

Bringing More Heat to Southeast Asia: Singapore's Rise to Power

By Leah Nees

As a child, I was an expatriate living in the island country of Singapore. The urban city that I had grown to adopt as my own was on the move with taxis, rickshaws, and bicycles. Incense filled the streets. People attempted to shield themselves from the sun, heat, and humidity by donning umbrellas and eating ice cream wrapped in bread. I didn't know then that this vibrant environment was an increasing economic, technical, and cultural powerhouse that dominated the Asia Pacific. All I knew was that I was living under a one-party "democracy" with a strict legal system that prohibited chewing gum, employed caning as a means of punishment, and sentenced drug traffickers to immediate death by public hanging. Since returning to the United States in 2000 and beginning to study economics at Boston College, I have become even more interested in the complicated nation of Singapore as I seek to understand its ascendancy.

Singapore's first prime minister, Lee Kuan Yew, has remained a leading political figure in South-East Asia since 1959. As the co-founder of Singapore's leading political party, the People's Action Party, he created what some would consider a harsh, but others a winning, set of laws. By prohibiting littering, spitting on walkways, and failure to flush public toilets, Yew helped Singapore uphold a standard of cleanliness. The People's Action Party also imposes other harsh laws—as the red, bold letters on one's airport entry card indicate, the penalty for drug trafficking is death (Jacobson). Yew also organized the "Singapore Model," which internationalized the country by calling for foreign investment in infrastructure and establishing English as the main language (Jacobson).

Henry Cheng, a freshman at BC from Singapore, observed a social contract between citizens and the government while living in the country. “The government is corrupt-free and promises you the opportunity to get rich. ... If you don’t mess with the government, they will provide for you.” For example, Singapore has very low taxes and provides public housing with no charge on interest for over 85% of its citizens (Cheng). According to the Central Intelligence Agency, Singapore also provides work for 97% of its citizens, giving it one of the lowest unemployment rates in the world.

Lately, Singapore has made headlines for its projected economic growth in 2010. I recently had the opportunity to sit down with my Microeconomics professor, Richard Tresch, to discuss issues related to economic growth. He informed me that on average, a well-developed economy grows at a rate of 4% per year. Singapore’s economy is an exception to this statistic, with an estimated growth rate of as much as 15%, making it the fastest growing economy in the world today. According to a recent *New York Times* article, Bettina Wassener argues that this growth rate is four times the estimated growth rate of the United States economy.

Typically, economic growth results from investment in physical and human capital. Singapore’s 15% projected growth is due in part to its educational system that demands excellence from its students, as evidenced by Singapore’s 92.5% literacy rate (United States). Investment in physical capital has occurred in Singapore as demand for manufactured exports, particularly biomedical products and electronics, has risen. Having become a center of production and research for pharmaceuticals, Singapore has expanded its manufacturing sector by over 46% in the past year (Wassener).

The Singaporean government has also put large expenditures into infrastructure to attract more tourists. Typically, Singapore has not been a destination in and of itself, and the island’s

airport has been simply a common layover for many travelers. In an attempt to attract these tourists and become a one-way destination, Singapore has opened two new casinos, owned by Genting Singapore PLC and Las Vegas Sands Corp, and the first Universal Studios in South-East Asia. In addition, Singapore has extended their transit system to Sentosa Island, an island off the coast that is known for its beaches and amusement parks (Hong). Beach clubs and malls contain luxuries for rich tourists. In an upscale mall, Cheng said it was not uncommon to see window displays of “30 karat flawless diamonds and a 16 karat green diamonds with price tags of 70 million and 65 million.”

It is expected that Singapore will continue its successes in the years ahead. Recently, Singapore has been attempting to become the private banking hub of the world. Many investors put their money in Singapore because it is the richest country in South-East Asia with a stable currency (Cheng). According to current Economist Intelligence Unit projections, the People’s Action Party will remain a powerful group and will continue to pass policies to promote healthcare, housing, and social harmony. The services sector is expected to remain in surplus due to Singapore’s increased tourism and demand for financial services. And though the government is expecting a deficit on the basic budget due to the projection of increased public spending, it will not be forced to raise taxes (“Singapore: Country Outlook”).

While living in Singapore, I could not think of a better place to visit to experience a culture so alive with a mix of its own heritage and outside influences.. While some are angered by the influx of foreigners and increased social constrictions, Singapore has benefitted from a stable economy and an honest government. and experts forecast continued development and prosperity. Now, more than ever, is the prime time to immerse oneself in the heat of Southeast Asia; that is, if its economic benefits outweigh your right to chew gum.

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