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Note from the Editor-in-Chief



Dear Readers,

Welcome to the fourth issue of the revamped AJPA. This issue aptly represents the Asian focus of AJPA in terms of the authors' origins and topics of articles. The first three articles seemingly cover the more 'hardware' topics but shine in their focus on the interactions with 'software' aspects of policy such as administrative simplicity, political will and public engagement.

First article entitled Administrative Complexity and Culpability in the Public Housing Bureaucracy: Spatial Governance Lessons from Metro Manila, Associate Professor Jose Gomez Jr examined the bureaucratic blameworthiness behind homelessness. Focusing on Metro Manila, this single case study examines how the sometimes unharmonious plethora of shelter-related agencies established by government to try to attack the problem from different angles, as well as street-dwellers' reaction to inconsistent assistance led to culpability not being able to be pinned on unitary actors. Hence, a classic case of 'too much chefs spoiling the broth; or when everyone is in charge, no one is really accountable'. It is a reminder that administrative simplicity and clear accountability remain wise axioms in the practice of public administration.

Second piece is the prize-winning article from AJPA 2016 conference by civil engineering duo from University of Tokyo writing on 'Energy Security and Regional Power Sector Cooperation in the Greater Mekong Sub-Region: Past Developments and Near-Term Challenges'. Daniel del Barrio-Alvarez and Hideyuki Horii's win demonstrated the inclusiveness nature of public policy and the importance to empower technical experts as engineers to constantly probe into the policy implications of their engineering endeavours. What shines is the systems approach behind the article. Starting with a conceptual framework of energy security, that include economic, technological, environmental, social and cultural, and military/security dimensions, beyond the usual security of supply. It next identified grid interconnectivity as the lynchpin of energy security and proceeded to dissect the barriers constrain the development and deepening of regional power agreements Greater Mekong Subregion (GMS). It identified the lack of common political will as a key barrier and reconstructed the development process of the program in order to better understand how the political will was formed or created and what is currently blocking it before concluding with its policy recommendations.

Third piece by Assistant Professor Tan Seck on 'Strategy for Environmental Sustainability for Island-State Singapore – Engaging the Public'. This article examines dual relationship between policymakers and public in a collaborative governance setting. Tan notes that 'Public involvement may transform service offerings, but of equal consequence and interest in the present era is that the public itself is transformed by the service offering.' Due to the vulnerability of island-states, further economic growth is likely to generate greater environmental stress and retard development. This paper focuses on charting strategies available to Singapore for environmental sustainability. It notes a significant achievement in involving the public with the introduction of a regulatory mechanism, namely the Environmental Impact Assessment, for developments and projects in Singapore. All states will have to grapple the tight balance

between economic performance and environmental protection, even more so for small states as Singapore.

Last research article is on 'Configurations of Confucian Entrepreneurship in the Asian Public Sector: A Preliminary Study of South Korean Public Organizations'. The Korean research team touched upon an interesting concept: Confucian entrepreneur. Intuitively, Confucianism conjures the scholarly rote-learning that kills creativity. Yet Korea, as a strongly Confucian society, has produced economic innovation and entrepreneurship in the lines of Samsung and others. Its application in public sector has been under-studied. Hence, their research question: 'Could a special form of entrepreneurship based on Confucian values be discovered in Confucian Asian countries' using public organizations in South Korea as a single case study. Using empirical analysis, the study confirms the existence of Confucian and entrepreneurial values in South Korean public organizations, identifies relationships between Confucianism and entrepreneurship, develops a Confucian Asia Entrepreneurship (CAE) index, and compares the differences among South Korean public organizations.

The commentary on 'The State-Building Myth of Pragmatism in the 'Singapore Story' is contributed by Max Everest-Phillips, Director of the United Nations Development Programme's (UNDP) Global Centre for Public Service Excellence (GCPSE) in Singapore. He examines Singapore's past beyond the myth of a superhumanly rational, honest and brilliant group of political and administrative leaders faultlessly working in harmony to devise a national vision and implement it pragmatically through the perfect plan, and discovered a more credible and reassuringly human story. He notes that Singapore has allow its founding myths to quietly evolve into objective history and is a shining case for other developing countries.

Lastly, the book review on Daniel Hausman's Valuing Health: Well-being, Freedom, and Suffering', contributed by Maitreyee Mukherjee, reassesses the role of well-being, suffering and freedom in measuring generic values of health. The key research question for Hausman is 'Why do we need to measure health and what aspects of health need to be measured?' Taking a multi-disciplinary approach beyond economic evaluation approaches and into the philosophical, social and policy debates relevant to the health sector, focuses on 'generic health measurements' that is- measuring the overall value of health rather than health itself. In so doing, he broadly deals with conceptual, technical and normative values of health which directs policy issues as well as fund allocation in national health sector of countries.

This marks my third year leading AJPA as Editor-in-Chief. As part of leadership renewal, I will be handing over to my Deputy, Kidjie Saguin, who has been contributing to AJPA in significant ways for two years. Systems are in place, and the editorial machinery works (Singapore style). Good governance dictates that system and processes must work regardless of personalities. I am confident it would, with a capable new Editor-in-Chief and committed team. I thank the readers for your support and hope you can continue to support our AJPA journal.

Phua Chao Rong, Charles
Editor-in-Chief, Asian Journal of Public Affairs
President, Association for Public Affairs
Mar 2017

RESEARCH ARTICLE

Administrative Complexity and Culpability in the Public Housing Bureaucracy: Spatial Governance Lessons from Metro Manila

José Edgardo Abaya Gomez, Jr.¹



Keywords: urban poor, metropolitan government, culpability, human security, streetscape

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ABSTRACT

While politicians might take the heat for failed or poorly executed shelter projects, government responses to national and local level housing problems are always addressed by some form of bureaucracy, which should, in principle, share responsibility for homelessness. Taking Metro Manila as an example—with a historical 25-30% poverty level and a correspondingly persistent need for providing homes to the urban poor—this research describes the sometimes unharmonious plethora of shelter-related agencies established by government to try to attack the problem from different angles, as well as street-dwellers' reaction to inconsistent assistance. Combined with a review of legal frameworks and definitions of civil and criminal liability, the author shows that because of the complexities of urban areas and administrative structures themselves, culpability cannot be pinned on unitary actors, and at least in the case of information housekeeping, must be fairly imputed to unhurried and unsolicitous bureaucratic agents.

INTRODUCTION

Where does culpability lie when a government substantially fails, year after year, to succor the urban poor and address basic human security issues of the homeless? One might, with cavalier dismissal, simply point at the head of a bureaucracy or the closest elected official, according to the principle of command responsibility. But in any society

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that is more complex than what anthropologists might label a chieftainship, where even the most rudimentary single or double-layer bureaucracy has been established, one runs into a gamut of principal-agent relationships that make it difficult and unfair to pin blame on single actors. This is because of the differences in transmission of information, in the skills and psychologies of concerned politicians and subordinate bureaucrats, and in the overall framework of laws and customs in which they operate—all of which determine success, failure, or checkered interim states. Moreover, in urban areas where societal and administrative dynamics tend to be more complex, the bureaucracy is often already fully-occupied just delivering mandated services, and may fail to address extraordinary cases, especially those that straddle the domain of two or more agencies, or where two or more of their principals may claim hegemony.

This research builds on the critique of government shelter agencies in the Philippines, with a focus on public housing inadequacies in the capital region of Metropolitan Manila, which contains at least 20% of the national population. Premised on the idea of public accountability in principal-agent relations, the investigation looks at factors that likely account for shortcomings despite multiple institutions designed to address shelter issues. Moreover, it takes a policy-centric and structural view of administrative lapses for the purpose of broadening the perspectives of the institutions that are governed by narrow performance standards. This research also includes a grounded appreciation of the results of institutional shortcomings based on actual interviews of the homeless on the streets versus explanations of the bureaucrats supposed to serve them. The intention is to explain, based on an understanding of administrative policy, definitions of liability and institutional failures on the ground, or why operation of housing agencies has still left at least one-fourth of the population of the Philippines homeless in the last decade (National Statistics Coordination Board 2016).

METHODOLOGY OF THE STUDY

As the overall approach was qualitative and tried to trace lines of responsibility, the focus of inquiry was logically located between the bureaucrats themselves and the people on the ground who were receiving (or not receiving) the goods and shelter services offered by government. The interviews and policy compilation that were involved are all replicable and the sites of resettlement can be revisited, lending much transparency to the study.

More to the point, epistemologically valid ways of assessing administrative responsibility often require a thorough understanding of the policy context (intent) and mechanisms for implementation (means). Intent, as based on institutional mandate, was assessed through a critical survey of policies and policy gaps relating to housing and land use, as well as programs to succor the urban poor. Means, or capacity of government agencies to engage in effective service delivery was investigated by observing work at two foci of research. The first was the structure and operation of the National Housing Authority (NHA) of the Philippines as well as other agencies whose mandates impinge upon shelter problems or related forms of spatial control of the capital region. The second focus was the perspective of bureaucrats in selected agencies regarding their own culpability vis-à-

vis their knowledge of homelessness and capacity to deliver services on the ground. These bureaucrats were interviewed.

As a supplementary exercise, and in order to counterpoise a verifiable indicator on the ground, the research included interviews with at least 20 respondents (male & female, ages ranging from 30s through 70s)² on the streets of Metro Manila to obtain their perceptions of government. Site visits were done in the cities of Makati and San Juan, which are relatively wealthy Local Government Units (LGUs) that nevertheless display stark contrasts of prosperity and poverty. Combining fieldwork results of the abovementioned sites while comparing against the regular institutional operations and relevant Philippine laws on land tenure and housing, the researcher described how aspects of institutional fixedness have either enabled or disabled more comprehensive government assistance to the marginalized in the first decade of the 2000s.

SCOPE AND SIGNIFICANCE OF THE STUDY

This study contributes to the literature on public administration, city planning and spatial governance in at least two ways: a) it shows a representative example of the ways by which traditional housing agency structures operate in a challenging mega-city context, with a critical eye towards the “cracks”. These are places or situations into which supposed targets for assistance fall through the net of preset legal or policy criteria, and thus beyond government’s priority; and b) it analyzes where and how responsibility should properly be defined and allocated in such bureaucracies, emphasizing not so much who is culpable, but rather upon whom the administrative onus should logically fall, in order to promote accountability and transparency. While there are many other characteristic developmental problems in cities, the author has chosen the shelter issue in relation to spatial governance actions because the results of action or inaction in this area are particularly instructive for those handling urban poor and homelessness issues elsewhere in Southeast Asia. Moreover, the study was chronologically limited to looking at homeless people who had been passed over by government shelter programs only in the last decade, and spatially-bound to two of the seventeen component urban areas of Metro Manila that have been sufficiently modernized to share some characteristics with cities in neighboring countries. Although only present laws were extensively subjected to critique, there are several notes on the still-extant policies dating back about 30 years, which have also been included in the discussion of the core housing offices themselves.

REVIEW OF RELATED LITERATURE

While there are numerous studies on the nature and dynamics of principal-agent relations in bureaucracy, it seems that the notion of responsibility or public accountability—while not scarce in public administration literature (Schillemans & Busuioac 2014, Gailmard 2010, Prendergast 2003)—is sometimes more perceptively discussed in the related field of legal studies (Garcia et al. 2014, 479, Gulyas 2003, 227-228, Moore & Hurd 2011). This

² The phrase “at least” here indicates that the research has since then been expanded, and has the benefit of wider hindsight provided by more interviewees, although the respondents of the initial 20 suffice as a minimum for this article.

suggests the need for some sort of theoretical bridge borrowing from scholars of the law, as well as from other related fields like spatial studies. This research contributes specifically to that gap by using the more limited concept of bureaucratic culpability in analyzing a particular case study in the housing sector in Southeast Asia. Apart from the discussion on the nature of bureaucracy and on legal obligations, related concepts like perceptions of bureaucratic action on the ground, spatial governance, and household patterns in Asia are also relevant. This is especially relevant because the impact of bureaucratic lapses on the urban homeless is being analyzed for the purpose of tracing responsibilities.

Bureaucratic Politics, Administrative Culture, and Civic Engagement

In the first place, this literature discusses how the bureaucratic mandate is, or can be, played out in day-to-day terms between government and the citizens through the mediation of bureaucracies. The public bureaucracy, like other alternative modes of governance, is well-suited to some transactions and poorly suited to others (Williamson 1999, 307)—for example, routine queuing and production-line tasks versus creative crisis management. Moreover, although the bureaucracy is theoretically framed under the politics-administration dichotomy as being relatively insulated from political interference, the fact is that bureaucrats themselves routinely engage in political behavior, and may do so driven by democratic values that may be antithetical to efficiency (Frederickson & Smith 2003, 41). In this sense, bureaucracy by itself may be considered a representative institution of one or more publics, which makes it a central concern of the discipline of governance (Warner 2001, 403-404), considering that a properly functioning bureaucracy should be sensitive to interests from below just as it transmits and implements directives from above.

In recent years, there has also been some work on the outputs of democracy, both in terms of public engagement and services delivered by government, and of incorruptible politicians who are more able to call bureaucrats to account and impose sanctions (Christensen & Laegreid 2011, 132). At the same time, such actions influence the development of administrative culture, which looks at how the public interacts with and compels bureaucracy to rightful action. After all, if the public is supposed to be buying honest, efficient government, then internal control becomes a public good, in which broad interest and professional supervision should be vested through the operation of some form of civic engagement (Anechiarico 1998, 14-15).

Spatial Governance: Urban Planning and Conflicts on the Ground

Among the various venues where civic engagement and agency action can take place, easily the most dynamic place would be the city. The nature of urban space itself must be taken into account by bureaucrats in the implementation of development projects. Bureaucracies in such settings deal with fractured planning interests that can have cleavages along racial or religious lines, where planning strategies may diverge in four ways: a) neutrality, b) outright partisanship for a dominant group, c) equity promotion through emphasizing commonalities, and d) resolution through some technical, sociopolitical, or other means (Bollens 2002, 25). Moreover, governance in this context involves social processes by which decisions for cities and city-regions are made and implemented by politicians and bureaucrats, corporate capital and civil society, ostensibly in favor of some

less-able sector, although this does not discount the possibility of more collaborative or bottom-up planning and implementation (Friedmann 2012, 8).

In order to determine effectiveness, however, some carefully designed performance regimes may have to be instituted to establish legitimate accountability (Moynihan et al. 2011, 42). Because of the complexity of urban areas, the bureaucracy has its hands full just delivering mandated services and often fails to address unusual cases that fall between the cracks, so to speak. Conflicts that result may thus be related to questions of which agency has a responsibility to rule on gray areas. At the same time, the people themselves may clamor for government action where it has not traditionally been found.

Perceptions of, and Reactions to, the Poor and Homeless and to Government

In actual and novel situations on the ground, when bureaucracy comes face-to-face with the poor and homeless in a city setting, how does it react? Agents of the law, such as policemen, usually have interactions limited to helping those victimized by crime, arresting offenders, or confining “undesirables” to specific locations. They may develop a negative view of the homeless in the course of doing bureaucratic work throughout the streetscapes (Mcnamara et al. 2013, 359). This is not always the case, however, as at other times, mutually constructive engagement may arise. Nevertheless, some of the approaches to addressing such chronic urban problems are often rooted in a deeper set of mental assumptions and official language that may drive questionable action. For example, the word “slum” might be used as a slogan to confront poverty with official interest, as a way to castigate urban development and capitalism, or as a reason to modify government and market policy (Gilbert 2009, 37-38). Yet in all such cases the somewhat extreme portrayal might obscure less bombastic, more practical ways of problem-solving.

There may arise too on the part of the citizens a negative view and attitude towards public employees, not only because of degraded bureaucratic performance, but also because of a socially constructed dissatisfaction or misperception. Decision-makers then need to become “anti-administrative” in the sense of making extra effort to build an emotional bridge between bureaucrats and citizens as an antidote to real or perceived governmental antipathy, while at the same time improving on inefficiencies (Cunningham & Schneider 2001, 574). If bureaucracy is to become truly responsive, again returning to the problem of representation, it needs to stop or modify regular or repetitive actions to manage public perceptions. Simultaneously, the agents making up the bureaucracy must somehow be assigned certain accountabilities to the public to clarify relations, especially if and when a situation of culpability arises.

Defining Culpability and Reaching out to the Excluded: Social Services

Culpability is normally used in legal contexts to refer to an individual’s blameworthiness in the commission or omission of an act that results in violation of public law, custom or decency. Its most basic defining feature (the general requirement of the law, both in the Philippine context and in the United States, which influenced Philippine legal system features) is the presence of *mens rea*, or the “guilty mind” (Buell 2015, 549), such that mental willfulness is a prerequisite to establishment of culpability. When translated into

an institutional context where groups of people carry out different actions, culpability as a concept becomes more difficult to assign. Most modern states reserve for themselves some degree of sovereign immunity; that is, they cannot be sued without their consent by citizens who have cause to decry government negligence or wrongdoing. This is despite the venerable stumbling block of “The King Can Do No Wrong”, which means government cannot be guilty of tort—a non-contractual wrongful act that entitles the injured party to redress (Maguire 1916, 20, Buell 2015). The standard exception is that government officials in an individual capacity remain open to litigation for misdeeds. However, recent years have seen scholarly polemics about the possibility of admitting government tort liability, which as Rosenthal (2007) convincingly argues, is better treated as an issue of political, rather than criminal, behavior, because government responds primarily to political costs and benefits. On the other hand, the private sector responds primarily to economic rewards and punishment. In this latter sense, administrative culpability thus remains as a phenomenon that government corrective action can address.

The presence or absence of government agents’ fault notwithstanding, there are a number of ways by which a bureaucracy is expected to address the plight of the urban poor. As a general principle, a large number of clients applies in sequence to a bureaucrat to receive a good or to avoid a cost, and it is the responsibility of that bureaucrat to serve quickly and efficiently (Ting 2015,4), though there may be differences in how widely or narrowly the agency mandate is interpreted. Social health insurance is one example, also found in the Philippines, where bureaucratic leadership must guard against tendencies such as adverse selection or injudicious investment of pooled funds (Capuno 2006, 212). As for housing, the preferred route of professionals is usually the “provider” approach, rather than other creative forms of partnership with the private sector, non-government organizations (NGOs) or community organizations (Gasparre 2011, 785).

Globalization, Governance, and the Household in Asia

To end this review, a note on housing patterns in the broader region is in order: in this era of global movements, cosmopolitanism and blurring of borders, state governments find that non-state counter-movements have emerged, balancing rational political thought with the power of other imaginaries that challenge old economic logics and the way these are expressed in urban areas (Dean 2008, 25). In particular, the household has been studied further to show how it pools unpaid and paid labor resources among its members, how it socializes individuals to the rigors of employment outside the house, and how it accommodates many variations of what would typically be regarded as a “family” in different cultures, especially in Asia (Douglass 2010, 63-64). The household and the role of housing has stayed on the development agenda since the 1980s, and through the 1990s and 2000s it has been augmented with proposals for more inclusive and self-contained communities. In a similar vein, as most human experience takes place against the aforementioned spatial-temporal background, it is important to appreciate too that worldviews and abstract universalities have become increasingly flexible (Mendieta 2010, 12). Notions of the what, why and how of government have come under interrogation for better solutions to shelter, livelihood etc., along with other aspects of the “new normal” of urban existence. In the Philippines, economic crises stemming from misguided liberalization, deregulation, and

privatization that effectively undermined politico-economic sovereignty and human security have come under official scrutiny by later governments (Tañada 1999, 443). The public is more aware now of the need to be selective in opening doors to aspects of globalization. In terms of housing bureaucracies, the macro-trend in Asia has resulted in shelter provision approaches that now require, or at least advocate, inclusion of livelihood training and cottage-industry opportunities for families that have been relocated far from lucrative urban centers. This was observed in the author's fieldwork, where government agents have tried, even if irregularly, to setup "cash-for-work" programs for indigent families both in slums and improved resettlement sites, consistent with a growing international awareness that economic value can be generated at the household level. This latter example is one way by which bureaucrats working on the ground can perform their mandate while gradually sharing or delegating responsibility, in line with, or in addition to, state laws and policies that may or may not have already become part of international administrative practice.

INTERROGATING THE POLICY CONTEXT: WHERE DO GOVERNMENT RESPONSIBILITY AND ACCOUNTABILITY LIE?

For shelter concerns in the Philippines, the accountability dilemma is rooted partly in the policy architecture of the state, and partly in the corresponding structures that represent manifestations of policy. Responsiveness is, in the first place, biased according to bureaucratic mandate, such that government agents are naturally inclined to act based on office rules or directives from above, which in the latter case emanate from some political motive (e.g. an election promise to provide shelter within a given time period, for X number of families, or in a particularly impoverished region). Hence, this author contends, shortcomings are not necessarily a product of willful neglect or malice, but are a function of both policy-cum-structural givens and political selectiveness. In order to appreciate this more fully, the discussion below surveys and critiques existing policy.

To begin with, the present (1987) Philippine Constitution establishes that the state shall undertake, in coordination with the private sector:

"...a continuing program of urban land reform and housing which will make available at affordable cost, decent housing and basic services to under-privileged and homeless citizens in urban centers and resettlement areas. It shall also promote adequate employment opportunities to such citizens. In the implementation of such a program the State shall respect the rights of small property owners."

This sets the tone for other related laws, most relevant of which are the 1992 Urban Development and Housing Act (UDHA), which specifies a prioritization of land use types in which national government must intervene to succor resident urban poor. Also important is the 1991 Local Government Code, which devolves responsibility for most immediate social services to ground-level administration. There are also laws for financing shelter, and setting standards for low-cost housing, while actual construction standards are governed by the Building Code and Fire Code. For guidance of national agencies, consultants, and local government technical staff, there are framework documents like the Philippine Development Plan, which states the government's program for priority growth areas under the incumbent President, and other frameworks.

Many of the laws of the Philippines regarding land, especially in the urban areas, are concerned with specifying procedures, standards, and institutions that will undertake planning and building actions, as well as penalties for violation (See Table 1). These do not, as a general rule, place specific emphasis on urban poor and spatial concerns. Only the 1992 UDHA seems to target intervention in informal settlements of cities; even so, it has one persistent weakness that lawmakers have consistently ignored: it prioritizes action on public lands, but ranks private lands last for intervention, despite evidence that informal settlers occupy all kinds of lands, openly, even private lots where they know they are relatively immune to impositions by government.

Aside from the fixation with public lands (leaving private land owners to sort out their own squatter problems), what seems to be yet lacking in Philippine rule-making with regard to the homeless are the following: a) a framework or hierarchy that will allow for more flexible, sturdy housing options, including possibilities of subsidies or tax breaks for social entrepreneurs building transient homes, inexpensive leased residences and emergency shelters; b) a policy for rescue of those homeless who are unable or incapable of living alone or maintaining a household; c) a law, or amendment of the existing law, that would allow for more options and innovations in the use of building materials, in order to reduce the investment cost in low-cost housing structures. Also important is some kind of safeguard policy that would prevent land-banking by private interests to the detriment of potential lower-class purchasers who would be discouraged by runaway market prices.

TABLE 1: Laws and Policies on Shelter and Poverty Issues in the Philippines

LAWS (in order of direct relevance)	CORE CONTENT or RELEVANT PROVISIONS	SPATIAL and/or ADMINISTRATIVE MANIFESTATION
1987 Philippine Constitution (Article XIII)	Declares general state commitment to alleviating problems of the homeless	Appears in most official reports on shelter/ land
R.A.7279 of 1992 Urban Development & Housing Act	Provides definitions of informality and a prioritization of lands for government purchase	Resettlement projects and relocations
B.P.220 of 1982 Standards for Economic & Socialized Housing	Specifies minimum requirements and metrics for sheltering poor	Size of smallest decent housing for the poor
P.D.1096 of 1977 National Building Code	Specifies building standards and materials use for the whole country	Characteristic “Filipino” built-up areas
R.A.7160 of 1991 Local Government Code	Comprehensive decentralization of duties and powers to local officials and staff	Site character of local settlements
E.O.90 of 1986 Agencies for National Shelter Program	Created the Housing & Urban Development Coordinating Council	Coordinated plans among all shelter agencies

LAWS (in order of direct relevance)	CORE CONTENT or RELEVANT PROVISIONS	SPATIAL and/or ADMINISTRATIVE MANIFESTATION
R.A.7835 of 1992 Comprehensive and Integrated Shelter Finance Act	Provides for additional capitalization and trust funds for housing-related agencies	Facilitates funding for public housing
R.A.9514 of 2008 Revised Fire Code	Expands regulatory framework for fire safety and partner options with civil society	Fire-resistant neighborhoods
P.D.957 of 1976 Regulating Sale of Subdivision Lots & Condominiums	Rationalizes and regulates subdivision and condominium construction	Orderly and regulated subdivisions
P.D.1216 of 1977 Defining Open Space in Residential Subdivisions	Tightens some spatial regulation of residential subdivisions	Open space preserved in residential areas
R.A. 5416 Social Welfare Act of 1968 and E.O. 292 of 1987(Title XVI)	Created the Department of Social Welfare and Development	Center of social outreach of government
R.A.8425 of 1997 Social Reform and Poverty Alleviation Program	Created the National Anti-Poverty Commission	Pro-poor activity center of government
OTHER POLICIES and FRAMEWORKS		
Medium Term Philippine Development Plan 2016-2022	Specifies development priorities of incumbent elected administration	Roadmap guiding all development in 6 years
National Informal Settlements Upgrading Strategy (2014)	Provides assessment and advocates strategies like slum upgrading, leveraging the market, and selective relocation	Reference for key issues of informal homeless, and strategies to solve these
National Urban Development & Housing Framework (2017-?)	Pursues a framework of inclusive growth	Reference for key housing issues per region
Note: R.A. = Republic Act; P.D. = Presidential Decree; B.P. = Batas Pambansa [National Law]		

Politics behind the Bureaucracy: Shelter as a Politicized but Not Necessarily Streamlined Priority

In the last decade and a half, shelter concerns (and therefore shelter agencies) have become a priority of high-level positions in the Executive Branch. Beginning with former Vice President Noli de Castro (2004-2010), the National Housing Authority embarked on a massive resettlement of over 10,000 families from the American colonial-era railroad tracks running through Metro Manila and the surrounding Tagalog provinces. The accomplishment was unprecedented insofar as it removed a four-decade eyesore from the urban landscape,

while providing houses to hundreds of thousands. Ever since, the entire complex of housing agencies has been consistently taken over by succeeding Vice Presidents, as a relatively convenient way to acquire beneficial political visibility among the masses, who are given houses during the terms of said politicians. The legislative branch of government is not directly involved, except perhaps when provision of housing for a particular congressman's district becomes expedient due to alignment of party affiliations with the executive branch. Hence, whether through executive or legislative influence, the provision of housing accelerates when there is a political motive, not dissimilar from a distribution of spoils. Otherwise, the bureaucracy lacks a sense of urgency regarding the housing crisis, since the housing budget usually makes up less than 2% of the annual national budget (Pasion 2016).

Probing the Institutional Landscape: Capacities and Constraints of Shelter Agencies and Affiliates

Two government entities are primarily responsible for the direct provision of shelter to citizens, particularly for the poor who cannot build or purchase their own formal housing. These are the National Housing Authority (NHA) and the Local Government Units (LGUs). It is important to keep in mind from the outset that the NHA is only one of six attached agencies in the group under the Housing & Urban Development Coordinating Council (HUDCC)³, whose main mandate, inter alia, includes the formulation of national objectives for housing and urban development, as well as coordination of all the key shelter agencies of the Philippines.

The NHA was organized as one among a few workhorse agencies during the authoritarian era of President Ferdinand Marcos on 15 October 1975. Among other government institutions, it was attached to the powerful Ministry of Human Settlements in 1978 and supervised by then First Lady Imelda R. Marcos, who had an affinity for urban development and shelter projects. Many planners look back on that epoch as the golden years of planning in the country, as there were many pioneering housing projects, including the *Bagong Lipunan* [New Society] Improved Sites & Services (BLISS) walk-up apartments around the metropolis, which housed government bureaucrats and low-middle income employees (Phillips & Yeh 1983). The *Sapang Palay* Resettlement Project, a pioneering relocation site opened in the mid-1960s in the town of San Jose del Monte, Bulacan that came to house many of the urban poor relocated from the port area and foreshore of Manila, was also improved during this time⁴. NHA survived the political upheaval of the 1986 EDSA Revolution, even as its mother agency, the erstwhile Ministry of Human Settlements that was closely identified with then First Lady Imelda R. Marcos, was abolished. Subsequently, pursuant to Executive Order 90 of 1986, NHA became one of the main agencies under the umbrella of the HUDCC. Apart from building low-cost government row-houses, it has over the last four decades diversified its portfolio to regularly include the following shelter provision modalities: a) single-storey row, duplex, or quadruplex housing, b) Resettlement Assistance Program (RAP) for LGU housing that usually provides land, c) Core-Housing programs for

³ The other agencies are: National Home Mortgage Finance Corporation, Socialized Housing Finance Corporation, Housing & Land Use Regulatory Board, Home Guaranty Corporation, and Home Development Mutual Fund (a.k.a. Pag-Ibig Fund).

⁴ It is important to recall that SapangPalay was the first relatively large resettlement area located in what was then the rural municipality of San Jose del Monte, in Bulacan province, just adjacent and northeast of Metro Manila.

government bureaucrats and military personnel, d) sites and services provision to provide facilities and upgrades, but not necessarily with a housing component, e) medium-rise (up to five storeys) housing projects, f) slum upgrading for in-city lots, g) tenurial and technical assistance in purchasing land and building low-cost houses, or providing housing materials to the urban poor. Its most apparent technical competence remains in production of low-cost housing, usually nondescript single-story row housing and duplexes. In terms of total projects, the NHA has completed 2,798 projects from 1975 to 2015, which translates into approximately 1,404,400 housing units completed (89.40% of 1,570,828 started)⁵. The NHA counts its successes in terms of households moved into public shelter—whether families remain there or not is of secondary concern. Given the average household size of five, according to the standard government statistics office and census definitions, the reported accomplishments would cover 7,022,000 persons for 40 years or a rather modest 175,550 persons per annum. However, the latest (2015) national census puts Metro Manila's population at 12,877,253, with an estimated housing need backlog of 496,928 units (NUDHF Final Draft 2016) or 19.29% of the total of 2,575,450 households, assuming a family of five occupants for each of the units projected. It would seem, at least from the most recent figures, that the number of low-cost houses built has not exceeded 10% of the total metropolitan population. Moreover, there is no way to tell whether there are any leakages or backflows (i.e. awardees abandoning or selling their houses and migrating back to the streets of the metropolis), as interviews with insiders reveal record-keeping and monitoring to be spotty. This is also evident from the researcher's own experience in 2015-2016 of difficulties in obtaining public, non-sensitive data through formal channels. There were lost files, uncooperative staff, and a lack of point persons willing to dig up dated information.

Apart from NHA, the only other major direct government entity with a mandate to provide housing for the poor are the LGUs. If an LGU is wealthy, it can control most aspects of housing provision as has been the case for Makati City. Other times, however, the LGU ties its project in with the NHA or NGOs, with the LGU providing cheap land and NHA or the NGO partner providing construction personnel, design, and materials. Primary responsibility for initiating housing projects, however, theoretically remains with the LGU, which is privy to on-the-ground conditions. Lack of shelter can become an election issue for mayoral and gubernatorial candidates, highlighting the point that public culpability is better viewed as a conditionality of political favor. This is because few citizens have the time, resources, and willingness to litigate for specific performance compliance against elected or appointed officials.

It should be stated that there are other agencies that are indirectly involved in low-cost housing projects, each with its own strengths and weaknesses (See Table 2). The National Home Mortgage Finance Commission (NHMFC) through its subsidiary the Social Housing Finance Corporation (SHFC) provides a range of mortgage-type and other innovative financing packages to developers or organized groups to construct housing. The PAG-IBIG fund, the national fund for housing assistance, is also largely a financing instrument that can be availed of by all enrolled citizens. These foregoing agencies do not have the hardware and software to build and maintain large-scale public housing estates. Rather, they tie

⁵ The difference in housing units due to operational reasons like beneficiary withdrawals, contractual snags, operational mishaps, and other abortions.

up with LGUs, the NHA, or other agencies. One example of the latter is the Presidential Commission for the Urban Poor (PCUP), a smaller agency that provides a direct line between urban poor groups and the Office of the President. However, housing is neither its main nor only mandate, and in the absence of long-term records, it can be inferred that PCUP has had but a handful of projects, with beneficiaries running only to the few thousands. At the same time, however, it can also be inferred from press releases and this author's interviews that its officials claim to make up for the shortfalls in quality and quantity of NHA. Again, it is difficult to pinpoint direct responsibility because none of these 'helping hand' agencies are expected to assume culpability for anything but their own small projects, which always leave the option to pass the buck to NHA or the LGU when things go awry.

It must be mentioned here too that there exist two other potentially well-endowed providers, the Department of Social Welfare & Development (DSWD) and the Department of Interior & Local Government (DILG). DSWD may provide temporary or very basic housing in the course of implementing other mandates like providing emergency relief. However, the delivery of relatively large-scale, low-cost housing projects is not its overriding concern, hence it is not expected to be a regular provider of low-cost housing. DILG, as a regulator of LGUs, is often involved in social preparation and intensive training activities before and after resettlement, and not in the actual construction of houses. Again, DILG has experience in some aspects of shelter provision, but is neither by structure nor mandate focused on shelter provision.

TABLE 2: List of Agencies Involved in Public Shelter Provision in the Philippines

SHELTER AGENCY	MANDATE	CORE ADMINISTRATIVE OR SPATIAL COMPETENCE	POSSIBLE INSTITUTIONAL WEAKNESSES
Main Shelter Providing Agencies			
Housing & Urban Development Coordinating Council	Coordinate all shelter agencies	Comprehensive, if indirect, land-use control	Has no control over other shelter agencies
National Housing Authority	Develop and implement a comprehensive housing program.	Assembly line, low-cost housing provision	Slow to produce and innovate
- National Home Mortgage Finance Corporation (P.D.1267 of 1977)	Increase affordability of housing loans; build up housing bond fund	Directly lends to real estate developers, facilitates financing for public housing;	May engage in housing projects that are under other agencies' competence
- Socialized Housing Finance Corporation (Executive Order 272 of 2004)	Undertake social housing programs for low income, to manage Community Mortgage Program and other funds for public housing	Facilitate financing for all types of public housing, especially low-cost shelter projects	

SHELTER AGENCY	MANDATE	CORE ADMINISTRATIVE OR SPATIAL COMPETENCE	POSSIBLE INSTITUTIONAL WEAKNESSES
Home Guaranty Corporation (R.A.580 of 1950 as Home Financing Commission, E.O. 90 of 1986 as Home Insurance & Guaranty Corporation, then R.A.8763 of 2000 - present)	Assure and secure loans for investors in housing	Financing and guaranty arrangements with real estate developers	May get tied in or captured by private interests for certain projects
Home Development Mutual Fund (P.D.1530 of 1978, R.A.9679 of 2009)	Manage and grow a housing fund	Manages and invests the mandatory housing fund for all employees (private and public) nationwide	Limited in tracking and loan recovery
Housing & Land Use Regulatory Board	Regulate LGU plans, developers, real estate and associations	Regulates land use and urban development nationwide	May let slip certain land-use decisions
Associated or Quasi-Shelter Providing Entities			
Presidential Commission for the Urban Poor (E.O.82 of 1986)	Serve as direct link of urban poor to policy-making	Extensive network with urban poor community organizations at ground level	Relatively small, not housing focused
Local Government Unit	Govern local areas	Direct supervision of all aspects of local development	May not have capacity
Department of Social Welfare & Development	Care for and protect individuals and communities through state social services	Has massive machinery and personnel to do large-scale social work and emergency assistance	Slow to respond sometimes, may be politicized

Homelessness and Government Intervention: Narratives from the Ground

Without exception, the slum dwellers interviewed were either indifferent or pessimistic about the abilities and good intentions of government, having learned from daily run-ins with policemen, barangay (village) officials, enumerators, social workers, local politicians, and criminals. Some representative responses include: “The politicians are only around during Christmas time, to give gifts...” (Interviews with Homeless #14 & #15, Makati, 25 August 2016)⁶. Because the handing out of bags of groceries and toiletries is a common act of politicians, especially during major holidays and before elections (as experienced by

⁶ All interviews were conducted in confidentiality, and the names of interviewees are withheld by mutual agreement.

the author himself), it is not improbable for this to be interpreted as an effort to curry favor, or at least to gain visibility, with the poor.

Others who described both city hall's bureaucrats and politicians flatly declared, "We don't trust them" or "They serve themselves" (Interviews with Homeless #5 & #6, Makati, 10 April 2016). They also pointed out that government agents (e.g. police, along with the LGU's engineering crews) were the ones tasked to demolish the shanties, upon mayor's orders, or the like.

When probed around the issue of homelessness and who might be responsible for it, respondents explained that government resettlement programs, apart from being few and far between, were selective about beneficiaries. In fairness to government, though, agencies had to work within tight annual budgets. As an example, government agencies appear to have given priority to those with families, particularly young couples with children, for government-built or regulated shelter. Apart from those still waiting to get onto government lists, there were also respondents who had fled demolitions, opting not to take housing, or who returned to squat in the metropolis after a sojourn of anywhere from two to five years. These respondents fled because there was a lack of adequate employment in relocation sites. This latter behavior constitutes a problem for government or appears to be unrecognized. Hence, the seemingly wicked problem of recidivist slums.

The bureaucratic staff, on the other hand, tended to cite how they were confined by mandate and yearly office cash allocations to what they could do. When queried about a possible lack of coordination between the city's demolition teams from the Engineering Office and his own staff, the head of the Makati Social Welfare Department gave this insightful response (translated and paraphrased):

"We do coordinate...but you have to understand, the Engineering crews are the ones who have to come down hard, with the hammer so to speak; while our team tries to prepare the slum dwellers beforehand, and we are there to move them out and help them to resettle somewhere else, when the targeted day arrives... We need to think about the city's image."

It would appear that for a collective work, the notion of pinning blame would have to be fairly spread out, unless traceable to the specific and willful wrong act of an official or staff member, which would certainly not be admitted. A further reflection is in order here: there seems to be a difference between how the homeless define culpability and the way government sees it. For the public, especially the homeless in this case, there is little distinction between government officials and offices, or between one office and the next. At the same time, politicians and bureaucrats may be obfuscated in the minds of the homeless poor. The government is regarded as a monolithic entity, upon which blame can be indiscriminately pinned. A dramatically different perspective appears in government, where officials tend to draw a line between offices, and the bureaucrats define themselves as distinct from the politicians. For example, the Engineering Office is responsible for demolishing houses, while social welfare agents try to help communities through the post-demolition experience. This being the perceptual and social reality, some administrative effort must perhaps be made to reconcile the different understandings of what the government is, as well as what it can or cannot do.

Finally, just for perspective regarding the safeguards to bureaucratic behavior, a note must be added on the definition of criminal and civil liability in the Philippine legal environment that constrains anyone from exacting accountability through formal, legal means. According to the Criminal Code of the Philippines (Act. 3815 of 1930), criminal liability arises when any person commits a felony (*delito*), which is an act or an omission punishable by law. Those persons criminally liable are also civilly liable, although a person may incur civil liability only under listed circumstances, including self-defense, insanity, minority, duress, and other mitigating circumstances. In addition, public officials and employees are governed by a Code of Ethics (Republic Act 6713 of 1989), which requires them, *inter alia*, to be committed to public service, professionalism, and political neutrality. There is also the “Anti-Red Tape Act” (Republic Act 9485 of 2007), which makes the head of agency accountable for failing to provide to the public “fast, efficient, convenient, and reliable service” (Section 7). The idea behind this latter is command responsibility, although this is difficult to track because there are always at least two entities responsible for shelter, the NHA and the LGU. Moreover, there seems to be no specific and explicit provision under these laws that exhorts initiative-taking, thoroughness in the execution of duties, and a pro-poor bias. Furthermore, the Philippine legal system requires that *mens rea* (mental intent), the wrongful act or omission, and the opportunity must be present. This makes it somewhat challenging to locate culpability among public officials who are inefficient or inept, because sub-par competence or lack of a sense of urgency are neither strictly civil nor criminal acts, but are more administrative failures, for which it takes time for the dissatisfied public to mount organized protests.

Realities of Field Conditions That Affect Low-Cost Housing Provision

Despite the dilemma of assigning liability to bureaucrats who unceasingly see their housing projects to completion, even if there are lapses as mentioned above, and because not a few agencies are involved in housing or housing finance, why then does the nationwide backlog remain at an appreciable 5.8 million housing units (NUDHF Final Draft 2016)? This is in a country where, for the last decade, the poverty level has remained at 25-30% of the population, majority of which can be expected not to have means to purchase decent housing (Philippine Statistics Authority 2016). In fact, the urban poor and homeless do not have the capacity and time to get themselves on waiting lists of agencies, unless they are enumerated for LGU projects. While potential ‘walk-in’ customers are tolerated by NHA, these are rare exceptions, with only residual, unclaimed housing units assigned to any indigent person brave and knowledgeable enough to walk into the halls of such agencies. To arrive at the multi-faceted answer to the question, one needs to look at conditions both on the streets and inside the bureaucratic offices that serve the homeless.

Metro Manila commands the highest market values for urban land, with prime real estate in the Central Business District reaching highs of P150,000 (US\$3,197+) per square meter, as opposed to land at the metropolitan rim which can go for a significantly cheaper P10,000 (US\$200+) per square meter, which government purchases to set up resettlement sites. In doing so, however, it effectively banishes the urban poor to locations that take up to two hours commute to/from the traditional centers of employment. This is a daily journey that the poor can rarely afford, given the inefficient and disjointed public transit system.

At the same time, it appears that persons in authority are not exploring the fullest potential provided by the framework for housing in the Philippines. One recurring legal issue here is Section 18 of the 1992 Urban Development & Housing Act, which stipulates that developers of residential subdivision projects are required "...to develop an area for socialized housing⁷, equivalent to at least twenty percent (20%) of the total subdivision area or total subdivision project cost, at the option of the developer, within the same city or municipality, whenever feasible...". To the dismay of some pro-poor planning and shelter advocates and to the jubilation of the powerful real-estate lobby, the law was recently watered down by a Congressional amendment reducing the requirement to 15% and assigning the difference of 5% as a requirement to condominium developers (Republic Act 10884 of 2016). Whether in the original law or its amended version, the intent of such a provision is clear, but it has been cursorily followed, especially as developers are averse to providing in-city low-cost housing on prime, centrally located lands. Developers also tend to provide only the barest minimum for compliance of pro-poor shelter projects at the metropolitan rim. Policy analysts and academics have repeatedly called for a more forceful implementation of this **balanced housing** requirement as a partial solution to the perennial low-cost housing need, especially as Metro Manila has been in the throes of a condominium boom since the early 2000s.

ANALYSIS & DISCUSSION

Administratively, one can deduce from the foregoing field data that there is much more to the history of inconsistent and inadequate low-cost housing provision than a one-on-one principal-agent dilemma of Philippine public administration and planning. The scenario can be broken down into at least three (3) subsets of related problems: a) those problems for which there are capable peers or alternates, therefore allowing the problem to be framed as one of coordination of common mandates among government and non-government shelter providers, b) those problems that are known, but for which there are no capable peers or alternates in government, nor mechanisms of facilitation in law, therefore requiring external assistance, often at substantial cost, and c) those problems that are unknown but which affect the status quo, especially because government has lacked due diligence in understanding the nature of causes and effects.

In the first instance, the concurrent operation of allied housing finance agencies like the NHMFC, SHFC, and HGC already supplements the low-cost housing efforts of NHA, and LGUs (sometimes in partnership with NHA). To these are added the occasional housing projects of PCUP, DSWD, and DILG, whose bureau chiefs and officers may, however, take a rivalrous tone. Thus, blame for any failures cannot be the onus of any one agency; all should be responsible for mutually beneficial coordination rather than competition. At the same time, culpability lies rather in not choosing to coordinate and synergize joint efforts to produce more value added. Second, there are problems that fall squarely outside either the mandate or technical expertise of most of the agencies, such as the ability to

⁷ In the Philippines, the term for the lowest-priced public housing type is "socialized housing", as defined by Implementing Rules and Regulations of *Batas Pambansa 220* [National Law 220] of 1982 with a minimum of 32 square meters lot size for row houses, 48 square meters for duplex/single-attached houses, and 64 square meters for single-detached houses, versus "economic housing" the next higher tier, but still for low-income buyers.

simultaneously provide affordable, efficient mass public transit to far-flung resettlement sites, source employment, and regulate private provision of piped water and electricity. In such cases, solutions that involve substantial investment in infrastructure must be obtained from other agencies with their own budgets, internal dynamics, and time tables, or from private providers that must go through a bidding process. Third, there are problems or aspects of the present situation in many of the offices visited and observed by the author that have been poorly studied as a result of sloppy record-keeping, which is unequivocally blame-worthy.

How then shall one nuance actual distribution of responsibility? While the two former problems point to multiple structural and coordinative inefficiencies that may be streamlined over time by a forceful national chief executive and committed agency heads, the last problem is more assignable to specific subordinate actors. The observed weakness in research and record-keeping vis-à-vis a regular turnover of elected decision-makers can be construed as a mitigating circumstance when seeking to pin culpability on the head bureaucrats and elected officials. This is because it is the rank-and-file staff who hold the long-term, continuous tasks of obtaining, assessing, recording, and transmitting information vertically and horizontally to peer-agents and to principals above. In dealing with complex realities like shifting populations of street-dwellers, the leadership can only infrequently descend to verify day-to-day ground conditions, and act on matters selectively passed upwards and perceived to be actionable, meritorious problems. On the bureaucrats' side, if the apathy or indifference to learning about and addressing novel situations persists, this may result in organizational incompetence, creating a socially constructed reality marked by frustration, contempt, and alienation in organizations (Ott & Shafritz 1994, 371).

When fiascos do blow up in the open for media to focus on, there is a typical finger-pointing game. But few officials and bureaucrats get sanctioned, as officials can reasonably interpose the defense that they had acted on filtered information, while bureaucrats assert that as long as they had worked within their silos, they did no wrong. Working within a securely defined set of parameters is in fact the best strategy for a bureaucrat to work his way up uneventfully in the organizational ladder, as culpability for the neglected gray areas along the way will almost always have to be debated upon, passed on, or shared with little expectation of punishment. What then is the practical way to resolve such vicious cycles? Starting with the theoretical approach, one has to simplify complexity in the bureaucratic system. One administrative scholar (Muses 2002, 963-964) identifies three kinds of complexity that find their way into public bureaucracies: turbulent iteration, needless over-complication, and pathological complexity. Ultimately, all complications relate to ways of coping that need to be reviewed and communicated upwards; hence bureaucracy remains that mechanism that must place more realities within view of decision-makers, rather than obscure what needs to be finely perceived.

CONCLUSIONS, POLICY RECOMMENDATIONS AND STEPS AHEAD

Against the backdrop of an unsympathetic sample of responses from the urban poor, this research has demonstrated that the multiple shelter-agency setup of the Philippine governance system is somewhat limited in its employment of a narrow range of housing

strategies (viz. largely production-oriented to basic units in far-flung areas intended for permanent occupation). It is characterized by occasional competition rather than harmonious complementation because of a mandate-dominant but less-than-flexible public housing authority. Moreover, other aspects of shelter provision like transportation and utilities are disjointed, and archiving that would otherwise be the basis for learning from experience is shoddy. This latter situation places a heavier share of blame on the bureaucratic staff rather than the essentially transient and partly blind-sided political decision-maker. One possible way to improve on the situation, at least from an administrative perspective, is to mandate macro-scale “whole-community” type planning and project implementation, which incorporates resettlement areas more thoroughly in national and regional-level development efforts, and not just at the agency level. In this way, larger infrastructure programs like rail systems, utilities, and high-level medical services can be linked to all residential areas *en masse*, rather than on a piece-meal basis. Present policy (or rather, office protocol) that requires inter-agency coordination is already a step in this direction, but it is sometimes limited to information-sharing and tokenism rather than joint risk-taking on the parts of the agencies themselves. This can be addressed by more comprehensive coordination led by an inter-agency persona with a proven track record and political clout, and aimed at producing resettled communities with enough economic activity and access to urban centers for poor residents.

As for the legal framework, two salient findings show that, first, there are relatively few laws that compel or encourage housing for the poor, especially if provided by the private sector or civil society, and second, the statutes on criminal and civil liability do not (yet) contemplate acts and omissions indirectly leading to, or exacerbating the conditions of poverty and homelessness. This points to the fact that homelessness arises out of bureaucratic inefficiencies and lack of a higher standard of care, for which administrative, rather than judicial, remedies should first be applied. As a concrete step to address these problems, new laws may be contemplated that allow more attractive incentives (e.g. substantial tax cuts) for non-government actors like venture capitalists who can provide permanent or temporary shelter to the indigent. Standards and protocols for post-relocation care, monitoring, and evaluation may compel bureaucrats to do proper follow-through in their shelter provision projects—for example, to address the poor tracking system for continued occupancy once families have been transferred.

To effectively respond to the massive need for decent shelter in the Philippines, it is crucial that both decision-makers and bureaucrats are able to see the entirety of the housing problem, and thereafter to act affirmatively, on what is perceived. This requires willful acts of searching even in gray areas. Government can conduct such targeted and frequent studies of housing dynamics directly, or it can enlist the academe or external consultants to do such work. In this regard, doing more research, before, during and after shelter provision projects can help fine-tune government policy and praxis later on.

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Energy Security and Regional Power Sector Cooperation in the Greater Mekong Sub-Region: Past Developments and Near-Term Challenges

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Keywords: Energy security, regional cooperation, Greater Mekong Sub-region (GMS), regional power trade

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ABSTRACT

Energy security is a key objective for any modern society. While the concept has traditionally implied security of supply, it should include economic, technological, environmental, social and cultural, and military/security dimensions as well. In this context, grid interconnectivity potentially has a positive impact on energy security. Nevertheless, several barriers constrain the development and deepening of regional power agreements. Among all, lack of political will is commonly highlighted. The Greater Mekong Subregion (GMS) has shown the largest progress of regional power trade in Southeast Asia. Even though, it is also currently facing challenges to move forward the program. This paper reconstructs the development process of the program in order to better understand how the political will was formed or created and what is currently blocking it. Doing so, it identifies four moments when that was needed. Three of them successfully overcome, and one remaining as a challenge for the near-term future. In total eight critical factors are considered to be behind. Based on them, and the understanding of the current situation, recommendations for the near-term are also proposed.

INTRODUCTION

Energy security and regional power cooperation

Energy is a basic requirement for the social and economic well-being of a modern society. Universal access to modern energy is one of the goals of the United Nations

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Sustainable Development Agenda (SDG). Nevertheless, the concern is not new – energy security, or “keeping the lights on”, has been an objective of governments around the world. Yergin (1988) has stated the objective of energy security is to “assure adequate, reliable supplies of energy at reasonable prices and in ways that do not jeopardize major national values and objectives”. ADB (2013) has described the three pillars of energy security as: (i) adequacy and reliability of physical energy supply, (ii) environmental sustainability, and (iii) affordable access. The International Energy Agency (IEA, 2015) has explained the “power trilemma” amongst sustainability, affordability, and availability. A new understanding of energy security can ease the solution of this trilemma. Energy independence is becoming “increasingly at odds with reality” (Yergin, 2006). The Department of Economic and Social Affairs (DESA) of the United Nations Secretariat (2006) has proposed a more comprehensive operating definition that includes five dimensions of energy security: supply, economic, technological, environmental, social and cultural, and military/security. It also provides examples of how well-designed grid interconnections can increase energy security. World Bank’s Energy Sector Management Assistance Program (ESMAP) also highlights energy security as one of the positive outcomes of increasing regional power cooperation (ESMAP 2010). Nevertheless, these studies have shown that the implementation involves several challenges. Briceño-Garmendia and Foster (2009) have observed the following about regional infrastructure: “benefits are clear, but reaping those benefits possess political, institutional, economic, and financial challenges that are far from trivial”. This is also applicable to regional power cooperation.

Literature Review

The literature on regional power cooperation has focused on case studies to better understand the dynamics of the regional cooperation and the factors shaping the development of the process. O’Leary et al. (1998) have found three major factors for the development of the agreements at the Southern African Power Pool (SAPP), namely the availability of complementary power sources, an active regional organization for economic cooperation, and the political will to support increased regional energy trade. Hira and Amaya (2003) have explained the prerequisites for regional power markets as: “physical and administrative infrastructure to run the market, common regulatory principles and a regional regulatory authority to create rules, set up a pricing mechanisms, manage transmission and contract and clear up disputes, and customization of regulations towards the particularities of a region’s energy resources and the actor that dominates the national electricity markets”. The Independent Evaluation Group (IEG) of the World Bank has identified five factors for effective program design and implementation: strong country commitment, scope matched to national and regional capacities, delineation and coordination of responsibilities, accountable governance arrangements, and planning for sustainability (IEG 2007). Huda and McDonald (2016) have pointed political challenges as the biggest constraint for regional energy projects in South Asia. Similarly, Wu (2016) has listed institutional and political barriers to the realization of the ASEAN Power Grid.

The Greater Mekong Sub-region (GMS) power cooperation program is a relevant case study because it is the most advanced in the region (IEA, 2015). Previously, Yu (2003) has looked at the potential benefits of regional power trade market in the region and identified

three major areas of obstacles: national interest, policy barriers, and institutional barriers. In addition, Economic Consulting Associated (2010a), in a report submitted to ESMAP, has highlighted three recurring elements for the facilitation of regional power cooperation: political will to cooperate, coordination, and sequencing. Since then, the program has moved into a new phase where discussions about the establishment of a Regional Power Coordination Center (RPCC), construction of a transmission line between Lao PDR and Singapore, and progression into the second stage of integration are gaining traction.

Objective and Method

This paper contributes to this literature by providing a description of the development process from the inception of the GMS power cooperation program till date. This was prepared by combining information from reports of the Asian Development Bank (ADB) with relevant research papers. Then I paid attention towards the process of creation of the political will, one of the elements highlighted in the existing literature. These are situations when an agreement amongst all the member countries was needed for a particular item. I identified those moments in the developing process and suggested the potential critical factors involved. Hence, those were identified inductively through an understanding of how the political will towards the cooperation appeared and/or was created for each of these situations.

ENERGY SECURITY AND POWER COOPERATION IN THE GREATER MEKONG SUB REGION

The primary energy demand of the countries in the GMS² is growing more rapidly than the world average (Doi et al., 2010). According to ADB (2016), it is expected to increase by 80% of the current level by 2035. Myanmar and Viet Nam are expected to witness a two-fold jump in their primary energy demand in this timeframe. Meanwhile, member countries are expected to become increasingly dependent on imported fossil fuels (ADB, 2009). Addressing those needs while considering the environmental and social sustainability will be a major challenge for all the countries.

Table 1 - Forecast of Primary Energy Demand in GMS countries

	mtoe					Average Annual Growth Rate [%]			
	1990	2009	2015	2020	2035	1990-2009	2009-2020	2020-2035	2009-2035
Cambodia	-	5	6	7	11	...	3.0	3.0	3.0
Lao PDR	1.2	3	5	5	9	4.5	6.1	3.4	4.5
Myanmar	10.7	15	17	21	35	1.8	3.3	3.3	3.3
Thailand	41.9	103	121	140	215	4.9	2.8	2.9	2.9
Viet Nam	24.3	64	83	99	185	5.2	4.0	4.3	4.2
PRC	863	2,257	2,798	3,156	4,034	5.2	3.1	1.6	2.3
Total	941	2,447	3,030	3,429	4,489	5.2	3.1	1.8	2.4
Total without PRC	78	190	232	273	455	4.8	3.3	3.5	3.4

Source: ADB 2016

² The countries covered by the GMS program are Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam and the People's Republic of China (PRC, specifically Yunnan Province and the Guangxi Zhuang Autonomous Region)

Against this background, regional power cooperation in the GMS has been found to be a promising alternative. Traditionally, countries have put more emphasis on their national self-sufficiency, identifying security of supply with national generation capacity. Nevertheless, due to the nature of electricity systems, this can lead to sub-optimal solutions. Research has shown that the integration of power systems beyond national borders can bring several additional benefits. This is true for areas of the Greater Mekong Sub-region (GMS) where high complementarity amongst national systems exists. Whereas energy resources, particularly hydroelectricity, are higher in Lao PDR and Myanmar, demand is stronger in Thailand and Viet Nam. Interconnecting them would bring investment to Lao PDR and Myanmar, and supply cheap and clean electricity to Thailand and Viet Nam. Cambodia could benefit from import of cheap hydropower and from investment in its hydropower infrastructure. Yunnan and Guangxi provinces of China can also benefit from importing and exporting.

Different studies have shown how the entire region could benefit from greater regional energy sector integration. In particular, ADB (2009) has identified the following: (i) reduction of overall energy costs by 19% compared to business as usual scenario up to 2030, (ii) reduction in overall dependence on imported resources by 5.5% of total energy consumption, (iii) 40% lower coal-based power generation capacity, and (iv) greater integration of renewable energy sources and other off-grid solutions by 11 GW.

Table 2 - GMS energy resources (2009)

	Cambodia	Lao PDR	Myanmar	PRC, Guangxi	PRC, Yunnan	Thailand	Viet Nam	Total
Hydro (MW)	9,703	17,979	39,669	17,640	104,370	4,566	35,103	229,031
Coal (million ton)	10	503	2	2,167	23,994	1,239	150	28,065
Natural gas (billion cubic meter)	n.a.	-	590	n.a.	n.a.	340	217	1,179
Crude oil and natural gas liquids (million ton)	n.a.	-	7	173	n.a.	50	626	819

Source: ADB, 2012

Table 3 - Drivers for regional power cooperation for GMS member countries

Country	Drivers for regional power cooperation
Cambodia	<ul style="list-style-type: none"> • Import of cheaper power from Southern Viet Nam and Lao PDR • Development of hydropower plants for export
Lao PDR	<ul style="list-style-type: none"> • Attraction of FDI for development of hydro capacity for export • Attraction of investment
Myanmar	<ul style="list-style-type: none"> • Attraction of investment • Export of hydro and natural gas

PRC	<ul style="list-style-type: none"> • Development of cost effective projects in neighboring countries (mainly Myanmar) to import electricity for Guangdong Province • Export of electricity (mainly to Northern Viet Nam and potentially Thailand) • Promotion of Global Energy Interconnection project
Thailand	<ul style="list-style-type: none"> • Import of electricity from neighboring countries (especially Lao PDR and Myanmar) • Increase in diversification of the energy mix that will reduce dependence on imported natural gas • Reduce the need for development of coal-fired power plants
Viet Nam	<ul style="list-style-type: none"> • Import of hydropower for Northern Viet Nam grid • Export of surpluses due to capacity and/or differences in peak times from Southern Viet Nam

OVERVIEW OF THE GMS POWER COOPERATION PROGRAM

The GMS Program on Economic Cooperation is an initiative officially launched with the support of the ADB in 1992. It started as an attempt by the ADB to “strengthen peace and stability in the subregion with its neutral role” (ADB, 2012). The GMS program currently includes 10 different sectors, energy being one since the inception of the program. In fact, the development of the 45 MW Xeset hydropower plant in Lao PDR and an associated power purchase agreement with Thailand can be considered as the forerunner projects of the entire program.

The success of this project triggered a series of consultations by the ADB with the governments of Cambodia, PRC (at this time including only the Autonomous Province of Yunnan), Lao PDR, Myanmar, Thailand and Viet Nam, which ultimately led to the First GMS Ministerial Conference held on 21-22 October 1992 in the headquarters of the ADB in Manila (Philippines).

After that, additional studies were conducted to identify priority projects and to evaluate the potential impact, feasibility and barriers to the development of a regional electricity market in the GMS. ADB funded the first subregional energy sector study, commissioned in 1995. This was complemented by a Power Trade Strategy for the GMS conducted by the World Bank in 1999. In 2002, during the First GMS Summit of Leaders in Phnom Penh (Cambodia), the Inter-Governmental Agreement on Regional Power Trade (IGA) was signed by all the member countries. A Regional Power Trade Coordination Committee (RPTCC) was created to supervise the further developments. In particular, the design of the Regional Power Trade Operating Agreement whose final report was submitted in 2004 at the 3rd meeting of the RPTCC. This included a gradual process (ADB 2008):

- Stage 1: One-way power sales under a power purchase agreement from an independent power producer in one country to a power utility in a second country, using dedicated transmission lines established;
- Stage 2: Trading between two countries, initially using spare capacity in dedicated stage 1 transmission lines, and eventually using other third country transmission facilities;

- Stage 3: All countries interconnected with 230-500 kilovolt lines will introduce centralized operations with a regional system operator that would facilitate third-party participation in trading (entities other than generators/sellers and utilities/purchasers); and
- Stage 4: All countries accept legal and regulatory changes to enable a free and competitive electricity market, with independent third party participation.

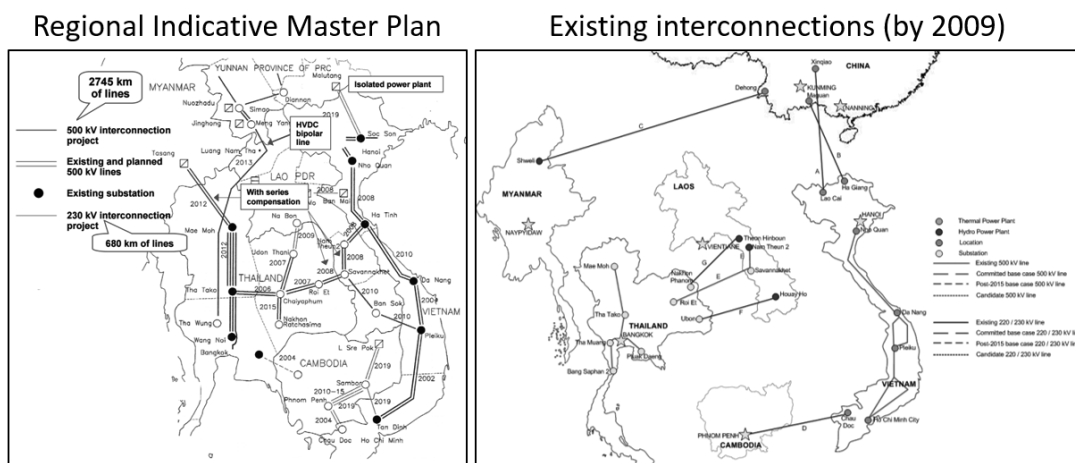
Since the commencement of the program, numerous power plants have been developed and the amount of bilateral power trade has increased dramatically. In particular, Thailand has been the most active member country, importing power from Lao PDR. The latest Power Development Plan (PDP) of the Electricity Generating Authority of Thailand (EGAT) includes an objective to cover 15-20 per cent of the power demand in 2036 through imported hydropower. PRC has also supported the development of different hydropower generation plants in Myanmar. Meanwhile, Viet Nam has been exporting electricity to Cambodia from its Southern grid, while importing from China in the North. In summary, although these bilateral interconnections are still far from the 2002's regional indicative master plan, the generation and transmission capacities for regional power trade have been continuously growing.

Table 4 - Exchanges of Electricity within the GMS in 2014 (GWh)

To	From						Total
	Cambodia	Lao PDR	Myanmar	PRC	Thailand	Viet Nam	
Cambodia	---	13.77			396	1,219	1,628.77
Lao PDR		---		221	1,286	35	1,542
Myanmar			---				
PRC			1,496	---			1,496
Thailand		11,936			---		11,936
Viet Nam		small		1,976		---	1,976
Total		11,949.77	1,496	2,197	1,682	1,254	18,578.77

Source: ADB, 2016

Figure 1 - Planned and existing interconnections in the GMS



Source: UNDESA (2005) and ADB (2010)

On the other hand, similar progress has not yet been achieved in terms of developing the institutional capacity to move beyond the first stage. For example, constraints for third party access to dedicated transmission lines developed for the PPAs pose a challenge for new projects (Antikainen, Gbert, Moller, 2011). Similarly, the lack of agreement on wheeling charges for the use of third country transmission network appears to be behind the development of the MOU signed between PRC and Thailand for the export of electricity from Yunnan Province.

This imbalance between development of the physical infrastructure (hardware) and the institutional aspects (software) has been pointed out by various studies. It is included, for example, in ADB's Assessment of the GMS Energy Sector Development (2013):

There has been remarkable progress in the GMS energy sector over the past two decades. Considerable success was also achieved in rolling out rural electrification in member countries. Rapid provision of large-scale, high-volume national grid systems; successful mobilization of indigenous resources; and the beginnings of cross-country trade also took place. These successes have been achieved mainly at the national level. Despite considerable political pronouncements that recognize the imperatives of regional cooperation, progress has not matched national achievements. The high-volume trans-boundary connections that have been made to date within the GMS do not achieve a true interconnection of systems with synchronous operations, but are simply an extension of the national grids of the large-consuming countries into the territories of producers of (mainly) hydropower

Against this background, recent developments seem to be bringing a new impulse to the regional power cooperation program. The power trade agreement between Lao PDR and Singapore, going through Thailand and Malaysia, is a promising development that could have implications for third country access agreements. In addition, an update of the regional master plan and negotiations for the establishment of the Regional Power Coordination Center seem to indicate renewed effort towards strengthening the institutional structure of the program. Finally, projects including neighboring countries, such as the ASEAN Power Grid and China's supported Global Energy Interconnection project, could facilitate the negotiation processes between member countries.

THE DEVELOPMENT PROCESS OF GMS POWER COOPERATION

The origin of the GMS program can be traced back to the development of the 45MW Xeset hydropower dam located at Saravanh province in Lao PDR. The project was proposed by the ADB's Director of the Programs Department (West), Noritada Morita, as a request for project funding by Lao PDR government. Originally, the Laotian request was for a small-scale hydropower generation project. In order to overcome the challenges of funding that project, Mr. Morita suggested the possibility of developing a larger hydropower dam including a power trade agreement with Thailand. This was proposed based on the existence of the Nam Ngum, a 155 MW hydro power generation plant commissioned in 1971, which has been continually exporting electricity to Thailand during the years of conflict. During this time, both countries have fulfilled their part of the agreement, transferring electricity

and delivering payment for it. The idea of this project was positively received by the state-owned utilities of both countries, EDL in Lao PDR and EGAT in Thailand. The project was then conditioned to the signing of a formal agreement of commitment to the project by the two governments. After years of conflicts, the negotiations between both countries were said to be very complex. The active involvement of the state-owned companies was then fundamental in mobilizing the political support for reaching a satisfactory agreement with both parties. The Xeset hydropower dam was finally commissioned, after two and half years of construction, in 1991. This has been considered as the forerunner project, or proof of concept, for the GMS program. It was the first cooperative project in the region between two countries that “appeared to be almost impossible to put together in the existing international political environment” (ADB, 2012 - 2).

Following the success of the Xeset hydropower plant, the ADB established a Bank Study Group which conducted bilateral conversations with the six countries to explore their willingness to participate in a regional economic cooperation program. The result was the First Ministerial Conference held at ADB’s headquarters in Manila (Philippines) on 21-22 October 1992. This was the first time that all the countries in the region met at the same forum. In order to avoid potential conflicts and move towards the cooperation program, three conditions were proposed by Mr. Morita: (i) no inclusion of foreign affairs ministers, (ii) no need of written agreement, just a Chairman’s statement including the opinions of all the member countries, and (iii) no need of charter or established headquarters, with ADB providing secretarial support. All this moved the process to a strong focus on the implementation of projects. The first Subregional Energy Sector Study (RETA 5535) was conducted between 1993 and 1995 to identify relevant regional energy projects. Based on that, a list of priority projects was agreed upon during the 3rd and 4th Ministerial conferences in 1994. Then, the Subregional Electric Power Forum was established in 1995 as an advisory body to the GMS ministers. This was formed by two representatives from each country (a senior official from respective ministers and a senior management representative of the state-owned power utilities). The 3rd meeting of the EPF in Kunming (PRC) in 1996 endorsed the elaboration of the World Bank’s Power Trade Strategy for GMS. The final draft that was submitted in 1999 included the following:

- (a) Assess options and formulate a strategy for power trade among the Greater Mekong countries, paying special attention to the barriers to trade and the policy, institutional, and commercial framework required to develop and operate efficiently a regional power network; and
- (b) Establish the rationale and options for donors’ support to power trading and transmission network investment needs within the region.

In 1998, after the agreement reached during the 4th meeting of the EPF in 1997, the Experts Group on Power Interconnection and Trade (EGP) was established “to focus on promoting cross-border trade in electricity and the attendant requirement of developing a regional power grid”. This group was also in charge of overseeing the Regional Indicative Master Plan that was conducted later.

The process then moved to a next phase to draft a regional agreement to foster the regional power trade. In the absence of existing studies, the World Bank carried out

a study to propose a Power Trade Strategy for GMS. A key output of this study was the identification of the main barriers, which included: (i) policy barriers, (ii) technical barriers, (iii) institutional barriers, and (iv) commercial and financial barriers. In particular, it stated an absence of leadership “within the region to facilitate and promote greater regional trade”. It also developed a number of recommendations, such as the preparation of a policy protocol which could include “principles ruling the agreement, like competition, gradually, reciprocity”. In addition, the ADB approved the RETA 5920 for the development of a Regional Indicative Master Plan. This was conducted between 2000 and 2002, to “identify levels of energy demand the priority interconnection projects up to 2020 necessary to support regional power trade” (ADB 2012). The Experts Group on Power Interconnection and Trade (EGP), created in 1998, was in charge of overseeing this study and drafting the Policy Statement on Regional Power Trade in Greater Mekong Sub-region. This was first adopted by the 6th Electric Power Forum in December 1999 and endorsed by the GMS Ministers during the 9th GMS Ministerial meeting in Manila in January 2000. Ultimately, the highest level political support was obtained with the sign of the Inter-Governmental Agreement on Regional Power Trade in the GMS (IGA). At the Joint GMS Summit Declaration, this was acknowledged with a commitment to “accelerate development through mutually beneficial initiatives” (ADB IGA). The IGA recognizes three principles to guide the process: (i) cooperation, (ii) gradualism, and (iii) environmentally sustainable development. It is interesting to note that, although the Policy Statement included references to market reform and private sector participation, these do not explicitly appear in the IGA. The only mention of the main actors is “their respective appropriate national authorities and government-designated electric utilities”. This appears to represent a ratification of the role of the state-owned national utilities in the process. IGA also includes the following three objectives:

- a) Coordinate and cooperate in planning and operation of their systems to minimize costs while maintaining satisfactory reliability;
- b) Fully recover their costs and share equitably in the resulting benefits, including reductions in required generation and transmission capacity, reductions in fuel costs and improved use of low-cost electricity sources; and
- c) Provide reliable and economic electric service to the customers of each Party

In parallel to the regional power trading studies and agreements, bilateral power trade has been developed through a memorandum of understanding (MOU) between the governments or long-term power purchase agreements (ADB, 2003). Thailand, for example, has already signed MOUs and frameworks for their development with Lao PDR (7,000 MW) and PRC (3,000 MW), and MOUs but without a framework for their development with Myanmar and Cambodia. This process has followed a pragmatic approach focusing on the bankability of each independent project, rather than a long-term vision for the creation of a regional power grid. This has delayed the final goal of creating a regional electricity market, and therefore, as will be explained in the following section, slowed down the process with some negative consequences for the member countries. For example, an agreement for the approval of third country access has not been developed, this has ended in the blockade for the development of the bilateral trade between PRC and Thailand (due to the necessity of crossing Lao PDR). On the positive side, this has allowed the construction of a large number of generation plants, especially hydropower plants, commonly with dedicated transmission

lines. In addition, this pragmatic approach, in which individual countries' benefits are the main consideration, seems to have protected the process from political disturbances. The case of the MOU between Thailand and Myanmar can serve as an example of this. ECA (2010) explains that in June 2007, the Thai energy minister declared that Thailand was not looking to import electricity from Myanmar, although two MOU were signed in 1997, for 1,500 MW, and 2005, for 8,200 MW. This position was newly modified when, in 2009, EGAT expressed hope in the signing of one hydropower plant included in the second MOU (the Hutgyi project). According to the ECA study, the reluctance shown was connected to concerns due to the links of the previous Thai prime minister, Thaksin Shinawatra, and the Myanmar government. The strong pragmatism in the proposal of these projects, together with the autonomy and existing relations of the state-owned companies could explain why the interest for these agreements was kept, despite political opposition.

Figure 2 - Power interconnections in the GMS

<i>From</i>	<i>To</i>	<i>Voltage</i>	<i>Capacity (MW)</i>	<i>Year</i>
Theun Hinbourn HPP, Lao PDR	Sakhonnakhon, Thailand	230 kV	200	1998
Houayho HPP, Lao PDR	Ubon 2, Thailand	230 kV	150	1999
Xinquao, Yunnan, PRC	Lao Cai, Viet Nam	220 kV	250 – 300	2006
Maguan, Yunnan, PRC	Ha Giang, Viet Nam	220 kV	200	2007
Shewli I HPP, Myanmar	Delhong, Yunnan, China	220 kV double circuit	600	2008
Chau Doc, Viet Nam	Phnom Penh, Cambodia	220 kV (Viet Nam), 230 kV (Cambodia) double circuit	200	2009
Ban Nabong, Lao PDR	Udon Thani, Thailand	500 kV (operated at 230 kV)	615	2010
Xekaman 3, HPP, Lao PDR	Thanh My, Viet Nam	220 kV double circuit	250	2012
Hong Sa TPP, Lao PDR	Mae Moh, Thailand	500 kV	1,470	201??

Source: Chong Chi Nai (2015)

After the signing of the IGA, the project entered into a new phase – the development of an appropriate institutional framework to facilitate the greater interconnection of the national systems. For that, the Regional Power Trade Coordination Committee (RPTCC) was established in 2004, replacing the EPF with a similar constituency. The first task for the RPTCC was “to oversee the preparation of a draft Regional Power Trade Operating Agreement (RPTOA)” (ADB 2012). Other tasks included to provide recommendations for the overall policy and day-to-day management of regional power trade; establish the short, medium and longer term initiatives; and to identify necessary steps for implementation of regional trade. The final draft of the RPTOA was approved during the third meeting of the RPTCC in April 2005 in Vientiane. The RPTOA included in its recommendations the adoption of the gradual process of four stages or steps up to the constitution of a regional electricity market in the GMS (ADB 2008):

- Stage 1: One-way power sales under a power purchase agreement from an independent power producer in one country to a power utility in a second country, using dedicated transmission lines established;

- Stage 2: Trading between two countries, initially using spare capacity in dedicated stage 1 transmission lines, and eventually using other third country transmission facilities;
- Stage 3: All countries interconnected with 230-500 kilovolt lines will introduce centralized operations with a regional system operator that would facilitate third-party participation in trading (entities other than generators/sellers and utilities/purchasers); and
- Stage 4: All countries accept legal and regulatory changes to enable a free and competitive electricity market, with independent third party participation.

In July 2005, an MOU on the Guidelines for the Implementation of Stage 1 of the Regional Power Trade Operating Agreement (MOU-1) was signed during the second GMS Summit in Kunming (PRC). After this, two new institutions were created under the umbrella the RPTCC, the Focal Group (FG) and the Planning Working Group (PWG). The FG, composed of middle managers from each country, coordinates the implementation of day-to-day activities of the RTCC in each GMS country; while the PWG, composed by a senior level representative from each national transmission system operators (TSO), coordinates the planning of GMS cross-border transmission lines (ADB 2012, ECA 2010b).

Nevertheless, without establishing permanent headquarters and/or staff with an independent budget, the work continued based on an inter-governmental approach (negotiations between governments or state-owned utilities' representatives). The need for establishing a more regionally-oriented institution was recognized during an update of the Regional Master Plan (RETA-6640). In fact, following its recommendations, countries started the negotiations for the creation of a permanent Regional Power Coordination Center (RPCC) during the 11th meeting of the RPTCC in Ho Chi Minh (Viet Nam) in 2011. Member countries have reached an agreement for its establishment, proving their common interest in increasing regional power trade. However, negotiations for its establishment failed to reach consensus on the location of its headquarters. This issue has been under discussion from the 12th meeting of the RPTCC in 2012 in Bangkok (Thailand). After the bidding process realized, no consensus was achieved; this has led to a reformulation of the criteria for the selection still under discussion during the latest, up to today, 19th meeting in November 2015.

DISCUSSION AND SUMMARY OF CRITICAL FACTORS FOR POWER COOPERATION IN THE GMS

From the previously presented development process critical moments when the political will was needed. Also, the description helps to induce critical factors in this process.

Acceptance of cooperation program after years of military regional conflicts

The GMS program was started right after the signing of the Paris Peace Agreements in 1991, in fact the negotiations from Mr. Morita had already started before. At that time, there were still border confrontations between Lao PDR and Thailand, even though these countries that initiated the Xeset hydropower dam agreement, building the path for the regional cooperation program in the GMS.

- *Involvement of the ADB as a neutral partner:* In a context when political relations were challenging, ADB was able to identify a beneficial project and reduce existing concerns. Similarly, by offering to host the initial meetings, ADB provided a neutral venue for the gathering of member countries. ADB has continued giving that support and fostering the negotiations as secretariat. ADB has continuously been acting as a catalyst of trust between the member countries.
- *Commencement of the negotiations at technical level:* Mr. Morita approached the state-owned companies, who were more sensitive to the benefits that cooperation could bring to both countries. Similarly, he requested that for the first conference in Manila, the representatives from each would not be from ministries of foreign affairs. A possible reason for that was to prevent other political negotiations from being brought to the table. Moreover, by establishing negotiations at technical level, state-owned companies were able to identify the national merits of the cooperation program.

Getting the approval and support from heads of states

Once the program was initiated, the need to achieve an agreement at the highest level possible in order to foster the regional power trade was clear. The World Bank identified policy, technical, institutional, and commercial and financial barriers. This was achieved through the Inter-Governmental Agreement (IGA) by the heads of state. Two critical elements played a major role in fostering that agreement:

- *Strong focus on regional ownership of the program:* although World Bank and ADB conducted studies for the Power Trade Strategy and for the Regional Indicative Master Plan, both were supervised by the EGP. This institution, rather than the developing partners, was in charge of drafting of the Policy Statement.
- *Gradualism principle:* included as one of the three principles in the IGA, this has helped to reduce security concerns between countries and promote political will to set ambitious long-term objectives. The division of the process into four stages is the most visible evidence. Nevertheless, a drawback of this has also acted against the actual implementation of deeper integration stages faster.

Building the required physical infrastructure

Infrastructure construction requires effective coordination among all the stakeholders. This can become particularly challenging in the case of infrastructures across different national borders. In the GMS this has been effectively solved, although the current situation is distant to the initial Regional Indicative Master Plan. Another two critical factors have been fundamental on this:

- *Active involvement of state-owned utilities and related ministries:* partly due to the strong regional ownership of the program, state-owned companies have been always at the center of the decision of which cross border projects would be developed. This has had a positive impact in the rapid development of projects. The establishment of different negotiation and working groups including senior and middle managers have helped focus the technical studies on better coordination with the independent national

development plans. In this sense, regional aspects are increasingly being introduced into national policies.

- *Absence of regional mindset in the development of new projects:* as the other side of the same coin, a lack of long-term regional vision can be perceived. In particular, the continuous development of dedicated transmission lines for specific projects, through bilateral power trade, can become an obstacle for further projects of smaller size.

Developing the institutional aspects for operationalizing regional power trade

After the explicit support from heads of states and with the construction of physical infrastructure already initiated, the approval of agreements to enable the power trade at regional level is needed. This is a required process in order to achieve the later stages envisioned for the GMS power cooperation program. Nevertheless, the challenges being faced for the constitution of the Regional Power Trade Center seem to demonstrate that political will is still lacking. Two critical factors potentially can explain this situation:

- *Emphasis on inter-governmental approach:* negotiations based on meetings of representatives from each member country has had a positive influence through the identification of opportunities for bilateral agreements. Nevertheless, it has shown limitations for the development of agreements including third-countries.
- *Lack of coordination on PDPs:* although regional aspects are being incorporated into national policies, there is still a lack of coordination between the national policies of all the member countries. Particularly, without a centralized or supervisory institution to guarantee the coordination of the power development plans, this seems to not have been sufficient. For example, an explicit linkage between national PDPs and a regional PDP could serve to better attract investors to the potential future regional power market.

Recommendations for the near-term future

The GMS power cooperation program is now moving towards stages of greater integration. Projects such as the transmission line between Laos PDR and Singapore are reviving the need of system-to-system power trade. But, in order to continue the process, it will need to overcome the challenges being faced in developing the institutional aspects. Based on the current situation and the critical factors identified, two critical elements are proposed:

- *Promotion of regional vision among national experts:* negotiations at technical level and active involvement of state-owned utilities have been found as important enabling factors. Nevertheless, the emphasis on inter-governmental approach has prevented to development of a commonly shared regional vision for the power cooperation. An institution such as the Regional Power Coordination Center (RPCC) can become that actor with the capacity to move the program beyond its current status. To do so, it will require economic and managerial independence, with sufficient budget and full-time employees. The incorporation of staff from the state-owned companies could be beneficial in order to ensure the coordination with national objectives and the understanding of national potential obstacles.

- *Addressing of unbalances:* greater regional power sector integration will generate winners and losers amongst and inside member countries. Implementing the mechanism to prevent unfair losses will be needed. For example, the development of larger hydro power generation capacity in Lao PDR and Myanmar will impact not only locally the environment and lives of people, but can have consequences in riparian countries. Also, both countries will need to establish appropriate policies to avoid the “Dutch disease” from the large development of exporting power capacity. Measures to prevent concentrated costs at national level, probably with the support from neighbouring countries, should be included in the design of the future regional projects. For example, the development of more holistic approaches to river management, such as the Strategic Environmental Assessment (SEA), in contrast with power generation maximization initiatives would be useful.

SUMMARY AND FURTHER WORK

Regional power cooperation has been gradually progressing in the GMS during the last 25 years, making it a valuable case for other similar projects in the world. This paper identified four moments where the political will was needed to move the program forward. As possible explanation of why this was or has not been successful, eight critical factors - five enabling factors and three hindering factors - have been presented. Based on an understanding of the situation, recommendations have been made to move forward and strengthening the power cooperation in the GMS.

The four moments identified are in line with the barriers found at the literature review. In particular, institutional aspects have proven to be the most challenging to overcome. Regarding the critical factors influencing the process of political will, there are some similarities with existing research. For example, gradualism, identified here is very similar to sequencing described by ECA (2010a). However, others factors related with the focus on bilateral projects, such as the active involvement of state-owned companies and the inter-governmental approach, appear to be more unique to the case studied.

Nevertheless, this study fails to provide an evidence-based justification for the recommendations proposed and for the generalization of the findings to other regions or sectors. Evidence-based recommendations could be formulated, for example, by showing the results in comparable cases. The problem then would be to define what allows to identify comparable cases. In a similar manner, the factors identified at this paper contribute to a better understanding of the dynamics of the regional cooperation process, but without being able to identify comparable cases, this contribution is somehow constraint. Hence, further research is therefore needed in order to improve the transfer of lessons between cases, and even inside them.

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RESEARCH ARTICLE

Strategy for Environmental Sustainability for Island-State Singapore – Engaging the Public

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ABSTRACT

Policymaking involves multiple stakeholders in an increasingly complicated set of relationships. Yet, very little is understood about the influence of the public on policy making. Public involvement may transform service offerings, but in the present era the public itself is also often transformed by the service offering. The island-state Singapore has prided itself on a top-down policymaking landscape (with minimal public engagement). Sustainable development has greater success when there is an equal emphasis on both economy and environment. An economy remains a subset of the ecosystem and operates within an environmental domain permitted by the ecosystem. A continuous extraction of ecosystem services will render economic growth unsustainable. Due to the vulnerability of island-states, further economic growth is likely to generate greater environmental stress and hamper development. This paper seeks to

address strategies available to Singapore for environmental sustainability by outlining the island-state's progression of environmental policy. One significant achievement has been Singapore's use of a regulatory mechanism, namely the Environmental Impact Assessment, to involve the public for developments and projects. This serves to protect the environment as the island-state seeks to develop in a sustainable fashion. As Singapore continues to balance economic performance and environmental protection, future policy directions and recommendations toward sustainable development will be critical.

SUSTAINABLE DEVELOPMENT AND ROLE OF THE PUBLIC

Singapore is a small, nimble island-state in Southeast Asia nestled amongst a mix

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of Association of Southeast Asian Nations (ASEAN²) neighbors who are rich in culture, ethnicity and history. It is unique in its political landscape; however, the present economy is undergoing disruptions and punctuations, with authorities realizing that it must review its communication strategy with the public. As Singapore marked 50 years of independence (SG50), the government employed an array of platforms to communicate with the public. The stakeholders ranged from influential individuals to focused interest groups and committees driving Singapore's future economy with an objective to hear the public's views on how they envisage the survival of the island-state. This engagement is driven both by the belief that public engagement is a virtue in itself, and that such arrangements reduce uncertainty for the public (Fledderus et al. 2015) with a clear focus on the role of individuals or groups in the production of services. Such efforts are seen to strengthen social cohesion (Brandsen and Honingh 2015), while contributing to the quality of public services offered (Brandsen and Pestoff 2011).

Discussions with the public revolve around greater transparency and inclusive engagements, as well as collaborations with policy makers to entail a positive future for Singapore. Such calls hinge on empathy, kindness, and a life beyond material success. This is clear demonstration of a move away from the established linear standard, evolving from education system to economic directions, and recognizing that unsustainable growth cannot go on indefinitely. Economic performance alone does not dictate general well-being, as there are environmental and social facets that cannot be easily measured. Therefore, a measure of inclusive (real) progress should integrate environmental and social aspects to economic performance. Sustainable development points to the importance of economic, societal and environmental well-being, and ensures that they are factored into public policy formulation.

Values (judgement of what is important) exist between individuals and the economy, and economy and the society; however, measurement is inclined towards use value with a lack of accountability for non-marketed value. This is because non-marketed value lacks boundaries and is subjective in its application and understanding. The unfortunate reality is that it is such non-marketed value that exists between the environment and the society. For example, land is a key source of production; and the environment should be and remain the center of most policy decisions. As such, Environmental Impact Assessment (EIA) offers an opportunity for the public to practice a non-marketed valuation to the environment as well as public engagement to protect the environment in Singapore. In addition, EIA serves to fulfil both requirements of public engagement and ownership on economic development, and environmental protection for the island-state.

Singapore is no different from other island-states in that it is not immune to extreme events, whose impacts are systemic and affect all aspects of Singaporean society. Moreover, the island-state is more vulnerable to these shocks than is currently acknowledged (Tan and Lai 2016). The Southeast Asian haze, El Niño and La Niña, and sea-level rise (SLR) are real threats to Singapore's existence. The Southeast Asian haze has worsened over the past two decades; impacts from El Niño and La Niña have been devastating, and the threat of SLR,

² The 10 ASEAN nations include: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

especially to island-states, is significant. Although public participation has been met with success in facing extreme events, Singapore's EIA process remains lacking in provision for public disclosure and participation (Tang et al. 2005).

This paper seeks to address some strategies available for environmental sustainability for island-state Singapore. In attempting to outline the progression of environmental policy for Singapore, this paper evaluates what Singapore has achieved towards sustainable development, using EIA as a case study to highlight the progress of environment-friendly policies. The paper is structured as follows. It first presents an overview of Singapore and its environmental policy ensues. This is followed by a discussion of three EIA cases employed since 2007 to trace the progress of this regulatory measure. It concludes with a brief examination of sustainable development policy implications and recommendations for the island-state's sustainable development.

SINGAPORE AS AN ISLAND-STATE, AND ITS ENVIRONMENTAL POLICY

Singapore as an Island-State

Despite limited land area and natural resources, Singapore remains a leading economy in the ASEAN region with tourism³ and international trade as important economic drivers and sources of employment. Land is required for transport infrastructure such as airports, seaports, and rail networks, and on land-scarce Singapore, this can only be achieved by adding more land at the expense of marine life and their habitats (coral reefs and mangrove forests). In the past, land reclamation of up to four hectares had to be authorized by the Law Minister with larger areas requiring Parliamentary approval (Wong, 1992). According to Sparke et al. (2004), land reclamation in Singapore can be traced back to 1962, when 0.2 square kilometers of newly created usable land were reserved for public housing⁴ development along the east coast of the island leading to the island's international airport. Larger areas of up to 11.6 square kilometers of land were reclaimed subsequently for infrastructure projects including Changi International Airport. The joining of seven islands off the island's southwest coast formed Jurong Island, which houses the petrochemical industry.⁵ In 2002, land reclamation in Singapore was viewed by neighboring countries as an infringement on territorial boundaries⁶, although this was eventually amicably resolved in 2005 [see Koh and Lin (2006)]. More recently, land reclamation on Singapore's southern shore has allowed the building of the Marina Coastal Expressway, the first under-sea road tunnel (420 meters) in Singapore, which officially opened in December 2013. This expressway serves to relieve congestion and facilitate expansion of the existing Central Business District.

³ Sustainable tourism has been explored by Savage et al. (2004) and applied to the Singapore River but the success of tourism sustainability faces challenges in light of continued economic growth.

⁴ The eastern suburbs of Marina Bay, Kallang, Siglap, Bedok and Changi were a result of land reclamation since independence (1960s). Please see Wong (1992).

⁵ The seven islands were Pulau Merlimau, Pulau Seraya, Pulau Ayer Merbau, Pulau Sakra, Pulau Ayer Chawan, and Pulau Pesek. Please see Figure 4, Hesp (1995).

⁶ Under the UN Convention on the Law of the Sea (UNCLOS), reclamation aids the sovereignty in rights to economic zones and claims to territorial waters with entitlement eligibility within a 22 kilometers radius and a distance of 322 kilometers.

On smaller islands south of the main Singapore island, land reclamation has taken place since the 1960s.⁷ These include Sentosa, Kusu Island, Lazarus Island, Pulau Renget (new island), Pulau Sebarok, Pulau Sudong, Pulau Hantu, Pulau Busing and Pulau Bukom. Singapore's Urban Redevelopment Authority has future plans for Kusu Island, Lazarus Island, Pulau Tekukor and Pulau Renget to merge and become the Kusu Island group, while Pulau Bukom will be comprised of Pulau Hantu and Pulau Busing. Singapore is also experimenting with practices that move away from traditional landfill, for example using waste as landfill on Pulau Semakau (which sees Pulau Sakeng⁸ integrated as part of Pulau Semakau). As a result of land reclamation, Singapore has grown from a land area of 580 square kilometers at independence (1965) to 680 square kilometers in 2002 (Lim 2002) and to 719 square kilometers in 2015 (Department of Statistics 2015). Further land reclamation is expected as per the Urban Redevelopment Authority's 2013 Land Use Plan and 2014 Master Plan, with *The Economist* (2015) forecasting that territorial expansion will grow by another 56 square kilometers by 2030.

Land is reclaimed by pouring sand and raw materials into the sea until new land is created. This has impacted marine life and their habitats, such as coral reefs that used to surround the smaller islands in the early 1960s.⁹ Sand is poured over the reefs along the coastal areas, burying them as the seabed is raised to become dry land. The source of sand and raw materials for Singapore's reclamation comes predominantly from Cambodia, Malaysia and Thailand (UNEP GEAS 2014), and dredging and mining have impacted the ability of the ecosystem to provide resources for the respective economies (see selected global studies from Boyd et al. (2005), Krause et al. (2010), and Desprez et al. (2010)).¹⁰ As sand is dredged from the surrounding seas, coastlines erode and islands disappear. Nature is highly adaptable (for instance, corals change shape and form), but this does not imply that the environment should be abused as a source of capital.

Coastal waters are full of life, containing food aplenty, with animal and plant remains carried into the sea by rivers. Currents bring food up from the sea floor close to the coasts and this food is consumed by plankton, which is an important food source for fish and coral reefs. Dredging is done with special ships called dredgers to scoop sand up from the sea floor. This process affects the water quality as the water becomes cloudy for an extended period. The result is a decrease in sunlight that affects the growth and reproduction of coral reefs, as well as food for plankton. Without food, plankton die and the oxygen level in the water is reduced. This may result in the occurrence of red tides due to the boom in algae organisms named *gymnodinium breve*. The need to balance nutrients and plankton in the water further emphasizes the precarious state of the ocean.

Another natural endowment of the island state which has suffered as a result of land reclamation are the mangrove forests. As more land is cleared for urbanization in

⁷ Please refer to Figures 3, 4, and 5 in Hesp (1995).

⁸ Pulau Sakeng is home to the last village in Singapore's Southern Islands (Seah, 2016).

⁹ Some coral colonies have been moved to the Kusu Island group which were in the way of the Tuas port development in the western part of Singapore island.

¹⁰ Dutch companies provided much of the expertise in dredging and mining – the Dutch connection began in the 60s when a United Nations (UN) team led by Dr. Albert Winsemius (Dutch national) was responsible for the economic development of Singapore. See UNDP Global Centre for Public Service Excellence (2015).

Singapore, there will be less of the natural flora such as mangrove forests. In its drive toward urbanization, the population of mangroves in Singapore has suffered significantly (see Turner (1994)). Mangrove forests (or mangroves) are under stress from excessive urbanization and reduced resilience due to SLR. This is because the resilience is conditioned by the composition and status of the mangrove stands and other factors such as tidal range and sediment supply (Woodroffe 1995, Ewel et al. 1998, Fansworth 1998). More needs to be done to conserve Singapore's remaining mangroves (Hsiang 2000). Yang et al. (2011) suggest that conservation of mangroves in Singapore can be attained via: conserving existing habitats through holistic land use planning; conducting scientific studies to better understand mangrove plant growth; re-introducing extinct species; propagating endangered species; and applying creative inter-disciplinary solutions to protect and restore mangrove habitats.

Singapore has made noticeable progress with mangrove conservation. For example, marine life continues to thrive in the mangrove mudflats on the western shorelines of Pulau Semakau, and conservation of mangroves is ongoing along the western coast of the main island and on offshore islands. Conservation and restoration of mangroves must continue as replanted mangroves provide added coastline protection against natural disasters (tsunamis and typhoons) and offer a carbon sequestration service. Friess (2015) emphasized the value of Singapore's mangrove swamps, but it is difficult to value and measure them in a way that can be widely understood by the public, and to ensure that policymakers embrace such valuations. The challenges of valuation do not pertain to mangroves alone, but are also relevant to valuation of environmental degradation and utilization more generally. Such valuation of the environment is highly dependent on the environmental policy adopted by the island state and hence, it is timely that the paper now turns to Singapore's perspective on the environment as an island-state.

Singapore's Environmental Policy

As an island-state with no alternative energy sources, Singapore's environmental policies are skewed in favor of economic development. The ease of evading environmental responsibility depends on how the message is communicated. The consistency in what is communicated about energy sources and the island-state's position on environmental policy suggests that there are major obstacles to a switch to renewables and a reduction in fossil fuel dependence. Coupled with traction from accumulated advancements in energy conservation, the scope of future emissions reduction is further restricted by a relatively small economy. These set the trend for an environmental policy that is unlikely to be sustainable. This is because island-states are susceptible to the natural hazards of the environment as well as to regional phenomena.

Economic development has been the priority over the past decades, and environmental protection is secondary. The island-state cannot have it both ways—accepting that economic development impacts the environment but continuing to implement policies without any appreciation for it. For the ecosystem to play a functional role toward the well-being of both the economy and society, however, the rate of environmental degradation and utilization should not exceed that of economic growth. Environmental policies that are pro-development could negate Singapore's economic progress in the long run. To enable further sustainable economic development, policies must pay attention to the environment.

There are both economic and regulatory explanations for why environmental protection is overlooked with regards to economic development. In terms of economics, decision-making is bounded by costs and ruled by perceived benefits, overriding any impacts on the environment. This is how assessing cost-effectiveness of alternative energy sources is carried out (Hamilton-Hart 2006). The second explanation is regulatory, which concerns the application of EIA. While studies have found EIA to be a useful tool in administering environmental policies (Perry and Teng 1999), its use in Singapore is limited as it inconveniences the promotion of physical development (Chua 2005) and economic growth.

International trade has elevated the status of Singapore, but studies have found that trade can result in environmental degradation (Lopez 1994, Harris 2004, Frankel 2008). And although Singapore's favorable geographic location offers a value proposition, it also leaves the island-state at the mercy of an international system over which it has limited control (Connell 2013). In addition, Singapore's geographic location within ASEAN suggests that it can only play the role of a silent sufferer when environmental natural hazards such as the seasonal Southeast Asia haze occur. As Singapore explores alternative growth options, environmental mindfulness offers prospects to promote a commercially viable green industry. This stewardship can provide further upstream employment, empower labor as a resource, and brand a unique island-state proposition.

Infrastructure development on Singapore has been made possible by land clearing and reclamation. These have led to a loss of habitats and biodiversity, soil erosion, loss of primary rainforests, and decline of mangroves. In addition, inland rivers have been dammed to cater for water-storage reservoirs (Briffett and Mackee 2002). Economic development renders a higher level of income and is likely to increase the utilization of the environment as a source of capital (Tan 2016a), with trade and economic development degrading the environment further (Tan 2016b). As a result, policies are skewed towards economic performance and neglect environmental degradation.¹¹

Over the past decade, regulatory measures have been introduced progressively to safeguard the environment in Singapore. One such practice is the EIA, which serves as a protection mechanism for the natural environment and seeks to facilitate environmental stewardship in the local community. The next section presents EIA as a case study to show the progress of environment-friendly policies in Singapore. Three EIA cases will be discussed to trace the path that has evolved for EIA since 2007.

TRACING ENVIRONMENTAL IMPACT ASSESSMENT (EIA) ON SINGAPORE

Environmental Impact Assessment (EIA) as methodology to illustrate the progress

An Environmental Impact Assessment (EIA) is a detailed analysis assessing the type and extent of the effects that a proposed project would have on the natural environment,

¹¹ The environmental Kuznets curve depicts an inverted-U relationship between income per capita (development) and environmental degradation. That is, degradation of the environment first rises then falls with increasing income per capita. This implies that the environment is required as a factor for economic growth. At the initial stage of development, employment prevails over a clean environment. As quality of life improves and income levels rise, the environment begins to be valued differently than before, and the state of the environment takes precedence.

both positive and negative. It is typically undertaken before a decision to proceed with a project is made. The objective of an EIA is to ensure that decision makers are well-informed of the environmental impact when a project proceeds. More specifically, an EIA serves to: (i) determine if the impact can be accepted or need to be addressed; (ii) propose mitigation measures; and (iii) recommend options incorporating the mitigation measures.

An EIA may underestimate the environmental impacts of a development, as bias can skew the analysis. This is not uncommon, given that third-party vendors or consultants tend to be selected and employed by the EIA stakeholders. This presents a potential conflict of interest as the data collection and scenario analysis may not be autonomous, and it is not always clear if the investigation arrangement was undertaken according to pre-determined rules since records are not publicly available. Therefore, an EIA should be carried out and drafted by an independent consultant and offer the full facts and figures without prejudice nor influence. It is expected that the consultant engages subject matter experts with technical expertise to maintain a level of professionalism.

Singapore's experience with EIA

From the 1960s to 1980s, developments on the island-state were excused from EIAs and decisions were made with loose assessments of the environmental impact. Hesp (1995) has suggested that the EIA process was carried out in secret, or when the Government deemed it necessary. Although the Clean Air Act of 1971 and Water Pollution Control and Drainage Act from 1975 allowed an EIA to be imposed, it was not until 1989 that EIA was formalized and required for new projects. When a developer wishes to carry out a project, a proposal is forwarded to the Pollution Control Department for an initial assessment to determine if an EIA is required (Tan 1993). To avoid compulsory EIA, the island-state must show well-conceived physical plans enabling economic development and safeguarding the environment. Yet even after EIA was formalized, several developments—including large infrastructure projects—were found to have taken place without formal assessment (Tan 1998). These included the complete transformation of Singapore's coastal areas through land reclamation for the construction of the airport and seaports, and destruction of coral reefs and mangroves for the amalgamation of small islets into larger islands (Chia, 1998). This led Chia (1998) to conclude that Singapore practices discretionary rather than mandatory EIA, and urges that EIA be made mandatory for environmentally fragile areas.

Although there have been (selected) developments with environmental assessments requested¹² and projects which conducted voluntary assessment¹³, their effectiveness in protecting the natural environment remains unclear. This is because the public made no contribution to the assessments and because the findings from EIA were not accessible by the public. It would be fair to conclude that public engagement continues to be lacking, which has allowed developments to proceed at the cost of environmental degradation (and in some cases, loss of historical and heritage values). Some examples include: expansion of

¹² They are: i. Reclamation at Pulau Tekong and Pulau Ubin; ii. Petrochemical industries on Jurong Island; iii. Offshore landfill at Pulau Semakau; and iv. Golf course in the central catchment reserve (Briffett and Mackee 2002)

¹³ They are, i. Glaxo Chemicals at Tuas reclamation; ii. BP Oil at Labrador; and iii. Exxon and Shell on the Southern Islands (Briffett and Mackee 2002)

a fourth airport terminal on reclaimed land, housing development in Bidadari (a suburb in the northeast of the island) leading to loss of primary forest and habitats for bird species; the demolition of Singapore's first National Library in 2005 to make way for the 350-meter Fort Canning vehicle tunnel, which invariably affected the ecosystem at nearby Fort Canning park; and infrastructure development at Bukit Brown (at the center of the island) resulting in heritage loss or the loss of cultural and historical values.

An EIA process should be invoked at the initial stage of any planning or development proposal and involve public participation and subsequent reviews (Hesp 1995). Public consultation explains the nature of the proposal to the public, allowing stakeholders to understand the public's opinions of the proposal. There is reservation amongst the public that even with public consultation, it is not likely that the views of the public will be taken into consideration, and that EIA will merely be a process to fulfil a requirement towards project advancement with informed decision-making. This reservation is unfounded because the development can still proceed with mitigation measures (Chen 2015), should there be strong opposition against a proposed development.

Three EIA cases

There are three cases on the island-state that can highlight the contrasting engagement with the public and demonstrate EIA's progress over the years. They are developments of the integrated resort on Sentosa Island, the Cross Island Line (CIL) and Mandai eco-tourism hub.

Sentosa¹⁴ is one of the largest islands amongst Singapore's southern group of offshore islands. It has a land area of 1,236 hectares (five square kilometers), and it is the closest to the main island of Singapore accessible via cable car, ferry,¹⁵ monorail, and motorcar. In 2007, an integrated resort was planned on the western end of Sentosa that would occupy about 49 hectares of land. Wong (1998) studied coastal tourism development in the region and proposed that EIA (with clear guidelines for the respective hotel operators) was critical for the sustainable development of island tourism as islands are vulnerable with limited resources and size. EIA relates the development impacts of the integrated resort to the coastal environment such as mangroves, seagrass¹⁶, and sandy beaches. However, public access to the EIA analysis document provided by the resort was restricted to the premises of the resort management during working hours. It is unclear if the public was consulted for their views and opinions prior development.

The development of the resort would contribute to Singapore's economy (during and post construction) but at the expense of habitat destruction, air-shed removal, soil erosion, and biodiversity losses. The costs were clear; coral reefs were buried, and habitats along the coastal and marine areas were disturbed. For instance, land cleared for construction was replaced with manicured landscape gardens. Coral reefs were buried to create a marine

¹⁴ Sentosa island had housed the Exxon oil refinery during the early days of independence and relocated to Jurong Island thereafter.

¹⁵ Visitors had the choice to board a ferry over to Sentosa Island before the development of the integrated resort. Access via ferry is available via private or charter post development.

¹⁶ Seagrass provides a habitat for marine fishes in the shallow and intertidal regions of the island.

park, aquarium and artificial reefs. Coastal and marine areas were reclaimed only to be dug up subsequently to create waterways and promenades. The purpose of conducting an EIA is to minimize such environmental degradations and offer alternative mitigation options.

In contrast, the case of public consultation on CIL was handled differently by the authorities in early 2016. CIL is a Mass Rapid Transit (MRT) line that will cross the island from east to west when it is completed in 2030. The CIL construction is expected to affect the catchment areas of the Central Catchment Nature Reserve (CCNR) and the MacRitchie Reservoir. A major infrastructure project of this scale calls for careful planning with minimal disturbance to both nature reserves and catchment areas. This project remains at the planning and evaluation stage with two available options. Even so, access to the EIA report was clearly communicated to the public and made available online.

Phase 1 of the EIA report commenced in August 2014 with strong support from the relevant ministries. The authorities also provided timely updates with information that is easily understood by the public. This process resulted in two alignment options for the CIL construction (direct or skirting), as well as other mitigating measures. The ease of access to the EIA report for the CIL construction demonstrates clear public engagement and allows stakeholders to be cognizant of the project's potential environmental impacts. Although a decision on which of the two options to undertake has not yet been made, it is evident that the approach to this construction project has been inclusive and has given utmost priority to environmental safeguarding.

A third case employing EIA is the development of the Mandai eco-tourism hub, first announced in July 2016. When completed in 2020, the hub will house the Rainforest Park (a new attraction), the Bird Park (relocated from Jurong) and the existing attractions of Singapore Zoo, Night Safari and River Safari. The development of the hub is likely to affect groundwater flow and disturb species habitats; therefore, the mitigation measures should aim to control run-off from construction and preserve the existing fauna population. The EIA has been incorporated at the concept stage of the project for mitigation measures to be included into the hub's design. As part of the EIA exercise, the public has been offered online access and feedback to the reports at the holding company responsible for the development.¹⁷

A summary of the three cases

EIA serves to detail the type and extent of effects that any proposed development may have on the natural environment. The public does have an opportunity to offer their opinions, but those views may not be taken into account. This is evident in the development of the integrated resort on Sentosa Island. One explanation for this could be that the developer is a private entity with shareholders' interest and yield generation as priority. Similarly, revenue stream is key to the development of the Mandai hub, and development is likely to proceed even though an EIA was incorporated at the concept stage. On the other hand, it is evident that public opinion affected the CIL project, which has been delayed in

¹⁷ The public is able to make appointments online to view and provide feedback to the EIA reports during working hours over a period of 20 days.

recognition of the EIA report. Therefore, there are clear differences on the uptake of public opinion depending on whether the project serves public well-being or fulfils private interests. Nonetheless, the adoption of EIA is a significant shift away from Singapore's traditional top-down approach to policymaking, and is no longer a matter of box-ticking and fulfilling the potential demands of the environmental police.

Singapore has ranked poorly on environmental protection (Bradshaw et al. 2010) but some measures have been taken to safeguard the environment. This has come in the form of EIA where environmental impacts of a project or development are studied and the public is given an opportunity to provide feedback. In the case of the integrated resort on Sentosa island, the public was given access by appointment to the EIA analysis. For the CIL MRT line, not only was the public given open online access, the public was offered the chance to provide their views and opinions on the infrastructure development. EIA was incorporated at the early conception stage when designing the Mandai hub with public access online and via appointment at the company premises. Significant progress has been made on environmental awareness from an island-state that has placed economic growth on a pedestal since independence. It further demonstrates the public's role in shaping the future of the island-state.

CONCLUSION: POLICY IMPLICATIONS AND FUTURE ENVIRONMENTAL STRATEGIES

This paper offers some strategies for environmental sustainability in island-state Singapore. Singapore's geographic positioning means that it is exposed to the regional Southeast Asian haze, global El Niño and La Niña effects, as well as SLR, which are real risks to its survival. Recognizing these threats, the country has come to a greater awareness of the ecosystem's non-marketed value and an appreciation that unsustainable growth cannot go on indefinitely. There must be well-defined boundaries to emphasize that the public shares ownership of the ecosystem. Henceforth, environmental policy must be crafted in tandem with the public with clear disclosure, which is attainable with EIA. The strategy for environmental sustainability is to ensure that the findings and results from EIA stay true to the goals of adapting development activities to mitigate impacts made to the environment.

As an island-state with limited land and natural resources, Singapore's basic requirement for survival is economic growth. Islands are vulnerable as they are often isolated, have scarce resources and face significant constraints in terms of development potential. Singapore is not isolated due to its geographic endowment in the ASEAN region, but it is confronted with the need to develop in a sustainable manner. The necessary policies to preserve biodiversity¹⁸ will never be achieved unless the policy community first recognizes the fundamental conflict between economic growth and biodiversity (Mills and Waite 2009). This calls for development policies that appreciate and consider the environment. Good public policies must be crafted to safeguard the environment by treating the root cause rather than the symptoms.

Since independence, Singapore has attained high economic status from trade and economic development. A higher level of income from economic progress is likely to

¹⁸ Cities are often developed around fertile soil and coincide with areas of high biodiversity.

increase the utilization of the environment as a source of capital (Tan 2016a), with trade and economic development further aggravating environmental degradation (Tan 2016b). Of late, Singapore's pattern of growth has generally followed the Kuznets curve. For instance, Pasir Ris Park (on the northeast of the main island) is built around a mangrove swamp to preserve the biodiversity in the vicinity. There have also been significant conservation efforts on the Southern Island of Sisters' Islands, designated as Singapore's first marine park in 2014 due to its coral reefs, sandy shores, and seagrass areas. To enable the public to know more about the conservation efforts, there are plans for a coral nursery (a coral can be adopted for as little as SGD200.00), turtle hatchery, forest trails, and intertidal pools.

Future Environmental Strategies

Environmental conservation is in tune with economic pragmatism because an economy remains a subset of the ecosystem and operates within an environmental domain permitted by the ecosystem. Economic pragmatism would not be attainable if the environment is not securely protected, that is, environmental challenges are being filtered through the economic rationality lens. Environmental degradation from Singapore's economic development has resulted in coral demise, red tides and decline of the mangrove population. There is an urgent need for greater environmental security to ensure that the ecosystem continues to service economic development.

An ideal scenario for (all) economic development would be to adequately study environmental impact, embrace robust mitigation measures (to address opposition against developments) and ensure public participation. This approach would serve to minimize the environmental impacts of development. Thus, a successful environmental assessment is highly dependent on accessibility of the reports to stakeholders (the public included), transparency of the assessment and participation by the public. When the public is engaged as contributing towards future environmental policies, a sense of national ownership is deemed to have been bestowed – a prominent advancement for policymaking in a top-down monopolized policy development setting.

A range of environmental sustainability recommendations are available for consideration. Firstly, public engagement should be better facilitated. EIA could be regulated to specify when an EIA must be conducted, standardize the assessment process and mandate transparency in EIA results to foster greater environmental security. Secondly, the environment must be recognized and appreciated as a capital in economic development. That is, any degradation of the environment must be internalized in national income accounting, and monetized to highlight the potential national income savings from moderated economic growth with less environmental degradation. Lastly, there should be incentives to restore and preserve environmental assets, which can be partially financed by the revenues from Singapore's impending carbon pricing¹⁹, to ensure sustainable development of the island-state.

¹⁹ Buying and selling of carbon credits may be a quick and easy solution but it can give rise to a form of speculation which will not aid towards reduction of overall polluting gases' emissions. Classic equity markets are built on confidence and expectations for future cash flows. Financially, the market is designed for long-term financing, not short-term speculation. There must be mechanisms in the emissions trading market to police short-term speculations. In addition, what appears to be a certain commitment to the environment is not a radical change; hence, there must be procedures to balance consumption losses in selected sectors.

The infatuation with ranking many aspects of the island-state's performance should be redirected toward non-measurable assets such as the environment. Other policy aspects can also be improved, such as integrating trade (which includes tourism) and regional development policies into environmental policies. Singapore has offered human capital services (Tan and Shevchenko 2016) to the ASEAN region and beyond, but the transfer should also include sustainable ways of development. To consolidate Singapore's role as a leading island-state, the nation can lead in sustainable initiatives²⁰ allowing economic development to occur within fragile environmental boundaries, including the threat of extreme events. This will maintain the competitive edge of the island-state and ensure continued demand from regional nations for Singapore's technical know-how. However, Singapore must first focus on getting the domestic house in order before making itself useful to the region.

Most studies to date on public involvement in policy making have been focused on identifying influential factors (such as the citizen as a co-implementer) with scarce attention on the outcomes (Voorberg et al. 2014). Therefore, studies on outcomes of involvement from the community can provide an added dimension to the existing body of knowledge. Although the outcomes of the cases presented in this paper are varied, the degree of public influence on environmental policymaking in Singapore is clearly improving, as illustrated with the EIA cases. This evidence provides a strong indication that care is being bestowed to the environment in light of development driving economic growth. Briffett and Mackee (2002) wrote about environmental assessment in Singapore being an enigma wrapped in mystery. As the public prepares itself towards greater engagement, such public transformation is certainly laudable of a grander caption "from an enigma to progressive clarity" – albeit a decade and a half late.

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RESEARCH ARTICLE

Configurations of Confucian Entrepreneurship in the Asian Public Sector: A Preliminary Study of South Korean Public Organizations

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Keywords: Entrepreneurship, Confucian Value, South Korean Public Organization, Asian Public Sector

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ABSTRACT

In any organization, creativity is an important resource to ensure survival in a competitive market. Recently, entrepreneurship has been highlighted as a means of improving the public sector's quality. Many public organizations have created innovative ways of managing their employees for administrative reform activities. Yet, in the public sector, few studies have attempted to systematically model the actions of public entrepreneurs in well-defined contexts. Based on the research question (Could a special form of entrepreneurship based on Confucian values be discovered in Confucian Asian countries?), this study focuses on public organizations in South Korea as a means of exploratory research to extend previous studies on the uniform and universal attributes of entrepreneurship.

This study confirms the existence of Confucian and entrepreneurial values in South Korean public organizations,

identifies relationships between Confucianism and entrepreneurship, develops a Confucian Asia Entrepreneurship (CAE) index, and compares the differences among South Korean public organizations. The empirical analysis shows that there are significant similarities and differences among South Korean public organizations and raises the examples in applying our CAE index. In sum, the overall findings of the analysis suggest that there are meaningful relationships between Confucianism and entrepreneurship that should be addressed.

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INTRODUCTION

Today, entrepreneurship holds great appeal as it is considered to be one of the survival strategies of the twenty-first century. For people who are attracted to the transformative potential of responding and exploring risks, entrepreneurship is an increasingly viable option. Regardless of the type of organization, there are many successful cases of entrepreneurial innovation and creative thinking. Entrepreneurship has been highlighted in the public sector as a means of improving the quality of public service for administrative reform activities.

While the entrepreneurial spirit has been active in the private sector in the form of creating new industries and pioneering changes, its application in the public sector has been relatively meagre (Kim 2014; Kim 2011). Nonetheless, entrepreneurial spirit can act as a driving force behind solving a diverse array of complex social problems, which makes it an area of interest for various industries in the public sector (Bellone & Goerl, 1992; Grady & Tax 1996). What reasons are there for incorporating entrepreneurial spirit, previously only of concern to the private sector, into the public sector? In the context of South Korea particularly, why has entrepreneurial spirit become more important? Recently, South Korea endured two tragic cases caused by the failure to effectively manage and activate the national disaster policies: cases of the 'Sewol' ferry sinking and the Middle East Respiratory Syndrome (MERS) epidemic; owing to insufficient response measures and the inadequate capacity shown by government officials, the government has been the target of harsh public criticism. South Korean citizens are increasingly demanding of innovative and enterprising competencies from the public sector, and the need to increase its entrepreneurial spirit. As Kim (2010) argues, public entrepreneurship plays an important role in providing the people with creative, high-quality services.

Entrepreneurship is not based upon a particular scientific approach or technique, but is simply a 'practice' based on self-innovation, which all members of a society must essentially develop (Drucker 2014). If this is so, does entrepreneurship vary on the basis of national, regional, social, and cultural characteristics? Given that the potential importance of cultural backgrounds for entrepreneurship has been stressed and many diverse values and beliefs affect it differently (Davidsson 1995), entrepreneurship will vary in innumerable ways. One of the most prominent ways is through 'Confucian entrepreneurship'. Recently, many scholars have focused on 'Confucian entrepreneurship' and discovered its many unique characteristics (Cheung 2004; Lam et al. 1994; Nguyen et al. 2009).

Asian countries such as South Korea, Japan, Taiwan, Singapore, and China have achieved especially high economic success akin to that of the developed Western countries, sometimes surpassing them in economic achievement. Surprisingly, all of these Asian countries have adopted certain aspects and dimensions of Confucian culture, which accordingly highlights the importance of Confucianism in Asian countries as well as draws scholarly attention to the role of Confucian values within an organizational context. In particular, it is important to observe how Confucianism affected government-driven national development in Asia. As House et al. (2004) categorizes some countries as Confucian Asian countries through language, geography, religion, and historical aspects, this study raises

the following question: Is there a special form of entrepreneurship, based on Confucian values, present in Confucian Asian countries? Based on this research question, this study focuses on public organizations in South Korea as a means of exploratory research to extend previous studies on the uniform and universal attributes of entrepreneurship. This study will be applied to the various Asian countries and revised theoretically based on the results attained in South Korea. South Korea has been considerably influenced by Confucianism and its related values. Sentiment, culture, and values of Koreans cannot be considered without due references to Confucian values and history. Ever since the Three Kingdoms period in Korea, Confucian values served as the ethical base supporting the national and social order in Korea. Based on this system, Korea has developed strong traditions as a cultural area of Confucianism. Considering the Korean society where traditions of Confucian culture have been strictly followed, Korea appears to be a faithful protector and inheritor of Confucianism, surpassing China as the home of Confucianism. In particular, public organizations deeply rooted in these traditional values can be a representative and valid example of this research. Therefore, focusing on South Korea, this study observes unique characteristics of entrepreneurship that can be attributed to Confucian values. Specifically, this study investigates Confucian and entrepreneurial values, presents a Confucian Asia Entrepreneurship (CAE) Index, and explores the similarities and differences in the practice of Confucian entrepreneurship among public organizations in Korea.

This article first explores the different types of entrepreneurial values and their uniqueness in Confucian culture. It then discusses Confucian values, the origin and nature of Confucianism. In the third section, Confucian and entrepreneurial values in the South Korean public sector are considered. Next, a CAE Index is developed and compared with differences by agency type in Korea's public sector. Finally, the theoretical and practical implications of the study are discussed, followed by its limitations, and recommendations for future research.

LITERATURE REVIEW

Entrepreneurship

The global economy is gradually changing from a 'managerial' to an 'entrepreneurial' economy (Drucker 2014). As entrepreneurship is intimately linked with organizational performance, it has recently attracted the attention of many scholars and leaders and been studied extensively among interdisciplinary groups representing sociology, economics, psychology, business management, and public administration.

Although the definition of entrepreneurship has changed over the decades, little consensus has been reached. Typically, however, entrepreneurship refers to the personal efforts and dedication in translating a vision and opportunity into a successful business enterprise (Hébert and Link 1988).

Schumpeter (1942), a representative scholar of entrepreneurship, stated that an entrepreneur's main task is to predict the future accurately and seek change despite uncertainty. Antoncic and Hisrich (2001, p.498) defined entrepreneurship as 'a process that

goes on inside an existing firm, regardless of its size, and leads not only to new business ventures but also to other innovative activities and orientations such as development of new products, services, technologies, administrative techniques, strategies, and competitive postures.' According to Schindehutte, Morris and Kocak (2008), entrepreneurship comes in many different forms with many different faces in a given organization based on how innovativeness, risk-taking, and proactiveness are manifested. In today's literature, entrepreneurship is considered both a challenge and a driving force for change and innovation to achieve efficient, effective, improved, creative, or novel performance.

There are manifold approaches and definitions of entrepreneurship across academia. Baumol (1996, p.893) argued that 'policy can influence the allocation of entrepreneurship more effectively than it can influence its supply'. On the other hand, Bull and Willard (1993) emphasized public policy and practice change according to the research findings of the relationships of entrepreneurship. Frumkin (2009) also treated the growth of social entrepreneurship as a supply-side orientation, regarded as a leader's willingness to change and the influx of a generation of more business-oriented managers. Miller (1983) highlighted the three different determinants of entrepreneurship (the characteristics of the leader, explicit and well-integrated product-market strategies, and the functions of environment and structure) based on a typology of firms (simple, planning, and organic firms). In short, it may be useful to examine given circumstances; cultural backgrounds; policy issues; and social, emotional, and behavioral factors when considering entrepreneurship.

Global Entrepreneurship and Development Index (GEDI)

To capture the entrepreneurial characteristics of 120 countries around the world, the GEDI was developed to help government policymakers boost entrepreneurship. The index includes both institutional and individual factors for considering entrepreneurial attitudes, abilities, and aspirations to capture the broad nature of entrepreneurship and the relationship between economic development and entrepreneurship (Ács, Szerb and Autio 2014). However, the ranks of Asian countries such as Korea (32), Japan (35), Taiwan (6), Singapore (10), and China (46) are not matched to development in the index.² Thus, the GEDI is not sufficient to explain the development of Asian countries. The GEDI ranking among these countries does not show any meaningful mutual consistency between national development and social entrepreneurship. Potential and actual growth rates of these fast-growing Asian countries are difficult to check through the GEDI ranking alone.

Despite the presence of various standards and categories for global entrepreneurship, it is necessary to consider historical factors in shaping the development of culture specific entrepreneurship. The historical factor which shapes entrepreneurial culture is key in developing a global entrepreneurial index. Although the GEDI is a result of balancing globally diverse universal attributes regarding entrepreneurship, it appears to lack consideration for cultural influences. The fact to be considered is that the culturally specific form of entrepreneurship, which is expressed and developed by specific cultural

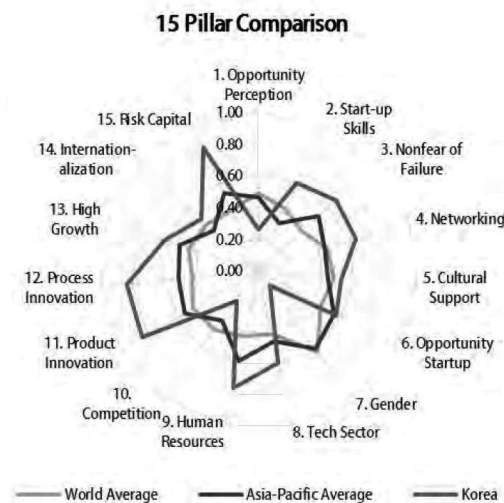
² According to The World Bank data (<http://data.worldbank.org>), the rank of 2015 Growth Domestic Product (GDP) is as follow: Korea (11), Japan (3), Taiwan (27), Singapore (37), and China (2).

values, can influence strong entrepreneurial behavior within the respective culture.³ The reason that no common attributes were identified between Korea (32), Japan (35), Taiwan (6), Singapore (10), and China (46) in their GEDI ranking was because the index did not include such cultural values.

When analysing South Korea’s GEDI scores in detail, some issues became apparent. For example, entrepreneurial aspirations have the highest scores among the three categories (see Table 1). In addition, some indicators such as risk capital, process innovation, and product innovation are very high, whereas other indicators such as gender and competition obtain low scores (see Figure 1). We can identify South Korean performance on the fifteen pillars that comprise the GEDI, along with similar regional and world averages.

Some issues also arose when analysing the GEDI scores of South Korea in detail. The GEDI pillar score chart shows that there are gaps between South Korean and Asia-Pacific averages and world averages. What would account for these? Which cultural and philosophical factors might make the sub-index scores different along the dimensions of entrepreneurial attitudes, abilities, and aspirations in South Korea? How can we interpret these differences? To answer these questions, our research probes into the role and influence of Confucian values and culture that could explain the differences between global and Confucian entrepreneurship. Considering that entrepreneurial behavior can be influenced by various cultural elements (Weber 1905; Cahn 2008; Hayton et al. 2002), it is expected that these gaps can be explained by the cultural specificity of the countries at stake. Seeking to understand how values, history, and context affect the GEDI pillar score, this research focuses on Asian countries like South Korea that belong to the cultural area of Confucianism. We expect this effort will allow us to explain the gaps.

Figure 1: The GEDI Pillar Score



³ Since public organizations have a tendency to maintain their original culture for a long period of time, requests for changes in their external environment are more common than those for private organizations (Schraeder et al. 2005; Valle 1999). Therefore, this study focused on public organizations, which were predicted to receive stronger influences from the specific culture.

Table 1: Korea Score of GEDI

GLOBAL ENTREPRENEURSHIP AND DEVELOPMENT INDEX		
Entrepreneurial Attitudes	Entrepreneurial Abilities	Entrepreneurial Aspirations
<ul style="list-style-type: none"> • Cultural Support (0.52) • Networking (0.64) • Risk Acceptance (0.66) • Start-up Skills (0.60) • Opportunity Perception (0.56) 	<ul style="list-style-type: none"> • Competition (0.23) • Human Capital (0.75) • Technology Absorption (0.6) • Gender (0.12) • Opportunity Start-up (0.56) 	<ul style="list-style-type: none"> • Risk Capital (0.85) • Internationalization (0.48) • High Growth (0.62) • Process Innovation (0.82) • Product Innovation (0.84)
Average Score: 0.596	Average Score: 0.452	Average Score: 0.722

Source: Ács, Z.J., Szerb, L., & Autio, E. (2014). *Global Entrepreneurship and Development Index 2014*, p. 188

Why Entrepreneurship and Confucian Culture?

Whether from the perspective of the East or the West, collectivism or individualism, or developing or developed countries, innovation is essential for organizations to survive. For many scholars, identifying and analysing antecedents of high levels of entrepreneurship are the main concern. A number of factors such as employees’ attitudes and behaviors, social environments, and management systems, among others, have been identified (Foss and Klein 2010; Goodale et al. 2011; Phan, Wong, and Wang 2002; Rutherford and Holt 2007; Salvato 2002; Shaw and Carter 2007).

However, from the perspective of innovation, there has been no analysis of other factors that may have synergies with entrepreneurial spirit. Given some cases in which entrepreneurship has been prominently exhibited, there is a need to look at what kinds of factors are synergetic with entrepreneurship. Research on this particular issue is still in its early stages. To understand this, we need to look back 20 years.

At the time, Japan, Korea, China, and other Asian countries began to open up to Western culture. There has been a stark contrast between Western and Asian ways of thinking (Ang 2005; Clarke 2002; Yum 1988). One of the differences is Confucianism. Previously, Confucian culture was criticized as an obstacle to Capitalist Development and Modernization in South Korea and China (Cochran 1980; Greenhalgh 1989; Weber 2002). Since the late twentieth century, however, as East Asia’s ‘miracle’ economies (notably Japan, South Korea, Taiwan, and Singapore) developed, many scholars began to observe what these countries had in common (Amsden 1994; Bello 1990; Bloom & Williamson 1998; Stiglitz 1996). For these writers, Confucianism is no longer the obstacle but an interesting antecedent or moderating factor which could be measured and interpreted in a quantitative perspective. Thus, with a view to identifying and explicating the aspects of public entrepreneurship in these countries, our study performs a quantitative analysis using a consolidated index.

Hofstede and Bond (1988) found that Confucian dynamism is closely related to the economic growth of a nation. In particular, taking into account the “Four Asian Tigers” – Korea,

Japan, Taiwan, and Singapore – that achieved national economic growth under the heavy influence of entrepreneurship in the private sector, it is highly reasonable and meaningful to examine and validate the relationship between Confucianism and entrepreneurship (Kirby & Fan 1995) as two factors seem to be a bit contradictory and even reversal. Cahn (2008) also analyzed the positive effects of entrepreneurship unique to a specific region from a cultural perspective and confirmed its validity. Referring to the multiple studies that discovered that entrepreneurial behavior may strongly manifest under the influence of a specific culture (Cahn 2008; Hayton et al. 2002; Weber 1905), it is highly logical and plausible to develop a new entrepreneurship index containing the attributes of Confucian culture. Understanding the Confucian ideas and behaviours can help develop an entrepreneurship index that reflects the cultural distinctiveness among Eastern Asian countries.

In recent years, the view that Asian countries, based on Confucian values, have shown remarkable growth over other countries and that this growth has been boosted by the combination of Confucian values and entrepreneurship began to emerge (Kirby & Fan 1995; Young & Corzine 2004). Recent research on Confucian entrepreneurship is emerging due to this trend. Since such research is in the early stages, it has mainly focused on the general discussion of degree of connectivity of Confucianism and entrepreneurship or the private sector (Lam et al. 1994; Vuong & Tran 2009; Young & Corzine 2004). However, this study attempted to establish a new concept of Confucian Asia entrepreneurship (CAE) for public organizations where the culture of Confucian values are more prominent than that of private organizations. In particular, public organizations in Korea are trying to improve their entrepreneurial spirit in the public sector for government innovation and change, while retaining most Confucian cultural characteristics throughout the organization. In this research, an exploratory study was conducted to conceptualize the CAE of the Korean public sector through an in-depth discussion on the subject of the Confucianism and entrepreneurship of public organizations.

The Origin and Values of Confucianism

Many scholars have focused on cultural influences as the cause of the rapid economic success of East Asia, including South Korea (Chwee Huat 1989; Hicks and Redding 1983). For example, Hofheinz and Calder (1982) pointed to strong family ties as a common cultural feature among East Asian nations. Further, people began to perceive Confucianism in East Asia more positively after rapid industrialization in the 1970s. Upon examining its cultural factors, Confucianism was understood to be a valuable and progressive factor in promoting economic development (Kahn 2012; Yao 2000). Historically, Confucianism has affected South Korea, Japan, and other East Asian nations, specifically in regard to social harmony and responsibility (Oldstone-Moore 2003). Accordingly, the remarkable contemporary economic and cultural development of East Asia has been linked to Confucian values of familial respect, hard work, education, and the desire for social order rather than to individual competition (John and Berthrong 2000).

Grasping Confucianism is therefore crucial to a comprehensive understanding of social behaviors in East Asia (Hwang 2001). To understand it as a traditional system of values and a way of life, we need to explore how it came into existence and how it

was converted into a modern system of values (Yao 2000). Confucius, who was born in a small state in China about 2,500 years ago, was the founder of Confucianism, and he explored and elaborated on its basic principles extensively. Confucian ethics are essentially humanistic, collectivistic, and obligation-based in nature (Chan 1963; Ip 2009). Every person is to be treated with humanity within a well-established hierarchy. Moreover, self-education and the role of each person are emphasized to create a harmonious society (Oldstone-Moore 2002).

Scholars cite many reasons for the economic success of Confucian countries. Liang (2010) argues that there are common behavioral traits: for example, the importance of study, academic qualifications, and family relationships. At first, the traditional importance placed on study and academic qualifications developed within the civil service examination system. This high-quality work force played an important role in accumulating human capital to propel growth (Liang 2010). Secondly, Confucianism emphasizes familial and kinship relationships. Weber and Girth (1951) mentioned that the Confucian tradition was harmful to modern capitalist development because an over reliance on kinship and family leads to nepotism (cited by Hicks & Redding 1983). However, the value of strong family ties was helpful to economic growth in East Asia as it encouraged saving to facilitate capital accumulation. We assume that Confucian culture has contributed to national development in East Asia in a variety of different ways.

Confucian Asia in GLOBE

We can determine the values and characteristics of Confucianism in the GLOBE project, which supported our approach. The main purpose of project GLOBE⁴ was to increase available knowledge that is relevant to cross-cultural interactions. Based on a combination of original work and previous studies, project GLOBE separated data from 62 countries into regional global clusters including Anglo, Latin Europe, Nordic European, Germanic Europe, Eastern Europe, Latin America, Middle East, Sub-Saharan Africa, Southern Asia, and Confucian Asia. To characterize the regional clusters, project GLOBE revealed which regional clusters were higher or lower on each particular dimension.

In project GLOBE, Confucian Asia, including Singapore, Hong Kong, Taiwan, China, South Korea, and Japan scored highly on performance orientation, institutional collectivism, and in-group collectivism. These countries tend to be results-driven, with a preference for group work over individual goals, and display devotion and loyalty to their families (Northouse 2012). The GLOBE model reveals cultural characterizations particular to Korea and the kinds of attributions that allow Korea to belong to the Confucian Asia Cluster.

Despite its obvious advantages, however, the GLOBE research programme neglected the peculiarities of many countries in one cultural cluster. Countries that are influenced by Confucianism, such as Singapore, Hong Kong, Taiwan, China, and Japan, show many

⁴ The GLOBE (Global Leadership and Organizational Behavior Effectiveness) research program was created in 1991 by Robert J. House of the Wharton School of Business. GLOBE researchers used quantitative methods to study the responses of about 17,000 managers in more than 950 organizations in the food processing, financial, and telecommunications services industries representing 62 different cultures throughout the world.

differences as well as similarities. Unfortunately, the cultural cluster does not distinguish differences across similar cultures. Our research partially addresses these limitations.

Korean Confucian culture

Apart from China, South Korea may be the first nation on which Confucianism exerted an influence. As Yun⁵ (1996) indicates, these effects not only existed in the past, but are still observable today. Although Confucianism spread from China into Korea, however, its characteristics in each of these countries display both similarities and differences because it was creatively developed according to unique situations (Oldstone-Moore 2002). In relation to other countries, Confucian culture had significant effects that permeated Korean society.

RESEARCH DESIGN

Data and Sample

This study utilized the Public Sector Entrepreneurship Survey datasets collected between March and May of 2015 in South Korea. The questionnaire was designed to measure individual entrepreneurship and other factors that may affect individual behavior and attitudes in the public sector. A total of 810 questionnaires were distributed for the survey, and the response rate was approximately 82.1 per cent ($N = 665$). The sample includes 32 agencies in South Korea.

In this study, we categorized agencies as central agencies, executive agencies, and public enterprises. Although they share common values insofar as they belong to the public sector, they have different characteristics. First, the central agencies reflect the public organization's typical form of administering policies and providing public services. Although the members of the executive agencies are public officials, these agencies operate in a unique way in that they give the head of the agency wide latitude in authority over budget and personnel affairs: the head makes contracts with relevant ministers about business targets, while the minister holds the head responsible according to the business results. Although public enterprises are institutionalized in the public sector, they are different from typical public organizations as they pursue certain profits as a type of 'corporation'. Typical examples of public enterprises are those providing subways, water supply, or electricity services. Considering that their features, goals, and vision differ, it is helpful to categorize the organizations for the purpose of this analysis.

Table 2 provides the descriptive statistics of demographic information for public employees in Korea. To accurately represent the characteristics of the survey group, a sample survey group that reflected the demographics of the survey group was extracted. Specifically, gender, age, work type and rank, among others, were taken into consideration

⁵ Yun (1996, p. 113) stated that 'Korean Confucianism clearly contributed to the formation of a sense of national selfhood and sovereignty and became an important force in the unfolding of Korean history. It has provided a universal cultural consciousness that has given rise to a value system directly related to a highly developed view of ethics and politics and has helped stimulate a unique national consciousness directly related to the existence and future prosperity of the Korean people'.

and quota sampling was used to extract a sample survey group that yielded a certain number of sample participants.

Table 2: Descriptive statistics

Variables	Type	N (%)	Variables	Type	N (%)
Sex	Male	396 (59.5)	Position	9 degree	65(9.8)
	Female	259 (38.9)		8 degree	59(8.9)
	Missing	10 (1.5)		7 degree	93(14.0)
Education	High School	42 (6.3)		6 degree	117(17.6)
	College	45 (6.8)		5 degree	90(13.5)
	Bachelor	388 (58.3)		4 degree	20(3.0)
	Master	145 (21.8)		Over 3 degree	10(1.5)
	Doctorate	34 (5.1)		Missing	211(31.7)
	Missing	11 (1.7)		Job Tenure	1–3 years
Organizational type	Central Agency	307 (46.2)			3–5 years
	Executive Agency	203 (30.5)	5–10 years		140(21.1)
	Public Enterprise	155 (23.3)	10–15 years		107(16.1)
	Age	20	42 (6.3)		15 years or more
30		262 (39.4)	Missing		12 (1.8)
40		244 (36.7)	Total	665	
50		107 (16.1)			
Missing		10 (1.5)			

Measurements and methods

All items on the survey questionnaire were developed, operationalized, and composed by reviewing the previous theoretical and methodological discussions and findings. Using a seven-point Likert scale, the questionnaire measured public employees’ perceptions regarding important organizational issues, such as entrepreneurship and Confucian values.

Entrepreneurship. As we mentioned earlier, entrepreneurship has been addressed in the private sector. Therefore, some researchers have employed a definition of entrepreneurship in the public sector that is not purely focused on public organization

⁶ A central agency is a governmental institution from a department or ministry, or other type of public organization established by government. An executive agency is also a part of governmental departments but one separate from the policy functions of government. Therefore, the agency enjoys considerable autonomy in its budgetary and organizational management. A public enterprise is a public company that performs business activities but is controlled through a public authority.

(Diefenbach 2011). We referred the definition of entrepreneurship developed by Diefenbach (2011) to capture the following concepts of entrepreneurship in the public sector:

- a) innovativeness, measured by a four-item scale;
- b) proactiveness, measured by a two-item scale; and
- c) risk-taking, measured by a three-item scale.

According to Currie et al. (2008, p. 989), innovativeness can be referred to as “the quest for creative, unusual, or novel solutions to problems and needs, including new services, new organizational forms, and process improvements”; proactiveness “ensures that entrepreneurship functions by anticipating and preventing problems before they occur, exhibiting perseverance, adaptability, and assuming responsibility for failure”; and risk-taking “involves the willingness to take moderate risk in committing resources to address opportunities”.

Confucian Values. Monkhouse, Barnes and Pham (2013) tried to make an empirical and conceptual contribution for measuring Confucian values. They suggest five variables as a subset of Confucian values, and these five categories are described as aspects of behavioral culture and important values for East Asians by others (Chung & Pysarchik 2000; Douglas & Isherwood 1979; Keller & Kronstedt 2005; Lim 2003; Tu 1998). These five values were verified through a focus-group interview and individual interviews about whether these values are representative of real lives. Based on the work of Monkhouse et al. (2013), our study aims to provide further evidence that empirically re-addresses, reflects, and explores the influence of these values on individuals. Therefore, we separate Confucian values into five sub-dimensions: 1) reciprocity, measured by a four-item scale; 2) face-saving, measured by a four-item scale; 3) humility, measured by a three-item scale; 4) group orientation, measured by a two-item scale; and 5) hierarchy, measured by a four-item scale.

In order to establish the construct validity and dimensionality of our research variables, we employed exploratory factor analysis (EFA) and internal consistency. We also undertook correlation analysis to examine the close relationship between Confucianism and entrepreneurship. Using a grid model based on Confucian and entrepreneurial values, we developed a CAE index and compared the differences among three types of public agencies in Korea.

EMPIRICAL ANALYSIS

Exploratory Factor Analysis

To check for construct validity and dimensionality of the three types of entrepreneurship and five types of Confucian values, we employed EFA. The items used to measure constructs and the results of principal axis factoring with an oblique rotation are presented in Tables 3 and 4. The results of the EFA are reasonable to accept based on indices taking into consideration: the factor values of each item; proportion; Kaiser-Meyer-Olkin (KMO); and Bartlett’s test result.

Table 3: Results of EFA for entrepreneurship

Factors		1	2	3
Innovativeness	X1	.921	.503	-.652
	X2	.900	.518	-.705
	X3	.773	.574	-.723
	X4	.666	.370	-.402
Risk-taking	X5	.510	.856	-.552
	X6	.587	.742	-.589
	X7	.330	.703	-.355
Proactiveness	X8	.650	.558	-.859
	X9	.545	.490	-.828
Proportion (%)		54.0	8.7	4.8
KMO		.893		
Bartlett's test		.000		

Correlation Analysis

Is Confucian culture linked to entrepreneurship? Does Confucian culture affect the enhancement of entrepreneurship? To confirm the relationship between Confucian and entrepreneurial values, we employed correlation analysis of key variables. The results show that there are positive and significant correlations (see Table 5). In particular, innovativeness has a positive correlation with the variables: face-saving and group orientation. Proactiveness was found to be positively correlated with face-saving, group orientation, and hierarchy among the sub-variables of Confucian values, but negatively correlated with humility. Finally, risk-taking was positively correlated with face-saving. Most of the correlations were statistically significant at the $p < .01$ level of significance, and the strength of these relationships ranged from $r = .083$ (between risk-taking and face-saving) to $r = .158$ (between innovativeness and face-saving).

Table 4: Results of EFA for Confucian values

Factors		1	2	3	4	5
Reciprocity	X1	.841	.321	.150	.072	-.392
	X2	.829	.293	.239	.016	-.367
	X3	.806	.339	.135	.163	-.541
	X4	.662	.293	.055	.159	-.488
Face-saving	X5	.366	.851	.153	.215	-.443
	X6	.335	.772	.316	.175	-.411
	X7	.289	.736	.204	.204	-.277
	X8	.279	.499	.143	.480	-.285

Humility	X9	.166	.175	.826	.031	-.135
	X10	.149	.145	.700	.083	-.148
	X11	.143	.326	.554	.055	-.158
Group orientation	X12	-.032	.060	.027	.553	-.033
	X13	.092	.164	.036	.462	-.139
Hierarchy	X14	.389	.337	.171	.155	-.732
	X15	.438	.352	.163	.035	-.707
	X16	.423	.336	.170	.462	-.634
	X17	.400	.392	.067	.434	-.542
Proportion (%)		28.3	8.5	7.4	4.8	3.6
KMO		.844				
Bartlett's test		.000				

Table 5: Correlation among variables

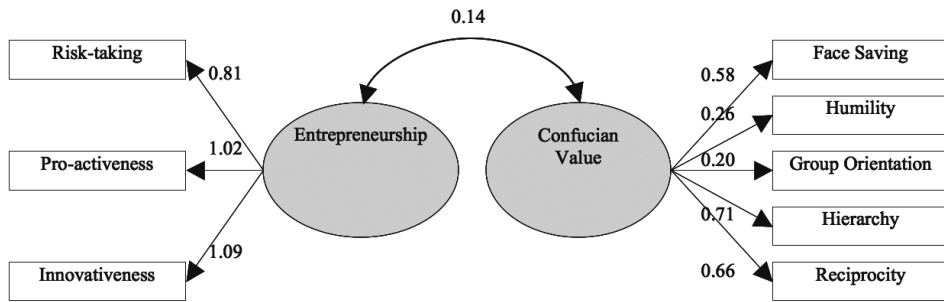
	1	2	3	4	5	6	7	8
1. Innovativeness	1							
2. Proactiveness	.701**	1						
3. Risk-taking	.576**	.564**	1					
4. Face-saving	.158**	.181**	.083*	1				
5. Humility	-.048	-.087*	.010	.265**	1			
6. Group orientation	.131**	.128**	-.016	.196**	-.021	1		
7. Hierarchy	.040	.140**	.040	.480**	.165**	.179**	1	
8. Reciprocity	-.014	.064	-.008	.381**	.185**	.033	.527**	1

Note: *Significant at the .05 level; **Significant at the .01 level

Second-order confirmatory factor analysis

We tried to identify relationships between entrepreneurship and Confucian values, and determine the predominant factors within these values. In a second-order CFA model, the two values in the South Korean public sector were explained by eight different factors, indicating that entrepreneurship and Confucian values are distinct and positively correlated (the covariance coefficient is 0.14, $p < 0.01$). Several goodness-of-fit indices indicate that the overall model fits well. The results show unstandardized coefficients for each of the first-order factors (from .20 to 1.09). Two factors stand out in terms of factor loadings: (1) innovativeness (unstandardized coefficient = 1.09) on the entrepreneurship side and (2) hierarchy (unstandardized coefficient = .71) on the Confucian values side.

Figure 2: Second-order Confirmatory Factor Analysis (CFA)



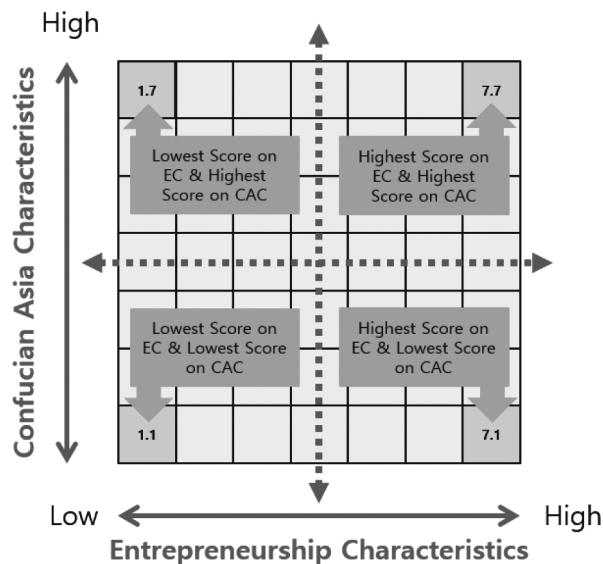
Overall fit indices of the CFA model

Model	df	df/X2	CFI	RFI	NFI	IFI	GFI	RMSEA	RMR
Cut-off values			>.90	>.90	>.90	>.90	>.90	<.08	<.08
	19	5.67	.93	.88	.92	.93	.96	.08	.06

Index Development and Group Comparison of Confucian Asian Entrepreneurship

This study developed a CAE index to display the relationship between Confucian values and entrepreneurship characteristics in a diagram. The CAE index was created by combining Confucian values and the entrepreneurship characteristics of Confucian Asians. Entrepreneurship is on the horizontal axis, and Confucian values are on the vertical axis. As shown in Figure 2 above, if the data values of entrepreneurship and the Confucian values measured are present, the CAE index could be usefully applied to other nations, organizations, departments, teams, and so forth.

Figure 3: Confucian Asia Entrepreneurship (CEI) Index



As a first step in developing the CAE index, we investigated Confucian values and entrepreneurship characteristics in the Korean public sector, which are presented in Figure 3. On average, the entrepreneurship characteristics index value in the Korean public sector is 4.43, and the Confucian Asia characteristics index value in the public sector is 4.55. It is located at the coordinates 4.43 EC and 4.55 CAC in quadrant one, which depicts high scores on the EC and CAC.

Figure 4: Scatter of Confucian values and entrepreneurship by individual

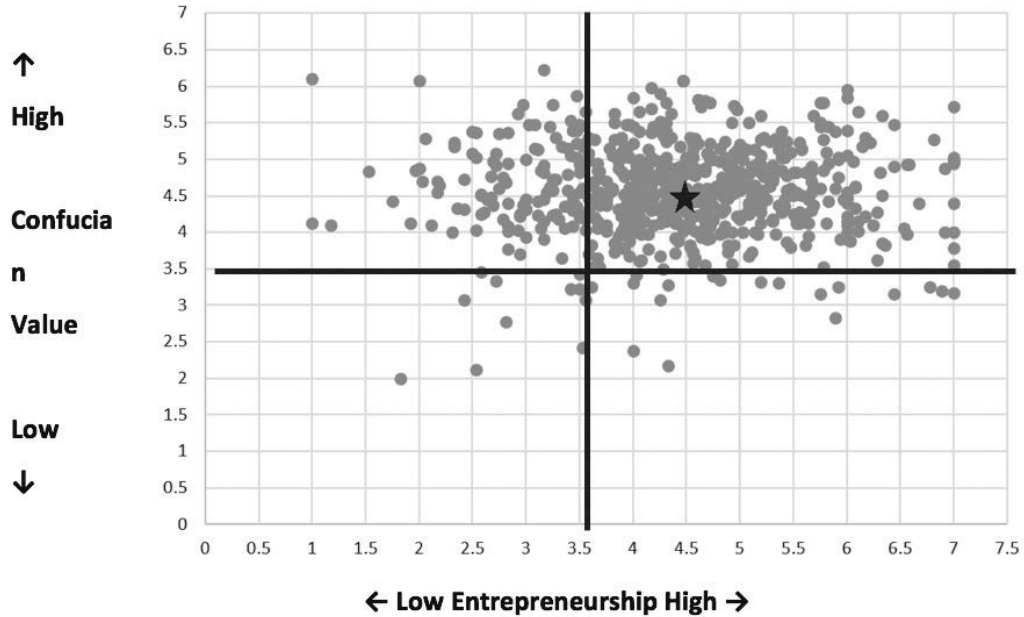
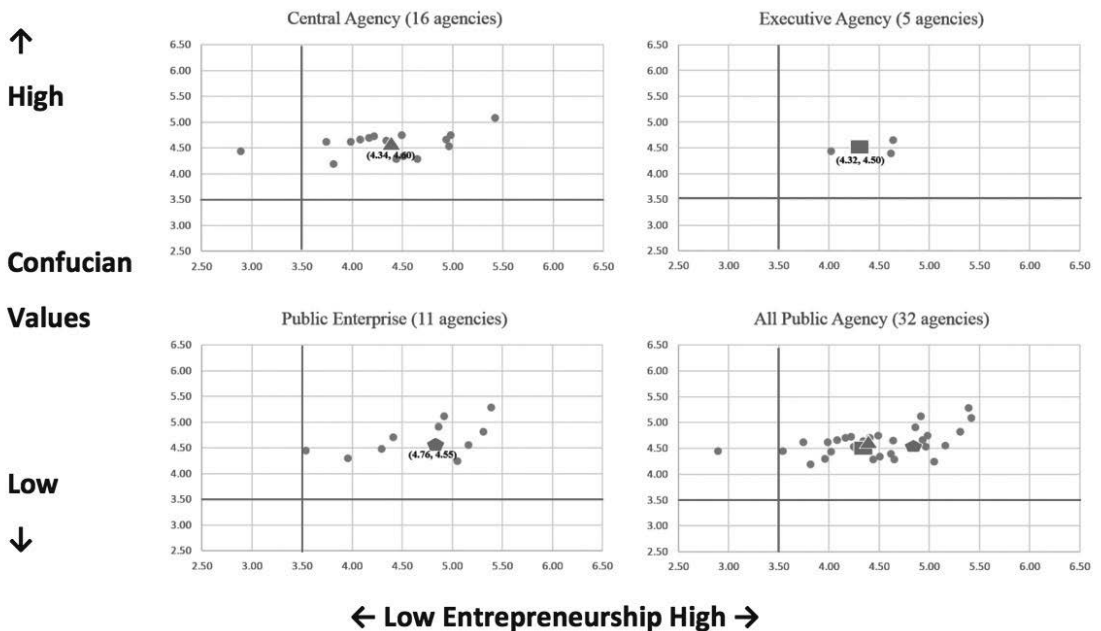


Figure 5: Scatter of Confucian values and entrepreneurship by agency



We also analysed and confirmed CAE index values by each different type of public organization. As Figure 4 shows, these were also apparent in quadrant one even if there were differences among the public organizations in terms of entrepreneurship. First, the CAE index value of government agencies was located at coordinates 4.34 EC and 4.61 CAC. The index was lower than the average in EC and higher than the average in CAC. Second, the CAE index value of executive agencies was located at coordinates 4.32 EC and 4.45 CAC. The index was lower than average in EC and CAC. Third, the CAE index value of public agencies was located at coordinates 4.76 EC and 4.57 CAC. The index was higher than the average in EC and CAC.

CONCLUSIONS AND IMPLICATIONS

The present study was motivated by the following goals:

- (1) conceptualizing and operationalising the dimensionality of Confucianist and entrepreneurial constructs identified in the literature;
- (2) empirically testing the relationship between Confucianism and entrepreneurship; and
- (3) comparing the degree of Confucianism and entrepreneurship in the three types of government agencies.

Based on these main goals, we confirmed the existence of Confucian and entrepreneurial values in South Korean public organizations, identified relationships between Confucianism and entrepreneurship, developed a CAE index and compared the differences among Korean public organizations. The empirical analysis showed that there were significant similarities and differences among public organizations and left open the possibility of applying our CAE index. In sum, the overall findings of the analysis suggest that there are meaningful relationships between Confucianism and entrepreneurship that should be addressed.

Implications

This study has several theoretical implications for Confucianism and entrepreneurship research. First, the results reconfirm the values of Confucianism and entrepreneurship in the Korean public sector. We also identified the existence of sub-dimensions of Confucianism (face-saving, humility, group orientation, hierarchy, and reciprocity) and entrepreneurship (innovativeness, proactiveness, and risk-taking) in the South Korean public sector. Although Confucianism and entrepreneurship can be considered to be logically contradictory, our analysis shows that these different institutional logics can coexist in a society. Given that the conflicting reform values of new public management (NPM) and post-NPM alternately hold a dominant position in public sector (Park and Joaquin 2012), we suggest that the reconciliation and collision of two contradictions can occur continuously.

Second, the study confirms that some Confucian cultural values are strongly correlated with entrepreneurship values. The most common idea is that Confucianism is incompatible with innovativeness, proactiveness, and risk-taking. However, we found the clues for the relationship between entrepreneurship and Confucian values, as Cheung (2004) pointed out, are that moral values and the trusting relationships of Confucianism

establish desirable and ideal standards of entrepreneurial behavior. From the correlation analysis results, it can be confirmed that entrepreneurship in South Korea is deeply related to relational attributes that arise within communities. Such results show that entrepreneurial behavior may become strongly expressed under the influence of tightly unified groups. It is different from the expression of behaviors and attitudes caused by the individualistic disposition found in Western countries. Although Confucian cultural values are not directly supportive of the creation of entrepreneurship, it is difficult to say that Confucianism is irrelevant to the development of entrepreneurship (Kirby and Fan 1995). Our findings reveal the potential that this collaboration between Confucian and entrepreneurial values has built for unique public entrepreneurship. In addition, according to the GEDI, South Korea's entrepreneurial spirit is not so high, but in combination with Confucian cultural elements, it may produce a synergistic effect that would be a further source of national growth.

Third, this study is the first to develop and apply a CAE index that combines Confucian values and entrepreneurial values. Our results point to somewhat promising applications for future research. As a first step, we obtained the coordinates 4.43 EC and 4.43 CAC which are representative of South Korean public organizations. South Korea still belongs to the Confucian culture, and public organizations have certain entrepreneurial characteristics. These results suggest that Korean public entrepreneurship has been formed and integrated with Confucian values for a very long time, and this is somewhat different from Western public entrepreneurship (Chang and Kozul-Wright 1994; Kim and Park 2003; Lee, Hwang and Choi 2012).

Finally, there are some slight differences between central and executive agencies and public enterprises in entrepreneurial values. Public enterprise is somewhat independent from governments and organizations in order to avoid bureaucracy and inefficiency. The agency is required to operate efficiently as an independent company; therefore, innovativeness, proactiveness, and risk-taking in public enterprises are higher than those of central and executive agencies.

Confucian values have been considered outmoded in South Korea, so many people believe that they should eliminate them from daily practice. Obviously, Confucian values do not only play a positive role in organizational practice. Excessive hierarchy and groupism results in collectivism, and this sometimes leads to inefficiencies in an organization. However, countries including South Korea have created a new CAE by combining Confucian culture with entrepreneurship, and if the CAE can contribute to national development, that is enough reason to initiate research into why this is the case.

This study also introduced the idea of a CAE for the first time, and we intend to continue to study the importance of CAE and its contribution to national development in subsequent research, based on the foundations of this study.

Limitations

There are a number of limitations that remain to be addressed. First, our study began with limited empirical data, which some might characterize as insufficient. Second,

we used only self-reported rather than objectively measured variables. To mitigate these limitations, we need to examine the research more closely. Clearly, our paper was limited in that it exclusively observed South Korean public organizations. Future studies on different large-scale assessments could extend its scope. Finally, this study was limited insofar as it relied only on a quantitative analysis for comprehending very extensive concepts: entrepreneurship and Confucian culture. However, such a quantitative study could become a foundation for further research if combined with qualitative research to provide grounds for further in-depth understanding; this would play a significant role in conceptualizing the CAE. Therefore, beginning with the CAE that was announced in this study, further meaningful conceptualization would be possible through qualitative research, and will deepen such concepts.

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COMMENTARY

The State-Building Myth of Pragmatism in the ‘Singapore Story’**Max Everest-Phillips¹**

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INTRODUCTION: SENSIBLE POLITICS AND GOOD PUBLIC ADMINISTRATION

Fifty years ago, the Nobel prize-winning economist Sir Arthur Lewis pithily noted that the secret of development was simple: ‘sensible politics and good public administration’ (Lewis 1966, p.xiv). Attempts to explain why such an easy formula has proved so difficult to implement over the last half-century have filled libraries. Defining ‘sensible’, clarifying ‘good’ and then trying to combine them has challenged academics, confounded public officials and baffled politicians almost everywhere.

However, when in 2015 the small island city-state of Singapore commemorated its half-century of independence, it did so with justifiable razzmatazz. It offered one of the few examples around the world where spectacular success in development had

been achieved, seemingly by applying Lewis’s formula. The country’s undoubted success, it was widely claimed, had been due to its “rational, pragmatic, non-ideological approach to policy making” (Neo & Chen 2007). The people of this ‘small red dot’ had consistently voted for this apparently winning formula since self-rule in 1959. Then half of all Singaporeans were residing in squatter huts, and gross domestic product (GDP) per capita was around US\$400. That was about a third that of Singapore’s colonial ruler (the UK), and a seventh that of the US. The country, in its seemingly relentless growth finally overtook the UK in 2009 and the US in 2011, with GDP per capita by 2015 reaching US\$51,855.

That stellar performance inevitably attracts considerable interest from those eager to imitate the success. Therefore, the accuracy of the details of the ‘Singapore Story’ does

¹ Max Everest-Phillips has been Director of the United Nations Development Programme’s (UNDP) Global Centre for Public Service Excellence (GCPSE) in Singapore since 2013. The author contributed this article in his personal capacity. The views expressed here are his own and do not necessarily represent the views of UNDP. GCPSE in 2016 published a study entitled ‘Detours, Dead-Ends and Diversions - Singapore’s Road to Development Reconsidered’ examining how the government of Singapore learnt from its mistakes.

matter. Yet myth-making was part of that story, so learning from Singapore's achievements requires sorting fact from state-building mythology.

INVENTING THE PRAGMATISM MYTH

Newly independent states require founding myths. Their purpose is to forge a shared identity and common purpose amongst disparate groups in a new nation (Smith 1999). Many such political legends in the decolonisation period were inspired by liberation struggles. However, for countries that achieve independence amicably, like Singapore, inventing unifying narratives and inclusive traditions is less easy - but no less important for fostering the perceived legitimacy of public institutions. Indeed, for Singapore – with a then-fragmented multi-ethnic society – a shared story to shape its 'imagined community' was essential (Hobsbawm & Ranger 1992).

The country's modern identity derives from the response of its political and administrative leadership to the economic upheavals, social divides and political threats the fledgling nation faced at independence in 1965. The prospects for Singapore had looked grim. The usual 'Singapore Story' suggests that the country was a poor, small tropical island with no natural resources, rapid population growth and sub-standard housing. Communism seemed to be tightening its grip. Surrounded by countries facing similar upheavals, the declaration of British military withdrawal three years later heightened the existential threat. The 'confrontation' with Indonesia, Communist insurgency, the war in Vietnam, Malay animosity and the British decision to close the military bases that had guaranteed Singapore's defence certainly left little room for complacency. The race riots of July 1964 had starkly exposed Singapore as "a transient and disunited society, a simmering cauldron of emotions which was all too easily stoked up by demagogues, chauvinists, racists, extremists and fanatics" (Yap, Lim & Kam 2009, p.593).

But a state-building myth in the 'Singapore Story' also implies the country at independence was little more than a poor fishing village. In fact, it inherited one of the best located ports in the world, and was already comparatively affluent. In 1965, it was already a 'middle-income' country, with the second-highest per capita income in Asia after Japan, and achieved 'high-income' status less than a decade later, in 1974 (Huff, 1997). The closure of the UK defence establishments undoubtedly a major blow, but the British authorities offered generous severance pay and re-training grants to the former Royal Navy's Sembawang dockyard employees, facilitating its rapid transition into the world's busiest commercial port (Interview of J.Y. Pillay by Oral History Centre 2006, 22 May 2006). Partly as a result, by 1970 Singapore had clearly 'taken off' on its remarkable development journey (Lee 1970). History and the national myth diverge (Barr & Trocki 2008).

Another, supposedly fundamental, element of the state-building imperative was pragmatism, a non-ideological search for survival. The architect of the country's success, long-serving Prime Minister Lee Kuan Yew (LKY) himself cited meritocracy, anti-corruption and pragmatism as key to his achievements in office. When he died just a few months before the SG50 celebrations, almost every obituary around the world consistently agreed on one thing: that LKY had been pragmatic, and that this attribute had proved to be a

significant causal factor in Singapore's rapid leap not just in economic prosperity but also in human development (UNDP 2015).

In the West, *The Guardian* of Britain described LKY as "leaving a legacy of authoritarian pragmatism" used to justify one party rule. *The Economist* stated that "Singapore owes much of its prosperity to a record of honest and pragmatic government". In Asia, *The China Daily* highlighted his "diplomatic pragmatism", while *The Times of India* argued that he had forged his country in his own image as 'efficient, inventive, forward-looking and pragmatic.' At home, the semi-official *Straits Times* argued that the key lesson of his premiership was that pragmatism can serve as a trustworthy compass when all agree that the good of the nation is what really counts.

The pragmatic approach, therefore, is apparently an important explanation for Singapore's development success. That the country's exceptionally rapid development has such a remarkably simple – or appealingly simplistic - explanation has resulted in it being endlessly and uncritically repeated. In later years, LKY himself had frequently confirmed this, declaring for example, in a *New York Times* interview in 2007: "We are pragmatists. We don't stick to any ideology. Does it work? Let's try it and if it does work, fine, let's continue it. If it doesn't work, toss it out, try another one. We are not enamored with any ideology" (LKY interview, 24 August 2007).

Distinguished academics and former senior officials who had worked for LKY concurred. For example, Kishore Mahbubani, a retired senior diplomat and now Dean of the National University of Singapore's School of Public Policy named in Lee Kuan Yew's honour, suggested that LKY's account, *The Singapore Story*, was sufficient for explaining the country's success. He therefore repeated LKY's own explanation, boiling it down to the acronym MPH - Meritocracy, Pragmatism and Honesty (Mahbubani 2013).

Yet was Singaporean leadership always purely pragmatic, as later claimed? When asked in 1965 whether the answer to overcoming Communism and colonialism lay in the pragmatic provision of housing, social welfare, higher standards of living, education – or whether it also required a positive ideology and political philosophy, LKY emphatically declared: *You have got to believe in something... you have got to have the ideological basis*. The national myth of pragmatism, therefore, while politically expedient, may be misleading. Indeed, LKY disparaged pragmatism as a phenomenon of British colonial rule, from which he was making a decisive break.² Furthermore, it was not LKY or the other People's Action Party (PAP) leaders who originally promoted the ideology of pragmatism. At that time, they were still explicitly committed to an openly ideological fight with the far Left in defence of the principles of democratic socialism. But this detail has sometimes been airbrushed out of the story or declared to have been insincere.³ In the 1960s, PAP supporters admired their leadership's

² See transcripts of Lee Kuan Yew's speeches on 18 January 1962 (Singapore National Archives document lky19620118), on 1 February 1962 (lky19620200), and on 24 May 1963 (lky19630524). Pragmatism in Singapore, however, can be traced right back to its origins, in the dispute between Raffles' perfectionism and William Farquhar's practicality in 1819 to 1822: <http://www.nas.gov.sg/archivesonline/article/william-farquhars-pragmatism>

³ See Talk On Democratic Socialism, by Prime Minister Lee Kuan Yew at the University Of Singapore, 20 November 1964, Singapore National Archives 1997020659. The communist threat was mentioned in Singapore's Parliament no less than 62 times more often than any claim to pragmatism in the face of it.

commitment to creating a fair and equal society (Barr 1998, Yap et al. 2009).

Rather, the evidence suggests that it was the PAP's rank and file MPs who, in those early years after self-rule in 1959 and around the time of full independence in 1965, turned to pragmatism to justify the government's actions to their constituents. They emphasised how their pragmatic approach contrasted with the dogmatic nature of Chinese Communism in the 1950s and 1960s. But, as Fong Sip Chee, then Parliamentary Secretary to the Minister for Culture told Parliament in December 1965: "We are caught, as in every developing country in the world, in a dilemma; that is, in our political approaches, the Government must be ideological and as pragmatic in its administration."⁴ In contrast, despite their later espousal of the concept, in those tense and decisive years of state-building, the term was rarely used by LKY or his ministers to describe his government's domestic policies.

By the early 1970s, however, pragmatism had become the official ideology of the PAP. Its grip on power created an 'administrative state', and ever since pragmatic policies have been presented in Singapore as a positive characteristic (Lau, 1981). This was justified by a 'survivalist' credo that suggested pride in hard-headed realism and the flexibility of adapting and innovating while 'learning by doing.' Yet unless pragmatism is principled, policy can degenerate into cynicism. In the 1970s, Singapore's 'pragmatism' of colluding with the Apartheid regime in South Africa was hardly admirable.⁵ The general election of 1984 for the first time revealed an increasingly prosperous and better educated electorate worried that the single-minded pursuit of materialism risked creating a nation of spiritual and cultural poverty that, through mass immigration, was also losing its identity. Doubts developed about the role of pragmatism in the 'Singapore Story' (Chua 1995), as problematic policy decisions were seemingly ideological and bereft of pragmatic purpose.

What distinguished Singapore's approach from cynical convenience, the practical politics as 'the art of the possible' or simply 'muddling through' (Lindblom 1959) was the belief that a well-led merit-based public service, liberated from the messiness of democratic debate or politicians' unhealthy preoccupation with electoral popularity, could best advance rational and realistic policies (Koh, 1998). The idea became a key component of the ruling People's Action Party's PAP political ideology (Tan, 2012). It also formed part of the country's 'state-building' mythology.

Yet high-profile examples of Singapore's non-pragmatic policies are not difficult to find. They range from the trivial, such as the chewing gum ban that courted international ridicule, to more substantive cases, including:

- a) The 1994 White Paper on public sector pay, making Singapore's ministers and senior civil servants by far the highest paid in the world. This was justified as pragmatic, part of the answer to the puzzle, at least in many developing countries, of how to build competent and honest government (Navot, Reingewertz & Cohen 2016).

⁴ *Hansard*, 15 December 1965.

⁵ Singapore National Archives Accession Number 000301, Reel/Disc 20. Oil from Brunei was apparently sent to the Apartheid regime via Singapore: see <https://www.theguardian.com/uk/2001/may/04/conservatives.politicalnews1>; while goods exported by the Apartheid regime were disguised through re-labelling in Singapore: Seidman, A. 1990. *Apartheid, Militarism and the U.S. Southeast*. Africa World Press, p.72.

High pay was supposedly essential to compete with the private sector to recruit the brightest minds, although research suggests intrinsic motivation is just as, or even more, important (Perry & Hondeghem 2008). Yet the experience of poor African countries does not seem to validate this argument. Kenya pays its President and MPs strikingly high salaries yet corruption remains endemic.⁶ In Ghana, a doubling of pay for the police force in 2010 actually increased corruption by its officers (Foltz & Opoku-Agyemang 2016).

- b) The Michael Fay case in 1994 involved an 18-year old US citizen sentenced by a court to caning for vandalism. Corporal punishment being an anathema in the US, the American press roundly condemned Singapore as ‘barbaric’ and ‘Lash-land.’ New York Times columnist William Safire dramatically described the “torture” that the “dictatorship” of the “fascist city-state” inflicted through “flogging by rattan cane, which elicits the screams satisfying to a torturer and scars the torturee physically and mentally for life.” President Bill Clinton publicly intervened, but Singapore’s stance was intransigent and inflexible, perhaps principled but certainly not pragmatic.
- c) The Voluntary Sterilization Act of 1969 legalised sterilization and by 1974, nearly 11% of all women aged 15 to 44 years had been voluntarily sterilized. Male Singaporeans applying to marry non-Singapore citizens were required to accept sterilization after the birth of the second child.⁷ In the 1980s, Singapore offered money to women who elected to be sterilized targeting low income and less educated parents. To qualify, both parents had to be below a specified educational level and have a combined income of less than \$750 per month (Lim 2015). This programme, offering targeted sterilisation and induced abortion as well as better access to education and general availability of birth control, greatly reduced Singapore’s birth rate, female mortality rate, and infant mortality rate, while increasing family income, female participation in the labour force, and educational levels.

The falling fertility rate among educated women was in part the direct result of these birth control policies of the 1960s and 1970s. Singapore’s total fertility rate in 1965 was 4.62, but by 1980, it was 1.74 (and in 2012, it had fallen to 1.29). Alarmed, LKY, in his annual National Day Rally speech of 1983, had launched the ‘marriage debate.’ He declared his concern that “whilst we have brought down the birth rate, we have reduced it most unequally. The better-educated the woman is, the less children she has”. His worry was swiftly translated into policy. In 1984, the First Deputy Prime Minister and Minister of Education Dr. Goh Keng Swee launched a scheme giving children of graduate mothers priority admission to schools. In defence of this policy, Dr Goh gave one of the most astonishing and least pragmatic speeches ever made in the Parliament of Singapore, admitting:

⁶ Kenya ranked 139 out of 167 countries in Transparency International’s 2015 Corruption Perception Index.

⁷ *Hansard*, 21 March 1977, Vol: 36, Col. 1322-1324: the Minister of State for Labour, Sia Kah Hui, told parliament that, to that date, 1,107 marriages had been approved under the scheme for sterilisation on the birth of the second child, and that the rule had been changed to require both contracting parties to be sterilized.

“The preference in school admission given to graduate mothers has generated much unhappiness ... the better educated the woman, the more we must help her to marry and have her children. We must also induce the rational Singapore male to ponder on his wayward past ways and to do better for himself and his children in future.”⁸

CONCLUSION: SINGAPORE’S PATH FROM MYTH TO HISTORY

The public uproar in Singapore that greeted each of these policies genuinely surprised the government, which then quietly made changes. In 2011, the Prime Minister Lee Hsien Loong tacitly admitted the error over salary and accepted a 36% reduction in pay: otherwise, under the previous scheme, his salary now would have been larger than that of all the G7 leaders (Canada, US, UK, Japan, Germany, Italy and France) combined.⁹ The damage done to Singapore’s international image by the Fay case was discreetly recognised, and the government generally sought to avoid a repetition of such diplomatic confrontation.¹⁰ Many Singaporeans had objected strongly to the scheme to give priority in school admission to children of graduate mothers. The scheme was quietly dropped in 1985, and sterilisation of less-educated women was phased out. LKY’s eugenic policies had proved hugely damaging and embarrassing (Barr 1999). From such episodes, all governments learn that most important of pragmatic skills: how to cope with failure. This involves not just facing facts, avoiding political and bureaucratic ‘blame games’, and preventing similar mistakes. It also, in the process, starts to expose myth and helps to transform it into objective history.

LKY certainly corrected his mistakes - even though he rarely admitted the detours, dead-ends and diversions on the road to development that those mistakes entailed. Correcting policy mistakes requires purpose, and that purpose should depend on political vision. More research is needed on the role that set-backs and failures played in Singapore’s development, and how exactly its government learnt from its mistakes (GCPSE 2016). But it seems that pragmatism had a purpose which, to no small extent, depended on building up a motivated and innovative bureaucracy, noting the crucial role that a competent and incorrupt public service played in the development process (Saxena 2011).

Confucius had advised: “*If you make a mistake and then do not correct it - that is the real mistake.*” Examining the past objectively requires a maturity made possible by the passing of time and the fading of the emotions of the moment. This is now happening in Singapore. Rather than the MPH myth of a superhumanly rational, honest and brilliant group of political and administrative leaders faultlessly working in harmony to devise a national vision and implement it pragmatically through the perfect plan, a more credible and reassuringly human story is emerging. Likewise, today’s developing countries will also need to confront politically embarrassing adjustments and controversial corrections, and should learn from Singapore how to allow state-building myths quietly to evolve into objective history.

⁸ Hansard, 12 March 1984. Women who were better-educated - defined as those with at least five O-level passes - were also to be offered tax benefits if they had children, with tax breaks of 5, 10 and 15 per cent of earned income respectively for the first, second and third child.

⁹ It is still, nevertheless, equal to the combined total of the salaries paid to the heads of government of the UK, Japan, Germany, Italy and France - with roughly 100 times the population and 85 times GDP.

¹⁰ Balanced by consideration for Singapore’s reputation on law and order: see the Oliver Fricker case in 2010.

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BOOK REVIEW

Reassessing the Role of Well-being, Suffering and Freedom in Measuring Generic Values of Health

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Valuing Health: Well-being, Freedom, and Suffering, by Daniel M. Hausman, Oxford University Press, 2015, ISBN-13: 978-0190233181

"Why do we need to measure health, and what aspects of health need to be measured?" This is the fundamental question posed by Daniel Hausman in his book *Valuing Health: Well-being, Freedom and Suffering*. His book focusses on 'generic health measurements' that is- measuring the overall value of health rather than health itself. He broadly deals with conceptual, technical and normative values of health which directs policy issues as well as fund allocation in national health sector. This book, meant for a wider audience, is a multi-disciplinary approach to move beyond economic evaluation approaches. Hausman achieves this by engaging with the philosophical, social and policy debates relevant to the health sector (ch1, p2-5).

The book is divided into number of sections. However, the book can be broadly divided into three sections: the first part discusses health and necessity of various ways of its measurement (ch2-5). Measuring health is accomplished through three major angles that are clinical and research use (distinction between different treatment facilities), epidemiological or demographic use (comparing population health with the burden of diseases, risks and injuries), and allocational use (allocation of funds and understanding cost-effectiveness of various options). This book focusses on epidemiological and allocational uses only, since these have major influences on shaping principles that direct health policies (ch2, p. 12-14). The author argues that in search of an effective measure for 'values of health', evaluative processes should not discount on functional efficiency of body and mind (as defined by Christopher Boorse), in order to capture the cost efficiencies of medical processes (ch3). So, in simpler terms health should be considered as the total physical,

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mental and social well-being of people, and not just absence of disease or disabilities.

Generic health measurement focusses on what people care most, their activities, relationships and feelings. But can such activities, relationships or feelings be measured at all? (p. 18-19). Chapter 4 questions the effectiveness of measuring the multi-dimensional aspects of health in the form of scalar one-dimensional comparisons, such as relative reproductive success to measure fitness. For example, health measurement units like quality-adjusted life years (QALYs) or disability-adjusted life years (DALYs) only reflect time spent in a particular health state and not its overall consequence in the quality of life (p. 35). These units may provide a base for comparing between two health states but not for evaluating values in life created by health states. Hence chapter 5 attempts to quantify the value of health through concepts such as health-related quality of life (HrQL) which is often facilitated by respondents' subjective judgement such as preference elicitation method, Likert scale ranking method, time trade-off, visual analogue scale and so on (p. 58).

The second part (ch 6-12) investigates inter-relationship between concepts of health, well-being, preferences and subjective evaluations. It is difficult to separate well-being created by health from that created by other factors (proposed by Boorse, p67). Thus chapter 6 outlines major features of well-being in terms of mental states, preference satisfaction, objective properties, prosperity and surrounding environment (p60). However, preference measurements make sense only when subjects are rational, are aware of their self-interests, and their responses reflect their true judgements (ch 7-9). Yet, the value of health differs from one person to another, making it implausible to measure it accurately. Again, choosing the right sample holds the key to eliciting right preference responses. Thus, although subjective experiences seem to be capable of eliciting preferences, their measurement too become ambiguous when subjects are incapable of reflecting the true preference of self-interest. In addition, subjective experiences are highly dynamic over time too (ch7, p. 109-110). After considering all alternatives, Hausman concludes that none of the existent methodologies is able to effectively measure values created by health (ch10 & 11). He states that health state can be best valued by its contribution to well-being, but capturing this 'private value' of health is quite elusive. In chapter 12, he summarises some suggestions to improve the reliability of such kind of measurements (p. 151-155).

The third and final section of the book (ch13-17) discusses values of health in terms of public policy. Hausman debates that for public policy discourse, one should ignore the 'private or personal value' of health while concentrating on the overall public or social well-being health should generate. To elaborate on this, chapter 13 sketches the roles and responsibilities of a 'liberal facilitator state' such as facilitation of individual activities, provision of public goods and minimization of suffering. Public policy of a liberal state should provide the basic platform to achieve citizens' requirements, rather than appease individual specific preferences (p. 158-160). Hausman further points out that in addition to pathological suffering, health states may also limit one's normal activities. For example, a violinist with torn tendon is not diseased but is unable to continue her career. Measurement methodologies of health should be able to internalise both of these health states and accordingly help to mould a state's health policies. In chapter 14, Hausman presents a draft for such kind of measurements (p171-187).

The last three chapters (15-17) propose cost-effectiveness (CEA) analysis as a useful tool to account for public values of health. The author discusses the technical and ethical difficulties of CEA and advocates the restricted use of CEA for revisions or formulations of health policies. However, one ethical problem of resource rationing strictly based on CEA is that it leads to discrimination, exclusion and aggregation of benefits to certain sections only (p191-196). For example, it is well-known now that QALY maximisation leads to unacceptable distributional discrepancies leading to the so-called aggregation problem (p212-213). Such aggregation might restrict a critically ill person to access life-saving treatment due to lack of resources. Thus often, health policies need to make a critical trade-off between fairness of resource allocation and efficiency of measurement. But Hausman emphasizes that no measure is totally perfect in itself. As a result, resource allocation should be led by compassion and benevolence, rather than tenets of fairness or efficiency only, in order to allocate fair chances to the society (p213). The book ends with a note that “policy deliberations are typically a form of “restricted consequentialism”” (ch 17). It is practically impossible to consider all inter-disciplinary implications while formulating a policy, but the best practise would always try to link policies within and across sectors.

Hausman’s discussions in his book broadly critique the common temptation to devote policies towards satisfaction of preferences, rather than measuring relevant outcomes and using that information in policy frameworks. Although the concept of public value of health directing policy choices (as proposed in this book) seems interesting as it solves the inadequacies of individual preference surveys or scalar measurement techniques, it still lacks enough evidence towards how it might serve as a superior vehicle to measure aggregated well-being of societies. Again, Hausman’s stand on CEA as a better tool of measurement in the face of serious ethical objections makes his arguments less convincing. Further research is indeed necessary to extend the thought-provoking propositions made in this book. Overall I do feel that the book is an important contribution to furthering the debate in generic health measurements and is a valuable resource for medical humanities scholar who wants to understand the basic debates surrounding health value measurements.

² Policy making often fails to respect interconnections between different sectors such as health, education, social welfare, environment and so on, which authors terms as “restricted” consequentialism.