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**SINGAPORE: ANNUAL REVIEW FOR 1978**

*The British High Commissioner at Singapore*

*to the Secretary of State for Foreign and Commonwealth Affairs*

**SUMMARY**

- President Sheares, reconfirmed in office, has summarised Singapore's current preoccupations-economic growth, events in Indo-China, and the search for the next generation of leaders (paragraphs 1-2).
2. Membership of ASEAN-whose stature has grown-is increasingly important to Singapore particularly in relations with the Communists, even if cynicism remains about ASEAN's economic role (paragraph 3).
  3. The economy has again done well. Confidence is reflected in various new measures (paragraph 4).
  4. Some prominent political detainees were released. Mr. Lee won substantial damages for defamation from an Opposition leader. David Marshall was appointed Ambassador to France (paragraph 5).
  5. Mr. Lee is still preoccupied by Singapore's future and about producing the leadership to safeguard it. Education policy is one component. English now the dominant common language. But Mr. Lee wants to promote Mandarin and genuine bilingualism at least for the elite. Doubtful if this is realistic (paragraphs 6-7).
  6. Both the NTUC and the PAP itself increasingly moving to an elitist second-generation leadership. But tried administrators now likely to fill the gap as Ministers till the younger men are considered experienced enough (paragraphs 8-9).
  7. A mildly encouraging year for British interests. Exports increased. More trade missions and senior visitors came. 1979 promises to be even better, provided ICAP does not sour relations. It should also be good for Singapore (paragraphs 10-11).

*Singapore, 18 January, 1979.*

Sir

On Boxing Day, President Sheares, who a few days later was sworn in for a third term of office, opened a new session of the Parliament of Singapore. In looking forward to the problems Singapore will face in 1979 he reflected the preoccupations of the past year. Unless there was a downturn in the economic activity of the West as a whole, Singapore could look for growth to continue at between 6 per cent and 8 per cent; the historical antagonisms between Kampuchea and Vietnam and the support that each side has from rival Communist powers mean that the quarrel will have no early end, and there was a risk that the clash might spread beyond the borders of the two protagonists; for Singapore, the single most important issue was that of leadership: several of the younger generation had shown that they could meet the intense demands of political leadership, but they needed to be sustained by able administrators; the salaries and promotion structure of the public service would be thoroughly revised so as to make it clear that the public service offered rewards comparable to those available in the private sector.

2. A country in which the Presidential Address to Parliament-the first in two years - could concentrate for more than half its length upon the need to improve the salaries of civil servants can have little to bother it. This and its brevity-it lasted in all a little over three minutes-say much about the state of Singapore.

**External Affairs**

3. Singapore's relations with her ASEAN partners have been more relaxed and intimate than for a long time, and the search for common attitudes is likely to be pursued in the face of the deepening crisis in Indo-China. ASEAN has gained internal cohesiveness and external recognition. This has been symbolised by the dialogues which have been undertaken with the US and the EEC, by the spirited courtship by Vietnam and China in the second half of the year and by the way this was withstood. In other matters the five countries see advantage in cleaving together even though their individual interests are not the same. Thus Singapore, although herself little interested in the Common Fund proposals, conforms to the attitudes of her ASEAN partners who favour the ideas of the Group of 77. She has taken philosophically the collapse, in the face of objections from her ASEAN partners, of the ASEAN regional project allocated to her-a diesel engine assembly plant-and has continued her association, albeit at a much reduced level, in the other regional projects, so that they can hope to attract the financial assistance promised them from Japan.

**The Economy**

4. Internally, the Government and civil service have continued to prosecute the imaginative development of the economy with the same remarkable competence as in the past. Growth continued at about 8 per cent per annum although inflation ran at about 5 per cent, 2 per cent more than in 1977. The decline in the value of the US dollar caused American investment to slow and the appreciation of the Japanese yen increased the cost of Japanese imports, and could offer other industrialised countries an opportunity to compete on more nearly equal terms. Singapore continues to be concerned at the prospect of the Japanese becoming more and more dominant here. The value of exports continued to increase, but at a little over half the rate of growth in the previous year; imports grew at a higher rate, and for the first time in three years exceeded exports. Tourism also showed a slower rate of growth and the textile, construction, shipbuilding and ship-repairing industries were, by local standards, sluggish. Transport, storage, communications, electronics and oil exploration, however, all did well. The operations of offshore and other

banks with limited licence were liberalised in June, when exchange control restrictions were also removed, and a gold market was established in November. These are all signs of a sturdy confidence in the future.

## **The Political Scene**

5. The political scene has been blandly uneventful. The number of political detainees continues to fall. In November two of the longest serving, who had been in detention since 1963, were released under conditions. Only one detainee now remains from Operation Coldstore, though possibly five or so others have been held for twelve years. There have been no fresh detentions of a kind to provoke international concern over this controversial aspect of government here. In strictly political terms, the event of the year was the Prime Minister's law suit against the leader of the Workers' Party, Mr. Ben Jeyaretnam, for imputing corrupt behaviour to him in an election speech two years ago. The judgment delivered early in the New Year found for Mr. Lee and awarded him damages of \$130,000; it is being appealed.

## **Shaping the New Leaders**

6. Internally, the main interest of the year has lain in the continuing concern of the Prime Minister to ensure that the political leadership available to the country in the last two decades of this century should demonstrate the same commitment to the philosophy of government which the People's Action Party espouses as do the present leaders, and that they and the citizen body as a whole should possess the aptitudes and discipline necessary to enable Singapore to continue to thrive. To that end language policy and the educational system have come under criticism and are being reorganised, while the structure of the party itself and of the trade union movement are also under review.

### *(a) The Review of Language Policy and the System of Education*

7. Bilingualism is looking less and less like an attainable goal. English has become the preferred common language between the ethnic groups, and the access it gives to science technology and international communication makes it more suited than any other to the industrialised society Singapore now is. The study of the humanities has been disdained in recent years, but Mr. Lee wishes to promote them to ensure the intellectual quality of the future leaders and administrators. He also commends the parallel study of Mandarin as a means of retaining links with the traditional values of the ethnic majority, though what these are is not precisely defined, except that they are seen as antibiotics against the sloppiness and decadence of a work-shy West which may infect Singaporeans if they only study English. But the intellectual demands of bilingualism on top of the high standards to which children must aspire over the rest of their syllabus are too great for all except the brightest, and the standard to which English is taught leaves much to be desired. The educational rat-race and the commitment to elitism mean that insufficient attention has been given to the less gifted; their talents are not fully developed for the service of society to their and its detriment. Mr. Lee's concern about the way the bilingual policy was not working was first voiced at the end of 1977 and continued through the first half of the year, culminating in a wide-ranging attack on the system of education in August. It now seems to be conceded that only the top 8 per cent of children should be educated to become truly bilingual: they are to be sent to nine specially selected Chinese medium secondary schools which are to become institutions of excellence and encouraged to develop their English medium capabilities. Until they do, the pupils will be "bussed" to other institutions for additional instruction in English. The strategy behind these innovations is by no means clear-cut, and they have been launched without the sureness of touch which has marked the Government's economic direction or the transformations it has wrought in more concrete fields of housing, public utilities and the planning of the environment. This is perhaps inevitable. Bilingualism appears to be a King Charles's Head for Mr. Lee, but not all his Ministers or society at large share his assertion that the study of Mandarin is essential to the development of an elite committed to hard work. One upshot of the new policy is that within a few years there will be no Chinese medium secondary or tertiary education: the nine bilingual institutions of excellence will probably develop as predominantly English medium schools, albeit with strong Mandarin departments, as at one time there were strong classics departments in English schools. This development will be of great significance for Singapore: if it is successful, she will enter the twenty-first century with English as the dominant language and with a more clearly established identity of her own.

### *(b) Trade Union Reorganisation*

8. **There were [edited text]** changes made in the National Trade Union Congress to permit cadre officials who have not come up through the movement to be appointed to the secretariat. The rationale is to attract better educated talent to trade union work, but the effect will be to concentrate more power into the hands of Mr. Devan Nair, the Secretary-General, who has also been given power to veto appointments to the staff of the NTUC's affiliates. Whatever formal independence is asserted for the trade union movement, Devan Nair's commitment to the ruling party is undoubted, and has been made explicit by the announcement in the first days of the New Year that he is to re-enter Parliament. The danger of the cadre system is that it may presage a diminution in the effectiveness and credibility of the NTUC since the new cadres may lack the background necessary to generate support and loyalty from the rank and file.

## **British Interests**

10. It has been a mildly encouraging year for British interests. Our exports to Singapore are 28 per cent up on 1977 by value and about 15 per cent at constant prices. A number of respectable contracts have come our way, and we have firmly registered our interest in two new major projects Singapore is likely to undertake, a large and probably dual-fired power station and a mass rapid transit system. More and more business visitors and trade missions come to Singapore and we participate with national stands in the growing number of international trade fairs. The vigorous proselytising of SEATAG and the energetic support of the British Overseas Trade Board, symbolised by the visit here in April of its Vice-Chairman, The Duke of Kent, reflect an increasing awareness of what ASEAN can offer our commerce and enterprise. Mr. Lee Kuan Yew has told me that he wishes to give Britain every incentive to widen and strengthen her ties with this part of the world, and, as they were disappointed by the enforced cancellation of Mr. Edmund Dell's visit in July, so Singapore Ministers welcomed the decision of his successor as Secretary of State for Trade, Mr. John Smith, to come here in the first week of the New Year. With that, the removal of obstacles to the operation of Concorde, and the installation of the British Council in new offices in preparation for the inauguration in April of their Direct Teaching of English Scheme, the year ended for us on a high note. The only cloud on the horizon is the proposal of British Airways and Qantas to introduce cheap end-to-end fares between Britain and Australia; if these damage Singapore's interests we, as well as the Australians, will be blamed and accused of adopting protectionist policies. Singapore Ministers are perhaps more understanding of our difficulties than they have been, but they are still more conscious of them than of our achievements or the progress we are making in putting our house in order. We still have a long way to go.

## **Prospect**

11. 1978 was the Year of the Horse, and for one born in the Year of the Ram, as Mr. Lee was, Chinese horoscopes had forecast an easy and uneventful run. So it has proved, and another good year is promised. Singaporeans take a disenchanted view of life; they know that no one owes them a living; they instinctively make worst case assumptions about the course of events. But even so they view the coming year with some assurance. Short of an eruption from Indo-China, life will unfold predictably; society is stable, and the Government is in complete command.

12. I am copying this despatch to my colleagues at other ASEAN posts, to Her Majesty's Ambassadors in Washington, Tokyo and Peking, to the High Commissioner in Brunei and to the Permanent Representative to the European Communities.

I am Sir

Yours faithfully