

Singapore Faces Its Biggest-Ever Succession Planning Challenge

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The rumblings started shortly after Singapore's ruling party won 89% of seats in last year's election.

What would be hailed as a fantastic outcome in most places amounted to the worst parliamentary performance ever for the People's Action Party, which has been in power since the country's independence in 1965, one of the longest uninterrupted stretches for any party around the world.

Even more troubling, it could be viewed as a lack of enthusiasm for Heng Swee Keat, who had become heir apparent to Prime Minister Lee Hsien Loong in a carefully managed succession plan.

After Heng's multi seat constituency squeaked out a win by 6.8 percentage points — a narrow margin by Singapore standards — some insiders privately expressed concerns about him to other ministers, according to six party members, among whom are two high-ranking individuals familiar with the discussions.

While hailing him as a brilliant administrator who gets the job done, they worried he lacked the charisma to rally both the party and country during one of its most challenging periods.

The unease over Heng may have built over the subsequent months, and last week word spread among a handful of senior PAP cadres that he had decided to step aside as designated successor because he believed Singapore needed a younger leader to take over from Lee, said four people familiar with the matter. Heng turns 60 this month, and the next election is due in 2025.

It was the same reasoning Heng gave in public on Thursday when he shocked Singaporeans with the news he was bowing out of contention.

He will also relinquish the finance portfolio at a Cabinet reshuffle this month — a plan Lee said had been agreed much earlier but which had not been announced publicly — but will stay deputy prime minister and coordinating minister for economic policies.

'Good working order'

One particular element that Heng cited was the pandemic. While Lee had previously signaled his intention to step down by the time he turns 70 next February, he subsequently pledged to stay on through the Covid-19 crisis and hand over the country in "good working order."

"As the crisis will be prolonged, I would be close to the mid-60s when the crisis is over," Heng said in a letter to Lee announcing his decision. "But when I consider the ages at which our first

three prime ministers took on the job, I would have too short a runway should I become the next prime minister then.”

When asked for comment, a PAP spokesperson referred to remarks made by Heng and others at a Thursday briefing. Heng’s spokesperson similarly pointed to his comments at the briefing, where he said his 2020 electoral performance was not a factor and that Singapore needed someone younger to take the reins.

Long known for stability, especially drama-free leadership handovers that make Singapore alluring to investors and set it apart from some other nations in the region, the PAP has found itself dealing with a suddenly unpredictable scenario, as succession planning potentially proves the most complicated in the Southeast Asian nation’s 55-year history.

It’s a seismic shakeup for the party. Ever since Singapore’s most famous statesman Lee Kuan Yew relinquished power some three decades ago, politics has been so well choreographed and predictable that it’s often joked about as dull.

Singapore markets barely budged on Heng’s announcement. Fitch Ratings said it continued “to expect Singapore to remain one of the most politically stable markets in the world, over the coming quarters.” But prolonged transition uncertainty, coupled with the pandemic overhang on an open, trade-based country like Singapore, could start to weigh on sentiment.

“What we want to see is a quick resolution of the succession plan and a clear economic road map from the new leadership team to lead Singapore post Covid-19,” said Terence Chua, an analyst at Phillip Securities Research.

With Heng stepping aside, the so-called “fourth generation” of relatively younger party officials now has the task of picking another leader from their ranks.

Behind the scenes, Education Minister Lawrence Wong — the public face of Singapore’s Covid-19 response — has emerged as a contender. Initially seen as shy and reticent, six party members Bloomberg spoke to said support for Wong had risen in the past year for his work as co-chair of the government’s pandemic task force. He spoke directly but clearly to the public about the challenges of the virus, and was seen as decisive.

In addition to Wong, 48, the other likely candidates are Trade and Industry Minister Chan Chun Sing, 51, and Transport Minister Ong Ye Kung, also 51. While National Development Minister Desmond Lee, 44, has been mentioned by local media, he has not overseen the range of portfolios the others have, and six party members say he’s seen so far as a long shot.

The people said for now they expected the race to come down to Wong and Ong. Though Ong is popular in the party and his ties to ethnic Chinese associations could provide a big voter base, Wong has won plaudits for his efforts during the pandemic, four of them said.

Looking ahead

When asked at the press conference on Thursday if there were any immediate front-runners, Ong said it’s not a race to choose a single winner. Chan — the PAP’s highest ranking official

among the potential contenders, who lost out to Heng in a party leadership race in 2018 — said at the same briefing the fourth generation team should have the chance to re-examine the question of succession.

At meetings with former lawmakers on Friday, the focus was more on what's next versus what had happened, according to two former lawmakers who attended the sessions. Law Minister K. Shanmugam, who chaired at least two of the gatherings, didn't address why Heng stepped down, and there were no questions about it, the people said.

Heng became heir apparent following his appointment in 2018 as PAP first assistant secretary-general, its No. 2 position. At the time, he was seen as someone who could rally the public given his likability and consultative nature, according to five party members Bloomberg spoke to.

Heng is a career civil servant and politician: He headed the central bank for six years and served for four years as Lee Kuan Yew's principal private secretary. He's a business-friendly technocrat known to work so hard he was back at his job as finance minister just months after suffering a stroke in a cabinet meeting in 2016.

He made frequent televised statements to detail stimulus packages during the height of the pandemic. Still, he served as an adviser on the virus task force, rather than a co-chair, which meant he missed an opportunity to show his leadership abilities, four of the people told Bloomberg.

Heng also fumbled in a minute-and-a-half-long speech during the 2020 election campaign on his team's plans to rejuvenate his constituency in eastern Singapore. At that point, doubts were raised by some within the party, four of the members said.

Faster process

The messaging now from senior officials to the public is that the party must ensure stability. The head of the main opposition Workers' Party, Pritam Singh, expressed surprise at Heng's decision but said his members will work with whoever is selected to lead the PAP.

The PAP is far from experiencing the fractiousness and infighting seen in countries like neighboring Malaysia. But the focus on cohesion may speed up the process of choosing a successor. It may be faster for example than the 12 months or so it took to settle on Heng, said two people familiar with the discussions.

"We've never had a situation when a PM-designate has suddenly stepped aside" and "there's a risk people will question whether the PAP's 4-G leaders are at sea and things have gone awry," said Gillian Koh, deputy director of research at the Institute of Policy Studies. "The switch-out now is better than when someone becomes a premier and steps down before his term is over."

Lee didn't specify how long he'd remain as prime minister but said he has "no intention of staying on longer than necessary" and the goal is to identify a successor before the election.

“Succession remains an urgent task and cannot be put off indefinitely,” he said at the press conference last week.

Robson Lee, a lawyer who’s also a PAP member, said Heng’s move is for the best.

“The nation and the party needs a leader with sufficient energy and stamina to be able to lay out and navigate the country’s future in a longer road map,” he said. “And we can’t have a prime minister who may only serve one term.”