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This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at [http://www.bti-project.org](http://www.bti-project.org).


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Key Indicators

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<td>Pop. growth¹ % p.a.</td>
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<td>HDI rank of 187</td>
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<tr>
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<td>Life expectancy years</td>
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<td>UN Education Index</td>
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<td>Aid per capita $</td>
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Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than $3.10 a day at 2011 international prices.

Executive Summary

Following the decline in electoral support for the ruling People’s Action Party (PAP) in 2011 elections, the issue of immigration emerged as a significant point of contention between the government and the population. Indeed, a rally on 16 February 2013 protesting the government’s policy was the country’s largest protest since independence, with more than 3,000 people attending. A government white paper released in January had proposed to raise the population target from 5.4 million to 6.9 million people. Currently, 39% of the population are foreigners, 10 percentage points of which represent permanent residents, with the remainder being non-residents. In response to the protests, the government introduced new limits on immigration, which slowed population growth by 2014 to a 10-year low.

The growing reliance on cheap foreign labor also led to the country’s first riot since 1969, on 8 December 2013. This took place in the Little India district, and mostly involved Indian migrant workers on their day off. Following an accident which killed an Indian worker, about 300 people attacked a bus that had been involved in the accident. Police cars and emergency vehicles were also burned and some overturned. The government blamed the influence of alcohol, and a commission of inquiry later cited “misunderstanding about the accident and the response” as well as the “culture and psychology of the crowd” as additional causes.

Following the relative open and competitive 2011 general election, Singapore experienced a significant decline in media freedom. The government tightened its rules over Internet news websites starting in May 2013, with the Media Development Authority requiring news websites to register under the same rules governing traditional media, which require a performance bond of SGD 50,000 to be posted. Aside from the tighter regulations, the government also reverted to use of the legal system to manage speech, suing a blogger for a blog post despite an earlier promise to take a “light touch” in regulating the Internet. This heavy-handed approach is expected to quiet dissent and encourage self-censorship among bloggers.
Singapore’s economy remained relatively weak over the period of review. GDP growth declined from 3.9% in 2013 to an annualized rate of just 1.5% in the second quarter of 2014. The slowdown in growth was primarily attributable to weaknesses in manufacturing and wholesale trade, which depend on external markets that continued to be weak due to the sluggish global economy. On the positive side, the government reported a decline in income inequality, the level of which nonetheless remains among the world’s highest. Special transfers such as utilities rebates have helped people with low incomes. Curbs on foreign labor have also helped stem a decline in salaries at the lower end of the income scale. However, many Singaporeans, especially those who narrowly miss eligibility for the redistributive measures, continue to worry about high housing, food and electricity prices, which have risen at a pace faster than salaries. In addition, concerns about the ability to use money collected in the Central Providence Fund, a compulsory savings plan, also persisted. Government spending measures resulted in a narrowing budget surplus.

History and Characteristics of Transformation

Singapore gained self-rule from the British colonial government after the end of World War II. It became part of the Federation of Malaya in 1963, but withdrew in 1965 after political differences between the predominantly Chinese Singapore and the Malay-dominated Malaysia became insurmountable.

Singapore is a parliamentary republic with a unicameral legislature. Since 1988, the parliament has been composed of members elected every five years in a first-past-the-post election in both single and multi-member constituencies. If fewer than nine non-government-party candidates are elected to parliament, then up to nine additional opposition-party legislators (called non-constituency members of parliament, NCMP) are chosen from parties electoral lists, based on the opposition parties’ vote totals. An additional nine parliamentarians (called nominated members of parliament, or NMPs) are nominated by a special parliamentary committee, and appointed by the president. Currently, Singapore is divided into 27 electoral constituencies, 12 of which are single-member constituencies (SMCs) and 15 of which are group-representation constituencies (GRCs). Since 1991, the president of the Republic of Singapore has served as the elected head of state. Executive power lies with the prime minister and the cabinet.

Singapore’s economy and political framework were fragile in the early period of independence. Like most new nations, Singapore faced several developmental problems including high unemployment rates, low education levels and health standards, inadequate housing, political polarization, and racial tensions between the Malay, Chinese and immigrant Indian populations. The city-state’s small size and lack of natural resources or rural territories meant that it had (and has) to import basic goods. The necessary foreign exchange could only be obtained through exports. For this reason, Singapore implemented a free-trade regime, while adopting an import-substitution strategy as its dominant economic-development philosophy.
Under the leadership of a team of mainly middle-class, English-educated lawyers, the PAP came to power through a combination of political finesse and visible dedication to Singapore’s development. The party used a combination of legal and undemocratic measures to suppress dissent against the policies leaders deemed necessary to ensure Singapore’s political and economic survival. For example, in the notorious Operation Cold Store of 1963, the PAP government arrested more than 100 opposition politicians, labor leaders and activists who were agitating against a merger between Singapore and the Federation of Malaya.

When the left-wing Barisan Sosialis Party (Socialist Front, BSP), a PAP splinter group, boycotted independent Singapore’s first general elections in 1968, the PAP won every seat in parliament. The BSP had already boycotted participation in parliament since October 1966, seeking instead to work outside parliament with popular appeals for its cause. The PAP has retained its parliamentary dominance since that time. Founding PAP leader, the Cambridge-educated Lee Kuan Yew, remains an iconic political figure in the city-state. Lee became prime minister in 1959, when Singapore was still under British rule but had been granted internal self-rule, at which time it formed a National Assembly made up of elected members and individuals appointed by the colonial power. Under Lee Kuan Yew’s rule, Singapore achieved a high degree of political stability and economic prosperity. Unlike neighboring Indonesia or Malaysia, Singapore was able to weather the 1997 Asian financial crisis without large demonstrations. Likewise, in 2008, Singapore was able to recover after only a short time despite the effects of the global financial crisis.

Throughout the period of independence, Singapore’s leadership has been successful in integrating a diverse population of Chinese, Malays and Indians through deliberate social-ethnic integration policies. However, these draconian socio-ethnic policies have come at a price. Although democratic institutions exist, they function under the close supervision and control of the top political leadership. Criticism of state policies or PAP leaders is often interpreted as criticism of the state. Drastic measures such as libel or defamation suits are often used to discourage dissent.

Singapore has traded democracy for prosperity, and embraced a way of life in which civil liberties, intellectual debate and competitive political parties have become casualties of economic development. The government has only recently relaxed its strict control over the media and popular criticism of official policies. The decline in support for the ruling party in the 2011 general election, in part driven by the policy to attract large numbers of immigrants, resulted in major cabinet reshuffles. Former prime ministers Lee Kuan Yew and Goh Chok Tong both retired from their cabinet positions, but retained their seats in parliament. The political environment has become much more competitive since 2011. The 2011 presidential elections saw an unprecedented four candidates competing, with Tony Tan, the candidate supported by the ruling party, winning narrowly with only a small plurality. Two by-elections in 2012 and 2013 were also won by the opposition Workers’ Party, indicating significant change taking place in Singapore’s political landscape.
The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

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

All Singaporean citizens accept the nation-state as legitimate and all individuals and groups enjoy the right to acquire full citizenship rights without discrimination. Singapore’s ethnic composition is very heterogeneous and is dominated by the Chinese, who make up 74.3% of the country’s population. The second and third largest ethnic groups, the Malays and the Indians, represent 13.3% and 9.1% of the city-state’s inhabitants respectively. The Singaporean state has promoted a culturally neutral concept of citizenship since 1965, which is manifested in the slogan “One nation, one people, one Singapore.” In this way, the government successfully managed cultural conflicts between the different ethnic groups in the country and fostered a high level of acceptance for the concept of the nation-state. According to data provided by the East Asia Barometer, 95% of the city-state’s population are proud to be a citizen of Singapore. In the last few years, however, there has been clear public disquiet regarding the government’s massive importation of low-skilled as well as professional workers from abroad, a practice that has swelled the population to a current total of 5.47 million. Consequently, there has been significantly greater
demand for housing, transport and medical services, leading to spiraling property prices and an inflation rate that has persistently hovered around 5%. The PAP government’s loss of six seats in 2011, the most recent general election, and its defeat in the 2013 Punggol East by-election both attest to public dissatisfaction. Also in 2013, protests held at Speakers’ Corner against the government’s liberal immigration policies attracted as many as 4,000 citizens. A violent riot ignited by migrant workers in the Little India district in 2013 has since forced the government to focus on foreign workers’ wages and living conditions. The government has now made it an urgent priority to expand the housing stock and improve the city-state’s transportation network. While the government has been able to reduce the number of immigrants, discontent over immigration continues to be an important factor.

The Singaporean state is secular, and religious dogma has little influence on the legal order and political institutions. Although the constitution does not explicitly define Singapore as secular, the 1966 constitutional commission report does point out that the city-state is a secular state in which religious groups have no influence on the decision-making process. Religious leaders and groups are not even permitted to comment on political issues under the Maintenance of Religious Harmony Act of 1990. The secular character of the Singaporean state is not affected by the existence of a state Shari’ah court. The court has jurisdiction if all the parties involved are Muslims or if the parties were married under the provisions of Muslim law and the dispute relates to the issues of divorce and marriage. The court was established in 1955. During the period under review, the Court of Appeal rejected a claim that a law criminalizing homosexual acts between males is unconstitutional. This court decision is in line with the views of conservative religious groups in Singapore that have increasingly mobilized against the provision of greater rights for homosexuals. Thus, while not explicitly religious, Singaporean institutions have promoted conservative values that are aligned with specific religious groups.

Singapore has a highly differentiated administrative structure and provides all basic public services. The highly trained and skilled administration is one of the most efficient in the world. It is professional and implements the policies of the elected government. In addition, the city-state is able to fulfill its proper jurisdictional function and enforce the law throughout the small country. The country’s transport network is diverse and highly developed; the road network is particularly extensive and consists of nine expressways. Singapore’s port is one of the largest container seaports in the world, while Singapore Changi Airport, the country’s main airport, handled over 53 million passengers in 2013. During the period under review, the expansion of the mass-rapid-transit system proceeded with the opening of the North-East Line Extension in November 2014, and plans for future expansions remain extensive. However, the transport system also continued to suffer from major breakdowns that affected thousands of commuters. Major disruptions occurred in August and December 2013 and January 2014. In July 2014, public-transport
operator SMRT was fined SGD 1.6 million for the disruptions, while its competitor SBS Transit was forced to pay SGD 50,000. The government has also invested in the telecommunication infrastructure. As a result, 87% of the country’s resident households had Internet access in 2013. In addition, 100% of the population has access to sanitation and a water source.

2 | Political Participation

Singapore has established universal suffrage and regularly holds general elections. Opposition parties are able to run in the elections and political posts are filled according to election outcomes. Suffrage is compulsory for all Singaporean citizens who are at least 21 years old. The next general elections are likely to occur in 2016, as the parliament has a maximum term of five years. Since 1993, Singaporeans have been able to directly elect a president who holds office for a six-year term. In general, elections in the city-state are free of electoral fraud. However, there is no independent elections department, as the existing Election Department is under the jurisdiction of the Prime Minister’s Office. If a parliamentary seat falls vacant, by-elections can be held only at the discretion of the prime minister. Elections are viewed as free but unfair. The ruling PAP often uses legal measures to restrict opposition parties’ mobilization efforts, and to control the media. Other undemocratic practices include gerrymandering, the imposition of high electoral deposits, and short campaigning times (nine days). Additionally, Singapore’s Group Representative Constituency (GRC) system, under which voters cast a single vote for a team of four to six candidates that must include at least one ethnic minority, disadvantages resource-poor opposition parties. Opposition leaders have experienced difficulties nominating minority candidates and in raising the large deposits required to submit a group candidacy, which has resulted in default wins for the PAP. The PAP has threatened opposition politicians and dissidents with defamation and libel suits in order to silence critics. During elections, the PAP often resorts to pork-barrel politics, enticing constituencies to vote for the PAP with the aim of gaining priority in public-housing upgrades. In the last 2011 elections, concerns over serial numbers printed on ballots prompted the opposition Workers’ Party to release ads reminding Singaporeans that their votes are kept secret. The mainstream media is typically biased toward the ruling party. However, in the 2011 elections, the opposition parties managed to attract more coverage than in previous years. Moreover, the opposition parties won a GRC for the first time. After a hotly contested general election, the 2011 presidential election was contested by four approved candidates, with the pro-PAP candidate, Tony Tan, winning by only a slight margin. In the following two by-elections in 2012 and 2013, the Workers’ Party gained an additional two seats in parliament. The next general election, which has to be held by January 2017, will indicate whether this trend of growing support for the opposition can continue.
The members of parliament, though elected in unfair elections, have the effective power to govern. Presently, the PAP government dominates almost every aspect of the city-state’s political, military and economic life, and can effectively deter any possible veto actors. The military is strongly linked to the PAP, as the party recruits many former generals or senior military officers to run in elections and serve in the cabinet (e.g., Prime Minister Lee Hsien Loong, Deputy Prime Minister Teo Chee Hean and Transport Minister Lui Tuck Yew were all former military generals). The PAP has a tradition of grooming and promoting young politicians with military backgrounds. Former Army chief Chan Chun Sing and Brigadier-General Tan Chuan Jin, who were new candidates in the 2011 general elections, are now already serving in the cabinet. Furthermore, the Government Investment Corporation (GIC), which mainly invests in foreign countries, and Temasek Holdings, which controls most government-linked corporations, are controlled by the government. The latter is under the direction of Ho Ching, the wife of current Prime Minister Lee Hsien Loong. Religious groups have no direct impact on the PAP’s effective power to govern, as they have to register under the Societies Act and are under the government’s tight control.

While the constitution grants Singaporeans the right to association and to assembly, these rights have in effect been severely curtailed. In regard to association, the government has passed strict legislation that distinguishes between non-governmental organizations and political organizations. The latter may not receive any funding from foreign sources. Rules governing assembly are even more restrictive, as permits are needed that are virtually never granted. Even indoor forums, which are allowed if they are considered private, have been obstructed. Since 2000, the only location where peaceful assembly has routinely been possible has been Speakers’ Corner, an area of Hong Lim Park that is not near any government offices or the shopping district. Since 2008, registration to speak there can be take place online and is usually granted if the applicant is either a Singaporean citizen or permanent resident. However, there are still many limitations, some of which are publicly displayed on a board. In addition, the government has tightened the restrictions on the right of assembly in other places with the Public Order Act of 2010, which allows the police to ban a person from a public space for 24 hours on the suspicion that he or she is pursuing a political cause. In the period under review, following an altercation between grassroots protesters and a government-linked social organization on 27 September 2014, there have again been calls to tighten the requirements for protests at Speakers’ Corner. In addition, the fact that foreigners are not allowed to participate in any protest has led to arrests and police investigations. In May 2013, 21 Malay protesters who staged an unregistered protest at Merlion Park were arrested. Moreover, police also investigated a number of Hong Kong citizens who were present at a candlelight vigil on 2 October 2014 in support of the democracy movement in Hong Kong.
The freedom of expression is severely limited in Singapore. Public debates are likely to be distorted and selectively reported due to strong government pressures. Laws such as the Sedition Act, the Defamation Act and the Undesirable Publications Act also heavily restrict freedom of speech. In addition, the government also enforces a so-called Out-of-Bounds Marker to censure dissidents when the line of permissible discourse has been crossed. Writers in the mainstream media may lose their ability to publish, as was the case for columnist Catherine Lim in 1994 and satirical blogger Li Kin Mun (Mr. Brown) in 2006. In 2014, academic Cherian George, who writes on media freedom in Singapore, was denied tenure at Nanyang Technological University. His tenure denial sparked a large petition drive amid concerns over declining academic freedom in Singapore. In February 2015, Internet blogger Alex Au was convicted of contempt of court. Previously, he was also forced to apologize for posts that were considered defamatory. Social media encouraged a greater degree of debate and political engagement during the last 2011 general elections, however, the government has subsequently begun to clamp down on the Internet. There was a significant decline in the freedom of expression and freedom of the press during the period under review. Reporters Without Borders’ 2014 Press Freedom Index ranked Singapore at 150th place, slightly worse than in 2013, when it was ranked 149th, but much worse than in the previous report, when the city-state was ranked 135th. In May 2013, the government’s Media Development Authority announced that online news websites with “significant reach” would be subject to the same regulatory framework as traditional news media. Under this licensing framework, online media will be required to remove objectionable content within 24 hours and post a performance bond of SGD 25,000. The Internet community responded with a blackout of 130 websites. At first, the only independent news website affected by the new rules was Yahoo! Singapore. However, a number of websites soon followed. The Independent Singapore was asked to register in July 2013 before it had even started operation. While the website decided to register, another opinion website called Breakfast Network decided to shut down in December 2013. In response, the government tried to force the website to close its Facebook and Twitter accounts as well. In May 2014, mothership.sg followed, and in September 2014, the Online Citizen, which had already been listed as a political association in 2011, was forced to register under the framework. The government has used the need to restrict foreign involvement in local media as a justification for these new rules. In addition to tightening registration requirements, the government also has also resorted once again to defamation lawsuits, this time targeted against a blogger called Roy Ngerng. Ngerng was first forced to apologize, and was then sued anyway because the apology was not regarded as sincere. The government won the defamation case on 7 November 2014. To date, the government has won every defamation lawsuit it has ever pursued. The use of lawsuits has the goal of intimidating writers and reinforcing the culture of self-censorship. Finally, on 10 September 2014, the Media Development Authority (MDA) banned a public screening of the documentary To Singapore, With Love by Singaporean filmmaker Tan Pin Pin, which features interviews with nine exiles. The
MDA justified the ban by saying that the movie misrepresents history, and that showing it would undermine national security.

3 | Rule of Law

The constitution provides a structure for the separation of powers. However, as a result of its long-term rule, the PAP has monopolized power over nearly all state institutions. In reality, it is difficult to differentiate between the various government bodies and the ruling PAP. The chief justice is appointed by the president, who selects from a range of candidates chosen by the prime minister. The president makes additional judicial appointments based on advice provided by the Prime Minister’s Office. Subordinate judges can be dismissed or transferred according to the executive’s will. Due to the PAP’s monopoly over the executive branch, the selection procedures guarantee that the PAP has a continued influence on the judicial branch. Singaporean legal scholar Thio Li-ann has described the legislative and executive branches as “practically fused via the cabinet.” The PAP’s strong influence over the judiciary was demonstrated in an April 2010 High Court decision to overrule a landmark lower court’s decision to acquit five activists charged with conducting a procession without a permit. More recently, the courts have shown more independence in dealing with corruption cases. With a legislative supermajority, the PAP also dominates the parliament, a fact that limits any robust debates. Even with an unprecedented seven elected opposition members, debates remain muted in parliament. In Feb 2015, the PAP used the parliament to criticize the Worker’s Party for financial lapses in managing the Aljunied-Hougang town council. This fits a general pattern under which the government exaggerates the opposition’s failings to justify the PAP’s image of invincibility.

The judiciary is institutionally differentiated and has the ability to interpret and review existing laws, legislation and policies. Channels of appeal and court administration are in place. It has been ranked as the second best system in Asia by the Political and Economic Risk Consultancy (PERC) in 2008. Despite this, judicial decisions and doctrines are not free from the influence of political decision makers. The ruling PAP’s dominance over all aspects of political life in the city-state has negative effects on the independence of the judiciary in Singapore. In the period under review, the Singapore government won its first defamation lawsuit against a blogger, following a string of other similar lawsuits against opposition figures and foreign newspapers in the past. In January 2015, the court awarded the prime minister nearly SGD 22,000 to cover legal costs in the case. In the same month, Alex Au, another blogger, was also found guilty of contempt of court in his blogpost challenging the constitutionality of Section 377A, which criminalizes sex between consenting male adults. However, courts have shown greater independence in regard to corruption cases. In February 2013, former Central Narcotics Bureau (CNB)
director Ng Boon Gay, was acquitted by a district judge, and the government chose not to appeal the verdict. Moreover, former National University of Singapore law professor Tey Tsun Hang’s May 2013 guilty verdict in a sex-for-grades case was overturned by Singapore’s High Court in February 2014. However, the court did not restore Tey’s status as a permanent resident. In Singapore, officeholders who break the law and engage in corruption are publicly shamed and prosecuted under established laws. The country pays its government officials the world’s highest salaries as part of an effort to prevent corruption, a key feature of the PAP’s policy. Nevertheless, in the period under review, there were a number of high-profile cases involving the abuse of office. Despite the very high rate of conviction – between 93% and 96% from 2008 to 2012 – there were also several high-profile acquittals. In February 2013, former Central Narcotics Bureau chief Ng Boon Gay, who had been charged of soliciting sexual favors in exchange for contracts, was acquitted of all four charges. Tey Tsun Hang, a former NUS law professor accused of exchanging grades for sex, was acquitted on appeal by the High Court in February 2014. Finally, in March 2014, the former president of the Singapore Table Tennis Association, Choo Wee Khiang, was also acquitted of charges that he had accepted cash bribes. Despite acquittal, Ng Boon Gay and Tey Tsun Hang still faced serious consequences. The former was dismissed from public service in January 2014, and the latter, a Malaysian national, failed to regain his permanent residence status in December 2014. The government also won a number of prominent cases. In February 2013, Edwin Yeo, a former assistant director of the Corrupt Practices Investigation Bureau, was jailed for 10 years because he had misappropriated SGD 1.76 million. Another high-profile case involving sex for contracts ended with a guilty verdict in March 2013. Former civil-defense chief Peter Lim received a six-month jail sentence. Finally, there were also fresh charges. In September 2013, four immigration officials were charged of accepting bribes in exchange for allowing foreigners to overstay their visas. In November 2014, a former customs official was charged with corruption, and in December 2014, four former senior executives of Singapore Technologies Marine, a government-linked corporation, were charged with corruption for allegedly making payments to gain contracts.

Civil rights are constitutionally guaranteed but are partially violated in the Singaporean state. Moreover, mechanisms and institutions to prosecute, punish and redress violations of civil rights are partly in place, but often prove to be ineffective. The Singaporean authorities continue to deprive individuals of rights to justice by using laws that allow detention without trial. Most prominently, the Internal Security Act (ISA) enables detention orders to be renewed every two years, which effectively allows the state to continuously re-arrest the same people. The most recent arrests under the ISA were that of Abd Rahim bin Abdul Rahman and Husaini bin Ismail in March 2012 and June 2012, respectively. They were both accused of being senior
members of the terrorist organization Jemaah Islamiyah (JI). The government has not heeded calls to abolish the ISA; instead, it has referred to the usefulness of the act in its efforts to prevent terrorism, and threatened to use the act’s provisions against anyone who supports the newly formed terror group known as the Islamic State. The use of the ISA and the Internal Security Department (ISD), which was created under the law, have had a chilling effect on political opposition. The most infamous case to date was the 1987 arrest of 16 mostly Catholic social activists for their alleged involvement in a Marxist conspiracy. A number of those arrested later alleged that they had been tortured while under detention. The Criminal Law (Temporary Provisions) Act, which permits arrest and detention without warrant or judicial review was extended in November 2013 until 20 October 2019. The Sedition Act criminalizes speeches with seditious tendency without defining sedition. Both these acts provide the government with legal cover to take action against its critics, thereby violating civil rights in Singapore on a massive scale. The Public Order Act of 2009 further limited the constitutional right of assembly. The government continued to justify the use of the death penalty even in drug related cases. In response to growing pressure from the anti-death-penalty movement, the government conducted a review of the mandatory death-penalty policy, which takes effect when a certain amount of drugs have been found on a trafficking suspect, for example. Additionally, three people on death row for murder, Fabian Adiu Edwin, Gopinathan Nair Remadevi Bijukumar and Kho Jabing had their death sentences commuted to life imprisonment accompanied and a caning. In November 2013, the government commuted the death penalty for a single person for the first time. While the death penalty continues to be applied, judges now have more flexibility in regard to murder; however, the mandatory death penalty still applies in drug-trafficking and drug-manufacturing cases. Finally, Singapore also criminalizes male homosexual activity under Section 377A of the Penal Code. Despite a constitutional challenge, courts have refused to repeal the controversial legislation. The law is of special human-rights concern because homosexual activity between males can result in imprisonment of up to two years even if conducted in the privacy of the individuals’ homes.

4 | Stability of Democratic Institutions

Although Singapore’s system of checks and balances is weak, its key institutions are stable. The ruling PAP controls all institutions in the city-state, thereby effectively containing political opponents. The executive is strong and its dominant position negatively affects a horizontal separation of powers in the country. The prime minister and the cabinet make all key political decisions and the parliament is subordinated to them. While the elected president is expected to safeguard financial reserves and oversee the government, the jurisdiction and role of the elected president in reality remain unclear and limited. The Singaporean parliament is dominated by the PAP, which has won the majority of seats in every election since independence.
While the visibility of parliamentary debates has increased since the 2011 general election, the overall intensity is still comparatively low. The capability of the legislature to monitor the government is also circumscribed. The judiciary, which has gained somewhat in independence, is still subject to severe constraints. In sum, the ruling PAP’s dominance of all institutions continues to block democratization.

The PAP government is not committed to democratic institutions. At a party conference in December 2014, Prime Minister Lee Hsien Loong openly voiced his opposition to the idea of party alternation and checks and balances, which in his opinion would cause “gridlock.” The checks would prevent the government from doing what is necessary, he said. The ruling party believes that its own track record shows that a hegemonic party system is superior to a multi-party democracy. Lee made this most clear when he said: “Eventually there will be no more PAP to check, there will be no more able team of ministers working and solving problems for Singapore, no progress for Singapore, no future for Singapore, and that will be the last check because that will be check mate for Singapore!” In seeking to maintain control, leaders have exerted control over the state administration and the media to undermine the credibility of the opposition and the few independently minded non-government organizations. Important institutional mechanisms in this regard are the administrative town councils, which are generally closely tied to the ruling party through the Housing Development Board, which is responsible for public housing, and through grassroots organizations which are aligned with the PAP. In terms of labor activism, the National Trades Union Congress (NTUC), the main union umbrella organization, is also firmly under the control of the government. Its secretary-general, Lim Swee Say, is also a cabinet minister. Most civic organizations are also tied to the state either directly through umbrella organizations such as the National Council of Social Service or indirectly as a result of various regulatory frameworks. For instance, there are strict limits on their involvement in politics. In addition, the military is under the government’s administrative control, while a significant number of government officials have had a military career, including current Prime Minister Lee Hsien Loong, who was a brigadier general before joining the PAP and becoming prime minister. With one of the largest military budgets in Asia, Singapore allocates around 20% of national spending to defense, which amounted to more than SGD 12 billion in 2014. Finally, the ruling party is expected to exploit constitutional provisions and tweak electoral laws to prevent any significant gains by the opposition.
5 | Political and Social Integration

Singapore’s hegemonic party system is moderately stable and socially rooted. The PAP is the largest and most successful party in the country. It has won every election since independence and holds a two-thirds majority in parliament. The PAP has undergone three leadership transitions and today has a comparatively young generation of leaders in charge, with the party’s Secretary-General Lee Hsien Loong occupying the prime minister’s office. The party is currently preparing for the next general election, which must occur by January 2017. The PAP leaders are bracing themselves for intensified electoral competition with increased demands for opposition participation from a younger electorate.

The PAP typically garners a popular vote share of about 63%. On average, electoral volatility is low. In the recent general and by-elections, the PAP’s popularity appears to be on a downward trend. It also conceded two seats to the Workers’ Party after losing two by-elections in 2012 and 2013. It remains to be seen whether this is a sign of mass discontent or a by-election phenomenon in which pro-opposition support tends to be strong, as there is no threat of government change.

In recent years, the Workers’ Party has established itself as the most credible opposition party, and currently holds all seven elected opposition seats. Founded in 1957, it is also the oldest opposition party, and was the first to break the PAP’s electoral monopoly with a victory in the 1981 Anson by-election. The opposition parties are not united, and remain plagued by personality clashes and petty fights. In the 2011 general election, the National Solidarity Party (NSP) was the second strongest party, with 12% of the popular vote. Following the election, the party was weakened as two of its prominent members, Goh Meng Seng and Nicole Seah left the party. A similar fate befell the Singapore Democratic Party (SDP), with a number of prominent members leaving following the election. Founded in 1980, this party has the most detailed alternative programs. However, it draws little attention in the state-controlled media. The party is currently led by Dr. Chee Soon Juan, whose reputation and career have been undermined by the state-run media for decades. Chee has been excluded from election as a result of politically motivated defamation lawsuits, which ultimately bankrupted him. While the SDP has a clear party platform and a few high-caliber candidates, two of its star candidates left the party after the 2011 election. This pair, Tan Jee Say and Ang Yong Guan, formed a new party, the Singaporeans First Party (SFP), on 25 May 2014. Of the 11 founding members, 73% were civil servants and 28% were former members of the PAP. Another SDP splinter group is the Singapore People’s Party (SPP), which is headed by Chiam See Tong and his wife, Lina Chiam, a current non-constituency member of parliament. Chiam See Tong is the longest-serving opposition politician in Singapore. Elected in 1984, he lost his seat in 2011 after losing in a group-representation constituency. Another
minor opposition party worth noting is the Reform Party (RP), which was founded by the now-deceased leading figure in the opposition, J.B. Jeyaretnam. The party is now led by J.B. Jeyaretnam’s son, Kenneth Jeyaretnam, who participated in the 2011 general election for the first time. Subsequently, he also contested the Punggol East by-election. Both the SPP and the RP show the importance of strong leaders for smaller opposition parties, but are relatively weak with regard to political organization.

Contrary to the Malaysian party system, political parties in Singapore are largely catch-all parties as opposed to being ethnically based. The GRC scheme means that ethnic polarization between parties is notably low. Nonetheless, due to the ethnic dominance of the Chinese population, party politics remain determined by Chinese interests. There is a narrow range of interest groups in Singapore, and important social interests are underrepresented.

Few interest groups can operate independently of the PAP in the city-state. The spectrum of interest groups ranges from social movements like environmental groups, women’s groups such as AWARE, and community organizations that provide assistance for the poor, to professional associations such as the Law Society of Singapore. Most grassroots and voluntary organizations are created and subsumed under the People’s Association (PA), a statutory board that is subordinate to the Prime Minister’s office. The National Council of Social Service is another statutory body established by the parliament, and is another umbrella organization that includes about 400 welfare organizations including the Young Men’s Christian Association (YMCA). Historically, employers’ associations have no political weight and trade unions, which have been unified under the National Trades Union Congress (NTUC), a pro-government umbrella organization tied closely to the ruling party, have adopted a cooperative relationship with the government. As a consequence, organized strikes have disappeared. Independent civic groups can only act within the narrow limits set by the Singaporean authorities under strict regulations such as the Societies Act, and can only comment on “political” issues if they register as political societies. This places strict limitations on the groups. Moreover, under the Sedition Act, there are strict restrictions on discussing issues of race and religion. In the period under review, political activism has begun to be more common, with an increasing incidence of spontaneous signature campaigns, coalition formation and small single-site protests. However, a confrontation at the Speakers’ Corner in Hong Lim Park on 27 September 2014, between the government-supported YMCA and a grassroots protest on the issue of the Central Providence Fund, demonstrated the difficulties of accommodating new forms of protest. As the park is the only place where grassroots activism is allowed, its use by establishment organizations highlights the limits imposed on alternative voices.
Singaporeans have an ambivalent relationship to democratic norms. According to data provided by the East Asia Barometer, 80% of Singaporeans express a desire for democracy, while 85% of Singaporeans believe that democracy is the most suitable form of government for the country. Data provided by the 2012 World Value Survey support these findings (90.5% here believe that a democratic system is very or fairly good). However, only slightly more than half of Singaporeans believe that elections or the right to criticize those in power are essential characteristics of a democracy. Furthermore, the majority of Singaporeans feels that the current government resembles a complete democracy and not an authoritarian system, and 84.6% of Singaporeans are very or fairly satisfied with the way democracy works in their country. In addition, 15.5% of Singaporeans view the city-state as a full democracy, while 75.5% feel that Singapore is a democracy, but with minor problems. Only 3.8% of Singaporeans believe that their country is not a democracy. Nonetheless, there appears to be growing evidence that the local electorate is feeling a sense of empowerment by checking the excesses of the PAP government, particularly in relation to liberal immigration rules that have altered the texture of the country and placed a greater burden on public services.

There is a moderate level of social trust among Singaporeans. However, the trust between new and old residents in Singapore is tenuous. In recent years, there are increasing apprehensions regarding new immigrants and foreign workers. Singaporeans are disaffected with overcrowdedness in public spaces and threats to job security related to the government’s liberal immigration policy, which brought a sudden and large influx of foreign workers to the country. According to data provided by the East Asia Barometer, 70.4% of Singaporeans believe that they have to be careful in dealing with people. This is also reflected in the World Value Survey of 2012, in which only 37.3% of respondents agreed that “most people can be trusted” (which however is a significant improvement over the previous survey, when only 16.7% shared this view). Among the Southeast Asian countries, Singapore is at the bottom with regard to the rate of membership in any forms of societal associations. A vast 90.1% of Singaporeans are not members of any societal association, according to data provided by the Asian Barometer Survey (which is different from the East Asia Barometer). Higher levels of trust can be observed in relationships between relatives or neighbors.
II. Economic Transformation

6 | Level of Socioeconomic Development

Income inequality as measured by the Gini Index is significantly higher in Singapore than in many other Southeast Asian countries, and also higher than in most European countries (though lower than in the United States, China, and many Latin American countries). As in any country, there is also a significant share of the population (around 7%) that lives below the national poverty line. However, because of the very high GDP per capita (1st place worldwide in the BTI), continuous economic growth, the effectiveness of the family-based welfare system, the virtual absence of absolute poverty, and extremely low levels of gender inequality as measured by Gender Inequality Index (GII), key indicators show a very high level of development. The country’s score in the UNDP’s 2014 Human Development Index (HDI) is 0.901, which is Asia’s highest. Globally, Singapore is in 9th place. The country’s level of development permits freedom of choice for all citizens and is comparable to OECD countries. However, the Gini coefficient shows a disturbingly wide gap between the rich and the poor. In 2007, the Gini coefficient was at high of 0.49 (compared to a world average of 0.418). This value gradually declined to 0.412 in 2013 (after accounting for government transfers and taxes). In the 2009 U.N. Development Report, Singapore showed the second-highest income gap between the rich and the poor among the 38 countries with very high human development, trailing only Hong Kong. The income gap was partly caused by the country’s high cost of housing, food and transport. During the period under review, the government refused to follow Hong Kong’s example and set an official poverty line. According to Central Provident Fund (CPF) data, 26% of the population earn SGD 1,500 or less each month. However, the government has introduced measures to reduce poverty. In March 2014, the government initiated a wage credit system which provides subsidies to low-income Singaporeans worth 40% of their wages. In terms of gender equality, Singapore scored 0.090 on the 2014 GII, and is ranked as the 15th most equal country in the world. The literacy rate among women in 2013 was 94.1%, slightly lower than among men (98.1%). In sum, Singapore shows a very high level of development, but the income gap remains a concern.
### Economic indicators

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<th>2005</th>
<th>2010</th>
<th>2013</th>
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<tbody>
<tr>
<td><strong>GDP</strong></td>
<td>$ M</td>
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<td>127417.9</td>
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<td><strong>GDP growth</strong></td>
<td>%</td>
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<tr>
<td><strong>Inflation (CPI)</strong></td>
<td>%</td>
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<td>2.8</td>
<td>2.4</td>
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<tr>
<td><strong>Unemployment</strong></td>
<td>%</td>
<td>4.1</td>
<td>3.1</td>
<td>2.8</td>
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<td><strong>Foreign direct investment</strong></td>
<td>% of GDP</td>
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<td>21.4</td>
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<td><strong>Export growth</strong></td>
<td>%</td>
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<td>17.4</td>
<td>4.5</td>
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<tr>
<td><strong>Import growth</strong></td>
<td>%</td>
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<td><strong>Current account balance</strong></td>
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<td><strong>Public debt</strong></td>
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<td><strong>External debt</strong></td>
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<td>-</td>
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<tr>
<td><strong>Total debt service</strong></td>
<td>$ M</td>
<td>-</td>
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### Economic indicators

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<th>2005</th>
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<th>2014</th>
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<tbody>
<tr>
<td><strong>Cash surplus or deficit</strong></td>
<td>% of GDP</td>
<td>6.4</td>
<td>7.6</td>
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<tr>
<td><strong>Tax revenue</strong></td>
<td>% of GDP</td>
<td>11.6</td>
<td>13.0</td>
<td>-</td>
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<tr>
<td><strong>Government consumption</strong></td>
<td>% of GDP</td>
<td>10.2</td>
<td>10.2</td>
<td>10.1</td>
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<tr>
<td><strong>Public expnd. on education</strong></td>
<td>% of GDP</td>
<td>3.2</td>
<td>3.1</td>
<td>2.9</td>
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<tr>
<td><strong>Public expnd. on health</strong></td>
<td>% of GDP</td>
<td>1.0</td>
<td>1.4</td>
<td>1.8</td>
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<tr>
<td><strong>R&amp;D expenditure</strong></td>
<td>% of GDP</td>
<td>2.19</td>
<td>2.05</td>
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<tr>
<td><strong>Military expenditure</strong></td>
<td>% of GDP</td>
<td>4.3</td>
<td>3.4</td>
<td>3.2</td>
</tr>
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</table>

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

### 7 | Organization of the Market and Competition

Market competition is consistently defined and implemented both on the macro- and microeconomic levels in Singapore. There are state-guaranteed rules for market competition that offer equal opportunities for all market participants. The informal sector is very small. According to the World Bank’s Doing Business 2015 report, Singapore was the best country in the world in which to run a business. According to the report, the country’s top rankings were in the areas of trading across borders,
enforcing contracts, dealing with construction permits and protecting minority investors. However, Singapore received only rank 24 in terms of registering property. It also scored relatively poorly with regard to getting credit and resolving insolvency. Although key areas such as the telecommunications and media sectors have been privatized in the past, government-linked companies (GLC) managed by the PAP-controlled Temasek Holdings, the country’s second-largest investment company, play an important role in several key sectors. GLCs produce nearly two-thirds of the country’s GDP and include prominent companies such as Singapore Airlines, the world’s second-largest airline on the basis of market capitalization in 2012. Although GLCs operate largely independently, they compete directly with private-sector companies. Competing SMEs in the private sector had difficulties getting bank loans to expand their businesses, and did not play an important role in the city-state’s economy during the period under review. Singapore’s dependency on GLCs has potential risks, as shown during the global financial crisis.

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

Singapore’s economy is one of the most open in the world in terms of foreign trade. The country strongly supports the multilateral trading system. Singapore grants at least most-favored-nation treatment to all its trading partners, and the most-favored-nation tariff stands at zero. The only exceptions are six lines for alcoholic beverages, which are subject to specific rates. Furthermore, the city-state has bilateral trade and investment agreements with countries in various regions of the world. As a founding member of ASEAN and the Asia-Pacific Economic Cooperation (APEC) forum, Singapore actively participates in reducing trade and non-trade barriers between member countries. In the period under review, Singapore reached agreement on a free-trade deal with Taiwan on 7 November 2014. The EU-Singapore Free Trade Agreement (EUSFTA) agreed to in 2012 was initialed on 20 September 2013, and
investment talks concluded on 17 October 2014. In addition to the agreements with Taiwan and the European Union, Singapore has bilateral free-trade agreements (FTAs) with Australia, China, India, Japan, Jordan, Korea, New Zealand, Panama, Peru, and the United States. Overall, there is a network of FTAs comprised of 18 bilateral and regional FTAs and a total of 24 trading partners. In November 2014, with strong support from China, leaders of the Asia-Pacific region agreed to move forward with the proposed Free Trade Area of the Asia-Pacific (FTAAP), first proposed in 2004.

Singapore’s banking system is solid and oriented toward international standards with functional banking supervision and minimum capital-equity requirements. In 2011, Singapore’s Monetary Authority of Singapore (MAS) announced capital rules whose revisions were set at higher levels than Basel III. Singapore’s capital markets are well developed, and its banks are increasingly using complex derivatives for risk management and hedging. Financial services account for about 12% of Singapore’s GDP. There were 126 commercial banks in Singapore in 2015. Of these, five are local banks and 121 are foreign banks. Commercial banks are licensed under and governed by the Banking Act. Despite the effects of the global financial crisis, the country’s financial institutions remained stable and have ample liquidity. Furthermore, the government guaranteed all SGD and foreign-currency deposits held by individuals and non-bank customers in licensed banking institutions. However, the guarantee is for a maximum sum of SGD 20,000, and was introduced only after Hong Kong offered a similar guarantee. Currently, there are three dominant banking groups in Singapore. The largest is the government-controlled Development Bank of Singapore (DBS). The share of nonperforming loans decreased slightly from 1% in 2012 to 0.9% in 2013. In July 2013, Moody’s raised concern about the rapid growth in loans. This was followed by a growth in the rate of nonperforming loans in 2014, which increased due to a decline in housing prices particularly among high-end homes.

8 | Currency and Price Stability

Singapore’s inflation and foreign-exchange policies are pursued in concert with other economic policies, and are supported by an adequate framework. The Monetary Authority of Singapore (MAS) operates a managed float regime. In 2013, inflation declined to 2.4% from 5.3% in 2011. In September 2014, inflation stood at only 0.6%. Private-transport costs and housing-rental costs declined, while food prices continued to rise. The Singapore dollar weakened during the period under review. In early January 2015, the Singapore dollar fell to a four-year low against the U.S. dollar. The U.S. dollar reached SGD 1.3332 in mid-January. As economic growth remains slow, the Singapore dollar will likely remain weak. According to data provided by the World Bank, the real effective exchange rate was 113.4 in 2014.
The Singaporean government’s fiscal and debt policies promote macroeconomic stability, supported in part by institutional constraints. The global financial turmoil temporarily upset Singapore’s years-long trend of macroeconomic stability, and the government was forced to tap its reserves in 2009 however, the government subsequently returned to a budget surplus. In 2013, the Singaporean government reported a surplus of 1.1% of GDP, which was higher than a year before. However, the 2014 budget was set to have a deficit of 0.3% of GDP due to higher spending for health care and welfare programs. In the same year, Singapore’s debt-to-GDP ratio was 105.5%, which was very high in international comparison, but slightly less than in 2013, when it was 108.4%. The reason for the high debt ratio is that the government borrows money from the Central Provident Fund (CPF) pool and channels it into investments. Moreover, the government surplus guarantees that Singapore’s credit rating is not at risk. Nonetheless, the government, through the government-linked companies (GLCs) in particular, has been raising lots of cash in the international market through bond issues, essentially trying to capitalize on the low interest-rate regime. This practice must be carefully managed to prevent excesses.

### Private Property

Rights and regulations regarding the acquisition, benefits, use and sale of property are well defined and widely enforced in Singapore. The Heritage Foundation’s 2014 Index of Economic Freedom noted that Singapore has one of Asia’s strongest intellectual property rights regimes, ranking Singapore second in Asia in this regard, trailing only Hong Kong. Furthermore, the Singaporean judiciary effectively protects private property, and contracts are secure. In addition, Singapore has ensured that its property and copyright laws are in line with global intellectual-property-rights principles. However, problems with regard to the enforcement of property rights remain. In addition, state acquisition of land is often priced under that of the prevailing market price. Furthermore, politicians who lose a defamation suit against the ruling PAP often have to file for bankruptcy when they cannot pay the exceptionally high damages awarded. Outspoken opposition politicians run the risk of losing their assets. Beyond offering lower compensation for compulsorily acquired properties, the government, which controls the largest land bank (acquired very cheaply in the 1970s), makes enormous profits through tendering such properties for sale today.

In Singapore, private companies are often portrayed as the primary engines of economic production and are given appropriate legal safeguards. In the past, the privatization of state companies proceeded with market principles. Moreover, the government-linked corporations are run like private companies. In addition, the World Bank’s Doing Business 2015 report ranked Singapore in first place. The low
level of bureaucratic procedures in particular foster private entrepreneurship. However, the dominant role of GLCs (e.g., in the telecommunications or multimedia sector) is often viewed as an obstacle to the development of private enterprises. It is very difficult to sue the government, as legal costs are very high. In February 2015, an inventor and medical professional, Dr. Ting Choon Meng, had his patent rights in a mobile first-aid treatment station revoked, and was forced to assign his rights to the Ministry of Defense (MINDEF). MINDEF has rejected claims that it has infringed on Dr. Ting’s “mobile clinic” patent, and has threatened to sue him and individuals who publish his views for harassment. This saga has undermined public confidence in Singapore as an intellectual-property hub that nurtures entrepreneurs. The government has ownership stakes in many companies either directly through its investment corporations or indirectly through the companies owned by investment corporations. The data on these structures is not fully clear. The top six GLCs listed in the Singapore Exchange make up approximately 17.3% of the country’s total market capitalization. Previous studies have generally concluded that government-linked corporations, despite being subject to market pressures, have an advantage over genuinely private enterprises.

10 | Welfare Regime

Social safety nets are well developed, but do not cover all risks for all strata of the population. Some parts of the population are at risk of poverty in Singapore.

The welfare system is partly insurance-based, and partly based on family welfare. Public expenditures on social security and health care are low by international standards, mainly as a result of the country’s specific “anti-statist” conceptualization of welfare and social security. Nevertheless, compared to many other non-Western countries (but also compared to Anglo-Saxon welfare states), the system provides a relatively high level of security regarding social risks, including the risk of poverty.

Social-security schemes are very much centered on individual contributions to social insurance programs. All of the schemes targeting the poor are thoroughly means-tested and in 2010, only about 3,000 people were able to qualify for this kind of assistance. The government has officially rejected the notion of welfare, which it thinks would undermine the city-state’s work ethic and reduce its ability to compete with neighboring economies. The Central Provident Fund (CPF) is the primary social-security institution for Singaporeans and permanent residents. Contributions to the CPF go into three accounts: the ordinary account, where savings can be used to buy a home, pay for CPF insurance, or for investment and education; the special account, for investment in retirement-related financial products; and the medisave account, for approved medical insurance. During the period under review, the government responded to growing criticism about the functioning of the CPF. There is particular concern regarding increases to the minimum sum that members are
allowed to withdraw to provide a monthly retirement income after 55 years of age. Many people have drawn on CPF funds for housing or health care, and so cannot meet that minimum sum. This is in part due to low public expenditures on health (1.7% of GDP in 2012). While a universal health care system coexists with a private health care sector, there are growing concerns about affordability of health care, as co-payments in Singapore depend on service costs rather than patient incomes. Another concern regarding the CPF system is the lack of transparency in the system. In 2014, the government opened discussions regarding CPF reforms. In the 2015 budget, a so-called Silver Support Scheme was created to support needy elderly who have insufficient CPF savings, and an annual bonus will be given to supplement CPF payouts for retirees.

Equality of opportunity is largely achieved in Singapore. Women and members of ethnic and religious groups have near-equal access to education, public office and employment. The literacy rate among women is 91.6%, a bit lower than among men (97.4%). However, women are underrepresented at managerial levels and in the political sphere. Presently, only 23% of the elected members in parliament are women. Moreover, a 2011 poll also revealed that a mere 49% of companies are willing to hire working mothers. According to the Ministry of Social and Family Development, the wage gap between women and men has increased from 8.2% in 2008 to 11.1% in 2013. In terms of ethnicity, Malay households are more likely to be less well-off in socioeconomic terms than those of the Chinese majority. A 2013 study by the Institute of Policy Studies showed that 67% of Malays and 60% of Indians claimed they had experienced some form of discrimination in the course of applying for jobs. Low-income families and low-skilled individuals find it increasingly difficult to make a living in Singapore. Social mobility in Singapore appears to have slowed, although the government does not have data on this subject. While the government has expressed tolerance toward LGBT groups, LGBT individuals still feel marginalized by the government’s refusal to abolish Section 377A of the Penal Code, which criminalizes male homosexual activity. Despite this law’s discriminatory nature, Singapore’s Court of Appeal refused in October 2014 to declare the provision unconstitutional. The court moreover declared that Article 12 of the constitution, which forbids discrimination based on race, religion or birthplace, did not explicitly refer to gender.

11 | Economic Performance

While Singapore’s economic recovery following the global financial crisis was impressive, the country continues to be affected by the sluggish global economy. After slipping into one of the nation’s worst recessions since independence in 2008 and the beginning of 2009, GDP growth rates recovered from mid-2009 and showed strong momentum in 2010 with a gain of 14.8%. However, this proved to be short-
lived, as growth slowed significantly afterward. By 2013, GDP growth was just 3.9%, only slightly higher than the previous year’s 2.5%. This downward trend continues, as the forecast for 2014 has GDP growing only between 2.5% and 3.5%. GDP per capita (PPP) increased slightly in 2013 to $78,744 from $75,913 the year before. The current-account balance in Singapore corresponded to $51.44 billion in 2012. The inflation rate declined somewhat from a height of 5.3% in 2011 to 2.4% in 2012. The unemployment rate for 2012 and 2013 was 2.8%, and about 2% in 2014. Tax revenue amounted to 14.0% of GDP in 2012. Since 2010, there has been little change in terms of FDI volumes (21.3% of GDP in 2012 and 21.4% of GDP in 2013). Singapore was in fourth place globally with regard to FDI inflows in 2013.

12 | Sustainability

Environmental concerns are taken into account but are occasionally subordinated to growth efforts. Environmental regulations and incentives are in place, and are largely enforced. Industrial pollution, limited natural freshwater resources and waste disposal are the nation’s primary environmental problems. The Environmental Performance Index (EPI) ranked Singapore at 4th place in 2014, which makes the country a top performer. The study lauded Singapore’s performance with regard to wastewater treatment, access to drinking water and improvements in sanitation. The city-state’s growing role in global environmental governance also helped improve ratings. However, according to a study published by researchers from the National University of Singapore (NUS) and the University of Adelaide in May 2010, Singapore has lost 90% of its forest, 67% of its birds, and about 40% of its mammals in the last 30 years. Furthermore, the city-state is the 28th-highest consumer of fossil fuels among 219 countries, according to data provided by the U.S. Energy Information Administration. According to the 2009 Sustainable Singapore Blueprint, Singapore has pledged to reduce CO2 emissions by 7% to 11%. Singapore’s geographic location make it difficult to deploy renewable energy sources aside from solar energy. In early 2014, business experts from the Sustainable Energy Association of Energy asserted that the city-state could produce 8% of energy from renewable sources by 2025. However, the government has not yet set any targets for renewable energy. The Singapore Environment Council released a study in 2013 showing that the city-state uses 3 billion plastic bags every year; the government has not yet introduced a levy for plastic bags, unlike other countries in Asia. In the period under review, there was a proposal to extend the proposed Cross Island MRT-line, which would cut through one of Singapore’s last natural forests, necessitating the destruction of many trees. This would fragment and pollute the fragile ecosystem. The government initiated an Environmental Impact Assessment (EIA) in July 2014.
Singaporean education policy ensures a system of high-quality education and training, and the research and technology sector is dynamic and competitive. Investment in education and training is clearly above average, as is investment in R&D. Public expenditure on education amounted to 3.0% of GDP in 2013, a slight decrease from 3.2% of GDP in 2012. Expenditure on R&D accounted for 2.1% of GDP in 2013, which is consistent with the average in OECD countries. Spending on education was increased by 3.2% in the 2015 budget, rising to 15.1% of the year’s total budget, a share second only to spending on defense (16.4% of the total budget).

Singapore has five autonomous universities, one comprehensive private university, and two private institutions that provide tertiary education in the arts. In addition, there are five polytechnics and the Institute of Technical Education (ITE). Singapore’s universities rank among the best in the world. The Times Higher Education Ranking ranked the National University of Singapore as 25th in the world and 2nd in Asia in 2014. The sound education policy and the high level of expenditure on R&D are highlighted by the World Economic Forum’s Growth Global Competitiveness Report 2014–2015, which ranked Singapore second out of 144 economies. The city-state was the highest-ranked economy from Asia. In the category of higher education and training, the country took second place. Moreover, Singapore scored at the top of the Program for International Student Assessment’s (PISA) first assessment of creative problem-solving skills. This suggested an improvement over the previous emphasis on knowledge-accumulation rather than creative and problem-solving abilities. However, education remains highly examination-driven and assessment-oriented. Additionally, the recent creation of the Yale-NUS liberal-arts college has also raised concerns regarding academic freedom in Singapore.
Transformation Management

I. Level of Difficulty

The Singaporean government faces low structural constraints on its capacity to govern. As in OECD countries, neither infrastructural weaknesses nor poverty constrains Singapore’s administration. Moreover, the country is not exposed to natural disasters or pandemics. The country’s educational system is capable of producing a high-skilled workforce. The level of corruption is also notably low, as clean government is a cornerstone of the ruling PAP’s policy. The country’s small size and lack of natural resources are its greatest structural constraints, as it needs to import many important resources (such as water from Malaysia). Also, with a largely Chinese dominant population surrounded by large Muslim states, it is imperative that the country maintains both a strong national-security policy and cordial relations with its neighbors. Given the recent influx of immigrants and foreign workers, the government also needs to be especially careful in integrating newcomers and handling any socio-ethnic tensions stemming from the changing demography of the multi-ethnic population (as of 2014: 74.3% Chinese, 13.3% Malay, 9.1% Indian, 3.3% other). The sudden outburst of the Little India riot in December of 2013, largely at the hands of Indian foreign workers, highlights the simmering integration tensions. The scuffle between Hindu devotees and police officers over the noise produced by musical instruments during the Thaipusam procession in February 2015 also reflects the country’s underlying socio-ethnic tensions.

Traditions of civil society are fairly weak in Singapore, and are generally limited to informal community assistance. During the colonial period, civil society was characterized by ethnic and religious groups such as clan associations, church, temple and mosque congregations. These organizations played an important role during decolonization. Nowadays, the there is a narrower landscape of voluntary organizations due to limitations imposed by the PAP government. The NGO landscape is broadly composed of several different civil-society cultures. First, there is a group of comparatively liberal organizations that monitor human rights or comment on the government’s treatment of opposition politicians. Second, a number of other special-interest groups deal specifically with issues such as women’s rights, the environment, animal rights or heritage preservation. While these groups have generally tried to avoid politics, social issues have in a number of instances become
politically. In the period under review, activists and discontented citizens began to use protests (within the confines of Hong Lim park), public walks, petitions, open letters, and other such tactics to highlight issues. In December 2014, residents of a planned housing estate strongly voiced their opposition to the construction of a Buddhist temple and columbarium by a private company in the estate. The residents also wrote an open letter to oppose the project. However, the government defended its plan and refused to provide refunds to those who had put down deposits for the flats. Political activist Roy Ngerng, who was sued for defamation by the government, was able to raise more than SGD 110,000 for his legal defense against Prime Minister Lee Hsien Loong through online fund raising. This marks a significant departure from the past. A March 2014 commentary by Jose Raymond, the chief executive officer of the government-linked Singapore Environment Council, cautioned that Singapore remains far from being a truly participatory society. The focus thus far has been more on the management of civil-society organizations rather than on the expansion of political space.

Generally, conflicts deriving from social, ethnic or religious differences are rare in Singapore. The propensity for socio-ethnic conflicts is generally low. Since independence, the political elite have managed ethnic and religious cleavages by promoting a multi-racial and multi-religious concept of citizenship. While it rejects the idea of a melting pot, the PAP government continues to support the concept of racial identity and differences by requiring citizens to declaration their race on ID cards. However, several conflict-management schemes help prevent the rise of ethnic conflicts, including the GRC model and an ethnically integrated housing policy that sets ethnic quotas in housing estates and flats. Consequently, there is no organized political mobilization along ethnic or religious cleavages. However, the government also uses authoritarian methods to restrict public debate on questions of race and religion, which masks some existing tensions. A majority of Indians and Malays, for instance, have experienced discrimination in the workplace. While tensions among Singaporeans did not increase during the period under review, there has been an increase in conflict between Singaporeans and recent migrants. A particularly troubling event occurred on 8 December 2013, when Singapore experienced its first riot since 1969, mostly involving Indian and Bangladeshi workers. The two-hour incident, featuring the destruction of police and emergency vehicles, occurred in response to the accidental death of a migrant worker who fell under a bus, and involved approximately 300 migrant workers. The government initially blamed only the influence of a large amount of alcohol consumed, but the subsequent inquiry also cited misperceptions of the accident and cultural reasons. However, the final report rejected the possibility that migrant workers’ poor living conditions could have served as a contributing factor, because interviews with participants suggested they were “happy with their job and living quarters.” This, however, ignored the precarious position of migrant workers in Singapore, under which they can easily be deported by their employers. Foreigners currently make up 38% of Singapore’s
population, up from about 20% a decade ago. This influx of foreign workers has helped push up housing prices and intensified competition on the job market, prompting discontent among Singaporean citizens.

II. Management Performance

14 | Steering Capability

The Singaporean government sets strategic priorities and generally maintains them over extended periods of time. In addition, it has the capacity to prioritize and organize its policy measures accordingly. Strategic planning divisions exist in several ministries. In the period under review, the government continued to focus on social problems and the rising income inequality. It implemented measures designed to help the poor and reduce the inflow of foreigners. In Singapore, the maintenance of strategic priorities is not constrained by extra-governmental actors such as powerful economic interests or foreign governments. However, the ruling PAP's long-term strategic aims do not include the further democratization of the public sphere or the extension of democratic norms. The demands by opposition parties and human rights groups for further democratization have been ignored by the Singaporean government. The government also tends to make use of short-term measures such as one-time handouts for poor people to reduce social problems. Some government handouts are specially timed to come prior to general elections.

In general, the PAP government is effective in implementing its policies. Policy effectiveness derives largely from the strong party-state fusion and the supermajority the government commands in parliament. For example, following the global financial crisis, the government was swiftly able to introduce a stimulus package to boost Singapore’s economy without much debate or opposition pushback. In the period under review, the government also reversed its flexible immigration policy and tightened regulations for foreign labor immigration. Additionally, it implemented higher stamp duties on property purchases by foreigners and companies, with the aim of curbing rising property prices and property speculation. Singapore has also implemented tight regulations on air pollution and traffic, making the country one of the cleanest places in Asia. Despite the unpopularity of the Electronic Road Pricing policy, gates have been installed to charge vehicle drivers. The use of certificates of entitlements (COE) for car purchases also earned Singapore the reputation of being the most expensive country in the world to own a private car. Outside the social and economic spheres, the executive has not implemented structural or qualitative changes in the political system in the direction of a more open and participatory form of liberal democracy. Without effective feedback channels in place for the masses to
vent their frustrations, some of the unpopular policies on the issues of immigration and population growth may lead to anti-government resentment, and might even undermine regime stability.

The ruling PAP elites have been slow and selective in their efforts to liberalize politically. In recent years, the PAP has made some concessions such as relaxing the Internet rules governing political podcasts and online videos during campaigns, allowing protests in designated areas, and tolerating some online dissent. The government is flexible and responsive in changing its social policies to match demographic demands. The government made significant adaptations to its social policies in the course of its 2015 budget. The income tax was raised by 5% for the rich, with the elderly and the poor the primary beneficiaries. Moreover, the number of foreign workers was also reduced in response to growing problems, including the Little India riot and rising levels of public discontent. However, the government remains slow and hesitant in implementing democratic norms.

15 | Resource Efficiency

The Singaporean government makes efficient use of all available human, financial and organizational resources. The government’s administrative personnel are highly professional. The existence of competitive recruitment systems and the high level of public-sector salaries make the Singapore civil service one of the most efficient bureaucracies in the world. Consequently, the functioning of the administrative system is exemplary at every level of the Singaporean bureaucracy. Senior officers from the Singapore armed forces are regularly deployed in the administrative service as well as in government-linked companies (GLCs) after their retirement, although this raises questions about nepotism. In general, the Singaporean government makes efficient use of budget resources. In fiscal year 2013, the country’s budget surplus was 1.1% of GDP (SGD 3.9 billion). However, criticism continues of Temasek Holdings, the largest government-linked corporation, which is headed by Ho Ching, the current prime minister’s wife. The company’s limited transparency is a particular concern. Moreover, Temasek’s buyout of OLAM in May 2014 raised concerns regarding the rapid price increase prior to the announcement. The investment company already owned 52.5% of shares (up from 19% in 2012) at the time of the buyout, and OLAM, which is politically well connected, was known to have financial problems. The deal was viewed with skepticism by bloggers and opposition-party leaders, some of whom suggested that the decision was driven by political as well as economic motives.
The government coordinates conflicting objectives effectively and acts in a coherent manner. The cabinet under the hierarchical leadership of Prime Minister Lee Hsien Loong has handled conflicts over economic and social policies effectively and has achieved policy coherence. The government seeks to balance trade-offs between policy goals. During the period under review, there were no visible frictions within the government. Mechanisms enabling coordination between various departments of the state administration are in place. The prime minister’s office coordinates the activities of the ministries. For example, the National Security Coordination Secretariat (NSCS) and the National Population Secretariat (NPS), which are both located in the Prime Minister’s Office, respectively coordinate national-security planning and intelligence issues, and the various government agencies involved in population-related issues. In addition, responsibilities within the government are ascribed in a transparent manner. Compared to other countries in the region, the government’s capability to coordinate conflicting objectives and interests is highly effective.

The Singaporean government is largely successful in containing corruption, and integrity mechanisms are in place and effective. Corruption in the civil service is by far the lowest in the region. Numerous safeguards and rigorous audit controls are in place in the city-state. The Corrupt Practices Investigation Bureau (CPIB) is incorporated into the Prime Minister’s Office and investigates corruption in the public and private sector. It derives its jurisdiction from the Prevention of Corruption Act that was enacted in 1960. However, the fact that the CPIB is subordinate to the Prime Minister’s Office has caused some concerns. During the period under review, a number of corruption cases came to light.

The lack of access to public information is a concern in Singapore. It is difficult for Singaporeans and researchers to gain access to government information. Specific data on the demographic breakdown of ethnic groups in the different housing estates or voting patterns in electoral constituencies are not available. Additionally, the PAP government’s ability to access state funds through statutory boards such as the People’s Association (PA), to tap the network of grassroots organizations, and exclude opposition leaders from equal access to public institutions may also be viewed as a form of political corruption.

The extremely high salaries of ministers and high-ranking civil servants have been criticized and viewed as legalized corruption. The strong affiliation between the ruling PAP and the state administration is viewed as problematic, especially with regard to the high salaries paid in the higher ranks of the administration. A high position within the ruling PAP increases the possibility of getting a lucrative job in the public service. Allegations of nepotism made by the media have always been met with defamation lawsuits.
16 | Consensus-Building

With regard to political democracy, there is no consensus between political and social actors. The ruling PAP continues to refrain from implementing any democratic reforms that might genuinely transform the governing system. Instead, it maintains that liberal democracy as practiced in the West is unsuitable for Singapore’s ethnically and religiously heterogeneous society. While being nominally committed to meritocracy, the PAP government practices elitist and technocratic policies. While opposition parties are allowed to exist, the PAP leaders believe that hegemonic party rule is best for a small country such as Singapore. They reject the principle of alternating governments, and consider multipartyism a threat to regime stability. The PAP leaders have argued that opposition and checks can come from within the party. Opposition leaders take a different view on democracy, but are divided with regard to the pursuit of liberal democracy. Ideologically, the Singapore Democratic Party and the Reform Party are more liberal and center-left. By contrast, the National Solidarity Party and the Workers’ Party are more conservative and closer to the center, much like the PAP.

In Singapore, all major political and social actors agree on the goal of a market-based economy. However, some environmental groups are critical of the fact that green-friendly economic plans are overlooked in favor of potentially more profitable projects that could be detrimental to the environment. Moreover, some political parties such as the Singapore Democratic Party propose more social-support systems. Nevertheless, there is no politically relevant actor who can derail either the reform process or the expansion of the market economy.

With the PAP’s commanding legislative supermajority, anti-democratic actors are in full control of the government. Progressive reformers have little power to bring about democratic reforms. While interest groups such as the trade unions, chambers of commerce, the military and student movements have played important roles as anti-democratic veto powers in neighboring states, these groups are largely been co-opted by the PAP government and have a strong stake in supporting the existing political system. In general, the ruling party sees itself as the only capable political party, and regards all other parties as constituting a threat to the survival of the city-state. Nevertheless, the ruling party accepted the result of two by-election defeats in 2012 and 2013. It is unclear whether and how the PAP might tolerate more opposition gains in future.
Broadly, the PAP government is effective in managing cleavage-based conflicts despite the country’s multiethnic and religious heterogeneity and growing number of foreigners. Cleavage-based conflicts increased somewhat during the period under review. In particular, the cleavage between Singaporeans and foreign workers has intensified. Currently, foreigners make up 39% of Singapore’s population, up from 20% a decade ago. Faced with rising housing prices and greater competition on the job market, many Singaporean citizens are uncomfortable with the sudden influx of foreign workers and the new immigrants in their midst. This has given rise to protests at the Speakers’ Corner park. In February and May 2013, an estimated 3,000 to 4,000 people attended two rallies against the government’s immigration plans. A White Paper on Population released previously had made forecasts of a population increase up to 6.9 million people by 2030. The protests were significant, as they were the largest political demonstrations in post-independence history. Critics asserted, for instance, that the immigration policy was driven by the attempt to achieve high GDP growth. In response, the government has reduced the inflow of immigration, and later protests drew fewer participants. However, concern over issue also led to the creation of a new opposition party called Singaporeans First, which aims to draw attention to the cleavage. Singapore also experienced its first riot since 1969 on 8 December 2013 in Little India, involving around 300 migrant workers from India and Bangladesh. While the government immediately blamed the influence of alcohol, the migrants’ poor living conditions and underlying ethnic tensions probably contributed as well. In Feb 2015, a scuffle between Hindu devotees and police officers also raised concerns regarding social harmony between Singapore’s ethnicities.

The city-state’s political leadership only recognizes and accommodates the interest of civil-society actors if they do not interfere with government policies. Laws pertaining to NGOs and other civil-society groups continue to constrain civic activity. Any initiatives that foster critical dialogue among Singaporean citizens have to register under the Societies Act, and are subject to strict government oversight. The government will work only with civil-society groups that do not take an oppositional stance, which is characterized as politicizing an issue. In recent years, there has been growing political activism from independent-minded civil-society groups. Organizations such as the Nature Society or the AWARE women’s rights group have become more assertive and frequently engage the government through a variety of means. There have even been initial attempts to form coalitions, such as the Coalition of Singapore NGOs (COSINGO), which produced a report for the U.N. Universal Periodic Review in 2010, but this has not yet proven sustainable. Overall, the influence of civil-society actors in politics remains weak.
The arrest of over 100 left-leaning opposition politicians in the 1963 Operation Cold Store, and the arrest of 16 people alleged to be part of a Marxist conspiracy in 1987 are controversial events in Singapore’s history. While the government claims that those who were arrested under the Internal Security Act were Communists intent on destroying the country, others have rejected this version of history. At a book launch in November 2013, historian Thum Ping Tjin exemplified this point of view: “Were the Barisan and the other detainees of Operation Cold Store part of a communist conspiracy? No. No. No. No.” To date, the government has refused to open its archives regarding the 1963 and 1987 incidents. The issue of how to deal with Singapore’s history gained prominence in September 2014, when the government banned the documentary “To Singapore, With Love,” which documents the experience of political exiles. The government considers the film to be a challenge to the government’s narrative, and regards the film screening to be against the national interest. The banning of the film was met with “deep disappointment” by a group of 39 Singaporean artists.

17 | International Cooperation

As a very highly developed country according to the HDI, Singapore does not require or seek support from international partners for its domestic policies. There are a few exceptions, such as Singapore’s dependence on water from Malaysia and sand imports from Myanmar, Indonesia and Bangladesh for land reclamation projects and other infrastructural developments. In this regard, Singapore’s demand is creating significant environmental problems for the resource-exporting countries. The PAP government rejects external advice with regard to its human-rights practices. In addition, the government also blocks attempts by international organizations or foreign media to comment on or facilitate democracy and civil rights in the country.

The Singapore government is considered a credible and reliable partner by the international community. The political leadership remains fully engaged with the World Bank, the IMF, the ADB and other international institutions such as the WTO. In addition, Singapore has also signed the ASEAN Charter. Through the Singapore Cooperation Program (SCP), the country provides technical assistance to developing countries around the world. However, Singapore has not signed or ratified core international treaties such as the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights; or the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families. Singapore is ranked the second-freest economy by the Heritage Foundation, with business and labor freedom receiving the highest marks. Property rights and trade freedom are also highly regarded. Singapore has historically been open to foreign investment, one of the main drivers of economic development in the country, and indeed is one of the top destinations worldwide. According to the
World Bank, the city-state recorded more than $63 billion of net FDI inflows in 2013, a significant increase relative to the previous year. While the J.P. Morgan Confidence Index revealed a two-year low in investor confidence at the end of 2014, largely attributable to the weak global economy, the survey also showed that investors are not planning to reduce their investments in the country.

The Singapore government actively builds upon and expands cooperation with its regional and international partners. During the period under review, Singapore continued to balance its growing relationship with China by deepening its relationship with the United States. From 1 – 4 April 2013, Prime Minister Lee Hsien Loong visited the United States; in the course of the trip, President Barack Obama lauded the bilateral relationship between the two countries as extraordinary. In particular, Singapore provides the United States with military facilities that strengthen the U.S. position in the Pacific region. Since 1971, Singapore has been part of the Five Power Defense Arrangement, conducting joint military exercises with Malaysia, the United Kingdom, and New Zealand on an annual basis. On 7 November 2013, Singapore also signed a Free Trade Agreement with Taiwan, which came about largely due to warming China-Taiwan relations after years of China’s efforts to isolate Taiwan on the global stage. Singapore also joined China for a third time for joint military exercises in November 2014. The previous two were in 2009 and 2010.
Strategic Outlook

Singapore celebrates 50 years of independence in 2015, making this an important year for the country. The PAP government is likely to reap political mileage out of the national commemorations, shoring up mass support for the authoritarian regime. As of the time of writing, many events had already been announced that draw attention to the city-state’s socioeconomic successes. Seeking to avoid a potential electoral defeat, it may harness these celebratory sentiments to call for an early election in 2015, even though no election is due before January 2017.

Opposition parties including the Singapore Democratic Party had already started their election campaigning at the time of writing. However, most opposition parties remained organizationally weak and distracted by elite disagreements. It appears highly unlikely that they will be able to form a viable coalition or join resources to defeat the ruling party.

A party alternation is unlikely in the next election. The PAP government is expected to dominate political debates, and to continue its strategy of discrediting the resource-poor opposition leaders whenever possible. However, aside from fending off challenges from the opposition parties, the PAP government is also confronted with an increasingly assertive, politically demanding and critical electorate. The government may face more online dissent and popular resistance in pushing bills through. Younger, Internet-savvy Singaporeans are now more willing to use alternative online media as well as the limited offline space provided to make their voices heard. Critics are also making use of the Speakers’ Corner in Hong Lim Park to highlight concerns over social issues such as immigration and integration, the operation of the Central Provident Fund (which is very complex and lacks sufficient transparency), rising housing and goods prices, and other cost-of-living issues. Overall, Singaporeans are increasingly vocal, and want to have more say in how the country is run.

The recent sluggish pace of economic development poses a significant challenge for the ruling party. Some businesses have felt the pinch resulting from curbs on foreign immigrants and have decided to relocate. Economic growth has also slowed significantly and is likely to remain low in the coming years. In 2015, economists are expecting a low growth rate between 1% and 3%. With Singapore’s heavy dependence on the global economy, it is particularly vulnerable to economic developments or slowdowns in China. Thus, Singapore is likely to be affected by any downturn in the world’s second largest economy.

Worries about potential losses at the polls are likely to motivate the government to engage in more redistribution. This was evident in the 2015 budget, which contained more subsidies for the elderly poor and tax increases for the top 5% of earners, with the aim of reducing the income gap and preventing budget deficits in coming years.