

Preface

When we started writing this book in early 2001 the government's official growth forecast was that the economy could grow by as much as 7 per cent in that year. In the previous year growth had been 9.9 per cent and in the year before that 5.9 per cent. It thus seemed that Singapore had recovered well from the Asian financial crisis. By the time we were finishing the book in November 2001 the official growth forecast for 2001 was -3 per cent and for 2002 it was between -2 per cent and 2 per cent. This would be the most significant recession in Singapore's modern history. Forecasts of the number of job losses were revised upwards during the year and are expected to continue well into 2002.

In most countries this would not be thought a good time to call a general election, especially if one was not due until August 2002, as was then the case in Singapore. However, in Singapore things are different and in October 2001 the ruling People's Action Party (PAP) called the 'snappiest of snap elections' by making 25 October Nomination Day and 3 November Polling Day, thus allowing the legal minimum of nine days for canvassing.

As we explain in Appendix B the PAP knew that it could not possibly lose the election and would definitely form the next government. It can be rather tetchy when its share of the votes falls and more opposition candidates enter parliament. There were two out of 83 at that time. The reason for the election was in order to bring in new people into parliament and the cabinet so they would gain experience and exposure and to indicate which of them could play an important role in the post-2007 government, retire 25 PAP MPs as well as allowing ministers to concentrate on economic, not political matters after November.

In the November general election 55 seats were not contested so the PAP had a walkover. On polling day only 29 seats were contested in nine single-seat constituencies and in four 5-seat Group Representation Constituencies (See Appendix B). About two-thirds of the electorate could not vote. Of the 29 contested seats the PAP won 27 with two different opposition parties each retaining a seat with a lower share of the valid vote. Of those who voted, 75 per cent voted for the PAP, the highest share since 1984, but these comparisons are not really valid as the proportion of contested and uncontested seats varies from election to election.

The immediate task of the government will be to deal with job losses and

it announced that it would have to take further measures to increase competitiveness by cutting costs and wages. The long-run objective is to create a 'New Singapore' as envisaged by the Prime Minister in August 2001. For both these ends a high-powered ministerial committee has been formed to devise a plan for recovery and transformation of the economy. In this review nothing will be considered sacred and no stone will be left unturned. One of the themes of our book is to show how Singapore got to the position it is in now and the nature of likely future problems and policy challenges.

Note:

All dollar (\$) amounts in this book are Singapore dollars unless otherwise indicated.

One billion is one thousand million (1 000 000 000)

In June 2002 the value of one Singapore dollar was as follows:

US dollar = 0.57

pound sterling = 0.37

Euro = 0.57

Japanese yen = 67.61

Chinese yuan = 4.68

Malaysian ringgit = 2.15

Any mistakes of fact or interpretation in this book are solely the result of our ignorance and incompetence and are not due to any malicious intent.

Gavin Peebles and Peter Wilson
Singapore
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