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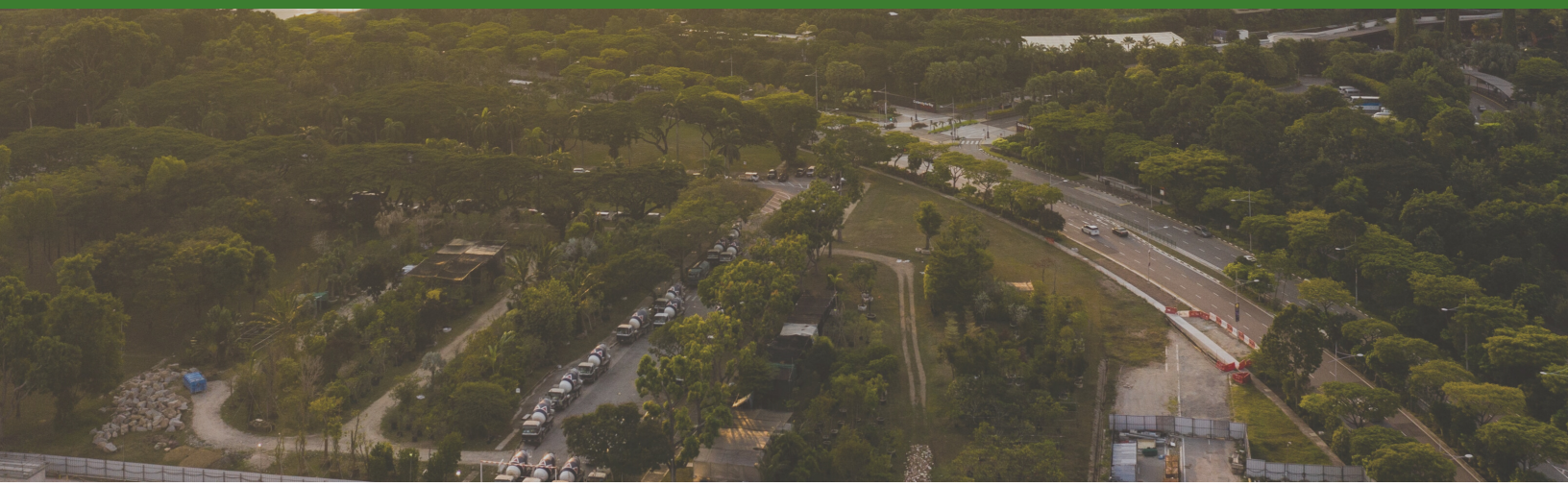
CAN AUTHORITARIANISM PLAY AN IMPORTANT ROLE FOR DEVELOPING ECONOMIES?



TRADE-OFFS BETWEEN DEMOCRACY AND AUTHORITARIANISM DURING SINGAPORE'S RISE TO POWER IN THE 1980S

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EXECUTIVE SUMMARY

More than half of the world's countries live in a democracy of some kind and it is often equated to a human right. For those of us who grew up in democratic societies, it is hard to imagine a functioning and successful society that does not give its people an equal voice and a peaceful (and relatively regular) transfer of power. However, there has been recent growing dissent against democracy, especially in the wake of emerging, economically successful authoritarian governments such as Singapore and China. It is said that China has attempted to model itself based on Singapore's success in the 1970s-80s.

Because of Singapore's influence on the pro-autocracy movement, this white paper uses Singapore as a primary case study to investigate the tradeoffs between democracy and autocracy during Singapore's rise to power in the 1980s.

Singapore is most known for its "rag to riches" story, with founding father Lee Kuan Yew often storied as the savior that transformed the country from a developing country to a first world nation. Lee was also known for championing the ideology of "discipline, not democracy" and Singapore has had its share of criticism for its restrictions on political opposition and lack of media freedom. Indeed, when one digs a little deeper into Singapore's history, one finds that not only has the Singaporean media downplayed the role of colonialism in contributing to its economic success today, but also a cost to having one ruling ideology rule a nation with no meaningful opposition.

This report explores the extreme income inequality, over-dependence on multinational corporations, excessive savings, lack of entrepreneurship and creativity, and lagging productivity growth that can be traced to the social and political influence of the People's Action Party (PAP).

Luckily, there is emerging evidence that Singapore is beginning to democratize in an attempt to maintain its wealth. This transition will be of utmost importance for the rest of the world not only for Singapore's influence on China, but also to improve society's understanding of non-Western democracy.

INTRODUCTION

The easiest way to identify if a system is democratic is to determine the existence of citizens within its society, i.e. people with rights and freedoms such as voting, forming and joining associations, and publishing his or her own opinions. Most of the world's most developed economies – such as Japan, Canada, France, Germany - are highly committed democracies. Recent research even suggests that democracies outperform non-democracies in the long-run, increasing GDP per capital by about +20% over a 20-30 year period (Radelet, 2015).

However, there is no clear consensus on the links between democracy and economic growth amongst economists and researchers (Rivera-Batiz, 2002).

Indeed, the Economist Intelligence Unit's Democracy Index found that global democracy has been receding in the 2019-2020 calendar year, and a recent Pew Research Center survey found more dissatisfaction than satisfaction in global opinion in regards to democracy (Connaughton et al., 2020). Skeptics of democracy cite the negative impact on the economy of populism, "excessive redistribution," and inefficient decision-making processes. The rapid growth during the 1970s and 1980s of the likes of Singapore and China under more authoritarian governments, especially compared to the more laggard growth from the world's largest democracy, India, has led to the prevailing view that a "benign dictator in charge" would be a more effective form of government in progressing a developing country.

SINGAPORE: THE CASE FOR AUTOCRACY

"From Rags to Riches"

It is hard not to be impressed by Singapore. Despite being expelled from Malaysia and being the first and only modern country to gain independence unwillingly in 1965, it now boasts amongst the highest GDP-per-capital in the world, was ranked #2 in the world in Doing Business 2020's list of best countries to conduct business in, and is considered amongst the safest and cleanest countries in the world for travelers.

Lee Kuan Yew, Singapore's "founding father" and first prime minister, is unanimously credited for rapidly transitioning Singapore from a "poor port from the bottom rungs of the third world" to a First World country in a single generation (Allison, 2015). Lee was known for championing free trade and providing incentives and preferential tax treatments in developing Singapore as a global financial hub. Furthermore, through his established Housing Development and Economic Development boards, he transformed Singapore into a carefully planned mixed township and invested into Singaporean industries and businesses to provide job opportunities for locals and attract expats.

Lee was also known for being publicly critical of democracy, arguing that what most countries needed was more 'discipline, not democracy' and Singapore's transformation would not have occurred without the stringent restrictions on political and civil rights under his regime. Indeed it is said that China has attempted to model itself on "the Singapore model," given it is considered the only Asian country to achieve advanced economic industrialization without undergoing substantial political liberalization (Ortmann & Thompson, 2016).

"A FLAWED DEMOCRACY"

The Economist's Intelligence Unit Democracy Index rates Singapore as a "flawed democracy," i.e. Singaporeans participate in fair elections and basic civil liberties are honored, but there are restrictions in political opposition and critic and some level of media freedom infringement that would not be appropriate in a full democracy.

Since its independence in 1965, Singapore's parliament has been dominated by the People's Action Party (PAP), and ruling members are quick to use civil and criminal defamation laws to silence opponents in the media or in other political parties. The Singapore judiciary systematically returns verdicts in the government's favor, and critics who raise questions are vulnerable to an offence similar to contempt of court. Furthermore, an individual license is required for any news website posting an average of one Singapore-related news article a week, and any website that does not comply with Singapore's Internet Code of Practice can be fined or suspended. In fact, nearly all print and broadcast media outlets, cable television services, and internet service providers are either owned or controlled by the government (Freedom House, 2020).

Most recently, Singapore introduced a "fake news" law in attempt to "prevent the dissemination of false news." However, experts are concerned that this law further threatens the freedom of expression in Singapore, as it could be used to further the government's agenda to curtail political debate and silence critics (The Economist Intelligence Unit, 2019).

"SINGAPORE'S COLONIAL PAST"

When one digs a little deeper into the details of Singapore's history, the fabled "rags to riches" story is not as pronounced. Singapore in 1965 was not the "backward fishing village" that many modern commentators describe today, but it was already an important commercial, financial, and educational center for South East Asia, having been a British naval base for decades (Peebles & Wilson, 2003) (Ortmann & Thompson, 2016). The PAP government – which was formed by English-educated professionals when Singapore was still a British colony – along with a Dutch economic advisor made the decision to build on Singapore's colonial inheritance and establish export-oriented industries within the country (Peebles & Wilson, 2003).

Indeed, many experts believe that rather than transform Singapore, the PAP rather guided the country towards further progress along the existing trajectory of a crown colony that was already amongst the most advanced territories in the British empire (Ortmann & Thompson, 2016).

Indeed, these same critics believe the spread of Singapore's "transformation" as misinformation is caused by the PAP itself, which spun its own idealized version of Singaporean history and downplayed the role of British colonialism (Ortmann & Thompson, 2016).

"SINGAPORE'S PROBLEMS TODAY"

What is not discussed enough today is Singapore's present economic problems that could be due to its lack of democracy: extreme income inequality, overdependence on multinational corporations, excessive savings, lack of entrepreneurship and creativity, lagging productivity growth, and a "brain drain" of local talent.

Initially praised by the global media for its rapid prevention of COVID-19 spreading in its nation, Singapore is -, as of April 2020 - experiencing a dramatic second spike in infections, with thousands of new cases linked to foreign worker clusters in cramped living conditions.

This has shone a light on the income disparity between foreign workers in Singapore.

Foreign workers in Singapore are largely divided into two groups:

1.highly paid expatriate workers that work for multinational corporations (MNCs) that set up headquarters in Singapore in order to benefit from Singapore's low income tax-rates and absence of capital gains tax, and

2. low-paid workers from impoverished Asian countries who fulfil roles like construction workers and maids (Verweij & Pelizzo, April 2009).

This long-standing dependence on these foreign workers have had many implications on the country. In order to keep MNCs from relocating, Singapore has had to keep in check corporate and capital-gains taxes and local wages. Indeed, economists have estimated that the income of Singaporeans is about 10% lower than Singapore's touted high GDP. Indeed, in 2005, the median monthly income for Singaporeans was below the minimum wage of a fully employed 40-year-old in Great Britain (Verweij & Pelizzo, April 2009).

SINGAPORE'S PROBLEMS TODAY

Most Singaporean citizens work much longer hours than the rest of the world (South Korea being the only exception) for a relatively meager income, and still have insufficient pensions despite having amongst the highest savings rates in the world (Peebles & Wilson, 2003).

Secondly, Singapore's heavy reliance on foreign firms has also suppressed local entrepreneurship, as local organizations historically have not had much support from the government (Ortmann & Thompson, 2016). An example of an opposing party that has been silenced by the Singaporean government is the Democratic Party, which campaigned for a more libertarian economic approach. Arguably, a more libertarian approach in the last 40 years would have aided Singapore in being less dependent on foreign firms and encouraged more local entrepreneurs. This lack of entrepreneurship, innovation, and productivity would have only been exacerbated by the social conformity and lack of freedom of expression enforced by the PAP government. Business guru Michael Porter and former deputy prime minister Toh Chin Chye are a couple of many who say Singapore's organized, authoritarian style of governing has stifled the risk-taking and creative behavior that is needed for successful start-ups (Ortmann & Thompson, 2016).

Finally, Singapore is suffering from a "brain drain," with 6 in 10 Singaporeans citing that they are willing to leave the country (Singapore Business Review, 2017). Young talent are moving for a variety of motivations, including economic (low wages and long work hours in their home country), social (taboo of homosexuality and economic restrictions for unmarried domestic partnerships), and political (anger at a controlling regime) (Ortmann & Thompson, 2016).

THE WAY FORWARD

NON-WESTERN DEMOCRACY

There is some evidence that Singapore is attempting to maintain its affluence by leaning towards more democratic ideals. Since the 2011 elections, the PAP has not had the aura of invincibility that has made strong opposition unthinkable. Whilst the PAP continues to its one-party rule of Singapore, electoral gains from the opposition has demanded more accountability from them, with Prime Minister Lee Hsien Loong publicly apologizing for the ruling party's mistakes and promising improvements. Indeed, community involvement has also strengthened since 2011, as the PAP introduced more social programs to deal with citizen complaints (Ortmann & Thompson, 2016).

Singapore may be paving the way for a successful non-Western democracy.

Democracy has often been criticized for its Western particularities, as well-meaning donors and NGOs attempt to implement western ideals to developing nations with completely different cultures. Recently, variation in democratic expression has already begun to take root amongst support programs in developing nations, e.g. international organizations working with tribal authorities and traditional-justice institutions in high-conflict areas such as Afghanistan and South Sudan, instead of myopically pushing for elections (Youngs, 2015). Philanthropists are also now looking to support civic awareness through local organizations, rather than traditional and age-old institutions and NGOs such as the World Bank, whose roots and history stemming from Breton Woods will always be biased towards Western-based solutions. These case studies – and perhaps Singapore's progression to a fuller democracy – may be crucial for society's understanding of a democracy that can work for us all.

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