

## **LEE KUAN YEW 1923 - 2015; An architect of the Singapore miracle**

**Lee Kuan Yew's immense contribution can clearly be seen in many aspects of the country's economic landscape.**

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IN much of the writing on Singapore's economic miracle, credit is rightly given to economic policymakers and advisers of extraordinary talent such as Goh Keng Swee and Albert Winsemius. Former Prime Minister Lee Kuan Yew's contribution is quite often seen as mainly political, providing the political protection for economic planners to push through the right policies. Still, Mr Lee's own direct contributions to economic development should not be underestimated as they went well beyond providing political cover for others. Mr Lee certainly set the overall direction and framework within which breakthrough economic policies were crafted but he also personally took the lead in several aspects of economic development.

### **Setting the political framework**

Economic policy-making is not just about undertaking the correct technical analysis and making the right judgements on policy design. It is also about politics. At crucial moments in Singapore's turbulent early history, it was Mr Lee who stepped in to provide the political authority which allowed tough policies such as the transformation of labour relations and the union movement in the 1960s to proceed; without that, the Singapore economic miracle would not have materialised.

Mr Lee understood that it was not enough to simply lay out the right policies. He realised he had to work the ground to get those policies accepted. Again, using the labour movement as an example, he did not just make speeches at the game-changing NTUC Modernisation Seminar or other such occasions but spent hours coaxing and cajoling the unionists so that they supported the new directions the labour movement would take.

Economic policies are always made within a framework which either explicitly or implicitly incorporates some guiding philosophical principles. It was Mr Lee who provided that basic framework and it was fortunate for Singapore that his instincts were in the right direction. This was evident in a range of issues which eventually came to be hallmarks of the Singapore development experience.

He realised, for instance, that any business environment had to be supportive of large companies as well as small ones, foreign investors as well as domestic ones, and workers as well as businessmen. He took the lead in breaking away from the dirigiste, state-planning policies of his developing country peers in the 1960s to embrace outward-looking policies that enabled the Singapore economic takeoff. At a time when it was not the intellectual fashion to do so, he accepted that allowing businesses to make good profits would be good for the average man.

His instincts were also in the right place when he decided that Singapore should abjure the state-funded welfare policies that many other developing countries had embraced after their independence, insisting instead on creating the culture of self-reliance that has served Singapore so well.

By strengthening the Corrupt Practices Investigation Bureau and placing it under his direct charge, Singapore was able to robustly tackle corruption, creating one of the least corrupt business environments in the world - something that clearly contributes to Singapore's super-competitive economic position.

### **Vision and foresight**

Singapore is small and highly vulnerable. Yet, it is also remarkably resilient - because it has developed an impressive capacity to bounce back from the shocks or crises that have a habit of erupting every now and then. The reason is that we have learnt from Mr Lee's forceful response each time Singapore faced a severe test. Whether it was the sudden separation from Malaysia in 1965, the equally stunning announcement of the withdrawal of British forces from Singapore in 1968, the two oil shocks of the 1970s or the recession in the mid-1980s, Mr Lee showed the way by mobilising the full resources of the government to find a solution and push its implementation through. This allowed the economy to rebound from each shock, each time emerging even stronger.

While Mr Lee was averse to the welfare state, he knew he had to ensure that the fruits of growth were fairly distributed. This was evident, for example, in his determination to ensure that every citizen had a stake in the country. The home-owning society that Singapore is today came out of this insight. This philosophy spun off many initiatives which are now defining features of the Singapore economy such as the extremely high home ownership rate, the use of Central Provident Fund savings to finance mortgages and the constant upgrading of public housing estates to enhance their value.

If there was one contribution that stood out the most, it would be how he kept pushing Singapore to re-invent its economy every now and then. He had the foresight to anticipate economic challenges and opportunities well ahead of time while also coming out with strategies to respond effectively to the same.

He was well ahead of the game in environmental protection when he pushed for Singapore as a Garden City. He foresaw the problems with road congestion and pushed for pro-active policies such as the Area Licensing Scheme which was the precursor to the current Electronic Road Pricing scheme: that made Singapore a world leader in using a market tool - pricing road congestion - to control traffic. He was also early in visualising the combination of telecommunications and computers and so pushed for Singapore to move rapidly in computerisation in the 1980s. He used the same uncanny long-range vision he had to raise the issue of ageing and declining fertility in the 1980s when few pundits were talking about it.

One of his signal achievements was the push for financial liberalisation in the late 1990s which led to a surge of growth and created the global financial centre of today.

He was also prescient in encouraging the growth of the Singapore economy's second wing in the late 1980s, when he realised that as the economy matured, it would need to look beyond the confines of its territorial limits to find growth opportunities. In particular, he played a decisive role in encouraging Singaporean companies to invest in China. His personal involvement in leading delegations to China and in conceiving projects for Singaporeans to transfer knowledge to China helped Singapore establish a foothold in China well beyond what its small size implied.

In short, one of Singapore's great economic strengths is the ability to constantly reinvent itself - Mr Lee was instrumental in inculcating this ability and leading change when needed. Importantly, he combined this capacity for great vision with an unrelenting emphasis on focusing on the long term, so that the benefits of anticipating big changes were not sidetracked by the short-term pain that was sometimes necessary to achieve the bold vision.

Many have remarked how there is a certain "Singapore brand" which helps its economy in many ways. The Singapore economy is seen as standing for certain qualities in a way few other countries are. Abroad, Singapore is seen as tough-minded, effective, honest and straight shooting, all values that Mr Lee inculcated in Singapore. He was Singapore's main marketeer, our main "brand ambassador" - his persona and ideas moulded the "Singapore" brand which brought in the foreign investment which transformed Singapore.

### **What about the downsides?**

Mr Lee did not get everything right, of course. There were probably four areas where things may not have gone as well as they should have. In all these areas, the instincts were broadly right but adjustments to policy thinking to reflect changing circumstances were not made when they should have been.

First, while welcoming multinational companies was absolutely the right call to make in the early stages of Singapore's development, there should have been a recalibration of that strategy to support the growth of local enterprise once Singapore had achieved a strong economic base, by the late 1970s. Consequently, many would argue that Singapore has become overly dependent on multinational companies while its own indigenous business sector has not been developed to produce a healthily diversified economy.

Second, while again it was the right instinct to be open to foreign talent, even a good policy can be carried too far and too quickly. There are reasonable grounds to argue that the over-rapid inflow of foreign workers depressed wages at the low end and brought social costs which could have been avoided. While Mr Lee was not in charge of the economy when these policies were instituted, he was very much a supporter.

Third, most Singaporeans would agree that they should not become hooked on social welfare, but as the economy matured and the global economy sustained a series of shocks, growth slowed and became more volatile, increasing economic insecurity even among the hardest working souls. This was compounded by developments in the medical field which raised healthcare costs. All this required greater emphasis to have been placed on creating social

safety nets such as protection against unemployment and a more balanced division of the burden of healthcare funding between the average citizen and the state.

Fourth, more could have been done on Mr Lee's watch to build economic linkages with the region. In the late 1980s, he spearheaded economic integration with Indonesia's Riau Islands but could not achieve the same with Malaysia. It was not entirely his fault that relations with Singapore's nearest neighbour were often fraught, as the bitter legacy of separation took a long time to dissipate but more could certainly have been done.

On the whole, however, few would question that Mr Lee's overall contribution to economic development was immense and positive. The mark of truly historic personalities is not in their being able to avoid errors but in how they ensured that the mistakes were small while the achievements were grand. So it is with Lee Kuan Yew.

When the great British architect Christopher Wren was interred in St Paul's Cathedral in 1723, the epithet read: "Reader, if you seek his monument, look around you." One could say the same for Lee Kuan Yew: if you seek his monument, look around Singapore. As much in its political system as in the economy, no one has left such a strong and indelible imprint of himself in a country as Mr Lee has. And Singapore is so much the better for that.

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