

INTRODUCTION

State-Led Capitalism Under Single Dominant Parties in Asia

Abstract

The intricate relationship between state-led capitalism and single dominant parties in Asia exemplifies the notion of developmental states and bureaucratic systems. Through a comprehensive analysis of the evolution of Asia's newly industrialised economies and political landscape, the role of state-owned entities becomes prominent. By examining the interplay between state intervention, market dynamics, and institutional arrangements, insights into how authoritarian states in Asia sustained their hegemonic positions through strategic alliances and policy initiatives are gained. Furthermore, the theoretical perspective of the French regulation theory highlights the nexus between state institutions, economic development, and political power in elucidating Singapore's state-led capitalism model.

Keywords: East Asia, state intervention, single dominant party, authoritarianism, regulation theory

How Singapore state-led capitalism emerged and reassembled over time under the People's Action Party (PAP) suggests that more attention should be paid to the literature concerning developmental states¹ and single-party regimes.² Searching for a contending view of the single dominant party would immediately point to the study conducted by Huntington,³ who suggested that a single-party regime is the most viable form of autocracy among all authoritarian regimes. Although Huntington's insights provide a glimpse of how Singapore's single dominant party operates, there is a need to further evaluate the various types of authoritarian regimes. The insightful study by Tien⁴ that categorises three types of authoritarian

¹ This study incorporates Chalmers Johnson's (1999) definition of the developmental state: "the idea that a state can play an extraordinary role in development (economic intervention) through directing the energies of businesses." In particular, the study focuses on Singapore's bureaucracy. Refer to Johnson, C. (1999), 'The Developmental State: Odyssey of a Concept' in Woo-Cummings, M. (ed.) "The Developmental State". Ithaca, NY.

² Refer to Tien (1989, pp. 7–12) and Geddes (1999) for the discussion of the various types of single-party rule.

³ Huntington (1968).

⁴ Tien (1989).

regimes has been helpful. The first type of authoritarian regime is a one-party state that is a closed and non-competitive autocracy, whereby national elections remain prohibited and outcomes are certain. The second type of authoritarian regime is a dominant-party regime,⁵ where there are minimal restrictions on the candidates' civil rights and freedom.⁶ Opposition parties are free to contest in an open and fair environment. The dominant party can combine democracy and stability under difficult conditions.⁷ The third type of authoritarian regime is a hegemonic party regime, in which opposition actors are induced to form parties and compete for votes in free elections. Voters may enjoy universal suffrage, but the opposition candidates face legal barriers to entry given that there is a lack of an independent electoral commission.

While these categories of authoritarian regimes presented by Tien⁸ helped us to be aware of the various forms of autocratic government, every authoritarian government survives differently. That means institutions in every regime—or government—are arranged differently. For example, there are differences in the way the PAP government accumulated market and political powers as compared to Taiwan's Nationalist Kuo Ming Tang (KMT) government since the former relied on GLCs while the latter relied on private enterprises to create the Taiwanese developmental state model. Hence, every government or regime should be studied carefully. This will enable us to understand why an asymmetry of power between an authoritarian government and satellite opposition parties does not result in an open contest.⁹ It will be easier to assess if any challenge from opposition parties¹⁰ would lead to party alternation after considering the main institutions that uphold the legitimacy of the government. It will also help us understand how authoritarian states collectivise industries and their societies to consolidate power.

Gaining knowledge of the institutional framework that upholds an authoritarian state provides insights into the following: 1) The ways ministers and bureaucrats build resilience¹¹ in the system to withstand an economic crisis, 2) the capacity of

⁵ This concurs with Maurice Duverger's writings about a dominant party: "A party is dominant when it is identified with an epoch; when its doctrines, ideas, methods, its style, so to speak, coincide with the epoch.... Domination is a question of influence rather than of strength; it is also linked to belief. A dominant party is that which public opinion believes to be dominant.... Even enemies of the dominant party, even citizens who refuse to give it their vote, acknowledge its superior status and its influence; they deplore it but admit it.

⁶ Scheiner (2006, pp. 7–30) and Ware (1996, pp. 245–254).

⁷ Arin and Barnes (1974).

⁸ Tien (1989).

⁹ Sartori (1976); Pempel (1990); Magaloni (2006).

¹⁰ Molinar (1996).

¹¹ In doing so, this study will concur with Alagappa (2001), Bellin (2005), and Wintrobe (1998, 2009).

rulers, who have control of “the coercive, administrative, and political resources”¹² to preserve economic and political powers. The opportunity to gain further insights into authoritarian governments led this study to probe further. It also leads this study to inquire further into the way PAP ministers and bureaucrats ossified the economic system while financialising the economy¹³ and reintroduced dynamism into the economy, which resulted in the development of a new political economy.¹⁴ These insights will provide an understanding of how the PAP retained absolute power.

The differences in electoral rules and competition add more scope to the literature on authoritarian regimes. Norris¹⁵ asserts that elections are different since electoral rules differ in three types of regimes or governments: autocratic, cartel, and egalitarian. Institutionalists studied the procedures, routines, norms, and conventions,¹⁶ embedded in the organisational structure of the polity¹⁷ to mobilise mass support for persistent authoritarianism¹⁸ as well as prevent a split in the ruling party.¹⁹ Thus, it is important to understand how PAP ministers and bureaucrats developed institutions to foster resilience in the economic system as well as preserve PAP’s political position. It would require us to consider how various alliances were developed locally and overseas and understand the ways political institutions foster inter-institutional relations in a parliamentary system.²⁰ Only then can we assess if Singapore is under a totalitarian state²¹ that built counterinsurgency capacities.²² The assessment would nevertheless provide the opportunity to evaluate the strategies adopted by the PAP government programmes to collectivise land, industries, and society to consolidate the PAP’s political position as a single dominant party.

Gaining insights into the way Singapore’s bureaucratic system operates will relate to the ways the PAP government dictated growth and development, and how PAP ministers invested heavily in the system without making any commitment to democracy.²³ Instead, the commitments made by PAP ministers were to centralise economic and political power to avoid democratising society. In doing so, institutions developed by ministers and bureaucrats eventually monopolised and controlled

¹² Haggard and Kaufman (1995), p. 64.

¹³ Hudson, M. (2012)

¹⁴ Kwok K-W. (1995).

¹⁵ Norris (2009).

¹⁶ Refer to Steinmo, Thelen, and Longstreth (1992); Skocpol and Somers (1980); and Pierson and Skocpol (2002).

¹⁷ Hall and Taylor (1998).

¹⁸ Hinnebusch (2006).

¹⁹ Cox (2008).

²⁰ Linz (1994).

²¹ Linz (2000).

²² Keefer (2008).

²³ Gehlbach & Keefer (2008).

state resources to contain political resistance²⁴ and help the party stay legitimate.²⁵ With a tight grip on power, the PAP government was still able to continue intervening heavily in every aspect of Singapore's development, even as Singapore pursued the neoliberal discourse of financialisation. That meant state collectivisation and financialisation bound together to form a nexus had merely refurbished the authoritarian Singaporean state. Which is why the bureaucracy between Singapore's single-party state and Taiwan and Japan, as well as the authoritarian state in South Korea, had a fundamental difference. Therefore, the way Singapore pursued prosperity²⁶ was also different from South Korea and Taiwan. The hegemonic party institutions in South Korea and Taiwan were somewhat akin to the Japanese developmental state model that supported business groups, such as the keiretsu. In Singapore, statutory corporations (SCs) and GLCs coordinated to achieve economic and social outcomes. Hence, the fundamental difference between Singapore and its East Asian counterparts lies in the way their states participated in business to capture economic and political power. The governments in these three countries also matured differently, and the differences explain why the PAP government continues to sustain its legitimacy.

There is a need to pay close attention to the events occurring during the transition of power from the colonial government to their former colonies. In Singapore, the PAP government coordinated state-owned entities to construct a regulatory framework that enables GLCs and statutory corporations to operate at the intersection of the political economy. Statutory corporations created by the Ministry of Finance (MOF) were activated to create joint ventures with the British government. What ensued was that the British government realigned the control and ownership of its assets in Singapore while PAP ministers and bureaucrats collectivised industries and society to establish levers of control. In the process, GLCs transformed into conglomerates, while the social and business networks of Chinese business tycoons were undermined. Eventually, the cross-holding activities between state-owned entities created a virtuous cycle of growth and development. Subsequently, the PAP government financialised the economy without compromising the party's political position.

In contrast, the business groups in Taiwan and Japan emerged as conglomerates while their single-party states collapsed. These revelations are important to know because Singapore's economy transformed under an authoritarian state, which provides insights into how ministers and bureaucrats helped the PAP stay in government. This includes how the PAP government bound collectivisation, which

²⁴ Magaloni (2006).

²⁵ Barker (1990).

²⁶ Sikorski (1991) Resolving the Liberal-Socialist Dichotomy: The Political Economy of Prosperity in Singapore. *International Journal of Politics, Culture, and Society*, Summer, 1991, Vol. 4, No. 4 (Summer, 1991), pp. 403–433.

was underpinned by public policies that perpetuated centralised socialism, and financialisation which was underscored by unfettered atomised capitalism. In the process, bureaucrats and ministers managed to resolve Singapore's liberal-socialist dichotomy²⁷ by ossifying an industrial system created by pioneer PAP leaders, who favoured social democracy. The second and third generation of PAP leaders then reintroduced new dynamism with financialisation to resolve the liberal-socialist dichotomy. These revelations also explain how ministers and bureaucrats navigated the paradox of economic liberalisation and authoritarianism.

Under most totalitarian regimes, the poor have no choice but to support the government since their livelihood depends on the state.²⁸ The upper-class voters support the government given the uncertainty of the opposition's ability to manage the economy.²⁹ However, an autocratic Singapore government remains accepted by most of the electorate. This draws our attention to the programmes created by the PAP government to sustain the interests of urban residents and middle-class voters, who were also searching for alternatives.³⁰ Likewise, it illustrates how rapid development might not necessarily lead to the demise of an autocratic government. Since the PAP government continues to have the mandate to rule, Singapore's economic miracle turned out to be diametrically opposite to what the modernisation theory³¹ predicted. While modernisation theory suggests that authoritarianism is incompatible with modernity, the durability of the PAP government suggests that democracy and economic development are not always strongly correlated. Moreover, the political outcome of Singapore's modernisation also differed from what social structure theory³² predicted. The social structure theory argues that economic modernisation will bring about structural change in society, whereby various types of political coalitions will form to democratise political institutions. Singapore's economic modernisation might have changed Singaporean society, but societal change did not lead to the democratisation of political institutions. Instead, the ministries fostered a dialectical relationship between Singapore's state-led model and the PAP's hegemony, which will provide some answers to Haas' puzzle.³³

The most striking difference between Singapore's PAP-dominant rule and other East Asian tiger economies was pointed out by Shigehisa Kasahara: "Singapore

²⁷ Sikorski (1991) Resolving the Liberal-Socialist Dichotomy: The Political Economy of Prosperity in Singapore. *International Journal of Politics, Culture, and Society*, Summer, 1991, Vol. 4, No. 4 (Summer, 1991), pp. 403–433.

²⁸ Blaydes (2006).

²⁹ Magaloni (2006).

³⁰ Gandhi, Lust-Okar (2009).

³¹ Refer to Lipset (1959); Jackman (1973); Muller (1995).

³² Refer to Moore (1966).

³³ Refer to Haas (1999).

has maintained one party that dominates electoral politics. Unlike Japan and the Republic of Korea, its successful developmental state has always emphasized economic openness, especially foreign direct investment (FDI), at first chiefly through manufacturing for export and subsequently also as a major exporter of services.³⁴ It also relates to strategies employed by PAP ministers and bureaucrats to foster stability,³⁵ which might have been overlooked by Taiwan, Japan, and South Korea when installing democratic processes.³⁶ Therefore, the stark difference in political outcomes between the Singaporean government *vis a vis* the Taiwanese and South Korean governments alludes to differences in the way financialisation took place in these countries. This also alludes to strategies adopted as well as the way institutions were rearranged during Singapore's rapid modernisation that prevented the PAP government from suffering the same fate as Kuo Ming Tang in Taiwan or the military dictatorship in South Korea. For the PAP government, various nexuses collectively operated as a semblance of control to exacerbate resilience and insulate the bureaucracy. Bureaucrats and ministers developed efficacy in the socio-economic system to manage class relations³⁷ and circumscribe the rise of the labour movement.³⁸ Without them doing so, Singapore would have experienced a revolution³⁹ and kicked the PAP out of government.

When examining the historical development of key institutions that propelled Singapore's growth rapidly, it became evident that the changes to institutional arrangements⁴⁰ as well as the decision-making authority in the executive⁴¹ had inspired confidence and exacerbated stability in the party system.⁴² These phenomena encouraged a re-examination of the assumption that institutions operating in authoritarian governments tend to be similar in suppressing opposition as well as expanding state resources to control society. And delving deeper and broadening the scope of evaluating Singapore's authoritarian state, the amendments to the constitution were another factor that had to be considered. It then became clearer that the role of party organisation,⁴³ especially understanding how the party system was institutionalised⁴⁴

³⁴ Refer to Kasahara (2013).

³⁵ Lipset and Rokkan (1967).

³⁶ Andrews and Chapman (1995).

³⁷ Rueschemeyer, Stephens and Stephens (1992).

³⁸ Eley (1995).

³⁹ Skocpol (1979).

⁴⁰ Institutional arrangements refer to the formal or informal procedures, routines, norms, and conventions embedded in the organisational structure of the polity. Refer to Hall and Taylor (1996) for details.

⁴¹ Geddes (1999).

⁴² Cox (1997).

⁴³ Panebianco (1988).

⁴⁴ Levitsky (1998).

was important to sustain PAP's legitimacy. Such understanding would shed light on how institutions coordinated the electoral system,⁴⁵ thereby revealing the PAP government's electoral engineering strategy⁴⁶ and the inter-institutional relations that underpin Singapore's presidential systems.⁴⁷ It will also emphasise how state agencies in Singapore coordinated during the financialisation and offer a glimpse of the devolution of power and authority⁴⁸ occurring. It also offers a view of who became the new guardians of the state after the bureaucratic state system underwent financialisation.

The fact that Singapore was never under military rule is enough to dispel the notion that suppression of opposition parties and civil society activities was similar across East Asia. But the symbiotic relationship between the military and the government raises questions about how it was made possible. More differences in the way states across East Asia interact surfaced when observing how statutory corporations and GLCs were created to collectivise Singaporean society. The state-market relations defined by the ruling elite in Singapore, which concurred with Susan Strange's⁴⁹ argument that states do not subscribe to liberalism, Marxism, or mercantilism, focused on developing policies and institutions. Which was why the bureaucratic system developed in Singapore also systematically enabled the "PAP factor" to conscript the political space of opposition parties.⁵⁰ Thus, the characterisation of the PAP government by Gramscian⁵¹ or Hegelian⁵² schools has only provided a glimpse of Singapore's authoritarian state and how it matured.⁵³

Generally, Gramscian scholars argue that the ruling class exercises its dominance through cultural institutions such as education, the media, and the arts. And through these institutions, the ruling class establishes its worldview and values as the dominant, or "hegemonic" culture, which then shapes the beliefs, norms, and values of the rest of society. This process is not limited to the ruling class imposing its ideas by force but also involves consent and the active participation of the subordinate classes. While it is easy to concur with Gramscian scholars that hegemony is not a monolithic and unchanging structure, the ossification of Singapore's developmental state model, before reinventing itself and continuing to perpetuate PAP's legitimacy, does not

⁴⁵ Benoit (2004).

⁴⁶ According to Schedler, the incumbent in a hegemonic party regime seeks to increase electoral certainty through electoral engineering as its "last defence of authoritarianism." Schedler (2010), p. 69.

⁴⁷ Linz (1994).

⁴⁸ Dahl (1989).

⁴⁹ Strange, (2015) "States and Markets".

⁵⁰ Mutalib gave an account of "the PAP factor" that continues to stymie the opposition camp in Singapore. Refer to Mutalib (2000).

⁵¹ Rodan (1989); Worthington (2002); Barr (2015).

⁵² Chong (2006).

⁵³ Worthington (2003).

follow Gramsci's argument that subordinate groups have the potential to challenge and transform the existing hegemonic order through counter-hegemonic practices. What has been established in Singapore is a bureaucratic system that prevents subordinate groups from challenging dominant ideas, developing alternative cultural forms, and organising collective struggles to challenge the PAP's dominance. Hence, Gramscian scholars' analysis of how the ruling class reproduces its political control, which highlights the importance of both coercive and ideological apparatuses in maintaining hegemony, can be better appreciated if they expand their examinations to include the economic and political means employed by the ruling elite.

Hegelian scholars emphasised the importance of the state as the embodiment of the universal will. They argue that the state is an essential mediator between individuals and the larger social whole, responsible for maintaining law and order, protecting individual rights, and promoting the common good. Thus, Hegelian scholars' conception of the state as an organic unity reflects the importance of a strong and centralised political authority. And historical progress occurs through a series of stages or epochs, each characterised by a dominant social, political, and economic structure. These stages are not arbitrary but unfold according to an underlying logic or reason, within which the highest form of society is the ethical state. In an ethical state, individual freedom and the collective good are reconciled. It is a society where individuals willingly participate in the life of the community, recognising their rights and responsibilities within a set of shared ethical norms and institutions. However, Hegelian scholars' emphasis on the state's role and their hierarchical view of society remain abstract, which does not adequately account for the complexities of Singaporean society.

Thus, there is a need to extend the narratives of Gramscian and Hegelian scholars—by explaining how institutions and state-owned business entities developed alliances and networks—to illustrate the complex structure of Singapore's political economy. The understanding of Singapore's complex political economy lies at the intersection of subjective arguments (Gramsci's cultural hegemony relating to society) and objective arguments (Weber's developmental state relating to economics), where institutions crystallised state-party relations for the PAP government to mature in power. In other words, PAP's political leadership—supported by the electorate—has been underpinned by economic outcomes, which have led to a vast improvement in the standard of living.

The durability of the PAP government, which differed from Taiwan⁵⁴ and South Korea, where unprecedented political and electoral changes⁵⁵ took place,

⁵⁴ Rigger (2014), p.106.

⁵⁵ Kim (2014), p. 81; Diamond (2001).

contradicts the argument that neoliberalism was a precondition for democratic rule.⁵⁶ While societies in Taiwan and South Korea have evolved and become increasingly complex,⁵⁷ a democratic transition has yet to happen in Singapore. This shows that the PAP government thrived as the city-state ostensibly developed a neoliberal discourse.⁵⁸ In other words, both Taiwan and South Korea's political landscapes have transformed, but Singapore's scientific (technocratic) "government-made thesis" has sustained a single-party state. This raises the question: how did the PAP stay in power for so long? According to Chong,⁵⁹ the PAP government was able to steadily accumulate political power across all state-society relations based on the sheer efficacy of state institutions and apparatus, which may appear too state-centric and mythically assume a boundary between state and society.⁶⁰ Nonetheless, the accumulation of power by PAP ministers had occurred, whereby ministries were able to intervene in every aspect of the socio-political economy. Hence, we should also pay attention to Ho Kah Leong's articulation of how the PAP government's scientific administration fitted well with the "incremental approach" to policymaking,⁶¹ by extension, creating a social structure in its favour to rule while the opposition parties remained vexed.

Although Singapore was somewhat like Taiwan and South Korea in the way politico-institutions⁶² narrowly constructed power amidst building layers of political foundations to drive industrialisation, the process of power accumulation undertaken by bureaucrats and ministers was different. To be precise, the difference between Singapore and other Asian newly industrialised economies (NIEs) was the creation of the state collectivisation-financialisation nexus by the Ministry of Finance (MOF). The nexus enabled MOF to ossify the social democratic system and reintroduce dynamism in the economy, while PAP remained legitimate. In the shadow of the PAP's legitimacy, a hierarchy of power emerged to control Singapore's new political economy. The locus of control moved from MOF to the Prime Minister's Office (PMO) as a new developmental state model assembled in Singapore. Hence, the rapid industrialisation that tied the construction of power

⁵⁶ Lipset (1959); Hadenius (1992), pp. 77–82, for a review of these hypotheses; Helliwell (1994). Based on the author's articles, very poor countries tend to be authoritarian, while very rich countries are overwhelmingly democratic.

⁵⁷ Huntington (1991), p. 201.

⁵⁸ The PAP regime had ostensibly developed a neoliberal discourse given that GLCs and statutory corporations were primary agents of growth and development.

⁵⁹ Chong (2006).

⁶⁰ Petiteville (1998).

⁶¹ Ho (2000).

⁶² Barzel (1997); Weingast (1995); Weingast (1997); Haggard and Tiede (2011).

with the formation of special interest groups varied across the Asian NIEs.⁶³ Another difference to take note of is the efficacy of the bureaucracy to mobilise mass support and centralise political power across East Asia. For example, statutory corporations and GLCs were established to undermine Chinese business tycoons, whereas bureaucratic organisations in Taiwan and South Korea were working closely with business groups in the private sector. This suggests that “embeddedness”⁶⁴—which determined forms of politics that govern states⁶⁵—codified in each East Asian political economy was also different.

Historically, the PAP struggled to stay in government and went through different political circumstances compared to Taiwan and South Korea, although all the Asian NIEs supported the ambition of the US to be the sole hegemon in the region. PAP leaders had to confront defections from within the party as well as pressure from the federal government when Singapore joined the Malay Federation. While Taiwan and South Korea might have faced pressure from China and North Korea, respectively, the authoritarian states in both countries did not experience political circumstances like what the PAP government experienced. The split within the party, which led to a keener political contest, almost crippled the efforts made by PAP leaders to develop society. The Barisan Socialis, who had strong grassroots support, attempted to take over the economy through trade unions.⁶⁶ PAP leaders learned from the episode and revamped the party, which became centralised and anti-democratic.⁶⁷ PAP leaders then recalculated the political situation and figured out the possibilities available before working on a new social structure to reduce “systemic vulnerability”⁶⁸ as well as provide a climate conducive for industrial development.⁶⁹

Another factor to consider is the self-government status conferred upon Singapore by the British government. Singapore’s claim to self-government status did not, by default, give the PAP government absolute economic and political power. The PAP government progressively strengthened itself by developing routines and making state organs central to the political economy. Power was concentrated in the hands of PAP leaders, which allowed them to change electoral institutions and

⁶³ Bar (2015); Evans (1989); Kim (1997); Amsden (1989); Amsden (1991); Amsden and Wan (2003).

⁶⁴ Evans (1995).

⁶⁵ Leftwich (1995).

⁶⁶ According to Vasil (2001), p. 59, unions play a vital role in the formation and later growth of the PAP. They were also responsible for the party’s electoral successes during the critical years.

⁶⁷ Minchin (1990), p. 118.

⁶⁸ Systemic vulnerability is based on the absence of resources that can be used for rent. Refer to Doner, Ritchie & Slater (2005).

⁶⁹ Kees van Donge, Henly & Lewis (2009), p. 7.

the constitutional framework to maximise their chances of winning elections.⁷⁰ These changes subsequently sterilised the political climate. Then a culture of fear developed, coupled with pieces of legislation and public policies to “depoliticize”⁷¹ the socio-economic system and favour the PAP government. That cleared the path for ministries to consolidate economic and political power by displacing privately-owned businesses and civil societies, respectively.

The consolidation of power by the PAP government included the state collectivisation of trade unions by the labour ministry. Trade unions either operated under the National Trade Union Congress (NTUC) or wound up. In order to constrict the power of Chinese business tycoons, Chinese clan associations were mandated to register with the Registrar of Society (ROS), thereby allowing the Ministry of Culture to monitor and control their community outreach activities. In doing so, the unwavering support of the Chinese clan associations for the Barisan Socialis was undermined. The Ministry of Culture established the People’s Association (PA) in 1960 to function as a statutory corporation. PA then mobilised resources to gain mass support.⁷² Concurrently, land reforms⁷³ were initiated by the Ministry of National Development (MND). When land reforms gathered pace, MND created MND Holdings as a government-linked investment company (GLIC) to take over the duty of collectivising land from MND. And the coordinated efforts by PA and MND quelled internal unrest⁷⁴ and stabilised social conditions.⁷⁵

The institutionalisation process⁷⁶ developed by MND and procedural⁷⁷ changes to land ownership were crucial for PAP to stay in government. The land reform and incentives⁷⁸ offered to resettle villagers enabled MND Holdings to collectivise farming and construction. The state collectivisation of land in Singapore, coupled with the orderly resettlement of farmers to public flats, allowed the Housing Development Board (HDB) to implement public housing programmes. The urban renewal programmes—although evolving with Singapore’s communitarian

⁷⁰ McElwain (2008), p. 32.

⁷¹ Chan (1976), p. 232.

⁷² Hayashi (2010), p. 57.

⁷³ Kuznets (1988); Wade (1990) sees land reform and a ceiling on land ownership as significant as they limit the accumulation of land and improve agricultural productivity: p. 241.

⁷⁴ Woo-Cummings (1999), p. 10.

⁷⁵ A situation whereby mass poverty is significantly reduced has effectively raised rural incomes and levels of well-being.

⁷⁶ Moe (2005).

⁷⁷ Huntington (1965), p. 394.

⁷⁸ Panebianco (1988).

ideology⁷⁹—eventually instilled pragmatism⁸⁰ in most Singaporeans. And Singapore’s socio-political climate was conducive for PAP ministers and bureaucrats to anchor the state-business institutional framework in the economy.

While bureaucratic organisations collectivise industries and society, PAP leaders foster party cohesion⁸¹ as well as establish networks of power and influence.⁸² The party selectorate was redesigned⁸³ to create a base of loyalists⁸⁴ to ensure that party goals were in line with the principles of social democracy.⁸⁵ The party system was also structurally changed⁸⁶ for PAP ministers to develop the notion that “PAP is the government, and the government is PAP.”⁸⁷ The notion was premised on the ministries coordinating to centralise economic and political power to sustain the PAP’s political position.

In autocracies, electoral rules⁸⁸ were adjusted to quash any resistance from any opposing political party. Single dominant parties use coercion,⁸⁹ set up legal barriers,⁹⁰ and mobilise political resources⁹¹ to ensure they stay in government. Similarly, the legitimate position⁹² gave PAP ministers access to state resources to accentuate the asymmetrical position between themselves and their opponents. As a corollary to the asymmetrical political position between the PAP and the opposition parties, institutional arrangements were preparing for the PAP government to mature.⁹³ Alliances, monitored by the “core executive”⁹⁴ and supported by the judiciary, legislature,

⁷⁹ Chua (2018).

⁸⁰ According to Kwok (1999), the PAP has been defined by a pragmatic ideology that puts “what works” as the ultimate value that cannot be prone to the distortions of doctrinal purity, pp. 50 and 66. Also refer to Tan (2012), whereby Tan asserted that “pragmatism is an ideological rhetoric that unproblematically frames economic growth as a pre-eminent national goal, the achievement of which can be secured only by maintaining the one-party dominant state led by the PAP government.”

⁸¹ Ozbudun (1970).

⁸² Barr (2014).

⁸³ According to Harzan and Rahat, (2006), a party selectorate refers to the body that selects the political candidates, p. 110.

⁸⁴ Siavelis and Morgenstern (2008), p.15.

⁸⁵ Przeworski (1986).

⁸⁶ Geddes (1999). Also refer to Smith (2005).

⁸⁷ Lee (1982).

⁸⁸ According to Norris (2009), there are three types: autocratic, cartel, and egalitarian, (p. 152–3).

⁸⁹ Bellin (2005).

⁹⁰ Molinar (1996).

⁹¹ Haggard and Kaufman (1995).

⁹² Rodan and Hewison (2006), p.113.

⁹³ Worthington (2002).

⁹⁴ According to Worthington (2003), the core executive comprises officers of the Administrative Service, cabinet ministers, ministers of state, and parliamentary secretaries in the ministries, as well as the political and public dynamic relationships between the civil servants.

and civil service, were strengthened to prepare for a shift in the power structure. Meanwhile, governance under “the passage of electoral laws in parliament”⁹⁵ left blurred boundaries⁹⁶ for PAP ministers to circumscribe the domestic bourgeoisie’s development.⁹⁷ And Singapore was transitioning towards totalitarianism.

As the PAP government was transitioning towards totalitarianism in the 1980s, two new pieces of legislation prevented more candidates from the opposition parties from entering parliament. First, parliament approved apportioning the electoral system. Judicial intervention on public policies gave PAP ministers the means to conflate state interests with Singaporeans’ interests. Both pieces of legislation created by PAP leaders exemplified the notion of “who gets what, when, and how”,⁹⁸ greatly influenced the electorate’s voting pattern in favour of the PAP. Incentive schemes rolled out by ministries—within an “air-conditioned nation”⁹⁹—helped PAP ministers restore trust with most of the electorate.

The mandate secured by the PAP during the general elections in the 1980s and 1990s led to broader and deeper financialisation.¹⁰⁰ Economic power was then concentrated mainly within Temasek Holdings, EDB Investment, and the Government of Singapore Investment Corporation (GSIC), now known as GIC. State assets were reclassified as private assets. PAP ministers were disempowered while Temasek and GIC took control of the business sector. Singapore’s growth and development started to rely on the commercial activities of GIC and Temasek-Linked Companies (TLCs). State power was systematically transferred from the party,¹⁰¹ ministers, and bureaucrats to the executives of TLCs. The interlocking activities between SCs and TLCs created the politics of the revolving door, whereby bureaucrats were also groomed to take up political office.¹⁰² Any conflict¹⁰³ between bureaucrats and executives of TLCs was managed by MOF. Technocratic leadership was developed by co-opting individuals from the private sector, the civil service, and the Singapore

⁹⁵ Mutalib (2002).

⁹⁶ Gupta (1995).

⁹⁷ Rodan (1989) and (2008), p.233.

⁹⁸ Lasswell (1936).

⁹⁹ George (2000).

¹⁰⁰ According to Epstein, (2005), p. 3, financialisation enables an increasing role of financial motives, financial markets, financial actors, and financial institutions in the operation of the domestic and international economies.

¹⁰¹ Schattschneider (1942), p.64. According to Mainwaring and Scully (1995), an institutionalised party system must have: 1) regular and stable inter-party competition, 2) rootedness 3) party organisations that matter and 4) electoral legitimacy. In the case of the PAP, it was just rootedness and electoral legitimacy.

¹⁰² Katz and Mair (2002).

¹⁰³ In contrast, conflict becomes imminent when there are problems of succession and mechanisms of succession are not institutionalised. Przeworski (1986), p. 55.

Armed Forces (SAF).¹⁰⁴ The PAP government then ruled based on a depoliticised “administrative state,”¹⁰⁵ characterised by the rational and scientific mode of public administration.¹⁰⁶

With tight control of industrial and societal change, the outcome of Singapore’s privatisation exercise turned out to be jarringly different from that of Taiwan and South Korea. PAP underwent a leadership renewal process and maintained absolute power¹⁰⁷ in Singapore, while the liberalisation process in Taiwan and South Korea was met with political backlashes against the authoritarian governments. Although opposition parties in Singapore gained more support from the electorate in the 1984 general election, PAP ministers learned quickly from their mistakes and changed policies. To circumscribe the erosion of the PAP’s durability, PAP leaders created the elected presidential system¹⁰⁸ to enable the elected president to limit the possibility of reforming the centralisation of political control exercised by state authorities. The elected presidential system also enabled PAP leaders to revise the central human resource plan and strengthened the PAP government’s political and economic position.¹⁰⁹ It also exacerbated collectivism, which effectively narrowed the range of interests between ministers and bureaucrats.

Therefore, the political institutions that supported newly created government-linked entities and maintained Singapore’s authoritarian-capitalistic system cannot be overlooked. Paying close attention to these statutory corporations and GLCs will reveal how the PAP government “deflected the forces generated by modernisation and how it was able to co-opt the middle class into its agenda.”¹¹⁰ It also reveals how the government earned the trust of the electorate beneath the veneer of rapid modernisation. On the other hand, the state-business institutional framework reveals how PAP ministers made business decisions¹¹¹ and connected the GLCs’ mode of operations¹¹² to the administration¹¹³ of other state organs. It

¹⁰⁴ Rahim and Barr (2019), p. 2.

¹⁰⁵ The Administrative Service is primarily the executor of policies, with the responsibility for successful implementation.

¹⁰⁶ According to Chan (1975), Singapore’s administrative state underscores rational and scientific modes of public administration instead of ideology and politics.

¹⁰⁷ Rodan (1993).

¹⁰⁸ According to Duverger (1980), there are three types of semi-presidential government: the president can be a mere figurehead, be all-powerful or can share power with parliament.

¹⁰⁹ Barnea and Rahat (2007).

¹¹⁰ Lingle (1996), p.7

¹¹¹ In the case of Singapore, technocrats had to ensure that all infrastructural provisions were to serve the well-being of society in terms of affordability as well as running these provisions based on cost efficiency.

¹¹² Bin Yahya (2014).

¹¹³ Shimomura (2004), p.353.

further extends Shimomura's (2004)¹¹⁴ articulation that state organs have three distinctive functions—organisation, task, and activity—and distinguishes the roles between GLCs and statutory corporations in the creation of Singapore's developmental state model.

According to Shimomura (2004),¹¹⁵ GLCs undertook "activities" for the Singapore government. MOF and the Ministry of Trade and Industry (MTI) were empowered to organise economic and social life. Statutory corporations,¹¹⁶ such as the Economic Development Board (EDB) and the Jurong Town Corporation (JTC), were established to enable MOF and MTI to govern industries. The barriers to entry for private firms increased when statutory corporations, besides regulating industries, also established subsidiaries to develop industries. Hence, the state-business institutional framework provided in this study would extend Shimomura's (2004) insights to analyse how bureaucrats consolidated market power and enabled PAP ministers to become agents of change.

State participation in various businesses also shows another dimension of how ministries helped the PAP government mature in authority. This dimension also provides a fuller picture of how the PAP government avoided a situation of political inertia,¹¹⁷ resisted political change,¹¹⁸ and prevented itself from suffering a downfall.¹¹⁹ This dimension again suggests that the study of PAP, as a single dominant party, should include a focus on how institutions operating at the intersection of politics and the economy evolved over time. Understanding how these entities coordinated would also provide an opportunity to examine how legal barriers gave the PAP government ample time to refurbish itself, although not towards a "diminished" form of authoritarianism.¹²⁰

Therefore, even with "electoral competition, party alternation to rule the country does not happen"¹²¹ in Singapore. With a clearer view of the stakeholders involved in the PAP government, the attributes of Singapore's single-party state start to make sense. Thus, before assessing whether the PAP government is an

¹¹⁴ Shimomura (2004), p.353.

¹¹⁵ Shimomura (2004), p.353.

¹¹⁶ According to Shimomura, statutory boards are free from supervision from parliament deliberately to allow state entrepreneurs to have the flexibility to carry out their duties efficiently.

¹¹⁷ Pierson (2004), argued that institutions do not adapt swiftly, and in many instances, they will exhibit very substantial inertia, contributing to the long-term process of institutional development (p.157).

¹¹⁸ Refer to Lijphart (1994).

¹¹⁹ Sakaiya and Maeda (2014).

¹²⁰ Carothers (2002).

¹²¹ Sartori (1976), p. 230.

authoritarian party system, dominant party,¹²² hegemonic party,¹²³ or one-party state,¹²⁴ political scientists should first be acutely aware of the ways ministries organised the economy and society. This will also provide insights into how most Singaporean voters continue to pledge their allegiances to the PAP.

When examining the literature of Singapore's single-party state written by political scientists (Rodan¹²⁵ and Worthington¹²⁶), political historians (Barr¹²⁷), and political sociologists (Chua 2018¹²⁸), there appear to be two fallacies of composition. Firstly, the examinations of Singapore's single-party state by these renowned academics have mostly been based on the political and social aspects of state capacity building without considering economic policies and legislation to remove market imperfections. Hence, they have not explicitly examined how the PAP government established statutory corporations and GLCs to consolidate economic and political power. However, when MOF, MND, PMO, and the Ministry of Defence (Mindef) are used as starting points to explain how the PAP government developed state capacity and public policies, it becomes clearer what the political objectives of the ruling class were then.

There is a need to evaluate the way institutions in Singapore collectivised industries and society for the authoritarian state to develop levers of control under circumstances, whereby leaders navigated and complied with trends emerging in the international political economy as well as the turn of events happening within the landscape of international security. This will reveal how ministries empowered the PAP. It will also provide insights into the efficacy of the bureaucracy that rolled out economic and social programmes to help the PAP stay in government while propelling Singapore's rapid modernisation. And the creation of statutory corporations—through new pieces of legislation—had displaced and collectivised private enterprises and various civil society organisations, which enabled ministries to monopolise the business sector. And statutory corporations safeguarded GLCs' economic position by creating barriers to entry for private firms.

Ultimately, public policy outcomes resulted in GLCs and statutory corporations developing into conglomerates that enabled bureaucrats and ministers to sustain the PAP's political position. Thus, the chance of regime alternation was lowered

¹²² Friedman and Wong (2008).

¹²³ According to Magaloni (2006), p. 10, hegemonic-party autocracies are comparatively more benign forms of authoritarianism; also refer to Greene (2008).

¹²⁴ Solinger (2001).

¹²⁵ Rodan (1989) and (2008), p.233.

¹²⁶ Rodan (1989); Worthington (2002); Barr (2015).

¹²⁷ Bar (2015). p. 34.

¹²⁸ Chua (2018), "Liberalism Disavowed: Communitarianism and State Capitalism in Singapore". NUS Press.

since a command-control mechanism operated by MOF enabled bureaucrats and the minister for finance to centralise power in the ministry. Since Singapore's economy was shrouded by monopolism under the control of MOF, MOF could then financialise the economy to create a new hierarchy of power.

Examining the development of state entities also unveils the political ambition of PAP leaders to secure key assets from the British government. This ambition was obvious since MOF immediately formed a joint venture with a company linked to the colonial government. Moreover, the study of state entities will also reveal that the privatisation of GLCs and their subsequent listings on the stock market were one of the means employed by MOF to expand the influence of ministers and bureaucrats in the corporate sector. Such a discovery provides insights into how ministries synthesised policies and legislation for the government to intervene in the market and yield absolute control of the domestic economy. It also provides the opportunity to observe how new guardians of the state emerged with the shifting power structure. These insights are valuable for understanding how PAP refurbished itself and remained in government. It then becomes clearer that the financialisation undertaken by the PAP government was to interlace the survival of Singapore with Temasek and GIC.

Capturing how GLCs and statutory corporations realigned various networks to understand PAP's enduring legitimacy will also enable us to connect with Petiteville's (1998)¹²⁹ concept of the state. Examining the constellation of GLCs and statutory corporations will also enable us to appreciate Hobson's (2001)¹³⁰ assertion that "state structures and social forces mutually constitute each other." And the assertion that GLCs and statutory corporations helped the PAP government restore trust after the party suffered backlashes at general elections becomes plausible. We will also be able to relate to Haggard and Kaufman's (1995)¹³¹ assertion that "authoritarian regimes expending political resources to control and secure mass support to defend their legitimacy." And the articulations by Cohen & Arato (1994)¹³² and Mitchell (2006)¹³³ that the state intervened in society and markets to maintain a particular order will make more sense.

¹²⁹ Petiteville (1998). Three Mythical Representations of the State in Development Theory. *International Social Science Journal*, 50(155), 115–124.

¹³⁰ Hobson (2001). The 'Second State Debate' in International Relations: Theory Turned Upside-Down. *Review of International Studies*, 27(3), 395–414. p.396.

¹³¹ Haggard and Kaufman (1995). "The Political Economy of Democratic Transitions". Princeton University Press: New Jersey.

¹³² Cohen and Arato (1994). "Civil Society and Political Theory". Cambridge, Mass: MIT Press.

¹³³ Mitchell (2006). 'Society, Economy and the State Effect'. In: Sharma & Gupta (eds.) "The Anthropology of the State: A Reader". Oxford: Blackwell.

Secondly, political scientists have been observing Singapore's single-party state without examining how MOF coordinated institutions to realign alliances to sustain the PAP government as a monopoly in business and politics. Instead, they have merely provided a sketchy idea of the PAP government's durability. Although a keen reader of Singapore's political development knows the PAP government is autocratic, it is important to provide an explanation of how Singapore's virtuous cycle of growth developed by MOF sustained the PAP's legitimacy. Also, political scientists have not articulated how bureaucratic organisations enabled PAP ministers to become agents of change. How a hierarchy of control within the political economy has been operationalised by Singapore's ruling class remains a topic that has not been thoroughly examined. Hence, re-evaluating Singapore's political economy and analysing how power consolidated in MOF will add another dimension to the existing literature on governance written by Rodan,¹³⁴ Barr (2015 and 2019),¹³⁵ and Worthington (2002).¹³⁶ Shedding light on the way MOF moved assets from ministries to Temasek will reveal the disempowerment of PAP ministers and the rise of SWFs. And the movement of state assets also reveals a hierarchy of power and control that conflates Singapore's interests with the interests of the ruling class, after the interests of Singaporeans have been bound to the interests of the PAP.

By tracking how key statutory corporations, such as the Monetary Authority of Singapore (MAS), moved from MOF to PMO, as well as assets that moved from various ministries to Temasek, we can justify that MOF propelled the political elites to the apex of power. These observations will extend Rodan's¹³⁷ articulation of the internationalisation of GLCs to appreciate how the process of internationalisation was interlaced with the power realignment amongst the new power elites. It will reveal the instrumental role played by MOF in transforming the state system and concur with Bar's (2015)¹³⁸ articulations of the networks of the ruling elite that created a platform for politics of the revolving door. These penetrating views will enable us to exemplify Garrett's (2001)¹³⁹ postulation of the connection between institutions to understand state-market relations in Singapore. These insights will also concur with Wade's¹⁴⁰ argument that "the successful economic outcomes bearing

¹³⁴ Rodan, (1989) and (2008), p.233.

¹³⁵ Bar (2015) and (2019).

¹³⁶ Worthington (2002).

¹³⁷ Rodan (1989).

¹³⁸ Bar (2015).

¹³⁹ Garrett (2001). Globalization and Government Spending Around the World. *Studies in Comparative International Development (SCID)* 35: 3–29.

¹⁴⁰ Wade (1990). "Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization". Princeton University Press: Princeton.

state interventions refute neo-classical claims that the developmental states of East Asia were a victory for the market.”

Extending Wade’s argument points to the need to review the theory of the developmental state and its ascension. These articulations provide a rationalist account that is premised on the structure that entails economic growth and the productive power of a nation.¹⁴¹ Initially, small states in Europe rose in the world market, as projected by industrial policy.¹⁴² Similarly, the East Asian Miracle witnessed the rise of East Asian developmental states¹⁴³ that drove rapid economic growth. These Asian states enjoyed autonomy—especially from popular pressures—as their political leaders consolidated power. From East Asia’s economic experiences, we also understand that states desire to achieve economic development to expand employment opportunities, encourage technology transfer, raise incomes in society¹⁴⁴ and accentuate broad-based legitimacy for the ruling elite.¹⁴⁵

The main consideration for bureaucrats in East Asia then was to develop state efficacy to ensure that rapid industrialisation¹⁴⁶ could connect economic growth¹⁴⁷ with social gains.¹⁴⁸ Development agreements—implicit or explicit, and/or coalitions¹⁴⁹—constituted the political foundation for achieving rapid economic growth.¹⁵⁰ The coordination between their bureaucracies and business groups was driven by incentives,¹⁵¹ which no less accentuated the legitimacy of military rule or the notion of the single-party state. The tight coordination between bureaucracies and business groups enabled states to intervene in markets. In Japan, the Ministry of Trade and Industry (MITI) was the central planning unit that coordinated the commercial activities of state agencies and keiretsu.¹⁵² The coordination developed state-business alliances that operated on a mutually beneficial basis but nevertheless accentuated the Liberal Democratic Party’s (LDP)

¹⁴¹ Rogowski (1983).

¹⁴² Katzenstein (1985).

¹⁴³ Haggard (1990).

¹⁴⁴ Lall (1996), Kiely (1998).

¹⁴⁵ Refer to Leftwich (2000), pp. 166–167.

¹⁴⁶ For more details on East Asian industrialisation, refer to Johnson (1982), pp. 315–317; Amsden (1989); Wade (1990); Evans (1995); and Woo-Cummings (1999).

¹⁴⁷ Williams, Duncan, Landell-Mills, and Unsworth (2011), pp 29–55.

¹⁴⁸ Evans (2010) suggests that development is a social phenomenon rather than a purely economic one.

¹⁴⁹ Leftwich (2010), pp. 101–2.

¹⁵⁰ Haggard (2004), p.71.

¹⁵¹ Haggard (2013), p.12.

¹⁵² Keiretsu are owned by individuals, who are not allowed to have more than 1 percent of shareholdings. Refer to Johnson (1982); Johnson (1987).

dominance. South Korea's late industrialisation¹⁵³ was underscored by the close relations that developed between the Ministry of Economic Affairs and the chaebols¹⁵⁴ under a military dictatorship. Taiwan's rapid growth accelerated in parallel with the expanding bureaucracy-business institutions,¹⁵⁵ primarily governed by the Industrial Development Bureau (IDB).¹⁵⁶ The IDB was created by the Ministry of Economic Affairs to develop Taiwanese small and medium-sized enterprises (SMEs) into conglomerates.

Singapore's rapid industrialisation, which led to the rise of Singapore Inc.,¹⁵⁷ illustrates another East Asian developmental state model. The PAP government co-opted the civil service and established the Administrative Service¹⁵⁸ to prevent any interest groups from disrupting the close relationship between ministers and bureaucrats. The politico-military alliance was created to reduce the possibility of the military usurping the PAP government. The alliance transcended the divide between military personnel, ministers, and bureaucrats since military scholars were deployed to GLCs and statutory corporations. Some were also selected as candidates to run for political office under the PAP ticket. The bureaucratic system was designed to help MOF and PMO coordinate and oversee the central planning process, mainly to attract MNCs to Singapore, which enabled Singapore Inc. to rise from the shadow of the bureaucratic system.

The functions of the bureaucracy were designed based on the state-business institutional framework to oversee the development of a nexus between statutory corporations¹⁵⁹ and GLCs¹⁶⁰ to partner MNCs in developing industries.¹⁶¹ The coordination between statutory corporations and GLCs was also instrumental in enabling PAP ministers and bureaucrats to create what Wade coined the landlord-state alliance.¹⁶² As the ministries accumulated more market power via state collectivisation, the Housing Development Board (HDB) and its wholly-owned subsidiaries resettled villagers to urban areas and became the largest landowner. Then resettlement

¹⁵³ Chang (1994) gave an account of South Korea's approach with more structure by outlining various government interventions that were coined "governed market", providing a more expansive definition of the developmental state.

¹⁵⁴ The Chaebols are business groups directed by the Korean government.

¹⁵⁵ Refer to Wade (2018).

¹⁵⁶ Wade (1990); White and Wade (1984).

¹⁵⁷ Low, ed. (2004).

¹⁵⁸ The Administrative Service, established in 1961, is primarily the executor of policies with responsibility for successful implementation.

¹⁵⁹ According to Low, 2004, the critical statutory corporations were the Economic Development Board, Jurong Town Corporation, Central Provident Fund, and Housing Development Board.

¹⁶⁰ Low, ed. (2004).

¹⁶¹ Bräutigam, Rakner and Taylor (2002).

¹⁶² Wade (2018).

programmes led to the opposition parties losing their stronghold in rural areas. The PAP government also created the People's Association (PA) to collectivise civil society organisations, thus enabling the Ministry of Culture to closely monitor social activities. In hindsight, the state collectivisation of society was undertaken with the purpose of urbanising Singapore but within the control of key institutions, such as the Urban Redevelopment Authority (URA), the Housing Development Board (HDB), and Jurong Town Corporation (JTC). But the developmental programmes also served the political objective of helping PAP ministers overcome a series of political struggles. Parliament enacted more legislation to tighten PAP leaders' grip on power against a backdrop of rapid industrialisation.

The positive outcomes of developmental projects led to another round of power accumulation for the ministries. Therefore, as much as we are aware that trade, financial, and industrial policies¹⁶³ foster state-market relations that favour the interests of the ruling elite in the Asian NIEs, we must also bear in mind that political struggles in each country were different. The single-party states in Japan, Taiwan, and Singapore were searching for a suitable political economy model according to the circumstances they were facing. The search also coincided with liberalising their economies to seize opportunities appearing in the global production network. And liberalising the financial market increases the chance of a meltdown in the domestic financial system if left to the devices of the private sector. Hence, East Asian governments were involved in creating robust networks between their central banks and locally developed banks to prevent a financial crisis, which would disrupt state-led programmes, from occurring.

A shift in paradigm from state-driven planning to market-driven management, as financial globalisation¹⁶⁴ intensified, brought about different outcomes. East Asia's developmental model went through stress tests, and the autocratic governments in South Korea and Taiwan collapsed. In contrast, the PAP government survived the stress test. The contrast in outcomes raises the question of how the participation of entities created by various ministries helped the PAP government avoid suffering the same fate as its counterparts in Japan, South Korea, and Taiwan. The answer lies in the way the departments of MOF collectivised the financial sector and accumulated substantial economic power with the creation of the state-bank alliance. A deeper look into the state collectivisation of the financial sector reveals how GLCs and statutory corporations were further entrenched in the political economy and propelled Singapore Inc. to the apex of power, which mirrors the ascension of the power elites.

¹⁶³ Refer to Evans (1995), for more details on industrial policies in East Asia.

¹⁶⁴ Pang (2000).

Hence, the financial system developed by the PAP government was different from its East Asian counterparts. Perhaps that was why the ruling elite in Singapore could hold on to power. With the PAP government controlling the financial sector, GLCs and statutory corporations worked closely with MNCs to dictate industrial development. Infrastructural provisions formerly financed by locally owned Chinese commercial banks were replaced by the Development Bank of Singapore (DBS) and the Post Office Savings Bank (POSB).¹⁶⁵ The transformation of Singapore's developmental state model, underpinned by the state-bank alliance, also saw GLCs become less dependent on the MOF for financial resources and start relying on global capital markets to raise funds. Substantial reforms in governance and administration were undertaken too, thus complying with greater capital mobility without MOF losing control of the way the financial sector evolved.

The organisational complexes of Singapore's developmental state subsequently evolved but were premised on ministers and bureaucrats coordinating bureaucratic agencies to collaborate with the private sector. In other words, MOF decided how liberalisation should be done—to spur economic transformation—against a backdrop of extreme geopolitical insecurity and severe resource constraints.¹⁶⁶ The arduous task for PAP ministers and bureaucrats was to get MNCs heavily involved in Singapore's economic transformation while also developing GLCs. What ensued was the financialisation of the economy, which paradoxically enabled the power elites to consolidate their position at the power summit. Then it became evident that the financialisation only made cosmetic changes to the “government-made thesis”¹⁶⁷ since the “developmental” economic policies¹⁶⁸—underpinned by authoritarianism¹⁶⁹—remained paternalistic.¹⁷⁰ For example, educational reforms led to the annexation of vernacular schools into the mainstream education system.

Paternalism, overshadowed by interlocking activities conducted among bureaucratic organisations,¹⁷¹ enhanced the viability of MNCs and GLCs, becoming crucial drivers of Singapore's economic growth,¹⁷² and developing infrastructure.¹⁷³

¹⁶⁵ Vasil (2001), “Governing Singapore: Democracy and National Development”, Allen and Unwin (Australia), p. 70

¹⁶⁶ Doner, Ritchie and Slater (2005).

¹⁶⁷ Low (2004).

¹⁶⁸ Refer to Castells (1988), Perry, Kong and Yeoh (1997), and Pereira (2000).

¹⁶⁹ There are various scholarly analyses of the PAP alluding to authoritarianism, such as the “corporatist state” (Rodan, 1989); the developmental state (Low, 2001); and the hegemonic state (Worthington, 2003).

¹⁷⁰ According to Asher (1989), privatisation began with the presumption that all GLCs should in principle be partially or fully divested, which did not apply to statutory corporations (p. 62).

¹⁷¹ Chan (2000), p. 11.

¹⁷² Mirza (1986).

¹⁷³ Huff (1994).

However, depending solely on MNCs to industrialise stemming from technological spill-overs was deemed unsustainable. Since MNCs have greater bargaining power when negotiating with the governments of the host country, most MNCs will protect their intellectual property and only exploit the factors of production that a country is endowed with. Such opportunistic behaviours by MNCs may create tensions in a developing economy when not properly managed. Developmental progress will be hindered as a result.

The compounded effects of over-relying on MNCs could destabilise the political landscape, as manifested in other developing countries, which PAP leaders and bureaucrats were trying to avoid. It would undermine the political dominance of any government when the electorate started searching for alternative political parties to form a coalition government. Therefore, GLCs and statutory corporations became critical institutions for the PAP government to curb MNCs' opportunistic behaviour as well as drive growth and development. Entrenching these institutions at the intersection of politics and the economy also enabled ministers and bureaucrats to develop a virtuous cycle of growth and development. In turn, the creation of a virtuous cycle of growth and development placed bureaucrats and ministers at the centre of societal development¹⁷⁴ as well as agents to undermine any emerging threats from opposing camps.

The guided coordination between GLCs and statutory corporations became acquiescent to the absolute control of the PAP government. SCs and GLCs drove economic growth and development while conscripting economic and political space. On one hand, GLCs engaged MNCs to participate in commercial activities of the global production network (GPN). On the other hand, GLCs were part of a stopgap to mitigate any opportunistic behaviour of MNCs that might destabilise Singapore's industrialisation progress. Hence, operating at the intersection of politics and economics, GLCs and statutory corporations became the driving force behind Singapore's economic growth and development to prop up the PAP government. Streams of power were conferred upon ministers and bureaucrats, and they developed the GLC-MNC nexus. Sheng-Li Holdings¹⁷⁵ drove Singapore's defence industrialisation, which subsequently led to the industrialisation of the civilian sector and created a politico-military alliance for the PAP government.

The progressive industrialisation in the civilian and defence sectors paved the way for GLCs and statutory corporations to expand their cross-holding activities. Public policies to develop human resources were aimed at fostering robustness in the commercial linkages between GLCs and MNCs.¹⁷⁶ GLCs and statutory corpora-

¹⁷⁴ Migdal (2001).

¹⁷⁵ Sheng-Li Holdings, created as a GLIC in 1968, was wholly owned by the Ministry of Defence.

¹⁷⁶ Ngiam (2006); Yeo (2016).

tions coordinated to transcend any division between politicians and bureaucrats.¹⁷⁷ The Public Service Division¹⁷⁸ (PSD) became the central manpower planning unit, where academically talented individuals were recruited and deployed to various arms of the state and Singapore's economic system. It gave the civil service and GLCs a first-mover advantage in selecting human capital. By the early 1980s, PAP leaders had extended their reach to invite talents from the private sector to join GLCs and statutory corporations before they entered politics. These developments were also monitored jointly by the PMO and the Cabinet.

By the time PAP leaders transformed the developmental state model, the economy was an integrated administrative mechanism that was ready to facilitate the privatisation of GLCs and SCs.¹⁷⁹ By 1985, a relatively small group of bureaucrats and government appointees were governing the privatisation programmes to develop a neoliberal discourse of financialising a significant part of the economic system. The financialisation of the economy, which ushered in the second wave of industrialisation and created clusters of high technology sectors,¹⁸⁰ was initiated by the Management Services Department (MSD),¹⁸¹ a department of MOF. The second wave of industrialisation re-codified forms of competition in the corporate sector along with the realignment of the state-business alliance. Interestingly, the transformation of the economy was tied to the restructuring of power within the PAP government, whereby another layer was created in the hierarchy of power.

Based on the review of the developmental state theory, there are gaps in the existing literature that need to be filled to gain a deeper and broader understanding of Singapore's developmental state model. Economists and political economists who provided a broad view of Singapore's developmental state have not assessed how ministries participated actively—mainly conducting state collectivisation and financialisation programmes—in the market to accumulate economic and political power. Therefore, there is a lack of insights given by economists and political economists for us to comprehend how the Singaporean bureaucracy established an institutional framework that entails GLCs and statutory corporations to foster various alliances and accumulate power. These insights are important since they allow a keen observer of Singapore's political economy to assess how economic liberalisation enabled the power elites to consolidate their positions at the apex of power. This starts by paying close attention to how PAP leaders arranged

¹⁷⁷ Bar (2015). p. 34

¹⁷⁸ The Public Service Division was initially created in 1970 as a division of the Ministry of Finance.

¹⁷⁹ Thynne (1989).

¹⁸⁰ Pillai (1993).

¹⁸¹ Refer to MSD reports (1986), June 24.

institutions to develop a state-led model. And ministries should be classified as “executive and development” ministries and “development” ministries.

Another observation that is absent in the existing literature on Singapore’s developmental state is an examination of the locus of control that initiated state collectivisation and financialisation. Without identifying the locus of control, the way ministries participate in businesses cannot be accounted for. Likewise, the distinctive roles of bureaucrats and ministers who created the state-led developmental model and accumulated political power for the PAP government remain unclear. There is no distinction between the functions of statutory corporations and GLCs, thereby missing the opportunity to understand how PAP’s legitimacy was systematically accentuated. How departments spun off from ministries that formed GLCs and statutory corporations subsequently transformed into conglomerates to foster the PAP government’s hegemonic position will also remain unknown. Therefore, an examination of the coordination among statutory corporations, GLICs, GLCs, and SWFs that extended the political dominance of the PAP government is needed to unveil the locus of control. The locus of control will also reaffirm how ministers and, subsequently, top executives of Temasek and GIC coordinated institutions to collectivise industries.

As it stands, scholars of Singapore’s developmental state model have been assuming that the neoliberal discourse developed by PAP leaders, which transformed Singapore’s state-led model, has resulted in a reduced role for the state. But they have yet to explain why and how every aspect of Singapore’s political economy remains under the influence of the PAP government. With this status quo, the development of a neoliberal discourse pursued by the PAP government, where the role of the state was not reduced, will remain untold. The Singaporean political puzzle will remain a mystery without appreciating how the bureaucracy transformed the Singaporean government to realign the power structure. Then Singapore’s developmental state will simply be labelled as authoritarian or bureaucratic-authoritarian, akin to other developmental state models.¹⁸²

Thus, it is important to understand why the development of the neoliberal discourse driven by the financialisation of statutory corporations and GLCs did not erode the PAP government’s hegemonic power. This study saliently points to the way the PAP government carried out state collectivisation and financialisation. Therefore, to find answers to the question, there is a need to unpack the structural processes of the Singaporean state. It will then unveil how PAP ministers and bureaucrats effectively built resilience in the socio-economic system as well as preserved political and economic power. It will also relate to how state autonomy (Khondker, 2006)¹⁸³ was created while developing a narrower corridor of power for

¹⁸² O’Donnell (1973); Levitsky (1998).

¹⁸³ Khondker (2006), p. 22.

fewer individuals to be guardians of the state. This would lead us to pay attention to how state autonomy was created when Temasek and GIC became key institutions that drove growth and development.

When connecting both single dominant party and developmental state model literature, the analysis of Singapore becomes interesting. Specifically, connecting Singapore's developmental state model and single dominant party will reveal plans, strategies, and tactics employed by PAP leaders in the late 1950s and early 1960s. In doing so, it will provide an overview of Singapore's bureaucracy as well as nuances that will distinguish Singapore's state-led development from its East Asian counterparts. For example, comparing Singapore's political economy with other East Asian countries will exemplify how different the PAP government ruled Singapore. In turn, it will also suggest that the power structure in each developmental state is different, and all individuals should be sceptical of any monolithic argument.

More importantly, examining the plans, strategies, and tactics employed by the PAP government will unveil how Goh Keng Swee and Lee Kuan Yew applied Carl von Clausewitz's concept of Trinity in developing Singapore's national strategy to navigate the uncertainties and comply with the rules developed by international organisations. The trinity, as explained by von Clausewitz in his book "On War", which entails how the military, government, and people can unify, is evident in the PAP government centralising power with the rapid rise of MND Holdings and Sheng-Li Holdings—both were GLICs that played pivotal roles in transforming society and perpetuating the development of civil-military industries, respectively. By extension, institutions were developed to crystallise the connection between the legitimacy of the party and Singapore's developmental state model as PAP ministers and bureaucrats developed their government. And these institutions collectively, which function as tools of power and wealth accumulation for Singapore, had also enabled PAP ministers and bureaucrats to accumulate economic and political power. Nevertheless, these institutions have been building resilience in the economic system while accentuating the dominance of GLCs and supporting the rise of Singapore Inc. And when institutional arrangements evolved along with a renewal of party leadership, it was mirrored by a change in the hierarchy of control embedded in the political economy.

Put in perspective, the two types of literature reviewed suggest there has not been a thorough evaluation of how Singapore's developmental state model empowered the PAP. This raises an important question: how and why does Singapore state-led capitalism, driven by the PAP government, remain durable? Answering the question will reveal the foundational pillars of Singapore's developmental state model, developed within the ambit of the rules-based international order, which started in 1959. An examination of the connection between the PAP government monopolising Singapore's socio-economy and the development model is intended to shed light on the channels (through institutional capacity building) that enabled the

centralisation of power. By extension, the examination will highlight how streams of power are channelled to help the PAP government mature with authoritarianism. It will shed light on how new channels enabled the PAP government to pursue a neoliberal discourse, which merely refurbished the bureaucratic system. In other words, the neoliberal discourse that accentuated financialisation was merely a democratic disguise. And the ultimate aim of financialisation was to consolidate the accumulated national wealth, which perpetuated the rise of Temasek and GIC. A new hierarchy of power that manifested mirrored how power was vested in the hands of a new ruling elite controlling both SWFs. At the apex of power, government officials were disempowered and subordinated by the transformation. And the new ruling elite was anchored deeper at the centre of Singapore's political economy. Moreover, the devolution of power eventually resulted in the creation of a new development model. The process of centralising state power moved from the MOF to the PMO. Nevertheless, the efforts levelled at refurbishing the PAP government, made by government officials, had helped the ruling elite maintain the intricate link between the PAP and Singapore's state-led capitalism.

Therefore, this book aims to demystify Singapore's state-led capitalism and explain how a centralised resource management system was created that enabled the bureaucratic system to connect the state and market. In turn, the PAP government was able to centralise economic and political power. The central argument of this book is that the bureaucratic system helped the PAP stay in power, which is presented at two levels in the next chapter. First, ministries and institutions modernise the bureaucratic system in compliance with emerging trends and norms (international political economy) while helping the PAP government navigate challenges presented by external factors (geopolitics). This would provide clues on how the Singaporean state conducted its economic diplomacy¹⁸⁴ based on the rules that govern the international regime.¹⁸⁵ Second, the ministries coordinated state collectivisation and financialisation of the domestic economy, which created pathways for the PAP government to consolidate and preserve economic and political powers. In the process, ministries were nevertheless projecting the growth of GLCs and statutory corporations to drive industrialisation based on strategic pragmatism.¹⁸⁶

¹⁸⁴ Dent (2002), p. 330.

¹⁸⁵ According to Vidal (2002), the international regime characterises the relations between a nation-state and the international forum, although they do not determine the mode of growth of the country.

¹⁸⁶ Schein (2006), "Strategic Pragmatism: The Culture of Singapore's Economic Development Board", MIT Press: Cambridge, Massachusetts, London.

Scope of Study

The ability of the PAP government to financialise the economy and stay in power while following the rules created by international organisations remains a puzzle.¹⁸⁷ And the movement of GLCs to Temasek Holdings while creating a new state-led development model increases the complexity of PAP's legitimacy. Nevertheless, Singapore's rapid growth and development, which accentuated the PAP's legitimacy, saliently points to the bureaucracy as the connector between the PAP government and Singapore's developmental model. An examination of the bureaucracy, which includes the ministries, is vital to understanding how the ruling elites created the power structure within the PAP government, which evolved over three generations of PAP leaders.

The primary focus of this study is the historical development of institutions that have been driving Singapore's state-led capitalism. Paying attention to state collectivisation and financialisation will provide a broader and deeper understanding of how economic and political powers in Singapore moved across institutions. Tracing the developments of key ministries in Singapore will also reveal the movement of state entities, which mirrored a power shift within the PAP government, thereby revealing Singapore's guardians of the state over time. Moreover, tracing the historical developments of these ministries will identify four epochal moments of Singapore's political economy. The first epochal moment is the rapid rise of the PAP as a single dominant party, which started from a weak position in the political economy. It was the creation of statutory corporations and GLCs that helped the PAP navigate political uncertainty and stay in government. The second epochal moment occurred when the ministries coordinated to collectivise industries and society, which enabled the PAP government to codify a semblance of control. The third epochal moment is the period when Singapore's bureaucratic system underwent transformation, which subsequently leads to the fourth epochal moment, during which SWFs were anchored at the centre of the political economy.

Rationale of Study

Over time, the developmental state model in East Asia seemed to have withered away with the collapse of single dominant parties, except for Singapore. Hence, this book aims to shed light on the co-existence between a political party (PAP) and Singapore's developmental state model. This book started by asking the broad

¹⁸⁷ Haas (1999).

question of how PAP ministers created a government that allowed the party to stay in power and subsequently sustain its legitimacy.

The usual analysis of a single dominant party focuses on authoritarianism (Rodan, 1989; Barr, 2015; Worthington, 2003), while research on a developmental state pays close attention to the bureaucracy (Evans, 1995; Haggard, 1990; Low, 2004). In both pieces of literature, bureaucracy appeared as the common denominator. Hence, this study set out to unpack the bureaucracy into units of analysis to gain more insights into the PAP government. Which also led the investigation to examine the power structure within Singapore. The following units of analysis are required to examine the control mechanism that connects various ministries and the state-led model:

- **Executive and Development Ministries** are ministries that drive growth and development. PMO, MOF, MCI, MND, MINDEF, and MTI were considered executive ministries. But at present, only PMO, MOF, and MTI are considered executive ministries.
- **Development Ministries** are ministries undertaking statutory duties to achieve developmental outcomes solely to increase societal welfare. Ministries such as education, home affairs, foreign affairs, community, environment, health, and manpower are considered development ministries.
- **Permanent Secretaries** are civil servants undertaking statutory duties. They function as chief executive officers of the ministry.
- **Administrative Officers** are the elite in the bureaucracy (Administrative Service), and they usually become top executives of GLCs. They fulfil administrative duties and perform an entrepreneurial role to achieve organisational growth and developmental objectives.
- **Statutory Corporations (SCs)** were created based on bills passed and enacted in parliament. Therefore, these entities are state-owned companies that perform statutory duties, which are to safeguard the welfare of citizens. Several SCs were transformed into GLCs during financialisation.
- **Government-Linked Investment Companies (GLICs)** are intermediaries functioning to facilitate control of investment between “statutory corporations and operating companies”.
- **Government-Linked Companies (GLCs)** are state-owned enterprises created to perform administrative duties for Singapore’s state-led model. GLCs would also include companies that GLICs and SCs have at least 20 percent equity ownership in. Key GLCs have been transferred to Temasek over time.
- **Sovereign Wealth Funds (SWFs)** are state-linked investment vehicles operating to safeguard accumulated national reserves. Temasek and GIC are considered SWFs.

- **State Collectivisation** is the organisation of the country's industries, banking, society, and land into the PAP state's ownership and control.
- **Financialisation** of the state system is a process of re-codifying state assets as private assets. The process involved transforming GLCs and SCs before transferring them to GLICs and SWFs, thereby empowering the power elites.

These units of analysis, put together, can weave the literature of the single dominant party and developmental state to interpret Singapore's political economy seamlessly between the PAP and the bureaucracy. Thus, these units of analysis enabled this book to identify the institutions that developed levers of control for PAP ministers. And they also allowed the book to explore how the structure of power changed with PAP's leadership renewal. Hence, these units put together enabled an assessment of various state actors involved in organising industries and society.

Research Methodology: Regulation Theory and Phenomenology

To contextualise the central argument of this book, there is a need to avoid reducing complex social relations to postulate homogeneity. Instead, it is important to examine the nature, preconditions, and crisis-tendencies of capital accumulation with a broader lens—concurring with the assertion made by Aglietta¹⁸⁸—to comprehend how the process of unhindered capital accumulation that could disintegrate the fabric of a society did not happen in Singapore. If we examine Singapore's state-led capitalism based on the notion that a regulatory mechanism exists, we will comprehend how institutions operate to ensure distortions are kept within limits. In turn, we will understand why and how industries and society are organised.

Attempts to tease out Singapore's regulatory mechanism direct us to Michel Aglietta's "A Theory of Capitalist Regulation",¹⁸⁹ and the works of Robert Boyer,¹⁹⁰ Yves Saillard, David Harvey,¹⁹¹ and Lipietz.¹⁹² Their seminal work provides ideas

¹⁸⁸ Aglietta (1979), "A Theory of Capitalist Regulation" *The US Experience*: London. New Left Books

¹⁸⁹ Aglietta (1979), "A Theory of Capitalist Regulation", *The US Experience*. London: New Left Books

¹⁹⁰ Boyer (1990), "The Regulation School: A Critical Introduction" New York: Columbia University Press.

¹⁹¹ Harvey (1991), "The Conditions of Post Modernity" Cambridge: Blackwell.

¹⁹² Lipietz (1986a), Behind the crisis: the exhaustion of a regime of accumulation. A 'regulationist school' perspective on some French empirical works, *Review of Radical Political Economics*, 18 (1–2), pp. 13–32. Lipietz coined the term regime of accumulation, and further developed the argument of mode of regulation. According to Lipietz, a regime of accumulation describes the stabilisation over a long period of allocation of net product between consumption and accumulation. Institutions are

to conceptualise and define the process of regulation into four core components.¹⁹³ First, an industrial paradigm is developed to govern the technical and social division of labour. Second, an accumulation regime functions as a complementary pattern of production and consumption that is reproducible over a long period. Third, a mode of regulation is an emergent ensemble of rules, norms, conventions, patterns of conduct, social networks, organisational forms, and institutions that can stabilise the accumulation regime. Lastly, a mode of development occurs when an industrial paradigm, accumulation regime and mode of regulation complement each other sufficiently.

Moreover, the works of Jessop and Ngai¹⁹⁴ are useful to analyse the social and economic changes in capitalistic societies within four interspersed sections: First, the mode of regulation is determined by the nature of the state that is governed by a peculiar political ideology. That would translate into a mode of growth and accumulation regime that would be shaped to be in tandem with the government's economic and political objectives. Second, the mode of growth for a small and open economy such as Singapore is determined very much by international trade and events in the region. Third, the structure of the accumulation regime is adjusted in accordance with the business cycle and stage of economic development. The interaction of the mode of growth, accumulation regime, and mode of regulation will determine the fourth section, which is societalisation, that is, the social forms and norms of the community or society at large. The purpose of the societalisation process is to normalise or neutralise the conflicts and tensions that take place in the labour market. Thus, to describe the social and economic changes during the transition from Fordism to post-Fordism requires an examination of the way the mode of regulation of the Fordist state initially was shaped and evolved from epoch to epoch.

In addition, Jessop and Ngai offer an explanation of "qualitative shifts of political institutions in responding to the challenges and tendencies characterising

established to promote compatibility among the decentralised decisions of economic agents despite the conflictual character of capitalist social relations (refer to Lipietz (1988), 'Accumulation, crises, and ways out: some methodological reflections on the concept of "regulation"', *International Journal of Political Economy*, 18 (2), pp. 10–43). Please also refer to Lipietz (1986b), 'New tendencies in the international division of labour: national and global regimes of accumulation and modes of regulation', in Allen Scott, J. and Storper, Michael J. (eds), "Production, Work, Territory", London: Allen and Unwin, 16–40.

¹⁹³ Boyer, Robert, and Saillard, Yves (eds) (2002), "Regulation Theory: The State of the Art", Routledge, London. Also refer to Jessop (1994), 'Post-Fordism and the State', in Amin, Ash (ed.), "Post-Fordism: A Reader", Oxford: Blackwell, pp. 251–79 and Jessop (1997), 'Survey article: the regulation approach', *Journal of Political Philosophy*, 5 (3), pp. 287–326.

¹⁹⁴ Jessop and Sum (2005), "Beyond the Regulation Approach: Putting the Capitalist Economy in its Place". Edward Elgar.

the dynamics of the authoritarian regime in Singapore.”¹⁹⁵ Their explanations also provide an understanding of how an economy transits from Fordism to post-Fordism, which was extended by other scholars (such as Boyer,¹⁹⁶ Arestis and Sawyer,¹⁹⁷ Hodgson,¹⁹⁸ and Hodgson, Tool and Samuels,¹⁹⁹ Boyer and Saillard,²⁰⁰ Harvey,²⁰¹ Jessop,²⁰² and Jessop & Ngai).²⁰³ The discussions on the transition from Fordism to post Fordism also provide an idea of how the PAP government binds collectivisation and financialisation as Singapore’s bureaucratic system pursues the neoliberal discourse.

Among the various schools that advance the regulation approach, the Parisian School of *Annales* regulationist approach stands out when trying to relate to Singapore’s state-led capitalism. This is because the Parisian School sets out to understand the peculiarity of state capitalism by way of its institutional forms, which will refer to a range of economic and extra-economic mechanisms that

¹⁹⁵ Rodan (2008), “Authoritarian Rule and State Transformation in Singapore, in *Political Transitions in Dominant Party Systems: Learning to Lose*”, Friedman, Edward. and Wong, Joseph (eds). Routledge Taylor and Francis Group: London and New York.

¹⁹⁶ Boyer (2002), ‘The Origins of Régulation Theory’, in Boyer and Saillard (eds), “Régulation Theory”, London: Routledge, 13–20.

¹⁹⁷ Arestis, Philip and Sawyer, Malcolm. (eds) (1994), “The Elgar Companion to Radical Political Economy”, Aldershot, UK and Brookfield, US: Edward Elgar

¹⁹⁸ Hodgson (1989), “Economics and Institutions: A Manifesto for a Modern Institutional Economics”, Cambridge: Polity. Please also refer to Hodgson (1993), “Economics and Evolution: Bringing the Life Back into Economics”, Cambridge: Polity

¹⁹⁹ Hodgson, Geoffrey, Tool, Mark. and Samuels, Warren J. (eds) (1994), “The Elgar Companion to Institutional and Evolutionary Economics”, Aldershot, UK and Brookfield, US: Edward Elgar.

²⁰⁰ Boyer, Robert, and Saillard, Yves (eds) (2002), “Regulation Theory: The State of the Art”, Routledge, London.

²⁰¹ Harvey (1987), Flexible accumulation through urbanisation: reflections on “post-modernism” in the American City, *Antipode*, 19 (3), pp. 260–86.

²⁰² Jessop (1997a), Survey article: the regulation approach, *Journal of Political Philosophy*, 5 (3), pp. 287–326.

Jessop (1997b), ‘The entrepreneurial city: re-imaging localities, redesigning economic governance, or restructuring capital?’, in Jewson, Nick. and MacGregor, Susanne. (eds), “Realising Cities: New Spatial Divisions and Social Transformation”, London: Routledge, pp. 28–41.

Jessop (1997c), ‘A neo-Gramscian approach to the regulation of urban regimes’, in Mickey Lauria (ed.), “Reconstructing Urban Regime Theory”, London: Sage, pp. 51–73.

Jessop (1997d), Capitalism and its future: remarks on regulation, government, and governance, *Review of International Political Economy*, 4 (3), pp. 435–55.

Jessop (1997e), Regulationist and autopoieticist reflections on Polanyi’s account of market economies and the market society, *New Political Economy*, 6 (2), pp. 213–32.

²⁰³ Jessop and Sum (2005), “Beyond the Regulation Approach: Putting the Capitalist Economy in its Place”. Edward Elgar.

would explain the “regularities” of economic behaviour.²⁰⁴ And the way institutions coordinate to enable the government to intervene in the process of economic development and secure its political position becomes a mode of regulation. In other words, the mode of regulation relates to how institutions interact, normalise capital relations and govern the conflicts arising during a crisis-mediated course of capital accumulation.

By extension, five institutional forms can equate the dynamism of a mode of regulation. First, the capital-labour ratio is derived from the linkage between wages and productivity and the spread of connective bargaining in the labour market. Second, the forms of competition are based on the degree of competition in the business sector. Third, the monetary regime in the Fordist state investigates the growing role of state credit in investment and consumption and the state’s involvement in generalising mass consumption norms to significant groups. Fourth, metropolitan Fordism can only be initiated with liberal and corporatist forms of political regime. Lastly, the aggregate demand management in metropolitan Fordism often proved to be pro-cyclical, and its supposed benefits are often due more to the longer-term dynamics of international trade than to Keynesianism. These institutional forms can enable a regulatory state’s mode of regulation to evolve and help the ruling elite establish more levers of control to tighten their grip on power. They could also cause uneven development that would eventually undermine any given institutional and organisational arrangements, resulting in the ruling elite losing their grip on power.

Furthermore, the linkages between the five institutional forms not only underscore the mode of regulation, but they also provide more insights into how accumulation regimes integrate to support the function of the socio-economy.²⁰⁵ First, money becomes an important institutional form, functioning as a mode of connection between economic units²⁰⁶. The wage-labour nexus functions as an institution that describes the type of appropriation of surplus in the capitalist mode of production. Forms of competition indicate how relations between producers are organised and might bring transformation to the accumulation regime.²⁰⁷ The forms of insertion into the international regime characterise the relations between a nation-state and the international forum, although they do not determine the

²⁰⁴ Théret (2002), ‘The State, Public Finance and Régulation’, in Boyer and Saillard (eds), ‘Régulation Theory’, London: Routledge, pp. 122–28.

²⁰⁵ Boyer, Robert, and Saillard, Yves (eds) (2002), ‘Regulation Theory: The State of the Art’, Routledge, London.

²⁰⁶ Guttman (2002), ‘Money and Credit in Regulation Theory’ in Boyer, Robert. and Saillard, Yves. (eds), ‘Regulation Theory: The State of the Art’, Routledge, London.

²⁰⁷ Hollard (2002), ‘Forms of Competition’ in Boyer, Robert, and Saillard, Yves (eds) (2002), ‘Regulation Theory: The State of the Art’, Routledge, London.

mode of growth of the country.²⁰⁸ The nature of the state demonstrates how the organisation of public authority is part of the economic dynamic,²⁰⁹ which entails how the capitalistic nature of a state is codified by its monetary regime and forms of competition.

Thus, analysing the mode of regulation will remove the static equilibrium assumption imposed by neoclassical theory.²¹⁰ The observation of the economy will be undertaken in an integral manner, i.e., in the social context of expanded economic reproduction under a series of institutional arrangements that socialise information and behaviour. In doing so, it will provide a deeper and broader understanding of how the dense network of institutions forces agents to drive the development of industries and society,²¹¹ while codifying a certain form of rational behaviour.²¹² The decisions made by key agents—bureaucrats and ministers—will determine how social structure and the circuit of capital are established, and they are reproduced to form a virtuous cycle of growth and development that secures a national accumulation regime. Therefore, understanding the mechanism of a mode of regulation provides an in-depth understanding of the nature of the state and the type of capitalism the agents have created. These phenomena are important to know since they will inform how the mode of regulation will modify—or ossify and reassemble—to enable a new trajectory of growth for the economy as well as a new accumulation regime or economic growth model to be developed in a new era.²¹³

While mentioning the international regime, regulation theory, has not thoroughly dealt with it. This is especially evident in how regulatory states organise themselves to navigate the uncertainty inherently embedded in an ever-changing geopolitical landscape, as well as how states transform their bureaucracies to comply with the rules and norms developed by international organisations, such as the United Nations, WTO, IMF, and World Bank. The way states behave and respond to geopolitics and geoeconomics should be considered to understand the nature of the state, especially in a small state like Singapore. In doing so, it would reflect

²⁰⁸ Vidal (2002). “International Regime” in Boyer, Robert, and Saillard, Yves (eds), “Regulation Theory: The State of the Art”, Routledge, London.

²⁰⁹ Delorme (2002). “The State as Relational, Integrated and Complex (ERIC)” in Boyer, Robert, and Saillard, Yves (eds) (2002), “Regulation Theory: The State of the Art”, Routledge, London.

²¹⁰ “Neoclassical Economics restricts the rationality of the agents to available information and cognitive abilities,” Boyer (2002). “The Origins of Regulation Theory” in Boyer, Robert, and Saillard, Yves (eds), “Regulation Theory: The State of the Art”, Routledge, London.

²¹¹ Juillard (2002). “Accumulation Regime” in Boyer, Robert, and Saillard, Yves (eds), “Regulation Theory: The State of the Art”, Routledge, London.

²¹² Boyer (2002). “The Origins of Regulation Theory” in Boyer, Robert, and Saillard, Yves (eds), “Regulation Theory: The State of the Art”, Routledge, London.

²¹³ Juillard (2002). “Accumulation Regime” in Boyer, Robert, and Saillard, Yves (eds), “Regulation Theory: The State of the Art”, Routledge, London.

why and how decisions were made by PAP leaders and bureaucrats to navigate uncertainties and challenges.

With a wider lens to observe the evolution of Singapore state-led capitalism, articulating strategies and tactics developed by Goh Keng Swee and Lee Kuan Yew becomes plausible. In the same vein, the key considerations of the strategy and tactics employed by PAP leaders to develop Singapore's state-led capitalism would comprise geopolitics and the developmental state model. In other words, given that state power developed by the Singaporean state was dependent on external factors, such as shifts in geopolitics and the grand strategy of the US to secure its hegemonic position, there is a need to extend the Regulationist framework to include these phenomena. Doing so would also provide the opportunity to evaluate the strategies and tactics of PAP leaders and bureaucrats since 1959, which includes the periods when Lee Kuan Yew and Lee Hsien Loong were prime ministers. An evaluation of the strategies and tactics adopted by Singapore leaders will also unveil the plans, principles, and behaviour of the government that enabled the PAP to stay in power.

Moreover, it will bring to light how officials ambitiously tried to leapfrog Singapore past its neighbours²¹⁴ by embracing multinationals to operate in Singapore. It then brings us to the start of the struggles faced by PAP leaders in trying to build trust with the electorate. By extension, the behaviour of the PAP government, which domestically differs from internationally, will also come to light. Internationally, the PAP government was constantly navigating the shifts in geopolitics—for example, the rise of China—and complying with the rules and norms developed by international organisations. Domestically, the PAP government was developing policies to enable the state collectivisation of land, society, and banking. Subsequently, the economy underwent financialisation when collectivisation had made bureaucrats and ministers agents of change.

Interestingly, collectivisation and financialisation were eventually bound together, which helped the PAP mature as a single dominant party. Although the international and domestic behaviour of the PAP government appear to be very different, the symbiotic relationship between the party and government deepened to establish a mode of regulation. The grip on power for the PAP government then tightened and was governed by three principles: leadership, institutions, and geopolitics. Eventually, a hierarchy of power was assembled as the authoritarian state matured with power and wealth. And to find out how a hierarchy of power was created by PAP leaders, the transcendental phenomenology approach²¹⁵ was adopted. Efforts were made to examine the ideas behind the formation of the institutional structures, especially the treatment of correlative

²¹⁴ Lee (2000). "From the Third to First: The Singapore Story".

²¹⁵ Husserl (2012); Girogi (1997); Vagle (2018).

elements that support their functional capacities. Empathy and logic were then included to assess the meta-thoughts of institutional arrangements to capture what makes power, power for PAP leaders. In the context of this study, the inquiry levelled sustained efforts to find the construct of power within the PAP government—as expressed through intentional and interconnected institutional arrangements that strengthened the relationship between the PAP government and society.

In adopting the transcendental phenomenological approach, four steps were followed: First, the primary and secondary data, including government records and oral interviews, were collected and analysed. The purpose of collecting data was not to resolve ambiguities but to describe historical developments as they presented themselves. Self-control was required since there was a need to be unbiased to enable further inquiry. Second, the process of bracketing²¹⁶ was to transcend the idea of power and wealth from the human consciousness but put aside all past knowledge, judgement, and understanding. This again enabled the researcher to have an unbiased mind to read descriptions of text and interviews while paying close attention to significant events and statements made by bureaucrats and ministers. Third, the inquiry went through a whole-part-whole analysis. Transcripts and interviews made publicly available were read to trace and determine various alliances that were formed arising from the symbiotic relationship between the PAP and Singapore's bureaucracy. The task was to get a sense of the whole structure of power accumulation. The purpose was to understand how entities created by the PAP government had created a dialectical relationship between Singapore's developmental state model and its single dominant party. Moreover, the inquiry searched for a theme or pattern operating in the institutional arrangements that vaulted bureaucrats and ministers into the vicinity of power, which in turn helped the state capture economic and political power. It then confirmed that collectivisation and financialisation have been perpetuating PAP's legitimacy.

The next step was to unpack and break things into parts. The steps taken helped this study take notes on things or events that shifted the underlying structure of the bureaucracy. Units for analysis were identified, mainly comprised of people, institutions, ministries, GLCs, GLICs, and statutory corporations. Epochal moments were teased out as the study traced how institutions were rearranged in preparation for PAP's leadership renewal and, concurrently, observed how power was redistributed when a new PAP leader was identified. Case studies of GLCs, GLICs, SWFs, and statutory corporations across key ministries were undertaken. These case studies

²¹⁶ Bracketing was conceived by Husserl. It is an act to suspend any trust in the objectivity of the world and unpack the phenomena. It allowed this book to explore and examine the legitimacy of PAP, in this case, in phenomenological purity.

helped this study evaluate whether these entities and institutions were upholding an institutional framework. The historical development of statutory corporations and GLCs, which involved “coding”, saliently pointed to interlocking activities that had collectively developed various alliances. Examining the interlocking activities revealed a recurring pattern of state collectivisation and financialisation at every turning point in reforming the state system. The revelation led this study to form the idea that GLCs and statutory corporations were tools of power accumulation for the PAP government.

After taking notes from the “parts”, through decomposition of the whole, it was time to put together the pieces and construct the whole again. The literature on the single dominant party and the theory of the developmental state were weaved together to observe if the interpretation of Singapore’s political economy can seamlessly move between PAP and Singapore’s development model. The inquiry then reviewed how GLCs, GLICs, SWFs, and statutory corporations accumulated power for the PAP government. Thereafter, this study evaluated how institutional arrangements over a period of time helped the PAP stay in power. The review helped this book identify individuals who were guardians of the state under three PAP leaders. The review and observations helped find out—and try to justify—if the economic history of Singapore since 1959 is the history of the PAP. Likewise, whether the history of PAP is the economic history of Singapore was observed as well.

The final step was to look at the whole and pursue an invariant meaning that belongs to the power structure. Close attention was paid to recurring themes and patterns that appeared to interpret and communicate the shifts—specifically the transfers of ownership and control of GLCs and statutory corporations—in the system of accumulating and preserving economic and political power. That led this inquiry to arrive at the conclusion that the rise of SWFs was indicative that the PAP government was maturing in power, notwithstanding the conflating of state interests with the personal ambitions of individuals within the government.

The research method adopted for this book served as a strategy to collect adequate data to address the research problem and answer research questions. Documentary research was employed for this study to collect the data needed, which initially involved collecting newspaper articles relating to protests led by trade unions, land resettlement, and civil society activities in the 1950s. The data collection then moved to reports published by GLCs and statutory corporations. Information that was indicative of state collectivisation and financialisation was recorded. Reading those articles and reports provided an idea of how to start the whole-part-whole of the transcendental phenomenological approach. It also directed the inquiry to explore which institutions of the bureaucracy upheld the interconnectedness between Singapore’s developmental model and the PAP government’s hegemonic position.

The inquiry then searched for archives that related to the development of GLCs and statutory corporations. Archives were then gathered, analysed to make inferences, and kept for validation and referencing. Tying the empirical evidence together, a structure-agency approach was framed, whereby the operations of GLCs and statutory corporations were subdivided into three functional areas: business, political, and societal development. It then became clearer that GLCs and statutory corporations were involved in all areas of development. Ministries were then categorised into two types: 1) Executive and Development ministries and 2) Development ministries. Government-linked business entities were categorised into four types: statutory corporations, GLCs, GLICs, and SWFs.

This book then explored deeper into the control and ownership of GLCs, only to discover how departments of MOF were transformed into GLCs or statutory corporations as PAP ministers and bureaucrats developed efficacy in the government. These developments, combined with the phases of financialising the economy, suggested that ministers and bureaucrats were coordinating the state structure as well as promoting the rapid development of GLCs. Admittedly, it was difficult to view how GLCs and statutory corporations were coordinating from the perspective of a top-down institutional arrangement. This was due to the scarce data and information available on how decisions were made by ministers and bureaucrats. Therefore, the inquiry had to overcome this hurdle by adopting a bottom-up approach to search for the foundations that were underpinning the veneer of Singapore's state structure.

In adopting a bottom-up approach, more secondary data on GLCs and statutory corporations was sought. As more secondary data was gathered, the connection between policies implemented by MOF—especially during the period between the 1960s and 1990s—and trajectories created to consolidate economic and political power started to make sense. It appeared that GLCs and statutory corporations were rooted in the state structure and were utilised by PAP leaders to achieve both political and economic outcomes. By extension, the decisions made by PAP leaders under those political and economic circumstances also started to make more sense. To reaffirm those pieces of circumstantial evidence, past speeches of people who held key positions in key ministries were sought. Archives and oral interviews with bureaucrats were also gathered. The data was tabulated in chronological order. This was critical to gain insights into the meta-thoughts behind Singapore's state capacity building.

The pieces of evidence helped reaffirm that the PAP government ascended through state collectivisation and financialisation. In doing so, the connection between the rapid development of GLCs and statutory corporations and the durability of PAP was divided into four stages. First, the inquiry reviewed how statutory corporations and GLCs were developed into components of the PAP government.

Close attention was paid to the events surrounding the PAP's weakest moment in 1961, when the PAP had a slim majority over the opposition parties by just a parliamentary seat. The inquiry teased out the hard-nosed calculations and measures taken by PAP leaders, particularly Lee Kuan Yew, Hon Sui Sen, and Goh Keng Swee, that foiled oppositional forces. The second stage inquired into how statutory corporations and GLCs consolidated their positions to project the PAP government's capabilities to govern various alliances. It also considered Singapore's separation from Malaysia and how industrialisation policies quickly switched from the development of import-substitution industries to the development of export-oriented industries that involved MNCs.

The third stage used 1985 as an inflection point, given that GLCs were already operating inefficiently in a two-tiered system and needed a fix. The inquiry turned to the Public Service Divestment Committee (PSDC) report in 1985, which essentially recommended that the Singapore government divest GLCs to reduce its role in the economy. The fourth stage was to inquire into the rise of GLICs, starting with Temasek and GIC. Specifically, the inquiry was concerned with the way Temasek and GIC had helped the Singaporean state transit into preservation mode in addition to the usual power accumulation. The inquiry then tracked who the guardians of the state were to assess where power was initially located and what has changed over time.

To validate that a connection exists between Singapore's developmental model and PAP, the triangulation method was used. Oral interviews with bureaucrats were reviewed again. The oral interviews validated that state collectivisation followed by power accumulation was a recurring pattern for the PAP to stay in government. It was also justified that the five statutory corporations—HDB, JTC, EDB, PSA, and MAS—should be chosen to study how PAP stayed in government. Three conditions were added to further justify the selection of these five statutory corporations. First, these statutory corporations established in the early years of Singapore's rapid development and growth must still be operating at present. This is to allow observations of the interlocking activities of these statutory corporations that monopolised business activities throughout the timeline (1959–2024) set by this study. Second, these statutory corporations, which were considered small and medium-sized entities in the early days of Singapore's development, have transformed into conglomerates. Third, the expansion of government business entities had groomed a group of bureaucrats who were considered “agents of change.”

The inquiry then took another step further to assess how the connection had crystallised, which demarcated the areas to observe how GLCs and statutory corporations were deployed as tools for state collectivisation. They were also utilised to conduct a meta-analysis of state collectivisation and financialisation perpetuating the PAP government's hegemonic position. It helped the inquiry explore how PAP leaders transformed state-led development and preserved economic and political

power. It also led the inquiry to infer and interpret how the transfers of GLCs, GLICs, and statutory corporations during financialisation led to changes in the power structure. Lastly, the “parts” were put together to re-construct the “whole” again to find out how power was further concentrated in fewer institutions in Singapore. Furthermore, there was a need to identify which individuals had access to the levers of power after financialisation. These deliberations, made in stages, helped the inquiry arrive at the invariant meaning of Singapore’s power structure. Thereafter, the inquirer was inspired to write a narrative of how the PAP government has been sustaining its absolute control.

This book is divided into six chapters. The Introduction provides an overview of state-led capitalism under single dominant parties in Asia, which involves examining the contending view of single dominant parties and developmental states. It then examines how the French Regulation Theory approach can be employed to connect a single dominant party and the development state model. In doing so, it would then illuminate the pathway to demystify (unpack) the bureaucratic system that has been supporting Singapore’s state-led development model. It introduces the research methodology (phenomenology) and methods used to trace and examine Singapore’s state power, which is the main purpose of this project.

Chapter 1: Demystifying Singapore’s State-Led Capitalism begins by giving a brief history of how Singapore transformed in parallel with the shifts in the international system. This is followed by elaborating on the three core themes of the book—leadership, geopolitics, and institutions—to articulate the incremental steps taken by the PAP government in implementing Singapore’s national development plan. Using these core themes, the chapter relates how the bureaucracy and institutions operated to enable Singapore to emerge in the international economy since its independence while considering geopolitical situations. More importantly, this chapter explains how institutions developed ways to foster compliance between GLCs and MNCs, aimed at accentuating the sovereignty of Singapore. Eventually, the robust commercial linkages that developed between MNCs and GLCs helped the Singapore economy become resilient. Those efforts ultimately provided a positive feedback loop to the bureaucratic organisations and enabled government officials to strengthen Singapore’s commercial linkages, which also validated the Singaporean developmental state model and the party’s political position. The chapter ends with an evaluation of how a hierarchy of power assembled as Singapore’s state-led capitalism evolved.

Chapter 2: Installing the PAP as a Single Dominant Party examines how Singapore’s pioneer political leaders developed ideas and institutions to marry national interest with power. The chapter starts by relating the events that occurred globally in the 1940s. It then moves on to reveal how the movement for national development supported the rapid transformation of Singapore into a modern

city-state. But the national development programmes were to serve the economic interests and political ambitions of the ruling elite.

An account of how government officials and political leaders transformed institutions to comply with the rules set by the Bretton Woods institutions is provided. An account of how the PAP navigated uncertainty domestically while seizing opportunities that emerged from the shifts in geopolitics is also provided, which will unveil the inflection point that enabled national development programmes to be implemented in developing Singapore into a rules-based society. Moreover, this chapter will also unveil the steps taken by the Singapore government in organising society and industries with the objective of anchoring Singapore's economy at the centre of Asia Pacific.

Chapter 3: *Installing the Developmental State and Singapore Inc.* examines how the bureaucratic system adjusted according to geopolitical events as Singapore entered the 1970s. Essentially, the chapter examines how officials synthesised the “Trinity” and Triadic state-business relationship to systematically perpetuate the PAP government's dominant position. The chapter starts by describing how Singapore joined the non-alignment movement in 1970, at the height of the Cold War, to stay neutral while creating a developmental state model. It then evaluates how the inception of MAS created an inflection point for the PAP government to install Singapore Inc. and entrench power in Singapore's political economy. It also evaluates how ministers and bureaucrats made efforts to align the development of Singapore's financial markets with the International Monetary Fund (IMF).

Chapter 4: *Financialisation and Reframing Singapore Inc.* provides an account of how financialisation and ossifying the developmental state model enabled the PAP to reframe Singapore Inc. The chapter begins by providing an account of how the Singapore government reorganised Singapore Inc. in parallel with the changing policy-making objectives, which moved away from national development towards internationalisation. The chapter captures these accounts by explaining how Singapore's economy underwent liberalisation to meet the conditions of the Washington Consensus. More important in this chapter is the evaluation of what happened after Singapore underwent rapid liberalisation. GLCs became Temasek-Linked Companies (TLCs) and were immediately anchored at the centre of Singapore's political economy when they created new commercial linkages for Singapore.

Chapter 5: *The Rise of Sovereign Wealth Funds (SWFs)* is an extension of Chapter 4 and evaluates how state collectivisation and financialisation bound together helped SWFs and investment companies linked to the ministries in Singapore to rise rapidly. Case studies of Temasek Holdings, EDB Investment, and GIC are provided to illustrate how SWFs have become key institutions in driving growth and development in Singapore following financialisation, during which more GLCs were transferred from the ministries to government-linked investment companies (GLICs). The case studies also provide accounts of how state-owned

investment vehicles (GLICs) have been actively internationalising Singapore's production network and helping Singapore's economic system remain compliant with international business norms and rules.

The final chapter examines how the PAP has declined as a single dominant party along with a waning rules-based international order in the post-global financial crisis. The chapter examines how SWFs underwent intense scrutiny as officials of international organisations as well as institutions in the US and Europe raised questions about the involvement of governments in the decision-making of state-owned investment vehicles. Moreover, the chapter also examines how the PAP government has been struggling to dominate the political landscape as it developed social programmes in response to the discontent of the electorate. Lastly, the chapter evaluates PAP's leadership renewal from Lee Hsien Loong to Lawrence Wong.