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WEEKLY SUMMARY

Special Report

Singapore on the Eve of Lee Kuan Yew's Visit to the US

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SINGAPORE ON THE EVE OF LEE KUAN YEW'S VISIT TO THE US

Singapore has come through the first two years of independence following its explusion from Malaysia in much better shape than even its own leaders had expected. Lee Kuan Yew, the able prime minister of the small island republic, nevertheless foresees potentially serious economic and political problems on the horizon and is preparing himself accordingly.

Basic to Lee's plans is development of what he calls a "tightly knit society." This he believes will better enable Singapore to cope with the deteriorating economic conditions and attendant political backlash expected to result from a labor market expanding faster than industrial growth and the projected withdrawal of the British military presence which has played a substantial part in Singapore's economy. The government's controls necessary to impose greater discipline on the people and to assimilate the disparate elements of the population are leading inexorably to a more authoritarian one-party, one-leader state.

In the realm of foreign policy, Lee is groping for new ways to assure the security of his small state, surrounded by Malays and a natural target for Peking's subversive efforts among Singapore's largely Chinese population. On his visit to the US this month, Lee intends to assess American intentions to maintain a stabilizing presence in Southeast Asia and also to promote Singapore's economic interests.

Background

Singapore's leaders reacted with shock and dismay to the peremptory expulsion of Singapore from the federation of Malaysia in August 1965. Lee Kuan Yew had been an ardent proponent of the concept of Malaysia, seeing in it a means for Singapore, with its large Chinese population, to avoid isolation. He was also attracted by the opportunities that a larger political arena would provide for his own considerable talents and ambitions. Lee saw himself eventually playing a major political role and his People's Action Party (PAP) unifying and championing the urban Chinese proletariat throughout the federation. [redacted] Lee, however, moved too fast. He fielded PAP candidates in the Malayan elections of 1964 and then attempted to organize the Malaysian Solidarity Convention in May of the following year as an

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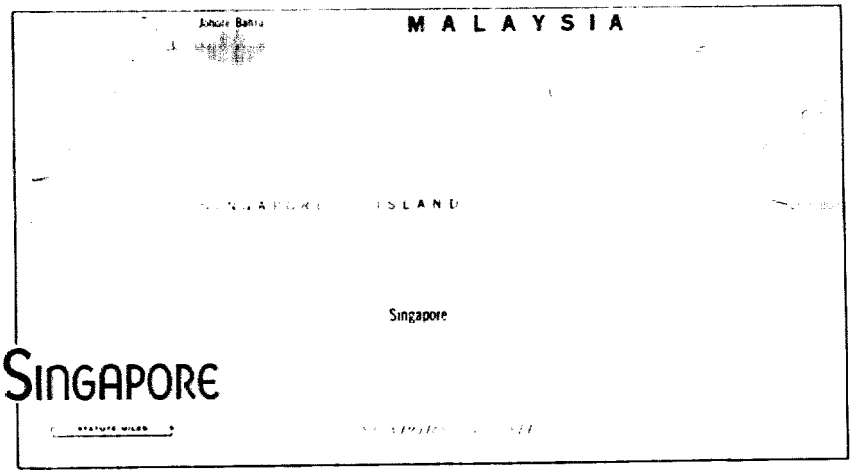

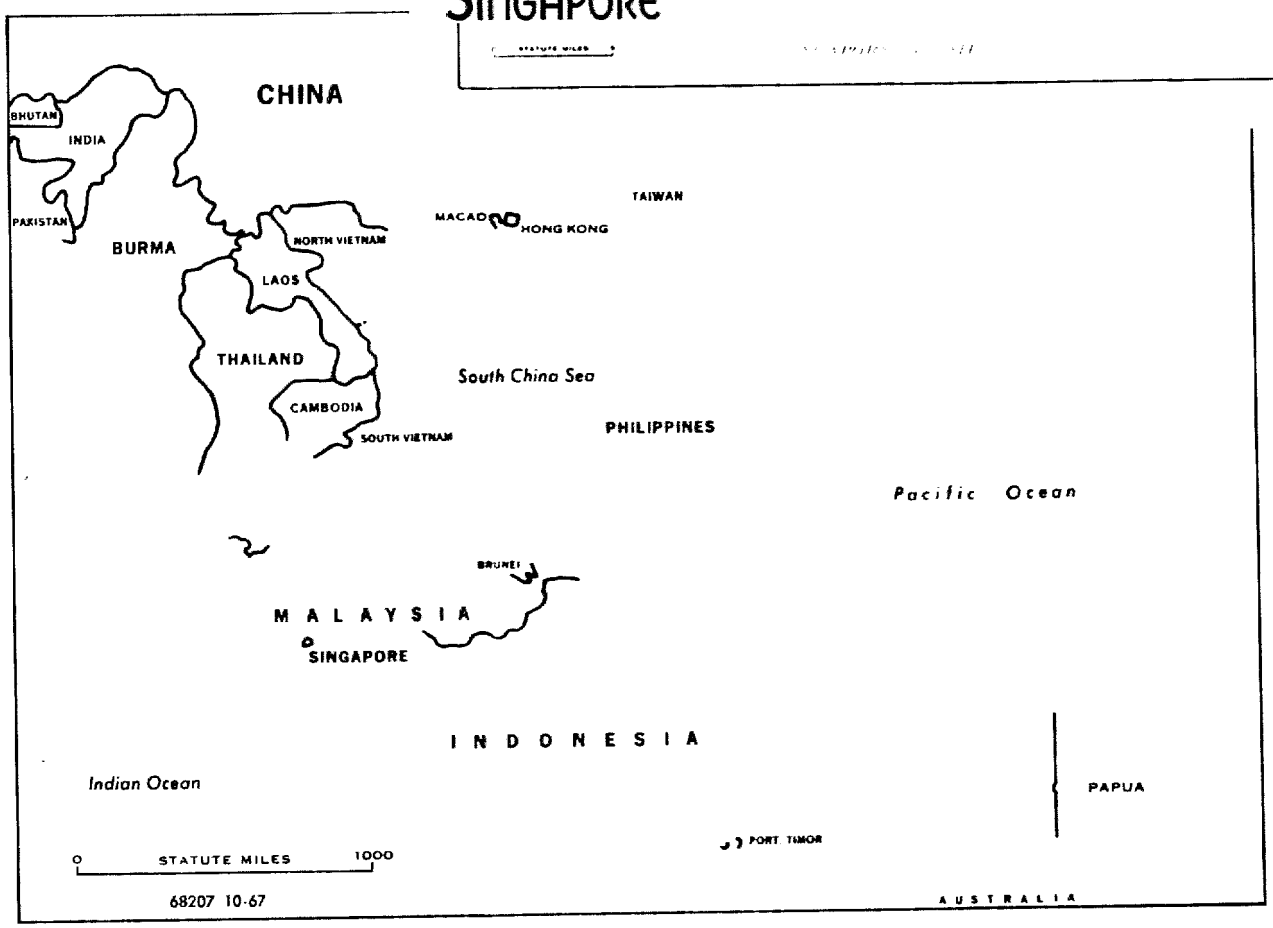

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opposition coalition to the Kuala Lumpur government.

Already deeply disturbed by the degree to which the local Chinese community controlled the economic life of the federation, Malay leaders feared an early PAP challenge to the political supremacy of the ruling Alliance coalition. The problem was further compounded by a pronounced conflict between Lee and Tunku Abdul Rahman, the Malaysian prime minister. Returning from a trip abroad, Rahman presented Lee with an ultimatum: Singapore would either withdraw voluntarily from the federation or face a communal bloodbath. The result was a separation agreement and the announcement of Singapore's independence on 9 August 1965.

At the time of separation there were serious doubts among Singapore's leaders regarding the capacity of the small island republic to survive independently. Heavily dependent on Malaysia both for raw materials and markets and having already lost Indonesia's lucrative trade because of Sukarno's confrontation policy, Singapore's economic viability was seriously threatened. Frictions between Singapore's Chinese and Malay communities had erupted in communal riots in 1964 and the potential for further outbreaks persisted. Lee was also disturbed by the tendency of many Malay and Chinese residents of Singapore to look respectively to Kuala Lumpur and Peking for political and cultural guidance.

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The Present Internal Situation

Much of the early apprehension over Singapore's future has now dissipated, and has been replaced by a growing confidence. Singapore's leaders are now preoccupied with plans for meeting a new set of problems that they see emerging in the next few years.

Lee and the ruling PAP have a free hand in carrying out their programs. The pro-Communist Barisan Sosialis Party (BSP), now rent by tactical and ideological differences and largely impotent, is the only opposition. Assailing Singapore's "phony democracy" and one-party rule, the five remaining BSP legislators resigned their seats in the national parliament about a year ago and the party refused to participate in the subsequent by-elections to fill the vacancies. The BSP has been further weakened and fragmented by the growing independence of leftist Chinese students, who often ignore BSP directives. Despite the fact that it was supported by 30 to 35 percent of the electorate in 1963, the BSP's present political impotency is likely to persist over the foreseeable future, barring a severe economic slump.

Over the long run and in the continuing absence of meaningful political opposition, the main threat to the PAP would appear to be the development of tensions and frictions within its own ranks. Although no significant political fissures are now evident, within the PAP they might develop over how far the government should go in imposing authoritarian restraints on Singapore's political life.

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Increased Governmental Controls

In support of Lee's "tightly knit society" concept, a series of laws and executive decisions has been put into effect over the past year, greatly increasing the government's control over the political life of the country.

A Societies Ordinance, passed last December, gives the government almost unlimited power to control, approve, or outlaw any organization of ten or more persons. The registrar of societies has been authorized to ban any group that is "likely to be used for purposes prejudicial to public peace, welfare, or good order." In mid-March, parliament passed an Undesirable Publications Bill which makes it an offense for any person to import, publish, or distribute publications prohibited by the government. On 29 June, magistrates were given legal discretion to refuse bail in rioting offenses.

Parliament also amended the Criminal Law Ordinance to ban public utility strikes and added a trade union amendment that outlaws political and sympathy strikes and requires labor union officeholders to be citizens of Singapore. These last two measures merely increased the government's control of the labor union movement, as it already dominated the Singapore Trade Union Congress, the nation's largest labor federation.

Although some of these new powers have thus far only been used in selected cases, they are probably intended for application at some future date when mounting unemployment might lead to serious political unrest. It is this future danger, rather than any existing challenge to PAP political control, that has convinced Lee the government must arm itself before a national crisis actually materializes.

Loyalty to the State

Lee's efforts to refocus divided loyalties and to build a national identity have taken several forms. Government-controlled news media have been utilized fully, and the nation's educational system has been restructured to some extent to promote and cultivate a national consciousness.

The government's evolving defense policies are intended not only to make Singapore the "Israel of Southeast Asia," but to produce loyal Singaporeans. Compulsory military service for all persons, male and female, above the age of 18 is required under an amendment passed last March to the National Service Act. Only an "elite" ten percent of those conscripted, however, will serve for two years in the regular armed forces. The remainder will perform part-time service in one of three paramilitary reserve units: the People's Defense Force, the Vigilante Corps, or the Special Constabulary, an auxiliary police organization.

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Dr. Goh Keng Swee, the former minister of interior and defense, has stated that the reserve training program is more sociological than military, and is intended mainly to produce a "closely knit community." Since the assimilative process is a long and tedious one, however, the government's success will be largely contingent upon a relatively stable economic situation and freedom from serious external threats.

The Economy

The PAP economic record to date has been one of impressive achievement. Singapore's gross national product has increased by about 45 percent since 1959 and the per capita gross income of US $540 is second in Southeast Asia only to that of the oil-rich British protectorate of Brunei. Singapore's prosperity has resulted chiefly from entrepot trade and light industry, but the contribution of the British military bases represents an even larger share of the GNP.

Government leaders are attempting to promote trade by concluding trade agreements with Communist countries and seeking tariff concessions from other trading partners. Over the past 18 months, trade agreements have been concluded with the Soviet Union, most of the Eastern European countries, and North Korea.

Industrial growth is being carefully planned and nurtured, one result of which has been the imaginative Jurong industrial complex. Consisting almost wholly of mangrove swamps and wilderness until the Lee government began to develop it in the early 1960s, Jurong now has a number of modern factories, a good harbor, and an excellent transportation system.

To pursue and enlarge its development after the British military withdrawal, Singapore will need an influx of foreign private capital on an unprecedented scale. Some of this additional capital may come in from Hong Kong as a result of the uneasiness engendered by the Cultural Revolution. This capital flow, however, is likely to be small compared to the amount required. In addition to the policy of promoting industrial expansion, the government is providing low-cost housing, medical assistance, improved education, and other benefits through one of the most comprehensive social welfare programs now in existence.

Despite the apparent strength and vigor of the economy, however, a number of uncertainties persist. Hopes for a common market with Malaysia were largely crushed by the separation, and trade with

Civil servants parade during three-month military training course.

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Indonesia is not expected to return to preconfrontation levels for several years at best. An estimated 75,000 persons--about 13 percent of the labor force--are out of work, and the unemployment rate is rising. Singapore must accelerate the pace of industrialization and find additional markets to provide jobs both for the presently unemployed and for the 17,000 persons entering the labor market annually.

The planned phase-out of Britain's military forces in Southeast Asia by the mid-1970s will aggravate Singapore's labor problems. Approximately 36,000 Singaporeans are employed at the British air and naval bases, and many more depend on the bases for a livelihood. The bases account for an estimated 20 percent of the national income, and the foreign exchange cost to the British Government of the bases in Singapore and Malaysia is some $200 million, most of which accrues to Singapore.

Foreign Policy

Paramount in Lee Kuan Yew's thinking about foreign policy is his [redacted] awareness of Singapore's lonely position as a Chinese city-state situated between two ethnically and religiously similar and potentially hostile states--Malaysia and Indonesia. As a political realist, Lee understands that a modus vivendi with Malaysia is vital to Singapore, [redacted]

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[redacted] As for Djakarta, Lee has welcomed the restoration of diplomatic and trade relations. [redacted]

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Singapore does not have diplomatic or consular relations with either Communist or Nationalist China, and is likely to proceed slowly and cautiously in developing relations with either. Because of the country's predominantly Chinese population, Singapore fears the pressures that relations with Peking or Taipei would produce. Moreover, relations with either, would make more difficult Lee's efforts to refocus the divided loyalties of the Singaporeans and create a national identity. Yet Singapore leaders are aware that they must live with mainland China and that eventually some relationship must develop. Lee has permitted the continued operation of the local branch of the (Communist) Bank of China, and supports the admission of mainland China to the United Nations.

Lee has ambivalent feelings toward the US but a more positive attitude is evolving. At the time of Singapore's expulsion from the federation, Lee

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was uncertain of the "staying power" of the US in Vietnam. He was also fearful that Washington would sacrifice Singapore to the larger and more numerous Malay states. Moreover, he wanted to chart a neutralist foreign policy for Singapore while winning membership in the Afro-Asian family of neutrals. Finally, Lee's own deep respect for Britain and its conduct in Southeast Asia made him reluctant to accept the Americans as a successor to the British in that part of the world.

Lee's more positive present attitude may be attributed to several factors. US policies in Southeast Asia have a significant bearing on his own aspirations for Singapore, particularly his need for time in which to build a stable, cohesive society. The US has greatly increased its commitment in Vietnam since 1965, which leaves Lee much more hopeful regarding Washington's determination to maintain a protective presence in Southeast Asia. Although he has sometimes criticized US tactics, particularly the bombing of North Vietnam, he insists that a continuing US presence in Southeast Asia is essential to regional security. The pragmatic prime minister is also aware that about 15 percent of Singapore's national income derives from US procurements in Singapore for Vietnam.

Britain's military phase-out, moreover, will leave a vacuum and add to Singapore's security problems unless the US remains in the region. Lee's reliance upon the US for regional security stems in part from the excesses of Mao Tse-tung's Cultural Revolution and its implications for Singapore's predominantly Chinese population. Finally, the "myth" of the Afro-Asian "third force" has become apparent to Lee and has convinced him that it is incapable of contributing to Singapore's long-term security needs.

After much hesitation, Lee has also become more amenable to the concept of regional cooperation, having earlier rejected it as being incompatible with Singapore's neutralist stance. Singapore is a founding member of the Association of Southeast Asian Nations (ASEAN), which was established last August. Singapore's leaders are convinced that ASEAN must focus initially on economic, rather than political and military, cooperation if it is to win general acceptance and serve a useful purpose. It might, they think, come to serve a security purpose but they are not sanguine of this prospect.

Lee's Visit to the US

Lee's principal purpose in visiting Washington this month will be to make a first-hand assessment of long-term US intentions in Southeast Asia. He also hopes to obtain a more fundamental personal knowledge of this country and its leadership, as well as to secure a sympathetic understanding and appreciation of the problems confronting Singapore as a fledgling nation.

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Lee probably intends to explore the prospects of attracting some American commercial interest in Singapore's naval facilities and air bases after the British departure. He can be expected to make a bid for expanded markets in the US while trying to lure American investment capital to Singapore. He probably also will wish to emphasize Singapore's potential role in regional affairs, while at the same time seeking assurances that the US will not favor the Malay states over tiny Singapore.

Outlook

Unless a serious economic crisis develops, it appears likely that the situation in Singapore will remain basically unchanged for a good many years. The trend toward authoritarianism will become even more pronounced as Singapore tightens its belt under the Lee regime in order to sustain itself in the uncertain years ahead. Opposition leftist elements at this time give no indication that they have either the capacity or inclination to close ranks and offer an acceptable substitute to the ruling PAP government.

The most serious problems confronting the Singapore Government focus chiefly on Britain's planned military withdrawal and the eventual termination of US procurement for Vietnam, which together account for 40 percent of Singapore's national income. A loss of both within a short span of time would have a severe impact on the economic life of the country.

Britain plans to provide some economic assistance following withdrawal, however, and it is assumed that the base facilities will be converted to commercial use. Singapore's leaders are also hopeful that industrial and commercial growth will provide jobs for the many workers who will be thrust upon the job market in the years ahead. Nonetheless, if the economic situation were to reach critical proportions, considerable pressures probably would be exerted to follow a more radical course. In essence, Singapore's future as a viable political and economic entity is by no means assured, and will be determined by forces and events largely beyond Singapore's influence. (SECRET NO FOREIGN DISSEM)

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