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Report

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➤ The Pragmatic 'Little Red Dot': Singapore's US Hedge Against China

Robyn Klingler Vidra

We are a little red dot but we are a special red dot. We are connected with the world, we play a special role. And we are not going to be in anybody's pocket.

- Minister Mentor Lee Kuan Yew, 2009

The cornerstones of Singaporean foreign policy towards the United States and China are constituted by security considerations, economic liberalism and a dedication to pragmatic non-alignment. Above all, pragmatism has led the Singaporean approach to the Eastern and Western powers. Diplomatically, Singapore aims to be neutral and free from alliances, even in its close relations with both the US and China. Security-wise, Singapore has called for the involvement of the US in Asia Pacific across the Cold War and Post-Cold War periods as a hedge to local regional powers, particularly in light of China's military modernisation. Access to the large American consumer market has been considered crucial to Singapore's economic 'miracle' but the American share of trade has declined in recent years as trade with Asian partners, and particularly with China, has accelerated. Singapore maximises economic opportunities through growing market ties with China, while avoiding bandwagoning. Singapore hedges its cultural, spatial and economic proximity to China with robust diplomatic, military and economic relations with the US and through regional participation in ASEAN and international organisations. By doing so, Singapore pursues its grand desire to remain uniquely Singaporean.

Singapore punches above its weight. For a state with a mere five million residents and 700 square kilometres of land, its economic production, security position and political leadership in Southeast Asia are remarkable. Singapore's significance is also demonstrated by the time and attention it has received from great powers, including the US and China. The 'Little Red Dot' phrase comes from Former Indonesian President B.J. Habibie's remark during the Asian Financial Crisis, claiming that the non-green (i.e. non-Muslim Malay) state of Singapore was neither a friend nor of significance to him. Months later, Habibie's Indonesia faltered and was forced to seek help from the Little Red Dot of Singapore, among others, and the well-capitalised island nation acquiesced. To assure its own survival, small but significant Singapore has aided its neighbours when in need – due to financial crisis or natural disaster – regardless of ideological or cultural differences. Yet it has passionately avoided overly close alliance with, or becoming a 'satellite' of, regional great powers, be it the United States, Japan or China.

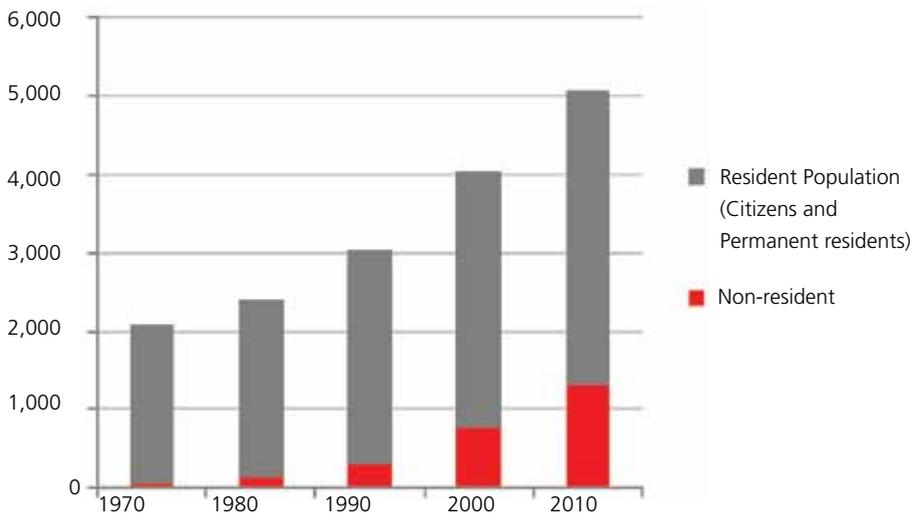
HISTORY, CULTURE AND DOMESTIC POLITICS

Domestic cultural concerns act as a magnified mirror for regional concerns vis-à-vis China, Malaysia and Indonesia in particular, and are increasingly prominent in Singapore's foreign policy formulations. From the time that Sir Stamford Raffles claimed Singapore as a colonial territory for the British East India Company in 1819, Singapore has been a society of multi-cultural immigrants. Singaporeans are ethnically Chinese (74 percent), Malay (13 percent) and Indian (9 percent). This diverse population shares a turbulent history, from the end of British colonial rule to the exit of Japanese occupiers after World War II and separation from the Malaysian Federation in 1965. From the birth of the Singaporean state, the predominantly Chinese political leadership sought policies that would instill a Singaporean identity, rather than prompt further racial tensions. To foster multiculturalism, and create an internationally competitive labour force, English was chosen as the primary language in the education system, along with each student also needing to study in their home language (Mandarin, Tamil or Malay). Despite the Hokkien background of the Singapore Chinese, the government adopted a 'Speak Mandarin' campaign in 1979 to aid in the country's global competitiveness and to capitalise on the opportunities presented by China. Singapore's language selection is

telling of its pragmatism and balancing of Chinese and English markets. Its political leadership thus ensures economic relevance by having the citizenry speak English and Mandarin, but maintains Asian culture and ethnic diversity by retaining Singapore's multilingual nature.

In addition to Singapore's ethnic diversity, there have also been significant immigration flows to the Lion City. This phenomenon has recently sparked political controversy, including the 2011 'Curry Wars', which began in response to complaints lodged by a Chinese family about the smell coming from the flats of their Indian neighbours cooking curries. The backlash to this anti-curry action ignited protests, as Indian and Malay residents felt the Chinese majority was suppressing their culture. This is not the first time racially-motivated protests have been staged in Singapore - there were violent race riots in 1964 and 1969. The recent Curry Wars are said to be a manifestation of the rising frustrations over the number of Chinese immigrants to Singapore; there are now more than 1 million Chinese nationals living in the country. It is not only Chinese immigrants, however, who have moved to the island. The country is a melting pot for ex-patriot business professionals. 22 percent of its non-resident immigrants are skilled workers and professionals – many of whom are

Figure 1: Singapore Population growth 1970 - 2010



Source: Singapore Department of Statistics

American and European – and foreign workers account for approximately 37 percent of Singapore's population of 5,077,000. Non-residents, including both unskilled foreign workers and professional expatriates, have risen from 60,000 in 1960 to 1.3 million by 2010, in the context of a doubling of the resident population (see figure 1). The rising population aggravates existing strains on the provision of resources, and threatens to intensify cultural tensions in an already-sensitive multi-cultural environment. Population growth has exacerbated controversial issues, including the overheated housing market and concerns over becoming a Chinese satellite. Despite these tensions, Prime Minister Lee Hsien Loong's National Day rally speech in 2011 reiterated the historic importance of immigration and foreign talent to Singapore, and he encouraged his citizens to 'accept the discomfort' associated with crowding more people onto the island.

Rising social tensions have been accompanied by a strengthening critique of the single party leadership by the People's Action Party (PAP). PAP ruled Singapore under Lee Kuan Yew as Prime Minister from 1965 to 1990. The following two Prime Ministers, first Goh Chok Tong, and then Mr. Lee's eldest son, Lee Hsien Loong, who took office in 2004, were also drawn from the party. The PAP had won between 61 and 86 percent of seats in each election since independence from Malaysia in 1965. In May, 2011 PAP suffered its worst election result since the state's formation, in which it won only 60 percent of the vote and the Workers' Party secured five seats, an outcome that has been dubbed the 'Singapore Spring'. Responding to this heightened cynicism, PAP's political leadership launched an independent inquiry into their compensation packages, the result of which was the well-publicised announcement in January 2012 that the world's best paid head of state, Lee Hsien Loong, would take a 50 percent salary cut. Singapore boasts one of the world's least corrupt political systems, which according to PAP is precisely because they are well paid and therefore not incentivised to take bribes or to partake in excessive fundraising activities. In fact, the World Economic Forum has ranked Singapore the strongest institutional environment globally due to its lack of corruption, political stability and high level of

Government transparency. However, even this long-defended PAP position was chipped away following the result of the 2011 elections.

Rising cultural and political tensions domestically continue to necessitate care in foreign policy decisions. Despite having a Chinese majority, Singapore is neither bandwagoning with China nor seeking to distance itself from the People's Republic, as a neutral policy is required to avoid sparking further domestic unrest. Cultural differences have not substantially affected Singapore's relationship with the United States, despite what Minister Mentor Lee Kuan Yew has suggested to be a substantive difference between Singapore's Asian values and those of the US. Singapore, like some of its ASEAN peers, welcomes the Obama administration's 'pivot' back to the Asia Pacific region, regardless of domestic political differences. Going forward, Singapore will continue to tread carefully with its foreign policy towards China and Muslim states, as foreign policy toward these states can give rise to further domestic difficulties.

ECONOMIC DRIVERS

Economic success has long been considered crucial to the survival of the Singaporean state. One of the Asian Tigers - and considered an economic miracle by many - Singapore went from a 'third world country to a first world nation' in one generation, according to the title of Lee Kuan Yew's 2000 book. Since 1965 Singapore has balanced single-party leadership and state intervention in the economy with active global economic integration. The government has set the agenda for private sector activities and has also created industries through state-owned enterprises, such as the internationally acclaimed Singapore Airlines. Also central to Singapore's competitive efforts has been the courting of multi-national companies that have brought capital, technology and management expertise, as well as providing access to foreign markets and well-paid jobs. Singapore has integrated into fast growing areas of the world economy, becoming a hub for semiconductor manufacturing, the busiest port in the world, and a global financial centre. In addition, the state itself is well capitalised as a result of policies such as the mandatory pension contributions to the

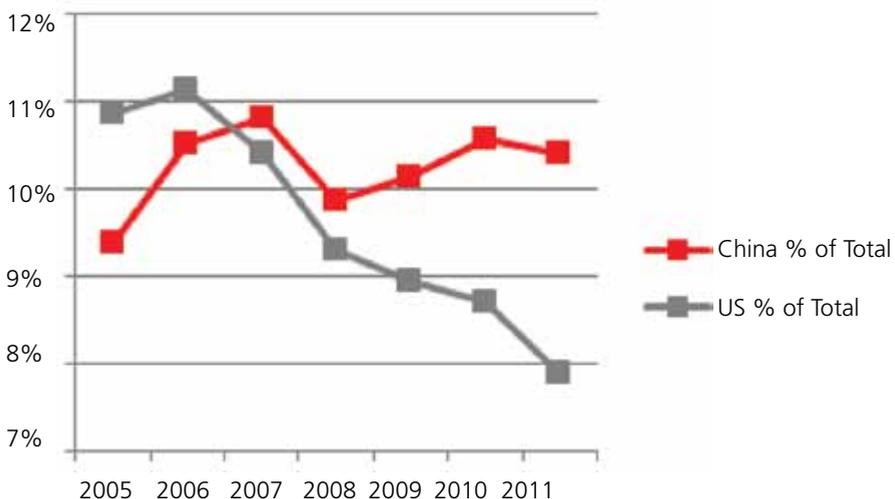
Central Provident Fund. Today Singapore boasts one of the world's largest official foreign reserves of over \$237 billion, which gives it the financial independence to pursue non-alignment strategies.

Singapore has deliberately forged close economic relations with regional, middle and great powers to achieve its economic goals. Singapore has signed bilateral free trade agreements (FTAs) with both China (the CSFTA in 2009) and the US (the USSFTA in 2004) to continue delivering on this priority. Despite Singapore's small size, it is an important partner to the world's largest economies. It is the largest trading partner for China in Southeast Asia, and the 2004 USFTA was the first bilateral trade agreement that the US signed with any Asian country. Despite robust trade with the US and China, Singapore's policymakers are clear in their desire to not fall into economic dependence on either partner. Access to both markets is important, but maintaining trading relationships with other states, particularly its ASEAN +3 (which includes Japan and Korea in addition to China) partners, is similarly pursued. To avoid too large of a concentration, the share of Singaporean trade with the US and China has hovered around a maximum of 10 percent each (see figure 2).

In recent years the United States' percentage share of Singapore's total imports and exports decreased, while Singapore's share of trade with China has increased since the Financial Crisis. As of 2011, 70 percent of Singapore's total trade was with Asian trading partners and two of its top trading partners are members of ASEAN (Malaysia and Indonesia). Singapore's EU trade in 2011 accounted for just 6.3% of its total trade, while trade with its ASEAN partners (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand and Vietnam) represented 26.3%. Figure 3 demonstrates the regional economic integration Singapore has achieved, as well as the positions of the US and China as key trade partners.

Over the last decade in particular, Singapore, as well as Hong Kong, has strived to be a hub for foreign investment into China. The Chinese-speaking island nations promote their infrastructure, local language skills and cultural affinity with China as their competitive advantages. However, fears are that as confidence in Chinese institutions grows then these advantages will diminish, with the result that Singapore would lose FDI as investors deal in China directly. Singapore therefore sees its strategic relationship with the US as a hedge

Figure 2: Singapore's Trade with the US and China as percent of total trade figures



Source: Singapore Department of Statistics

against increasing Chinese economic dominance, and uses its deepening engagement with its ASEAN partners as another avenue to diversify away from China economically.

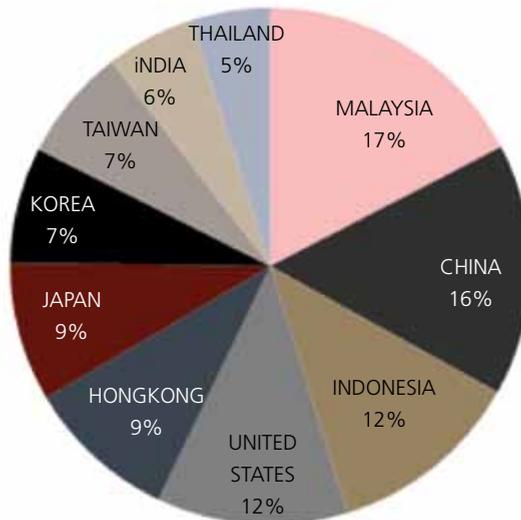
MILITARY AND DIPLOMATIC STRATEGY

Military prowess is important to Singapore, as demonstrated by its world class Singapore Armed Forces, military conscription, and relatively high defence spending. However, it would be wrong to view Singaporean foreign policy primarily through a hard power or military security lens. Singapore maintains a 'Total Defence Policy', striving to defend itself from attacks across economic, military, civil, social and psychological spheres. For Singapore, military capability, together with economic success and social cohesion, is an essential ingredient of its longevity. The tenets of economic liberalism, along with an active military deterrent, have been central to Singapore's overall strategy, complemented by a diplomatic independence in foreign policy that in Lee Kuan Yew's words has seen the state strive to not be

'anti-any country', but rather only pro-Singapore. There is an ideological commitment to pragmatism and impartiality that guides Singaporean military and diplomatic relations, including its close and complex interactions with the United States and China.

Singapore's political leaders have supported the active role of the United States in the region across the Cold War and post-Cold War periods, as a 'hedge' against the rise of its neighbours, notably Indonesia and China. Despite disagreements over democratic and human rights issues such as freedom of speech and an independent judiciary, the US-Singapore bilateral relationship has been close, both diplomatically and security-wise. Minister Mentor Lee Kuan Yew and others have long-standing relationships with American political leaders. As a testament of their close diplomatic and military ties, since 1999 the Changi naval port has been used by the American navy, with approximately 100 ships stopping in Singapore each year. The expansion of the US-Singapore naval relationship followed the reduction of the US naval presence in the Philippines in 1992. However, concerns

Figure 3: Singapore's Top 10 Trading Partners in 2011 (Total Imports & Exports in USD million)



Source: Singapore Department of Statistics (2012).

about US military capacity are bubbling to the surface, particularly following the January 2012 announcement that the US would cut approximately \$500 billion in defence spending.

Unlike the long-established US-Singapore relationship, Sino-Singapore diplomatic relations only began in 1990. In the early years, Singapore and its ASEAN partners were sceptical of China's motives and approached the relationship with apprehension. Today, however, much of the remaining tension between Singapore and China relate to Singapore's relationship with Taiwan. This issue has not been at the centre of Sino-Singapore relations since a 2006 PAP visit to Taipei, though concerns about tensions in the Taiwan Strait are beginning to resurface. For now, Chinese diplomatic relations with Singapore continue to flourish, and in 2010, to mark twenty years of Sino-Singapore relations, Prime Minister Lee Hsien Loong met with Chinese Vice President Xi Jinping and outlined areas for further collaboration. More robust relations between governments, in information sharing, and culturally, through exchange programmes, were specifically mentioned as priority areas in which China and Singapore could work on to improve their collaboration in regional and multilateral issues.

Of course, an area that is noticeably absent in Singapore's relationship with China is military collaboration. Singapore's security relationships continue to be dominated by the United States rather than China. This is not unusual for ASEAN states and others, as China's 'peaceful rise' has not been accompanied by any notable military alliances. Instead, China's military rise has been unilateral, and is a process that is gaining momentum through China's military spending and modernisation efforts. The further build-up of the largest active army in the world, with 2.3 million soldiers, has provided the impetus for increased military spending across Asian states. Australia, Korea and Indonesia have increased defence budgets, and Singapore's defence spending in 2011 was up to \$12 billion, which accounts for 6 percent of GDP. In addition to local increases in military capacity, the United States' role as the military balancer has become even more important in a region increasingly concerned about China's rise, territorial claims over islands, and instability on the Korean peninsula.

However, given weakening American military and economic might, and projections that China's military spending may surpass the US by 2035, the power of the US security hedging role may be diminishing.

CONCLUSION

Pragmatism is the virtue guiding Singaporean foreign policymaking. From its days as a new state in the 1960s, keeping the Little Red Dot on the map has been the priority. Within the domestic context, social cohesion, conscientious public service, and a first world quality of life have been avenues through which the single-party Singaporean government has sought to achieve stability. Externally, maintaining close and fruitful relationships with major – as well as minor and middle – powers has similarly been part of its Total Defence strategy. Singapore has viewed the rise of China as an opportunity to be a regional hub for investment flows and as a driver of economic attention to the region. However, Singaporeans are adamant that they will not become a satellite of China, or any other great power. As a result, whilst Sino-Singapore relations continue to deepen, Singapore is diversifying its economic and security interests, particularly through its encouragement of an American presence in the South China Sea as a hedge against China's regional aspirations. The US-Singapore relationship is long-established and positive across economic, military, and diplomatic spheres. Though democratic and cultural understandings may differ, this has not marred the overall relationship, and America's commitment to Asia, in light of regional tensions and China's military rise, has been welcomed by Singapore.

Domestic political and cultural tensions, such as the Curry Wars in August 2011, and the 'Singapore Spring' election result in May 2011, have shown that Singapore's people increasingly want their voices heard in domestic and foreign policy matters. No longer is it assumed that PAP knows what is best, and the well-educated, well-travelled and ambitious populations are making their opinions known. They want a mutually beneficial relationship with China, but not an endless flow of immigrants, or to be overwhelmed by Chinese culture. Singaporeans want to continue sending their best and brightest students to the United States for

university, and for the American presence in East Asia to persist. Despite the increase in domestic cultural and political activism, young Singaporeans are still lamenting that Singapore's future will be characterised by pragmatic partnerships with states and foreign corporations in both the West and East.

Despite shifts in external and domestic conditions, the philosophy guiding Singapore's foreign policy strategies, particularly with respect to the US and China, remains pragmatic. President Obama's rededication of American interest to the region confirms the status quo for Singaporean objectives – of keeping the US active in Asia as a hedge against rising powers and as a provider of stability. Singapore continues to grow ever closer economically, culturally and diplomatically with China, but the 'Little Red Dot' is careful to not be subsumed by the emerging Asian superpower. Singapore will remain, just as its well-trodden tourism slogan boasts, *uniquely Singapore*. ■