoholic beverages, which are subject to specific rates. Furthermore, the city-state has bilateral trade and investment agreements with countries in various regions of the world. In 2009, a free trade agreement with China (CSFTA) came into force. As a founding member of ASEAN and the Asia-Pacific Economic Cooperation (APEC) forum, Singapore actively participates in reducing trade and non-trade barriers

Liberalization of
foreign trade
10

between member countries. In 2009, the ASEAN member states signed a free trade in goods agreement (TIG) with India. The agreement came into force on 1 January 2010 and covers 90% of the tariff lines of approximately 5,000 items (at six digits) traded between ASEAN and India. Currently, India is ASEAN's seventh largest trading partner and is of significant relevance for Singapore's economy. Negotiations with regard to a proposed Free Trade Area of the Asia-Pacific (FTAAP) did not significantly progress during the period under review.

In Singapore, the banking system is solid and oriented toward international standards with functional banking supervision and minimum capital equity requirements. Singapore's capital markets are well developed, and its banks are increasingly using complex derivatives for risk management and hedging. Financial services account for nearly 11% of Singapore's GDP. There were 120 commercial banks in Singapore in 2010. Of these, 113 are domestically owned. Commercial banks are licensed under and governed by the Banking Act. Despite the effects of the global financial crisis, the country's financial institutions remained stable and have ample liquidity. Furthermore, the government guaranteed all SGD and foreign-currency deposits of individuals and non-bank customers in licensed banking institutions. Currently, there are three dominant banking groups in Singapore. The largest is the government-controlled Development Bank of Singapore (DBS). During the period under review, barriers to foreign banks have been lowered. Nevertheless, a majority of bank board members must be Singaporean citizens or residents. According to the Heritage Foundation's 2011 Index of Economic Freedom, Singapore is ranked second in the world's free economies. However, the share of nonperforming loans increased over the last couple of years and was at 8.0% in 2008.

Banking system
9

8 | Currency and Price Stability

Inflation and foreign exchange policies are brought into concert with other goals of economic policy and have an adequate framework in Singapore. The Monetary Authority of Singapore (MAS) operates a managed float regime. After rising to a 28-year high in 2008, the inflation rate (consumer price index) increased again in the last quarter of the period under review. In 2009, the inflation rate significantly decreased to 0.6%. However, consumer prices rose again to 5.5% in January 2011, their highest level in 25 months. Financial experts expect the rate to stay high in the first half of 2011 before falling. The 2010 increase of consumer prices was largely related to rising housing costs, transport costs and higher food prices. Housing-related costs rose 5.3% due to higher accommodation costs, while electricity tariffs and transport costs increased by 18.4%, led by higher car and petrol prices. Nevertheless, financial analysts did not view Singapore's rising inflation rate as a cause for alarm.

Anti-inflation /
forex policy
10

The SGD performed strongly during the period under review. In 2010, the currency gained 5.7% of its value compared to the U.S. dollar. The U.S. dollar hit an all-time low against the Singaporean currency at SGD 1.2896 in October 2010 and depreciated to SGD 1.2881 four months later. According to data provided by the World Bank, the real effective exchange rate remained stable at 110.3 during the period under review.

The Singaporean government's fiscal and debt policies promote macroeconomic stability, supported in part by institutional constraints. The global financial turmoil upset Singapore's trend of years of stable macroeconomic situation and austere fiscal policy. As a result, the country's budget deficit stood at 1.1% of GDP in 2009. Furthermore, the Singaporean government tapped its reserves for the first time in 2009. In 2010, the quick economic recovery helped the Singaporean government to generate a budget surplus again. The budget surplus was unexpected as the government had forecast a budget deficit of 1% of GDP. In 2009, Singapore's debt-to-GDP ratio was at 10.7%, one of the lowest ratios in the world. The budget deficit in 2009 was largely due to the government's economic stimulus package, worth about \$13.6 billion – 6% of the country's GDP. With the stimulus package, the government lowered corporate taxes, subsidized wages, guaranteed bank loans and invested in the country's infrastructure. The package helped the city-state to avert a sharper economic downturn after the global financial crisis.

Macrostability
10

9 | Private Property

Property rights and regulations on acquisition, benefits, use and sale are well defined and widely enforced in Singapore. The Heritage Foundation's 2011 Index of Economic Freedom highlighted that Singapore has one of Asia's strongest intellectual property rights regimes and ranks Singapore second in Asia, trailing only Hong Kong. Furthermore, the Singaporean judiciary effectively protects private property, and contracts are secure. In addition, Singapore has ensured that its property and copyright laws are in line with underlying principles in global laws on intellectual property rights. However, problems with regard to the enforcement of property rights remain. In addition, state acquisition of land is often priced under that of the prevailing market price. Furthermore, politicians who lose a defamation suit against the ruling PAP often have to file for bankruptcy when they cannot pay the exceptionally high damages awarded. Outspoken opposition politicians run the risk of losing their assets.

Property rights
10

In Singapore, private companies are viewed institutionally as the primary engines of economic production and are given appropriate legal safeguards. In the past, the privatization of state companies proceeded with market principles. Moreover, the government-linked corporations are run like private companies. In addition, the World Bank "Doing Business" report ranked Singapore first in 2011. The low level

Private enterprise
9

of bureaucratic procedures in particular foster private entrepreneurship. However, the dominant role of GLCs (e.g., in the telecommunication or multimedia sector) is often viewed as an obstacle to the development of private enterprises.

10 | Welfare Regime

Social safety nets are well developed, but do not cover all risks for all strata of the population. Some parts of the population are at risk of poverty in Singapore. Social security schemes are very much centered on individual contributions to social insurances. The Central Provident Fund (CPF) is the primary social security institution for Singaporeans and permanent residents. Contributions to the CPF go into three accounts: The Ordinary Account, where savings can be used to buy a home, pay for CPF insurance, investment and education; the Special Account for investment in retirement-related financial products, and the Medisave Account for approved medical insurance. During the period under review, the employers' CPF contribution slightly increased. In May 2010, the government decided to raise the employers' CPF contribution rate by 1%. The first 0.5 percentage point increase was implemented on 1 September 2010 and was made over to the Medisave account. The second 0.5 percentage point increase will be implemented on 1 March 2011 and will be made to the Special Account. From September 2011 on, employees will contribute 20% of their monthly salary while employers will pay 16% of the entire employee monthly salary to CPF. However, Singapore is still dependent on informal community assistance in the social safety sector. Informal community assistance is needed due to a low percentage of public expenditure on health (1.0% in 2007). Singapore has a widespread system of health care. A universal health care system coexists with a sector of private health care that provides broader care.

Social safety nets
8

Equality of opportunity is largely achieved in Singapore. Women and members of ethnic and religious groups have near-equal access to education, public office and employment. The female literacy rate is 91.6%, less than the male (97.4%). However, there is a lack of female representation in professional categories at managerial levels. Malay households, in particular, are still less well-off in socioeconomic terms than those of the Chinese majority. Low-income families and those less qualified find it increasingly difficult to make a living in Singapore.

Equal opportunity
8

11 | Economic Performance

Singaporean economic performance quickly recovered from the global financial crisis. After the long period of stable growth following 2001, Singapore's economic performance was strongly affected by the global financial crisis. At the end of 2008 and the beginning of 2009, Singapore slipped into one of its worst recessions since

Output strength
9

independence. GDP growth rates for 2009 were negative at 0.8%. Nevertheless, the Singaporean economy recovered in mid-2009 and gained strong momentum in 2010. In the first quarter of 2010, the GDP growth rate was 16.4%, followed by a growth rate of 19.4% in the second quarter. The overall GDP growth rate for 2010 was 14.5%. Singapore was the fastest growing economy in Asia in 2010. The government forecasts a GDP growth of 5% to 7% in 2011. GDP per capita (PPP) increased in 2010 to \$57,238 and was higher than before the global financial crisis. The current account balance in Singapore corresponded to \$67.43 billion in 2010. The inflation rate significantly decreased to 0.6% in 2009. However, consumer prices rose again to 5.5% in January 2011. The unemployment rate for 2009 was 3.025%, lower than the expected 4.8%. In the first quarter of 2011, the jobless rate stood at 1.9%. Tax revenue was at 13.8% of GDP in 2008. As Singapore recovered from the global financial crisis during the period under review, the city-state overtook Malaysia as the third largest economy in Southeast Asia by the end of 2010. FDI significantly decreased in 2008 and 2009 (5.6% of GDP and 9.2% of GDP compared to 20.2% of GDP in 2007), but rebounded in 2010. FDI to Singapore more than doubled to \$39 billion in 2010. As a result, Singapore was in ninth place globally for FDI inflows in 2010.

12 | Sustainability

Environmental concerns are taken into account but are occasionally subordinated to growth efforts. Environmental regulations and incentives are in place, and are largely enforced. Industrial pollution, limited natural freshwater resources and waste disposal are the nation's primary environmental problems. The Environmental Performance Index (EPI) ranked Singapore at 28 in 2010. According to a study published by academics from the National University of Singapore (NUS) and the University of Adelaide in May 2010, Singapore has lost 90% of its forest, 67% of its birds, and about 40% of its mammals in the last 30 years. Furthermore, the city-state is the 33rd-highest emitter of greenhouse gases among 215 countries according to data provided by the Energy Information Administration, which provides energy statistics to the U.S. government. During the period under review, flash floods hit parts of the city-state on several occasions. Due to the increased surface run-off in the city-state, the current drainage infrastructure is insufficient.

Singaporean education policy ensures a system of high-quality education and training, and the research and technology sector is dynamic and competitive. Investment in education and training is clearly above average as is investment in R&D. Public expenditure on education was at 3.2% of GDP in 2009, a slight increase compared to 2.8% of GDP in 2008. Expenditure on R&D was at 2.3% of GDP, which is about the same as the average in OECD countries. Currently,

Environmental
policy
8

Education policy /
R&D
10

Singapore has five universities with a sixth university, the Singapore University of Technology and Design, expected to open in 2012. Singapore's universities rank among the best in the world. The Times Higher Education Ranking ranked the National University of Singapore 34th in the world and 4th in Asia in 2010. The sound education policy and the high level of expenditure on R&D are highlighted by the World Economic Forum's Growth Global Competitiveness Report 2010 – 2011, which ranked Singapore third out of 139 countries. The city-state was the highest ranked country from Asia. In the category of higher education and training, the country came fifth. The only limitation in the education sector is the fact that accumulating knowledge has traditionally taken precedence over creative and problem-solving abilities.

Transformation Management

I. Level of Difficulty

The Singaporean government faces only low structural constraints on its capacity to govern. Infrastructural development or poverty do not constraint the Singaporean administration. The country's level of difficulty can be compared to OECD-countries. Moreover, the country is not exposed to natural disasters or pandemics. In addition, the educational system's output of high-skilled workforce is sufficient and the level of corruption is notably low, with the fight against corruption being a key component of the ruling PAP's policy. However, there is a need to counter Chinese competition and to prepare for the competition expected from India in the years to come. The lopsided ethnic composition of the population (74.1% Chinese, 13.4% Malay and 9.2% Indian as of 2010) requires skillful handling so as to avoid confrontation and to foster a unified Singaporean identity.

Structural
constraints
1

Traditions of civil society are fairly weak in Singapore, and are mostly limited to informal community assistance. During the colonial period, civil society was characterized by ethnic and religious groups such as clan associations, church, temple and mosque congregations. These organizations played an important role during decolonization. Nowadays, the landscape of voluntary organizations is slim and plagued by limitations imposed by the Singaporean government. In general, two different cultures of civil society have emerged within the NGO landscape. On the one hand, a group of more liberal organizations is monitoring human rights or observing the government's behavior with regard to opposition politicians. On the other hand, a more welfare-oriented part of civil society has gained strength, particularly when it comes to informal community assistance for the poor. Their work was especially needed during the global financial crisis when the Singaporean economy slowed down. In general, membership of voluntary organizations is largely limited to the well-educated urban middle class. The lack of civil society traditions is reflected in the low level of social capital in Singapore.

Civil society
traditions
6

There were no violent incidents based on social, ethnic or religious differences in Singapore during the period under review. In addition, conflict intensity is low. Since independence, the political elite have managed ethnic and religious cleavages by promoting a culturally neutral concept of citizenship. This conflict management

Conflict intensity
2

helped stabilize a heterogeneous society and inhibited violent outbreaks for more than three decades. Consequently, there is no mobilization of large groups along ethnic or religious cleavages. However, the Singaporean government does use authoritarian methods to restrict public debate on questions of race or religion. Laws such as the Sedition Act restrict the freedom of speech and effectively limit the confrontational nature of politics. Although ethnic and religious tensions did not increase during the period under review, differences between ethnic groups in the country remain and have to be carefully managed by the government. During the period under review, a cleavage between Singaporeans and the growing number of foreign workers became more and more evident, especially in the aftermath of the global financial crisis. Currently, foreigners make up 36% of Singapore's population, up from about 20% a decade ago. With rising housing prices and greater competition on the job market, Singaporean citizens increasingly complain about the influx of foreign workers.

II. Management Performance

14 | Steering Capability

The Singaporean government sets strategic priorities and generally maintains them over extended periods of time. In addition, it has the capacity to prioritize and organize its policy measures accordingly. Strategic Planning Divisions exist in several ministries within the Singaporean government. Throughout the period under review, the government maintained its focus on fostering an open-market economy in order to attract multinational companies to establish business operations in the country. Although Singapore's vulnerability to external financial shocks such as the global financial crisis became evident, the government maintained its steering capability and did not change its strategic priorities. In Singapore, the maintenance of strategic priorities is not constrained by actors outside the government such as powerful economic interests or foreign governments. However, the ruling PAP's strategic long-term aims do not include a further democratization of the public sphere or the extension of democratic norms. The demands of opposition parties and human rights groups for further democratization were ignored by the Singaporean government.

In general, the Singaporean government is able to implement its policies effectively. Singapore enjoys effective policy implementation thanks to the absence of a true parliamentary opposition and the PAP's dominance of almost every aspect of the city-state's political, military and economic life. In reaction to the global financial crisis, in 2009 the government quickly implemented a stimulus package to

Question
Score

Prioritization
5

Implementation
5

boost the economy. The package was worth about \$13.6 billion, which represented 6% of the country's GDP. The package included a cut of the maximum corporate tax rate to 17% from 18%, a government subsidy of 12% of the first SGD 2,500 of each employee's monthly wages, guaranteed bank loans and investments in the country's infrastructure. In addition, the government decided to raise employers' CPF contribution rate by 1% in 2010 in order to financially support employees in Singapore. Both policies helped the Singaporean economy to overcome the global financial turbulence and paved the way for strong economic growth in the last quarters of the period under review. Nevertheless, the executive has not carried out structural and qualitative changes in the political system in order to facilitate transformation toward democracy.

The Singaporean government responds to mistakes and failures with changes. The city-state's administration shows a considerable degree of flexibility and learning capability with reference to market reforms. In addition, the government regularly seeks advice from financial experts and academics in order to implement good practices in the financial sector. In the past, Singapore took a firm stance against any forms of gambling. As a result, the government did not provide any concessions to run casinos. However, the ban on gaming facilities was retracted, paving the way for the opening of two casinos in 2010. The decision was widely seen as a move to increase tourist arrivals in the city-state. The requirements for the casinos are strict as operators cannot run the casino resorts as gaming facilities but must provide conference and meeting facilities. The political elite, however, continue to refrain from implementing democratic reforms. Moreover, they show a low degree of political will to learn from past mistakes in order to facilitate democratic changes. In sum, the government's projects cannot be considered as a proof of its learning process or commitment to democratic norms.

Policy learning
5

15 | Resource Efficiency

The Singaporean government makes efficient use of all available human, financial and organizational resources. The government's administrative personnel is highly professional. The existence of competitive recruitment systems and the high level of public sector salaries make the Singapore Civil Service one of the most efficient bureaucracies in the world. Consequently, the functioning of the administrative system is exemplary at every level of the Singaporean bureaucracy. In general, the Singaporean government makes efficient use of budget resources. In 2009, the country's budget deficit was at 1.1% of GDP and the government tapped its reserves for the first time to meet its fiscal stimulus package. In 2010, the speedy economic recovery helped the Singaporean government to generate a budget surplus once more. However, some investments by government-controlled Temasek Holdings – both the largest company in the city-state and under the direction of Ho

Efficient use of
assets
9

Ching, the current prime minister's wife – were criticized during the period under review. In February 2009, the government announced that Temasek Holdings' investment portfolio value fell by 31% due to the global financial crisis. Although the investment portfolio fully recovered in 2010, the strong ties between Temasek Holdings and the government itself raised questions as to whether the Singaporean government makes efficient use of all available resources.

The government coordinates conflicting objectives effectively and acts in a coherent manner. The cabinet under the hierarchical leadership of Prime Minister Lee Hsien Loong handled conflicts over economic or social policies effectively and achieved policy coherence. The government promises that trade-offs between policy goals are well balanced. During the period under review, there were no visible frictions within the government. Forms of coordination between different departments of the state administration are in place. The prime minister's office coordinates the activities of the ministries. For example, the National Security Coordination Secretariat (NSCS) and the National Population Secretariat (NPS), which are both located in the prime minister's office, respectively coordinate national security planning and intelligence issues, and the various government agencies involved in population-related issues. In addition, responsibilities within the government are ascribed in a transparent manner. Compared to other countries in the region, the government's capability to coordinate conflicting objectives and interests is highly effective.

Policy
coordination
10

The Singaporean government is successful in containing corruption, and integrity mechanisms are in place and effective. Corruption in the civil service is by far the lowest in the region. Numerous safeguards and rigorous audit controls are in place in the city-state. The Corrupt Practices Investigation Bureau (CPIB) is incorporated into the prime minister's office and investigates corruption in the public and private sector. It derives its jurisdiction from the Prevention of Corruption Act that was enacted in 1960. However, Singapore's anti-corruption policy is not free from criticism. During the period under review, there were several demands for a whistleblower protection act. A whistleblower protection act is seen as a necessary tool to complement the city-state's anti-corruption policy as it would aim at preventing people from engaging in corruption activities as somebody could "blow the whistle" on them. Furthermore, the extremely high salaries of ministers and high-ranking civil servants were increasingly criticized and viewed as legalized corruption. In addition, the strong affiliation between the ruling PAP and the state administration is viewed as problematic, especially with regard to the high salaries paid in the higher ranks of the administration. A high position within the ruling PAP increases the possibility of getting a lucrative job in the public service.

Anti-corruption
policy
9

16 | Consensus-Building

In Singapore, all major political and social actors agree on the goal of a market-based economy. However, some environmental groups are critical of the fact that green-friendly economic plans are overlooked in favor of projects which could be detrimental to the environment, if profitable. Nevertheless, there is no politically relevant actor who can derail either the reform process or the expansion of the market economy. With regard to political democracy, however, Singaporean political and social actors cannot reach consensus. The ruling PAP continues to refrain from implementing democratic reforms aimed at facilitating transformation. Instead, it maintains that liberal democracy as practiced in the West is unsuitable for Singapore's ethnically and religiously heterogeneous society.

Consensus on goals
7

With the ruling PAP controlling the parliamentary majority in Singapore, reformers have no control over anti-democratic actors and continue to have no power to bring about democratic reforms. While interest groups such as the military or the local entrepreneurs have often played an important role as anti-democratic veto powers in neighboring countries (and still do), in Singapore these groups have been successfully co-opted by the political leadership and have a strong stake in the existing political system.

Anti-democratic
actors
2

The Singaporean political leadership successfully prevented cleavage-based conflicts from escalating by adopting authoritarian means in the face of the city-state's ethnic and religious heterogeneity. Cleavage-based conflicts with regard to ethnic or religious tensions did not escalate or significantly increased during the period under review. However, a cleavage between Singaporeans and the growing number of foreign workers became more and more pronounced, especially in the aftermath of the global financial crisis. Currently, foreigners make up 36% of Singapore's population, up from about 20% a decade ago. Faced by rising housing prices and greater competition on the job market, Singaporean citizens increasingly complained about the influx of foreign workers. This cleavage significantly increased in the last months of 2010 and was a major topic in the May 2011 general elections. So far, the Singaporean government has successfully contained this cleavage by limiting public debate with authoritarian means. However, the level of criticism voiced through new communication channels significantly increased and put constant pressure on the Singaporean government during the period under review.

Cleavage /
conflict
management
8

The city-state's political leadership only recognizes and accommodates the interest of civil society actors if they do not interfere with government policies. Laws pertaining to NGOs and other civil society groups continue to limit the space for civic activity. Any initiatives that foster a critical dialogue among Singaporean citizens have to register under the Societies Act and be controlled by the

Civil society
participation
5

government. For instance, the opposition internet platform the Online Citizen was told to register itself as a political association in January 2011. Singaporean civil society plays only a marginal role in agenda-setting, the formulation of policies, policy implementation and performance monitoring. The system of feedback units installed by the political leadership is controlled by the government and therefore of limited benefit for civil society groups. In sum, the influence of civil society actors in the political debate is insufficient.

Singapore experienced riots between ethnic groups on two occasions. In 1964, there were riots between Chinese and Malay groups in which 36 people were killed. At that time, Singapore was part of the Federation of Malaysia. Five years later, Singapore experienced its only post-independence communal conflicts when riots broke out as a result of the spillover of an incident on 13 May 1969 in Malaysia. In contrast to Malaysia, where one ethnic group, the Malays, shape the character of the state, the Singaporean state has promoted a culturally neutral concept of citizenship since 1965. The political leadership successfully reconciled different ethnic groups.

Reconciliation
n/a

17 | International Cooperation

Singapore, as a very highly developed country according to the HDI, and does not require or seek support from international partners for its domestic policies. The exception to this is Singapore's dependency on sand imports from Indonesia. The sand imports are used in land reclamation projects and are vital for Singapore's infrastructure projects. External advice with regard to the situation of human rights in the city-state is considered as unwanted political interference. In addition to this, the Singaporean government blocks every attempt by international organizations to facilitate democracy and civil rights in the country.

Effective use of
support
8

The Singaporean government is considered a credible and reliable partner by the international community. The political leadership remains fully engaged with the World Bank, the IMF, the ADB and other international institutions such as the WTO. In addition, Singapore has signed the ASEAN Charter. Through the Singapore Cooperation Programme (SCP), Singapore provides technical assistance to developing countries around the world. However, Singapore has not signed or ratified international core treaties such as the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights or the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

Credibility
8

The Singaporean government actively and successfully builds and expands cooperative neighborly and international relationships. They promote regional and international cooperation. During the period under review, Singapore deepened ties with China. In November 2010, Chinese Vice President Xi Jinping visited the city-

Regional
cooperation
10

state. Jinping's visit commemorated the twentieth anniversary of diplomatic relations between the two countries. Relations with neighboring Malaysia further improved during the period under review. In April 2009, Prime Minister Lee Hsien Loong and his Malaysian counterpart Najib agreed to look into the possibility of cooperation on common projects within the Iskandar Malaysia region in Johor, an important development corridor in Malaysia close to the Singaporean border. Currently, Singapore is involved in the Trans Pacific Partnerships (TTP) negotiations that aim to integrate the economies of the Asia-Pacific region.

Strategic Outlook

The ruling PAP has kept its grip on power in the last two years. Democratic transformation in Singapore has remained insufficient. The political leadership has no intention of facilitating democratic transformation. No first steps to liberalize the political system or to frame a more pluralistic society were undertaken during the period under review. The Singaporean economy recovered strongly from the global financial crisis. However, the global financial crisis exposed the city-state's economic weaknesses and fueled fears that have to be addressed by the political leadership. The government will have to balance the country's economy more effectively. A new transformation strategy should focus on three key elements.

Firstly, Singapore needs to allow citizens and journalists more space in order to express diverse views and criticism. Laws that effectively limit public debate should be reviewed. During the period under review, there was a significant increase in demands for pluralism, voiced not only by oppositionists but also by a significant part of the constituency. These demands played an important role in the May 2011 general elections. In general, Singaporeans are satisfied with their government, but they are asking for greater government transparency and accountability and the right to voice their concerns and criticism. Although the government continues to control the Singaporean media, discontent is increasingly voiced through new communication channels such as the internet. Singapore's citizens frequently use web platforms such as the Online Citizen to voice their discontent with government policies. This development exposes the government's decreasing ability to control the use of modern information technologies. The oppressive methods of the past will be of limited use in the long-term future. Given that Singaporeans are generally satisfied with their government, the political leadership could even benefit if they reacted to demands for a more diverse public debate.

Secondly, the Singaporean government has to tackle the increasing income gap between the rich and the poor and the influx of foreign workers into the country. With costs of living significantly increasing, high-income earners largely benefited from the economic recovery. At the same time, low-skilled Singaporeans found it more and more difficult to afford rising prices for food and housing. As a result, Singaporeans voiced their discontent with the growing number of foreign workers who compete for jobs in the low-wage sector. In February 2011, the government

announced that it would raise foreign-worker levy rates in order to reduce the country's reliance on low-cost workers. This decision was criticized because it enables employers to pass on additional costs to their foreign workers, thereby diminishing any incentive to hire Singaporeans instead. The Singaporean government has openly dismissed the idea of introducing a minimum wage, even though a modest minimum wage in some sectors of the country's economy could tackle these problems. It could provide an incentive for companies to hire Singaporeans and not rely on foreign workers. At the same time, low-paid Singaporean's cost-of-living financial burden would decrease.

Thirdly, the global financial crisis exposed the weaknesses of Singapore's export-led economy. Financial analysts pointed out that the country's economy would be more resilient if it were better balanced. Singapore's economy is dominated by GLCs managed by Temasek Holdings, which produce nearly two-thirds of the country's GDP. The dominant role of GLCs in some sectors is often viewed as an obstacle to the development of private enterprise. Financial analysts proposed that the government could unleash more productive growth by trimming back the country's public sector and allowing the economy to diversify on its own.