

A REPORTER AT LARGE

A NATION OF CONTRADICTIONS

A POLITICAL scientist who visits Singapore would regard the island nation as fascinating, since its authoritarian government functions in many ways like that of a Communist state yet is dedicated wholeheartedly to the pursuit of capitalism. An economist would consider Singapore instructive, because there is no better example of a country that has gone from poverty to riches through good economic management. A sociologist looking at rules and regulations would call Singapore unique in the world. But more casual visitors might characterize Singapore differently, often by using the word "dull." Friends in the United States who had been to Singapore used this word and looked at me sympathetically when I told them that I was going there for a month. The taxi-driver taking me from the airport to my hotel also used it, and added that "no tourist should spend more than two days in Singapore—one day shopping and the other sightseeing." When I met the Prime Minister's press secretary, he smiled in an embarrassed way and said, "You must find Singapore dull."

That Singapore can be so interesting beneath the surface and at the same time appear to be so dull is just one of its many paradoxes. Approximately two hundred and forty square miles, with two million seven hundred thousand residents, Singapore has bulldozed almost all its past, tearing down colorful ethnic neighborhoods and replacing them with office towers and high-rise apartment blocks that go on mile after mile—an endless horizon of uniform drabness. The tourist district bisected by Orchard Road, one of Singapore's main streets, offers another numbing sort of repetition: multistory indoor shopping malls filled with stylish boutiques, malls by the dozen and boutiques by the thousand, evoking the image of a prosperous American suburb that has run amok. The weather is certainly dull: the average temperature varies by only one degree centigrade from the hottest to the coldest months, and the oppressive humidity never lets up. Then, there are the Singaporeans themselves. People stand

in interminable lines waiting for a taxi instead of going out on the street to hail one, because the latter act is frowned upon by the authorities. Joggers routinely stop at "DON'T WALK" signs—even on Sunday mornings, when there isn't a car in sight. The government tells Singaporeans what books and magazines they can read, what movies they can see, and what television programs they can watch, and the result is a cultural desert in a nation so wealthy that it could easily be a showcase for the arts. Residents of Singapore pursue but one activity with passion—a passion so great that it sometimes seems to constitute recreation as well as vocation. This is the making of money.

Lee Kuan Yew, who since Singapore gained its independence from Britain, in 1959, has presided over the nation in much the way a strict father might rear what he feels are errant children, dismisses with contempt the notion that a dull, soulless city has replaced the excitement of the teeming ethnic communities that populated the island three decades ago. Singapore is more

than seventy-five per cent Chinese, fourteen per cent Malay, and seven per cent Indian. Lee, whose shrewd and pragmatic style of governing leaves no room for romanticizing the past, once noted that "there was no sanitation and no running water, hot or cold, for many not even electricity," and asked, "And what was there to do? The people could grow tapioca, make children, and drink." He had a point. Anyone who disparages Singapore for being dull and authoritarian has overlooked an entirely different side—one of remarkable accomplishments. Although it began as an impoverished nation with no resources, it has managed to solve the major problems that plague almost every other large urban area in the world today—problems that threaten to balloon into crisis proportions in the United States. Singapore has virtually no poverty, no homelessness, and no begging, and little crime. Unemployment is close to nonexistent. The air is clean. Cars are so strictly regulated that traffic flows freely even during rush hours. The prosperity of Singapore, where people lead



"Actually, Lou, I think it was more than just my being in the right place at the right time. I think it was my being the right race, the right religion, the right sex, the right socioeconomic group, having the right accent, the right clothes, going to the right schools..."

lives that even many Japanese would envy, is shared widely. The same cabdriver who called Singapore dull admitted after a bit of questioning that he grew up in the nineteen-fifties in a one-room "shophouse," where a seven-member family both worked and lived. His parents slept on the bed; he slept under it. Today, he lives, with his wife and two children, in a three-bedroom apartment, which they own.

From economics to food, Singapore is a nation of contradictions. Except for Japan, it has the best-educated, most knowledgeable, and most worldly-wise society in Asia, but the government still tries in many ways to regulate its citizens' lives. Although Singapore has no enemies—Communism no longer poses a threat, and the island's relations with its immediate neighbors, Malaysia and Indonesia, are vastly improved—it continues to maintain one of the largest armies in the world proportionate to population, and has a ruthlessly efficient and intrusive intelligence agency, the Internal Security Department, or I.S.D., that is tireless in its pursuit of dissent. Despite the fact that Singapore is a bastion of capitalism, the government owns many of the largest local companies and frequently interferes with economic decisions. The government is so prudish that it bans *Cosmopolitan* as well as *Playboy*, yet the national airline promotes itself with slogans on the order of "Singapore Girl you're a great way to fly." And although Singapore has a great many "hawker centers," each with an ethnic mélange of food stalls, that offer some of the best street food in the world, young Singaporeans flock to American fast-food restaurants, including no fewer than thirty-four McDonald's.

For any Westerner accustomed to Asian cities choked by pollution, traffic jams, and snarled communications, Singapore is an oasis. The airport is so efficient, the taxis are so numerous, and the roads are so good that a visitor arriving at Changi Airport, on the eastern tip of the island, twelve miles from downtown, can reach his hotel room there thirty minutes after stepping off the plane. That visitor can drink water from the tap; get business cards, eyeglasses, or a tailor-made suit the day after placing an order; and ride a modern subway system whose

underground stations as well as its trains are air-conditioned. An international phone call can be direct-dialed as quickly in Singapore as in the United States. All business can be conducted in English, because it is the language that all the schools use. (Only one out of five Singaporeans speaks English at home, though.) While the dreary high-rise buildings convey no atmosphere, Singapore has retained enough greenery to make it a pleasant city for walking. Every block has trees and flowers; the island's entire east coast, facing the South China Sea, is a string of parks and beaches, and only half an hour from downtown are a nature preserve and some semi-rural areas with farms. No litter mars a walk through Singapore's streets, because a litterbug must pay a fine of up to six hundred and twenty dollars and undergo counselling. (Cigarette butts count as litter, and many of Singapore's litter baskets—there are forty-five thousand of them—are equipped with ashtrays.) Everything in Singapore is clean; everything in Singapore works.

In a nation known for efficiency, the government is most efficient of all. In other parts of Asia, government services can take an eternity to arrive and then come bound in red tape, the instrument for cutting away the tape being a bribe. But in Singapore when someone calls to report a pothole the Public Works Department fills it within forty-eight hours. The Telecommunication Authority will install a new phone the day after the order is received. Secretaries are so conscientious that a journalist gets unsolicited wake-up calls to make sure he'll be on time for early-morning interviews with their bosses. A bribe, whether a little tip to an employee or a large payoff to a high-ranking minister, represents a ticket to jail. A postman was once arrested for accepting a gift of one Singapore dollar, equal to sixty-two American cents. A civil servant who

receives a present in the mail must send it to a government agency, which puts a price tag on it and then offers to sell it back to the recipient. If the employee doesn't want to buy it, the gift is sold at an auction. Such is the shame attached to corruption that in 1986, when the Minister of National Development was accused of accepting a bribe to save private land from government acquisition, he committed suicide.

The government of Singapore, ever fearful of snakes in its capitalist Garden of Eden, loves to make rules. The walls of buildings are plastered with rules, telling people what they can't do and how much they have to pay if they dare to try it. The fines represent considerably more than a slap on the wrist, and they're enforced often enough to make most potential miscreants think twice. Eating or drinking on the subway costs the equivalent of three hundred and ten American dollars, driving without a seat belt a hundred and twenty-four dollars, smoking in a restaurant three hundred and ten dollars, and jaywalking, a relative bargain, thirty dollars. Few proscribed activities are left to the imagination, as opposed to being posted; for example, in the Botanical Gardens, where "PROHIBITED" signs threaten to outnumber plant-identification markers, a pictograph warns against shooting at birds with slingshots. Nor do violations always depend for discovery on a passing policeman. Trucks and commercial vans are required to install a yellow roof light that flashes when the vehicle exceeds the speed limit. When a taxi exceeds the maximum speed on freeways of forty-eight miles an hour, loud chimes go off inside; the chimes are so annoying that the driver is likely to slow down. At some intersections, cameras photograph the license plates of cars that pass through as the light is changing to red; the drivers receive bills for that offense in the mail.

The rules are frequently backed up by publicity campaigns, using advertising slogans, displays at public events, and articles in the leading newspaper, the *Straits Times*, which in all areas enthusiastically fills the role of government lapdog. There have been campaigns to be punctual, to say "please" and "thank you," and to buy frozen pork



Busted

rather than fresh pork, which, the *Straits Times* said in 1985, "can be dangerous because it can mean living at the mercy of other countries." The government once even urged Singaporeans to "have spontaneous fun." In 1984, Singapore initiated an anti-spitting campaign, with the distribution of pamphlets, messages on radio and television, mobile exhibitions at food centers and markets, twenty thousand posters on buses and taxis, and, for children, comic strips and a coloring contest. "DON'T SPIT IN PUBLIC—AFTER THE CAMPAIGN, CULPRITS WILL BE FINED," a large headline in the *Straits Times* warned, and it also printed dozens of articles, editorials, columns, and letters on the subject. The newspaper didn't confine its warnings to committing the crime in public places. In one article, it quoted a tailor as promising "that he would now spit in drains," and went on, "But experts say that wherever it is done, spitting is unhygienic. It spreads a lot of germs that cause illnesses like tuberculosis, cough and cold, influenza, sore throat, measles, mumps, and chicken pox."

Clean public toilets at shopping malls, food centers, and other public places are among the amenities that make Singapore perhaps the most livable city in Asia. But the campaign that brought them into being, which started in 1988, might be viewed as excessive. A law requiring the flushing of toilets and urinals was enacted, the *Far Eastern Economic Review* reported at the time, "to punish those of its population who have not been properly housetrained." The magazine explained, "Those who ignore the new law do so on peril of a fine of up to S\$1000. And how is this law being enforced? A crack battalion of inspectors from Singapore's Ministry of Environment will be roving public toilets in pursuit of the aberrant non-flushers. This could prove embarrassing for the respectable patrons of such public facilities. How to distinguish the man from the ministry from the common-or-garden Peeping Tom?" When I visited the *Straits Times* library, I requested its file of articles on public toilets, and received a folder four inches thick. It included articles day after day, complete with graphic pictures, stemming from calls to "the *Straits Times* Toilets of Shame hotline." In June of 1989, the newspaper ran a

photograph of a sheepish-looking man staring at the floor as he walked away from a row of shiny-clean urinals. The caption read "Caught without a flush: Mr. Amar Mohamed leaving the Lucky Plaza toilet without flushing the urinal."

Today, Singapore is a city with almost no poverty. Hong Kong may have grown as rapidly, but in Hong Kong the gap between rich and poor is visible everywhere. By contrast, I never saw anyone in Singapore shabbily dressed, and everyone appeared to have at least a passable place to live. Food is cheap and plentiful. Even low-income Singaporeans have access to high-quality medical care; doctors at public hospitals in the United States might look enviously at the public wards of Singapore General Hospital.

But Singapore was not always so prosperous or so tidy. When Lee Kuan Yew took power, he found himself governing a mosquito-infested swamp dotted with pig and chicken farms, fishing villages, and squatter colonies of tin-roofed shacks. The streets of the central city were lined with shophouses—mostly two-story buildings with ornate façades. A family would operate a business on the ground floor and live on the second floor. Often without plumbing and electricity, and housing as many as ten people to a room, the shophouses may have presented a picturesque sight for tourists, but they were far less agreeable for their occupants. "The Chinese, who constitute the main current of the city, live in utter filth and poverty," *Asia Scene*, a travel magazine, reported in 1960. "Their poverty is phenomenal. One must see with his own eyes to believe it." Compounding the problem of poverty were racial and political tensions, coming both from the Malay minority and from young Chinese infused with the ideals of the Maoist revolution; these tensions frequently spilled out into the streets.

In not much more than a decade, Singaporeans were passing from poverty to affluence, and the nation's economy from a basket case to the powerhouse of southern Asia. The explanation for this transformation, as for nearly everything else that happens in Singapore, rests with Lee Kuan Yew. Lee has put his stamp on Singapore to an extent that few political

leaders anywhere in the world have ever matched. Tough and authoritarian although operating under a pretense of democracy, uninterested in personal wealth among a people who devote their lives to financial gain, often rude and contemptuous in a country that runs annual campaigns promoting the virtues of courtesy, Lee embodies as many contradictions as does Singapore itself. "Lee is also the most interesting statesman in Asia," Robert Elegant, a longtime Asia correspondent, has written. "Among those who lead fights for independence, only Lee Kuan Yew afterward ruled wisely. . . . Others failed the transition from revolutionary to ruler: Mao Tse-tung in China, Pandit Jawaharlal Nehru in India, Ho Chi Minh in Viet Nam, and Sukarno in Indonesia. Those great men left disorder—economic, political, and administrative—compounded by corruption."

Singapore has what its economists call a proactive rather than a reactive economy. There are no such occurrences as brownouts or clogged telephone circuits, because everything is well planned. In 1982, although the terminal at Changi Airport showed no sign of approaching capacity, planning began on a second terminal, which opened in late 1990. And although this sprawling new terminal now looks almost empty, planners are already working on Terminal No. 3, which will open early in the next century.

In much the same manner, the sixty-eight-year-old Lee began planning for his succession more than a decade ago. In November of 1990, he stepped down as Prime Minister, the position he had held for three decades, and assumed the post of senior minister, yielding the Prime Ministership to Goh Chok Tong, who was then forty-nine, and who had been a deputy prime minister. While Lee is still the head of the People's Action Party, the political party that dominates Singapore, and while it's clear that Goh would never make a major move that Lee opposed, the notion of an authoritarian ruler in perfect health and without serious opposition giving up a share of power is hardly commonplace in Asia. "Despite Lee's British training, despite his Queen's English and his highly modern view of economics, as a politician Lee is a traditional Chinese despot," a high-ranking Western diplomat in Singapore explained to me. "I'm say-



ing this in the positive sense: he ranks with the greatest Chinese emperors. But what distinguishes him from Chinese despots and Deng Xiaoping is that he wants to see his legacy survive him. He saw the need, and he saw that stepping down would be in the country's interest." Lee, who seeks control and order above all else, offered his own explanation last spring. "Multinational corporations and banks expect things to work properly," he said. "That is only possible with continuity. So my colleagues and I phased ourselves out in a graduated, controlled way to avoid any lurching. . . . I hope the transition will pass imperceptibly. If you can feel a lurch, that's contrary to my intentions."

Singapore is sometimes dubbed Singapore, Inc., because its style of government is so much like that of a corporation, but few corporations have chief executive officers as remote from the center of activity as Lee and Goh. The two men work together at Istana (*istana* is the Malay word for "palace"), a handsome old colonial building set in the middle of a large park at the foot of the Orchard Road tourist

district. Lee occupies the second floor and Goh the third floor, but their press secretaries and their ministers are miles away, in skyscraper government-office buildings. Only their secretaries work with them. This isolation lends Istana an atmosphere that is almost spooky. Where the building's main entrance used to be, there is now only an elevator, opening directly onto a circular driveway. Guards take a visitor up in the elevator to the second floor and then down a long corridor to the waiting room outside Lee's office. There is no activity along that corridor. Doors open into empty rooms, one of them piled high with cardboard cartons. No one walks down the halls or through the waiting room except the guards, young Chinese who look nervous and uncomfortable.

Lee's style of government is a direct reflection of his personality, and is shaped little by the sort of protocol that might be expected from a national leader. A blunt man with no interest in small talk, he can cast aside diplomatic niceties and make outrageously provocative statements. Recently, for instance, he said that many Asians did

not want Japan to become involved in armed peacekeeping activities because allowing it to do so could be like "giving liqueur chocolates to an alcoholic." He has scant interest in the usual trappings of power: he still lives in a modest house that he bought in the nineteen-fifties; he takes Singapore Airlines scheduled flights when he goes on state visits; and he has decreed that there be no pictures of him on the walls of government offices. Lee dislikes putting on a suit and tie. When I interviewed him, he was wearing gray slacks, an open-necked white shirt, and a light-tan jacket zipped up against the air-conditioning; at a second interview, three weeks later, he was wearing what appeared to be exactly the same clothes. He has little interest in food, concerts, or movies, and although he reads avidly, his reading is confined to those works of history, political science, and other areas which can give him ideas for improving Singapore. His one diversion is exercise—a quick sequence of jogging, swimming, cycling, and rowing for half an hour each evening. With sparse steel-gray hair, a craggy face deeply lined under



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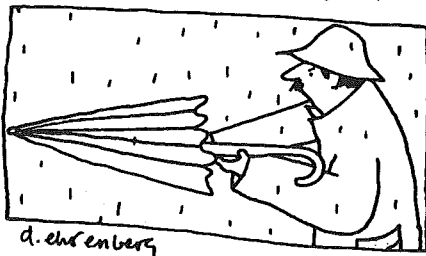
his eyes, and an intense gaze that instantly reflects any feeling of annoyance, Lee is a formidable presence.

The quickness and acuity of Lee's mind are impressive to witness. "He can wipe the floor with most of his opponents," as one European diplomat put it. Robert Orr, the American Ambassador to Singapore, told me, "I've never met anyone who thinks further ahead into the future. In conversations and action, he's always likely to be a step or two ahead of other people." That was certainly true when I interviewed Lee, because several times, as I started to ask a long question, he interrupted after only a few words, and he never failed to deduce just what I was going to say. Nor, in almost three hours of discussions, did he ever evade a question; instead, he gave answers so powerful that I began to wonder whether he could persuade me that a white wall was actually painted black. Lee appears to prepare for an interview the way a prizefighter might for a boxing match, by learning all about his opponent. I first had to submit a résumé to his press secretary specifying my education and the articles I had written. Then Lee got hold of one article, twenty thousand words long, and read it so thoroughly that when he discussed it with me he could recite entire paragraphs. The article was on Laos, and, as with everything else he reads, Lee immediately thought about how he could use it for Singapore's benefit. At the beginning of the first interview, he delivered a monologue on ways that Singapore could start trading with Laos, and what difficulties each route would entail. Then his face brightened. "I know," he said. "I'll send my entrepreneurs to Laos and let them find out."

IN 1950, Lee Kuan Yew returned to Singapore, his birthplace, after four years of study in England, bringing with him a law degree with highest honors from Cambridge. Known then as Harry Lee, he spoke impeccable English but not a word of Mandarin; he could write his name in Chinese characters, but nothing else. His father, an oil-depot superintendent, had wanted Lee "to be the equal of any Englishman." Lee succeeded so brilliantly that George Brown, the British Foreign Secretary in the mid-sixties, said to him then, "Harry, you're the best bloody Englishman east of Suez."

But Lee immediately cast his lot with the radical Chinese in Singapore, who were agitating for independence from Britain. He shared with them only youth; most had been educated in Mandarin at Chinese schools in Singapore, and many were imbued with the ideals of the Communist revolution that had swept China. "At that time, China was the future," Goh Chok Tong told me. "Almost everyone believed that." Lee became a lawyer for labor unions, working side by side with Communists toward the goal of expelling the British. In 1954, Robert Elegant, who was then living in Singapore, first met Lee, and later wrote about what he had witnessed: "Early in 1954, Harry Lee let it be known that he wanted to be called Kuan Yew. He reverted to his Chinese name to make his anticolonial position unmistakable. He also began to study Mandarin, pasting lists of ideograms to his shaving mirror. He appeared to be abandoning the English-educated élite for the intense world of the Mandarin-speaking militants who were either the willing tools of the outlawed Communist movement or its secret members. . . . In November 1954, when he spoke at the founding meeting of the People's Action Party . . . he wore the cotton shirt and wash trousers that were the uniform of the new radical movement, but he spoke in English." Despite the language barrier, Lee became the secretary-general of the P.A.P. in 1955—the position he still holds, after more than thirty-five years. He said at the time, "I would vote for Communism if I had to choose only between Communism and colonialism."

Ten years later, Lee claimed that he hadn't switched sides when he returned from Britain—that he had actually opposed British rule all along. "Let me say this to show you that I am not an Anglophile," Lee told Seymour Topping, of the *Times*, in 1965. "True, I know their culture, their history, their civilization. I have read all about the daffodils, and the bumblebee, and the heigh-ho, merry-ho, and



all the rest. It is part of my schooling. They pumped it into me. And I hated what they did, and I joined up with the Communists to get rid of them. But, you know, they had wisdom."

Throughout the nineteen-fifties, Lee stood solidly behind his leftist allies. He proposed legalizing the Communist Party, and denounced colonialism at every opportunity. "He has warned the English-speaking Chinese that they should either join the revolution or be swept away by it," the *Reporter* magazine noted in May of 1959. "At other times he has sent shudders of apprehension down the spines of the British business community with references to the need for nationalizing banking; he applauded the Indonesian take-over of Dutch property and other assets; and he says quite frankly that he intends to turn Singapore's social system upside down." That month, the British granted Singapore, then widely known as the Red City, limited self-rule, allowing Singaporeans to vote for a parliament but retaining control over internal security, foreign affairs, and defense. The P.A.P., running against an opposition party that was anti-Communist and pro-Western, won forty-three of a total of fifty-one seats, and Lee Kuan Yew became Singapore's first Prime Minister. The *Straits Times*, which had been one of his severest critics, quickly moved its editorial offices to Kuala Lumpur.

What Lee had achieved was surely one of the most extraordinary political maneuvers in history. He had latched onto a pro-Communist movement, usurped its rhetoric, and seized control of it. He borrowed from the Communists a tactic they had been using so successfully all over the world—the popular-front government that gives way to a Communist regime—and used it against them. "The Kuomintang went into a united front with the Communist Party in China, but the Communists won," I was told by Chan Heng Chee, Singapore's leading political scientist, who was until last year its Ambassador to the United Nations. "In Europe, when you had the Social Democrats working with the Communists, the Communists won. Singapore is the world's only example of forming a united front with the Communists and defeating them. Lee looked at how they mobilized and learned from them."

I asked Lee whether at the time he said he would rather be a Communist

than a colonialist, and advocated nationalization, he was actually flirting with those ideas. "First, we had to get rid of the British," he replied. "To do that, you had to mobilize support from the widest possible group and get as big a majority of the population as you could. If you're not going to shoot the British out, you've got to shake them out, and that means you've got to get the majority with you. First, you've got to get power. Then, having got power, you say, 'What's the problem? Have I said these things? If so, let's forget it.'"

The British understood what Lee was doing; in the nineteen-fifties, when the British routinely imprisoned Chinese leftists, he escaped arrest, because they realized that he would eventually be an ally, and perhaps the only means of forestalling a leftist takeover of Singapore. But the Central Intelligence Agency was not quite so perceptive as the British. In 1960, fearing that Singapore was falling to the Communists, the C.I.A. tried to put the head of Singapore's Internal Security Department on its payroll. The American who made the offer quickly found himself in jail. Then the United States sent a high-ranking official—to this day, Lee won't reveal his name—to offer Lee three million three hundred thousand dollars to keep the affair quiet. Lee countered that instead he would take thirty-three million dollars in economic aid for Singapore. He didn't get it. Five years later, when Lee made the story of the bribe public, the State Department denied it. The Americans directed at Lee what from his point of view were probably the two greatest insults possible: first, they treated him as a banana-republic dictator; then they branded him a liar. A furious Lee called reporters into his office and said he would show them incriminating documents and play them incriminating tapes if the State Department didn't admit the truth. The Americans "are not dealing with Ngo Dinh Diem or Syngman Rhee," Lee told the reporters. "You do not buy and sell this Government." The State Department thereupon confirmed the charge.

"If the British officers in the Special Branch had been as unsophisticated as the C.I.A., I think we would have been forced into the Communist camp," Lee told me. "The C.I.A. didn't really

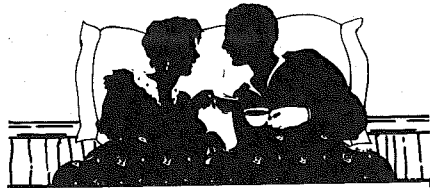
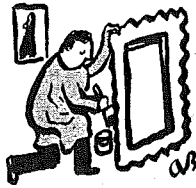
trust the British, because we were running around with the Communists. Obviously, we should have been locked up and disposed of a long time ago. So their conclusion was that the British were inefficient. They wanted to get the jam on us so that they could fix us—believing that we were Communists, I suppose. Why should I take a few million dollars? It's crazy. And then I'm done for."

Lee in fact wasted little time moving against Singapore's leftist Chinese when

he came to power. (His government has never shown much interest in distinguishing the non-Communist left from members of the Communist Party. In the early nineteen-sixties, many of

Lee's political opponents were espousing socialism, not Communism, but Lee has never hesitated to use the word "Communist" to brand political dissidents of all varieties.) He jailed Chinese-language newspaper editors, cracked down on strikes by labor unions, and organized work brigades of unemployed Chinese youths so that he could reach them before the Communists did. With British help, he engineered a split with the Chinese-speaking radicals he had so forcefully supported in the nineteen-fifties. Never one to pay homage to the concept of free-for-all democracy, Lee explained to me with characteristic directness what had happened. "We had taken office with the Communists in our midst," he said. "The British skillfully, not so much by words but by their behavior, led these Communists to believe that if they could win power constitutionally, by getting a majority in the Legislative Assembly, they would be acceptable as the government, provided they allowed the British bases to stay. They misled the young revolutionaries into believing that they could take power, and the revolutionaries came out to whack us. That brought about a split, an open conflict with the Communists, and on the best possible terms for us. And we won, we carried the day. We never gave them a second chance playing at constitutional games."

The key to Lee's strategy was the merger, in 1963, of Singapore into the Malaysian Federation, joining neighboring Malaya and the British colonies of North Borneo, now called Sabah, and Sarawak, which are on the island of Borneo. It was an enormous



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risk. Lee, although he remained Prime Minister of Singapore, had to yield ultimate authority over his island to Abdul Rahman, the powerful Malayan leader known as the Tunku, or prince. Rahman had initially rejected Lee's overtures, fearing that the overwhelmingly Chinese population of Singapore would unite with the thirty-nine per cent of Malaya that was Chinese to oust the Malays from power. So to join the federation Singapore had to accept the condition of much smaller representation in the Malaysian Parliament than its population should have merited—just fifteen seats, one fewer than those granted to Sabah, which had only about a quarter the number of people. Lee also agreed to make Malay the official language of Singapore. At the time, Rahman told an interviewer that he had accepted Singapore because "I don't want a damn Cuba at my feet." I asked Dr. Lee Siew Choh, who had been a leftist member of Singapore's Parliament in the early nineteen-sixties and became one again in 1988, why Lee Kuan Yew had joined the federation on such humiliating terms. "He accepted Malaya without consulting the P.A.P. rank and file," said Dr. Lee, who had spent ten days in jail in 1963 on a charge of coercion against Singapore's government. "Instead of being ruled by London, we became ruled by Kuala Lumpur. Everything we had gained from independence, we lost. On top of that, the terms made Singaporeans second-class citizens. He wanted the federation because it could, if necessary, take action against the opposition and arrest them."

I put the same question to Lee Kuan Yew. "If we were not taken in, there were two perils we faced," he replied. "Economically, we would always be truncated, because we depended on the hinterland of Malaysia for our livelihood. Militarily, it also made no sense to have a small little island. Then, there was the other risk, that on our own we could easily have gone Communist. This was because of the appeal Communism had for the majority of the young Chinese-educated, who believed the Communist revolution in China was a great success."

In hindsight, it's not at all clear that Lee needed the Tunku to keep down the left. His own measures of repression were showing signs of working before Singapore joined the federation,

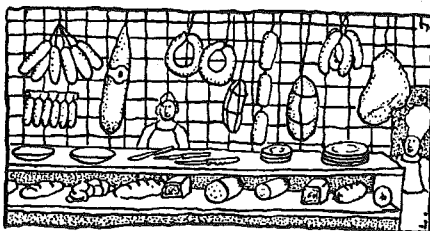
and they have succeeded ever since. Some Singaporeans speculate that another element could have been involved in his decision to join with Malaya: the possibility that Lee Kuan Yew might someday preside over the Malaysian Federation himself. "It was nothing but overweening ego and ambition," Francis Seow, Lee's best-known political opponent, who is now in self-imposed exile in the United States, told me. "He was so confident he could repeat in Malaysia what he did in Singapore."

Considering that Lee transformed the flyspeck of Singapore into a world economic power, one wonders what he might have accomplished for Malaysia, with its vast resources of oil, minerals, and timber, and its much larger population. But this was not to be. In 1964, the P.A.P. made its first foray outside Singapore, contesting ten Malayan seats for Parliament and winning one. Lee now says, "By contesting those seats, we alarmed them, because they could see that we could organize and rally not only Chinese but also Indians and Malays in the towns. The urbanized Malays, like those in Singapore, could be reached on the appeal of fair shares for all." This possibility threw nationalist Malay politicians into turmoil, and they attempted to stir up anti-Chinese sentiment in Malaysia. In August of 1965, saying that the only alternative was to take "repressive measures" against Singapore, Rahman expelled Singapore from the federation. When Lee spoke to his people about the expulsion, he was in tears. I asked him what emotions he had felt at the time. "A tremendous mixture of conflicting thoughts and emotional pulls," he said. "First, the sheer pity of it all. So much work went into it. Second, the dangers of the future, how to make a living, how to defend ourselves in the long term." Many times in the ensuing decades, the world's press, commenting on Singapore's economic uncertainties and on Lee's heavy-handed measures against his political opponents, ventured predictions that his policies would

fail. But so far Lee has known but a single failure—the expulsion of Singapore from the federation.

AFTER leaving Malaysia, Singapore faced desperate economic problems. Even under British rule, it had been a major center for trade. But shipping, warehousing, banking, and insurance could not alone provide enough jobs to bring prosperity. The country needed industry, but here the situation seemed hopeless. Singapore's small domestic market wasn't nearly enough to keep factories busy, and Malaysia had erected high tariffs against goods made in Singapore. "Most factories have cut production drastically," *Time* reported of Singapore in 1966. "They are plagued by strike-prone unions, face increasingly stiff competition from aggressive and more experienced manufacturers in Hong Kong, Japan and Formosa. Singapore may face insurmountable odds." The problem was compounded two years later, when the British announced that they would withdraw all their troops by 1972, closing down a huge naval base, three airfields, and other facilities. From the British action alone, Singapore would lose about twenty per cent of its national income.

Yet by 1969 Singapore was in the midst of an economic boom. "Today, a visitor can hardly move around the island for the piles of red mud from hundreds of construction projects," the *Wall Street Journal* wrote that year. Except for a recession in 1985, the boom has continued unabated, producing economic success of a sort that Singapore's neighbors could only dream about. The statistics are stunning. Year after year, Singapore has achieved economic growth of around ten per cent. Unemployment dropped from fourteen per cent in 1966 to six per cent in 1970, three per cent in 1980, and less than two per cent today. Workers get fat pay raises—wages rose an average of more than nine per cent in 1990—yet inflation stays low, averaging just two or three per cent in recent years. Per-capita income grew from five hundred dollars in 1965 to twelve thousand dollars in 1990—a figure surpassed in Asia only by Japan and Brunei. (Japan's higher ranking, however, wouldn't impress a Japanese worker who saw the comparatively spacious apartments that Singaporean workers can afford.) Having attracted



more than a billion dollars in new investment in 1990, Singapore sits on foreign-exchange reserves of twenty-seven billion dollars. In the mid-nineteen-eighties, with skyscraper hotels rising everywhere and most of colorful old Singapore long since reduced to rubble, predictions were heard of a drop in tourism and a hotel-room glut. But in 1990 hotel occupancy stood at eighty-four per cent, a figure that more exotic Asian countries could only envy. After the 1985 recession struck Singapore, the *Wall Street Journal* reported in 1986, "The bonanza years are over." Two years later, the newspaper headlined an article, "SINGAPORE PLANNERS SEEK WAYS TO CURB NATION'S SURGING, DOUBLE-DIGIT GROWTH."



Singapore's economic miracle owes something to the fact that what might look like free-market capitalism is actually a capitalism carefully controlled and orchestrated by the government. If the people of Singapore have to make sacrifices to keep the economy steaming ahead, the government will impose those sacrifices by fiat. Practically all unionized workers, who make up twenty-two per cent of the work force, belong to the National Trades Union Congress, which in everything but name is an arm of the government; its general secretary, Ong Teng Cheong, is also a deputy prime minister. The last strike in Singapore was five years ago, and came about only after an American-owned company rejected a recommendation of the Ministry of Labor. In 1969, port workers threatened to strike, but Lee Kuan Yew told them that he would consider such a strike to be "high treason," and they backed down. To counter the 1985 recession, the government in effect cut wages, by decreeing a sixty-per-cent reduction in employer contributions to a social-security-type fund for workers. "Basically, the union, government, and employers understand that we're all in the same boat," Ong told me. "If the oars clash, the boat won't move. From time to time, we have economic policies painful to some or all workers. We have to pursue the policies, and explain to workers why the decision was necessary."

But many countries have authoritarian governments, and, no matter what

their political stripe, their meddling in the economy inevitably leads to disaster. Three factors make Singapore's government different. First, the leaders are incorruptible; their decisions are designed to benefit the country, and not anyone's Swiss bank account. Second, they are unusually competent. Talented young Singaporeans get generous scholarships, including grants for overseas study, if they agree to enter government service. They can rise rapidly through the ranks, reaching top-level positions by their mid-thirties and earning salaries comparable with those paid by private industry. And in time, since the government owns or has a share in so many Singaporean companies, they can slip into comfortable second careers as corporate executives. Finally,

Singapore's government is different because its economic planners make pragmatic decisions instead of following rigid textbook rules for running the economy. If a policy works, they continue it; if it doesn't work, they drop it and try something else. This philosophy follows the style set by Lee Kuan Yew. Although to this day Lee hasn't deviated from his perception of a Communist threat to Singapore, he has proved flexible in other areas; for example, the man who supported the speaking of Mandarin in the nineteen-fifties to get the radicals on his side, and suppressed Mandarin in the nineteen-sixties because it was the language of those Singaporeans who identified with the Chinese revolution, now pushes Mandarin as a sort of vaccine to immunize the Chinese majority against the decadence of Western culture.

What the economic planners devised for Singapore was a way, in effect, of bringing a starving child to robust health by letting someone else pay for the food. To build its economy, Singapore needed entrepreneurs with skills and investment capital. It found the answer in an institution that most other Third World countries whose governments came to power on anticolonial rhetoric shunned: the multinational corporation. The multinationals would use their capital to build factories that could employ hundreds of thousands of Singaporeans. They would bring to Singapore technology and expertise that the locals

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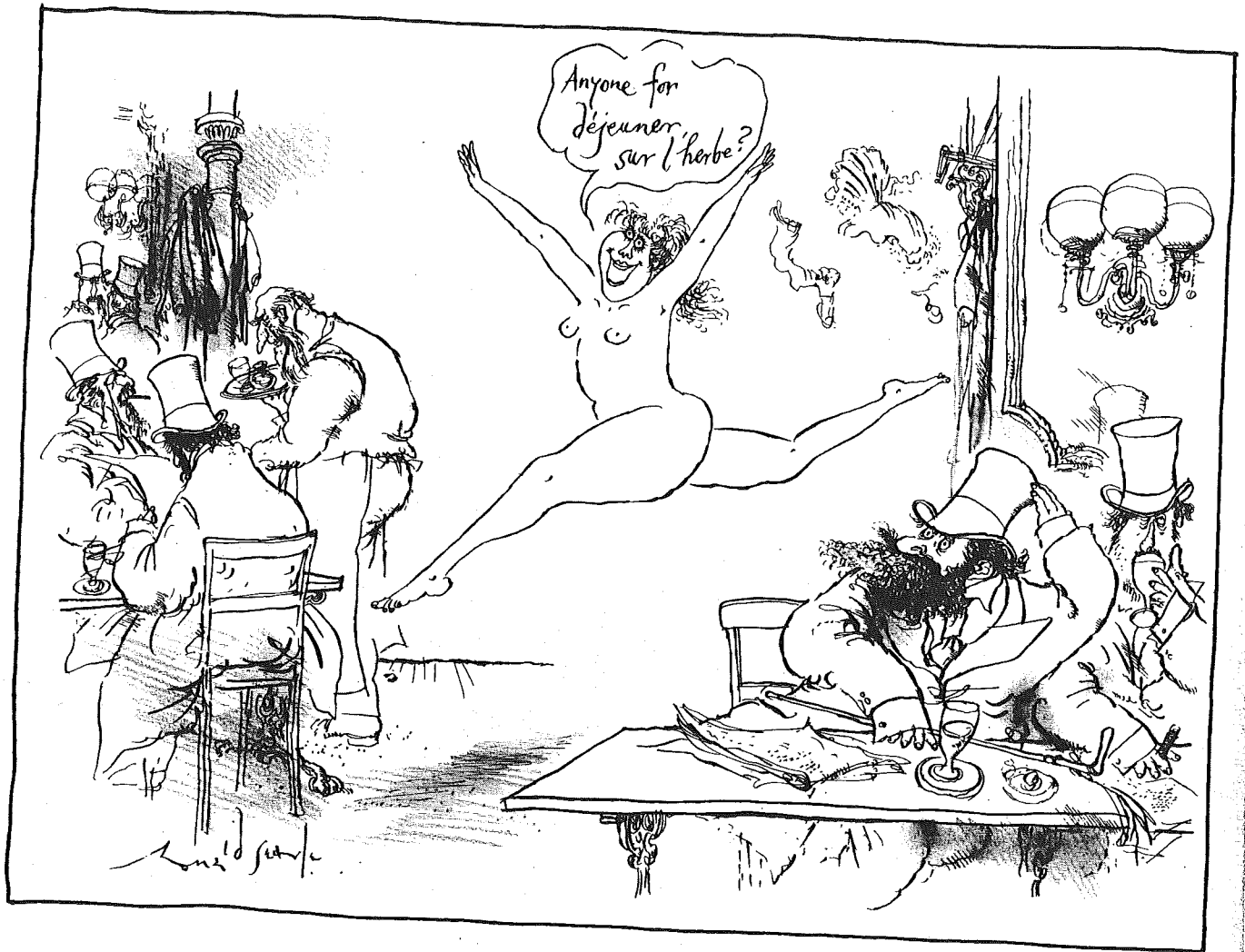
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could learn. And, with their worldwide operations, they would create a global market for made-in-Singapore products. To lure multinationals, Singapore offered far more than the usual tax breaks. The nation built an impressive infrastructure, including transportation and communications second to none in Asia. To develop a skilled work force, schools emphasized technological education. The government made certain that no militant labor unions, no strikes, and no opposition parties threatening nationalization would imperil the country's stability. Above all, instead of imposing red tape, the government acted as a partner in expediting new enterprises. Singapore built shells of factories on speculation, so that arriving companies wouldn't have to spend time planning a new building from the ground up. It created an agency, the Economic Development Board, as a one-stop service to

negotiate tax concessions and secure all the necessary approvals from various government agencies. In 1969, Texas Instruments established its first facility in Singapore—a plant to manufacture integrated circuits. The first product came off the assembly line just three months after discussions started.

The ultimate result of all this is that Singapore has built its industrial base with more than eighty per cent of the capital coming from foreigners, and the inflow of capital is still continuing. Today, Singapore is the world's second-largest port, after Rotterdam; the banking center of southern Asia; the third-largest oil refiner, after Houston and Rotterdam; the producer of more than half of the world's computer disk drives; and a major center of shipbuilding, telecommunications equipment, electronic components, computer peripherals and software, and pharmaceuticals and medical equipment. Three thousand

foreign companies have set up operations in Singapore, including eight hundred from the United States, which is the largest foreign investor. Carlton J. Parker, the managing director of General Automation Singapore, which is a subsidiary of an American computer company, says the system is so fair that he can win bids for government contracts even when his competitor is a firm owned by the Singapore government. "You can explain how your stuff works, what the intelligence is behind it, and you'll win the contract," he says. "If this could happen in places like Indonesia and the Philippines, who knows what their economies would be like? Here I have never had to offer a bribe; in the Philippines, nothing would happen without one. If you ask a question about specifications, it has to be in writing, and a copy goes to everyone bidding, so that we're all on an equal footing. My general im-

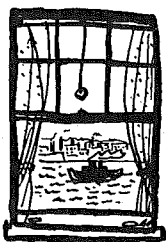
pression is that these things go more smoothly here than in the United States."

Singapore government officials refuse to accept the inevitability of economic reverses of any sort. When the British gave up their military facilities, the government converted the naval base into a commercial shipyard, and none of its three thousand employees had to miss a day's work. The Royal Air Force's Changi Air Field was transformed into one of the world's best airports, plus a regional center for aircraft maintenance. As is typical of Singapore, Changi's two terminals are shapeless and lack any hint of aesthetic distinction, but no other airport functions so efficiently. The newly opened Terminal No. 2—named Airtropolis, a word that few Chinese can pronounce—has a sauna, a gymnasium, a nursery, a business center, eleven restaurants, and fifty-one shops, which aren't allowed to charge prices higher than those in the city. In-transit passengers with more than two hours between planes can sign up for a free city tour.

Economic planners averted another potential crisis a decade or more ago, when they saw that Singapore couldn't continue to compete with Hong Kong, Bangkok, and other Asian cities for factories that turn out cheap goods produced by low-cost labor. Singapore decided to change its emphasis to high-technology products—a gamble that, if successful, would dramatically improve the island's standard of living. To drive out low-wage industries like textiles and shoes, the government forced wages up; Singaporeans got an average wage increase of fourteen per cent in 1982 alone. As a way to lure high-tech enterprises, the government built a "science park," with research facilities for biotechnology, microelectronics, and other growing fields. If a pioneering company had a good idea but no capital, it could locate in Singapore and find a willing investment partner in Singapore's government. The over-all strategy brought a flood of high-tech companies to Singapore's door.

Now the government, never one to rest on its laurels where the economy is concerned, is pushing two new plans to spur growth. The first represents a diversification move: taking some of the nation's foreign reserves and in-

vesting them in companies overseas—a plan that includes building schools abroad for the children of Singaporeans sent to work for those companies. The second is what is called a growth triangle. Instead of pushing out the remaining low-wage factories and rejecting new ones, Singapore is working jointly with Malaysia and Indonesia to locate such factories in the southern Malaysian state of Johore and in Indonesia's Riau Islands—both adjacent to Singapore—while keeping the manufacturers' corporate headquarters in Singapore itself. The strategy is brilliant: not only does Singapore get new skilled jobs but the country—a Chinese island dwarfed by neighboring Muslim states that posed a real threat in the nineteen-sixties—can make the



Malaysian and Indonesian economies increasingly dependent on Singapore's existence. "In the Riau Islands, they've set up a joint venture with Indonesians," a Western diplomat explained to me. "This Riau authority is getting a lot of clout to bypass Jakarta's bureaucracy. If Jakarta were running it alone, nothing would happen. Jakarta has had a plan to develop the islands since the mid-nineteen-seventies, and it had been ninety-five per cent a failure. But now it's taking off. You have Singapore actively assisting Western companies to wade through the bureaucracy and corruption in Malaysia and Indonesia. Creating an economic region with Singapore as the hub insures Singapore's economic growth. And it's also providing political stability because of the growing economic interdependence."

Singapore, the bastion of capitalism, has never hesitated to establish government-owned companies. The government owns or controls some of the biggest banks and insurance companies and also shipyards, hotels, an oil refinery, a steelmill, trading organizations, and many other enterprises. At one point, it owned a driving range for golfers. Not surprisingly, the government's business ventures are highly profitable—even the subway system and the power company—and now that stock in some of the ventures is being sold to the public, in a privatization move, the government is awash in cash. The best known of the government-owned enterprises is Singapore Airlines, which is a paragon of good

management. The airline has made a profit every year since its founding, in 1972, and it earned over five hundred million dollars in the fiscal year that ended on March 31, 1991—a time when many other airlines had huge losses because the Gulf War reduced travel. Although Singapore is racked by violent thunderstorms most afternoons, Singapore Airlines has never had a crash. It upgrades its fleet so often that it is now replacing all its Boeing 747s with the newest model, the long-range 747-400.

Although the government's big investments in private industry might run counter to the tenets of capitalism, Lee Kuan Yew maintains that they have been a vital ingredient in Singapore's economic success. "The only reason the government moved in was that no entrepreneur had the guts and the gumption and the capital to go in on his own," Lee told me. "So we went in and got it going, using government officials who had the drive and the flair. And we are prepared to go into more high-risk areas where Singaporean entrepreneurs are unable to carry that risk, either for lack of daring or for lack of capital."

Singapore acquired the capital to make these investments in an inventive way. The government devised a scheme, or plan—in Singapore, plans are always referred to as schemes—for forced savings on a huge scale. Called the Central Provident Fund, it now takes thirty-four per cent of a worker's salary for a special retirement account; in the past, as much as forty per cent has been withheld. (By manipulating the percentage, the government can inject funds into the economy in periods of recession and cause more to be withheld during boom times, when inflation threatens.) The account pays interest, and the worker can withdraw funds before retirement, but for only two reasons: to buy certain blue-chip stocks, like Singapore Airlines, or to buy a house or an apartment. The fund simultaneously accomplishes three important goals: the government gets a huge pool of investment capital, which at the end of 1990 stood at twenty-three billion dollars; workers gain a stake in the capitalist system through their stock purchases, and help support it at the same time; and Singapore becomes a nation of homeowners—and homeowners want prosperity and political stability.