



This paper is one of a series of studies by Brewster Grace on "The Politics of Distribution" in five Southeast Asian countries prepared during the author's academic year as "scholar-in-residence" with The Asia Society. Each of these studies, drafted by Mr. Grace in the first instance on the basis of his own research, has been the subject of an intensive discussion-critique by an interdisciplinary group of specialists, including economists, businessmen, historians, sociologists, and others. While Mr. Grace is indebted to the members of the group which met to discuss this paper for their constructive contributions, the conclusions and opinions expressed in the present paper are his alone and do not necessarily represent either a consensus of the group or the views of any of its individual members.

The Asia Society and AUFS hope that these individual papers will form the basis of a broad study of "The Politics of Distribution" for eventual publication in book form.

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## THE POLITICS OF INCOME DISTRIBUTION IN SINGAPORE

by Brewster Grace

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Singapore is unique among its Southeast Asian neighbors. It has no rice lands, offshore oil wells, lush hardwood forests, or rubber plantations. It has virtually no natural resources. It is a small island, 224 square miles, with 2.3 million people living mainly in urban communities. The wealth of these people must necessarily be derived from their industriousness and skill, and from beneficial world economic trends. Without trade, markets, and a good supply of foreign resources, there would be no reason for Singapore's economy to survive. Yet it thrives. Nowhere in Southeast Asia have living standards risen as high as in Singapore. Nowhere in Southeast Asia are people so productive. Nowhere is there less poverty.

And nowhere in Southeast Asia is there more political stability. Lee Kuan Yew, having dominated Singapore politics since 1959, has combined foreign economic resources with the Confucian work and social ethic of his predominantly Chinese population and his own, now almost totally unchallenged political mastery of Singapore's politics. Chinese culture, Lee Kuan Yew's authority, and foreign trade and investment have made Singapore what it is today. Economic success, social stability, and political prowess have either relieved the sense of injustice or constrained resistance arising from perceived injustice. This paper describes Singapore's success, stability, and prowess in terms of its wealth, the social distribution of this wealth, and political practice and resistance.

### Basic Wealth

Singapore was built on its trading acumen. Bolstered by the trade of the British Empire, immigrant Chinese merchants were able during the past century to carry on an important part of this trade. Rubber from the Malayan peninsula and Sumatra, coffee and spices from the Dutch East Indies, and

tin from Malaya came through Singapore as entrepôt goods bound for Western markets in exchange for manufactured goods for the colonies. There was an agent and a warehouse in Singapore for almost every shipment. Additionally, Singapore was a major strategic and command center for the British colonial army. The military provided opportunities for employment on bases, as servants to the officers, or indirectly in the shops and services catering to the British soldiers.

Thus trade and service became the logical basis for much of Singapore's wealth. The extraordinarily enterprising Chinese immigrants were able to turn small trading companies into major financial establishments and make Singapore, by the time of its independence in 1965, one of the key financial and commercial centers of Asia. The remainder of Singapore's wealth came from foreign capital. Attracted by Singapore's commercially strategic location, its good deep water port, and its enterprising community, since the mid-60s heavy foreign capital investments have made the country one of the major financial centers of the world.

Entrepot trade was never sufficient to provide employment equal to Singapore's high population growth rates—reaching 4.4 percent in the 1950s, so industrialization was emphasized. In 1967, a sense of real urgency was felt when England started to withdraw its troops from east of the Suez. On top of population pressures for work, Singapore was losing perhaps 50,000 jobs that had been created by the British military presence. The negative impact of British military withdrawal on the economy in general was felt between 1967 and 1972, when the contribution of military bases to the GDP of Singapore dropped from 20 percent to virtually zero.

Singaporean business acumen—now combined with enterprising political and administrative

leadership—seized every conceivable advantage to bring industries and jobs to Singapore to fill the gap left by the English. The switch was not easy. Much of the capital in Singapore was deeply entrenched in and accustomed to more traditional trade and commerce and unwilling to be committed to manufacturing establishments with long waiting periods for financial return. Industrial investment was not a Singaporean forte. Workers, also, were accustomed to working conditions which did not interfere with family life, and often lived in the same building as the retail shop or trading house. They were as reluctant to enter factories as were the investors.

By 1968, however, a number of forces came together to turn the basic wealth of Singapore from investments in trade, commerce, and services into a more balanced economy through industrial expansion. Thus began one of the most remarkable economic periods in contemporary Southeast Asia.

First, and perhaps most fortuitous, modern enterprises—especially textiles and electronics—were searching for sites which offered less costly production potential. Labor in Japan, Europe, and the United States in the 1960s had become so expensive in fields such as electronics that production was unprofitable and could not compete in European and American markets with its Japanese counterpart. Because the United States' tariff code allowed for component parts of assembled products to be reimported to the United States without duty—so long as the parts had been produced in the United States—electronics firms could transport the parts to Singapore for assembly by cheap labor, then reimport them to the United States for final production. Taiwan, Korea, Hong Kong, and Mexico benefited from this practice throughout the 1960s. Singapore, a relative late-comer, offered its banks, harbor, communications facilities, cheap and abundant labor, well-planned industrial sites, and a highly effective administration inherited from British colonial rule and advanced by an aggressive Lee Kuan Yew. Singapore proved to be an attractive place to do business, initial investments centering on light industries such as textiles and electronic component part assemblies.

The second component of industrialization was the combination of oil refining, and exploration and drilling. Neither offered much employment to

the young, semiskilled workers. Refining, however, became a major industry, to a large extent due to the market for fuel created by the Vietnam War. While the petrochemical industry's market has slumped today, and the two major refineries are operating at only 50 percent of their capacity, Singapore continues to be an important refining center in Southeast Asia.

Offshore exploration and drilling began in earnest in 1967 when Indonesia reopened itself to full-scale production. Singapore was deeply involved because of its ability to turn the British base and port facilities, along with its own industrial infrastructure, into the only major service and supply base for offshore exploration in the region. Singapore had no oil itself, but it had the dockyards to make and repair rigs, the airports to mobilize helicopter rig servicing, the telecommunications required for rig operations and Houston home office consultations; and the suburbs, supermarkets, and schools for Texas oil technicians' families. This activity added some employment—although not as much as textile and electronic factories—and high wages to skilled workers.

Third, mass tourism discovered Southeast Asia in the late 1960s. Combined with business travel to Singapore, the number of foreign visitors increased fivefold in nine years. The hotel industry responded quickly. At first it may have responded too quickly and overbuilt. But demand has kept up and by 1974 one million people were visiting Singapore every year.

These economic activities brought thousands of foreign families to Singapore. In 1967 there were less than 1,000 Americans. By 1971 there were over 9,000. The same was roughly true for Japanese and Europeans. These communities created another smaller boom for servants, real estate, and, along with tourists, for retail trade in consumer goods.

By 1971, Singapore had virtually restored all that had been lost with British withdrawal and in the process gained enormous new industrial wealth. In keeping with the enterprising qualities of its basically Chinese population, it developed from an economic improbability to become the success story of Southeast Asia.

In 1967 the Gross Domestic Product (GDP) was \$1.19 billion\* at current prices. In 1971 it was \$1.91 billion, and in 1975, \$3.3 billion at 1968 prices. The economy grew 123 percent over nine years or at an average annual rate of 13 percent a year. This occurred despite the 1974-75 recession when the GDP grew only 6.8 and 4.1 percent. Construction and manufacturing were the largest percentage contributors to this growth rate. In 1975, trade (wholesale, retail, restaurants, and hotels) and manufacturing contributed 50 percent of the GDP.

During the first six months of 1976, the economy has begun to recover from the recession. The growth rate increased to 7.6 percent as markets opened and investments flowed again for manufacturing. Today, the only major exceptions that continue to dampen the economy are the lack of demand for shipbuilding, the backpile of goods awaiting entry into Indonesia, and the downturn of oil exploration activities due to tougher demands by Malaysia and Indonesia in production contracts.

### The Distribution of Income

Singapore, under Lee Kuan Yew, has seized these economic opportunities to reduce its poverty substantially. Whether it has reduced inequality in terms of income disparities is a different and more difficult question. But it is clear that there are far fewer economic and social indications of poverty than in any other country in Southeast Asia and that the greatest reductions have occurred since 1967. Singapore has created jobs, increased wages, and provided an elaborate social infrastructure of public housing, health care, and education, while leaving concentrations of wealth intact.

*The Poor.* Poverty in Singapore has historically been severe. Chinese immigrants came looking for work as coolies and only rarely found enough opportunity to move beyond this status. Many were underemployed; and unemployment, in official statistics, averaged about 14 percent through the first half of the 1960s. By 1965 there were an estimated 50,000 hawkers in a working population of half a million. While hawking can be profitable, for many, if not most, it was a marginal existence. At that time 40 percent of the work force was earning

less than \$50 a month, while the per capita monthly income was about \$90—equal to the per capita annual income in Indonesia.

Living conditions were bad, until housing programs began in earnest in the early 1960s. Low income groups lived in overcrowded dwellings in the center of Singapore or in squatter settlements on the fringes of the city. Sanitation was primitive at best. Education was available, unlike in most of Southeast Asia, but it was still largely elementary level. Only health care was well established.

Today, the percentage and conditions of poverty have changed. Instead of 40 percent of households earning less than \$50 a month in 1965, only 24 percent earned less than \$100 in 1975. During this period the consumer price index increased by 57 percent, suggesting that most poor incomes may have kept up with increased costs, while many people may have actually improved their living standards. These increased incomes have been due to fairly frequent increases in minimum wages recommended by the National Wage Council.

Low income earners—the roughly 60 percent of the population earning less than \$100 per month—are today largely in manufacturing, petty retail trade, and services. The hotel and foreign resident boom employed large numbers of former servants of British army officers. This was fortunate, as many of these workers were old, unskilled, and unwilling to go into factories. The rapid expansion of textile and electronic factories and construction, however, employed many young workers joining the labor market as a result of the high birthrate 15 years earlier. These semiskilled jobs were mainly filled by women. The overall expansion of the economy also benefited small retail shops. Even hawkers found opportunities to leave the streets and establish themselves in booths in public housing units, car parks converted to street stalls at night, and in government constructed public markets.

Employment demands for semiskilled workers have been so great, in fact, that Singapore has developed a labor shortage. By 1973 there were 60,000 guest workers, mainly from Malaysia, in factories and construction work. Demand dropped during the recession as approximately 30,000 jobs

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\*All figures in US dollars converted at current rates of exchange.

were lost in light manufacturing during 1974 and 1975. Many of these jobs have been recovered. Furthermore, the overall impact in Singapore's low-income employment was cushioned by the presence of the expendable guest workers. Employment opportunities have decidedly existed. The 4.1 percent of the population currently unemployed in spite of the labor shortage is almost entirely a result of people unwilling or unable to do the work available.

Low-income earners' social environment has also changed dramatically. Instead of slums and squatter settlements, high-rise, low-cost public housing accommodates 50 percent of the population. For most, living space has not increased very much. In fact, in many instances it may have decreased for people moving from squatter shacks in rural areas. But the enormous demand for public housing testifies to the felt need for different living conditions. Today, larger flats are being built and the demand for them is equally great.

While Singapore has succeeded in reducing poverty, critics claim that employment policies have locked low-income groups into wages determined by international labor markets. To an important extent this is true, but what would the city-state do without these industries? Singapore sees itself competing with Hong Kong, *et al.*, for foreign factories. So long as employment is a critical issue, Singapore will maintain wages at the level necessary to keep jobs in domestic manufacturing.

A somewhat similar argument is made about housing. Low-cost housing helps to keep wages down. It also locks low-income groups into social conditions described as "noisy" and "psychologically disturbing." Again, the question must be asked: What would Singapore be today without these high-rise, low-cost flats? Alternative designs have been proposed and incorporated in recent construction.

*The Middle Class.* Singapore's lower-middle class has grown substantially because of the opportunities provided by recent economic growth. Most of these opportunities have come in the trade and service sectors of the economy, rather than in manufacturing. The rapid expansion of banking

and business in general brought a demand for accountants, tellers, and middle-management jobs; tourism brought enormous benefits to the retail trade; and oil, construction, and shipbuilding brought demands for skilled workers. The number of people employed in commerce and skilled labor doubled in five years—to the point where 30 percent of Singapore households were earning between \$100 and \$200 a month in 1975. This represented a doubling of both the absolute numbers of the lower-middle class and their incomes.

As a result, Singapore since 1967 has gone through a period of rapid expansion of consumption beyond the daily necessities. The number of automobiles has at least doubled, if not tripled, since 1967, and road surfaces now cover much of Singapore's 224 square miles. Supermarkets, shopping emporiums, endless side streets lined with radio, television, camera, and fashion shops virtually inundate Singapore with the world's luxuries. Most remarkable, however, is that this trade is not, as is commonly believed, predominantly tourist. Singaporeans buy as much as foreigners.

What has become of Confucian values in the face of such consumption? Probably not much. There are no indications that the lower-middle class is blowing hard-earned savings in a shopping spree. Savings are the highest in Asia (probably due in part to a vigorously enforced social security scheme) and great emphasis is placed on education of children as an investment in future security. Instead, much of this expanded consumption may have been subsidized by the government in its housing program. Lower-middle income groups live in high-rise flats as much as do low-income groups. The low rents permit larger personal cash flow.

Middle- and upper-middle incomes have expanded as well. Forty-five percent of Singapore households earned more than \$200 a month, and 14 percent earned more than \$400 a month. Most of these are highly-skilled professionals whose training as doctors, lawyers, and engineers has given them relatively lucrative employment during the past seven years in industries, banks, and senior civil service posts. Many others are simply good businessmen whose trade and investments have benefited from overall growth since 1967.

It has often been observed that any Singaporean with skills and incentives could not have failed in recent years—except during the recession. Demand has been too great. One popular Chinese dentist, for example, with the help of an efficient bevy of nurses and assistants, keeps two chairs in two separate offices constantly occupied for ten hours a day with American and European businessmen and their wives and children. He can now afford to take his wife and family to Europe for annual holidays. Even less productive middle income earners can afford occasional trips to Hong Kong or Tokyo. Singapore's upper middle classes appear to enjoy almost as much luxury as their counterparts in any industrialized society in the world. They are also equally as well educated and traveled.

*The Rich.* It used to be said that Singapore had more millionaires per capita than any other socialist country in the world. This may have been true in the early days of Lee Kuan Yew's regime, when he still maintained some vestige of the Fabian socialism he acquired at an English university. But since he has discovered that foreign investment by multinationals was the most efficient way to economic growth, the prevalence of millionaires in Singapore seems less ironic in what has become a capitalist state where even the government invests for profit.

The very wealthy in Singapore are still the Chinese "*towkays*"—the highly successful entrepreneurs who managed to turn trading enterprises or apprenticeships into commercial empires, often headed by a bank or a finance company. Tan Chin Tuan, for example, started as a bank clerk 50 years ago; 45 years ago he helped merge the bank with two other small banks and gradually rose to the top. For the past ten years he has been chairman of his creation, the Overseas Chinese Banking Corporation, the assets of which have increased almost 70 times since its inception. The bank now has assets of \$1.25 billion and owns 25 subsidiaries. Tan Chin Tuan's wealth is incalculable.

But the *towkays* which Tan represents are not the only rich in Singapore. Independence from Britain left British establishments unaffected. Economic nationalism was not part of Lee Kuan Yew's policy. He wanted and needed investors and

capital. Thus English owners and managers continued to live in Singapore and often took temporary citizenship. Therefore, much former colonial wealth is still intact and the English contribute substantially to the number of Singapore's millionaires.

A new breed of rich, although by no means millionaires, is emerging. With the advent of enormous foreign investment in Singapore, the government has gone into the private sector to assure Singapore the fullest possible advantage from foreign commercial involvement. A number of government-owned commercial institutions were established, such as the Singapore Development Bank, which actually participated in joint ventures with foreign firms. For example, Jurong Shipyard, Singapore's largest, is half Japanese and half Singapore government owned. The result is an opportunity for civil servants to become directors and top executives.

Michael Fam is a case in point. A trained engineer, he has been in various and diverse parts of government service. He was chairman of the Housing Development Board, deputy chairman of the Public Utilities Board, and a member of the Economic Development Board. But he has been much more. At the government's request he became chairman of a private venture to protect Singapore's interest in it. On his own, he has become a director of a number of entirely private companies.

It is hard to determine how many Singaporeans are rich and exactly how rich they are. Chinese *towkays* are figuratively "fabulously" wealthy. British expatriates are very rich. And highly successful technocrats in business and government are wealthy by any standards. High-ranking civil servants, including Lee Kuan Yew himself, however, live a modest life in keeping with political discipline. The *towkays*, however, have little constraint on lifestyles. Thus Singapore's suburbs are notably resplendent with mansions, lush gardens, and Jaguars.

### The Politics of Distribution

With such rapid expansion of wealth and opportunity since 1967, it has been hard for Singapore to

involve itself too much with inequalities in the distribution of wealth. Most Singaporeans have gained in an absolute sense, and politics, consequently, has been subdued, representing less and less the harsh class conflicts so prevalent in the late 1950s and early 1960s. Rather, what little political struggles that have occurred have been a series of reactions and resistance to the assertive and dogmatic economic and social policies of Lee Kuan Yew. He has stepped on, if not trampled, some sensitive toes.

*The Dominant Politics of Growth.* Singapore is inevitably a dependent economy. It cannot rely on natural resources it does not have. It must by almost absolute necessity rely on opportunities in the world economy. In the eyes of the current leadership, there is no way a socialist or nationalized economy and more egalitarian society could attract the capital required to create jobs. Thus Singapore has had to work with multinational firms, offering cheap labor in return for investment. Not to do so threatened intolerable unemployment and political chaos.

In trying to meet this challenge, Lee Kuan Yew's politics has demanded discipline and sacrifice. The notion of the "rugged society"—tough, lean, hard-working—runs through the governing philosophy. So does the notion of tough, lean, hard-working leadership. Stiff competitiveness is the only way to survive.

Economic policies, therefore, have tended to expect as much as possible from all groups. Low income earners are constantly asked to produce more while accepting minimum remuneration. At the same time, the government bickers with the Singapore Manufacturer's Association to accept lower profits, if necessary. And it gently cajoles *towkays* to stay in Singapore and contribute their wealth and abilities to the economy. To do this, the government has taken a strong hand in the National Trade Union Congress, taken equity positions in commercial enterprises, and relied on the National Wage Council to maintain wage rates, all of which keeps Singaporeans employed with enough remuneration to sustain at least minimum requirements. There is little the government does not do. It has become a virtual corporate entity.

The government has been equally demanding in social and cultural affairs. Manners, morals, and

even personal hygiene are subjects of constant governmental concern. Part of being a "rugged society" is being a clean, healthy, polite society. Any "degenerate" trends—especially Western countercultures—are strongly discouraged and have produced the now famous campaign against long hair. Singapore stopped American Field Service exchanges, for example, because of the negative impact American "youth culture" was seen to be having on its young participants.

In a very real sense Lee Kuan Yew's politics of economic and social development appear essentially Chinese Confucianist, with an important infusion of puritan work ethics. Sacrifice and hard work bring economic welfare. The individual is subordinated to the needs of the family—in this instance the new state of Singapore. And at the head of this family is an elite Mandarin class of leaders whose probity, wisdom, and benevolence qualify them to rule over a hierarchical system. As good Confucian Chinese, Singaporeans have by and large accepted the hierarchical distinctions within their society. In recent national parliamentary elections Lee Kuan Yew's People's Action Party (PAP) won every constituency. There is no political opposition in Parliament.

*The Cultural Background.* Eighty percent of Singapore's population is Chinese. Complementing their Confucian beliefs which support notions that hard work and sacrifice can create economic opportunity, is an "immigrant" work ethic. Virtually all Singaporean Chinese either migrated from China or are descendants of migrants who had come to Southeast Asia in search of opportunities afforded by rapidly commercializing colonial economies. Most of them, additionally, were leaving the harsh poverty of their mainland China villages and cities. Just to have work, therefore, has become a cherished opportunity. In a sense, these Chinese represent Singapore—although world economic opportunities were not created as much as seized by them.

Most of the remaining 12 percent of Singapore's population is Malay and not Confucian in belief. While many Malays have accepted the discipline of factories and the uniformity of high-rise living, at least as many have shunned them in favor of less demanding and—in strictly economic terms—less productive work, and the more familiar surroundings of semirural village communities outside



major urban centers. This gives the impression of a "tropically indolent Malay" juxtaposed against the "hard-working immigrant Chinese." While such stereotyping has given rise to popular racist beliefs among many Chinese, it is nonetheless true that Malay culture has shied from the rigors of industrialization and tenaciously protected its aesthetic and Islamic traditions. Among the low income groups, therefore, Malays contribute a disproportionately high number.

*Malay Resistance.* Singaporean Malays are less comfortable in the "rugged society" than the Chinese. They have not only participated relatively less in recent economic expansion, but have also been subject to various forms of prodding to make their behavior conform to the Singaporean standard. Traditionally rural, culturally more attentive to aesthetic style, and politically less accommodating to Chinese rule, they have resisted the Singapore success syndrome, a resistance which affronts PAP rule. Instead of being lean, tough individuals, the Malays seek to preserve a more leisurely style, avoiding the discipline of factory life or planned families, and disdaining high-rise apartment living. Those Malays who feel their essential values threatened have reacted by emigrating to Malaysia, by writing bitter poems about oppression, and by flagrantly flouting cultural conformity. A large number of Malays enjoy and perform rock music, for example, and many Malay males allow their hair to grow long despite government campaigns. Still, their resistance is not considered to be of major political importance to PAP leadership. In the eyes of the government, the Malays, who make up only 12 percent of the population, need to be lectured rather than listened to. If they are poor, it is due to their low productivity. If they are suffering economically, it is due only to a lack of a desire to rise above inhibiting cultural traditions.

*Radical Resistance.* It was once thought that, if the PAP were ever to be openly challenged in elections by the radical, left wing Barisan Socialis, the Barisan would win 30 percent of the votes. Formerly Singapore's foremost radical political organization, it was badly beaten in political campaigns in the early 1960s by PAP's strong-arm tactics—including imprisonment of its leadership. Today it is questionable whether any political movement could mobilize Singapore's low-income groups to defeat the PAP on purely economic

issues. In recent years the Barisan Socialis has not even contested elections.

So, while radical political sentiments and activities exist in Singapore, they only rarely surface. When they do, it is either because of government disclosures of allegedly subversive elements or through eruptions during industrial disputes. In both instances, Singapore University students or former Barisan leaders are often involved.

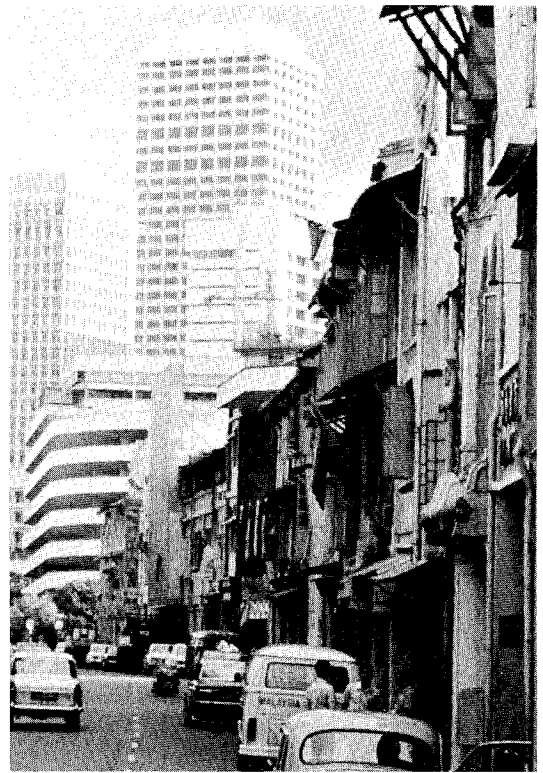
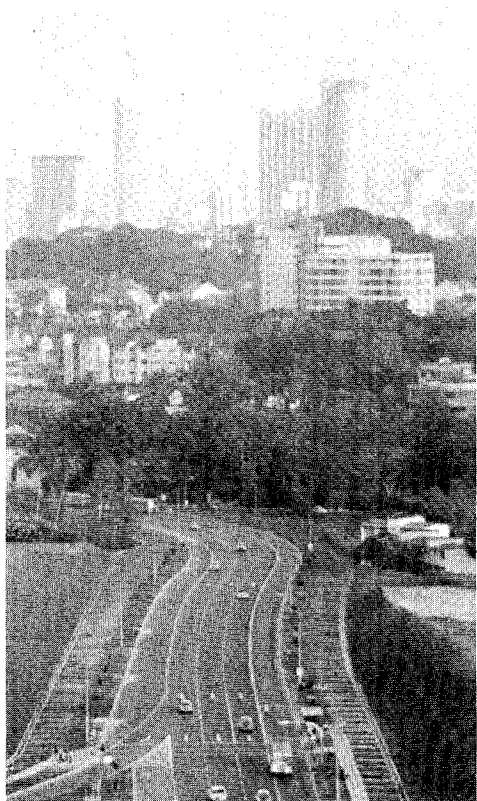
Opposition political organization is undoubtedly made more difficult by an effective, efficient intelligence and surveillance "special branch" of the police force. In addition, its leaders carefully observed union membership and rank and file relationships with foreign groups.

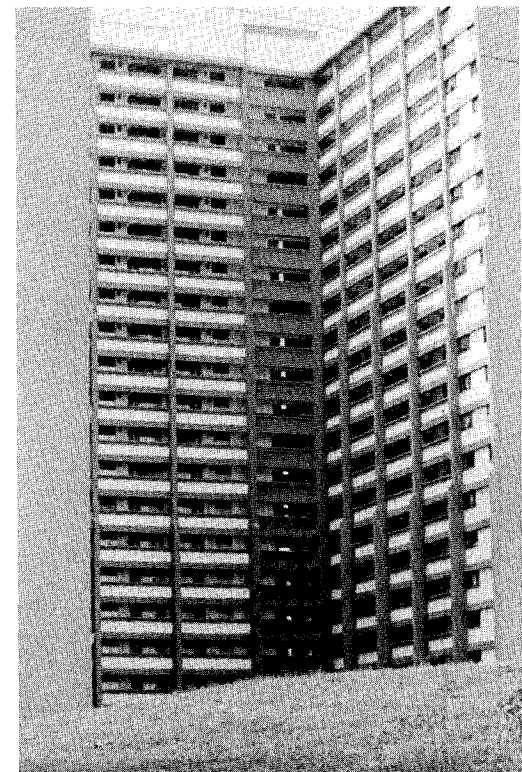
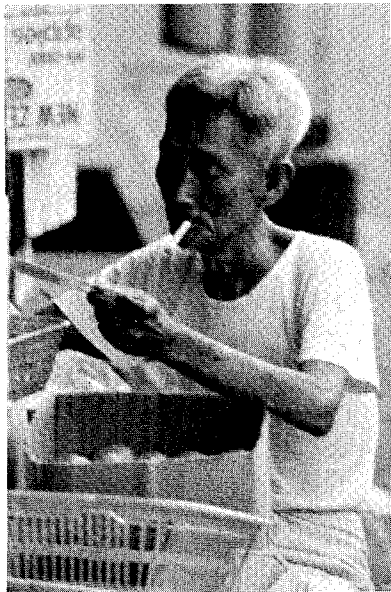
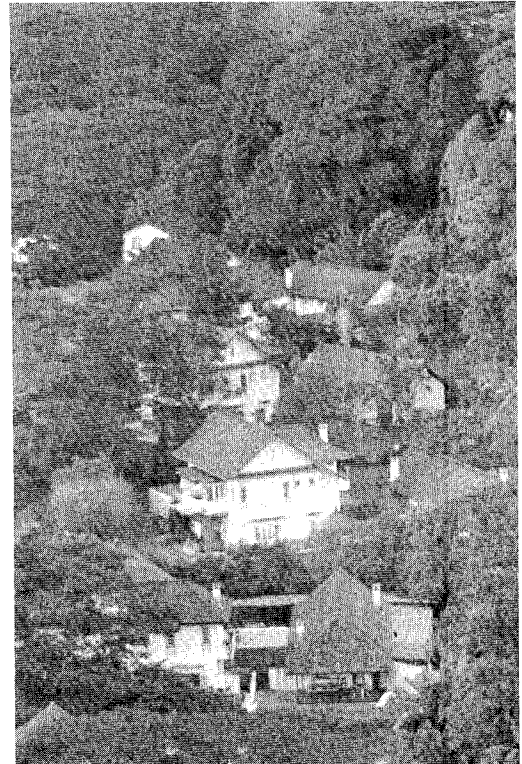
The government is nonetheless apprehensive about militant workers, more so than about militant Malays. Thus, in addition to surveillance, considerable attention is given to wage rates, unemployment compensation, and occasional support for strikes. All of these give Lee Kuan Yew broad scope for dealing with low-income grievances and their potential for class resistance.

*Liberal Resistance.* Westerners generally, and Western-trained professionals and academics particularly, have decried the injury Lee Kuan Yew has inflicted on human liberty and dignity. Fundamental civil rights have indeed suffered under PAP political tactics. So have notions of press and academic freedom.

Individuals who have tangled with Lee Kuan Yew and the PAP on such issues have invariably lost. The University of Singapore Student Union is a mockery of democratic student government. The *Singapore Herald* lost its publishing license after its liberal editorial policies were labeled "black operations," and the Chase Manhattan Bank was forced by Lee Kuan Yew to withdraw the newspaper's overdraft financing. Finally, Amnesty International is virtually persona non grata.

Ultimately, Lee Kuan Yew holds no respect for liberals who challenge the political ethos of Singapore. Nor does he find them much of a threat. "The English educated," Lee Kuan Yew has noted, "do not know how to revolt."





Opposite page, clockwise from top left: Two views of Singapore's skyline; a street eating stall; a busy street; Singapore girls; enjoying a bowl of noodles.

This page, clockwise from top left: Low-income housing; upper-income housing; a public housing project; a street vendor; a man relaxing in a patch of green amidst high rise concrete.

*Chinese Resistance.* Lee Kuan Yew is well aware that Chinese, who form 80 percent of the population, *do* know how to revolt. The history of China is punctuated with rebellions, and most of the really threatening resistance to Lee Kuan Yew and the PAP in Singapore is organized through Chinese associations, around Chinese cultural issues, or in a Chinese cultural context.

Traditionally, the secret societies or “triads,” which resemble a combination of Freemasonry and Mafia protection rackets, have operated outside formal government control. The organizations are deeply entrenched in Chinese history and have been a source of financial opportunity—albeit risky and highly illicit—for poor Chinese over the centuries. Today the triads’ political activities are closely circumscribed by the Singapore police but their criminal activities—participation in drug traffic, for example—are still troublesome.

During the peak of radical political activity in the 1950s and early 1960s a strong current in Barisan political organization stemmed from the oppression of Chinese workers. At that time, of course, Singapore was closely linked to the Federation of Malaya, which made Chinese cultural identity a key issue in Malayan communal politics. Lee Kuan Yew even mastered several Chinese dialects in order to be able to deal with this “cultural chauvinism.” Left-wing politics and Chinese chauvinism also became aligned in the Chinese language high schools and Nanyang University in Singapore, where the student movements were ideologically identified with Maoist China.

Several years ago Lee Kuan Yew was severely criticized in the Chinese language *Nanyang Siang Pau* for pursuing economic policies that favored foreign investors and discriminated against local Chinese enterprises that traded in more traditional Chinese circles. Lee Kuan Yew could not close down the *Nanyang Siang Pau* as he had the *Singapore Herald*, since the former was and still is a valued voice in the Chinese language media, although he did imprison its publisher, Lee Mau Seng.

The newspaper’s editorials also criticized Lee Kuan Yew’s language policies in Singapore. In response to criticism from the potent, culturally based Chinese organizations, government policy

had officially supported Chinese language and cultural institutions. At the same time, however, it had strongly encouraged English/Chinese bilingualism, reasoning that English is, after all, the language of international business and modern industrial technology. (For example, Nanyang University, a totally Chinese institution where only a few years ago English was often not understood, now requires the use of English along with Chinese.) These policies provoke resistance which is linked not to their immediate, practical aspect but rather to their ultimate objective, the single, overriding objective of all Singapore politics—the creation of a Singaporean identity.

Lee Kuan Yew has said: “I am no more a Chinese than President Kennedy was an Irishman.” This incisive remark could only have come from a Chinese with an English education who was aware of the importance of the Irish in American politics. The problem Lee Kuan Yew knows well, however, is that many American Irish still think of themselves as Irish, as do Singaporean Chinese think of themselves as Chinese. There will be a long struggle with many delicate policy decisions to be made, before the Chinese become primarily Singaporeans. So far, economic success has been almost exclusively responsible for Singapore’s identity as a nation, which may well account for the increasing number of students opting for English language education. At least 50 percent of current primary and secondary school enrollment is in English language institutions.

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The Singapore government under Lee Kuan Yew has exhibited a number of remarkable qualities in the context of Southeast Asia. An economy has been made to succeed, a population has been given work, and a government has proven itself capable of maintaining political stability. It has been attacked for its many injustices: political imprisonment, low wage policies, and rigid standards of social and environmental conformity. But Singaporeans who live under this discipline appear to accept it as just and even thrive on it. Ironically, however, their acceptance may not be as much a result of Singapore’s economic success as their respect for family and hierarchy—the ultimate Confucianist virtues. One Singaporean, Tan Kok Seng, who identifies himself as a coolie, has written:

...in my own way of thinking, it seemed to me that leading a country was rather similar to being head of a large family. Some families are peaceful, able to carry on without trouble from day to day, while others are every minute being plunged into trouble inside the family.

Those families without trouble are those in which grandfather rules firmly, telling the younger generations what to do. Even then there are everlasting petty complaints. The grandchildren will complain that Elder Uncle is very good, Second Uncle is all right, while Third Uncle is nasty. Grandfather is able to reply, "Do you have enough food to

eat? Do you have clothes to wear, and a comfortable place to sleep? Do you have a good school to go to? If so, what more do you need?"

Where parents cooperate with the head of the family, grandchildren's complaints lessen with the years as they grow to be adults. Such a family is not only peaceful, but can be prosperous.

As a youngster, it seemed to me that a nation was like a large family, to be dealt with in a similar way.

(Translated from the Chinese.)



**TABLE 1**  
**PERCENTAGE DISTRIBUTION OF INDIVIDUALS BY**  
**BROAD INCOME GROUP, SINGAPORE 1966 AND 1973**

Income Group	Individuals	
	1966★	1973'
[\$150	43.5	25.3
\$150 - \$299	34.8	43.0
\$300 - \$499	12.8	20.0
\$500+	8.9	11.8
	100.0	100.1
	(492,493)	(810,000)

**Note:** Number of persons is in brackets

**Source:** ★Singapore, Ministry of National Development and Economic Research Centre, 1966 Sample Household Survey, unpublished worksheets.

'Economic Research Centre, Labour Force Participation Survey, July 1973, unpublished tabulations.

**TABLE 2**  
**SIZE DISTRIBUTION OF INDIVIDUAL AND HOUSEHOLD INCOME, SINGAPORE**  
**Percentage Share**

	1	2	3	4	5	6	7	8	9	10*	
1966	1.4	3.3	4.8	6.3	7.4	8.7	9.8	10.9	12.0	35.4	= 100%
<b>Individual Income</b>											
1973	1.5	3.5	5.2	6.8	8.2	9.5	10.8	12.1	13.2	29.2	= 100%
<b>Household Income</b>											
1973	2.2	4.2	5.6	6.8	7.8	8.7	9.6	10.4	11.1	33.6	= 100%

**Source:** Same as Table 1

\*Note: Each column represents 10% of the total income earners.

Courtesy of: "Business Times,"  
Singapore, November 28, 1974.

Calculations based on the table:

Nos. of persons earning:	1966	1973
less than \$150	214,234	204,930
\$150 - 299	171,387	348,300
\$300 - 499	63,039	162,000
\$500 and above	43,831	95,000

1966: US\$1.00 = S\$3.00

1973: US\$1.00 = S\$2.50

## NOTES ON THE DISCUSSION, NOVEMBER 17, 1976

by Brewster Grace

The group raised essentially four questions:

1. What makes Singapore attractive to foreign capital?
2. What makes Lee Kuan Yew and the PAP so politically successful?
3. What makes the ethnic differences between Chinese and Malays tolerable?
4. What makes the Chinese so economically successful?

These questions were all considered, to some extent, in the Report, and the discussion elaborated and deepened our appreciation for the Singapore development experience.

The group felt that the enormous success Singapore has enjoyed in attracting foreign investment rests ultimately on more than its fiscal incentives, labor force, and physical qualities as described in the paper. The key to its achievement is the combination of profitability, productivity per unit costs, worker skill and efficiency, and the political stability Lee Kuan Yew and the PAP have established. These have led foreign investors to commit proportionately larger funds than to other countries in Southeast Asia.

Second, the size of the country, its lack of a rural hinterland, and its preponderantly ethnic Chinese population were continually noted as basic reasons for Lee Kuan Yew's and the People's Action Party's (PAP) political stability. In a real sense, therefore, political success has bred economic success which has bred more political success—and so on. It was agreed, however, that we needed more detailed information on the specific instances when economic and social policies intermingle. Wage policies, for example, have been carefully formulated and implemented both to dampen the effects of inflation on workers and to encourage investors and domestic savings. Similarly, public housing provides low-cost apartments to those who otherwise would live in slum conditions and *also* gives large portions of the population a stake in the country through ownership.

Several participants noted that though these policies may create respect for Lee and the PAP, tough political tactics by the leadership also creates fear. In the words of one participant, "The government is feared and respected but not liked." This is especially true among the Malays, the group agreed as it moved to discussion of the third question. Some felt that not enough has been done for Malays, although what more might be done was not discussed. No one, however, questioned that Lee Kuan Yew's "rugged society" was more appealing to Chinese than to Malays.

There seemed to be general agreement that the reasons for the lack of open Chinese-Malay conflict over the past decade were, first, that Malaysia served as an escape hatch for dissatisfied Malays, and second, that a number of Malays were unquestionably improving their economic lot in Singapore.

Finally, the discussion focused at length on what makes Chinese economically successful—not only in Singapore but throughout Southeast Asia. The group felt that Confucianism and Confucianist values were only part of the story. Other experiences and characteristics seemed equally important.

For one, Chinese have traditionally been minority immigrants in search of opportunity—opportunities often historically provided by colonial economic activity. Second, Chinese in Southeast Asia were described as pragmatic, and therefore industrious, and not under the same constraints of patronage as were indigenous cultures. This pragmatism expressed itself in unusual adaptability, allowing the Chinese to seize new opportunities Western trade has and still does provide. Additionally, it was noted that clan loyalties—common in Chinese society—are inherently competitive. "Keeping up with the Lees" is not that much different from "keeping up with the Joneses."

Thus the discussion offered a number of important insights into Singapore's success and suggested a few areas where the paper could expand its description—wages and housing being most important—of the mechanics of distribution.



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