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Governance and Bureaucracy in Singapore: Contemporary Reforms and Implications

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ABSTRACT. In recent decades, there have been substantial reforms in governance and administration based on neoliberal assumptions, market-driven policies, and neo-managerial principles. These contemporary reforms aimed at reinventing government and restructuring the state began in a few advanced capitalist nations, and gradually became a global model affecting countries around the world, including the interventionist developmental states in Asia. This article examines the case of Singapore in terms of the recent trends of reform in its public governance and explores the major local and global factors shaping this reform agenda. It also briefly considers the implications of these changes for the state, bureaucracy, and people in Singapore.

Keywords: • Bureaucracy • Governance • Reform • Singapore • State

Introduction

In the current global context, dominated by market-driven neoliberal ideology, most countries have adopted public-sector reforms in the name of re-engineering or reinventing governance. Despite cross-national variations in the scope and intensity of such reforms, they display certain common features, including the assumption of market superiority, rejection of the state's dominant role, reduction in public-sector activities, preference for market norms in service delivery, use of business principles in the public service, and concern for customer choice and satisfaction (Haque, 1999; Jann, 1997; Larbi, 1999). In advanced capitalist nations, the period since the late 1970s has seen the emergence of a neoliberal focus on downsizing the state and expanding market forces in order to overcome inefficiency, stagnation, and unemployment (Chung, 2001). Following the example of these leading world economies and influenced by the prescriptions of international agencies, many developing countries and transitional economies

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have embraced such market-based reforms. In Asia, Singapore is one of the countries that has most enthusiastically adopted these new reforms in governance, and this is evident or implied in some of its recent state initiatives or campaigns, such as Singapore 21, Manpower 21, and more importantly, Public Service 21 (Lee, 2001).

In studying this business-oriented transformation of governance and bureaucracy, Singapore is interesting for various reasons. First, although Singapore inherited the same British model of governance as other Commonwealth states, its governing system has become widely known for efficiency and competence, especially in terms of its role in generating an “economic miracle.” Economic growth has remained consistently high—at an average annual rate of 9.8 percent in the 1970s and 8.2 percent in the 1980s. Between 1988 and 1997, its Gross Domestic Product or GDP increased more than 2.5 times; between 1993 and 1997, it continued to rank very high in terms of its business-friendly environment; and by 1994, its per capita GDP (US\$20,000) surpassed that of Australia, Canada, and the UK (Lam, 2000; Low, 1998; Wirtz and Chung, 2001). These state-led economic achievements make Singapore a good case for studying contemporary reforms in governance based on the principle of the rolling back of the state’s economic management.

Second, while most countries have adopted the abovementioned business-oriented governance reforms due to the alleged inefficiency and mismanagement of the public sector, the Singapore government has introduced such reforms *despite* its efficient and well-managed public sector. Moreover, although many developing countries with heavy external debt have adopted privatization and deregulation, liberalized trade and investment, and restructured their state bureaucracy according to the principles of the “New Public Management” (NPM), often in response to conditions imposed by international aid agencies (Chung, 2001; Walton, 2001), Singapore is virtually free from external debt and thus free from such direct external pressure to adopt these reforms.

This article aims to explore the contemporary trends and features of reforms in governance and bureaucracy in Singapore. In particular, it focuses on the current trends of change in governance in terms of the nature of state formation, policy orientation, role definition, administrative structure, and welfare provision. After analyzing the trends of reforms, the article examines the factors that lie behind these recent changes. The last section of the article briefly examines the implications of these reforms for the state, bureaucracy, and society in Singapore.

The Reform of Governance and Bureaucracy in Singapore

Singapore is a small city-state with a land area of 647.5 km² and a population of about 4.16 million. Its ethnic composition is mixed, and includes Chinese (76.8 percent), Malays (13.9 percent), Indians (7.9 percent), and other minority groups (1.4 percent) (Wirtz and Chung, 2001; Neo, 2003). After gaining autonomy from British colonial rule (1819–1959), Singapore adopted the parliamentary form of government under the People’s Action Party (PAP). The PAP has ruled the country since 1959 with an absolute majority (usually 92–7 percent of parliamentary seats) in the unicameral legislature (Lam, 2000; Wirtz and Chung, 2001). Despite a record of economic success, the PAP government has pursued significant reforms in the scope, role, structure, and orientation of various governing institutions over the past two decades. In fact, the nature of the state itself seems to have

undergone a transformation due to various external and internal factors discussed later in this article. In this section, the major dimensions of these contemporary reforms in governance are briefly discussed.

Transition in State Formation

Since 1959, the PAP has presided over the formation of a so-called “developmental state” that typically places overwhelming emphasis on national economic development based on state ownership and economic control (Yeung, 2000a; Walton, 2001). Despite the provision for multiparty elections, the political system under the PAP has taken the form of a one-party-dominant system (rather than the western model of liberal democracy with occasional changes in the ruling party), which allegedly provided a stable political context to pursue pragmatic economic concerns instead of generating ideological contestation (Chua, 1997; Lee, 2001; Vasil, 2000). In the unique context of Singapore, where the domestic private sector was relatively weak, the state and its bureaucracy became the leading actor to enhance economic growth, generate employment, foster industrialization, finance private investment, build infrastructure, deliver various services, and so on (Lee, 2001; Low and Haggard, 2000).

In order to achieve these various developmental objectives, the government established a series of development-related institutions or enterprises owned, managed, or supervised by the state. Examples of such state enterprises include the creation of the Housing and Development Board (HDB) in 1960, the Economic Development Board (EDB) in 1961, the Public Utilities Board (PUB) in 1963, the Port of Singapore Authority (PSA) in 1964, the Jurong Town Corporation (JTC) and Development Bank of Singapore (DBS) in 1968, and the Telecommunication Authority of Singapore (TAS) in 1974 (Low and Haggard, 2000). In addition, the Singapore government created Temasek Holdings Ltd in 1974. This major institution has control over many government-linked companies (GLCs) that dominate the nation’s corporate sector. It accounts for about 10 percent of Singapore’s total output and 25 percent of local stock-market capitalization, and represents expansive government involvement in the national economy (LaMoshi, 2002; Low and Haggard, 2000).

The wide scope of these institutions indicates the state’s active involvement in economic development under the PAP for more than four decades. In carrying out this development agenda, the government ensured the emergence of an efficient, technocratic, and managerialist bureaucracy empowered to govern the market system, which represents another feature of Singapore’s developmental state (Lee, 2001; Low, 2000). However, it should be noted that according to Low (2000), in contrast to other developmental states in Asia, Singapore relied on a partnership between its economic bureaucracy and transnational corporations, rather than on its own private sector or domestic capital developing in competition with foreign corporations. According to some authors, this state-managed developmentalism has worked in favor of legitimizing the government’s political power (see Low, 2000; Yeung, 2000b).

However, the contemporary global context, in which the state’s economic role is generally in decline, poses a challenge to the legitimacy and credibility of developmental states in East and Southeast Asian countries, including Singapore. As the process of intensive globalization of market forces and the expansive power of transnational corporations have rendered the economic functions of

government less relevant in most countries, the nature of the state is increasingly being defined worldwide as the “hollow” state, the “managerial” state, or the “proxy” state (Clarke and Newman, 1997; Lee, 2001). Thus, in this age of “the withdrawal or rolling back of the state” (Lee, 2001), the continuing economic involvement and developmental role of the state in Singapore has become a matter of critical study.

According to some scholars (for example, Low and Haggard, 2000), although there have been some managerial changes in the state in Singapore, its dominant role remains largely intact, especially since it was called upon to deal with the recent financial and economic crisis in Asia. In opposition to this view, this article argues that there have been considerable changes in the public sector in Singapore in response to diverse internal and external pressures. It should be emphasized, however, that while the economic sphere of the developmental state has undergone some market-driven reforms, the political realm of the state has hardly changed in terms of shifting toward greater participation of opposition parties and civil society groups in policy decisions (Low, 2000; Thompson, 1996).

Redefinition of the Public-Sector Role

As Singapore emerged as a developmental state, the public sector became the dominant player in most sectors of its national economy. It continued to expand as the government created the abovementioned state enterprises and government-linked companies concerned with housing, electricity, water, the port, the airline, banking, telecommunication, manufacturing, media, transport, and so on (Yeung, 2000a). As an umbrella organization, Temasek Holdings has played a crucial role in managing and monitoring government investments (worth S\$70 billion) in state enterprises and other companies (LaMoshi, 2002). The government’s main justifications for such an active and interventionist role of the public sector have been to substitute for the weak private sector, ensure rapid industrialization, and maintain political and economic stability (Lam, 2000: 404).

But during the past two decades, this leading role of the public sector became less pronounced as the government began to allow local and foreign private firms to compete in sectors that had been traditionally reserved for state monopolies. For instance, more open competition with the private sector has been allowed in the telecommunications sector. The banking and insurance sector now allows a greater role for foreign banks and companies. In addition, similar exposure to private-sector competition has been introduced in electricity, power, health services, and law firms (Shameen, 2000). Irrespective of the precise scale of this change toward greater competition, it does represent a significant shift in the role of the traditionally dominant public sector. This is also evident in the government’s statements that it is inclined to change public agencies from “first-class regulators” to efficient “facilitators” of business activity (Low, 2000). Although the public sector still remains quite dominant in Singapore, its role is now to support the private sector by creating an atmosphere conducive to business, in terms of favorable corporate tax rates, infrastructure facilities, trade rules, and business licenses (Lim, 1996; Haque, 2003).

Despite this change in the interventionist and regulatory role of public authorities in Singapore, there are those who suggest that in comparison with jurisdictions such as Hong Kong, the business atmosphere in Singapore remains stifling, especially with regard to regulations on land use, estate management,

public housing, and local media (Shameen, 2000). And yet, even after the Asian economic crisis, top political leaders in Singapore continue to emphasize market competition and free capital flows (Lam, 2000: 404). Indeed, Lam (2000: 405) argues that in Singapore the nature of state intervention has become market facilitating rather than market stifling. In other words, in contrast to other countries, public-sector intervention in Singapore has remained supportive to market forces.

Reorientation in Public Policies

The changing nature of the state and the role of the public sector are reflected in the government's policy orientation. In particular, although the scope of public ownership expanded under welfare states in developed nations and developmental states in developing countries in the 1960s and 1970s due to nationalization and expansion of public enterprises, the period since the early 1980s has seen almost a reversal of this trend as a result of privatization, deregulation, and liberalization (see Heracleous, 1999: 432). In the case of Singapore, as mentioned above, the government created a series of state enterprises or statutory boards, including EDB, DBS, JTC, PUB, TAS, HDB, and so on. It also established Temasek Holdings to manage government investments in many government-linked companies, including Singapore Airlines, Singapore Power, Singapore MRT, PSA Corporation, Keppel Corporation, Singapore Technologies, Media Corporation of Singapore, and so on (Low and Haggard, 2000). Indeed, by 1983, the government had made substantial investments in 58 companies through Temasek Holdings (Yeung, 2000a). This expansion of state-owned enterprises and government-linked companies resembled the nationalization programs practiced in other postcolonial states that took over major enterprises and created new ones in order to reduce foreign economic control, compensate for a weak private sector, enhance nation-building, generate employment, build infrastructure, accelerate industrialization, and thus achieve rapid economic development.

However, these policies of nationalization and expansion of state enterprises have almost reversed during recent decades, when most countries introduced anti-statist, market-driven policies such as privatization, deregulation, liberalization, corporatization, outsourcing, subsidy withdrawal, and budget cuts (Haque, 2000). In line with this global trend, the Singapore government has gradually embraced some of these policies, representing a significant shift from its earlier policy stance in favor of public enterprises and government regulation. Following the recommendations of the Public Sector Divestment Committee in 1987, the government decided to enhance economic growth through market competition by privatizing state enterprises and companies (Phua, 1991). In particular, Temasek Holdings began a divestment policy that led to the market capitalization of S\$88.2 billion in its listed companies during 1985–99 (Low, 2000). This privatization policy, according to Low (2000), symbolizes the government's realization that it has no real choice but to create a conducive environment for the private sector in Singapore.

The government has also moved toward deregulating administrative laws and contracting out services (for example, training, printing, office-cleaning, and clerical and technical services) to enhance cost-effectiveness (Commonwealth Secretariat, 1998). In addition, there is a growing trend toward liberalizing various sectors in Singapore, especially finance, telecommunications, and utilities, in

response to the current global trend and external influences (Low, 2000). In the telecommunications sector, many restrictions on foreign ownership have been removed, and the Monetary Authority of Singapore has scrapped the limits previously imposed on foreign ownership in banks and relaxed earlier restrictions on the use of the Singapore dollar by foreigners (Low, 2000).

However, compared to the more substantial changes in favor of market forces in many countries, the policy shift in Singapore has been rather slow and piecemeal. In fact, according to Low and Haggard (2000), the divestment period actually saw a significant *increase* in the total number of government-linked companies from 361 in 1985 to 720 in 1994 (although this then declined to 592 in 1996), especially due to the government decision to purchase most shares privatized by various enterprises through these companies. Low and Haggard (2000) mention that the primary reason for rejecting wholesale privatization and using government-linked companies to take over privatized assets in Singapore is the fact that these companies often help facilitate the policy of economic regionalization, complement foreign investment in specific technologies, and may provide top policy-makers with attractive career opportunities and economic power bases. The authors offer examples of particular political and administrative officials to explain this point. Regardless of this slow pace of policy reform in Singapore, which is often characterized as “limited privatization” or “managed competition” (Heracleous, 1999: 439, 442), it is obvious that the government has begun to move away from its rigid state-led policies and embraced more market-driven policy measures in recent years.

Restructuring Public Bureaucracy

In line with these changes, there has emerged a shift in the organizational structure and management style of public service in Singapore. During earlier decades, under the developmental state and its interventionist public sector, the administrative system was largely based on the assumptions of the bureaucratic model, promoting meritocracy, impersonality, hierarchy, structural rigidity, and so on. But in recent years, the Singapore government has adopted some major components of business-oriented public administration (sometimes called the “new public management”) which evolved in the advanced capitalist nations during the 1980s and 1990s (Haque, 2001). In general, the two main components of this business-oriented public management are the *disaggregation* of various ministries, departments, and agencies into autonomous executive agencies with greater autonomy and the *delegation* to these autonomous agencies of financial and managerial authority for formulating and implementing programs based on final results or outcomes, rather than inputs and processes (Haque, 2003).

In Singapore, the government has recently converted various departments and statutory boards into autonomous agencies with a certain degree of operational flexibility. This can be observed in the case of the public works department, public utilities boards, the housing and development board, the inland revenue authority, the port authority, the broadcasting authority, and the land transport authority (Tay, 1999; Haque, 2003). In these autonomous agencies, the top executives are vested with considerable autonomy in financial, personnel, and other managerial matters. For instance, compared to the previous budgeting and accounting systems with rigid controls over inputs and procedural matters, the recently adopted Budgeting for Results and Management Accounting System

provides significant flexibility for public managers to determine the budget estimates of their respective agencies based on performance targets and final outcomes (Low, 2000; Tay, 1999).

Similarly, in the 1990s, the Singapore government decentralized the personnel system to newly created personnel boards in the ministries and statutory boards that can recruit lower and middle-level employees, and introduced new opportunities for business-sector executives to join the public service at any level, depending on their abilities and qualifications (Haque, 2003; Tay, 1999). There are initiatives to introduce fixed-term contracts instead of permanent tenure for employees in the public sector (Lee, 2001). Moreover, the topmost public officials, such as permanent secretaries, are now being encouraged to behave like business executives in managing human resources and determining employee performance (Low, 1998). These changes are quite significant in the context of Singapore, where the traditional bureaucratic model used to dominate public service during the colonial and postcolonial periods.

Changes in Public Service Provision

Although there is a common perception that the Singapore government has not been in favor of state welfare, there are considerable public-sector programs and institutions related to housing, education, and social security that represent the provision of some basic services by the developmental state. For instance, in the housing sector, the government created the HDB in order to build and manage public housing. The percentage of the population living in HDB flats increased from 9 percent in 1959 to 32 percent in 1969 to 86 percent in 2001 (Lam, 2000; Lee, 2001). Despite observations made by some scholars that this government provision of extensive public housing in Singapore was not altogether isolated from the political intent to gain support or legitimacy (Lee, 2001), the point here is that such provision constituted a major component of the state's welfare orientation. Similarly, in the education sector, the government took active measures in its early years to improve the infrastructure of Chinese schools and teachers as well as the scope and nature of English education (Lam, 2000). Since the quality of human resources is critical for a country that has hardly any other assets, the government invested heavily in education and training, especially in the area of science and technology. Thus, in Singapore, the provision of basic services such as housing and education largely became the domain of the state.

A more obvious sphere of direct government support for citizens has been social security, in the form of the state-managed Central Provident Fund (CPF), which was initiated in 1955 under colonial rule, but expanded and institutionalized under the PAP after it came to power in 1959. Under this system, both employees (citizens and permanent residents) and employers (public- and private-sector organizations) contribute a fixed percentage of salaries or compensation to the CPF as compulsory savings, which citizens can use as post-retirement security, to finance home ownership (especially for HDB flats), and to spend on health care (Browning, 2000; Lee, 2001). The rate of contribution to CPF increased for both employers and employees from only 5 percent of salary in the early years to more than 20 percent by the mid-1980s (Lam, 2000). The CPF accounts (held by about 50 percent of the total population) have three components: the Medisave Account (for health care), Ordinary Account (for home buying), and Special Account (for financing retirement) (Browning, 2000).

What is the current trend with respect to service provision in the context of the changes in the role and orientation of the state discussed above? It is widely known that in most countries, welfare services have come under challenge with the diminishing role of public governance. In the case of Singapore, however, there seems to be no drastic shift in public-sector services such as education and housing (Lee, 2001). One possible explanation could be that since there was no significant direct welfare system in the first place, there was no need to reduce it drastically. In fact, it is basically the use of people's CPF savings that has become the primary means to finance their housing, health care, and old-age security (Low, 2000). In CPF savings, the government's contribution is made mainly through its role as the employer of public servants. But the major portions of CPF come from the private-sector employers and employees (both public and private) themselves. Even this CPF system has been affected (the percentage of employers' contribution has been considerably reduced) due to the economic challenge posed by the recent economic crisis in Asia. In addition, as a vehicle for supporting basic services such as housing, health, and security, the role of CPF is limited only to people with jobs (Browning, 2000), which may shrink if a greater percentage of citizens lose jobs due to the current economic downturn.

The Major Factors Behind the Reforms in Singapore

Reforms in governance and bureaucracy are pursued by the state for various reasons, including internal demands and interests, and external influences or pressures. Like other countries, in Singapore, contemporary reforms in the mode of governance are also related to certain internal and external factors discussed below in this section.

Internal Factors

On the political front, the earlier rationales for greater state intervention and control in Singapore (such as ensuring economic survival and managing ethnic conflict and political instability) have lost significance due to the country's remarkable economic success, racial harmony, and political stability achieved during the past decades. On the other hand, the population in Singapore has become more educated, informed, and demanding; they expect a more consultative and less interventionist mode of governance (Lam, 2000; Lee, 2001). In other words, both the growing irrelevance of state control and increasing public demand for less intervention have led to the emergence of a more "consultative" style of governance, especially under the leadership of Prime Minister Goh Chok Tong (Lam, 2000: 416–8), which can be distinguished from the earlier mode of interventionist state and its public sector.

However, there are critics who continue to emphasize that, in Singapore, the state tends to exercise some degree of "paternalism" in the name of Asian values, portray its image as the "custodian" of public welfare, and reject the western model of liberal democracy as "unsuitable" for the country (Lee, 2001; Low, 2000). In addition, Gan (2003) and Ibrahim (2003) point to the fact that opportunities for free public expression and discussion on policy issues are often constrained by existing rules and regulations. Scholars such as Bell (1997) and Low (2000) even suggest that parliamentary democracy in Singapore is basically a form of "soft authoritarian" or "semi-authoritarian" democracy. On the other

hand, the rapid pace of economic development and the emergence of an educated middle-income class, according to some authors, have led to a situation which requires a “new kind of politics” as well as the greater recognition of civil society (Low, 2000; Thornhill, 2001). In this regard, Low (2000) finds that in recent years, the ruling party has come to realize the need for some recognition of civil society, involving non-state actors and noneconomic issues such as the environment and sustainable growth, which may imply a certain shift in the government’s outlook toward state control.

In the economic sphere, the interventionist role and policy of the developmental state in Singapore not only brought economic success, it also generated certain economic problems. The government responded to the economic downturn or recession in the early 1980s (which was allegedly caused by overregulation and high corporate tax practiced by the state) through a gradual reduction in its control over the economy (Lam, 2000). This realization of the problems associated with the interventionist developmental role of the state, together with a new agenda to transform Singapore into a premier international financial hub, led to the government’s recognition of the need for redefining the public sector’s role and redesigning public policies based on a free-market approach, without completely relinquishing state control (Lam, 2000: 416–8). Thus, the major internal factors shaping the contemporary changes in public governance in Singapore include the emergence of a more educated and informed population, the recognition of rising public concern for greater participation, the understanding of adverse outcomes from economic intervention, and the government’s objective to make the country a major center for international markets, especially in the realms of finance and information.

External Forces

Behind the current reforms in governance in Singapore, one major determining factor has been the intensive process of economic globalization integrating all national economies, which poses a considerable challenge to the country’s economic competitiveness (Lee, 2001). There is no doubt that in the past, Singapore gained considerably from the free global markets of trade and investment. But the current neoliberal phase of globalization signifies a borderless economic world, makes all economies potential candidates for foreign investment and venues for transnational corporations, and thus, diminishes the competitive edge of interventionist developmental states such as Singapore. In particular, Singapore is no longer attractive for foreign investment in low-cost manufacturing since there have emerged many cheaper production locations in different parts of the world (Yeung, 2000b). Recognizing this challenging reality, the Singapore government had to introduce more incentives, including the relevant infrastructure (especially in information technology), a skilled but cheaper workforce (by attracting “foreign talents”), and a non-interventionist and liberalized economy, in order to remain attractive to global markets and investors (Low, 2000). In this regard, the former Finance Minister, Richard Hu, mentioned the following: “we have no choice but to be open and to compete in the world market to survive and prosper” (quoted in Yeung, 2000b: 143).

Certain external pressure for reforms in favor of non-intervention and greater market competition in major sectors (for example, telecommunications, banking, and utilities) in Singapore also came from global economic powers, such as the

World Trade Organization (Low, 2000), that prescribed market-driven changes for all economies. Although Singapore does not have the burden of external debt (which has been a major factor behind such reforms imposed by international donor agencies on developing countries), it remains highly dependent on foreign investors and markets and has to comply with global economic trends favoring market forces rather than state agencies. In the face of such challenges and external pressures, the government has taken major initiatives to enhance Singapore's economic competitiveness by encouraging its state enterprises, government-linked companies, and local private entrepreneurs to invest in other countries, especially in Asia. It is estimated that the amount of foreign direct investment from Singapore in the region's economies increased from S\$2.6 billion in 1986 to S\$36.8 billion in 1995 (Yeung, 2000b: 143). This exogenous economic orientation toward investing in other national economies also required the restructuring of the state and governance in favor of managerial flexibility and a business-oriented culture in the public sector in order to make public officials more market friendly and innovative in interacting and dealing with local and regional entrepreneurs.

Implications and Conclusions

Since its formation, the developmental state in Singapore has gained a reputation for its efficient administration, competitive economy, and corruption-free governance. Within a short time span of five decades, Singapore became an "economic miracle" and achieved the status of advanced industrial economy on the basis of consistently high growth rates, and it is now one of the countries with the highest per capita income. Despite many critics holding skeptical views on Singapore's mode of governance, it made these economic achievements largely through a state-centric approach. However, due to the impacts of the abovementioned internal and external factors, there have been some major shifts in this mode of governance. Since there were no serious problems of governance in Singapore such as fiscal crisis, debt burden, and inefficiency or waste, which have provided the primary rationales for contemporary reforms in many countries, it is interesting to consider the implications of such reforms in this particular case.

First, the state in Singapore has been highly capable of managing its national economy, coordinating with foreign capital, and producing spectacular economic results. In the absence of a strong private sector, the state enjoyed considerable autonomy to pursue an interventionist, but effective, mode of economic management. But the current reforms in governance may negatively affect this state capacity in terms of both financial and human resources due to the divestment of revenue-earning public enterprises and the downsizing of the public-sector workforce. Although the domestic private sector has recently become an active partner in economic development, the role of the state still remains crucial in Singapore, especially due to events such as the recent Asian economic crisis that require an active rather than passive state. Interestingly, compared to many countries, reforms in Singapore have been relatively cautious and incremental, and the government is still heavily involved in major enterprises, including privatized assets, through government-linked companies. For instance, by 1995, while state ownership in the telecommunication sector had been completely replaced by private ownership in Japan, Hong Kong, and the

Philippines, it remained at 65 percent in Indonesia, 75 percent in Malaysia, and 89 percent in Singapore (see Ure and Vivorakij, 1996).

Second, in terms of the integrity of public governance, Singapore has been one of the most corruption-free countries in the world. For several years, it has been ranked the least corrupt country in Asia in terms of the Corruption Perception Index published by Transparency International. However, there are certain elements in the current reforms in governance that may pose a challenge to the maintenance of such a clean status. Indeed, it has already become a concern in advanced democracies that have adopted similar reforms. More specifically, in most countries, reform-related issues such as privatization transactions, outsourcing services, and public-private partnerships are likely to create new avenues for financial mismanagement or corrupt practices, and it is not always possible to maintain adequate transparency. Similar problems may arise from the delegation of financial and personnel matters to executive agencies, because, in delivering services, public agencies now engage multiple agents (for example, local and foreign private firms) beyond the scope of state supervision, and they use devolved budgets for achieving results, without much concern for inputs and procedural matters (Haque, 2003; Larbi, 1999; Pallot, 1996). In both developed and developing nations, these new opportunities for corruption by public managers could be further amplified as job insecurity caused by retrenchment, downsizing, and fixed-term contracts increases under the reforms. In the case of Singapore, although there is no evidence yet that reforms have produced such adverse impacts, it is better for the government to be vigilant, especially as retrenchment and job insecurity gets worse (Freeman, 1999; Tay, 1999).

Lastly, although the Singapore government has never been a great fan of the welfare state, as discussed in this article, there have emerged certain state-controlled service provisions such as housing, education, medical care, and old-age security that are largely based on the CPF system. Despite the fact that there has not been a fundamental change in service provisions, the recent initiatives to increase market competition and private-sector participation may have increased the costs of some of the basic services such as health care, education, transport, and utilities to the extent that the CPF system may not be adequate, especially given the lower economic growth rate and worsening job market in Singapore since the Asian financial crisis. As Low (2000) points out, as Singapore has decided to move toward a model of governance based on greater market-based competition in the context of a highly globalized world, it may have to adjust the "social safety nets" to address the needs of those who are left behind by such market-driven competition.

Singapore has adopted an incremental rather than a drastic approach to market-led reforms, perhaps due to the belief and interests of top policy-makers in state enterprises and government-linked companies (Low, 2000; Low and Haggard, 2000). Yet there is still a need to make reconciliation between the global demand for the state to retreat and become a market player, on the one hand, and the internal need for a more active state to deliver basic services and ensure certain safety nets under critical circumstances such as the Asian economic crisis, on the other. This concern has become more crucial today due to emerging socioeconomic trends. For instance, in Singapore between 1990 and 2000, the number of unemployed people increased from 25,800 to 94,000, and the economically inactive proportion of the population increased from 764,200 to 918,000 (Department of Statistics, 2000: 7–9). Moreover, while the average per capita income has improved considerably during the past two decades, the level of

income inequality has also increased: e.g., “the ratio of the average income of the top 20 percent to the bottom 20 percent has also widened from 11.4 to 17.9 between 1990 to 1999” (Chang and Wong, 2001: 22). There is no guarantee that these negative trends can be addressed by the CPF system, and it may require greater direct involvement of the state to resolve such growing socioeconomic concerns in Singapore.

In these circumstances, there is a need for rethinking the anti-welfare stance and the debate on the relationship between democracy and development. In particular, before the recent Asian financial crisis and economic downturn, it was possible to use high rates of economic growth and employment to argue that the western model of liberal democracy and welfare state could be an impediment to economic development in Asia. But due to the current economic slowdown and job losses since this crisis in 1997, the logic of rapid economic growth cannot be used to reject the liberal welfare-state model, especially when low-income households (left out by the market forces) need economic support and when state policies need to be widely discussed. Such an observation is made by Chung (2001) in the cases of South Korea and Taiwan. Thus, under the current circumstances arising from the recent market-led reforms as well as the regional economic crises, it may be necessary to rethink the earlier policy assumptions and outlook predominantly based on economic growth in Singapore and other Southeast Asian countries.

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