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OPINION

## Are Singaporeans ideological prisoners?

Singapore needs to rid itself of the false assumptions that underpinned the Reagan-Thatcher revolution

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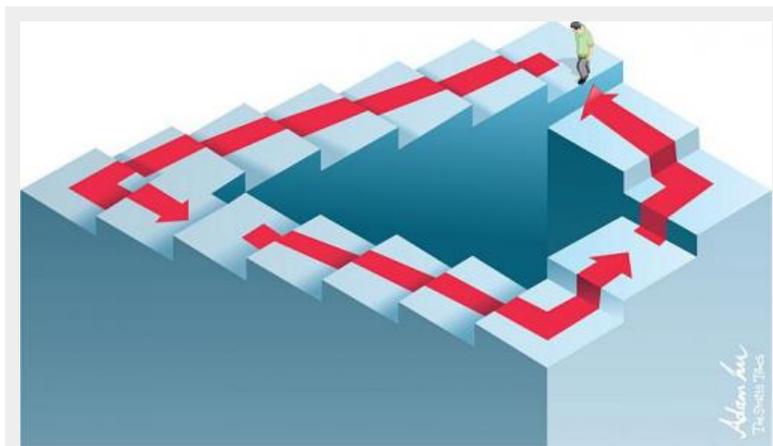
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Singapore needs to rid itself of the false assumptions that underpinned the Reagan-Thatcher revolution. -- ST ILLUSTRATION: ADAM LEE

By Kishore Mahbubani, For The Straits Times

As Singapore undergoes its mighty metamorphosis and develops a new soul and character over this coming decade, one of the biggest challenges it will have to deal with is its position on the vexing and age-old question of "equality". And it would be absolutely foolish for us to believe we will arrive at a new consensus through purely internal discussions. Global trends will influence us too.

John Maynard Keynes was dead right when he said: "Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist." This is equally true of Singapore's policymakers. Hence our ideas on equality have also been affected by the conventional wisdom of the times.

### Left of centre

WHEN Singapore became self-governing in 1959, the prevailing ideas of the British left influenced us. Both Dr Goh Keng Swee and Mr S. Rajaratnam had spent time in London and believed that all citizens should be given an "equal opportunity". Fortunately, to defeat the communists, the government demonstrated that it could be better at providing water pipes, health clinics, schools and public housing to improve the lives of the people at the very bottom. This deep and profound concern for the people at the very bottom reflected both an internal political imperative to "win the ground" as well as an external ideological consensus that the best societies were those that helped the poor.

In the 1960s, 1970s and, perhaps, the 1980s, Singapore was clearly left-of-centre. Fortunately, we were moderately left-of-centre and we also believed that markets were the best agency for promoting economic growth. The role of the state was to moderate excessive capitalism and to distribute the effects of economic growth. Long before the word "inclusiveness" became fashionable, Singapore believed that all citizens should be treated equally

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Singapore believed that all citizens should be treated equally.

The best symbolic demonstration of this ideological conviction was the decision to build HDB estates in the expensive Holland Village area. To understand how unique Singapore is, ask yourselves in which other city in the region do you find public housing in the most expensive good class bungalow area. And we even built an HDB estate on very expensive reclaimed land in Marine Parade. Our attitude then was that the poor should be given an equal opportunity to live on expensive real estate.

Reagan-Thatcher revolution THEN came the Reagan-Thatcher revolution of the 1980s. Even though that ideological revolution was sparked by the socialist excesses of the United Kingdom and Europe and the excessively high taxes in the United States, and even though Singapore did not have these socialist excesses, our minds were also influenced by this ideological revolution. Hence, our policies shifted towards right of centre. And we were not the only ones to be ideologically affected. Even the Chinese Communist Party government was affected by this global trend.

One of the most charming stories I have ever heard was told to me by Mr Montek Singh Ahluwalia, currently India's Deputy Chief Planner. In the early 1990s, a group of Chinese economists arrived in New Delhi and described the series of economic reforms that they planned to implement. When they finished, one Indian economist timidly asked: "But do you realise that if you implement these reforms, there will be rising inequality in Communist China?" The lead Chinese economist smiled broadly and replied: "We certainly hope so."

And why did this Chinese economist say this? He did so because the Reagan-Thatcher revolution had convinced economists all over the world that rising inequality would lift all boats. In short, when the rich got richer, the poor would get richer too. There can be absolutely no doubt that the bold economic reforms of then-Chinese premier Zhu Rongji and his team lifted hundreds of millions out of poverty in China. The same was equally true in India.

In its time, the Reagan-Thatcher revolution did a lot of good. Hence, it also permeated thinking in Singapore. We also believed that it was good for the rich to get richer. A symbolic demonstration of this new ideological conviction was the decision to allow a rich gated community to emerge in Sentosa. Since I know first-hand how much some of our founding fathers disapproved of the gated community in Makati, Metro Manila, it provided real proof that our convictions had changed.

#### **No trickle-down effect**

WE NOW live in a time where it is becoming increasingly clear that the Reagan-Thatcher revolution has gone too far. Ironically, despite their different systems, both the US and China face strong challenges of rising inequality. The Gini coefficients in both countries have worsened from 0.43 in 1990 to 0.47 in 2010 in the United States, and from 0.35 to 0.47 over the same period in China.

At first sight, the problem may seem worse in the US, where the top 1 per cent have seen their incomes rise by 275 per cent over the past 30 years while the incomes of the bottom 20 per cent have grown by only 18 per cent in the same period.

Yet the big advantage that the US has is that most Americans believe that they can succeed and, equally importantly, many of the extremely rich in America are also extremely generous. As of now, 105 billionaires have signed the "giving pledge" in which they promise to give away more than half their wealth during their lifetime or after their death. I honestly don't know how many Singapore or Asian billionaires have signed such a pledge.

This global trend towards rising inequality has also swept Singapore. Our Gini coefficient has also risen from 0.43 to 0.46 from 1990 to 2010. This is perfectly normal. As the most open economy in the world, we are naturally affected by global trends. In the 1990s, we believed that all Singaporeans would benefit from rising inequality. In the 2010s, we know that this has not happened. Contrary to what the proponents of trickle-down economics suggested, growth in the last decade has made Singapore more unequal.

Hence, the time has come for all Singaporean policymakers to ask themselves a simple question: how many of the assumptions in our minds are still influenced by the Reagan-Thatcher revolution? And if we find some, how do we scrub them out?

The good news is that this process has begun. We should cheer Deputy Prime Minister Tharman Shanmugaratnam's recent statement that the Cabinet is now left-of-centre. And we should cheer the Robin Hood Budget he presented this year. This is exactly where Singapore should be in this current phase of its metamorphosis.

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By Invitation features expert views from opinion leaders in Singapore and the region.

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**Cockadoodoodoo** 1 hour ago (#comment-895485266)

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People can accept fewer but not less....

In an economy where everyone has equal amounts, then everyone will accept if there is fewer to go round.

But in an economy based on winner takes all, then those who get less will not accept.

Not everyone gets inspired by looking at the rich. Most blame the rich for their precadiment. Its always easier to blame others for ones failures.

With such public discontent, more will not be encouraged to put their best foot forwards, and look instead for punching bags. In this case the FTs get singled out as another source, the government blamed.

As we restructure we must bear in mind that a nation that pulls together should win together.

Toning down "meritocracy" and "elitism" might be our first move to show solidarity.

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**Cockadoodoodoo** 10 hours ago (#comment-894641340)

<http://discus.com/Cockadoodoodoo/>

Basically we have put ourselves in a corner.

Increase our people' salary, the industries moves out.

Get rid of foreigners, ditto.

Reduce our exchange rate, we get inflation.

Increase our productivity, it takes too long and no boss wants to spend.

Bring in casinos, our social morality suffered

bring in cashes, our social morality suffered.

Let foreigners invest and raise our economic value, our people become homeless.

Meanwhile the Gini creeps up. Restructuring is easier said than done.

"People can accept fewer but not less".

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**mongoose99999** 14 hours ago (#comment-894431582)

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he's prisoner in his own 'Ivory Tower' ! Please all ignored his platitudes

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**mongoose99999** 17 hours ago (#comment-894293108)

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Yes, cheers back in Sheffield to watch Singapore from without. I'm looking forward to Mondays debate and see if madam Speaker is of Independent mind and give a little helping hand to a small struggling democracy of 'Green Shoot'.

For the PAP, its the beginning of the end of their decades of domination. Even the 'juntas' in Burma has cunningly retired to save their 'pensions' ! We shall see if those scholarly 'blockhead ministers' & PAP chieftains caught the wind of change and make the appropriate CHANGES in the sole Interest of Singaporeans !

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**LetsTalk** 22 hours ago (#comment-893753647)

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Indeed previously there was 'less sense of rich and poor', eg bukit timah once viewed as rich area was still a much-visited and penetrated community. But i feel in just a mere decade, we have seen more 'signs' of exclusivity sprouting, ie there are more 'atas' areas too 'expensive' for me to even think of wandering in, that I cant help but feel the rich-poor divide getting wider... As more wealthy individuals pour into SG, inevitably, a range of services and amenities are developing to cater to their needs. There seems to be more visible areas in SG now exclusive for the ultra rich... Without a deep pocket, there are just some areas in SG out of bound to many Singaporeans, ironically. I just hope our neighbourhoods don't have to serve as "sacrifices" for another landmark of exclusivity ...

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