

SUSTAINABLE GROWTH: THE CASE OF SINGAPORE

Professor Ph.D. Sorin-George TOMA

University of Bucharest, Romania

Email: tomagsorin62@yahoo.com

Assist. Ctlin GR DINARU

University of Bucharest, Romania

Email: gradinarubusiness@gmail.com

***Abstract:** Singapore's economic success over the past 50 years constitutes a valuable example for other countries worldwide. In the beginning the Republic of Singapore had a weak economy and no hinterland. Its sustainable growth has been achieved through the strong leadership of Lee Kuan Yew, the faith maintained between the government and its people, the hard working and commitment of a multiracial society. The aims of our paper are to briefly present and analyze the evolution of Singapore's economic growth. The methodological approach is based on a case study.*

***Keywords:** economic growth, Singapore, Lee Kuan Yew, government.*

***JEL Classification:** O4.*

1. Introduction

Since the 1960s several East Asian countries have witnessed an impressive economic growth. Policymakers, government planners, economists and researchers all over the world showed great interest to the economic strategies designed, implemented and developed by the so-called 'four Asian Tigers' or 'four Dragons', namely Hong Kong, Singapore, South Korea and Taiwan (Chen, 1979; Berger and Hsiao, 1988; Lall, 1996; Chowdhury and Islam, 1997; Leipziger, 2000; Davis and Gonzalez, 2003; Paldam, 2003; Asien, 2015). There are several similarities among the Asian Tigers such as their location, their political regimes of 'developmental dictatorship' or soft authoritarianism, their export-oriented economies, their relationships with the United States, their languages (the spread and influence of the Chinese language), their religions (mostly Confucianism and Buddhism) and their strong educational systems (Kanatsu, 2015). They succeeded in upgrading and diversifying their economies and in reaching similar living standards with Western prosperous societies (Wade, 2004). Thus, they have become valuable models for the newly emerging economies (Arora and Ratnasiri, 2015).

Along with the other Asian Tigers, Singapore has experienced a rapid pace of economic growth. Its sustainable growth has been achieved over the past few decades through the strong leadership of Lee Kuan Yew, the faith maintained between the government and its people, the hard working and commitment of a multiracial society. In spite of the fact that this tiny heterogeneous city-state lack both natural resources and a hinterland of any sort, it possesses two key assets: its people and its geography (Krause, 1988). This is why Singapore has become one of the most significant exporters of labor-intensive goods in the world economy.

The aims of our paper are to briefly present and analyze the evolution of Singapore's economic growth. The methodological approach is based on a case study.

Achieving sustainable economic growth: the case of Singapore

After World War II Singapore joined the Federation of Malaya in 1963, but two years later separated to turn into the independent Republic of Singapore. The British colonialism and the Chinese expansion have produced together a cosmopolitan society (Table no. 1) which encourages the openness and rapid adaptability to changes. Since gaining its full independence, Singapore has obtained a remarkable socio-economic performance (Tan, 2007). The city-state has become a transport, financial and technological hub, and a regional educational, communication and biomedical science centre (Heng and Yam, 1998; Asien, 2015).

Table no. 1. Socio-economic indicators of Singapore

Indicator	Value
Area	697 sq km
Population	5,781,728 (July 2016 estimation)
Ethnic groups	Chinese 74.2%, Malay 13.3%, Indian 9.2%, other 3.3% (2013 estimation)
Languages	Mandarin (official) 36.3%, English (official) 29.8%, Malay (official) 11.9%, Hokkien 8.1%, Cantonese 4.1%, Tamil (official) 3.2%, Teochew 3.2%, other Indian languages 1.2%, other Chinese dialects 1.1%, other 1.1% (2010 estimation)
Religions	Buddhist 33.9%, Muslim 14.3%, Taoist 11.3%, Catholic 7.1%, Hindu 5.2%, other Christian 11%, other 0.7%, none 16.4% (2010 estimation)
Age structure	0-14 years: 12.94% (male 382,479/female 365,595); 15-24 years: 17.02% (male 484,355/female 499,940); 25-54 years: 50.45% (male 1,420,833/female 1,496,125); 55-64 years: 10.34% (male 299,446/female 298,562); 65 years and over: 9.24% (male 243,418/female 290,975) (2016 estimation)
Life expectancy at birth	Total population: 85 years; male: 82.3 years; female: 87.8 years (2016 estimation)
Unemployment rate	2.1% (2016 estimation)
Gross Domestic Product (GDP) at purchasing power parity (PPC)	\$486.9 billion (2016 estimation)
GDP per capita at PPC	\$87,100 (2016 estimation)
GDP composition by sector of origin	agriculture: 0%; industry: 26.6%; services: 73.4% (2016 estimation)
Labor force	3.661 million
Labor force by occupation	agriculture: 1.3%; industry: 14.8%; services: 83.9% (2014)
Inflation rate	-0.8% (2016 estimation)

Source: Central Intelligence Agency, 2017

In the last sixty years Singapore has recorded significant economic growth rates (Table no. 2). With very few exceptions, the rates were positive and gave expression of the economic success story of Singapore.

Table no. 2. The GDP growth rate of Singapore in the period 1965-2015

Year	GDP growth rate (%)
1965	7.597
1970	13.886
1975	4.609
1980	10.027
1985	-0.687
1990	10.044

1995	7.028
2000	8.898
2005	7.489
2010	15.24
2011	6.207
2012	3.67
2013	4.675
2014	3.26
2015	2.008

Source: The World Bank, 2016a

The average economic growth rate was 8.5% from 1965 to 2005 (Richardson and Ong, 2012). In other words, economic growth remained consistently high for a long period of time (Haque, 2004). Consequently, with few exceptions, the GDP of Singapore increased continuously in the period 1965-2015 (Table no. 3).

Table no. 3. The evolution of Singapore's GDP in the period 1965-2015

Year	GDP (billion, current US\$)
1965	0.974,193,126
1970	1.92
1975	5.633
1980	11.893
1985	19.138
1990	36.152
1995	87.89
2000	95.834
2005	127.418
2010	236.422
2011	275.221
2012	289.269
2013	300.288
2014	306.344
2015	292.739

Source: The World Bank, 2016b

The achievement of sustainable growth over a long period of time has allowed Singapore to become the second most competitive economy in the world (Table no. 4) since 2013 (Schwab, 2013; Schwab, 2014; Schwab, 2015; Schwab, 2016) and to be considered as one of the best place (Table no. 5) to live in the world (Klugman, 2011; Malik, 2013; Malik, 2014; Jahan, 2015).

Table no. 4. The Global Competitiveness Index in the period 2013-2017

Country	Overall index 2016-2017		Overall index 2015-2016		Overall index 2014-2015		Overall index 2013-2014	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Switzerland	1	5.81	1	5.76	1	5.70	1	5.67
Singapore	2	5.72	2	5.68	2	5.65	2	5.61
United States	3	5.70	3	5.61	3	5.54	5	5.48
Netherlands	4	5.57	5	5.50	5	5.49	4	5.51

Germany	5	5.57	4	5.53	8	5.45	8	5.42
Sweden	6	5.53	9	5.43	6	5.47	9	5.40
United Kingdom	7	5.49	10	5.43	7	5.46	7	5.47
Japan	8	5.48	6	5.47	4	5.50	3	5.54
Hong Kong SAR	9	5.48	7	5.46	10	5.41	6	5.48
Finland	10	5.44	8	5.45	9	5.41	10	5.37

Sources: Schwab, 2013; Schwab, 2014; Schwab, 2015; Schwab, 2016

Table no. 5. The Human Development Index (HDI) in the period 2011-2014

Country	HDI 2014		HDI 2013		HDI 2012		HDI 2011	
	Rank	Value	Rank	Value	Rank	Value	Rank	Value
Norway	1	0.944	1	0.944	1	0.955	1	0.943
Australia	2	0.935	2	0.933	2	0.938	2	0.929
Switzerland	3	0.930	3	0.917	9	0.913	9	0.903
Denmark	4	0.923	10	0.900	15	0.901	14	0.895
Netherlands	5	0.922	4	0.915	4	0.921	3	0.910
Germany	6	0.916	6	0.911	5	0.920	7	0.905
Ireland	6	0.916	11	0.899	7	0.916	5	0.908
United States	7	0.915	5	0.914	3	0.937	4	0.910
Canada	8	0.913	8	0.902	11	0.911	5	0.908
New Zealand	8	0.913	7	0.910	6	0.919	5	0.908
Singapore	9	0.912	9	0.901	18	0.895	23	0.903
Hong Kong SAR	10	0.910	15	0.891	13	0.906	11	0.898

Sources: Klugman, 2011; Malik, 2013; Malik, 2014; Jahan, 2015

In order to analyze the evolution of Singapore's economic growth several key elements have to be taken into account. They belong to various domains as follows:

- The state autonomy. One of the main elements of the high economic performance of Singapore resides in its state autonomy, defined as “a combination of the “capacity” of the state to pursue developmentalist policies with its “insulation” from particularistic pressures, particularly those originating from large firms or unions” (Przeworski and Limongi, 1993, p. 56). State autonomy stimulates and enhances economic growth as state should play an active role in making the economy functions efficiently. In the case of Singapore, the postwar era witnessed the maximalist policies involving widespread state participation in economy but without neglecting the role of the market (Young, 1992; Huff, 1995). In fact, market-friendliness has been promoted by the interventionist economic policy (Khan, 2001).
- The strong political leadership of Lee Kuan Yew. Named the “founding father” of Singapore, he was the first Prime Minister of the country for more than three decades. A visionary man, Lee Kuan Yew established a unique Singaporean identity, maintained religious tolerance, advocated the creation of the Singapore Armed Forces and promoted racial harmony.
- The competitive economic system. There was a total commitment of Lee Kuan Yew and the government towards economic development. In this respect, an important role was played by the Economic Development Board a governmental

agency (Perry, 1992). In the beginning, they focused especially on the manufacturing industry. Later, Lee persuaded multinational corporations to heavily invest in industry, especially in electronics. Also, he transformed Singapore into an international financial centre and a technological hub.

- The favorable geographical position. Geography helped Singapore to become one of the biggest ports in the world and facilitated international trade (Huff, 1997). Trade has represented a growth engine for Singapore.
- The close relationships between the government and its citizens. They trust each other and work together with confidence. People understood the need to work hard under governmental guidance.
- The outstanding educational system. Singapore has built one of the best educational systems of the world because the developmental state has fully understood that its survival and prosperity depends on its human resources (Gopinathan, 2007).

3. Conclusion

As one of the Asian Tigers, Singapore has succeeded in achieving sustainable growth for many decades. Its impressive economic success was based on both economic and non-economic factors. On the one hand, the government has proved to play a fundamental role in ensuring the socio-economic development and stimulating sustainable growth. On the other hand, people have realized the importance of education and hard work in society.

The paper has shown that the economic success obtained by Singapore made this country a model for other nations around the world as other researches pointed out (Huff, 1995; Chua, 1997; Chua, 2011). Further researches might be carried on in order to identify and analyze other elements that led to the Singapore's economic growth.

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