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# SINGAPORE

## Success at Home, Challenges from Abroad

Bilveer Singh

### Introduction

The year 2007 came in an upbeat mood in Singapore. The economy was showing a strong momentum of growth following its good performance in 2006. Singapore had seen a record high of more than nine million tourists.<sup>1</sup> In his National Day Rally speech, Prime Minister Lee Hsien Loong reiterated his positive outlook, arguing that “Singapore is on the move, things look good”<sup>2</sup> and “there’s optimism all over Asia”.<sup>3</sup> By the end of the year, Singapore was still doing well. Despite difficulties in the region and beyond, there is a renewed sense of confidence and accomplishment as the team led by Prime Minister Lee navigates successfully through difficult terrain to bring about success for the city-state. Yet, upon closer scrutiny, amidst the strong economic growth and the relative peace and security, Singapore also faces a number of challenges.

### Brimming with Prosperity

For Singapore, a strong economy, which is vital for its survival, is even more important than military security. On 19 November 2007, the Ministry of Trade and Industry announced that Singapore’s economy was expected to grow by 7.5 to 8 per cent in 2007 and 4.5 to 6.5 per cent in 2008.<sup>4</sup> The year 2007 also saw Singapore achieving its lowest rate of unemployment. Various factors contributed to Singapore’s growth. First, Singapore achieved high levels of efficiency and maximized the use of scarce resources through its ability to adapt and shift from

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heavy manufacturing to the promotion of services such as finance, retail, and tourism. Second, with the reputation of being clean, efficient, and corruption-free, Singapore remains attractive to investors. Third, the burgeoning economies of India and China coupled with a favourable global economy led Singapore towards higher growth rates. These developments have led many to conclude that Singapore's economic outlook is likely to remain positive.

Addressing the nation at the National Day Rally, Prime Minister Lee unveiled promising socio-economic projects. These included the development and redevelopment of Housing Development Board (HDB) areas. Plans for this project had been placed on hold following the Asian financial crisis in 1997–98. Now that the economy is performing well, the government has reinstated the improvement programmes. Prime Minister Lee projected an image of waterfront homes in Punggol that sent ripples of excitement in the audience. Neighbourhood aesthetics will continue to be enhanced by facelifts under the Interim Upgrading Programme (IUP). Moreover, the retail and tourism sectors are expected to grow with the coming of Formula One Grand Prix in 2008. A few years later, the completion of the integrated resorts will give a further boost to the economy. In summary, in the immediate future, Singapore will continue to grow and develop in anticipation of upcoming projects that upon completion will secure a prosperous future.

ASEAN matters featured prominently during 2007 because of Singapore's chairmanship of the Association of Southeast Asian Nations (ASEAN) Standing Committee and the holding of the ASEAN Summit in Singapore. Prime Minister Lee delivered a speech in which he outlined Singapore's responsibility as Chairperson of the Committee and a plan to focus on the ASEAN Charter, community-building, and challenges faced by the region.<sup>5</sup>

## **Singapore in 2007: Challenges of Success at Home**

Still, notwithstanding the achievements of 2007, and the state of peace and stability, there were warning signs to remind Singaporeans not to take the good times for granted and to be constantly vigilant.

### ***Socio-economic Issues***

The unfolding of the National Kidney Foundation (NKF) saga was a reminder that a clean, efficient and corruption-free state that is an attractive destination for foreign investors cannot be taken for granted. Investigative journalism exposed wrongful acts that were committed by the top management of the high-profile charitable foundation. There was an erosion of public trust and a breach of ethics

as it concerned the donations from the public for kidney dialysis treatment for many patients in Singapore. Thousands of “LifeDrop” donations, which the public contributed to the NKF through monthly GIRO deductions, were withdrawn.<sup>6</sup> The NKF affair precipitated a re-evaluation of the controversial issue of negligence on the part of government agencies that were charged with rooting out corrupt practices, especially involving a major charitable organization. Although the government was absolved of responsibility, it was forced to address the lack of an adequate audit system for funds in charitable organizations. The NKF scandal was a blemish on the Republic’s clean image. There was a need to rebuild the trust that Singaporeans lost in charity organizations in general.

The NKF saga had implications for the economy beyond issues of governance or the social repercussions that flowed from the scandal. In the course of ensuring survival through economic stability and growth since independence, Singapore has cultivated a brand for itself in the international arena. At the Global Brand Forum held in 2007, the Minister of State for Trade and Industry proclaimed that qualities such as being clean, efficient and trustworthy made up the Singapore brand.<sup>7</sup> As purported by Minister Mentor Lee Kuan Yew on a separate occasion, it was this trademark that enabled Singapore to differentiate itself from many others in Asia and the world. A perception of financial irregularities could hurt the Republic’s attractiveness as a business hub and destination for foreign investment. Early in 2007, two years after the exposure of NKF’s misdeeds in 2005, three other charitable foundations were “struck off the roll”,<sup>8</sup> with others, such as Ren Ci Hospital and Medicare Centre, being investigated for financial irregularities. After the NKF, Ren Ci is the largest charity under the Health Ministry. Ren Ci lost its Institution of Public Character status on 27 November 2007 following the discovery of financial discrepancies involving its management.<sup>9</sup>

### ***Security Issues***

In 2007, despite the many positive achievements on the home front, a new threat was discovered — religious self-radicalization. At the 2007 Temasek Seminar, Teo Chee Hean, the Minister of Defence, reminded Singaporeans that “our present stability and prosperity is neither a natural nor permanent state of affairs”.<sup>10</sup> It is important to remember that security and defence underpin Singapore’s economic success. They provide a safe home for locals and foreigners, without which Singapore would easily lose investors’ confidence. Singapore is well equipped in terms of weapons, technology, and various security measures to meet internal security threats, including in areas of terrorist financing,<sup>11</sup> border controls, and

maritime security.<sup>12</sup> It has a good track record of being able to deter potential terrorist attacks and track down members suspected of being part of the Jemaah Islamiyah (JI) or other radical groups committed to using violence.

Approximately six years after being jolted by the uncovering of a terrorist plot in 2001, Singapore's national security apparatus encountered a new permutation of the danger — self-radicalization through the Internet. Singapore's security services, despite their efficiency and vigilance, would not find it easy to deal with this new threat. Senior Minister for Law and Home Affairs Ho Peng Kee warned that it was necessary for Singapore to address the threat of terrorism beyond hard security measures. To succeed, it was essential to approach the ideological dimension that underpins terrorism.<sup>13</sup> The self-radicalization case concerned Abdul Basheer Abdul Kader, a lawyer and lecturer, who was arrested in February 2007 by Singapore's Ministry of Home Affairs under the Internal Security Act.<sup>14</sup> He was alleged to have attempted to join the Pakistan militant group, Lashkar-e-Tayyiba and subsequently, the *mujahidin* fighters in Afghanistan.<sup>15</sup> As many terrorism experts have noted, the critical role of ideology needs to be understood because, anywhere in the world, an individual can easily be “enabled” to take people's lives in the name of justice.<sup>16</sup> Geographical boundaries are no longer relevant. If a terrorist hates American culture, there are symbols to be attacked in any country because of cultural globalization. Today's security challenge arises in the context of a contest of beliefs and ideas amidst access to unrestricted flow of information through the Internet. The threat from self-radicalization is difficult to identify and counter, and this poses an unprecedented security challenge facing most societies, including Singapore's, which is located in the heart of the Muslim world of Southeast Asia.

Combating radical extremism involves battling a set of beliefs and ideas in a borderless world of information exchange, especially via the Internet. The fact that extremism can spread without being noticed reduces the odds of predicting the danger. The permutations of the threat multiply exponentially with self-radicalized individuals. Ideas are transient and cannot be captured by the net of institutional methods, anti-terrorism laws, and surveillance technology. To deal with this problem, Singapore is developing “soft” security measures that nurture the intangible bonds within the social fabric that can mitigate and ameliorate security threats. Currently, there are schemes that promote community engagement to enhance peoples' understanding of Islam to avoid misconceptions among communal groups. However, these schemes remain work-in-progress.

In his interview with the *International Herald Tribune* published on 24 August 2007, Minister Mentor Lee highlighted the fact that Singapore lacks the

base that comes with building a nation. With a weak and unnatural base, the danger to Singapore's long-term survival remains. This challenge is compounded by the repercussions of globalization. Due to the mobility of human resources and easy transport and communications across geographical boundaries, linkages between states and corporations across the globe have multiplied. This has led to a "deterritorialization" of national identity, which weakens the connection between one's identity and a particular locality, a "territorial state", or a "traditional motherland". Further, the fragility of communal ties is etched in the history of Singapore of the 1960s and 1970s. Consequently, the threat of terrorism to Singapore's national unity and well-being needs to be countered through the development of strong social resilience. Greater interaction between the communities by itself may not be enough for it may provide only a "false sense of unity".<sup>17</sup> Some have mentioned religious and cultural dialogues as a way to counter the threat of radical ideas.<sup>18</sup> However, others have strongly argued that Singapore's social fabric must be weaved together by identifying the "collective meaning invested in our lives" which requires "deeper introspection" of shared values.<sup>19</sup> Singapore continues to struggle with the task of building a nation within the city state. Thus far, the strength and resilience of Singapore's social fabric remains untested by a major crisis, especially threats that emanate along racial and religious lines.

### ***Political Issues***

The governance of Singapore involves several persistent challenges other than social and security ones. One such challenge is the management of opposition. Under the Peoples' Action Party (PAP), Singapore's governance has been highly successful in terms of securing peace, security, and economic success. However, the PAP Government is viewed as being rather intolerant of political criticism and, with the exception of the period prior to and during elections, as restricting the space for the organized political opposition. There continues to be the fear of the infamous out-of-bound markers as was demonstrated earlier by the "Catherine Lim affair".<sup>20</sup> Despite the restrictions, political opposition such as that represented by the Workers' Party and the Singapore Democratic Alliance has been able to make some impact. In the 2006 general election, opposition parties were able to bring the PAP's percentage of votes from 75 per cent in the previous election to 66.6 per cent.<sup>21</sup> In 2007, Singapore's veteran political opposition leader, J.B. Jeyaretnam, announced the launch of his Reform Party. Jeyaretnam had recently recovered from bankruptcy following his inability to repay stipulated court damages

for defaming several PAP Members of Parliament.<sup>22</sup> Over the years, the PAP has been facing mounting pressure from an increasingly “highly educated and discerning electorate”<sup>23</sup> that has been demanding a range of political choices. Jeyaretnam’s Reform Party marks another effort to reduce the PAP’s dominance since 1959. The challenge for the ruling party is to avoid appearing too authoritative whilst dousing the slow but steady growth of appeal of the opposition in the Republic’s body politic. Given the expectations of the younger members of the electorate, the PAP will have to manage this carefully to prevent a swing of votes in the next election.

There is a related concern. From a long-term perspective, the government must be watchful of the group of bureaucratic elites that might become complacent. Ngiam Tong Dow, a retired civil servant, noted that the “greatest danger to the PAP ... is elitism and complacency”.<sup>24</sup> According to Ngiam, it is “a trend of intellectualization for its own sake, which loses a sense of the pragmatic concerns of the larger world”.<sup>25</sup> As much as they might pose a threat to the ruling party, it is important to allow opposition voices that can provide alternative perspectives to the decision-making process in the development of public policies. He warned:

The worst dictatorship is the dictatorship of the mind. Societies which allow people to be trapped by political indoctrination or religious fanaticism will ultimately self-destruct. Singapore has to change and evolve, breaking out of our present mould and mindset.<sup>26</sup>

## **Singapore and the Region: Coping with Vulnerabilities?**

Singapore-Indonesia relations require careful management. While Soeharto was president of Indonesia, the two countries enjoyed a good relationship. However, since May 1998, Singapore’s relations with its largest neighbour have experienced strains. In 2007, relations rose and fell over three entangled issues; the sand and granite bans, the Extradition Treaty, and the Defence Cooperation Agreement (DCA). The first two have been long-standing problems that have plagued the relationship. The ban of sand and gravel has also been linked to a long-standing dispute over maritime border delimitation. Singapore’s extensive import of sand from its neighbour is allegedly causing a reduction of Indonesia’s geographical size. The sand ban, which was imposed by Indonesia in 2007, sent a sharp reminder of Singapore’s lack of natural resources and its vulnerability to slight manoeuvres by its resource-rich neighbour. It caused a sudden shortage in the booming construction sector in Singapore and precipitated rapid price hikes. In this case, the survival of Singapore was not threatened. However, it demonstrated

Singapore's dependence on Indonesia. Moreover, Singapore's mobilization of its F-16 fighters during the height of the crisis at the border was construed by Indonesia as a "provocation or intimidation in response to the sand ban".<sup>27</sup> This was, however, denied by Singapore's Defence Minister. Instead Mr Teo Chee Hean described the F-16s manoeuvres "as natural" and unrelated to the sand ban issue, as had been alleged in Indonesia.<sup>28</sup> Apart from finding alternative sources of raw materials to decrease its dependency on Indonesia, Singapore has to carefully manage its prickly relationship with a powerful but increasingly nationalistic neighbour.

A second source of tension was the Extradition Treaty. Many in Indonesia, which had repeatedly demanded that Singapore agree to the treaty, saw Singapore's delays as a sign that it was harbouring wealthy Indonesian criminals who had invested money in the Republic to escape corruption charges back home. Singapore was seen as a hindrance in Indonesia's attempt to overcome corruption. That is, Singapore was the selfish neighbour that wanted to benefit from the vast amounts of "dirty money" that was allegedly "parked" in Singapore.

Additionally, the sand ban was controversially linked to the Extradition Treaty. Other than environmental and erosion of territory claims, there were arguments made to justify the sand ban as an attempt to pressure Singapore to sign the Extradition Treaty. Singapore's Foreign Minister George Yeo told his Indonesian counterpart that the sand ban was counter-productive. Other members of the Indonesian Government with different political affiliations argued that the ban was inadequately harsh.<sup>29</sup> As Indonesia grew impatient and the clash of viewpoints caused an escalation of tension, bilateral ties took a downward slide.

In reality, Singapore is a hostage of its geographical position and its size. Its foreign policy must be managed cautiously to prevent encroachment on its territory by its larger neighbours. This challenge was made more difficult by the DCA that was signed on 27 April 2007 in Bali. The signing was the culmination of more than a year's hard work after Prime Minister Lee and President Yudhoyono had initialled in October 2005 a "package" deal that would settle most issues. In addition to the Extradition Treaty, the DCA and four Implementation Agreements (IAs) were to be signed. However, on 27 April, only the DCA and a general IA were signed. The Indonesians requested that more specific IAs be signed later following a final round of negotiations involving the three services of the armed forces. The signing of these agreements had the potential to mark a new phase in Singapore-Indonesia relations. Instead, the DCA became mired in controversy and eventually the disagreement was added to the long list of unresolved disputes between the two countries. The signing of the agreements was important as it

represented the commitment of each country to an extradition treaty and to the improvement of long-standing defence ties. It was significant also because it marked a resolution to long-standing allegations that Singapore harboured Indonesia's economic criminals. Similarly, the DCA promised to forge closer ties between the armed forces of both countries.<sup>30</sup> It aimed to enhance professionalism and interoperability of the Tentara Nasional Indonesia (TNI) and Singapore Armed Forces (SAF).<sup>31</sup> The benefit of military cooperation was demonstrated during the SAF's assistance to Indonesia when the latter was devastated by the tsunami of December 2004.

Jakarta's refusal to ratify the agreements ended the short-lived euphoria, and bilateral relations with Indonesia entered a difficult phase. Indonesian parliamentarians accused Singapore of violating Indonesia's territorial sovereignty and of skilfully negotiating agreements that would give Singapore a one-sided advantage. Some suspected the Republic of using the agreements to undermine Indonesia's national security by involving "third parties" and to undertake reconnaissance and spying activities. Opposition groups also argued that Singapore had offered to sign the Extradition Treaty knowing that it lacked substance because most of the assets of the economic criminals who had taken refuge in Singapore would be almost impossible to recover. In return, Singapore would have gained access to much-valued training areas in Indonesia.<sup>32</sup> In October 2007, Indonesia's Defence Minister, Juwono Sudarsono, claimed that it was the differences between Singapore's Prime Minister and Minister Mentor that were the cause of the difficulties between two countries. According to Juwono, "we are waiting for the agreement between Prime Minister Lee Hsien Loong and Senior Minister [should read Minister Mentor] Lee Kuan Yew, who has, right from the start disapproved of the 15 years retroactive clause in the extradition treaty. Prime Minister Lee Hsien Loong had previously agreed to link the extradition clause with the defence agreement but apparently there was disagreement between Lee and his father about this".<sup>33</sup> The Indonesians believed that Singapore had decided to prevent the fifteen years retroactive clauses of the Extradition Treaty from taking effect because the two Lees could not reach an agreement. The Indonesians also believed that Singapore had decided to "sabotage" the DCA by unilaterally increasing the frequency of exercises for the Navy (in an area called Bravo Area) from four to fifteen, knowing that this was unacceptable to Indonesia. Therefore, the IAs would not be signed and the DCA would stall.<sup>34</sup>

In view of these circumstances, it was not surprising that the extradition and defence agreements did not bind the two neighbours more closely as had been hoped. Indonesians, by and large, opposed the "package deal" that was signed in

April 2007. As a leading Indonesian political observer, Kusnanto Anggoro, noted, the package deal “stood to benefit Singapore”<sup>35</sup> and there is “every reason to reject the defence treaty”.<sup>36</sup> On 9 October 2007, the Indonesian Foreign Minister, Hassan Wirayuda announced that “we have decided for the time being to put [the DCA] aside. There is no deadline”.<sup>37</sup> As the Extradition Treaty was also part of the “package”, this also meant that the treaty too would be shelved. In effect, Hassan’s statement shelved the much-hyped agreements that were signed earlier in the year. This represented a victory for Indonesian nationalists and opposition groups over President Yudhoyono’s government, which had been keen to enhance ties with Singapore. Thus, instead of resolving a myriad of bilateral issues, ironically the agreements magnified the differences between the two countries.

There were also other difficulties in bilateral relations. Nationalistic elements in Indonesia that have been protesting Singapore’s role in Indonesia’s economy succeeded in launching an investigation into the acquisition of assets in Indonesia by Temasek, the principal investment arm of the Government of Singapore. In April 2002, SingTel purchased a stake in Telkomsel. In December 2002, ST Telemedia acquired Indosat. This led to a series of workers’ strikes to voice opposition to Singapore’s purchase of the two leading telecommunication companies in Indonesia. In October 2006, the United Federation of State Enterprise Workers Union alleged that Temasek had violated Indonesia’s Anti-Monopoly laws.<sup>38</sup> The complaint against Temasek was investigated by the Commission for the Supervision of Business Competition or KPPU in Indonesia. In April 2007, the initial complaint against Temasek was dropped. However, the KPPU continued its investigation of Temasek for violating the country’s Anti-Trust Laws by dominating the mobile telecommunication market and by engaging in price-fixing. As was stated by an observer, the essence of KPPU’s concern was that “Temasek, through its cross-ownership in Indosat and Telkomsel, was found to have masterminded price-fixing practices by both cellular operators and that Temasek deliberately obstructed Indosat’s sound growth to allow Telkomsel to maintain its market dominance”.<sup>39</sup> On 19 November 2007, the KPPU found Temasek guilty of breaching Indonesia’s competition laws and fined it US\$2.8 million. Temasek was also ordered to sell its stakes in Indosat and Telkomsel within two years and to cut mobile phone tariffs by 15 per cent.

In many ways, the KPPU’s decision did not come as a surprise as it was rather obvious that Temasek was being targeted for its success in the Indonesian telecommunications industry. At a time when President Yudhoyono and his government were trying hard to uplift the country’s economy and to attract foreign investment, the KPPU’s decision threw the country’s legal system as well as the

oversight functions of various agencies under the spotlight. In addition, it was clear that politics was behind the KPPU's decision, especially given the fact that complaint against Temasek had been withdrawn due to lack of evidence in April 2007. While Temasek has filed an appeal in Indonesia's district court, coming after the shelving of the DCA and Extradition Treaty, the decision against Temasek was another indication that relations between Indonesia and the "little red dot" took a dive in 2007.

While Singapore's relations with Thailand improved somewhat and the much-maligned Temasek-ShinCorp deal faded into the background, Singapore's relations with Malaysia were in the spotlight because of the Pedra Branca (Pulau Batu Puteh) hearings at the International Court of Justice (ICJ) from 6 to 23 November 2007. Since its construction in 1849, the Horsburgh Lighthouse had always been administered by the British and later, by Singapore. Even though Pedra Branca is located about 7 nautical miles from the coast of Johor and nearly 25 nautical miles from Singapore's coast, Malaysia had historically acknowledged Singapore's sovereignty and control of the island. In fact, a senior Johor official denied in 1953 that Pedra Branca belonged to Johor. Furthermore maps published by the Malaysian Government had always depicted Pedra Branca as belonging to Singapore since independence.

This changed in 1979 when the Malaysian Government, in its new map, claimed Pedra Branca as part of its territory. The Singapore Government launched an official protest in 1980. The main reason for the new Malaysian position was the ongoing United Nations' Conference on the Law of the Sea (UNCLOS). It extended a state's territorial waters from 3 to 12 miles, allowed for an Exclusive Economic Zone of 200 miles, and gave to each coastal state control over its continental shelf. Thus, in view of the new strategic and potential economic value of the island, Kuala Lumpur staked its claim. It remained an issue in Singapore-Malaysia relations for years as the two neighbours could not settle the ownership dispute through bilateral dialogue. Thus, after more than 150 years of Singapore (and British) control of the island, 130 years of silence on the part of Malaysia, and 28 years of deadlocked negotiations, both countries agreed to settle their differences through arbitration by the ICJ.

While Malaysia's case rested essentially on historical claims, Singapore based its claim to Pedra Branca as well as to two other structures nearby, Middle Rock and South Ledge, on continued exercise of state authority. Using arguments similar to those of Singapore, Malaysia had earlier won its case in the ICJ against Indonesia over the disputed islands of Sipadan and Ligitan. Regardless of how the ICJ decides in mid-2008, its ruling will have important implications. It is

noteworthy that both Malaysia and Singapore decided to opt for a settlement through the ICJ rather than continue to leave the dispute unresolved. The lack of a resolution would have only soured relations further and the conflict could have become militarized. This demonstrated the value that each side has placed on its relations with the other. The challenge now will be for both parties to accept the ICJ ruling and to move on from there.

In 2007, a year in which foreign policy issues featured prominently, the Republic's policies and stance on ASEAN were particularly important. In many ways, despite Singapore's difficulties with Indonesia and Malaysia, its ASEAN policy held centre stage, especially as the Republic took over the Chairmanship of the ASEAN Standing Committee. As Chairperson and host of the thirteenth ASEAN Summit, Singapore led the signing of the ASEAN Charter and became the first country to ratify it. The commitment of ASEAN to developing an Economic Community is noteworthy as the ASEAN Summit saw the unveiling of an economic blueprint for the region. The Summit also placed environmental issues at the forefront of ASEAN's agenda, a significant feat, especially in view of the haze that afflicts the region from Indonesia.

On the flipside, the Myanmar issue posed a serious challenge to Singapore's leadership. As part of the ASEAN consensus, Singapore is bound by the time-honoured practice of following the "ASEAN way". Through a policy of "constructive engagement", the "ASEAN way" has attempted to bring Myanmar into the family of nations while, at the same time, trying to provide sufficient incentives for the military junta to be less repressive and move forward on domestic constitutional and political development. Unfortunately, ASEAN's policy has produced few tangible results. This was highlighted by the outbreak in September 2007 of large demonstrations in the major cities of Myanmar and their repression. In the glare of the international media, the aborted "Saffron Revolution" saw the security apparatus dealing brutally with the demonstrators including the thousands of monks that for the first time joined demonstrators to oppose the junta. Although ASEAN came out with strongly worded statements against its fellow-member, questions were still raised about ASEAN's credibility by those who wanted ASEAN to act more forcefully. Thus, while much was achieved at the ASEAN Summit in terms of the Charter and the economic blueprint, as far as Myanmar was concerned little had changed.

It is increasingly clear that the policy of non-interference and the use of diplomatic pressure to manage Myanmar has and will continue to invite criticism from within and without ASEAN. For instance, Zaid Ibrahim, a Malaysian lawmaker has argued that "ASEAN can obviously do a lot more ... it would be shameful if

they kept quiet”.<sup>40</sup> Although Singapore, as the Chairperson of ASEAN Standing Committee, took a strong stance against the atrocities of the military junta, there remained differences of views within the organization. While most of the Southeast Asian states aimed to uphold the policy of non-interference, Thailand adopted a stronger stance, probably because it was directly affected by the influx of refugees from Myanmar. Myanmar of course did not wish ASEAN to interfere.

## **Singapore and the Wider World**

As Singapore’s economic growth is pegged to growth of the world economy, Singapore is “vulnerable to systemic risk in a highly inter-connected and volatile world”.<sup>41</sup> Singapore is held hostage by its small geographical size which makes it vulnerable to systemic risks. A glaring systemic issue today is the degeneration of the global environment. In 2007 alone, one witnessed a series of unusual and unprecedented weather conditions. Some parts of Europe, such as Spain, experienced major heat waves, while Britain, India, China, and other countries had to cope with devastating floods. Crops were wiped out and death tolls rose. This led many to wonder how climate change will eventually impact upon Singapore. While Singapore’s geographical position shelters it from natural disasters such as tsunamis, it will not be able to escape the effects of global warming. Minister Mentor Lee painted an apt scenario to illustrate the concern. He said if sea level rises significantly, the processes that have already begun due to global warming and the melting of the polar ice caps will submerge Singapore.<sup>42</sup> This, of course, assumes that the international community does not do enough to arrest or at least mitigate the effects of climate change. Thus 2007 saw increasing concern in official circles in Singapore about global climate change. Singapore will have to engage other countries in multilateral institutions and work in tandem with them for environmental conservation plans.

## **Pointers for 2008 and the Years Ahead**

Judging from internal and external developments in 2007, a number of possible trends and issues are discernible. First, while domestic peace can be expected to continue, there will be a need to monitor inter-racial and inter-religious developments. This is because self-radicalization from any group can harm social peace and aggravate inter-racial ties. Second, as Singapore continues with its economic development, income gaps can be expected to widen. Pre-empting and preventing a class divide will become among the most important challenge of governance confronting future governments in the Republic. Third, as far as

international relations are concerned, Singapore's bilateral ties with Malaysia and Indonesia will continue to be a major focus of attention for policy-makers in the Republic. Creating win-win relationships and minimizing differences are important for both economic and security reasons. Finally, as great powers' relations remain in a state of flux and as the Asian powers, especially China, India and Japan flex their political, economic and military muscles, seeking a balance among these powers will remain a preoccupation.

### Conclusion: "Hardy as a Diamond"

Singapore has an excellent track record of being able to survive and thrive despite its constraints as a small country that lacks natural resources. The key performance indicator of good governance is not efficiency but rather the ability to weather a sudden turn of events. Singapore has proven capable of this kind of resilience. It is a state that weathered crises such as the Asian financial crisis in 1997–98 and epidemics such as SARS. These accomplishments lead one to conclude that Singapore is "as hard as a diamond". The year 2007 was full of promising plans to enhance the level of education by opening up one more university, to redevelop old housing estates, to bring Formula One Grand Prix to Singapore, to construct an integrated resort and even to bid for the Youth Olympics in 2010. The economy is performing, the unemployment rate is at its lowest level, and there are no major difficulties expected in the next few years. On the other hand, there is the threat of complacency. "A government should not set itself up to indicators which measure successes against stated missions and goals that bear little resemblance to the real world of crisis and change."<sup>43</sup> With that said, it is important to acknowledge the continuing challenges Singapore must negotiate with constant vigilance beneath the shimmer of peaceful and prosperous times. The "unhealthy mindset of being overly focused with efficiency"<sup>44</sup> may be the downfall of Singapore if there is a lack of vigilance.

Summarily, as Minister Mentor Lee said in this interview with the *International Herald Tribune*, despite good times, Singapore's survival is not guaranteed. In the diamond are imperfections that come in the form of challenges to the survival of Singapore. Unlike an ageing population and the issue of longevity that can be dealt with through adjustments in Central Provident Fund schemes, there are more tricky imperfections that require greater attention. At the national level, Singapore needs to deal with the blemish left by the pseudo-charitable organizations such as the NKF. The other major concern is the threat of self-radicalization. Being governed like a corporation that can gauge its success by its wealth is insufficient

because the threat of radicalism cannot be countered through accumulation of wealth. The danger from extremist ideologies can be managed by strengthening social resilience to augment hard security. Besides, Singapore needs to meet the demands of political openness. At the regional level, Singapore's relationship with Indonesia deteriorated. Lastly, there is the pressing issue of climate change that must be addressed at the international level. Notwithstanding the backdrop of optimism and all the reasons for celebration that have been encapsulated by Prime Minister Lee's National Day Rally speech, Singapore cannot afford of these challenges.

## Notes

- <sup>1</sup> Lynn Lee, "7.7% growth for 2006 caps a glowing year", *Straits Times*, 1 January 2007.
- <sup>2</sup> Transcript of Prime Minister Lee Hsien Loong's National Day Rally English Speech, "City of Possibilities; Home for All", Singapore Government Press Release, 19 August 2007.
- <sup>3</sup> Ibid.
- <sup>4</sup> See Press Release by Ministry of Trade and Industry, "MTI Forecasts Sustained Growth of 4.5–6.5% in 2008", 19 November 2007.
- <sup>5</sup> Prime Minister Lee Hsien Loong, "ASEAN: Still attractive at 40", speech delivered at the ASEAN Day Lecture, *Straits Times*, 8 August 2007.
- <sup>6</sup> Yap Su-Yin, "With just a little help from friends", *Straits Times*, 5 July 2007.
- <sup>7</sup> Nicholas Fang, "Ensuring S'pore brand evolves and lasts", *Business Times*, 7 August 2007.
- <sup>8</sup> Jasmine Yin, "Don't wait for another black sheep", *Today*, 25 June 2007.
- <sup>9</sup> See "Ren Ci Under Probe for Financial Discrepancies", *Straits Times*, 8 November 2007.
- <sup>10</sup> "Securing Our Future Amidst Changing Times", Minister for Defence Teo Chee Hean at Temasek Seminar, 2007.
- <sup>11</sup> Mindef website <www.mindef.gov.sg>.
- <sup>12</sup> Ibid.
- <sup>13</sup> "Religious, cultural discussion key to countering terrorism, Singapore official says", Associated Press, 3 May 2007.
- <sup>14</sup> The Internal Security Act allows for indefinite detention without trial.
- <sup>15</sup> "Singapore detains suspected *jihadi*, 4 alleged terror group members", *International Herald Tribune*, 9 June 2007.
- <sup>16</sup> "Home-grown, 'self-radicalised' brand of terrorism worries Singapore", *News Highlights*, Singapore Institute of International Affairs, 2007.
- <sup>17</sup> Norman Vasu, "Rethinking Singaporean Multiculturalism", S. Rajaratnam School of International Studies, 2007.

- 18 “Religious, cultural discussion key to countering terrorism, Singapore official says”, Associated Press, 3 May 2007.
- 19 See Vasu, “Rethinking Singaporean Multiculturalism”.
- 20 The “Catherine Lim Affair” refers to the Government’s rebuking of Catherine Lim, a novelist, for suggesting in a commentary in the *Straits Times* that then Prime Minister Goh Chok Tong’s promise of a more open and consultative style of government had not been kept. The Prime Minister publicly reprimanded Catherine for “undermining his authority”, an action deemed unacceptable in an Asian society, thereby publicly illuminating one parameter of the concept of OB markers, of what was acceptable and what not in the public political space of Singapore. For details, see Bilveer Singh, *Politics and Governance of Singapore* (Singapore: McGraw-Hill Education (Asia), 2007), p. 147; Kenneth Y.L. Tan, “Understanding and Harnessing Ground Energies in Civil Society”, in *State-Society Relations in Singapore*, edited by Gillian Koh and Ooi Giok Ling (Singapore: Oxford University Press, 2000), pp. 980–1105; and Terrence Lee, “The Politics of Civil Society in Singapore”, *Asian Studies Review* 26, no. 1 (March 2002): 109.
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- 23 See Bilveer Singh, *Politics and Governance in Singapore*, p. 172.
- 24 Simon S. C. Tay, ed., “Education, Growth, and our Future”, in *A Mandarin and the Making of Public Policy: Reflections by Ngiam Tong Dow* (Singapore: NUS Press, 2006), p. 126.
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- 34 Ibid, p. 45.
- 35 “Indonesia Lawmakers Threaten to Block Defence Treaty with Singapore”, *Bernama*, 25 May 2007.
- 36 Ibid.

- <sup>37</sup> “Indonesia shelves defence agreement with S’pore”, *Straits Times*, 10 October 2007.
- <sup>38</sup> Earlier, in December 2002, workers at Indosat went on strike following the acquisition of the company by ST Telemedia, a company controlled by Temasek.
- <sup>39</sup> See Vincent Lingga, “Antitrust Body’s Report Is An Embarrassment”, *Jakarta Post*, 25 October 2007.
- <sup>40</sup> “ASEAN lawmakers call for intervention”, *Straits Times*, 27 September 2007.
- <sup>41</sup> “Home-grown, ‘self-radicalised’ brand of terrorism worries Singapore”, *News Highlights*, Singapore Institute of International Affairs, 2007.
- <sup>42</sup> Excerpts of Minister Mentor Lee Kuan Yew’s Interview with the *International Herald Tribune*, 24 August 2007, <<http://app.sprinter.gov.sg/data/pr/20070829984.htm>>.
- <sup>43</sup> Tom Quiggin and Hoo Tiang Boon, “Efficiency at the expense of resilience”, *Straits Times*, 29 January 2007.
- <sup>44</sup> Ibid.