

Singaporean Authoritarian Capitalism—Why does it work? And how long can it last? A Circumstantial success story.

Abstract

As an authoritarian country achieves more economic freedom, it is often urged by its citizens to start pursuing social freedoms. This has led to the liberalization of many authoritarian nations and pushed them to adopt more liberal policies. But not Singapore. Singapore is one of the most economically-developed countries in the world yet it has a surprising lack of social/political freedom. But how does it succeed where so many others have failed? Why is Singapore one of the most successful free-market economies as well as one of the most societally restrictive? And how long can it continue to succeed? As it stands now, the same political party has been winning elections in Singapore for more than 60 years. How long can they last?

Introduction

Singapore is a prime example of how there is an exception to every rule, even authoritarian capitalism. Authoritarian capitalism is an eco-political idea that is very hard to achieve in the real world. It combines the oppression of an authoritarian government with the freedom of a capitalist economy. This dichotomy causes the society to be stuck in a limbo between freedom and oppression; while the government bears down on the personal liberties of its people, the economy remains free and productive. This is the central idea of authoritarian capitalism, and it usually doesn't work.

As Milton Friedman explains, when politically restrictive countries free up their economies, it, in turn, leads to them being less politically restrictive. Friedman also explains that there is a positive link between a country with freer politics and freer economics. This is backed by examining countries on the basis of their political and economic freedom using the Political Freedom Index and the Fraser Institute. What you will find is that there is a connection between politically-free countries and economically-free countries. Many Scandinavian countries rank highly in both categories, and the opposite is true as well; many politically-restrictive countries

have restrictive economies. But according to the same data, the second most economically-free country in the world, Singapore, gets a 48 out of 100 on the political-freedom scale. How can that be? And if Milton Friedman is right, how long can Singapore's success last?

Background/History of Singapore

Before we can discuss modern Singapore, we must examine its history. Murry Hunter wrote a long, detailed article about Singapore's past, which is the perfect place to start. The history of Singapore starts with a surprisingly relaxed colonization. In most underdeveloped countries, colonization means that the native culture was destroyed and that the indigenous people were subjected to brutal treatment by the usually-white colonizers. However, in Singapore this was not the case.

In the early 1800s, Sir Thomas Raffles landed in Singapore and discovered that the island's convenient location in the middle of the Dutch East Indies (on the southern tip of modern-day Malaysia) would make it a good location for a British trading port. Raffles then sought to establish Singapore as a free port with no taxes. In order to achieve this goal, he had to make a deal with the local sultan. Except the sultan was an ally of the Dutch and would most likely turn down any deal Raffles put on the table. Instead, Raffles approached the sultan's older brother who Raffles conveniently recognized as the rightful ruler of Singapore. The treaty was made, and Raffles established Singapore as free port.

Raffles then needed people to live and work in the port, so he encouraged people from the surrounding area to migrate to Singapore, which they proceeded to do. Singapore saw the migration of 10,000 people in a half decade. They were comprised mostly of Straits-Chinese, Indians, and Arabs, although the Chinese made up the majority of the immigrant population.

Many of the Arabs who migrated to Singapore were traders, and the wealthier Arab trader families invested money into developing Singapore, establishing hospitals and schools, as well as making other infrastructure improvements.

As time went on, Singapore continued to prosper. This was, in some way, to the dismay of the East India Company, who desperately wanted to collect taxes from Singapore but could not because of its free port status. The East India Company essentially ruled over Singapore, and when the Company struggled so did Singapore.

When the Suez Canal opened in 1869, it brought a great deal of business through Singapore, since it allowed ships to travel from Britain to China much faster than before, and these ships needed to stop in Singapore to resupply. In 1877, the rubber trade turned Singapore into a shipping center, and substantially increased the port's business in the mid to late 1800s. In addition, during this time the British took over Singapore from the East India Company and began governing the colony directly. From the 1900s on, Singapore continued to grow. However, the events leading up to World War II would strongly affect the colony; the war itself would change the colony forever.

In the 1930s, Singapore became invested in the growing conflict in Asia. The working-class Chinese in Singapore were disgusted by the Japanese treatment of the Chinese, and as a result, began boycotting Japanese products. In 1941, the Japanese attack on Pearl Harbor shook many Singaporeans to the core by showing them how vulnerable they were to a Japanese attack, an attack that eventually would come. During the war, the Japanese fought their way down the Malaysian Peninsula until the only unconquered land left was Singapore. The Japanese Invasion of Singapore was a fight the city-state could not win, even with the help of the British. During

the Japanese occupation of Singapore, the Japanese executed more than 100,000 Han Chinese. This only deepened the disdain the Chinese felt toward the Japanese.

When World War II ended, the British executed very few Japanese and even employed them to help stop the post-war anarchy that ravaged Singapore. These two offenses and the failure of the British to defend Singapore brought British rule into question. If the British couldn't defend Singapore, why did Singapore need the British? At the time, there was also a push for independence in many other Malaysian countries which inspired a desire for independence in Singapore.

As the anarchy in Singapore began to die down in the 1950s, its push for independence began to heat up. The first idea on the table was limited self-government. A legislative assembly was formed to help achieve this. The legislative assembly had 35 seats, 25 of which were open to Singaporeans. The election of 1955 would determine which political parties would triumph. After the election, the labor front won the most seats and a new party, the People's Action Party (PAP), won three seats. The labor front was now in control of the government; however, they were unstable, and failed to get the support of any of the other political parties or the British.

Meanwhile, Malaysia was preparing to gain independence while Singapore was lagging behind in this area. It was unclear whether the city-state would ultimately gain independence, and over the next few years, it was uncertain which party would rule Singapore. But the party to finally prevail was the People's Action Party, which was formed by two Singaporean Chinese men. Lee Kuan Yew was from a successful family and Lim Chin Siong was a trade unionist. Yew and Siong had very different political opinions but they both wanted Singapore to run independently from the British, and they were willing to work together to make this happen.

Another thing the two had in common was that they both had connections to different prominent Chinese classes. Yew could connect with the English-speaking Chinese elite and Siong was a well-known figure within the Chinese working class. He had risen to power as part of Singapore's union movement. In 1955, Siong and several other reknowned unionists were arrested by the political party currently in power. This provided an interesting opportunity for Yew, who said he would free his partner and the other unionists if the People's Action Party won the next election.

In 1959, the PAP took control of parliament and freed the unionists. In 1961, Lim and other socialist members of the PAP left it and formed their own party, the Socialist Front. They would continue to spar with the PAP over party seats until in 1963, when the PAP accused several of its members of being communists and jailed them without trial. That same year Singapore joined the Federation of Malaya. However, the Federation had many policies that Yew disagreed with, for example, making Islam the state religion and the positive discrimination against Malay people by the Muslim majority. These policies led to lasting issues between Singapore and the Federation for approximately two years, until Singapore was abruptly cast out in 1965.

When Singapore was ousted from the Federation of Malaya, it was anyone's guess as to where the city-state was heading. At the time, Singapore faced huge problems. Among them were massive unemployment, a lack of housing, poor sanitation and rampant disease. In addition, a large percentage of its population were uneducated and there was a severe land shortage due to the fact that Singapore was a small island. Singapore was struggling, and it didn't look as though its dire situation would get better.

To the surprise of many, the People's Action Party buckled down and rose to the occasion. They began implementing massive changes to improve Singapore. The PAP sought diplomatic recognition from the United Nations (UN) and enlisted an economist to help plan Singapore's economic development. His plan transformed Singapore into a bustling free-market economy. The PAP sent ambassadors from Singapore to multinational corporations and invited them to "set up shop" in Singapore, promoting it as an ideal location to establish branches. In addition, the PAP toughened its labor laws and offered tax incentives to entice foreign investors. Air and water service industries were created using the newly-built shipyards and airports. Villages were dismantled and everyone was encouraged to live in the city. Strong laws against racial discrimination and violence were created. With the help of the British, a military was developed and trained. Singapore became a shipping center and began to produce electronics.

Singapore ultimately began transforming itself into a nation. Decade after decade, its gross domestic product (GDP) continued to grow and the unemployment rate declined. The standard of living increased substantially. Many of the strides Singapore made were because of Lee Kuan Yew's leadership. But because Yew was also an authoritarian, the country made strides in a different direction—as being a repressive society. Singapore became a place where free expression was punished. The PAP openly arrested its political rivals and the party would essentially limit anything and everything it thought could threaten the future stability of Singapore, including free speech and most labor unions.

Yew defended his authoritarianism against his critics by calling it "Asian cultural differences." And despite its authoritarian practices, Singapore continued to be economically successful and still is to this day. (Hunter Murray 2013)

Literature Review, Part 1: What Makes Singapore “Singapore”

A good example of what makes Singapore “Singapore” is the limitation of free speech and free expression that takes place there on a daily basis. In March 2020, Jolovan Wham held up a piece of cardboard with a smiley face on it outside of a Singapore police station. Though he only displayed the sign for a few seconds, it was long enough for someone to take a picture. This was, as Wham stated, a one-person protest of the investigation of two Singaporean climate change activists. The activists were investigated after they themselves held up cardboard signs that called on Singapore to combat climate change.

Nevertheless, Singapore’s response to Jolovan Wham holding up a paper sign for several seconds was to charge him with illegal assembly. Playing devil’s advocate for a moment, Wham did draw the smiley face himself, and all kidding aside, this technically was breaking the law. Singapore has one specific spot where people can legally protest and potential protesters need to get a permit in order to do so. But does a man silently holding up a smiley face for a few seconds really count as a protest? According to the Singapore legal system, it does.

Ironically, the Speakers’ Corner, the only place where you can legally protest in Singapore with a permit, has been closed due to the pandemic. The charges against Wham are an excellent example of how far the Singaporean government will go to maintain order; they will not allow anything to threaten the status quo, even if it is just a man with a smiley face drawn on a piece of cardboard.

However, if you asked the Singaporean government about their authoritarian policies, they would cite Asian cultural differences, explaining that Asian societies are different from western societies because Asian cultures prioritize the community before the individual. This view is supported by The Bangkok Declaration of 1993. In the early 1990s, the UN pushed many

Asian countries to strengthen their allegiance to the UN Human Rights Charter by demonstrating a stronger commitment to human rights and banning certain forms of torture. The Asian countries responded to the UN with The Bangkok Declaration, which stated that the United Nations' requests were incompatible with the values of the Asian countries.

Singapore was one of the countries that signed the Bangkok Declaration, which shows that “soft authoritarianism,” as the leaders called it, is not a Singapore-specific occurrence. Many Asian countries prioritize submission to the State over individual rights and freedoms. Countries like China, Korea and Bangkok are all less accepting of the idea of civil rights, so on the surface, it does appear to be a cultural difference. Singapore itself shares in these ideas and the Chinese majority that has been present since its inception would strongly support this argument.

But there are still deep flaws in the cultural argument. To begin with, Singapore goes a step further than the other nations with its human rights violations by having some of the most harsh laws on the planet. For example, caning is a popular form of punishment for menial crimes—like littering and non-violent drug offense—in Singapore. With more serious drug offenses, it is even possible to get the death penalty. Possessing more than 14 grams of heroin also carries the death penalty. There have been instances where individuals caught smuggling drugs into Singapore have received capital punishment, often execution by hanging. Other Asian nations do not go nearly as far as Singapore does, so as a result, the cultural argument for authoritarianism starts to lose steam.

Another flaw in blaming authoritarianism on culture is that, unlike the other nations, Singapore is a relatively new country, and as such, it doesn't have the ancient historical background it claims its practices descend from. Singapore is not a country with 10,000 years of Asian culture and heritage; the city-state did not exist until 1850. And even with the Chinese

majority, there will still be other cultures present in Singapore, like the Arabic and Indian cultures, which brought their own teachings and religious practices to the country. This would dilute the “uniform culture” argument that Singapore claims to have.

A better explanation would be that after the 1960s reformation of Singapore, the Asian culture was more present because the top-down decisions of how the city-state would look represented the Asian culture more than any other since the people making those decisions were Chinese. Not to mention that aligning a society with a culture that promotes respecting authority and submission would make the authoritarian pill easier to swallow. So, the claim of Asian cultural difference does have some merit, but it can also be said that aligning a society with those values would make it easier to control. However, Singapore would need some justification for its harsh laws in the first place, otherwise they would receive a large amount of backlash. (Simon S.C. Tay)

But one thing Singapore can cite to justify its harsh laws is economic success. The PAP has prioritized the economy over everything else and used its success to justify the overreaching and authoritarian government. The people sacrifice some of their freedoms to achieve economic prosperity as a nation. Historically, since the PAP took power, this is exactly what happened. Singapore saw substantial growth in the mid-to-late 1970s because the country focused almost exclusively on growth. They built an education system that developed some of the most highly-skilled workers in the region (Murray Hunter 2013), while GDP rose substantially during this time. Overall, the people are willing to give up freedoms if they remain an economic frontrunner where the government tries as hard as it can to ensure that the country is as economically robust as possible.

In 2001, Singapore changed many of its economic policies. In the financial sector, they liberalized their banking policies. They also opened previously state-owned monopolies (like telecommunications and energy) to competitions. The regime was trying to lessen the effect of these government-linked companies (GLCs) and ultimately free up markets to allow new businesses into the market. However, the amount of GLCs already in private markets made them seem less “private” because they were directly linked to the government, another good example of Singapore's influence on the economy. It spoke to the point that many private markets were not considered private because of the level of control the government had over them. (Southeast Asian Studies 2001)

Chua Beng Huat sheds some light on the Singapore education system and goes into the meritocracy. As seen previously, education is one of the early ways the PAP looked out for its citizens; educating Singaporeans when it was working on building up Singapore as a world power. In modern Singapore, education is more rigorous than it was in the past. An example of how it is more rigorous is that students are now taught English as a second language. This allows Singaporeans to more easily connect with the western world and makes multinational corporations feel more welcome. I.e., westerners don't have to learn the language because Singaporeans already know English, so business can flow more naturally.

Additionally, if students in Singapore work hard enough in school, they do not need to look far to find work since Singapore is a meritocracy. A meritocracy is a society where people are given higher positions based on their achievements and merit. And in this case, good grades. Students in Singapore with a solid performance in secondary school are typically offered fully-paid, government scholarships to numerous top colleges around the world. However, students who take the scholarship are required to work a certain number of years in civil service, which

might not be a bad thing because you are guaranteed a job if you perform well enough. And higher achieving students who accept the scholarship will be promoted faster once placed in the job, further incentivizing those students to excel in their classes. The best of those students receiving scholarships will be recruited directly into the PAP after college. This helps further the notion that the government knows best because it is actively recruiting the best. (Chua Beng Huat 2010)

Rebecca Cho argues that Singapore's compact size also helps it succeed. (In comparison, the city of London is 2.20 times as big as Singapore.) The country is a city-state with approximately 5.5 million people and this makes it easier to manage. A government's efforts to free up private or government-run industries and reshape its economy is substantially simpler in a smaller country, especially one whose government is authoritarian like Singapore's is.

In comparison, China is an authoritarian country like Singapore, where the people's rights are limited, and the government plays a direct role in the economy. But China is so vast and its population is so large (almost 1.4 billion) that it struggles to control its people. There are many rural parts of China where the central government is less strong and the people are under less surveillance. In contrast, Singapore is so small that its people are almost always being watched and thus, are easier to police and control. Singapore's economy is also easier to control. And in general, modern City-states have a simpler time being either politically-free or authoritarian because of their size. (Cheo Rebecca)

Authoritarian capitalism works in Singapore because the country has designed itself in such a way that it can flourish. The government has held a tight grip on the country, both socially and politically, and responds very negatively to public criticism. This leads to an uneasiness because its citizens are unsure what aspects of the country they can criticize, until they get fined

or jailed for it. The government also has a tight grip on the economy, effectively ensuring that it grows. Considering that they built the country up from nothing, it is safe to say that they are very good at financially managing the city.

The Singaporean government also represses pro-union strikes and anti-party protests. This greatly encourages financial stability by ensuring that overseas investors do not have to be concerned about strikes. A meritocracy also ensures that the best possible people are working in the government, as well as in Singapore's high-level companies, the former helping to boost people's faith in the government, since the government only recruits the best. Not to mention that the central government is more effective because it only rules over one city. Singapore was founded on economic success and has achieved this for the majority of its existence. And the ideology of Singapore is that the people are willing to give up their personal freedoms, as long as the country remains economically prosperous.

Data

The Fraser Institute of Economic Freedom ranks Singapore as the second most economically-free country in the world.

*All scores shown are out of 10.

OVERALL RANK ◊	COUNTRY NAME ◊	YEAR ◊	OVERALL SCORE ◊	SIZE OF GOVERNMENT ◊	LEGAL SYSTEMS & PROPERTY RIGHTS ◊	SOUND MONEY ◊	FREEDOM TO TRADE INTERNATIONALLY ◊	REGULATION ◊
1	Hong Kong SAR, China	2018	8.94	8.48	7.49	9.79	9.49	9.47
2	Singapore	2018	8.65	7.27	7.70	9.84	9.44	9.01
3	New Zealand	2018	8.53	6.62	8.25	9.79	8.86	9.14
4	Switzerland	2018	8.43	7.70	8.21	9.83	7.80	8.58
5	Australia	2018	8.23	6.90	7.93	9.66	7.94	8.73
6	United States	2018	8.22	7.50	7.33	9.69	7.77	8.82
7	Mauritius	2018	8.21	8.15	6.46	9.52	8.53	8.36
8	Georgia	2018	8.18	7.86	6.47	9.30	9.02	8.27
9	Canada	2018	8.17	6.69	7.74	9.59	8.09	8.75
10	Ireland	2018	8.13	6.52	7.40	9.44	8.72	8.55
11	Lithuania	2018	8.10	7.54	7.00	9.25	8.48	8.22
11	Denmark	2018	8.10	5.48	8.16	9.68	8.67	8.51
13	United Kingdom	2018	8.08	6.61	7.37	9.46	8.50	8.47

The Political Freedom Index gave Singapore a 48 for its partly-free elections and mixed policy of allowing some civil liberties.

FREEDOM IN THE WORLD 2021

Singapore

48

/100

PARTLY FREE

<u>Political Rights</u>	19 /40
<u>Civil Liberties</u>	29 /60

LAST YEAR'S SCORE & STATUS

50 /100 ● Partly Free

The World Values Survey is a survey that tries to understand the principles of different societies around the world. In interviewing Singaporeans, they seem to have a great deal of faith in their government and a dislike of democracy.

As shown below, 75 percent of Singaporeans have faith in their government; the younger generation has the least amount of faith.

I am going to name a number of organizations. For each one, could you tell me how much confidence you have in them: is it a great deal of confidence, quite a lot of confidence, not very much confidence or none at all? (Read out and code one answer for each):

The government

	TOTAL	Sex		Age			Missing Unknown SG: Refused	Not applicable
		Male	Female	Up to 29	30-49	50 and more		
A great deal	24.0	23.9	24.1	24.0	22.9	25.5	-	10.2
Quite a lot	55.8	54.7	56.6	53.7	55.7	56.8	54.9	67.6
Not very much	17.8	18.1	17.5	19.7	18.2	16.1	36.4	17.1
None at all	2.4	3.2	1.8	2.7	3.3	1.5	8.8	5.1
(N)	(1,972)	(849)	(1,123)	(470)	(653)	(821)	(10)	(18)

People up to age 29 have the most faith in democracy, though the majority of people don't have faith in it.

	TOTAL	Sex		Age			Missing Unknown SG: Refused	Not applicable
		Male	Female	Up to 29	30-49	50 and more		
Very good	4.7	5.3	4.2	8.8	4.8	2.4	-	5.4
Fairly good	21.0	21.4	20.7	25.4	20.4	18.6	40.7	29.6
Fairly bad	36.1	34.7	37.1	33.7	34.3	38.7	50.9	36.0
Very bad	38.1	38.3	37.9	32.1	40.6	40.2	8.4	28.9
DE, SE: Inapplicable ; RU: Inappropriate response; HT: Dropped out survey	0.1	0.2	-	-	-	0.2	-	-
(N)	(1,972)	(849)	(1,123)	(470)	(653)	(821)	(10)	(18)

V130.- I'm going to describe various types of political systems and ask what you think about each as a way of governing this country. For each one, would you say it is a very good, fairly good, fairly bad or very bad way of governing this country?
Having a democratic political system

Most Singaporeans think having the army rule Singapore would be better than having a democracy.

	TOTAL	Sex		Age			Missing Unknown SG: Refused	Not applicable
		Male	Female	Up to 29	30-49	50 and more		
Very good	11.4	13.1	10.2	15.2	11.0	9.9	4.7	4.2
Fairly good	44.2	45.2	43.4	49.5	45.7	39.8	53.6	45.9
Fairly bad	37.0	34.3	39.0	30.8	33.4	43.3	41.8	42.1
Very bad	7.3	7.1	7.3	4.5	9.9	6.8	-	7.8
EC, SE: Inapplicable ; RU: Inappropriate response; HT: Dropped out survey	0.1	0.2	-	-	-	0.2	-	-
No answer	*	-	0.1	-	-	0.1	-	-
(N)	(1,972)	(849)	(1,123)	(470)	(653)	(821)	(10)	(18)

V129.- I'm going to describe various types of political systems and ask what you think about each as a way of governing this country. For each one, would you say it is a very good, fairly good, fairly bad or very bad way of governing this country?
Having the army rule

Literature Review, Part 2: How long can it last?

So, we know how Singapore achieved its current economic status, how the country picked itself up and turned itself into one of the most financially-strong nations in the world. Now we can ask the question: Was Milton Friedman wrong? Does economic freedom pave the way for political freedom? Is it only a matter of time before Singapore is economically free?

If political freedom means democracy, then the answer is no. Clearly more than half of Singapore does not want democracy. However, if political freedom was taken more broadly, then the answer is maybe. After reading about all of the impressive economic achievements and policies that made Singapore so great, I searched for a counter argument. And, as it turns out, there are numerous negative aspects to the policies of the government that could lead to the decline of the PAP.

Verweij, Marco; Pelizzo, Riccardo, wrote an article closely examining the policies of the PAP and aspects of Singapore's economy. Ironically, this article is titled "Singapore: Does Authoritarianism Pay?" even though it focuses mostly on the liberal economic policies of Singapore rather than the authoritarian, socially-restrictive ones. This article countered many of the positive things I had read about Singapore. Surprisingly, Singapore has been facing a number of economic issues, mostly stemming from the government's economic policies, which have all contributed to the slow decline of the city-state. This is a different type of article because it is effectively a compilation of several articles and sources which all support the idea that Singapore is not as strong as it seems.

One of the first arguments brought up is Singapore's reliance on migrant workers, both low skilled and high skilled. Singapore is heavily dependent on low-cost, unskilled migrant labor to do a number of jobs that Singaporeans no longer want to do, like construction work and housekeeping, for example. While outsourcing for low-skilled labor is not necessarily a bad thing, Singapore needs a large number of migrant workers to help keep the economy running smoothly; without this, the country would grind to a halt. Outsourcing for menial and hard labor is a common theme within globalized nations and is a common practice in the United States as well. For instance, American Strawberries are picked by migrant workers "imported" from other

countries. However, Singapore takes this practice to a whole other level. In 2005, when the article was written, there were 1.2 million people living in Singapore who were not Singaporean—out of a total population of 4.2 million. So, almost 30 percent of Singapore's population at the time were migrants from other countries.

However, not all the migrants were cheap, low-skilled workers. There was another group of migrants who kept the country running in a different way: highly-skilled migrant workers. Encouraged by lax income tax laws, highly-skilled migrant workers from developed parts of the world like the U.S. and western Europe often come to Singapore to live and work. And just like low-skilled migration, high-skilled migration is not necessarily a bad thing. In many cases, it is actually a positive influence.

But the migrant situation in Singapore contributes heavily to another problem plaguing the country: income inequality. The high-skilled/low-skilled work migrants represent this issue well. One group comes to Singapore with nothing and does not get well compensated while the other group comes to Singapore with college degrees and gets paid handsomely. The migrant worker lives in public housing while the migrant elite lives in luxury housing. Meanwhile, the gap between the two keeps increasing, with the average Singaporean stuck in the middle. Without the highly-skilled laborers coming into Singapore, its GDP per capita (GDPpc) is estimated to be 10 percent lower than Singapore's overall GDPpc. Ironically, the average Singaporean probably has more in common with the low-skilled migrant worker than the high skilled: both groups live in government-produced housing, both groups don't get paid well. But we will discuss the plight of the average Singaporean a bit later.

Another issue the article brings up is that Singapore has a low level of private consumption. This is mostly because of the incredibly high savings rate the nation has. As the

authors states: “The country's gross savings rate has risen to a whopping 50 percent of GDP, which makes it the highest in the world.”(7) Most of this stems from the Central Provident Fund’s pension system, which citizens and corporations must contribute to. The nation uses this to fund various projects, like public housing, transportation, and encouraging multinationals to come to Singapore with paid vacations and education. Basically, if Singapore needs money for a project or program, it will come from the Central Provident Fund. However, Singapore’s high savings rate also means that GDP doesn’t truly represent the well-being of Singaporeans because it is mostly held up by the high savings rate. And when the well-being of the average Singaporean comes into question, huge issues with income inequality begin to emerge.

A good summary of how bad income inequality is in Singapore comes from the first paragraph from the section titled “Poor People in a Rich Country.”(7) It reads: “Despite its high GDPpc, Singapore's income-inequality profile is in line with those of Third World countries.”(7) A troubling thought, but Singapore becomes more nightmarish as the section goes on: “While other affluent Asian nations such as Japan, Korea, and Taiwan have Gini coefficients (a standard measure of income inequality) close to those of European nations (.25, .32, and .33, respectively),(7) Singapore's deteriorated from .43 in 1998 to .47 in 2006—roughly the same as those of the Philippines (.46) and Guatemala (.48) and worse than that of China (.44). As a result of this massive disparity, in 2005 the median monthly income for Singaporean residents was only about US\$1,750,8 which is below the minimum wage of a fully-employed, forty-year-old in Britain”(7) This alone is incredibly useful and really lets the cat out of the bag on how bad income inequality is in Singapore. It also serves as a foil to many of the positive things said about Singapore. Having more income inequality than Communist China is problematic but as the second most economically-free country in the world, you would expect some level of income

inequality. But not as bad as a Third World country. And having a median income this low also shows that the average Singaporean is struggling to survive.

Since 80 percent of Singaporeans live in government-built housing flats, the luxury apartments mentioned earlier aren't primarily for Singaporeans; they cater to the rich. As the income inequality section continues, the authors claim that the low income of most Singaporeans has kept the PAP in control by allowing them to maintain a narrative that other political parties would destroy the economy. This would be unbearable for the average Singaporean who literally cannot afford to earn less money. It's an interesting concept because it counters the idea that the economic success of Singapore is what has led to the People's Action Party staying in power.

To add to their plight, Singaporeans are also overworked; their average working hours are 48.4 hours per week. This breaks down into approximately six eight-hour workdays each week. In addition, because of Singaporeans' high savings rate, a large portion of their income is saved, which leaves them without even enough money to retire. "In 2005, economist Mukul Asher estimated that no less than 75 percent of contributors to the CPF would find themselves without enough money for retirement."⁽⁷⁾ The fact that 75 percent of pension contributions are estimated to be inadequate for individuals to be able to retire is astounding, not to mention that wages for the lowest income level dropped from 2000 to 2005. All of this completely undermines the economic success of Singapore. Its people are overworked, underpaid, forced to save a large amount of their income which is so low they cannot retire. How economically prosperous can a country be if its citizens are suffering so much? The more I read about this side of Singapore's economics, the more it sounds like a playground geared to the rich. In fact, even young Singaporeans are losing faith in the system.

There is a problem with promising, young, well-educated Singaporean natives leaving Singapore for other locations. Whether it's going away to college or migrating to another country, they simply don't want to stay in Singapore. One of the authors was working at a Singapore university as a political science professor and asked his class of more than 40 students who wanted to leave the country. Everyone except for one person raised their hands. The one individual who didn't want to leave had received a scholarship from the Singapore Navy and was obligated to stay in Singapore for a designated amount of time. This was clearly someone who had gotten all they could out of the meritocracy. But the rest of the students wanted nothing to do with Singapore for numerous reasons.

As the author explains, "In talking with our students, we discovered a variety of motivations for their desire to pack up economic (low wages and long work hours), social (the ban on unmarried people under thirty-five buying HDB flats or the taboo of homosexuality), and political (anger at the regime)." (7) These reasons to leave Singapore are a direct result of the government's policies, and young Singaporeans have clearly had enough of the PAP. However, the interesting thing is that they also do not expect the PAP to help them out in any way, or to attempt to make Singapore a better place to live and work for people in their demographic.

Singapore is too heavily designed to attract MNCs. Catering to the needs of MNCs has greatly benefited Singapore's economy, but the over-reliance on them means Singapore is basically destitute without them. Not to mention depending on them has seriously contributed to income inequality. The substantial attention brought to MNCs by the government has left many would-be entrepreneurs in the dark, and considering that Singaporean entries have to compete with MNCs for business, it's no wonder there is a lack of them.

Hong Kong, unlike Singapore, had well defined laissez-faire policies which led to hundreds of thousands of small businesses popping up. When Singapore's prime minister Lee Kuan Yew was approached about this phenomenon he said that Singapore "lacks the entrepreneurial drive"(7) to start small businesses. A more realistic response would have been that entrepreneurialism isn't a good fit with Singapore's top-down economic planning. Encouraging people to start their own businesses isn't really Singapore's way. The country is more about incorporating the best and brightest into existing firms than having people start their own businesses. Ironically, the Chinese majority in Singapore has historically been extremely entrepreneurial but is unable to do so in modern Singapore due to the scale of the global firms that predominantly occupy Singapore's markets.

In summary, Singapore has a host of issues which seem to undermine many of its strengths. Its reliance on migrant work, both high and low-skilled, is a weakness because if Singapore loses the migrants to rival countries, its economy will begin to decline. In addition, it has also invested a considerable amount of money into attracting migrant workers. The combination of these issues has contributed to income inequality and the average citizen seems more hurt by the economic success of Singapore than helped by it—it keeps their wages low, requires them to work long hours, takes a large portion of their income to hold up its GDP, and basically guarantees that they can never afford to retire. With all this in mind, it is no wonder that high-achieving students who have the option to leave Singapore take it, not to mention the overreaching government and old-fashioned views which promote their migration even more. Singapore's dedication to MNCs rather than to its citizens has led to a deficit of entrepreneurs in a nation which has historically encouraged them.

This article is incredibly eye-opening and strongly challenges the notion of Singapore's economic success. The PAP's economic policy only really works for the smartest and richest. If someone can move their way up the meritocracy, get top grades and work hard, they can succeed. But if they cannot get past these hurdles, then they will be like the rest of Singapore—working long hours for little pay with no hope of retiring. This coupled with the authoritarian nature of Singapore gives their people the worst aspects of both capitalism and authoritarianism. You have a restriction of freedoms and personal liberties with the grueling never-ending work of a libertarian economy. It's a lose-lose situation.

The more I read about this dichotomy, the more I began to wonder who Singapore really works for. Then I remembered the story of how the People's Action Party was founded. It is the product of an uneasy alliance between an upper-class man from a prominent family and a working-class trade unionist. In this partnership, the upper-class man became the party's defining voice. Meanwhile, the trade unionist was jailed, left behind and made an example of. This almost perfectly captures the Singaporean dilemma.

Singapore was turned into the kind of libertarian economy that would benefit someone like Lee Kuan Yew, a man who was already affluent. But the working-class man is someone who doesn't have money and isn't benefited by liberal economic policies; working-class individuals can't even point out that the model doesn't work.

The problem now is that this model doesn't work for the majority of people in Singapore. As a result, the PAP has been losing ground. Although they continue to win elections, they do so by smaller and smaller margins. After all is said and done, the PAP is still the party that literally dragged Singapore out of the mud, way back in the 1960s. All of these factors have gotten the PAP uncomfortable with the idea of losing power, so they have pushed back.

Modern Singapore: Conclusion

In 2017, the Singaporean presidential election was underway. Singapore is one of the few countries that has both a president and a prime minister. The president has executive power but the prime minister and the parliament govern how strong that power can be. Many saw this as an opportunity to wrestle power away from the PAP. Even if the parliament plays a direct role in authorizing the president's power, having a president who was not from the PAP would symbolize the beginning of the end.

But the PAP was well aware of this fact, and as a result, the prime minister of Singapore, Lee Hsien Loong, who is the son of Lee Kuan Yew, authorized that the new Singaporean president must be someone of Malaysian descent. And the only person who qualified was a leader of the People's Action Party. Two other Malaysians who tried to run were both senior executives at high-level businesses. Although they technically qualified, the PAP tightened the criteria of who could seek the office of president. Now, only corporate executives in companies with shareholders' equity of at least \$500 million Singapore dollars could run in the election, disqualifying the two Malay men. However, this requirement was not placed upon government officials, like the PAP's own candidate, for example. The lack of an election led to a great deal of online backlash from Singaporeans, who were outraged that the PAP would try to undermine the election like this. Racial harmony laws prevented people from protesting because a protest would have been seen as an anti-Malayan protest, which was illegal. Because of this, no protest was held.

Cut to July 2021, Singapore was having parliamentary elections despite the pandemic, and great numbers of people turned out to vote. The results of the election were unsurprising: the

same party always wins in Singapore: the People's Action Party. They built Singapore from the ground up and despite all of Singapore's problems, the PAP has won every election for more than 60 years. However, the PAP's victory was not without cause for celebration. Although the party maintained their domination of parliament, they also lost 10 seats, which is more seats than have ever been lost in a single Singaporean election. They also only achieved 61 percent of the popular vote, a symbol that times are changing. Singaporeans are clearly becoming more aware of the problems in their society, and as a result, the PAP is slowly beginning to lose its powerful grip on Singaporean society.

This revisits the question if Milton Friedman was wrong. Although I don't believe he was wrong, I also don't think he intended to be right. Milton Friedman's thesis was that economic freedom would lead to political freedom, and in Singapore's case this is correct. But part of why economic freedom is leading to political freedom is because it is essentially too free. The people of Singapore suffer as a result of the free market economy—there is no minimum wage and they work long hours for low pay.

As a free market economist, Milton Friedman would have appreciated Singapore's economic aspects but not its politically and socially-restrictive aspects. And Singapore's economic characteristics are primarily what is bringing it down. As I mentioned previously, the ideology was that people would relinquish their freedoms to be economically on top, but they aren't. Singapore's MNCs have the economic advantage; Singapore's people don't. The unwritten contract between the government and its citizens is broken and the people find themselves both politically and economically oppressed. This signals the beginning of the PAP's slow decline, not because it has made mistakes but because it accomplished everything it set out to do, turning Singapore into an economic miracle. However, most people truly do not have

enough money to reap the benefits of living in Singapore. Capitalism is Singapore's strength, but at the end of the day, you need capital to be capitalist. This is what the multinational corporations already have and what the majority of Singaporeans lack: capital.

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