SINGAPORE IN 2003

Another Tough Year

William Case

Abstract

During 2003, Singapore's prime minister, Goh Chok Tong, announced that he would be succeeded by Lee Hsien Loong some time before the next election. The country's economy was severely affected by falling export markets and SARS. A free trade agreement was concluded with the United States, while relations remained strained with Malaysia over a variety of issues.

Politics

Politics in Singapore turns primarily on dealings between high-level position-holders. Thus, in what was probably the country's main political event during 2003, the prime minister, Goh Chok Tong, declared in a National Day address on August 17 that he was preparing to step down. To be sure, he would only do so, he said, after lifting the country's "economic gloom"¹ But he would also leave his successor ample time to get in place for the next election, due in 2007. Local pundits quickly sketched out a time frame for Goh's departure that extended from mid-2004 until early 2005. In addition, Goh announced that he would be succeeded by his deputy and finance minister, Lee Hsien Loong, the son of Senior Minister Lee Kuan Yew. But in making his announcement, Goh openly acknowledged a widespread distaste in Singapore for his deputy's "no-nonsense, uncompromising and tough" demeanor, then related a curious incident in which Lee was believed to have slapped a fellow minister during a cabinet meeting in 1990.

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1. "Tensions between Goh and Lee Jr," *Financial Times* August 18, 2003, Singapore Democratic Party website, <http://www.singaporedemocrat.org/news_display.php?id=323>.

Goh advised that Lee “has to let his softer side show,” encouraging much speculation over simmering personal and policy differences between the two men.²

Lee Hsien Loong, in afterward contemplating of Singapore politics once he becomes prime minister, called for much leadership continuity. In particular, he stated that he hoped to retain both Goh and his father in the cabinet, professing to value “their experience and advice.” He asserted that nearly a half-dozen other incumbent ministers “will all be key members of the team for some years to come.”³ And he intimated that his wife, Ho Ching, could retain her position as executive director of Temasek Holdings, the government’s investment arm, without risking any conflict of interest.

But these hopes for continuity may be dashed. Seemingly, the only appropriate cabinet position for Goh to fill would be the senior ministership, currently held by Lee Kuan Yew. Goh has dismissed any role for him in this post, however, as akin to “being a mascot.”⁴ What is more, in an Internet poll conducted in Singapore, a majority of respondents urged that Lee Kuan Yew, who turned 80 in September, be retired from political life altogether.⁵ Doubts have also arisen over Ho Ching’s directorship, with a local newspaper interviewer asking Lee Hsien Loong, “What does it say . . . about Singapore’s talent pool if the person most suitable to head Temasek Holdings is the wife of the prime minister?” With trademark bluntness, Lee replied: “Jobs have grown in . . . complexity, and the talent pool hasn’t expanded as quickly as the jobs. . . . [T]he elite is always a small group and you always find the same persons wearing multiple hats.”⁶ But Lee tried also to convey the benevolence prescribed by Goh, promising to “continue developing a ‘kinder, gentler’ Singapore [by paying] ‘special attention’ to . . . those in their 40s and above who helped build Singapore and are now struggling to cope with change.”⁷

Anticipating this gentler Singapore, the government began to ease controls over civil liberties and political rights during 2003, albeit grudgingly. For example, the Remaking Singapore Committee released some recommendations in June over how to stimulate greater political and cultural vigor among citizens. Specifically, the committee proposed to clarify the “OB [out-of-

2. “Parting Advice,” *Far Eastern Economic Review* [hereafter *FEER*], September 11, 2003, p. 19.

3. “This Is Not a Family Show,” *Straits Times Interactive*, October 12, 2003, <http://global.factiva.com/en/arch/print_results.asp>.

4. *Ibid.*

5. “Poll Watch,” *The Australian*, September 22, 2003, p. 15.

6. “This Is Not a Family Show.”

7. “DPM’s Vision for Singapore,” *Straits Times Interactive*, October 12, 2003, <http://global.factiva.com/en/arch/print_results.asp>.

bounds] markers” on political participation, the current ambiguity of which leaves most citizens wary of public discourse. The committee thus outlined a “red lane, green lane” approach, with “action and speech that directly engage in electioneering and party politics” to be proscribed more explicitly. But beyond this, “free-flowing discussions should be allowed, as long as they do not compromise sovereignty, security and religious or ethnic harmony.” The committee recommended that academics, in particular, looked upon politely in the country as “restrained,” should be encouraged to publish more of their research on public policy.⁸

In June, the government-controlled *Sunday Times* offered a rare set of profiles of five opposition members. Even more surprisingly, the opposition Social Democratic Party (SDP) was given a permit by police to host the International Youth Conference for Democracy, the first conference on democracy and human rights ever held in the country. Sponsored by Swedish institutions, the gathering attracted some 100 delegates from Asia, the United States, and Europe. The SDP leader, Chee Soon Juan, depicted on his party’s website as the “the number one enemy of the [ruling] PAP” (People’s Action Party),⁹ had been lauded a month earlier by the U.S.-based Parliamentarians for Global Action, earning him a “Defender of Democracy” award.

The government-controlled National Trades Union Congress (NTUC) also showed uncharacteristic vibrancy in 2003. During a three-day conference in October, speakers forthrightly criticized their partners in the country’s corporatist structures through which organized labor has long been fused with government and business. While such arrangements once contributed to rapid industrialization, they have more recently been associated with deteriorating job markets. Thus, unionists at the meeting railed against the government-linked corporations (GLCs) and private sector firms which, after cutting wages and superannuation contributions to the Central Provident Fund (CPF), were now resorting to wide-scale layoffs. One parliamentarian, Ho Geok Choo, took up the NTUC’s grievances over the brusqueness of dismissals, acknowledging that many Singapore companies “really know next to nothing about HR [human resource] practices.”¹⁰

But even as economic conditions grew tougher throughout most of 2003, the government allowed new civil liberties and political rights with pledges to phase in more personal freedoms. Singapore’s much-publicized ban on chewing gum—designed to keep public facilities clean—will thus be lifted.

8. “Here’s How to Stop Being Afraid to Speak Up,” *ibid.*, June 13, 2003, <<http://straitstimes.asia1.com.sg/storyprintfriendly/0,1887,194369,00.html?>>.

9. Youth Wing of the Singapore Democratic Party, “The Four Seasons of Singapore’s Politics,” June 23, 2003, <<http://www.singapore-window.org/sw03/030623sd.htm>>.

10. “Is the Tri-Party Over,” *Straits Times* online, October 11, 2003, <http://global.factiva.com/en/arch/print_results.asp>.

Cosmopolitan magazine, banned for more than two decades for “purveying promiscuous values,” will be removed from the list of prohibited publications. Regulations on entertainment venues have been eased, with bar-top dancing by barmaids and, indeed, unexpected amounts of prostitution now flourishing in some parts of town. But most strikingly, Prime Minister Goh announced that the public sector ban on employing homosexuals would be dropped. “Let it evolve,” he intoned, “and in time the population will understand that some people are born that way.”¹¹

However, though the scope for civil liberties, political rights, and personal freedoms may have widened somewhat during 2003, they remain firmly calibrated. In April, Chee Soon Juan’s appeal against an earlier court decision that he had defamed Goh and Lee Kuan Yew was rejected; the High Court summarily ruled against him in August. Chee had been twice denied expert foreign counsel and no Singaporean lawyer would touch the case. Facing costs and a substantial libel award, he may be forced into bankruptcy, which would bar him from contesting elections. In addition, while the *Sunday Times* may have profiled some oppositionists, *Reporters Sans Frontières* gave Goh a “Predator of Press Freedom” award in May, contrasting sharply with Chee’s new status as Defender of Democracy.

Furthermore, even the personal freedoms now on offer came with conditions. Gum will only be sold for “therapeutic” purposes, confirmed by the buyer’s bearing a note from the dentist. Newsstand browsing will be inhibited by the plastic wrapper in which *Cosmopolitan* must be sold. Homosexuality, though no longer a barrier to public sector employment, will remain an offense. And revelry in nightspots, even if deregulated, appears effectively to be dulled by hard times.

Economy

Singapore’s economy was sorely tested in 2003, especially during the first three quarters. This trend has carried over from 2002, with traditional investment strategies, involving close collaboration between government-linked and transnational corporations, seeming less able to regenerate competitiveness. Many GLCs have thus been threatened with downgrades by international ratings agencies, leading to more-expensive borrowing. Some of the country’s most celebrated enterprises, including Singapore Airlines, Singapore Press Holdings, and port operator PSA Corporation, laid off large numbers of workers during the year. And many transnational corporations, meanwhile, hastened their flight to cheaper manufacturing sites offshore, especially in China.

11. “Singapore Softens Attitude Toward Gays,” UK.Gay.com, July 4, 2003, <<http://uk.gay.com/headlines/4633>>.

These structural sources of decline were greatly exacerbated during 2003 by contingent misfortunes, including faltering demand for electronics among U.S. consumers and market disruptions caused by the war in Iraq. But most critical was the outbreak in Singapore of SARS (Severe Acute Respiratory Syndrome), killing 33 persons. Amid fear of disease, then, the country's service sector, especially tourism and retail, declined precipitously during the first half of the year.

Overall, Singapore's economy contracted in the second quarter at an annualized rate of 11.8%, the "worst such fall on record."¹² Unemployment rose to 4.5% mid-year, and was projected to rise another percentage point by year's end.¹³ Housing prices dropped significantly, signalling a worrying deflation that discourages homeowners from upgrading. Further, many Singaporean credit card customers went so deeply into debt that banks began to write off large amounts.¹⁴ And with employer contributions to the CPF reduced, warnings were issued that many citizens would lack adequate funds for retirement.

The government has been responding in two ways. In a renewed attempt to pick winners, it has shifted resources from electronics production to biomedical technology. But while this new industry has attracted some foreign manufacturers and researchers, the *New York Times* reported that local start-ups "are struggling, and . . . the biotechnology investment is unlikely to yield jobs on the scale that electronics once did."¹⁵

The government's second prong—evidently to be incubated by new political and personal freedoms—involves the greater valorization of private entrepreneurship. However, while young people have learned to trade nimbly in music downloads and handphone ring tones, most workers retrenched from government-linked and transnational corporations have found it difficult to refashion themselves as dynamic innovators and deal makers. Thus, it is by no means clear what new engines of growth will reinvigorate Singapore's economy, leaving many observers to wonder whether the city-state has seen its best days.

On a positive note, though, throughout its travails in 2003, Singapore's government earned high marks for its efficient and consistently transparent approach to dealing with SARS. Indeed, it perpetuated probity across its ministries and agencies, thereby maintaining the country's fifth-place ranking

12. Trish Saywell, "In a Tailspin," *FEER*, July 24, 2003, p. 46.

13. Trish Saywell, "Party-Poopers," *ibid.*, October 9, 2003, p. 58.

14. "Bad Debts on Credit Cards Soar to \$116m," *Straits Times* online, October 6, 2003, <http://global.factiva.com/en/arch/print_results.asp>.

15. "Singapore Goes for Biotech," *New York Times*, August 26, 2003, <http://www.singapore-democrat.org/news_display.php?id=330>.

in the 2003 Transparency International Corruption Perceptions Index.¹⁶ In the year's final quarter, export electronics and pharmaceuticals surged anew, as the U.S. economy began to recover. Exports to China jumped in September by 67%.¹⁷ And Singapore Airlines, finally, announced its return to profitability. In these circumstances, some economists allowed themselves renewed optimism, revising their overall growth projections for the year from zero to nearly 2%.¹⁸

Foreign Relations

In September, Singapore signed a Free Trade Agreement (FTA) with the United States. Though the country is only the U.S.'s 12th largest trade partner, the agreement was regarded as an important mechanism through which to protect intellectual property rights. At the ASEAN meeting held in Bali in early October, Singapore and Thailand emerged as leading advocates for trade liberalization across the East Asian region. On the other hand, at an Asia Pacific Economic Cooperation (APEC) business forum held in Bangkok later in the month, Prime Minister Goh declared that Australia, a country with which Singapore had earlier concluded an FTA, would only be welcome in the region when its population "tips over 50% non-white." Australia's prime minister, John Howard, responded initially with indignation, but then brushed off the "rhetoric and flummery."¹⁹

Singapore's most tangled set of foreign relations, however, involved neighboring Malaysia. Throughout 2003, disputes persisted on several issues, including Singapore's shift from preferential regionalism to bilateral FTAs, the price at which Singapore purchases untreated water from Malaysia, a land reclamation project undertaken by Singapore that may threaten shipping from Malaysia's rival port facilities, Malaysia's ownership of railway land inside Singapore, construction of a new suspension bridge across the Tebrau Strait, and possession of several rocky outcrops in the South China Sea. Early in the year, Malaysia's prime minister at the time, Mahathir Mohamad, warned darkly that his government would give "a bloody nose" to any country that violated its sovereignty. He quickly reassured the media, though, that "Malaysia is not a country that goes to war for territorial gains."²⁰

16. "Squeaky Clean S'pore Shines Even Brighter," *Straits Times* online, October 8, 2003, <http://global.factiva.com/en/arch/print_results.asp>.

17. "Exports Leap to Boom Time Levels," *ibid.*, October 18, 2003, <http://global.factiva.com/en/arch/print_results.asp>.

18. *Ibid.*

19. "APEC Summit Begins amid Asia Free Trade Zone Talk," ABC online, October 20, 2003, <<http://www.abc.net.au/worldtoday/content/2003/s970771.htm>>.

20. "We'll Not Go to War with S'pore: Mahathir," *Malaysiakini*, January 30, 2003, <<http://www.malaysiakini.com/news/200301300019075.php>>.