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Singapore: A Case Study of Communalism
and Economic Development

by

Peter Dennis Beaulieu

A dissertation submitted in partial fulfillment
of the requirements for the degree of

Doctor of Philosophy

University of Washington
1975

Approved by

Harold L. Amoss
(Chairperson of Supervisory Committee)

Program Authorized
to offer Degree

Urban Planning

Date

May 22, 1975

UNIVERSITY OF WASHINGTON

Date: 7 May 1975

We have carefully read the dissertation entitled Singapore: A Case
Study of Communalism and Economic Development

submitted by
Peter Dennis Beaulieu in partial fulfillment of
the requirements of the degree of Doctor of Philosophy
and recommend its acceptance. In support of this recommendation we present the following
joint statement of evaluation to be filed with the dissertation.

This dissertation concerns itself with the impact of national development programs on pluralistic societies. Sociological theories predicting that national integration will result from industrialization are found to be inadequate, as is evidenced by the strengthening of communal ties in many "transitional" societies. The study is interdisciplinary, combining insights from political science, anthropology, economics and sociology, as well as urban planning, and focuses on the relationship between economic and political change.

The dissertation begins with a theoretical treatment of communalism as a special problem area identified by the national development literature. Reversing the evolutionary perspective, the nation-state is presented as a special case of communalism rather than a broader integrating context. The major conclusion is that development does not always displace communalism, but by confining it to a single frame of reference often simply provides a new context within which the insignia of traditional groups become sharpened in mass politics.

A case study of Singapore as it relates to the broader Malay region, and to the Western political and economic interests, is used to represent the problem. The shift from an economic development program stressing local markets and resources to one stressing the solicitation of foreign private investments coincides with the expulsion of Singapore from the Federation of Malaysia in 1965. The existence of Singapore as a sovereign state is due to both the interests of foreign powers which support it and the incompatibility of Singapore's urban politics with the communal politics of the Federation which has left the Central Government under Malay control. The principle of identity as a basis of political order is found to be divisive in the post-colonial politics of Singapore in that it depends upon an external enemy as a basis of local unity. The intermingling of communal groups generally precludes their territorial separation here and in other pluralistic countries as occurred in the evolution of the west-European nation-states.

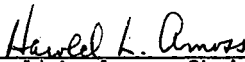
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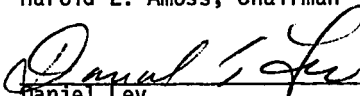
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The reading committee believes that this work represents a significant attempt to synthesize theoretical and empirical data in a difficult area of research where existing national development theory is being found deficient.

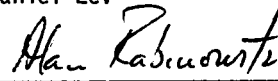
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"Of making many books there is no end,
and much study is an affliction of the flesh."

Ecclesiastes 12:12

CHAPTER ONE

INTRODUCTION

The following study combines some of the insights of political and economic analysis in an effort to relate these to processes of social change occurring in pluralistic new states. To maintain analytical clarity the dissertation is divided into two parts. The more theoretical study is confined to Chapters Two through Four, with the resulting analytical framework applied to a case study in Chapters Five through Nine. It will be well to summarize the argument presented.

In Chapters Two through Four theories of economic and political change are analyzed and a way of viewing the data is presented which offers some promise in interpreting the ambiguities of current theory. The central problem is that economic development and mobilization of populations in general are often accompanied by political deterioration rather than a growing solidarity and political order. The thesis examines the role of communalism in this process, particularly in those states which contain a number of "communal" groups based upon religion, ethnicity, language, race or culture.

The conventional view that communalism is replaced by an emerging national solidarity, and that conflicts between communal groups can be explained in terms of disparities occurring within this developmental process, is found to be inadequate. The origin of this view is found to be in the

presumed evolution of existing nation-states and the belief that their existence in history is due to structural factors internal to the national collectives which have over a period of time resulted in an identification of the nation (a cultural unit) with the state (a political organ). Events in the plural states are often cast in this linear model with the expectation that primordial groups will be integrated into a more inclusive "national" identity. One means of promoting this is through the economic integration of the population and their common participation in national political institutions. Within this evolutionary premise, political disruptions are interpreted as transitional , that is, due to structural imbalance within the process of change.

What has been lacking in the theoretical literature is a means of opening this linear view to the empirical evidence that the developmental process itself is often associated with political disorder. The divisions between communal groups are often widened rather than narrowed by the imposition of a common frame of reference and increasing interdependence within that "system". This is particularly true in post-colonial states where allegiance to communal groups often exceeds any loyalty commanded by the new civil state. It is not that civil society is a disruptive colonial remnant, but that it becomes so when it cannot be distinguished from "mobilization" as a particular means of articulating the "common good".

The interpretation developed in Chapter Four is that the reduction of "society" to a common frame of reference, such as

the national economic or social system, involves a growing sensitivity to perceived disparities within that system, whether or not these are diminishing in terms of objective measures of change (e.g., rising incomes). A distinction is made between the actual structure of the social system, and perception of that structure. To the extent that political expression and movements respond to the latter rather than the former, political disorder is not reduced by "objective" advances in mass welfare, since the capacity to perceive an alternative system (with its corresponding internal disparities) remains intact. In European history each "estate" explained its miseries in terms of the next higher, with change coming literally in the form of a revolution. In plural states these economic cleavages (the term "cleavage" invests passions with an objective and structural connotation) are often reinforced by communal divisions as well, either domestically or internationally. Given the prominent role of perception as distinguish- from objective factors in explaining political change, the belief that a threshold level of "development" can be achieved in the long run (i.e., on the far side of the present "transitional" phase) which will minimize disorder, is illusory.

Rather than producing the solidarity of the nation-state, processes of development often produce sharpening communalism as in the case of Nigeria and Pakistan. These setbacks are not fully explained in terms of "lags" or "disparities" within the developmental process whereby some groups gain at the ex-

pense of others, although this is often true. The model developed in this dissertation does not accept the integrated nation-state as a premise toward which internal change is tending in the new states, and within which social, economic and political developments can be viewed as interdependent. The Western nation-state is viewed instead as such an internal event, occurring within wider contexts of political and economic change which produce the nation-state only under special circumstances. The nation-state is not conceived as a natural system containing within itself the laws of both its own development and its existence, which need only be discovered by social research. Political disorder is not a stage of development within a hypothetical and internally coherent system, but is instead the context within which a variety of political expedients are possible, one of which is the nation-state. Ideology, rather than simply describing the evolutionary process, is instead the source of the events it seeks to explain, in the sense that it posits one system (e.g., the nation-state, the socialist society, utopia) as being more real than any other, and conceptualizes events as occurring within the initial premise which it is.

Social change includes processes of both integration and disintegration with respect to any posited frame of reference (i.e., ideology) and is therefore to be distinguished from political order which is rooted in the moral sphere rather than the tautologies of interdependency. Order and change cannot

both be explained by the system . In plural states the role of perception and the use of communal insignia as a means of distinguishing between one's identity and one's external interdependency indicates that political disorder is due to both systemic disparities and to man's prior ability for symbolic abstraction which is not a function of any social system, but which is the source of such systems (i.e., reductionisms). The argument is offered that communal groups are not components of a larger national system, but are alternative systems intermingled in the same territory. To promote integration into a larger collective (i.e., the nation-state) by the extension of national institutions (i.e., mobilization) and to interpret change as occurring within the larger whole, is to assume precisely that which is in question. Communal groups often act politically to protect themselves from other groups, and not as an effort to involve themselves in national political life.

The unique feature of the Western nation-state is that the nations (i.e., linguistic and cultural communal groups) were able to separate into sovereign territorial units, each distinct from the others. The political fallacy that progress is equated with ethnic nationalism stems from this anomaly, and becomes particularly disruptive when "international" tensions cannot be thus redefined as external and foreign affairs, but remain internal and domestic. The nation-state is conceptualized as a stepping stone on the path to even wider solidarities, while in fact, national solidarity and international disorder are

reciprocals of each other. The term "nation" in this sense, refers to varieties of ethnic nationalism, and not to a spiritual union based on culture, common experience and tradition. The question is whether a moral community can be evolved through an increasingly dense social and economic interdependency.

This issue becomes especially difficult in the new states of Africa and Asia where the minority group in a given state identifies with a larger group beyond the state, as in the case of Muslims in Hindu India, the Malays in Singapore, or the Chinese in the wider Malay region. In these cases the view that minorities can be assimilated into a broader national identity is tenuous. The shifting of the political boundaries simply reflects an underlying and recurrent communalism. To regard any one nation-state as an end-product of an internal process is to overlook the external processes which brought the particular civil state into existence initially. The exclusive preoccupation with "development" is an ideology rather than a conclusion. In the case of the nation-state it is often little more than the restatement of the premise. The view developed here is not that political disorder is due to systemic failure, but that the natural systems approach to society is itself fundamentally erroneous and tautological.

Chapters Five through Nine apply this insight to the case study of Singapore and the Federation of Malaysia. Singapore is an island of 225 square miles at the tip of the Malay peninsula. It was founded in 1824 as an entrepot port linking

Britain to the trade of the Far East and subsequently acquired a plural population mix including Chinese, Malays and Indians as the major groups. The city-state became a sovereign state in 1965 and with the establishment of political stability has experienced rapid aggregate growth based upon the use of foreign markets and resources and the investment of foreign capital and knowhow. The focus of the study is the relationship of the State of Singapore to the region, with special attention given to political and economic events since Independence in 1957.

Chapter Five documents the creation of a plural society in Singapore as a consequence of both internal immigration policies and external events, primarily in China. The fact that the communal division of Malaya coincides with (rather than criss-crossing) other social cleavages means that economic issues or tensions between rural and urban areas are easily reduced to racial disputes. It also means that communal societies can be interpreted by national planners as resulting from economic disparities. The uneasy merger between Singapore and the Federation of Malaysia (1963-65) was due in large part to the different political cultures of the urban Chinese People's Action Party (PAP) in Singapore, and the coalition of communal parties on the mainland and the domination of the Central Government by the Malays.

Chapter Six and Chapter Seven examine the economic development of Singapore outside of the Federation, stressing

the importance of manufacturing for export based on imported raw materials, and the relationship between growing domestic productivity and foreign trade patterns. Lacking both domestic markets and resources, Singapore has relied upon foreign markets and resources, depending largely upon her ability to attract multinational corporations. The most significant political event leading to this policy was the Separation of Singapore from the common market of the Federation of Malaysia within which a program of import substitutions based upon domestic markets and resources might have been pursued.

Chapters Eight and Nine turn from the economic development of Singapore to the political events which led to this change of economic policy. The Separation is attributed to differences in the political styles of Singapore (which included communal membership within the dominant PAP) and the Federation (which incorporated separate communal parties within the Malay-dominated Alliance) and the resulting inability of Singapore to enter into the decision-making of the Central Government. A complex interaction between these events and the wider politics of the region led for a brief period to Singapore's membership in the Federation. Singapore's status as a sovereign state is a result of both foreign interest in the region which has supported Singapore as a middleman state, and local political tensions which pushed Singapore into a position where the satisfaction of rising employment needs required economic linkages with foreign markets and hinter-

lands.

A case study of Singapore is useful on its own merits apart from insights it might offer into the relationship between economic development (i.e., interdependence) and communal politics. The relationship between domestic and foreign affairs is highlighted by the absence of several intermediate levels of domestic government as occur in larger states.

Chapter Ten is an attempt to bring together the theoretical insights developed in Part I (Chapters Two through Four) and the practical data dealt with in the selected case study in Part II (Chapters Five through Nine). It is questionable whether knowledge about the hypothesized interrelationships of society can actually be directly translated into prescriptive policies of development, and more generally, whether knowledge is sufficient to create society at all. Perhaps what is required of the social sciences is the frank admission that the progressive unravelling of events does not yield explanations, but simply more interpretations, and that the analyst is ultimately forced to question his initial premise that events are to be understood in terms of broader contexts. The present study suggests that rather than releasing an evolutionary process, the systemic approach to society is an increasingly rigid response to indeterminacies which occur outside of the "system" and cannot in fact be internalized. Chapter Ten concludes with personal reflections on this problem.

CHAPTER TWO

REVIEW OF THE LITERATURE

The relationship between national economic development and political change in the new states of Africa and Asia can be approached analytically as involving two interdependent systems. These two systems can be studied in isolation, but here it is the relationship between the two, and the fact that they are not necessarily unilinear in their effects each upon the other, that will be examined. Chapter Two is divided into three parts. The first begins to establish the analytical framework of the dissertation which is further developed in Chapters Three and Four. The assumption that economic and political change are mutually reinforcing and cumulative is contrasted with the thesis that advances in economic growth can be associated with deterioration of political institutions. The second and third parts of this Chapter provide an overview of the economic and political theories of national development. The inappropriateness of many theories based on the experiences of relatively homogeneous Western nation-states to the problems faced by the pluralistic new states of the non-Western world will be stressed, and further elaborated in Chapter Three.

Chapter Two serves as a prelude to two related lines of inquiry. Chapters Three and Four will deal with the more abstract issues raised by communal groups regarded as "societies" in competition with the civil state within which they are located. Chapters Five through Nine will examine a specific

case, Singapore and its economic and political relations with the wider Malay region, using the theoretical insights developed in Chapters Three and Four.

Theories of Modernization

A major typological distinction found in the literature of national development prior to the end of World War II was that drawn between traditional and modern societies. The normative presumption was that societies progressed along a linear scale leading from the former to the latter. The dichotomy is often drawn in terms of a contrast between agricultural society and industrial society, with the latter representing the diffusion of rationality, increasing social interdependence, and the replacement of parochial and closed social systems by an integrated and larger national society. An example is taken from F.X. Sutton¹ who summarizes the Max Weber and Talcott Parsons tradition:

An agricultural society has the following essential characteristics:

1. predominance of ascriptive, particularistic, and diffuse patterns,
2. stable local groups and limited spatial mobility,
3. relatively simple and limited "occupational" differentiation,
4. a "differential" stratification system of diffuse impact;

By contrast, an industrial society exhibits the following essential characteristics:

1. predominance of universalistic, specific, and achievement norms,²

2. high degree of social mobility (in a general, not a vertical sense necessarily),³
3. well-developed occupational system, insulated from other social institutions,
4. "egalitarian" class system based on generalized pattern of occupational achievement,⁴
5. prevalence of "associations", i.e., functionally specific, non-ascriptive structures.

Societies previously characterized by ascriptive status, closed world-views, and a diffuse mingling of religious and secular affairs are portrayed as revising these attitudes in response to political and economic changes in the social structure.⁵

The philosophical proposition that cumulative economic growth is accompanied by corresponding political change, and that such change is positive, indicating the moral transformation of men within an increasingly rational society, traces its origins to the French Enlightenment ideas of social progress.⁶ More recently, August Comte and Emile Durkheim and others have dealt more specifically with industrial society as a particular mode of social integration. While an analysis of these beliefs is beyond the scope of this study, it is sufficient to note that the premise that society constitutes an objective and internally coherent system subject to discoverable laws of change and development, is a hypothetical position. It is this hypothesis upon which theories of evolutionary social change and specifically guided social change, are logically and historically based.⁷ Communalism (see Chapter Three) was attributed to economic backwardness, and could be eliminated through economic growth.

Following the Second World War and the termination of the colonial empires of Western Europe, empirical research was attracted to the newly independent states. Eisenstadt shows that the previous linear model of social development whereby all societies were regarded as progressing along similar paths toward modernity, began to be replaced by an appreciation of the several paths which might lead from diverse beginnings to varying forms of modernity.⁸ For example, in England (the first nation to industrialize),⁹ and Japan (the first non-Western nation to industrialize), the monarchic institution was not replaced by egalitarian forms of political organization, but coexisted with and supported these economic transformations.¹⁰ More recent studies have identified the mediating role of traditional institutions, ranging from tribal groupings in urban Africa to caste associations in the national politics of India, in introducing modern economic and political forms of interaction into non-Western states, and the manner in which both idioms (the traditional and the modern) are transformed in the process.¹¹

While the premise that society can be conceived as a system of interrelated parts is still analytically useful, the nature of this interdependence is now recognized as highly variable:

Criticisms of the structural-functional and systemic approaches in sociology which have developed from within studies of modernization have concentrated mostly around two major themes. The first was the denial--seen already in some of the discussions of the tradition-modernity dichotomy-- of the closed systemic interrelations between different aspects of a society; of the assumption of the necessary

convergence of development or modernization in all institutional spheres of society; and of the closely related assumption of universal prerequisites of modernization or development in each such sphere. Instead, the possibility of "partial" development or modernization in one sphere or social sector, as well as the great variety of possible structural forms which may facilitate such partial development, become increasingly stressed.¹²

Whitaker distinguishes between two schools of thought. The advocates of the tradition-modernity dichotomy, who assume that social, political and economic development are mutually reinforcing (linear), fall within the "eurythmic" school.¹³ Those who stress the discontinuities in development, and the cases where national economic growth has, for example, been accompanied by political factionalism and deterioration of political institutions, he refers to as the "disrhythmic" school. The problem for research is to empirically measure the interaction between economic, political social and other systems, and then to develop systematic explanations for these events.

Members of the disrhythmic school would include Samuel Huntington,¹⁴ Karl Deutsch,¹⁵ Reinhard Bendix,¹⁶ S.N. Eisenstadt,¹⁷ Joseph La Polambara,¹⁸ Lucian Pye,¹⁹ and Dankwart Rustow,²⁰ all of whom stress the autonomy of political development from economic development.

The above discussion suggests the replacement of the linear development theories by different theories which do not rely so heavily on conceptual ideal-types (i.e. traditional agricultural society and modern industrial society).

The error has been in investing these abstract concepts with an illegitimate concreteness, whereby social change is viewed as leading from the first to the second through a period of historical transformation. Empirical investigation of this transformation stage in the new states has demonstrated the need to distinguish between mental constructs (ideal-types) and logical inferences on the one hand, and reality on the other.

The overarching concept of modernization viewed as an ascending movement of a hypothesized society, within which change can be conceptualized as explicable in terms of internal interdependencies (i.e., evolutionary) will be replaced in Chapters Three and Four by an alternative framework. The ideal of modernization is an ideological premise rather than an analytical conclusion. Within it, all change can be rationalized as contributing to the larger whole. It has gained its legitimacy from the assumption that society is an objective reality operating primarily as a natural system. The inappropriateness of this framework for dealing with the transitional phase has been addressed by Joseph Gusfield,²¹ C.S. Whitaker,²² Clifford Geertz,²³ Lloyd and Suzanne Rudolph,²⁴ Robert Melson and Howard Wolpe,²⁵ and others of the dysrhythmic school, who call upon a variety of metaphors to describe the ambiguity between the tradition-modernity model and reality. These will be dealt with in Chapters Three and Four and include: "compartmentalization", "encapsulation", "stable symbiosis" and others.

As Joel Migdahl clearly points out, no one has yet provided an alternative theory to that which links attitude change directly to social change (the eurythmic school) to explain why men accept some changes and not others.²⁶ He suggests that in many cases the broader national economic institutions (agricultural production for markets as well as local subsistence) have actually served to reinforce the traditional dependency patterns by contributing to the rise of a propertied class within the village societies. This has been due to the imposition of national taxes on individuals rather than the village as a unit.

The literature supports the view that a new explanation of social change alternative to the evolutionary model is required to deal with economic and political change in plural states. Such a model, to be acceptable, must also deal with prevailing eurythmic explanations sufficiently well to permit movement from one analytical framework to the other. The present research uses the split between the eurythmic and the disrhythmic theories of change as a point of departure in developing such a framework. The goal will be to develop an approach which is sufficiently general that the evolution of nation-states, upon which the eurythmic model is empirically based, can be treated as a special case rather than a general principle.

Theories of National Economic Development

The previous section demonstrates a growing awareness that political and economic change do not constitute mutually reinforcing aspects of a broader and irreversible modernization process. That these two systems may often be in conflict has been obscured by the initial analytical premise that social reality can be adequately approached by the use of ideal-types, with change being viewed as a transition from one abstraction (traditional) to the other (modern).

The present section will examine theories of national economic development and will analyze their applicability in national settings where resources are scarce and the underlying assumption of an integrated national society cannot be taken for granted. This overview will be confined primarily to those theories which deal with production as the central goal, as contrasted with theories of political economy which give greater emphasis to resource allocation. The basic premise of most of the surveyed theory is that demand exists as an aggregate quantity, and that the problem to be solved by economics is one of increasing production to an equivalent level. It will be found that this premise is brought into question by the prevalence of scarcity in new states and that it is at this point, the scarcity of resources, employment, patronage, etc. that economics must come to terms with issues of political development. This is particularly difficult in plural societies where political action crystalizes around

communal variables (race, ethnicity, religious membership, tribe, region, etc.) rather than the "issues". The central question becomes the ease with which economic questions become communal ones, no longer subject to narrowly economic solutions. In this study, the presumption of a national society coinciding with the administrative state boundaries (i.e., the nation-state) is replaced by a recognition of communal and non-territorial groups within the territorial state, and that the territorial and the communal groups often compete for allegiance. The fact that the cleavages between communal groups are often sharpened by the process of development rather than integrated into an overarching national society creates tensions within the civil state which are not adequately treated as transitional. What is required is a concisely stated theory alternative to the eurythmic paradigm.

Western economic theories accept the nation-state as the unit of analysis and generally propose economic development as the goal. Economic "development" is defined by Kindleberger in these terms:

Economic growth means more output, and economic development implies both more output and changes in the technical and institutional arrangements by which it is produced.²⁷

The distinction between the level of output and the structural innovations within the producing society to accommodate new technologies is a crucial one. Economic development would

not occur if increased production were attributed to an increasing labor supply utilizing manual agricultural and handicraft techniques.²⁸ Arthur Lewis identifies two reasons why growth and development are necessary as being the rise in birth rates relative to death rates following the introduction of modern medicine, and the rising aspirations of new states relative to the capacity of traditional production techniques.²⁹

A distinction has been made in the economic literature between those who identify critical deficiencies in one or more production inputs (e.g., land, labor, capital), and those who recognize the complex interdependency of these variables.³⁰ Ricardo was concerned that the economic system would be self-terminating due to the diminishing returns of the agricultural sector upon which the entire system of production was seen as critically based.³¹ Kindleberger states that the Ricardian model stressing the absolute importance of natural resources, was disproved by experiences in the United States and Europe.³² Malthus developed a similar concern that agricultural production, which could be increased arithmetically by increasing acreage under production, could not satisfy the demands of a geometrically increasing population. Marxian economics predicted the collapse of the market system of production and distribution due to an inevitable polarization of society into two competing economic classes. Schumpeter predicted that entrepreneurship, as yet another factor of production, would

migrate to other non-economic sectors of society, leaving a developed production system in the hands of a management class.³³ Keynes believed that the economic system included inherent tendencies toward unemployment and low investment and consumption, and proposed state interference to provide the necessary stimulus for ongoing production and development.³⁴

The centralization of economic power in the state following the Depression of the 1930's and during the two World Wars is based in large part on the theoretical works of Keynes. It is the greater degree of state control of the economies of new states in their initial stages of development which sets these efforts apart from their Western counterparts. Technological advances in synthetics and agriculture, and the quick recovery of the European nations from the devastations of World War II is also responsible for this approach in the new states.

A number of economic models designed to lift "stagnant" national economies from the cycle of poverty have been developed. The goal is to generate a sufficiently large surplus that the needs of long term investment for sustained growth are not precluded by immediate consumption needs.³⁵ The Harrod Domar Model accepted the premise that the major constraint to economic development was a capital shortage, and stressed the benefits of cumulative reinvestment of generated surpluses. This model was limited by the use of a constant

ratio between capital and labor, while later models incorporated the possibility of changes in labor as well as capital and the intersubstitution of these factors of production.³⁶

The assumption of the "big-push" school is that the necessary investment increment can be found within the particular economy and controlled. Nurkse stressed the need for balanced growth within the economy, with development within the agricultural and modernizing sectors having a combined effect of producing additional development in subsidiary sectors of the economy.³⁷ However, this approach was deficient in that it assumed a sufficiency of capital, which others point out, is the consequence of economic development rather than its cause.³⁸ Hirschman is a major exponent of the unbalanced growth theory which replaces centrally directed planning by a strategy whereby potential growth sectors are identified and encouraged, with the generated disequilibria in the economy as a whole inducing growth in other related sectors.³⁹

Relating the economies of the newly independent states to the wider world economy, Prebisch stressed the growing disparity between the prices commanded by products marketed by the "underdeveloped" states, and the prices of finished industrial products manufactured in the "developed" states and required by the new states.⁴⁰ Imported capital goods for increased production were paid for with the revenues gained by the sale of primary products (e.g., tin, oil, rubber) which experienced a slower rate of price increase and often

absolutely declining prices on the world market. The price of tin might decline while the price of imported smelting equipment increased. The deteriorating balance of payments in the new states could be arrested by import substitution through indigenous industrialization to satisfy key import demands, especially for consumer goods, and this could be financed by increased foreign aid. This formula was related to Rosenstein-Rodan's observation that the natural diffusion of growth from the developed to the underdeveloped economies would not occur on its own precisely because of disparities in technological development, increasing efficiency in the use of natural resources exported by the underdeveloped countries, the replacement of natural resources by synthetics, mechanization of agriculture in the developed world and agricultural protectionism.⁴¹

The above theories generally emphasize the problem of increasing production, but do not adequately deal with the limiting role played by conditions of scarcity itself on these strategies. Gunnar Myrdal is particularly critical of both Nurkse and Hirschman, and the "balanced" and "unbalanced" growth schools in general:

The tendency of both schools--and particularly of the adherents of the doctrine of unbalanced growth--to underplay supply limitations diverts attention from the fact that planning must be directed as much at restricting investments, production, and supplies in certain directions as at expanding them in others.⁴²

The production oriented models derived from the more elastic economies of the Western nations are criticized for their use of aggregate (national) quantities such as supply, demand, savings and investment, when applied to the economies of South Asia where the presumed functional relationships between these aggregates are not present:

The situation in the underdeveloped countries of South Asia is very different. There prices do not respond to demand and supply; factors of production, including entrepreneurship, are more often specific and respond sluggishly if at all to economic incentives.... The use of aggregates in such economies conceals more than it reveals. It may be justifiable to add swords and plowshares at their production costs in an advanced country, and quite meaningless in an underdeveloped country. If there is excess demand in one sector and excess supply in another, but the supply in one cannot be used to meet the demand in the other, there is no sense in talking of aggregate demand or aggregate supply.⁴³

In his criticism of the aggregate growth models, Myrdal concludes that the discontinuities in Asian economies and societies require a highly coordinated system of specific policies directed at a large number of social conditions which must be changed in order to create an environment compatible with economic goals. It is at this point that centralized economic planning is confronted with the political question of the relative value of aggregate growth to equitable distribution.

The problem facing underdeveloped countries seeking to improve their economic condition is twofold. They must not only respond to the opportunities and constraints provided by the world market, but must also deal with the discontinuities

within their own societies which inhibit aggregate planning methods. An optimum must be established between foreign trade and domestic production which utilized scarce resources most efficiently,⁴⁴ and this national strategy must be integrated with a domestic effort to distribute the benefits of development equitably among regions and competing political groups. The fact that in plural states the political groups are often communal in nature often results in the solution of economic questions through political decisions. Aggregate economics is in effect replaced by "political economy", which Colin Clark simply defines as "economics whose final decision is political."⁴⁵

The tension between communal groups and efforts toward aggregate economic development at the national level is complicated by the expansion of multinational corporations which impinge on the new nations from the outside. The multinationals operate in more than one country, although their policy direction is usually determined in Europe or North America. An analysis of the multinational corporation and its relationship to the nation-state is beyond the scope of this study, but it is pointed out that the nation-state as a unit of analysis must in some respects be regarded as an equilibrium point between communal domestic groups and foreign economic institutions.⁴⁶ The treatment of national economic and political development as involving a "ratio" between domestic and foreign affairs will be formulated in Chapters Three and Four.

Theories of National Political Development

Many scholars consider political development to be either a prerequisite to economic development, or a necessary consequence of economic development.⁴⁷ This view is stressed by the eurythmic school which tends to see changes in economic, political and other social systems as being unilinear in their impact on each other, the combined result being a transition of the society as a whole from tradition to some form of modernity .

The differentiation between political and economic systems begun in section one of this Chapter stresses the relative autonomy of the respective systems. While political development will also imply certain functional capabilities of political institutions, it should be pointed out that political development is not so easily reduced to a natural system as is economic development, and that political science as an empirical discipline is not easily separated from political philosophy. The distinction between the two should be kept in mind, with political philosophy dealing with the ends of society, while political science focusses on specific forms of articulation. The underlying premise of much which will be presented is that political society is equated with a certain form of articulation, that of organized mass participation or mobilization . The difficulty in distinguishing between the common good as an end of political philosophy, and mobilization as only one mode of achieving it, is apparent in much of the literature.

The eurythmic view that economic development is central to political development is expressed by Max Millikan and Donald Blackmer:

Modernization of the economy is likely to have significant political consequences. Economic progress increases the pace of urbanization, introducing a larger proportion of the population to the essentially modern set of relationships that characterize city life...over a period of time the new urban dwellers tend to accept their new functional role in the society, enter groupings that diminish the loneliness of urban life, and begin to organize and to seek to influence the political process.⁴⁸

A similar view is expressed by Alex Inkeles with regard to attitude change as effected by political and economic development:

Another source of modernizing influence is the development of the national state and its associated apparatus of government bureaucracy, political parties and campaigns, military and paramilitary units and the like. The more mobilized the society, the more dedicated the government to economic development and spreading the ideology of progress, the more rapidly and widely may we expect the attitudes of modernity to expand.⁴⁹

Millikan and Blackmer explain that modernization also tends to create vested interests among the political elite who stand to profit by the enlargement of the modern sector of the society. The political elite and the mobilized new urban class are drawn together⁵⁰:

...as modernization progresses, the various elements of the political elite begin to develop relations of mutual confidence--such that defeated groups do not lose status in society--private interests also compete through the intermediary of political parties seeking power according to every man's right to vote.⁵¹

Economic development is seen as leading to the creation of a politically active economic class. Traditional moral bonds are replaced by the interaction of group interests. While this model may promote the common good in some cases, it has often become a central tenet of modernization theory and an end in itself. The process of "social mobilization" is defined in the political science literature by Karl Deutsch as:

the process in which major clusters of old social, economic and psychological commitments are eroded or broken and people become available for new patterns of socialization and behavior.⁵²

Presenting a more formal definition he states:

Social mobilization is a name given to an overall process of change, which happens to substantial parts of the population in countries which are moving from traditional to modern ways of life. It denotes a concept which brackets together a number of more specific processes of change, such as changes in residence, of occupation, of social setting, of face-to-face associates, of institutions, roles, and ways of acting, of experiences and expectations, and finally of personal memories, habits and needs, including the need for new patterns of group affiliation and new images of personal identity.⁵³

The presumption that traditional modes of identity are progressively dissolved is challenged by the persistence of communalism in all stages of modernization (see Chapter Three). Rather, the solidarity of race, kinship and religion often remain intact, and suggest the need for a political order differentiated from the principle of identity (which results in the institution of the autonomous nation-state).

The process of social mobilization assumes that the major cleavage in society is that which separates the elite from the masses. Deutsch identifies several measures of mass mobilization and shows that mobilization as measured by these factors ⁵⁴ can result

in a widening disparity between the mobilized demands and the assimilation capacity of traditional political institutions. Focusing on the economic gap between income groups within a given society rather than on the rising average income of the society as a whole as the critical factor to political stability, he identifies the need to reduce these disparities rather than simply constraining the overall mobilization process (the solution of Prince Metternich following the Napoleonic Wars in Europe):

A more promising policy might have to be, on the contrary, one of active intervention in favor of more rapid and more balanced growth; a somewhat more even distribution of income, related more closely to rewards for productive contributions rather than for status and inheritance; the more productive investment of available resources, and a sustained growth in the political and administrative capabilities of government and of ever wider strata of the population.⁵⁵

The concern over the functional demands placed on government to handle increasing demands without challenging the basis of those demands is taken as the point of departure of the functional school of political analysis. Almond and Powell⁵⁶ see political institutions from this functional point of view, stressing the processes of nation-building, state-building, participation and distribution of welfare.

The functional school concentrates on the need for increasing governmental capacity for dealing with change. Samuel Huntington argues that increased "capacity" is necessary as a means of overcoming the threat of political

disintegration which he associates with modernization itself rather than any initial conditions of underdevelopment (see Chapter Four).⁵⁷ He defines political development as the "institutionalization of political organization and procedures", and measures it in terms of the level of adaptability, complexity, autonomy, and the coherence or unity of the political system. Political institutions are analytically distinct from the social processes they must deal with.

Joseph La Palombara and other functionalists specifically do not assume a "mechanic" but recognize several forms of political institutions which might be appropriate under different conditions:

Thus some of us have found it convenient to view political (and bureaucratic) evolution within the context of challenge-and-response, or as a process over time whereby political systems respond to changes in the kinds of demands they encounter. Evolution or change is not considered "natural" or "inevitable". A given configuration (equilibrium, in one restricted sense) may exist over a long period of time...while development may well include an increased capacity to adapt to increases in demand, no particular pattern of adaptation is yet considered optimal....Finally, I should stress that development, as I am using it here, is not to be equated with increased capacity."⁵⁸

Functional theory separates political development from sociological processes, specifically rejecting the assumption that increased political participation is equated with political development. The premise of the eurythmic school that certain forms of political institutions necessarily succeed inferior (i.e., historically prior) forms is

no longer uncritically accepted.

The autonomy of political analysis as an independent field of inquiry is questioned by W.W. Rostow⁵⁹, who is critical of how statistical analysis within his own field of economics tends to overlook the individual cases and the manner in which societies actually do move from one level of development to another. Likewise in examining political development, he feels that the concern for domestic political analysis should be informed by a greater appreciation for external issues such as foreign policy and military activity. The problem is a more general one. Any system which might be abstracted from experience for analysis must be removed from the surrounding context to some degree. However, it must be remembered that this abstraction process is a mental operation. Rostow's reference to "levels" of development is a classificatory one and not an evolutionary imperative, the point established by La Polambara with respect to political development, and has been widely criticized, although Rostow's reluctance to abstract domestic political change from the wider totality of foreign affairs is well-founded.⁶⁰

The relationship between domestic politics and international pressures is examined by J.P. Nettl and Roland Robertson⁶¹ who take the opposite position of Rostow, subsuming domestic economic development within a political context. However, in both cases the departure from closed national systems with statistically correlated processes

of mobilization and institution-building goes beyond the analytical framework of Karl Deutsch, suggesting an alternative manner of dealing with the relationship between political and economic change. Rather than dealing with correlations within a common system, political and economic systems can be conceived as operating at different levels, in which case the selection of the nation-state as a common unit of analysis is no longer useful.⁶² Reference has already been made to the global operations of multinational corporations particularly since 1960. In plural states the influence of the territorial civil state is often in competition with non-territorial societies in the form of communal groups which span across state boundaries. In Charters Three and Four a theoretical framework will be developed which does not assume the territorial nation-state as the frame of reference for understanding social change in pluralistic regions. Communal movements are not necessarily internal to nation-state development as is assumed by functional theories of political and economic development. This is what is implied by the recurrent observation that the civil state is often in competition with communal modes of allegiance.

The stresses placed on social solidarity by resource scarcity are confronted by the political science literature. The issue raised by Karl Deutsch and addressed by the functionalists is the importance of relative deprivation within society even when the society as a whole is advancing in terms of average income and gross national product.

The literature identifies an apparent dilemma in the need for centralized planning as a means to aggregate growth and how this conflicts with the value of democratic participation. La Palombara attempts to resolve the apparent tradeoff between democratic forms of participation and aggregate economic development by proposing a greater degree of local autonomy, the integration of traditional structures into development plans, and the self-limitation of bureaucracy as it attempts to provide favorable conditions for economic development by the private sector.⁶³ These are means by which democratic processes might be retained without de-emphasizing economic goals, and which at the same time do not assume that democratic institutions will come as a consequence of economic growth.

The contact between economic and political goals whereby long range economic development often appears to reduce the opportunity for democracy as an end in itself, is treated more systematically in the field of political economy. Warren Ilchman and Norman Uphoff⁶⁴ develop a preliminary model whereby "units of support" (political) are allocated by the ruling elite to competing demands. The retention of authority within a prevailing economy of scarcity is examined at the case study level by Weiner,⁶⁵ Keehn,⁶⁶ Cornelius,⁶⁷ Scott,⁶⁸ and others. In these cases scarcity leads to a patron-client system whereby communal groups become divided from other groups in the competition for resources which have simply been overcome by rising social mobilization .

Groups organized around racial, ethnic, linguistic and other communal symbols often perceive their deprivation as resulting from advantages gained by competing groups within a context of finite (national) resources.⁶⁹ These tensions can be avoided if the economy is capable of keeping pace with rising demands, but even where aggregate growth is impressive it is the "relative deprivation" of groups with respect to each other (rather than objective measures of welfare, or a wider context, e.g., world income levels or the standard of living of ancestors) which becomes politically relevant.

Political instability is often explained by making reference to a larger social system and identifying unevenness in the rates of advance of the respective groups. Instability is interpreted as being structural in origin, and explained in terms of deficiencies in the larger system (e.g., the region, the state, international society). The following Chapter will suggest that ideology plays a key role in this process by positing a particular structure as being "objective". The question will be raised whether the sources of social order and change can both be located within a hypothesized social structure, particularly when communal groups are organized around a symbolic core autonomous from social structure. The scarcity consciousness thesis will be supplemented by a second interpretation which stresses perception as a source of disorder, as opposed to disparities within the particular "social system" it chooses to formulate as being real.

ENDNOTES

1. F.X. Sutton, "Social Theory and Comparative Politics", in Harry Eckstein and David Apter (editors), Comparative Politics, (New York: The Free Press of Glencoe, Inc., 1963), p. 71. Quoted in Richard R. Fagen, Politics and Communication, (Boston: Little, Brown and Co., 1966), p. 59.
2. The leading work dealing with the rise of achievement norms as a social value is David McClelland, The Achieving Society, (Princeton: Van Nostrand, 1961). Daniel Lerner measures the incidence of achievement motivated behavior in several Middle Eastern countries in his Passing of Traditional Society, (Glencoe: The Free Press, 1958). The hypothesis that social change is retarded primarily by the absence of appropriate attitudes is criticized by Joel S. Migdal who stresses the role of social structure in "Why Change? Toward a New Theory of Change Among Individuals in the Process of Modernization," World Politics, XXVI:2 (Jan. 1974), pp. 189-206.
3. The hypothesis that industrial society is characterized by increasing upward mobility is questioned by Seymour Martin Lipset and Reinhard Bendix, Social Mobility in Industrial Society, (Berkeley: University of California, 1959).
4. Section Three of the Chapter dealing with political theory will focus on theories of mobilization and identification as a particular form of government which is to be contrasted with other forms addressed by political philosophy (monarchy, oligarchy, republic, etc.). The major premise of political ideology appears to be that democracy is the greatest safeguard of the public good, and that education and values can be elevated sufficiently to assure that the "common good" is always more than an aggregate of "self-interests". The introduction of this philosophy into deeply divided "societies" accounts in part for the political salience which has devolved upon purely cultural and communal symbols of groups within those societies.
5. The concept of social evolution is criticized by Robert Nisbet, Social Change and History: Aspects of the Western Theory of Development, (London and New York: Oxford University Press, 1969). His thesis is that although societies can be classified along a linear scale, there is no evidence that an evolutionary process within each society analogous to the biological selection process occurs.
6. The rationalist philosophy is often traced to the French Encyclopedia (1751-1772) edited by Diderot and d'Alembert.

7. In Chapter Three the proposition will be developed that rather than being a natural system, society is a moral system, whose structure can be interpreted but whose existence is inexplicable in those terms.
8. S.N. Eisenstadt, "Studies of Modernization and Sociological Theory", History and Theory, XIII:3 (1974), pp. 225-251. See also Dankwart Rustow, A World of Nations, (Washington D.C.: The Brookings Institution, 1967).
9. John U. Nef places the beginning of the industrial revolution in Europe at 1785 rather than the generally accepted date of 1760 initially selected by Arnold Toynbee in his "Lectures on the Industrial Revolution of the Eighteenth Century in England" (1884). The conclusion is that rather than ushering in a period of European integration, rapid industrialization interrupted an earlier period of economic development within a political community, contributing to the rise of nationalism, and finally widespread mobilization and total warfare. Rather than accompanying industrialization, values of rationality and common interests were precluded by the Industrial Revolution. See War and Human Progress, (New York: W.W. Norton and Co. Inc., 1963), especially Chapter 15. The thesis that industrialization was an adjunct to rising nationalism is also expressed by David Landes, "Technological Change and Development in Western Europe, 1750-1914", in H.L. Habbakuk and M. Postan (editors), The Cambridge Economic History of Europe, VI, The Industrial Revolution and After, (Cambridge: The Cambridge University Press, 1965).
10. The costs of combining monarchic and industrial institutions are interpreted by Barrington Moore as a structural cause for the rise of Fascism in both Germany and Japan in The Social Causes of Dictatorship and Democracy, (Boston: Beacon Press, 1966).
11. See Lloyd and Suzanne Rudolph, The Modernity of Tradition, (Chicago: University of Chicago Press, 1967). For example, one is born into a caste, but caste groups have voluntarily associated with each other to participate in party politics. Similar observations can be made with respect to tribal associations in urban Africa. For a survey of the Rhodes-Livingston Studies see Lucy Mair, "The Social Sciences in Africa South of the Sahara: The British Contribution", in Human Organizations, 19:3 (Fall 1960), pp. 98-107. W.H. Morris-Jones presents the idea that modern and political institutions in India might best be regarded as alternative "languages" or "idioms" rather than as being mutually exclusive. See The Government and Politics of India, (London: Hutchinson and Co., 1971), pp. 52-61.

12. S.N. Eisenstadt, op. cit., p. 244.
13. C.S. Whitaker, "A Disrhythmic Process of Political Change", World Politics, XIX (Jan. 1967), pp. 190-217. Members of the eurythmic school include Talcott Parsons, Marion Levy, F.X. Sutton, Fred Riggs, Max Millikan and Donald Blackmer, Amatai Etzioni, David Apter and Roger Scott. The views of these authors are balanced by the attention given by the disrhythmic school to the variety of local circumstances within which political change occurs. Anthropological literature as a whole has stressed the disrhythmic interpretation for several decades. This writer believes that the indeterminacy of cultural relativism is to be avoided not by positing social evolution, but by making reference to philosophical and theological principles not fully identified with man's social and cultural context.
14. Samuel Huntington, "Political Development and Political Decay", World Politics, XXVII (1965), pp. 386-430, and Political Order in Changing Societies, (New Haven: Yale University Press, 1968).
15. Karl Deutsch, "Social Mobilization and Political Development", American Political Science Review, LV:3 (Sept. 1961), pp. 493-514.
16. Reinhard Bendix, Nation Building and Citizenship, (New York: Anchor Books, 1969).
17. S.N. Eisenstadt, "Breakdowns in Modernization", Economic Development and Culture Change, 12 (July 1964), pp. 345-367; Modernization: Protest and Change, (Englewood Cliffs: Prentice-Hall, Inc., 1966); and "Studies of Modernization and Sociological Theory", History and Theory, XIII:3 (1974), pp. 225-251.
18. Joseph La Polambara, (editor), Bureaucracy and Political Development, (Princeton, N.J.: Princeton University Press, 1963).
19. Lucian Pye, Aspects of Political Development, (Boston: Little, Brown and Co., 1966).
20. Dankwart Rustow, A World of Nations: Problems of Political Modernization, (Washington, D.C.: Brookings Institution, 1967).
21. Joseph Gusfield, "Tradition and Modernity: Misplaced Polarities in the Study of Social Change", American Journal of Sociology, 72 (Jan. 1967), pp. 351-363.
22. C.S. Whitaker, op. cit.

23. Clifford Geertz, Social Development and Economic Modernization in Two Indonesian Towns: Peddlers and Princes, (University of Chicago Press, 1963) and Islam Observed; Religious Development in Morocco and Indonesia, (Univ. of Chicago Press, 1968).
24. Lloyd and Suzanne Rudolph, op. cit.
25. Robert Melson and Howard Wolpe, "Modernization and the Politics of Communalism: A Theoretical Perspective", American Political Science Review, LXIV:4 (Dec. 1970), pp. 1112-1130.
26. Joel S. Migdahl, "Why Change? Toward a New Theory of Change Among Individuals in the Process of Modernization", World Politics, XXVI:2 (Jan. 1974), pp. 189-206.
27. Charles P. Kindleberger, Economic Development, (New York: McGraw Hill Book Co, 1958), p.3.
28. A case of economic "growth" occurring without economic "development" is documented by Clifford Geertz in Agricultural Involution: The Processes of Ecological Change in Indonesia, (Berkeley: University of California Press, 1971). Increasing rice production within the traditional sector of a colonial economy was due to increasing land and labor inputs, rather than the introduction of fertilizer, which would have linked agriculture to the growing industrial sector as was the case in Meiji Japan.
29. Arthur Lewis, The Theory of Economic Growth, (Homewood, Illinois: Richard D. Irwin, Inc., 1955), p. 434. Recent literature stresses the view that aspirations are not satisfied, but continue to rise, being stimulated less by objective needs than by relative position, either of the individual to the group or to his past, or by groups in plural societies relative to each other. The threat of natural resource depletion is also attributed to technology rather than the level of demand in terms of total population. Barry Commoner finds that the level of welfare in the United States has remained constant since World War II while the technological means of providing this welfare have increased pollution loads eight times as fast as the population has increased. See The Closing Circle, (New York: Alfred A. Knopf, 1971). The relative importance of population level, technology and consumption per capita is debated in Environment 14:3 (1972) by Barry Commoner and Paul Ehrlich.
30. H.W. Singer, International Development: Growth and Change, (New York: McGraw Hill Book Co., 1964), pp. 4-10.
31. Ibid.
32. Charles Kindleberger, pp. 41-44.
33. Joseph A. Schumpeter, Capitalism, Socialism and Democracy, (New York: Harper and Brothers, 1947).

34. John Maynard Keynes is particularly difficult to understand even for the specialist. A readable introduction to Keynes as well as Ricardo, Malthus and others can be found in Robert Heilbroner, The Worldly Philosophers, (New York: Simon and Schuster, 1967). The controversial policies of Keynesianism are criticized by W.H. Hutt, in Keynesianism--Retrospect and Prospect, (Chicago: Henry Regnery Co. 1963), who attributes the business cycle not to a stagnation in aggregate demand, but rather an inaccessibility of existing supply due to rising inflation induced by the Keynesian monetary policies (designed to increase supply by inducing investment).
35. The premise that the major constraint to growth is a deficiency in capital is questioned by Colin Clark, "Growthmanship: Fact and Fallacy", Intercollegiate Review, 1:1 (Jan. 1965), pp. 5-16. That growth in the urban sector can have a circular effect, causing demand to rise and thereby requiring spiralling growth, is demonstrated by Mahmood Mamdani, The Myth of Population Control, (New York and London: Monthly Review Press, 1972). For the peasant farmer in India, the only variable part of total production costs is labor, which is recognized by the farmer who logically has a large family. In the absence of land reform this pattern can be expected to continue. Similarly, a large family assures that one member will be able to migrate to the city where he will earn a wage which can be sent back to the family.
36. Charles Kindleberger, pp. 47-8.
37. Ragnar Nurkse, Problems in Capital Formation in Underdeveloped Countries, (New York: Oxford University Press, 1953).
38. H.W. Singer, p. 10.
39. Albert Hirschman, The Strategy of Economic Development, New Haven: Yale University Press, 1958).
40. Raul Prebisch, Change and Development, Report submitted to the InterAmerican Development Bank by the Director General of the Latin American Institute for Economic and Social Planning, United Nations, Santiago, Chile, (Washington, D.C.: 1970).
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42. Gunnar Myrdal, An Approach to the Asian Drama, Appendix II, (New York: Vintage Books, 1970), p. 1934.

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44. See Richard E. Caves and Ronald W. Jones, World Trade and Payments, (Boston: Little, Brown and Co., 1973), especially chapters 25 and 26.
45. Colin Clark, p. 5.
46. An excellent review of literature dealing with multinational corporations can be found in Robert O. Keohane and Van Doorn Ooms, "The Multinational Enterprise and World Political Economy", in International Organization, 26:1 (Winter 1972), pp. 84-120. Sources dealing specifically with the relationship between the multinational firms and the sovereignty of nation-states include Hugh Stephenson, The Coming Clash, (London: Weidenfeld and Nicolson, 1972) and Raymond Vernon, Sovereignty at Bay, (New York: Basic Books, 1971).
47. Correlations between "levels" of political development and economic development have been presented in a wide variety of statistically-oriented studies, such as, Arthur S. Banks and Robert B. Textor, A Cross Polity Survey, (Cambridge: Harvard University Press, 1963). Other works which hypothesize a causal relationship between economic and political development are Seymour Martin Lipset, Political Man, (Garden City, New York: Doubleday and Co., 1960); Phillips Cutright, "National Political Development: Measurement and Analysis", in American Sociological Review, 28 (April 1963), pp. 253-264. A critique of this hypothesis is found in Marvin Olsen, "Multivariate Analysis of National Political Development", in the American Sociological Review, 33 (Oct. 1968), pp. 685-712.
48. Max Millikan and Donald Blackmer (editors), The Emerging Nations: Their Growth and United States Policy, (Boston: 1961), p. 87. The authors warn that political development is not an inevitable consequence of economic development, but they express the conventional view succinctly.
49. Alex Inkeles, "The Modernization of Man", in Myron Weiner (editor), Modernization: The Dynamics of Growth, (New York: Basic Books, 1966), p. 148.
50. Max Millikan and Donald Blackmer, p. 87.
51. Ibid.
52. Karl Deutsch, "Social Mobilization and Political Development," American Political Science Review, 55:3 (Sept. 1961), pp. 493-514.
53. Ibid.

54. Seven processes are selected as indicators of social mobilization: exposure to aspects of modern life, mass media, change of residence, urbanization, change from agricultural occupations, literacy, per capita income.
55. Karl Deutsch, p. 505.
56. Gabriel Almond and G. Bingham Powell, Jr., Comparative Politics, (Boston: Little, Brown and Co., 1966). The authors state: "The basic theoretical statement here is that the development of higher levels of system capabilities is dependent upon the development of greater structural differentiation and cultural secularization." p. 323. The distinction between secular or "instrumental" values and integral or "consumatory" values is analyzed in conjunction with four categories of state-building systems (mobilization, reconciliation, bureaucratic, theocratic) by David Apter, The Politics of Modernization, (Chicago: The University of Chicago Press, 1966).
57. Samuel P. Huntington, op. cit.
58. Joseph La Palombara, "Public Administration and Political Change: A Theoretical Overview," in C. Press and A. Arian (editors), Empathy and Ideology: Aspects of Administrative Innovation, (Chicago: Rand McNally Co., 1966), p. 98.
59. The thesis that societal development occurs in stages closely associated with technological and economic development is expressed in W.W. Rostow, The Stages of Economic Growth, (Cambridge: University of Cambridge, 1960) and Politics and the Stages of Growth, (Cambridge: University of Cambridge, 1971). While political development is not seen as economically determined the interaction of economic, political and social forces is stressed: "...politics is not a special academic discipline: it is a special set of problems. And these problems cannot be fully understood unless all the psychology and the anthropology, sociology and economics and history can offer--as well as politics in the narrow sense--is brought to bear." (.p355). La Palombara stresses the tautological nature of interdisciplinary explanations: "To 'explain' such mixtures (where traditional and modern organizations and behaviors exist side by side) by returning to the economic, social, or environmental conditions that make them possible is to be tautological and to display exactly the kind of determinism about political development that is one of the less felicitous outcomes of recent interdisciplinary research." (Joseph La Palombara, "Public Administration and Political Change", op. cit. p.94.).
60. The case study in Chapters Five through Nine will stress the interaction between "domestic" and "foreign" affairs.

61. J.P. Nettl and Roland Robertson, International Systems and the Modernization of Societies, (New York: Basic Books, Inc., 1968). The authors subordinate domestic "modernization" to the pressures of an international status game occurring within a global communications context. They argue that a recognition for this dual international and internal national process invalidates the premise of objective socio-economic levels of development. Industrialization and economic development are subordinated to "modernization" defined as a political process steered by elites responding to the continually changing objectives of each other (a "moving target"). Thus nationalistic economic development is more the result of national assertiveness than the diffusion of technology and the achievement of objective thresholds of "development". The symbolic use of politics as a means of asserting the worth of groups also occurs within states as between ethnic minorities. This parallel between domestic and international politics will be developed in Chapters Three and Four as a means of approaching the internal politics of plural states.

62. The nation-state represents the special case where the "society" or "nation" has achieved political sovereignty with respect to other nations and states. This model has led many analysts to regard "national" groups within a multinational state as sub-systems of a hypothetical nation-state, with "modernization" leading to the replacement of "local" solidarities by a more universal "national" identity, congruent with the state boundaries inherited from the colonial period. That communal units are in fact reinforced in many cases by "development", particularly by "unevenness" of benefits and growing sensitivity to these disparities, discredits the assimilation hypothesis in the short run, and possibly in the long run as well. The nation-state becomes a frame of reference, but this may not imply a concrete fact, either in the present or the future.

63. Joseph La Polambara (editor), Bureaucracy and Political Development, p. 27.

64. Warren Ilchman and Norman Uphoff, The Political Economy of Change, (Berkeley: The University of California Press, 1969).

65. Myron Weiner, The Politics of Scarcity: Public Pressure and Political Response in India, (Chicago: University of Chicago Press, 1962). The dilemma presented by increasing economic production and the resulting increasing mobilization of demands is seen as requiring a restraint of government from issues not immediately threatening the broad public interest. What he recommends is the strengthening of local government, and the formation of state level consultative bodies to divert demands from the central government.

66. Norman H. Keehn, "Building 'Authority': A Return to Fundamentals", World Politics, XXVI:3 (April 1974), pp. 331-352. Political-economy in Bolivia is seen as requiring trade-offs between the demands placed on government, with some interests gaining at the expense of others. Neither the reformist nor the revolutionary ideologies adequately recognizes this principle.
67. Wayne Cornelius, Jr., "Urbanization as an Agent in Latin American Political Instability: The Case of Mexico," American Political Science Review, LXIII:3 (Sept. 1969), pp. 833-857. A more extended treatment of the political instabilities associated with urban poverty, and the fallacies of the radicalization of the peasantry thesis can be found in Joan Nelson, Migrants, Urban Poverty and Instability in Developing Countries, Center for International Affairs, (Harvard University Press, 1969), and "The Urban Poor: Disruption of Political Integration in the Third World Cities?", World Politics, XXII (April 1970), pp. 393-414. The role of the middle class in European revolutions, particularly in France in 1789, likewise discredits the deprivation thesis of social revolution, and suggests other factors, such as an expectation of success, and the role of ideology. The key role played by activists ("rowdies") in Calcutta is stressed by Myron Weiner (op. cit.).
68. James C. Scott, "Patron-Client Politics and Political Change in Southeast Asia", American Political Science Review, LXVI:1 (March 1972), pp. 91-113.
69. For a theoretical treatment of scarcity as being rooted in perception rather than objective fact, see George Foster, "The Peasant Society and the Image of the Limited Good", American Anthropologist, 67 (1965), pp. 293-315. The view of peasants with respect to goods is portrayed as positing a finite quantity which is in short supply, such that the improvement of one group or individual is always gained at the expense of others. National development introduces additional wealth from outside of this closed system. Recent literature from the natural sciences suggests that in the long run, boundary conditions are again reached, this time at a global scale. However, this view gives insufficient attention to technological migration, innovation and changing demands which mediate between resources and consumption. The image of the limited good finds a parallel in the sociological and philosophical literature of the nineteenth century and in the twentieth. The view that human thought evolves from the metaphysical to the rational posits a dichotomy between the subjective and the objective worlds, such that value and fact are separated, with quantitative understanding displacing previous perceptions of the real. That metaphysical understanding is not displaced by scientific knowledge, and that both are measures of an independent and manifold reality, suggests the need for mental differentiation rather than the successive displacement of subjective paradigms.

CHAPTER THREE

PLURALISM AND SOCIETY

In Chapter Two it was found that social mobilization and economic development, as national goals, can lead to an overtaxing of political institutions and political instability. The problem is particularly acute in the new states of Africa and Asia where the institutions of the civil state have been superimposed on a number of national or communal groups, rather than being produced by the respective groups as a means of national political sovereignty (i.e., the nation-state). With the departure of the colonial authority, the migrant alien populations often become "enemies" in much the same way that the colonial power itself had once been. Conflict results when two or more such groups (e.g., the Malays and the Chinese in Malaya) find themselves competing for the same goals, such as educational opportunities, occupational positions and political roles, which are generally in short supply.

It was suggested that the tension between communal groups might be better understood if the nation-state were not taken as the frame of reference (within which correlations between mobilization and political "capacity" are developed). The fact that political institutions can be captured for communal purposes, rather than serving to replace communalism by broader modes of identity, seems to require this. It will be argued that the nation-state itself, rather than being a threshold of integ-

ration is an example of this when nationality is defined primarily in terms of linguistic or racial features rather than a commonality of experience and purpose.

It was also suggested that communalism cannot be understood primarily as a consequence of "relative deprivation", but must also be defined in terms of its symbolic content which is largely autonomous from any social structure within which it may occur. Attempts by structuralists to "explain" communalism and social change in general, in terms of structural interdependencies within a hypothetical "whole", or larger society, will be supplemented by another interpretation. A distinction will be made between the existence of a society, and the particular structural features which that society may possess. The existence of a society is not explicable in terms of internal structural characteristics alone, that is, in terms of evolutionary principles, but must be interpreted in terms of that broader backdrop of external factors out of which it emerges. The manner in which non-structural factors contribute to the persistence of communal groupings within new states (structured social systems) is the focus of this Chapter.

Definitions

The term "plural society" was first used by J.S. Furnivall in his analysis of Southeast Asia. He defined a plural society as one:

...comprised of two or more elements or social orders which live side by side, yet without mingling, in one political unit.¹

Alvin Rabushka distinguishes five major features of plural societies:²

1. The fact that the rulers and ruled are of different races and live apart from one another in separate communities,³
2. The absence of a national consensus (i.e., a set of cultural and political values shared by the different groups),
3. The coincidence of economic activities with racial divisions (i.e., the tendency to cast economic conflict in racial terms),⁴
4. The reliance on the marketplace as the only common meeting ground for the different races, and
5. The assertion that plural societies are inherently prone to conflict and therefore require some external force to hold them together, a prime candidate being colonial rule.⁵

The degree to which these characteristics hold in any given plural society varies with the number of groups contained within that society (see Appendix A). The tendency toward conflict declines as the number of groups increases and the possibility of domination by one ethnic group is diminished. Stated differently, as the society becomes more homogeneous, conflict tends to be focused on external competitors, the special case being where the respective societies are politically sovereign (i.e., the nation-state), and the conflict is "international".

The development literature has been shown to fall into two categories, those analysts who presuppose a homogeneous society within which eurythmic change can occur, and those who deal with divided societies where change is often disrhythmic. Attempts to link the consensus and the co-

ercion theories of social order both begin with the premise that social order is a function of social structure.⁶ The inability to arrive at solid conclusions on how to maintain unity within a mobilized plural society is noted by Rabushka:

There is, however, no agreement about the conditions necessary and sufficient to maintain a peaceful, stable democracy in culturally diverse societies. We are left with a collage of opinions and widespread disagreement on definitions, theories, and concepts, as well on what to make of available evidence.⁷

The political problem presented by plural societies, and which is aggravated by uneven economic growth, is essentially different than that of the individual Western nation-state where social cleavage is reduced by both a common cultural heritage and the predominance of one communal (linguistic) element.⁸ The equivalent case in Western experience would be the Eastern European states prior to World War I where several nationalities were contained within multinational states.

The elemental unit of analysis within plural states is not the individual who has been set apart from the state in Western sociology following the elimination of intermediary functional groups. In plural states, the intermediate term is the communal group which, rather than diminishing under modernizing processes, often become sharper. Communalism is defined by Robert Melson and Howard Wolpe:

Communalism...refers to the political assertiveness of groups which have three distinguishing characteristics: first, their membership is comprised of persons who share in a common culture and identity and, to use Karl Deutsch's term, a 'complementarity of communication', second, they encompass the full range of deomgraphic (age and sex) divisions within

the wider society and provide 'for a network of groups and institutions extending throughout the individual's entire life cycle,' and third, like the wider society in which they exist, they tend to be differentiated by wealth, status, and power.⁹

The tension between the civil state (the "wider society") and the communal groups is a reflection of the tension among these groups, and is inconsistent with the assumption that national development (economic) leads to the replacement of such modes of identification by interest specific associations based on cross-cutting economic ties. The theoretical question is how to deal with the simultaneous operation of both communal and class-based groups. Interests are often expressed in terms of racial, tribal, linguistic and religious groupings, which occur both above and below the state level, and under conditions which do not permit secession and the formation of a sovereign nation-state. Myron Weiner describes the problem as it occurs in India:

Political organization in itself is a means of preserving the identity of the group, for what is involved is not the creation of a political organization to govern the community, but rather a political organization to deal with the outside world.¹⁰

The use of national political institutions as a means of preserving sub-national communal groups finds its parallel in Western history in the formation of sovereign nation-states as a means of dealing with transnational forces, such as feudalism, the market, the Napoleonic Code and the monarchies. Rather than replacing communalism, modernization (i.e., the intro-

duction of political parties or of national sovereignty) can simply serve to relocate it to different levels, with qualitative change being more apparent than real. In Chapter Four this thesis will be supported by empirical data before being applied specifically to the case study in Chapters Five through Nine.

Definitions of pluralism stress the different kinds of pluralism which can occur. Cultural pluralism (i.e., based on religious, ethnic, racial, caste, or regional identity) is distinguished from social and structural pluralism. The latter two presuppose cultural pluralism. However, it is conceivable that cultural pluralism would not be accompanied by segregation (social pluralism) or occupational specialization along communal lines (structural pluralism). The important distinction is that institutional pluralism is more fundamental than functional pluralism which is found within homogeneous societies. The first involves the existence of parallel and homologous systems, such as linguistically based school systems, and is opposite from functional differentiation within a single national system (e.g., the existence of elementary schools, trade schools, and colleges all serving the same population).¹¹

The Domestic Political Implications of Pluralism

The potential conflict between communal groups on the one hand, and the overarching civil state on the other, is

identified by Anderson, Von der Mehden and Young:

By cultural pluralism we mean the existence within a state of solidarity patterns, based upon shared religion, language, ethnic identity, race, caste, or region, which command a loyalty rivaling, at least in some situations, that which the state itself is able to generate.¹²

Understanding the emotional, symbolic and subjective bases of communal solidarity is necessary if the inability of nation-building as an attempt to create an inclusive solidarity loyal to the state is to be understood. The belief that communal solidarities are categorically different from modern solidarities tends to place group identity on a linear scale whereby "primordial" sentiments can be displaced by functional or other solidarities through a socialization process.¹³

Clifford Geertz defines "primordial sentiment" as :

...one that stems from the givens of--or more precisely, as culture is inevitably involved in such matters, the assumed givens of social existence: immediate contiguity and kin connections mainly, but beyond them the givenness that stems from being born into a particular religious community, speaking a particular language or even a dialect of a language, and following particular social practices.¹⁴

The proposition that such sentiments and their corresponding communal manifestations can and should be replaced by the more rational solidarity of a hypothetical modern society, is the inspiration of much empirical research, and it is here where the division between eurythmic and disrhythmic theories of social and cultural change occurs. Clifford Geertz identifies the theoretical issue:

A simple, coherent, broadly defined ethnic structure, such as is found in most industrial societies, is not an undissolved residue of traditionalism but an earmark of modernity. But how this reconstruction of the system of primordial affiliation takes place, the stages through which it passes, the forces that advance or retard it, the transformations in personality structure it involves, all are largely unknown. The comparative sociology (or social psychology) of ethnic change remains to be written.¹⁵

It has been suggested above that rather than looking for stages of evolution, it might be more enlightening to recognize that what often occurs is a separation of groups from each other in the form of sovereign states, with the internal homogeneity due as much to mutual separation as to any internal transformations of the fragment societies.

Geertz concentrates on the process of internal transformation whereby primordial groups are to be consolidated into a more inclusive collective. This he terms the "integrative revolution" which he defines as:

the aggregation of independently defined, specifically outlined traditional primordial groups into larger, more diffuse units whose implicit frame of reference is not the local scene but the "nation"--in the sense of the whole society encompassed by the civil state.¹⁶

The variety of cases includes regional tensions between the central and outer islands of Indonesia, the racial tensions between Malays and Chinese in Malaya, linguistic diversity in India, religion in Lebanon, custom in Morocco, and quasi-kinship in Nigeria.¹⁷

If one assumes the national frame of reference, then it is possible to explain communal tensions and political deterioration as Deutsch does, that is, as an imbalance bet-

ween social mobilization and the "capacity" of the corresponding national political institutions. Revolution becomes a tension within an internally coherent social system. This paradigm has been useful in several case studies. Concluding her analysis of why a state-building approach to national economic growth in Pakistan was unsuccessful in uniting the geographically and culturally separate parts of Pakistan,

Rounaq Jahan writes:

While Ayub's political institutions limited the Bengali counterelite's participation in the system, his economic policies helped swell their number. The regime's economic policies did succeed in increasing the tempo of economic development in East Pakistan. But by increasing social mobilization, they increased social frustration. Expectations rose, and the Bengalis, dissatisfied with the rate at which their economy was developing, demanded the adoption of the two economy system. The regime's emphasis on economic growth, without the simultaneous development of political institutions, created a crisis in political management. The regime depended on the civil administration to manage these increasingly articulate socio-economic groups; but in the absence of an ideology and effective political institutions, the civil bureaucracy proved of limited value as an integrative force.¹⁸

A similar conclusion is reached by Robert Kearney in his analysis of political change in Sri Lanka (Ceylon):

The central problem of political development in Ceylon stems from the swift rise in popular aspirations and expectations, combined with severely limited resources for their fulfillment. The rapid growth of social mobilization, political participation, and demands threatens to outrun the capacity of the political system to absorb the changes and satisfy demands. A failure to satisfy rising aspirations creates a danger of mounting popular frustration and alienation, which could lead to instability and disorder.¹⁹

In both of the above examples, the theoretical explanation of political disorder as being the functional deficiency of political institutions vis a vis rising demands, assumes that economic and political institutions are congruent within a common national system . Development is conceptualized as a penetration of national institutions down to the local level. This model is less revealing in those cases where the communal group is not contained within the civil state (i.e., as a parochial group), but where the civil state is the lesser unit within a communally organized region. Communalism is in these cases only partly based on a group advancement motive and is partly based upon the existence of an alternative reference system. The "integrative revolution" hypothesis does not adequately deal with the fact that communal groups often constitute alternative societies , which unlike the civil state, are aspatial or non-territorial. The structuralist approach to "change" disregards the symbolic and non-functional basis of society and as a consequence perceives communalism as a simple response to disparities within a hypothetical structure (i.e., a matter of opportunism). The conclusion is a restatement of the hypothesis.

Examples of minorities which are associated with a larger foreign power include the Lebanese in West Africa, the Chinese in Southeast Asia and the Malays in Singapore. These are cases in which:

...the internal development of a viable political system and its relation to a minority group are intimately tied up with the international politics of that country

in relation to the power from which the minority comes.²⁰

The problem can be more generally regarded as a conflict between communal (non-territorial) and bureaucratic modes of identification. The integrative premise assumes that the first can be regarded as a component of the second, but the fact that the civil state is in many cases not broader than the communal group calls into question the assumption that the "common good" (i.e., the basis of the civil state) is simply utilitarianism applied on a broader scale. Robert Kearney implies limits to the Deutsch model (correlating political order to functional indicators) when he notes that in Sri Lanka the majority group responds to communal threats from outside the national system. He quotes a member of Parliament:

In this country the problem of the Tamils is not a minority problem. The Sinhalese are the minority of Dravidistan (Southern India). We are carrying on a struggle for our national existence against the Dravidistan majority.²¹

Statements such as this may be primarily political, however this simply underscores the importance of perception and ideology in explaining social events, as apart from "objective factors which are the subject of structural analysis."²² The interaction between domestic and international events limits the utility of explanatory models which treat domestic events (e.g., political instability) as occurring within a closed "system". Rosenau cites the example of India which fought Pakistan over Kashmir to prevent a host of domestic secessionist attempts.²³

The Partition of Pakistan from India in 1947 at the time of Independence offers yet another major example. The communal identity of the Muslim population within Hindu India was

inadvertently reinforced by Gandhi following World War II when, in his attempts to gain a Muslim following for a non-communal Indian state serving both Hindus and Muslims, he gave his support to the Pan-Islamic Khilafat movement which was then protesting British treatment of Turkey.²⁴ The Muslim community in India became further distinguished from a potential "Indian" society. The subsequent internal evolution of the established state of Pakistan (and other states) is "explained" within the larger context of communal-civil tensions in India prior to its formation. Communal tensions in new states fall within this pattern, but are distinguished from the established nation-states by the fact that secession is no longer a realistic expectation.²⁵

An integrative or evolutionary analysis of communal groups (whether territorially identified and politically sovereign or not) tends to locate the cause for the existence of the society within its particular structure. In this way, political disorder is likewise attributed to functional deficiencies (i.e., the imbalance between mobilization of social demands and the capacity of political institutions). However, the evidence indicates that in many cases it is inadequate to assume that the source of order (existence) and change can both be found in the social structure (i.e., the hypothetical social system).

The conceptual dichotomy between traditional and modern

societies is vulnerable in two respects. In the first case, the use of ideal-types as an analytical device has utility provided the conceptual models are not confused with reality. In the second case, the premise that a 'society' can be isolated to the extent that any changes it undergoes are due to internal (i.e., evolutionary) causes is in effect a tautology. For in the examples given, it is the existence of a society (whether civil and territorial, or communal and non-territorial) which is in question. Hence, to attribute the persistence of communal societies in new states to economic disparities within the civil society (within which the communal societies are located) is a reductionism amounting to little more than a restatement of the premise that the one society can be understood in terms of the other. The final section of this Chapter will offer an alternative to the view that society occurs within one frame of reference such that it can be studied as a natural system with change explained by internal factors.

Communalism and National Economic and Political Development

The nature of plural societies becomes relevant to efforts at national economic growth both theoretically and practically. As was pointed out in Chapter Two, the Western economic growth theories generally assume a culturally and functionally integrated nation-state. Economic growth is spoken of in terms of national aggregates and is not confined to privileged communal sectors of society. Factors of production have reasonably

predictable consequences on each other (e.g., supply will respond to changes in demand). In plural states this economic system is embedded in a discontinuous society, where the use of such aggregates as "supply" and "demand" is often deceptive.²⁶ The economic system is fragmented by lack of physical infrastructure (e.g., roads, utilities, etc.), inadequate institutional development (e.g., banking facilities, credit, bureaucracy, etc.), favoritism, patronage, as well as communal segmentation.

To deal with the social problem of plural states, J.S. Furnivall proposed that economic and political development should be clearly separated and handled independently, with articulated national (communal) groups drawn together in a political federation which was to be distinct from the shared economic system. In this way, political identity and economic interdependence would not involve conflict:

One advantage of this solution is that it brings into relief the distinction between the basic political and economic problems of a plural society; the economic problem is the organization of demand, and this must in the first place, be attempted separately for each constituent element; whereas the political problem is not merely the integration of social life within each constituent element but the fitting of all the elements into one social framework.²⁷

Economically the problem is one of organizing demand, creating markets, while politically a solution analogous to international politics is required.

The differentiation of economic from political systems is to be distinguished from a confederation in that the

national groups are so intermingled in plural states that territorial grouping is often not possible.²⁸

Regarding economic and political systems as separate systems, rather than as aspects of a common civil state, suggests that sovereign political units, such as nation-states, can be interpreted as one of several consequences which might occur due to the tension between economic and political systems. Nationalism at the national and sub-national levels are very similar:

From the standpoint of conventional theory, it would seem paradoxical that deparochialization has been associated with intensified rather than diminished communal conflict. Too frequently, political development has been seen in terms of a struggle between "nationalism" and "traditionalism", the fall of the latter thereby signalling the rise of the former. In point of fact, the developmental process yields many new and competitive communal groupings, of which the nation-state is but one variant, and one, moreover, which is relatively remote.²⁹

Within economies of scarcity, particularly, the governmental allocation of resources to one economic or political or regional sector rather than another tends to reinforce (but does not "explain") communal modes of identification. Communal identity, which is a cultural variable, becomes politically salient:

...men become tribalists not out of insecurity but also out of the many opportunities created by social mobilization in a communal milieu. In culturally plural societies, citizens tend to perceive their competitive world through a communal prism and to be responsive to communal appeals. Communalism therefore becomes a matter of opportunism.³⁰

Communal affiliation becomes a political means of securing jobs

and other advantages within a milieu where growth rates are inadequate to prevent competition for scarce resources. Men compete:

...for positions within government agencies and commercial concerns, for the control of local markets, for admission to crowded schools, for induction into the army, and for control of political parties. It is not surprising, therefore, that many of the competitors perceive themselves as involved in a "zero-sum game", in which one man's failure is attributed to another man's success. While this perception may or may not be accurate in any given instance, the perception itself leads to the increasing competitiveness of the modern sector.³¹

If modernity consists in part in the diffusion of certain values and aspirations for material welfare, then the potential for political conflict can be expected to increase despite economic development because the significant variable will not be objective measures of welfare, but the sense of relative deprivation within this process, which in plural states will often set communal groups against each other.³² The institution of the state itself may become an instrument of this process³³ and it is highly conjectural that a threshold of broader national identity can be reached as a consequence of economic interdependence.

Rather than the evolution of nationalism within a given society, what may occur is the differentiation of that society as a whole from an even broader society as in the formation of new sovereign states. The two processes are reciprocal and opposite. The evolutionary and integrative interpretation is convincing only if the analyst disregards the second half

of the transformation. In effect, communal allegiances simply become divisive at a higher level, becoming active internationally as sovereignty is achieved, and thereby also being removed from the attention of analysts who take the isolated nation-state as the unit of analysis in dealing with social change. With secession and migration no longer a realistic solution in most new (plural) states, communal conflict remains internal. The conclusion that nationalism serves to both bind men together and to separate them from those on the other side:

...can be applied mutatis mutandis, to cultural pluralism. In the European context, with a substantial overlap between state and nation, the rise of nationalism has been reflected in tensions in the international order. In the developing world, this same order of conflict has been in good part internal....³⁴

Robertson explains how industrialism and communication systems mobilized entire populations to national purposes and contributed to the consolidation of the nation-state, and then continues:

The accelerating diffusion of a similar capacity for social communication throughout the world is producing the same results, yet with an original twist given by the superimposition of the grid of modernization upon polities in which important internal cultural discontinuities existed or developed.³⁵

Rather than accepting an integrated society within a nation-state as the unit of analysis (i.e., the premise) the attempt will be made here to posit a communal-civil state tension which can be approached at either the sub-national, national,

or international levels. It is suggested that integration becomes apparent at the lower levels often because the tension has been removed to a higher level.³⁶ The desired social distance is often institutionalized politically through national sovereignty. However, this outcome and the relative internal homogeneity of the sovereign states, rather than being the consequence of social transformation within the given society alone, also represents an equilibrium between these internal and other external factors. Melson and Wolpe remark that the nation-state is a "relatively remote" outcome.³⁷ The following section examines other possibilities.

Institutional "Solutions" to Communalism

When it is not clearly differentiated from social movements, the political order is often used to give legitimacy to emergent social solidarities based on racial, ethnic, linguistic and other communal common denominators. This ambiguity can become particularly divisive in plural states where parliamentary forms of government can become subservient to rival communal interests, in the absence of an underlying value consensus. A complete survey of alternative (though not mutually exclusive) institutional and social means of dealing with communalism would include the following:

1. Federalism. This involves the decentralization of government to regional capitals so that issues of common interest can be separated from "local" issues having a

communal content. Federalism was tried in east-central Europe prior to the articulation of sovereign nation-states, in Burma until 1962, by the Dutch in Indonesia, and in Nigeria, India and Malaysia following Independence.³⁸

2. Communalism. This was found in its most pure form in the Ottoman millet system where the religious communities each formed its own self-governing (non-territorial) unit, within the administrative Ottoman state. The granting of the communal franchise by colonial powers as a system of self-rule contributed to the separation of Muslim Pakistan from India in 1947. In Malaya the operation of Chinese, Malay and Indian political parties within the Alliance is a form of communalism.
3. Elite Consensus. This approach is not concerned with the division between the masses and the elites, but seeks a consensus among the ruling elites representing the communal groups. The Alliance in Malaya is an example.³⁹
4. Coercion. Totalitarianism in political and economic spheres gives maximum internal control to the ruling elite, and the capability of uniform response to external events.
5. Economic Interdependence. This approach attempts to overcome communal divisions by the creation of functional

- ties and class interests which involve members of more than one communal group.
6. Representation. Lebanon is an example where the government posts are assigned equally to each of the confessional groups to assure that domination of minorities does not occur in general elections.⁴⁰
 7. Neutrality. The government leadership disassociates itself from its ethnic background. Tanzania is an example.
 8. Ideology. Diverse populations are drawn together through a common belief system. Mexico and Indonesia (prior to 1965) are examples, although national socialism in its many forms is widespread in the new states of Africa and Asia.
 9. Expatriation. Examples are the Greek and Turkish population transfers following World War I, the expulsion of Germans from the area east of the Oder-Neisse line in Poland, and the population exchanges of India and Pakistan during the Partition.⁴¹
 10. Assimilation. The "melting pot" thesis is inapplicable to plural states where all communal groups are minorities.⁴²
 11. Encapsulation. Minorities are confined to niches (occupationally, politically, socially, etc.) as in the case of Chinese or Jewish middleman groups.

In Chapters Five through Nine, the sovereign state of Singapore will be analyzed as a case where several of these modes of integration were found to be incompatible when Singapore attempted to join the Federation of Malaysia. The net result was the political sovereignty of Singapore, and the need to restructure the internal economy. To approach these events as an evolutionary process within the "social system" of Singapore is tautological since it is the existence of Singapore as a separate state which is in question.

If it is the task of the social scientist to explain what did not happen as well as what did, then he must be cautious in the selection of his unit of analysis, for this initial selection immediately implies an internally coherent (systemic) explanation of events. Structuralism assumes an underlying causality (measurable in terms of socio-economic indicators), but perception continually interrupts this process. The question is whether communalism occurs within a structure, or whether structuralism is simply an attempt to reduce the symbolic and moral basis of society to a natural science.

The Sociological and Symbolic Origins of Communalism

Social facts can be explained either in terms of social facts preceding them (i.e., in terms of structure), or in terms of consciousness (i.e., perception).⁴³ In the first case, the method will stress interdependencies between events and in this sense will be tautological. As Robert Nisbet argues, the discovery of "laws" is critically on the initial

premise of a "system":

...all that gives the concepts (i.e., "continuity, differentiation, and progressive complexity") even the limited and mostly apparent relevance they do possess...is the all-important theoretical context provided by the social system. Without a premised system--whether as small as kinship or as large as civilization--the theory of social evolution has little application to the facts of social change in time.⁴⁴

The premise that there is an objective and internally coherent system is an approach previously attempted and found wanting in the natural sciences (and replaced by statistical probability).

An alternative approach in studying social change is to begin with perception rather than "objective" social facts. Speaking of communalism as a social fact, the question can be asked whether this fact can be better understood as a consequence of perception or of structural factors within a hypothetical "social system". If this is true, then attempts to create political solidarity through economic interdependence and the promotion of more "even" distribution of growth will be only partially successful. In Chapter Four the relevance of this question to development theory specifically will be more fully elaborated.

Attempts to understand social change in terms of events within the mind (perception) encounter warnings against reductionism, the explanation of social events in terms of irrelevant factors:

It is not, primarily, the states of mind of individuals that need to be understood but the precise historical conditions which made it possible for these particular

individuals (speaking specifically of African nationalist leaders), with their particular stand-points and attitudes, to emerge, and the character of the social movements in which they played a formative part and which at the same time helped to form them.⁴⁵

Or again:

The determining cause of a social fact should be sought among the social facts preceding it and not among the states of the individual consciousness.⁴⁶

The problem is that perception and social structure are circular, with communal deprivation, for example, often due to objective oppressions, but these oppressions in turn being a response to communal militancy. But if perception can be defined as "abstraction" such that a perceived social system or a perceived common insignia such as race or linguistic affinity, can be detached from reality as an organizing principle, then it follows that social movements are both cause and effect of perception.⁴⁷

Our immediate purpose is to determine whether social scientists dealing with the "fact" of communalism find it necessary to appeal to the reductionism of perception as a means of explanation. If this is so, then communalism might better be framed within the context of ideology rather than any abstract social structure within which it is located. Communalism is not "explained" in plural states as a consequence of scarcity-consciousness, and cannot be integrated into the political framework by increasing the "capacity" of that framework as implied by Karl Deutsch⁴⁸ and the case studies of political deterioration cited above.⁴⁹

The intervening variable of human perception as a key to understanding specific communal behavior suggests more than role-conflict within a social system or context, that is, alternative contexts. Communalism provides a degree of intelligibility to the particular collective by creating a division between what is internal to the group and what is external. That individual persons act within different contexts at different times is a common finding of social literature. Melson and Wolpe cite the example of Nigeria and find that in both 1945 and 1964 the workers identified along socio-economic lines disregarding tribal differences, but that during the parliamentary elections of 1964, the trade unions voted instead along communal lines:

...the same trade union leaders who had enjoyed the support of a communally heterogeneous rank-and-file during the 1964 general strike were deserted when they subsequently transformed themselves from leaders of a socio-economic protest into parliamentary candidates in opposition to the communally-based regional parties.⁵⁰

Rather than being displaced by modern socio-economic modes of identification, communal identification simply becomes compartmentalized. Modernization becomes a matter of multiplying one's identities, rather than displacing the old with the new. Several social structures exist simultaneously:

The crucial point is that political response is inexplicable without reference to the actors' social context and to his perception of that context.⁵¹

A similar conclusion is reached by Anderson, Von der Mehden and Young:

Every actor in the political community, no matter how unimportant, has a multiplicity of potential foci of social solidarity. The appropriate role is prescribed by the nature of the situation--or more precisely, by the actor's perception of the situation.⁵²

The premise that there are in fact multiple frames of reference and not merely multiple communal groups within one national frame of reference defines the dilemma faced by the nation-building approach to solidarity, and exposes the inadequacy of regarding national society as evolving from a collection of parochial groups toward a broader and more diffuse society. The persistence of communalism empirically refutes this notion, but thusfar has been explained in terms of multiple identities. Mosaic societies are explained in terms of mosaic men, and vice versa.⁵³

Social disorder stemming from communalism, rather than being the result of an imbalance between mobilization and political capacity, is also due to the belief that "identity" is the basis of solidarity and that mobilization is therefore equated with the "common good". The tyranny of government is replaced by the tyranny of the masses. That aroused demands cannot be dealt with by economic growth is demonstrated by the fact that mobilized groups respond to "relative deprivation", and that they take on a communal nature irrespective of "objective" socio-economic advancement.

If nationalism is an effort to reintegrate society by subordinating social conflict within an invulnerable higher truth, and if socialism is an effort to eliminate a particular kind of conflict attributed to capitalism, then many of the

major historical events of the period can be interpreted in terms of perception and ideology rather than structural interdependencies within a hypothetical social system. Social structures occur within ideological movements as well as the reverse. The relationship between political myth and the social sciences is clarified by Henry Tudor:

The two are not (as is sometimes supposed) incompatible. Sociological theories often prove, upon inspection, to be little more than justifications of political myths, and vice versa, political myths are often generated through the application of a sociological theory to the study of contemporary events. The latter, I suggest, was the case with Marx; and his success in thus using his theory to frame a call to action was made possible by the structure of the theory itself.⁵⁴

One such sociological theory was identified in Chapter Two as being the hypothesis that societies progressed along a linear path from traditional toward more modern structures and institutions. It has now been suggested that the error is not only in the misuse of ideal-types (i.e., the assumption that logical transformations also take place historically), but is rooted in the initial hypothesis that systems, operating substantially according to internal laws, can be abstracted intact from the whole of reality. The dilemma is that events can be explained rationally either in terms of this questionable premise or in terms of everything else, which as La Polambara points out, is unacceptable tautology.⁵⁵

The failure of communal groups to be absorbed within a larger national society in the plural states, and the fact that they are in fact often strengthened by the modernization process, is not fully explained within the context

of the national social system. It is inadequate to attribute communalism to either disparities in the rates of advance of the respective groups (i.e., relative deprivation), or to the functional deficiencies of the political institutions of the civil state vis a vis the mobilized demands of the communal groups taken as a whole.

What is suggested by the literature is that there are not one, but several frames of reference , with the prevalence of any one being an example of "zeitgeist" rather than historical necessity. The persistence of communalism can be interpreted not only in terms of individual role conflict within a social context, but equally well in terms of the conflict between social contexts. The mind is taken as the point of departure rather than any hypothetical society .⁵⁶

The concluding section of this Chapter will suggest that attempts at national transformation particularly by economic means, are ineffective precisely because they premise society as an objective and internally coherent system. A distinction will be made between this internal structure of society, and the existence of society. It will also be shown that any group basing its existence on a collective common denominator (e.g., nationalism, race, ethnicity, language, etc.) is by this fact equally dependent upon an external referent as a reciprocal principle of unity (i.e., the common enemy, or "other"). Finally, it will be suggested that the ideology of social evolution , and the underlying premise of social

system, also operate according to this general principle, differing primarily in the fact that the external referent is removed in "time" rather than in "space" (whether social or territorial). Experience is ordered linearly, leading from a primordial past and perhaps toward a classless society, or other forms of modernity. Myron Weiner explains:

The modernization process is a disturbing one and is typically accompanied by more, not less, social conflict. It is striking, therefore, that in the midst of the modernization process, it is common for utopian ideologies to emerge, emphasizing the dream of eliminating conflict from society either by returning to some hypothetical pre-industrial state or else by creating new industrial forms in which the so-called "contradictions" between economic interests can be eliminated.⁵⁷

Going beyond this, it has been suggested that the modernization process itself, rather than simply generating such movements is in some sense such a movement in that it presumes the primacy of a social system. Without such a framework, events remain incoherent and often threatening.

It is not merely that perception renders objective facts accessible to the perceiver, whether accurately perceived or not, but that perception, particularly ideology, makes these "facts" what they are. When dealing with communalism in particular, with its cultural and symbolic content as well as its social dimension, to premise a larger objective social system as an explanation is to break into this circularity between hypothetical structure and perception at the wrong point. Mass movements generate each other, but are not "explained" in terms of each other.

Summary

The politics and economics of national development have been approached with a view to understanding the interaction which can occur between the two respective systems . It has been found that social mobilization and economic development often stimulate demands which exceed the capacity of the national political institutions and that economic development can be accompanied by political deterioration. This finding is inconsistent with the view entertained by many that economic development produces a society organized around interdependent interests and that this in turn leads to a transformation of political institutions and the decline of communalism.

The persistence of communal groupings and the sharpening of communal boundaries in response to a growing sensitivity toward relative-deprivation even within economies which are growing as a whole has been dealt with by the social sciences as a matter of "unevenness" of development. What has been suggested here is that the basic premise that the national society is the proper unit of analysis in assessing the impact of industrialization is questionable. Rather than dealing with ethnic units, and measuring their "development", the approach to be applied in subsequent Chapters will be to relate political societies, specifically communal groups, to processes of change which are not internal to that society. Political order is not the result of an internal structural transformation within "society". It is that society.

Following this approach, it is possible to regard the nation-state as but one of several variable outcomes the tension between modernization and communalism. When the basis of society is taken to be any collective insignia whether ethnicity, race, linguistic affinity (etc.), the boundaries of society can no longer be regarded as fixed, and change can no longer be explained in terms of internal and systemic factors. In the case of the Western nation-state, rather than focusing on national economic development, the focus is on the nation-state as a political response within the "international" process of industrialization. Other responses have been enumerated (e.g., federalism, assimilation, encapsulation, etc.).

Two simultaneous processes have been identified, and in communal states the arbitrary assumption that the boundaries of society constitute a fixed context can no longer be accepted, since it is these boundaries which are in flux. The creation of autonomous and territorial nation-states is simply a special case of this principle. The confining of ethnic groups to occupational niches is a more general outcome. This ambiguity has been framed in the form of a distinction which has not been recognized in the literature relating economic and political change. The distinction to be made is that the existence of a society cannot be explained in terms of internal principles of development, that is, in terms of structure.

In his analysis, Reinhard Bendix suggests that order and change are "simultaneous characteristics of society",⁵⁸ but what is hypothesized here is that change is a characteristic of society, but society is a characteristic of order. In the preceding section of this Chapter it was suggested that communal societies are not explicable in terms of relative deprivation within a common frame of reference (i.e., "society") but that they represent simultaneous frames of reference, that there are two different kinds of society. These are the territorial civil state on the one hand, and the non-territorial communal group on the other.

The significance of this distinction is that in plural regions, the ethnic sub-groups of plural societies operate only partly with reference to the national-state, and partly with reference to the ethnic or racial group which spans secular political boundaries. In these cases, the trappings of modernity, such as political parties or national sovereignty, can often mask an underlying communalism. In the case of Singapore, the aggregate gross national product indicates a national economy which is growing, but this occurs within a communal regional context which has caused Singapore to develop independently from a larger regional federation.⁵⁹

The source of society is not located within an evolutionary process to be replicated in the plural states of Africa and Asia. Rather than hypothesizing the nation-state and

seeking means of transforming the encompassed primordial groups into a broader society, the solution appears to be in recognizing that several kinds of societies exist together, and that the broader civil state is often the smaller unit within an ethnic region (i.e., the non-territorial society). Stated somewhat differently:

(The) reign of the exclusive yet all-solving doctrine of totalitarian democracy runs counter to the lessons of nature and history. Nature and history show civilization as the evolution of historically and pragmatically formed clusters of social existence and social endeavor, and not as the achievement of abstract man on a single level of existence.⁶⁰

The difficulty facing many new states, and which is conceptualized as a lagging capacity of political institutions, is the admission of all of these clusters and levels as being politically salient. Democracy as a particular form of articulating the public good is particularly vulnerable to demands couched in communal terms. Such groups do not emerge from the developmental process alone, nor do they precede it in such a manner that they can be replaced by Durkheim's new society. They are in some degree, invulnerable to history, as are the more extreme forms of Western nationalism:

For Herder, and his successors the nation was prior to history, not the product of it. It formed common institutions, as it formed common history, language, customs or religion, rather than arising from them. It was natural in the sense that these distinguishing characteristics, which gave unity and also--because they marked it off from other nations--uniqueness, were "objective", preordained.⁶¹

Perhaps this is what Clifford Geertz refers to when he speaks of the "primordial sentiments" of communal groups as "givens".⁶² What has not been stressed is the autonomy of the symbolic sphere of experience, and of resulting communal societies, from the particular social structure or setting hypothesized by the social scientist. The symbolic order is attributed neither to an inherited primitiveness nor to a process of modernization⁶³, but rather, it is due to the final independence of perception from any particular ideology it might produce, since all of these systems are essentially reductionisms from the real.

The view that society is a natural system with the parts (e.g., communal groups) explicable in terms of their relationship to the whole, is opposed to the view presented by Evans-Pritchard:

The thesis I have put before you, that social anthropology is a kind of historiography, and therefore ultimately of philosophy as art, implies that it studies societies as moral systems rather than in process, and that it therefore seeks patterns and not scientific laws, and interprets rather than explains.⁶⁴

Contrasting this position with the functional approach which seeks key variables by which to understand change (and which therefore looks for the explanation of both order and change within the social system) he clarifies this position:

There is, however, an older tradition than that of the enlightenment with a different approach to the study of human societies, in which they are seen as systems only because social life must have a pattern of some kind, inasmuch as man, being a reasonable creature, has to live in a world in which his relations with those around him are ordered and intelligible.⁶⁵

The simultaneous existence of different societies within the same territory is not resolved by their integration into a broader and more inclusive nation-state, but rather by their incorporation within a moral order distinct from both communal identities and the broader national identity, or any other mass movements.⁶⁶ The structural and evolutionary approaches to social change overlook the fact that reason must not only examine social reality, but must also be active in it.

Communalism represents the ability of men to create patterns of intelligibility apart from their immediate social context. Political order does not deteriorate because of the inadequacy of political institutions to deal with mobilized demands, but because of the fundamental error in approaching society as a functional organism and of reducing political order to a dimension of sociological processes. The error is in giving legitimacy to mass movements by assuming that the principles of order can be discovered within the disintegrative process itself. The conceptualization of mobilization as leading to political order derives from the premise that these events occur internal to the resulting nation-state. It has been suggested that the reverse is true, that the nation-state is a form of communalism occurring within a wider environment of disorder.

The linear perception seems plausible only insofar as the solidarity with which it is identified is initially present in the premise. The internal solidarity of nation-states is paralleled by a reciprocal movement of international disorder

which in Europe has contributed to two World Wars. In the plural states, these two processes cannot be separated into different levels of analysis (i.e., domestic and foreign affairs) since international relations occur between communal groups within a single political unit. Analysis of the relationship between political and economic development in plural states must deal with both sides of the process, consolidation within groups as well as division between groups. These two aspects correspond to national integration and international tension in the European experience.

National integration is in large part a measure of co-optation by communal groups of the symbol of the state, rather than (or as well as) of qualitative advance, however defined. The persistence of communalism within new states is a measure of the inability of these groups to separate into sovereign states as was done in Europe, and not the failure of a hypothetical "integrative revolution".

This Chapter has outlined the relationship between communalism and modernization, specifically economic and political development. Political order has been distinguished from mobilization, which is but one form of articulating the "common good", and has been found vulnerable to the pressures of excessive mobilization. The tension between mobilized communal groups and interdependence can produce the sovereign nation-state, but it is this atemporal tension which produces the result, and not an internal and evolutionary process.

Analysis which hypothesizes the nation-state and deals with communal groupings as parochial residues from pre-modern times is inadequate to "explain" the persistence of these groups and institutions even as socio-economic indicators record continuing advancement. The division of experience into traditional and modern categories is an ideological one which depends fundamentally upon the structuralist approach. It is the exclusive use of this approach which communalism calls into question. If forces of change are external to the society rather than internal, with interdependency occurring between communal groups, rather than within them, then the evolutionary hypothesis is seriously compromised. The persistence of communalism in new states, and the observation that Western nation-states can also be regarded as examples of communalism without doing violence to the data, suggest this view.

It appears that the structuralist approach to social events is deficient when it explains mosaic societies in terms of mosaic identities (within a broader social structure), and that a distinction must be made between the existence of society and its particular structure. Political order relates to the first, and only incidentally to the latter. If this is the case, the view that socio-economic advance is the key to the creation of integrated nation-states, is also limited. The evolutionary hypothesis is itself a symbol, no more real than the communal (i.e., religious, ethnic, cultural, linguistic, racial)⁶⁷ symbols which it regards as internal "stages" of development.

ENDNOTES

1. J.S. Funivall, Netherlands India: A Study of Plural Economy, (New York: Macmillan Co., 1944), p. 446.
2. Alvin Rabushka, Race and Politics in Urban Malaya, (Stanford: Hoover Institution Press, 1973), p. 14.
3. The Marxian thesis is qualified by Ralf Dahrendorf as a special case of a more general social process in which authority is regarded as the scarce resource, and the ruling class may or may not be propertied. In plural societies the positions of authority may be allocated according to ethnic criteria, thereby reflecting communal rather than economic stratification. Dahrendorf recognizes a managerial class as distinguished from a propertied class as being characteristic of industrial society. See Class and Class Conflict in Industrial Society, (Stanford, California: Stanford University Press, 1959).
4. The converse can also be documented, that racial and national conflict is often expressed in economic terms. In its extreme form, the principle of national self-determination achieves the "common good" by reductionism, equating it with self-interest.
5. The integration theory of society stresses value consensus, while the coercion theory stresses the need to control internal conflict. Sources seeking to combine the two theories include Pierre L. Van den Berghe, Race and Racism: A Comparative Perspective, (New York: John Wiley, 1967), and R.A. Schermerhorne, Comparative Ethnic Relations: A Framework for Theory and Research, (New York: Random House, 1970). Emerson points out that the apparent unity achieved by colonial states as they neared independence was due primarily to the external colonial power, and that independence was universally followed by internal division. See Rupert Emerson, "Post-independence Nationalism in South and Southeast Asia: A Reconsideration," Pacific Affairs, 44:2 (Summer 1971), pp. 173-192.
6. In this Chapter the existence of a society will be found to be inexplicable in terms of its internal structure, and due in large part to factors external to the social system.
7. Alvin Rabushka, p. 15.
8. The nation-state is defined by Dankwart Rustow: "A nation is a self-contained group of human beings who place the loyalty to the group as a whole above competing loyalties. A nation-state is an independent state whose membership coincides with that of a nation. And nationalism is the desire to create, strengthen and maintain such a nation-

state". See A World of Nations, (Washington D.C.: The Brookings Institution, 1967), p. 21. Europe as a whole is somewhat analogous to a plural society. The nation-state is equivalent to a communal group which is territorially segregated, as with the ethnic regions of Nigeria. The following features of a nation-state are comparable to those of communal groups which often command greater allegiance and legitimacy than the civil state. The nation-state is described by George Modelski as having these five features: (a) it is the world's basic political unit, (b) it has a monopoly of legitimate power within its borders, (c) it is accountable only to the nation, (d) centralization leads to a distinction between internal and external affairs, with external affairs occurring only as relations to other sovereign nation-states, and (e) the nation-state system recognizes no superior authority. See Principles of World Politics, (New York: Free Press, 1972), pp. 114-116.

9. Robert Melson and Howard Wolpe, "Modernization and the Politics of Communalism: A Theoretical Perspective", American Political Science Review, LXIV:4 (Dec. 1970), p. 1112.
10. Myron Weiner, The Politics of Scarcity: Public Pressure and Political Response in India, (Chicago: University of Chicago Press, 1962), p. 64.
11. Pierre L. Van den Berghe, Race and Racism, (New York: John Wiley and Sons, Inc. 1967), p. 137.
12. Charles W. Anderson, Fred R. Von der Mehden and Crawford Young, Issues in Political Development, (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1967), p. 17.
13. Cynthia Enloe emphasizes that ethnic movements are not confined to the subnational level, but also occur at the national and international levels. She concludes: "The fact that the struggle to establish new boundaries for meaningful political action is going on in countries of several different stages of modernization warns against relying on the inevitability of the nation-state or assuming that political development leads to modernity." Ethnic Conflict and Political Development, (Boston: Little, Brown and Co., 1973), p. 274.
14. Clifford Geertz, "The Integrative Revolution", in Clifford Geertz, Old Societies and New States, (New York: The Free Press, 1963), p. 109.

15. Ibid., p. 155. The belief that industrial societies have become homogeneous due to the impact of industrialization is debated. David Landes shows that in Europe industrialization reinforced competing nationalisms, in which case the use of the individual nation-state as the unit of analysis in assessing the social impact of mass production is deceptive. See David Landes, "Technological Change and Development in Western Europe, 1750-1914", in H.L. Habbakuk and M. Postan (editors), The Cambridge Economic History of Europe, Vol. VI, The Industrial Revolution and After, (Cambridge University Press, 1965). This issue is pursued further in Chapter Four of this dissertation.
16. Clifford Geertz, pp. 153-4.
17. Ibid.
18. Rounaq Jahan, Pakistan: Failure in National Integration, (New York: Columbia University Press, 1972), p. 180.
19. Robert N. Kearney, The Politics of Ceylon (Sri Lanka), (Ithaca: Cornell University Press, 1973), p. 192.
20. J.N. Rosenau, Of Boundaries and Bridges: A Report on a Conference on the Interdependencies of National and International Political Systems, (Princeton University Press, 1967), p. 43.
21. Ceylon, House of Representatives, Parliamentary Debates, (Hansard), vol. 48, col. 1313 (Sept. 3, 1962), cited in Robert Kearney, p. 164. The ethnic composition of Sri Lanka is documented in Kearney, p.4. The Sinhalese comprise 71.0 percent of the total population of 10,582,064, while the Tamils are only 21.6 percent of the total. Others ethnic groups include the Moors, Burghers, Malays and Eurasians.
22. Economic development is often promoted as a means of uniting economic classes within society, as if society were a natural system. However, structural analysis of this type often rests on false dichotomies (e.g., tradition versus modernity, proletariat versus bourgeoisie, ethnic group versus ethnic group). Social movements can rest on objective causes such as deprivation, but it is perception and ideology which makes one set of relationships more salient than another. Moreover, ideology does not merely reflect an objective condition, but often is itself the cause of a movement.
23. J.N. Rosenau, p. 60.

24. R.C. Majumdar, "Gandhi's Role", in T. Walter Wallbank (editor), The Partition of India: Causes and Responsibilities, (Boston: D.C. Heath and Co., 1966), pp. 54-57.
25. The principle of ethnic nationalism is inadequate in creating political order in those cases where ethnic groups compete within the same political structure. This is the problem addressed by J.S. Furnivall (Chapter Two) and is the essence of pluralism. Nation-building efforts attempt to resolve this tension by creating a broader nationalism, that is, by retaining the principle in question while at the same time controlling its operation at the sub-national level. The principle of "identity" is opposed to that of "differentiation" which diminishes the role of collective symbols in politics by distinguishing between egalitarian values and human liberty. See Erik Von Kuehnelt-Leddihn, Liberty or Equality, (edited by John P. Hughes), (Caldwell, Idaho: The Caxton Printers, 1952). In plural states the principle of "identity" or national self-determination reproduces international tensions at the domestic level.
26. This point is developed in Chapter Two.
27. J.S. Furnivall, Netherlands India: A Study of Plural Economy, (New York: Macmillan Co., 1944), p. 463. Furnivall shows that in the liberal Western economies the presence of demand was assumed, and the economic question was one of stimulating a commensurate level of "production". The reverse situation characterized the economies of plural states in his analysis, which were organized for production, but which lacked an organized means of exchange, or demand. Since his writing, mobilization has stimulated demand far beyond production capacity and it is this imbalance which reinforces communally-based claims for scarce rewards (e.g., education, jobs, etc.) and which in Karl Deutsch's analysis contributes to political disorder.
28. Ibid.
29. Robert Melson and Howard Wolpe, p. 1126.
30. Ibid. p. 1115.
31. Ibid.
32. For a treatment of "relative-deprivation" as it occurs between individuals, see W.G. Runciman, Relative Deprivation and Social Justice: A Study of Attitudes to Social Inequality in Twentieth Century England, (Berkeley and Los Angeles: University of California Press, 1966). Relative-deprivation among communal groups is analogous,

and finds a Western example in Nazi Germany following World War I. Hitler's ideology included the division of Europe into "have" and "have not" nations. The interpretation of Barrington Moore, Jr. that German Fascism resulted from an attempt at modernization within the context of a retained monarchical system contrasts with Erik Von Kuehnelt-Leddihn (op. cit.) who stresses the dangers of combining ethnic nationalism with a "leader" who is not monarch in the sense of a ruler differentiated from the masses, but an embodiment of the national collective. See Barrington Moore, Jr., The Social Causes of Dictatorship and Democracy, (Boston: Beacon Press, 1966), p. 442.

33. In Chapters Five through Nine it will be shown that the sovereign state of Singapore emerges from unresolvable ethnic differences between the Chinese and Malays in Malaysia, and incompatible methods of dealing with ethnic pluralism. In this case "integration" is achieved through separation into two sovereign bodies, the Federation of Malaysia, and Singapore.
34. J.P. Nettl and Roland Robertson, International Systems and the Modernization of Societies, (New York: Basic Books, 1968), p. 59.
35. Ibid.
36. Integration is defined by R.A. Schermerhorne as involving "satisfaction of the ethnic group's modal tendency, whether it be centripetal or centrifugal". See Comparative Ethnic Relations: A Framework for Theory and Research, (New York: Random House, 1970), p. 82. The conventional assumption favoring assimilation into a broader "national" identity (of minority groups) is supplemented by the possibility of separation and independence and a spectrum of intermediate degrees of mutual accommodation. Separation may remove tensions resulting from "identity-based" principles of politics (See fn. 25), but might also simply remove them to the international (i.e., interstate) level.
37. Robert Melson and Howard Wolpe, p. 1126.
38. Charles Anderson, Fred R. Von der Mehden and Crawford Young, pp. 75-83.
39. In the Alliance Party, issues were resolved by the leadership before being presented to the electorate for approval. See Lucian Pye, " The Politics of S.E. Asia", in Gabriel Almond and James Coleman (editors), The Politics of Developing Areas, (Princeton University Press, 1960), pp. 111-112.

40. This and the remaining categories are listed in Charles W. Anderson, Fred R. Von der Mehden and Crawford Young, pp. 75-83.
41. The magnitude of the expatriations which have accompanied the consolidation of centralized territorial regimes is documented in the Encyclopedia Britannica (1970): "A grim feature of the 20th century is that free international movement of people has been completely overshadowed by forced migrations. After World War II, the partition of India and Pakistan uprooted 18,000,000 people; the Federal Republic of Germany took in 12,000,000 refugees; Japan 6,300,000; southern Korea 4,000,000; Hong Kong 1,300,000; Israel 1,000,000. The International Refugee Organization and the Intergovernmental Committee for European Migration settled 1,300,000 refugees overseas. This leaves out entirely what happened within the Soviet and Chinese areas, but even this limited survey gives a total of 45,000,000 forced migrants. Thus in one decade the number of people compelled by governments to move across frontiers was equal to the entire traffic of free migrants across the Atlantic Ocean in the century ending in 1913." (p.422, emphasis added).
42. It was the promotion of a "Malaysian Malaysia" by the Singapore based People's Action Party in the 1964 General Election in the Federation of Malaysia, as opposed to the communally-oriented approach of the Alliance Party coalition which helped to divide the Singapore leadership from the central government, and which ultimately led to Separation in 1965 (See Chapter Nine).
43. Sociological explanation of events is in this sense tautological, in that the selected event is explained in terms of the balance of residual conditions, the context. The selected event may serve as context in subsequent inquiry on a different event which previously served as context. The central role of perception in generating movements and the manner in which a subjective fact can be formulated into an ideology and movement renders sociological research indeterminant. The interaction between thought and fact is the focus of Max Weber's classic analysis of the rise of the "spirit of capitalism and is interpreted as a rejoinder to the determinism of Marxian analysis in Ehud Sprinzak, "Weber's Thesis as an Historical Explanation", History and Theory, Studies in the Philosophy of History, XI:3 (1972), pp. 294-320. A similar example which has not been researched adequately is the rise of the state in Europe. Two factors are relevant: the mobilization of populations toward a secular community, and the belief that the state and the Church deal with two different spheres of reality. The failure to "progress" in this direction in Hindu and

Islamic cultures is due not only to the absence of distinct institutions of Church and State, but also to the belief system which does not distinguish between the sacred and the profane in a degree comparable to that of late Medieval Western thought. Whether social and economic change can provide the necessary and sufficient changes in belief is a hypothesis and not a confirmed conclusion. This problem does not appear to be sufficiently recognized by theories which characterize "modern" values as being secular and instrumental and traditional values as being integral or consumatory, and which presume that a progressive division of labor within industrial culture will lead from the second to the first.

44. Robert Nisbet, Social Change and History: Aspects of the Western Theory of Development, (New York: Oxford University Press, 1969), p. 262. In the present analysis the expedient of dealing with anomalies by locating them within progressively larger systems, and ultimately Talcott Parsons' "total society", is rejected in favor of a recognition of perception and the role of thought in reducing the real to systems of interdependence. Modernization theory surveyed in Chapter Two gives too much concreteness to social structures which are then assumed to have an evolutionary potential. What is suggested here is a tension between thought and fact (structure) which cannot be resolved by removing one of the poles causing the tension (i.e., thought), but which is also not a simple dialectic between the two as Hegel supposed.
45. J. Roland Pennock (editor), Self-government in Modernizing Nations, (Englewood Cliffs, N.J.: Prentice-Hall, Inc. 1964), p.62, quoted in Charles Anderson, Fred R. Von der Mehden and Crawford Young, p. 89.
46. Emile Durkheim, Rules of Sociological Method, (Glencoe, Ill.: Free Press, 1950), p. 110, quoted in Kingsley Davis, "The Myth of Functional Analysis as a Special Method in Sociology and Anthropology", in Myron Weiner (editor), Modernization: The Dynamics of Growth, (New York: Basic Books, 1966), p. 384.
47. See fn. 43 and 44. The logical alternative to a succession of movements in history is a referencing of experience to an order of reality outside of the historical process. However, functionalism and empiricism in general have as their overriding objective the search for a unified theory of order and change wherein it will be possible "to draw the motivational mechanisms of change from the same conditions from which are drawn the concepts of social order". See Robert Nisbet (op. cit.), p. 228. The tension between these "conditions" and ideology as a motive force is noted in fn. 3, Chapter Four.

48. Karl Deutsch, "Social Mobilization and Political Development", American Political Science Review, LV:3 (Sept. 1961), pp. 493-514.
49. See fn. 18 and 19.
50. Robert Melson and Howard Wolpe, p. 1127.
51. Ibid.
52. Charles Anderson, Von der Mehden and Young, p. 60.
53. In plural states the structural approach is compromised by the convergence of several "structures". To explain events in terms of multiple "roles" or "identities" within a "system" is simply to restate the premise.
54. Henry Tudor, Political Myth, (New York: Praeger Pub., 1972), p.116.
55. Joseph La Palombara, "Public Administration and Political Change: A Theoretical Overview", in C. Press and A. Arian (editors), Empathy and Ideology: Aspects of Administrative Innovation, (Chicago: Rand McNally Co., 1966), p. 94. See footnote 59, Chapter Two.
56. The proposition that social structures are not sufficient in understanding internal change involves the recognition that the more general proposition that events are systemically connected is a reductionism. The systemic approach is here being qualified by an assertion that thought is not fully explained in terms of objective "facts". This condition easily results in a false dichotomy between the subjective and the objective, and between idealism and realism. These are philosophical questions beyond the scope of this study, however, it is noted that the premise of an objective social system by the social sciences, while heuristically useful, is an abstraction, and that social change particularly in communal societies may call for a re-examination of this premise rather than simply more sophisticated research techniques aimed at a hypothetical system.
57. Myron Weiner, Modernization: The Dynamics of Growth, (New York: Basic Books, 1966), pp. 212-213.
58. Reinhard Bendix, Nation-Building and Citizenship, (New York: Anchor Books, 1969), p. 16.
59. Using the nation-state as the frame of reference, economic progress can be demonstrated. However, this is based upon export-oriented production in large part, a strategy which replaced the earlier strategy of import substitution upon which the Federation proposal was based. The two strategies must be understood in terms of Chinese-Malay relations which underly the present political configuration and the resulting priority placed on export production in Singapore.

60. J.L. Talmon, The Origin of Totalitarian Democracy, (London: Secher and Warburg, 1955), p.254, cited by David Apter, "Political Religion in the New Nations", in Clifford Geertz(editor), Old Societies and New States, (New York: The Free Press, 1963), p. 103.
61. F.H. Hinsley, Nationalism and the International System, (London: Hodder and Stoughton, 1973), p. 48.
62. See fn. 14.
63. The view that societies progress from a condition of traditionalism toward one of modernity is replaced by Melson and Wolpe (op. cit.) who hold that it is the process of modernization which produces communal (i.e., traditional) groups. Communalism also demonstrates that societies are based on a congeries of historical factors rather than the willful pursuit of abstract principles (i.e., the contract theory of the state). Communalism is not produced by modernization, but permeates revolutionary change, with communal symbols being siezed by opportunists to create mass movements. In the text I am emphasizing that communalism, as a symbolic fact, is not a product of social structure alone, but gives evidence to a certain sovereignty of mind.
64. Evans-Pritchard, "Social Anthropology: Past and Present", The Marett Lecture of 1950, Man, L:198 (July 1950), p. 123. Pitirim A. Sorokin makes a substantial contribution to this difficult area of social research by showing that the context within which populations operate may not be the immediate one. Meanings are not confined in either space or time, but may account for social events at either different points in history or at widely dispersed locations at any one time. An understanding of this places limits on the ability of contextual analysis to "explain" events. This is particularly true in times of uncertainty. It is almost a truism that in times of upheaval, reductionist ideologies and symbols, including communalism are called upon despite apparent progress in eliminating these referents through economic interdependence and political institution building. See Pitirim A. Sorokin, Socio-cultural Causality, Space and Time, (Boston: The Beacon Press, 1951), p. 292.
65. Evans-Pritchard, p. 123.
66. An acceptable definition of the common good should probably include a rejection of majority rule as the final measure. If the common good is rooted in the nature of man rather than utilitarian dogma, any oppression of the minority for the sake of a hypothetical collective good becomes a contradiction in terms. The necessity for this constraint is presented in Bertrand de Jouvenal, On Power: Its Nature and the History of Its Growth, (New York: The Viking Press, 1949).
67. The term "religious" is used here in its sociological sense, as a source of solidarity, rather than its eschatological sense.

CHAPTER FOUR

PROBLEM STATEMENT

Chapter Three shows that economic change and political development can be approached at several levels of analysis other than that of the nation-state. If the nation-state is but one of several possible results of the broader (external) tension between communalism and interdependence, then it is inadequate to use the nation-state as the explanatory context for these processes. To do this is to presume that this tension can be reduced to structural and evolutionary principles within a unit whose existence is precisely what is in question. This approach is the perspective taken by the eurythmic theories of change which conclude that economic, social and political development are mutually reinforcing aspects of the purely hypothetical development process.

The disrhythmic school senses this tautology and stresses the autonomy of the social subsystems, yet the systemic approach to political order is retained. Social mobilization can lead to political deterioration, but greater attention to functional capabilities will overcome this. This is the interpretation arrived at by Kearney and Jahan.¹ Chapter Three went beyond this interpretation to suggest that although the nation-state does exhibit an internal structure, this structure is accidental to the actual existence of the society as such. External (i.e., non-evolutionary) forces are equally significant. In plural states consisting of several communal societies, the existence of a society and its particular structure must be distinguished.

This insight forces the analyst to recognize any given system as possessing an intelligible structure, but as partly dependent upon external factors for its existence, (or more precisely, a moral and cultural bond transcending the particular structure). The system is an abstraction, and must be conceived as involving a "ratio" between internal and systemic factors, and external factors.² In understanding the persistence of communal groups in plural states, it is insufficient to explain these in terms of systemic factors, such as the unevenness of the developmental process whereby one group is perceived as making progress at the expense of another. It is equally true to regard communalism as an effort to transcend interdependence by identifying with a collective based on an internal resource, such as language or race.

Social integration requires something more than surveillance over the indicators of mobilization to assure that literacy, urbanization and per capita income (etc.) progress uniformly, and that political institutions achieve corresponding levels of functional capacity.

The existence of several communal groups within one political unit requires that they be approached from the point of view that they constitute simultaneous societies, rather than that they explain role conflict within a single overarching society. Regarding each of these as a system, it is clear that none can be adequately regarded as a sub-set of the others. Communal groups are not components of a future national society, but are rooted in alternative perceptions. While integration

may often take place, the source of communal groups in perception and culture rather than in any external social context, renders them somewhat autonomous from exclusively sociological explanation. To attribute communalism to relative deprivation requires that the moral basis of society first be disregarded. In this research I have simply argued that given this assumption, the evidence shows that development does not eliminate communalism which is assumed to be a consequence of poverty. The persistence of communalism even in developed states suggests instead that material development is irrelevant to communalism. If this is true, then political disorder deriving from communal movements will not be diminished by the socio-economic advancement of the mobilized groups.

The problem occurring in plural states, where more than one communal group exists within a single political unit, comes in two forms. If the state is so small that internal divisions are subordinated to external factors, foreign economic aid may be accepted at the expense of actual sovereignty. If the state is large, the disparity between different regions (typically the rural and urban) may become sharpened by political tensions. Economic issues are quickly translated into communal conflicts. On the other hand, it is erroneous to regard communal differences simply as a coloration of the economic relations between the groups involved. The tensions between the Muslims and Hindus in India at the time of Partition were certainly more profound than this economic interpretation will allow. These domestic tensions are aggravated when either of the groups identifies with others of their kind beyond the state boundaries, since the issue is no longer simply internal.

Efforts to expand the territorial society at the expense of the non-territorial communal society, through national economic growth and national political development, are usually tentative. Communalism involves population groups which identify with an insignia (e.g., race, ethnicity, region, language) which is bounded by neither space nor time, and in extreme cases is viewed as preceding history altogether. Communalism can have the same autonomy from history as do ideology and myth which also seek a disembodied existence invulnerable to concrete historical relationships.³

It has been suggested that communalism and ideology, rather than reflecting patterns of change at any given time in history, actually reverse this relationship by providing a pattern of intelligibility within which the concrete relations of history are mentally located. Communal groups, as Weiner points out, do not organize as part of a broader political community, but rather as a means of dealing with the outside world.⁴ The evolutionary hypothesis, even when modified to admit of complete cultural relativism, is an attempt to render change explicable by conceptualizing events as being internal to a system, be it world society, regional society, or national society.

It is this premise which is ultimately challenged by communal movements. To deal with such movements as internal to a broader society, or as "emergent" societies in their own right, is to beg the question. Communalism is associated with disparities within the development of nation-states, but is largely autonomous from this abstraction. Political

society depends upon an appeal to reason and not to social evolution (i.e., mobilization).⁵

Communalism and Functional Integration

The remainder of the Chapter will relate the previous findings to concrete empirical data and will develop the relevance of these findings to theories of economic planning, particularly the spatial allocation of resources to regions occupied by different ethnic or linguistic (i.e. communal) groups. Because the nation-state is not being used as the analytical framework, the tension between communalism and interdependence will be addressed at both the national and international (i.e., state and interstate) levels. The data are taken from other studies, but when combined will show that processes which are generally approached within the context of the evolutionary nation-state must be explained in non-systemic (as opposed to "broader") terms.

The premise that society constitutes a context within which change can be understood and explained is the point in question. The hypothesis that change is internal to a system and that it is evolutionary is expressed by Marion Levy, Jr.:

We are confronted--whether for good or for bad--with a universal solvent. The patterns of the relatively modernized societies, once developed, have shown a universal tendency to penetrate any social context whose participants have come in contact with them. From many points of view it makes little difference whether the patterns penetrate at least partially by the will and preference of relatively

nonmodernized peoples or whether they have the patterns thrust upon them. The patterns always penetrate; once the penetration has begun, the previous indigenous patterns always change; and they always change in the direction of some of the patterns of the relatively modernized society.⁶

Given a society the process is internal, cumulative and linear. Sociological change is measured in terms of key indicators characteristic of the target modern society, such as rising literacy rates, occupational mobility, industrialization, urbanization and media participation.⁷

These measures of social mobilization have been distinguished from political capacity, which may be exceeded by the rate of mobilization. Treating the society as a natural system, the conclusion follows that political disorder is due to functional inadequacy. That political participation is only one form of articulating the political order, and that the two are not identical, is a distinction which is not fully appreciated. Hence, data dealing with social mobilization are confused with political order, although Karl Deutsch is successful in suggesting that two separate developmental processes are involved. G. Lowell Field clarifies this distinction by defining "political development" narrowly:

Much of the literature produced in the last twenty years under the rubric "political development" has been more concerned with national consolidation or integration and similar concepts than with the mechanism of rulership itself.... While the question asked in these pages may be phrased as, 'Given a territorial political entity capable of being governed, by what methods can it be ruled?'⁸

He defines political structures as "artificial contrivances maintained by the activities of a relatively few clever and assertive persons" ⁹ and concludes:

In this case, politics (and administration in general, whether public or private) will not be much elucidated by concepts designed to deal with family, primary group, or tribal behavior.¹⁰

This definition is similar to the insight offered by Joseph La Palombara that political change must be understood apart from its social and economic context if tautology is to be avoided.¹¹ However, the additional point is hinted at that the existence of an entity "capable of being governed" constitutes a second and equal question. In the case of plural states, functionalism is a valid approach in studying the political structure, but it is not adequate in explaining the existence of that structure. I have concluded above that communalism represents a fundamental challenge to the assumption that a society does in fact exist, and that it is this separate question which must be examined when discussing political order in plural states. In the case study presented in the following Chapters the relationship between political and economic development will be divided into two lines of inquiry, the first dealing with the emergence of Singapore as a sovereign state, and the second with internal patterns of development once this condition is met.

The premature assumption that the hypothetical national society does exist in plural regions leads to the conclusion that greater solidarity will result from social transformations

accomplished within this common frame of reference. Most generally it is hoped that class-based associations based on industrial modes of production will lead to an overlapping of allegiances such that communal groups will be drawn together in an increasingly dense web of functional and social roles which do not coincide with (and reinforce) ethnic and other communal categories. This proposition is expressed by Robert Dahl:

If most individuals in the society identify with more than one group, then there is some positive probability that any majority contains individuals who identify for certain purposes with the threatened minority. Members of the threatened minority who strongly prefer their alternative will make their feeling known to those members of the tentative majority who also, at some psychological level, identify with the minority. Some of these sympathizers will shift their support away from the majority alternative and the majority will crumble 12

In this manner it is hoped that primordial groups can be incorporated into a more diffuse and broader national society. The validity of this model, particularly in plural societies where there is no majority and where an economy of scarcity stimulates a competitive 'zero-sum' situation, is brought into question by the continued strength of communal ties. That identifiable minorities may be majorities in a communal and non-territorial context, eliminates the order provided by the society and further reduces the predictability of human responses. Political parties and national sovereignty become instruments of communal assertiveness, which, rather than being displaced by interest-specific politics, simply become active in this new context.

Social cleavage is often merely elevated to the international level. This was the case in the Partition of India into a Muslim and a Hindu state in 1947, and the creation of the state of Israel. The partition of Europe into sovereign nation-states also falls easily into this pattern if the individual nation-state is rejected as the frame of reference. The evolution of these states was achieved partly as a consequence of internal factors, but also partly as a consequence of favorable external conditions. It is the balance between the two which accounts for the existence of these states. And it is the continued pressure of ethnic nationalism within plural states where secession is no longer possible because of population intermingling and both central government and foreign surveillance, which accounts for ongoing domestic communalism. The identification of persons with collective symbols such as race and linguistic affinity, that is with arbitrary common denominators, is not explicable solely in terms of resource disparities within a hypothetical larger national collective. It is at this point that the politics of communalism becomes relevant to planning theory oriented toward the development of a national identity and a national economy.

Spatial Planning and Social Pluralism

The allocation of resources to different regions within

a sovereign nation is often justified as serving the social model proposed by Robert Dahl (above). The various groups will be integrated into a wider social system and communal identities will be either transformed or joined by other social roles. A second purpose of regional planning is to counteract the tendency of development to concentrate in favored areas, thereby creating a tension between the center and the periphery (i.e., urban and rural areas) which may reinforce communal or other cleavages. In Malaya the concentration of Chinese in urban areas coincides with the occupational division of labor which confines Malays to non-commercial and less lucrative positions.

Previously, the resulting divisions between the center and periphery were not seen as structural. It was assumed by eurythmic theorists that economic development in one area would result in increasing demands for imports and that exporting nations would be stimulated to increase output, thereby being incorporated in a spreading process of growth. The role of external factors such as the absence of a concern for the common good leads to abuses under the pure market system. The need to allocate investment spatially as well as in terms of economic sectors is expressed by E.A.J. Johnson:

...it is not enough to allocate the intended investment between economic sectors or to distribute the funds between new plants, infrastructure, housing, public health, and education. It is fully necessary

to select the geographical places where the investments are to be made, and these critically important decisions have too frequently been left to logrolling politicians.¹³

If the critical requirement for economic development is investment capital,¹⁴ then this prescription is doubly significant since to invest in the wrong area implies a resulting inability to invest in the right area. An adequate level of national productivity eliminates the problem of scarcity, but in new states this problem is central, and investment decisions favoring any given region are seen as causing deprivations in other regions. C.S. Whitaker bases his analysis of eurythmic and disrhythmic theories of political change on his studies of Nigeria, where the national resources were diverted to the northern region at the expense of other tribal regions. A quickly rising gross national product concealed internal political polarization along traditional (i.e., communal) lines of cleavage.¹⁵

The goals of spatial planning are compromised when inserted into a communally divided political context. These social and economic goals include: (a) the reduction of the costs of production, (b) greater utilization of available natural resources, (c) improved income distribution, (d) a reduction of internal migration to overburdened urban centers.¹⁶ The tension between communalism and interdependence causes these efforts to be placed at the service of communal

groups and to result often in political discord. This is due to both the objective disparities involved, and as several analysts have noted, the perception of those disparities.¹⁷ Perception in turn is rooted not only in objective factors but also in the propensity of men to create contexts of intelligibility and allegiance and new communal groups distinct from their immediate social or economic context. Communalism is not only a residual feature of pre-modern times, but also manifests the propensity of men to "self-interpret" their position rather than awaiting the "explanations" of science.¹⁸

A closely tied series of cause and effect relationships linking objective disparities within a hypothetical social system, and the appearance of communal groups cannot be assumed. The key variable in plural states is perception, and the context to which events can be related is not the social context, but the simultaneous existence of two or more such contexts. Social analysis proceeds from a false premise in plural societies when it reduces this ambiguity to a question of role conflict within a single frame of reference, the society.

Efforts to knit communal groups into a social web of interdependence as recommended by Robert Dahl will be of only limited and transitory success. And whether a threshold of productivity to meet objective needs will also placate the cause of political turmoil which is not objective, but subjective, rooted in a sense of relative deprivation, is

largely speculative.¹⁹ Planning theory is analogous to sociological analysis of change in that it also resolves ambiguity by relating particular events to larger abstract (i.e., reductionist) systems. Ambiguity is framed as a conflict between abstract entities, be they tradition and modernity, the "center" and "periphery" or communal groups and the civil state.²⁰ In the following section the view that national development represents a qualitative transformation will be examined from the point of view that what actually occurs is simply a relocation of cleavages to a higher level, either by focusing discontent on a foreign enemy, or by achieving national sovereignty. Industrialization will be shown to be simply another idiom within which social disorder is enacted.

Economic Development and the Migration of Political Disorder

The purpose of this section is to show that economic development, rather than causing a transformation of social and political institutions, often only appears to do so by causing political disorder to be relocated to the international level. The position that the economic system induces a qualitative political change is empirically refuted in many cases by the autonomous self-interpretation of the world by men who can ally to communal insignia as well as utopian abstractions. In both cases a symbol is adopted as being the "real", and it is this process which continually

interrupts the hypothetical "development" process. That this "obstacle" is not inherent in the structure of society alone, but is due in equal part to perception as a subjective event, is a proposition to which all may not agree. The view taken here is that a structural approach to society substitutes an abstraction for reality and that there is a crucial distinction to be made between the structure of any society and its actual existence which is due as much to accident as to any particular pattern of internal relationships it may possess.

The transition from tradition to modernity not only occurs within societies, but produces new societies which elude precise cause and effect explanations. Communal groups often constitute alternative societies, rather than components of a hypothetical and more integrated future society, and these are differentiated from each other in social space in a manner similar to the way modern societies identify themselves by differentiating themselves from their own past.²¹

The tension between communalism (as a process of self-interpretation) and interdependence is universal, and given the impact of instantaneous communication cuts across the categories of "national" and "international" political units. Political disorder is not a transitional stage within these units as an equalization of socio-economic benefits is achieved, but instead forms a wider context within which collective identities continuously emerge, some of which are nation-states. The process is not evolutionary within an a priori social system.

Samuel Huntington has compiled data supporting the view that disorder is associated with the modernization process rather than poverty. Table 1 relates levels of literacy to political stability:

TABLE 1

Literacy and Stability

Level of Literacy (Percent)	Number of Countries	Number of Unstable Countries	Percent Unstable
Below 16	6	3	50.0
10-25	12	10	83.3
25-60	23	22	95.6
60-90	15	12	80.0
Above 90	23	5	21.7

Source: Ivo K. and Roselind L. Feierabend and Betty A. Nesvold, "Correlations of Political Stability", (a paper presented at the Annual Meeting of American Political Science Association, Sept. 1963), pp. 19-21, reprinted in Samuel P. Huntington, Political Order in Changing Societies, (London: Yale University Press, 1968), p. 43.

It can be inferred that although political instability declines as literacy rates exceed ninety percent of the total population, conflict continues but in institutionalized forms. Neil Smelser documents the rise of a distinct legal system in England as industrial development progressed, whereby grievances could be clearly focused and resolved through the judicial process.²²

Political stability can be associated with economic-well-being as a second social indicator, however this must be distinguished from relative well being (with respect to either another person or group or one's own desires). Table 2 shows that in those countries where the per capita in-

come is high, the rate of political conflict declines. Conflict is measured in terms of the total number of conflicts divided by the total number of countries in the particular income category (column 1/column 4):

TABLE 2
Per Capita GNP and Violent Conflicts, 1958-65

Economic Group (Per capita Income)	Percentage of Total Number of Conflicts				
	(1)	(2)	(3)	(4)	(5)
Very Poor (less than \$100)	38	32	87%	72	1.4
Poor (\$100-249)	32	22	69%	41	1.3
Middle Income (\$250-749)	37	18	48%	40	1.1
Rich (more than \$750)	27	10	37%	11	.4
TOTALS	134	82	61%	164	1.2

Notes: The column headings are as follows: (1) Number of Countries, (2) Number of conflicts, (3) Countries Affected, (4) Number of Conflicts in Group, and (5) Rate of Conflicts for All Nations in Group.

Source: U.S. Department of Defense and Escott Reid, *The Future of the World Bank*, (Washington D.C.: International Bank for Reconstruction and Development, 1965), p. 64 and p. 70, reprinted in Samuel Huntington, *Political Order in Changing Societies*, (London: Yale University Press, 1968), p. 40.

The data in these tables would tend to support the hypothesis that literacy and increasing industrialization are associated with a corresponding increase in political stability. Huntington remarks that:

During the eight years between 1958 and 1965, violent conflicts were more than 4 times as prevalent in very poor nations as they were in rich nations; 87 percent of the very poor countries suffered significant outbreaks of violence as compared to only 37 percent of the rich countries.²³

The conclusion drawn by many (i.e., the eurythmic school) is that poverty and backwardness are closely related to political instability and perhaps its cause. However on the basis of more precise evidence, Huntington concludes:

The apparent relationship between poverty and backwardness, on the one hand, and instability and violence, on the other, is a spurious one. It is not the absence of modernity but the efforts to achieve it which produce political disorder.²⁴

Table 3 shows that political violence occurs in those countries with the highest rates of growth (as opposed to the lowest levels of well-being, Table 2). Only when a very high growth rate is achieved are the "moderate" and "high" death rates avoided with four of the seven countries in this category suffering no deaths due to political violence.

The increase in growth rates is associated with political instability, not low per capita income. Similar correlations between measures of social mobilization and political disorder would lend even greater empirical sup-

TABLE 3

Rapid Economic Growth
and Political Instability

(Death from Domestic Group Violence in
53 Countries, 1950-62 per 1,000,000 pop.)

Annual Growth of GNP per capita (Percent)	None	Low	Moderate	High	Total
Very High (6.0 and above)	4	3	0	0	7
High (4.0 to 5.9)	0	6	1	2	9
Moderate (2.0 to 3.9)	8	5	1	3	17
Low (1.0 to 1.9)	3	4	6	1	14
Very Low (Below 1.0)	0	1	2	3	6
Total	15	19	10	9	53

Source: Bruce Russett et al., World Handbook of Political and Social Indicators, (New Haven: Yale University Press, 1964), Tables 29 and 45, compiled and reprinted in Samuel P. Huntington, Political Order in Changing Societies, (London: Yale University Press, 1968), p.52. Periods for growth figures vary but are generally for 7 to 12 years centering on the 1950's.

port to Karl Deutsch's thesis that social mobilization can exceed the functional capacity of the national political institutions to satisfy political demands.²⁵ The observation that "thresholds" of literacy and income are identifiable and attainable through the developmental process is also

supported by the data. However, the speculation that objective levels of development are attended by a return to political order, and that communalism is primarily a side effect of the diffusion of wealth and mobility, is challenged by the continued appeal of communalism in both developed and underdeveloped countries. Communalism appears to be due to more than a group mobility motive.

In Chapter Three the nation-state was treated as an anomalous form of communalism wherein the national boundaries and the state boundaries are congruent. The nation achieves political sovereignty within a larger universe of nations. This event has been treated as the outcome of a tension between communalism and interdependence. This process occurs within plural states, but in this case a variety of alternative resolutions have been identified (e.g., federation, etc.). The terminal product of the nation-state as an integrated unit is due not only to internal and developmental factors, but equally to external forces, being an equilibrium point between the two. The key external force has been identified as "perception", or the "self-interpretation" of the world, which can lead to a variety of simplifying ideologies. The perception that ambiguity occurs within a system such as an evolving nation-state is one such ideology. That indicators of social mobilization can be empirically measured has rendered this view dominant, but recurrent communalism and the persistence of traditional institutions prevents it from being verified empirically.

The existence of communal groups is the social expression of other intelligibility systems. The objective framework is not "time" (within which evolution occurs), but the collective insignia of race, language, ethnicity or kinship group. Chapter Two suggested that communal groupings ultimately trace from the same source as any hypothetical society such as the nation-state, and that they therefore represent alternative societies rather than components of the national-state. The civil state is centralized and territorial, while the communal society is symbolic and non-territorial. The critical variable is not objective measures of inequality within a single frame of reference, but the existence of simultaneous frames of reference and, narrowing our analysis to sociological factors, the sense of relative deprivation.

If the nation-state is regarded as one of several outcomes of an essentially timeless tension between identity and interdependence, the analysis of social change within the context provided by the social system is no longer helpful. What the above tables fail to show, and what is obscured by framing data within a national context, is that national consolidation is often accompanied by widening divisions between these units. In plural states these processes both occur domestically and are not separable into domestic and foreign-affairs categories.

In Europe rising levels of national economic productivity

are associated with both domestic integration and international disintegration. John Nef attributes international political disorder to "abundance":

The great new opportunities provided during the nineteenth century for economic expansion made it less imperative to choose between commerce and war. Commerce ceased to work for peace after conditions of scarcity were replaced by conditions of abundance.²⁶

The trend of international militarization is documented by George Modelski in Table 4:

TABLE 4
Long Range Trends in the Index of Militarization

Period	(1)	(2)	(3)	(4)	(5)
1870-1899	.84	50	1.68	5	16.8
1900-1920	2.7	100	2.7	12	22.5
1921-1945	16.0	250	6.2	50	32.0
1946-1955	75.0	600	12.5	200	37.5
1956-1964	120.0	1200	10.0	300	40.0

Notes: The column headings are as follows: (1) Armament expenditures, (2) World income, (3) Global militarization, (4) Expenditures of all national governments, and (5) Governmental militarization. Average annual expenditures are in \$ U.S. billions.

Index of global militarization = percentage of armaments expenditures in world income; index of governmental militarization = percentage of armaments expenditures in the expenditures of all national governments (i.e., (2)/(1); (1)/(4)).

Source: Index calculated from data in Wright, A Study of War, p. 1561, by George Modelski, Principles of World Politics, (New York: The Free Press, 1972), p. 131.

It can be inferred from the previous Table that national industrialization which leads to rising levels of output and growing abundance, is also associated with a growing disorder between the national political units. Table 3 shows that the transition between scarcity and abundance involves internal political disorder. The conclusion that can be reached based on these two tables is that national economic development may achieve a threshold wherein domestic political stability is re-established at a higher level of affluence (measured in per-capita income), but that political disorder is intensified at the international level. Cyril Black notes that international disorder may be a factor which leads to the accelerated development of centralized national-states:

This transformation in the relations of peoples was accomplished by the growing sense of insecurity that can be traced to the tensions resulting from the simultaneous development of nationalism and interdependence. Indeed, this sense of insecurity has been such a pervading force that one may venture to interpret the various forms of imperialism, alliance relationships, wars, and experiments in political integration that have characterized international relations in modern times as a search for security that is significantly more urgent than in earlier times.²⁷

That economic interdependence among states does not increase as a consequence of economic development is suggested by crude data provided by Modelski. He finds that between the years 1938 and 1968 the proportion of world trade to total world output has remained at approximately 20 percent.²⁸ While the data he provides are not conclusive, a study done by

Karl Deutsch and Alexander Eckstein based on data for individual countries indicates that the world trade/manufacturing ratio has declined (for the nations surveyed) as national productivity has increased. Table 5 shows that in Switzerland for example, the ratio between trade and national income declined 28 per cent between 1913 and 1957. Similar declines were experienced in Finland, France and the United Kingdom.

While the absolute value of trade actually increased, the significant fact is that it constituted a declining share of national income. If economic interdependence (as measured by trade) is an indicator of political order, attempts to achieve greater interdependence through national industrialization would appear to be ineffective. Industrialization is more accurately regarded as a reaction against political disorder, expressed in the form of increased economic self-sufficiency. Table 6 illustrates the declining ratio of world trade to world manufacturing production as a component of world income. Indicators of national development such as a rising gross national product also measure the polarization of the globe into national enclaves, a pattern which reappears on a smaller scale in the form of dual economies within nations. To overcome the latter is to intensify the former. To conclude that a social transformation is occurring requires that the analyst select the nation-state as his unit of analysis. His optimistic conclusions regarding evolutionary progress are largely tautological.²⁹

TABLE 5

Per Cent Ratios of Foreign Trade (T)
to National Income (Y)
in Eleven Countries, 1913, 1928, 1938, 1957

Country	Per cent World Trade 1954	T/Y 1913	T/Y 1928	T/Y 1938	T/Y 1957	T/Y Change 1913- 1957
United States	14.8	13.6	11.3	7.8	9.2	-4.5
United Kingdom	10.0	59.3	49.1	28.3	42.0	-17.3
Germany	5.7	41.6	36.0	14.6	42.1	+0.5
France	4.9	42.5	46.4	21.3	26.3	-16.2
USSR	3.5	13.8	---	---	4.9	-8.9
Italy	2.3	29.5	30.5	16.6	31.5	+2.0
Sweden	2.0	56.8	41.7	35.3	48.9	-7.9
Switzerland	1.5	83.5	50.3	33.6	55.5	-28.0
Denmark	1.2	64.4	68.9	49.4	64.7	+0.3
Norway	0.9	51.0	39.9	33.7	54.6	+3.6
Finland	0.8	73.2	66.9	57.3	49.1	-24.1

Notes: The 1938 data for Germany include Austria.

Soviet percentage of world trade is for 1955.

For the Norwegian figures, the gross domestic product, not the national income, was used. Data are for 1956, not 1957.

Tables 5 and 6 are meant to be suggestive and not conclusive. The disparity between the price commanded by manufactured goods and by raw materials has tended to grow, which would distort ratios between domestic production and imported raw materials when measured in monetary terms. However, production for foreign markets should tend to compensate for this. The tables indicate that this has not been the case.

Source: Karl Deutsch and A. Eckstein, "National Industrialization and the Declining Share of the International Economic Sector," World Politics, XIII:2 (Jan. 1961), p. 295.

TABLE 6

Index Numbers of Volume of World Trade and
World Manufacturing Production, 1925-59
(1925=100)

Year	World Trade	Manufacturing Production	Ratio of Trade Index to Manu- facturing Index
1925	100	100	1.00
1926	99	102	.97
1927	113	109	1.04
1928	117	116	1.01
1929	122	122	1.00
1930	113	107	1.06
1931	105	96	1.09
1932	91	85	1.07
1933	91	95	.96
1934	95	105	.90
1935	100	118	.85
1936	105	137	.77
1937	118	146	.81
1938	109	137	.80
1948	109	198	.55
1949	117	200	.59
1950	132	227	.58
1951	148	250	.59
1952	146	256	.57
1953	156	274	.57
1954	164	276	.59
1955	178	307	.58
1956	193	321	.60
1957	204	332	.61
1958	200	323	.62
1959	217	359	.64

Source: Karl W. Deutsch and Alexander Eckstein, "National Industrialization and the Declining Share of the International Economic Sector," World Politics, XIII:2 (Jan. 1961), p. 290.

The conversion to industrial modes of production is associated with both interdependence and polarization. This occurs both domestically and internationally and is both the cause and effect of politically motivated decision-making. In the new states the critical question is to find an optimum balance between industrial investment for both import-substitution and manufacturing for export and for trade exploiting comparative advantage. Resources devoted to heavy industries requiring costly imported equipment must be deducted from resources available to develop other products where a comparative advantage is enjoyed.

National industrialization can be attributed to either nationalist ideologies and the felt need for self-sufficiency, or to the declining value of domestic goods on the international market relative to the more sophisticated manufactured goods of the industrial world. Primary products such as rubber and tin do not generate an increasing demand as the supply increases (unlike manufactured consumer goods) and often decline in both absolute and relative value, making it increasingly difficult for extractive economies to maintain a favorable balance of payments. These factors account in large part for the global trend toward heavy industry documented in Table 7. Between 1955 and 1966 global manufacturing output increased 100 percent, but rose twice as rapidly in heavy industry as in light industry (122 percent as compared to 67 percent). In Asia the corresponding

TABLE 7

Changes in Index Values
for Manufacturing and
Employment, 1955-1966

	All Manu- facturing	Light Industry	Heavy Industry
World			
Output	100	67	122
Employment	37	30	48
Employment/ Output Ratio	-31	-22	-34
Asia			
Output	247	130	411
Employment	71	54	118
Employment/ Output Ratio	-51	-33	-58

Source: The Growth of World Industry (The United Nations, 1969), reprinted in M.M. Mehta, "Employment Aspects of Industrialization in Asia", Developmental Digest, X:1 (January 1972), pp. 87-93.

figures indicate a 247 percent increase in all manufacturing with increases of 130 percent in light industry and 411 percent in heavy industry . These figures are somewhat deceptive since any increase in industrial production added to a modest original output will yield an impressive percentage increase. However the relative rates of increase between heavy and light industry is unmistakable.

Analytical Framework

Chapters Three and Four have dealt with two aspects of national development: political development and economic development. Pluralistic states present an analytical problem which is categorically different from that of the Western nation-states in that the political unit is not congruent with the national community, but includes several communal groups in competition with each other and with the civil state for scarce resources. To deal with this problem a conceptual model describing a tension between communalism and interdependence has been developed.

The model includes several possible resolutions of which the nation-state is but one variant. To account for the existence of nation-states in terms of internal factors alone, which are to be duplicated in the new states, is a tautology. The model stresses the central role of perception and self-interpretation by communal groups, as opposed to objective sociological factors stressed by the structuralists. Ideas create the structures in the sense that they are reductionisms from reality and do not merely reproduce in the mind actual systems. It is not social reality which accounts for the communal movements within the new states, but the perception of social reality. The indeterminacy of change due to the human element is overlooked by theories of systemic evolution within a hypothetical society, precisely because society is not a natural system, but a moral one, whose existence is distinct from any structural features it may possess.

Social theory which attempts to explain the existence of communal societies within plural states in terms of relative deprivation within an abstract social system tend to give concreteness to that which is only a mental construct (i.e., society as a natural system). Real groupings based upon symbolic, cultural and moral factors become sub-systems of an imaginary collective. Modernization is in this sense the act of accepting the abstract as being real and of regarding the real as being a parochial residue from an equally abstract past. The fact that this linear perception of experience finds human nature and reality inconsistent with the analytical ideal-types explains communalism more completely than does an appeal to differential rates of development within this ideal-type construct.

Only when the communal group itself, bound by a sense of common experience and destiny, is taken as the society, does change and development take on an evolutionary and linear appearance. Significant cleavages do not divide a hypothetical society, but separate a real society from other real societies. These units are expressed politically when the state boundaries are conformed with those of the nation producing the nation-state. Whether this constitutes a qualitative advance of society or its fragmentation depends upon whether one accepts the ethnocentric bias.

Because the process of solidarity-building also involves a reciprocal process of segmentation, an analysis of any particular society requires an approach which separates

the existence of these states from an examination of their structural features. The first is not explained in terms of the second. Rather than hypothesizing a system which operates in a certain manner, I will organize the data in the following case study as a tension between internal (systemic) and external events. In examining the case of Singapore, its existence will be seen to be the net result of domestic events influencing international affairs, and of international affairs influencing key internal events. This interaction will be handled as a tension between communal factors (i.e., the Chinese and the Malays in Singapore and the wider region) and forces calling for interdependence.

This treatment of the appearance of Singapore as a sovereign state does not offer the degree of precision usually sought by social scientists, but as has been explained, this precision often is dependent upon the theoretical context provided by a hypothetical social system and it is this premise which has been found particularly inappropriate for pluralistic areas. The utility of the more general models is described by David Landes:

A model is not worthless or anathema because it is not empirically anchored. If well constructed, it offers the scholar an analytical pattern against which to hold the experiences of history and appreciate their elements of uniqueness and uniformity: it does not tell what happened but helps one to find and understand what happened.³⁰

In the case of Singapore, its existence as a sovereign state is the fact to be explained, and therefore cannot be used as the explaining context. The explaining context is taken to

be a "ratio" between communal and other factors, an equilibrium being reached in the final separation of Singapore from the wider Federation of Malaysia. Communalism is not an internal feature of new societies, an element to be assimilated into a broader and more diffuse society, but is an enduring factor rooted in human perception and symbolization, often intensified by the development process, which accounts in large measure for the existence of particular political patterns at different times "in" history, as opposed to all other possible patterns. These patterns do not lead "from" traditional (e.g., monarchic, tribal) forms "to" mobilized and interactive societies through an evolutionary process. Without the symbol there is no society, and the symbol of evolutionary progress (and its premised society , whether national or international) is incomprehensible in terms of communal symbols.³¹

In distinguishing between the social facts to be explained and the explaining context (i.e., all remaining "facts"), I have reversed the usual relationship whereby communalism is taken as the fact and disparities within the civil state are taken as the context (i.e., cause). In Southeast Asia, where ethnic groups span across state boundaries, it is appropriate to take the communal group (symbol) as the context and the existence of the state within this context as the fact to be explained. Rather than a penetration downward of "national" institutions, there is a co-optation of the "state" by the communal groups.³²

In the case of Singapore the changing boundaries of the political unit, due to the tension between communalism and interdependence, have had a direct and decisive bearing on the path of development finally selected by Singapore. In the following Chapters it will be shown that the withdrawal of Singapore from the wider Federation of Malaysia excluded her from access to a viable internal market and caused her to de-emphasize import-substitution and to rely increasingly on industrialization for export. This juncture has led to very direct relationships between the constraints and opportunities offered by the global market and domestic economic and political conditions. The policy of the Singapore government to trade widely with states from all parts of the world reflects her political vulnerability in Southeast Asia.

The economic development of Singapore as a key industrial center as well as an entrepot port linking the resources of the region to the markets of the world is a development success story. Its separation from a hinterland which would have provided privileged access to both natural resources and local markets has caused Singapore to rely heavily on foreign multinational corporations, thereby making the (external) world its hinterland. This evolution is due to a complex interaction of local communalism on the one hand, and foreign economic and political forces on the other.

Rather than arguing that foreign powers have manipulated local Malay-Chinese tensions as a means of gaining access to the region by encouraging disunity, I have chosen to give balanced attention to this factor and to the manner in which Singapore, isolated from the broader region by communal tensions, also pushed its way into the system of international economic institutions as a means of retaining local political autonomy. A policy of "divide and rule" has been attributed to the larger foreign powers operating in Southeast Asia,³³ but it appears that this policy can also be used by local states when dealing with these powers. The manner in which domestic affairs and international affairs interact is more apparent in Singapore than in other states due to two factors: (a) the duality of local and international events without one or more intermediate levels of activity as occur in larger states, and (b) the attempted merger of Singapore with the Federation of Malaysia and subsequent expulsion (1963-65) which exposed specific linkages between the two spheres. These will be examined in the following Chapters.

ENDNOTES

1. See Robert Kearney, The Politics of Ceylon (Sri Lanka), (Ithaca: Cornell University Press, 1973), p. 192, and Rounaq Jahan, Pakistan: Failure in National Integration, (New York: Columbia University Press, 1972), p. 180.
2. The idea of "ratio" is developed with reference to the potential for internal war in states by Harry Eckstein who sees this potential as a "ratio between positive forces making for internal war and negative forces working against it." See Harry Eckstein, "On the Etiology of Internal War", History and Theory, IV:2 (1965), pp. 133-163.
3. A theoretical approach to ideology is pioneered by Clifford Geertz, "Ideology as a Cultural System", in David Apter, (editor), Ideology and Discontent, (New York: The Free Press, 1964). Ideology is portrayed as a means of which "to make sense of strain" and primarily as a response to events which cannot be dealt with by cultural resources. I am saying that ideologies need not bear a one-to-one correspondence to immediate disorder, but may be so compelling that they serve to cause disorder as well as responding to it. The relationship between context and ideology is circular, ideology be a reductionism from the ambiguities of history. Communalism is rooted in the capacity to reduce the real and only incidentally in any particular social context. Eric Voegelin states this differently: "...man does not wait for science to have his life explained to him, and when the theorist approaches social reality he finds the field pre-empted by what may be called the self-interpretation of society...the self-illumination of society through symbols is an integral part of social reality, and one may even say the essential part, for through such symbolization the members of a society experience it as more than an accident or a convenience; they experience it as of their human essence." See The New Science of Politics, (Chicago: The University of Chicago Press, 1952), p. 27.
4. Myron Weiner, The Politics of Scarcity--Public Pressure and Political Response in India, (Chicago: University of Chicago Press, 1962), p. 64.
5. See footnote 3. Patterns of "self-interpretation" underly political and social movements, with ideology being the cause as well as the result. The process of mobilization can be accommodated by growth and ever increasing

capacity of political institutions, or by a rejoining of social science to philosophy. The former option presumes that a threshold of satisfaction can be achieved as the discontinuities within the social system can be resolved. The latter does not assume that the source of disorder rests wholly in the social structure, since any such system is an abstraction (i.e., reductionism), and chooses to regard such systems more as secondary manifestations. Hence, the source of order and the source of change, do not both lie within the structure, and national political disorder is only partially understood in terms of mobilization, and only partially amenable to planning solutions. While the nation-state can be used as a unit of analysis, as well as civilization or the kinship group, it does not follow that it should be regarded as a historical imperative to be realized in history by the progressive advance of modernity.

6. Marion J. Levy, Jr. "Patterns (Structures) of Modernization and Political Development", Annals of the American Academy of Political and Social Science, 358 (March 1965), pp.29-40, quoted in C.S. Whitaker, Jr., "Disrhythmic Political Change", World Politics, XIX:2, (Jan. 1967), pp. 190-217. The critical step is not in identifying critical variables within a given system, but in hypothesizing the existence of a system initially. Robert Nisbet comments on the manner in which conclusions supporting evolutionary change depend upon this undemonstrated assumption: "We are justified in saying, I believe, that all that gives the concepts (e.g., "differentiation", etc.) even the limited and mostly apparent relevance they do possess in such studies as those of Marion Levy and Neil Smelser is the all-important theoretical context provided by the social system. Without a premised system--whether as small as kinship or as large as civilization--the theory of social evolution has little application to the facts of social change in time." See Social Change and History: Aspects of the Western Theory of Development, (New York: Oxford University Press, 1969), p. 262.
7. A typical listing of indicators can be found in Marvin E. Olson, "Multivariate Analysis of National Political Development", American Sociological Review, 33:5 (Oct. 1968), pp. 685-712. These are: (a) industrialization measured in GNP/capita, energy consumption and labor diversity, (b) urbanization measured in percent of population in cities of over 20,000, percent in middle class, and percent unionized, (c) transportation measured in vehicles per 1000 population, and railroads, (d) communication measured in newspapers, radios, and telephones per

1000 population, and (e) education measured in terms of literacy, schooling and languages.

8. G. Lowell Field, Comparative Political Development: The Precedent of the West, (Ithaca: Cornell University Press, 1967); p. 218.
9. Ibid.
10. Ibid.
11. Joseph La Palombara, "Public Administration and Political Change: A Theoretical Overview", in Charles Fress and Alan Arian (editors), Empathy and Ideology, (Chicago: Rand McNally and Co., 1966), p. 94.
12. Robert A. Dahl, A Preface to Democratic Theory, (Chicago: University of Chicago Press, 1956), pp. 104-5, quoted in S.M. Lipset, Political Man, (Garden City: Anchor Books, 1963, p. 78.
13. E.A.J. Johnson, The Organization of Space in Developing Countries, (Cambridge: Harvard University Press, 1970), p. 163. Others who deal with polarization of growth and economic dualism are Albert Hirschman, Raul Prebisch, Gunnar Myrdal, and Harvey Perloff. Johnson summarizes efforts to prevent polarization in Puerto Rico (pp. 310-326), Yugoslavia (pp. 281-296), and India (335-342). F.E. Ian Hamilton analyzes location principles in the Soviet Union which stresses the diffusion of industrial activity to each of the ethnic territories, but he concludes that the most important factor in location decision-making is "local political pull". See "The Location of Industry in East-Central and Southeast Europe", in George W. Hoffman (editor), Eastern Europe: Essays in Geographical Problems, (New York: Praeger Publishers, 1971), pp. 173-213.
14. In Chapter Two it was found that Western economic development theory is oriented toward increasing production. The discipline of political-economy (i.e., the basing of economic decisions on political factors) arises when the factors of production, notably investment capital, are scarce. Political-economy is particularly disruptive in plural societies.
15. C.S. Whitaker, The Politics of Tradition, Continuity and Change in Northern Nigeria, 1946-66, (Princeton, N.J.: Princeton University Press, 1970).
16. Minestorio de Fomento, Memoria y Cuento, (Caracas: 1963), pp. 1039-81, cited in John Friedman, Regional Policy for Developing Areas: A Case Study of Venezuela, (Cambridge: The M.I.T. Press, 1964), p. 161.

17. See Robert Melson and Howard Wolpe, "Modernization and the Politics of Communalism: A Theoretical Perspective", American Political Science Review, LXIV:4 (Dec. 1970), p.1127, and Charles W. Anderson, Fred R. Von der Mehden and Crawford Young, Issues in Political Development, (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1967), p. 60. W.G. Runciman develops a theory of relative deprivation which applies to inequalities within, but not between, societies. A point is reached, however, where the inequalities are such as to imply two separate societies. I have suggested that inequalities need not be economic, but in plural societies may stem from communal differentiation into linguistic and ethnic groupings, that is, separate societies coexisting within the same political unit. The point made by Runciman is that, "relative deprivation should always be understood to mean a sense of deprivation; a person who is 'relatively deprived' need not be 'objectively' deprived in the more usual sense that he is demonstrably lacking something." See Relative Deprivation and Social Justice: A Study of Attitudes to Social Inequality in Twentieth Century England, (Berkeley and Los Angeles: University of California Press, 1966), p. 10.
18. See footnote 3.
19. The terms "modernization" and "economic development" often imply a terminal condition where certain needs and inequalities which are the conditions causing political disorder are satisfied. If the motive force of this disorder is relative rather than objective and refers to reference groups rather than objective needs, then the process of development is a spiral which continually generates relatively deprived groups and disorder. The finding in Chapter Two that international events stem from such a "moving target", and that communal groups within states behave similarly, would account for the sharpening of communal as "modernization" takes place. The hypothesis that society is a natural system involves the need to continually expand the functional capacity of government in terms of institutionalizing means of satisfying demands. This dynamic cannot be attributed to "unevenness" in the developmental process, since the perception of disparities, most of which are not economic, does not diminish.
20. This is what is meant by the misuse of ideal-types. Max Weber warned against this when he said: "The logical classification of analytical concepts on the one hand and the empirical arrangements of the events thus conceptualized appear to be so bound up together that there is an almost irresistible temptation to do violence to reality in order to prove the real validity of the construct." See The Methodology of the Social Sciences, (Glencoe, Ill.:

- 1949), pp. 102-3, quoted in Reinhard Bendix, "Tradition and Modernity Reconsidered", Comparative Studies in Society and History, IX:3, (April 1967), p. 31. Thomas Molnar writes that "...ideology is always a simplification, and the simplifiers, Hegelians, Marxists, existentialists, and structuralists, 'explain' the situation of mankind as a conflict of abstract entities: an sich and fur sich, abundance and scarcity, master and slave, capitalist and proletariat, or noncommunicating linguistic systems with their escort definitions" (The Counter-Revolutionaries, New York: Funk and Wagnalls, 1969, p. 186).
21. Stated differently, the dichotomy which is often drawn between "tradition" and "modernity" accepts society as a given, and interprets internal change as contributing to a linear movement leading from the past to the future, which is purely hypothetical. Reality continually throws obstacles in the path, one of which is the resistance of communal groups to Durkheimian interdependence. What appears to be occurring is the same process of simplification with groups organizing around collective symbols from which the rest of the "world" is viewed. The evolutionary hypothesis depends upon an objective notion of time wherein social transformations take place. Communal groups, rather than opposing the present population to its own past, instead oppose the internal communal collective to external groups. The communal symbol is not of history, but occurs outside of history, and in this sense is invulnerable to interdependence. Communal groups, like utopian movements, are simplifications of the real. They are also non-territorial such that they continually threaten the civil state by perceptions and allegiances over which the state has no power. The nation-state is itself a product of this "mechanism".
 22. Neil J. Smelser, Social Change in the Industrial Revolution: An Application of Theory to the Lancashire Cotton Industry, 1770-1840, (London: Routledge and Kegan Paul, 1959).
 23. Samuel P. Huntington, Political Order in Changing Societies, (London: Yale University Press, 1968), p. 40.
 24. Ibid. The statement that efforts to achieve modernity actually "produce" disorder asserts a cause-and-effect relationship which cannot be inferred from the data presented. Statistical correlations demonstrate associations but not causality. Nevertheless, the correlation is contrary to the widespread assumption that poverty and disorder are associated.
 25. Karl Deutsch, "Social Mobilization and Political Development," American Political Science Review, 55:3 (Sept. 1961), pp. 493-514.
 26. John U. Nef, War and Human Progress, (New York: W.W. Norton and Co., 1968), p. 368. Parallel to the devel-

opmental literature is a second body of more reflective analysis stressing the correspondence between the rise of the sovereign state and the rise of organized international violence served by fully mobilized nation-state populations. The advance of "instrumental" values so necessary to "modernity" includes the subordination of an order of reality standing outside of the historical process to the process, wherein the masses become the arbiter of right. In Europe this is expressed institutionally in the formation of national churches. Two elements of conservative analysis must be distinguished: one is the desire to preserve, while the other is motivated by the urgent need to withdraw from the zeitgeist, whether this be oriented toward the past or the future.

27. Cyril Edwin Black, "Change as a Condition of Modern Life", in Myron Weiner (editor), Modernization: The Dynamics of Growth, (New York: Basic Books, 1966), p. 24.
28. George Modelski, Principles of World Politics, (New York: The Free Press, 1972), p. 235.
29. A major indicator of interdependence which should not be overlooked is international aid. However, this has not even kept pace with the rate of increase of the gross national product of the donor countries, and is further diminished by the repayment interest rates. Financial difficulties in the donor countries, particularly due to unfavorable balance of payment trends because of sharply increased oil prices, can be expected to constrain such aid even further. The increasing need for security and diminishing resources will also cause foreign aid to include a growing percentage of armaments. Herbert Blumer shows that industrialization does not promote integration even in domestic settings where a multiracial population exists. Economic rationality finds it expedient to operate within the racially-stratified society without upsetting the pre-existing pattern. Political or judicial action external to the industrial sector account for any integration which may occur. See Herbert Blumer, "Industrialization and Race Relations", in Guy Hunter, (editor), Industrialization and Race Relations, (New York: Oxford University Press, 1965), pp. 220-252.
30. David Landes, "Technological Change and Development in Western Europe, 1750-1914", in H.L. Habbakuk and M. Postan (editors), The Cambridge Economic History of Europe, Vol. VI, The Industrial Revolution and After, (Cambridge: 1965), p. 587.

31. The criticism can be made that ethnicity, race and tribal membership do not constitute bases for society since they do not recognize a broader "common good". The tables presented in the previous section of this Chapter suggest, however, that prevailing notions of development equating the "common good" with interdependency are similarly deficient. Political disorder is associated with attempts at modernization, and migrates to the international level as populations become fully mobilized. This process can be seen as ascending only if one posits a still larger "society" (i.e., the international society) as the ultimate purpose being served by this transitional period. The point of departure of this dissertation is that the "transition" does not terminate since the ideal-types of disunity and final unity are mental constructs. It is within the condition of permanent "transition" that real men self-interpret the world, and it is from this source that communalism arises. This may be aggravated by economic injustice (often conceptualized as "structural" and intrinsic to a hypothetical society which is emerging according to discoverable laws), but even in this case is due not simply to objective deprivation, but rather to the perception of these "facts". Hence social change occurs in a circular path linking "fact" and "thought". The identification of political change with social change since 1789 and the underlying contractual theory of society have resulted in a self-perpetuating revolution which, it is presumed, will subside once an unspecified "level" of socio-economic "development" is achieved. The functional school offers flexibility to change as a surrogate for the previous religious basis of society.
32. The removal of spiritual and moral social bonds reduces society to a condition of dialectical flux between economic classes, and between both of these and the racial, nationalistic and ethnic movements. Deprived of an internal ordering principle society becomes a process of self-perpetuating conflict between self-interests and collective movements. The tension between capitalism and communism can be understood as a false dilemma which occurs only after the moral and spiritual roots of the social order have first been denied. See Christopher Dawson, The Dynamics of World History (New York: Mentor Omega, 1962), passim. The nation-state represents an identification of a communal group with the power of the state rather than an incorporation of more than one nationality into a community capable of transcending communal diversity without annihilating it.
33. Iain Buchanan, Singapore in Southeast Asia: An Economic and Political Appraisal, (London: G. Bell and Sons, Ltd., 1972), p. 264.

CHAPTER FIVE

HISTORICAL BACKGROUND

The purpose of Chapter Five is to document the emergence of the plural state of Singapore. Singapore has a predominantly Chinese population, which unlike other overseas Chinese communities in Southeast Asia, is distinguished by its political autonomy as a sovereign state. Rather than positing an evolutionary process of social development within this national society, the focus will be on the interaction between two kinds of society within the larger region, one civil and territorial, and the other communal and non-territorial, a tension which produces the sovereign nation-state only under special conditions. The pluralistic states of the non-Western world represent cases where this has not occurred.

The ease with which the nation as a cultural community becomes reduced to specific identifying features such as race, ethnicity or common language aggravates attempts to secure human rights within society since society is equated with these categories. The creation of Singapore as a Chinese state cannot be understood apart from the tension between Chinese and Malay populations in Southeast Asia. Singapore affords an example wherein a broad integration into a multinational federation of several communal groups was attempted. The manner in which communally-oriented politics and economic factors acted upon each other to result in the

isolation of Singapore and its dependence upon foreign capital and expertise as a means of economic and political survival is the focus of the remaining Chapters.

A number of definitions will be helpful. The term "Malayan" refers to any resident of the Malay Peninsula regardless of ethnic identity. The term "Malay" refers to members of the Malay race, as distinguished from other Malaysians who are Chinese or Indian in ethnic background. The "Malayan Federation" refers to the eleven federated states of the Peninsula, while the "Federation of Malaysia" refers to the merger of these states with two states on Borneo (Sabah and Sarawak) since 1963, and which included Singapore until August of 1965.

Early History

Following the departure of the colonial powers, the immigrant populations of many post-colonial states have been subjected to nationalistic pressures. This is the case with the Chinese in Southeast Asia. The concentration of Chinese in commercial economic sectors and the education of many Chinese in Chinese-speaking schools have tended to reinforce the perception that the Chinese are a transient population although political events on the mainland have rendered this view invalid. In Malaya attempts by the Chinese to enter more fully into the political life of the host nations have been compensated by Malay "special privileges" dealing

with citizenship requirements and the allocation of civil service positions and other matters. However, this rising competition for scarce rewards is as much the result as the cause of communal conflict and must be supplemented by an understanding of both the underlying cultures which these nationalities represent and the manner in which socio-cultural cleavages can be manipulated for political and ideological purposes. The manner in which current economic and political changes in Singapore and Malaya interact with communal factors can be clarified if viewed against concrete historical events rather than a hypothetical social system (i.e., national development). The remainder of this Chapter will provide a brief historical overview.

Prior to the fifteenth century the Malay states were ruled by the local Sultans, but were subject to the political influence of China. However, cultural influences came primarily from India which had introduced Islam at the end of the thirteenth century. The increasing seclusion of China in the fifteenth century was marked by a growing local autonomy in Southeast Asia and the rise of Malacca as the strongest state in the region by 1470. Due to its strategic location between Sumatra and the mainland, Malacca was able to service a growing maritime trade. By the beginning of the sixteenth century the Malacca empire included most of what is now Malaya and the eastern part of Sumatra.¹

In 1509 the Portuguese, in search of a trade route to

Asia and intent on capturing the spice trade and proselytizing the local populations, arrived at Malacca and in 1511 siezed the city. The decline of the Sultanate marked the end of unified Malay control over large parts of the Archipelago, and unity under any power was not to recur until the consolidation of the Federated States under British control in the latter half of the nineteenth century.

Trade conflicts between the Portuguese and the local powers continued until the Portuguese were displaced by another European power. With the arrival of the Dutch in 1641 the center of trade shifted eastward, and south into Java. Following the defeat of the French by the British in the Seven Years War (1763) and the financial collapse of the Dutch East India Company (1799), British influence became dominant in South and Southeast Asia. As a consequence of British interest in developing maritime links to the China trade, the Straights Settlements (i.e., Singapore, Malacca, Penang) were founded. The three Settlements came into being by 1824 through the efforts of the Government of India and were under the jurisdiction of the East India Company. A policy of indirect rule through the local Sultans and of non-intervention into local affairs was followed due to both the cost of administration and the desire to avoid war with Siam over the northern territories of the Malay peninsula.²

The establishment of Singapore and Penang as free ports where cargo could be transferred without payment of duties

gave an advantage to the British over the more tightly controlled Dutch trade in the Archipelago.³ The Western intrusion undermined the tributary relations of the region with China⁴ and represented as well a competitive relationship between the Western powers themselves. Commercial interests expanded rapidly. Table 8 documents the rise of population and the rise in the value of trade in Singapore:

TABLE 8
Growth of Trade in Singapore, 1820-1860

Date	Trade Value in Pounds	Population
1820		5,000
1825	2,948,000	
1830	3,948,000	16,634
1840	5,851,000	39,681
1850		59,043
1859	10,371,000	
1860		80,792

Note: By comparison, in 1860 the trade in all the Dutch East Indies was valued at approximately 14,000,000 pounds.

Source: Compiled from data presented in N.J. Ryan, The Making of Modern Malaysia and Singapore, (Singapore: Oxford University Press, 1969), pp. 110-112.

The attractiveness of free port status can be measured by the fact that the population increased nearly four times as rapid-

ly as the value of trade.

Demographic Patterns and Communalism

The rapid influx of Chinese populations into Southeast Asia corresponded with the expansion of Western trade activity in the region and the deterioration of domestic conditions under the Manchus in China. Singapore and the other Settlements served as intermediate ports for the Chinese who then proceeded often to the mainland and most of whom eventually returned to China. Malay immigration into what is now Malaya was also significant, however, the proportion of Chinese on the mainland and in Singapore increased dramatically. Between 1850 and 1921 the proportion of Chinese in Singapore rose from 53 percent to 75 percent, a ratio which has held constant until the present.⁴

The changing percentages of the different ethnic groups in Singapore of the total population, are documented in Table 9. In 1965 the Chinese accounted for 74.9 percent of the total while the Malays accounted for 14.3 percent and the Indians for 8.2 percent. The relationship of these trends to external factors is demonstrated by the changes which occurred in the 1860-1871 interval. The number of Chinese remained nearly constant following the end of the Taiping Rebellion in southern China while the Malay population continued to increase, rising from 16,202 to 26,141 (from 19.8 to 27.6 percent of the total).

The population increase of Singapore since 1824 is

TABLE 9

Distribution of Population by Race, 1824-1965

Year	Chinese	Malay	Indian	Other Races	Total
Number					
1824	3,317	6,431	756	179	10,683
1830	6,555	7,640	1,913	526	16,634
1836	13,749	12,538	2,932	765	29,984
1840	17,704	13,200	3,375	1,110	35,389
1849	27,988	17,039	6,284	1,580	52,891
1860	50,043	16,202	12,973	2,516	81,734
1871	54,572	26,141	10,313	3,790	94,816
1881	86,766	33,012	12,086	5,858	137,722
1891	121,908	35,956	16,009	7,727	181,602
1901	164,041	35,988	17,047	9,768	226,842
1911	219,577	41,806	27,755	14,183	303,842
1921	315,151	53,595	32,314	17,298	418,358
1931	418,640	65,014	50,811	23,280	557,745
1947	729,473	113,803	68,967	25,901	938,144
1957	1,090,595	197,060	124,084	34,190	1,445,929
1965	1,396,500	266,600	153,700	48,100	1,864,900
Percentage					
1824	31.0	60.2	7.1	1.7	100.0
1830	39.4	45.9	11.5	3.2	100.0
1836	45.9	41.7	9.9	2.6	100.0
1840	50.0	37.3	9.5	3.1	100.0
1849	52.9	32.2	11.9	3.0	100.0
1860	61.2	19.8	15.9	3.1	100.0
1871	57.6	27.6	10.9	4.0	100.0
1881	63.0	24.0	8.8	4.3	100.0
1891	67.1	19.7	8.8	4.3	100.0
1901	72.1	15.8	7.8	4.3	100.0
1911	72.4	13.8	9.2	4.7	100.0
1921	75.3	12.8	7.7	4.2	100.0
1931	75.1	11.7	9.1	4.2	100.0
1947	77.8	12.1	7.4	2.8	100.0
1957	75.4	13.6	8.6	2.4	100.0
1965	74.9	14.3	8.2	2.6	100.0

Source: Saw, Swee Hock. Singapore: Population in Transition,
University of Pennsylvania Press, 1970, p. 57.

divided by Swee Hock Saw into four periods according to the relative importance of fertility, mortality and migration. From 1819 to 1921 the increase was due primarily to immigration. From 1921 to 1941 the eradication of malaria and other measures accounted for the increase of births over deaths, although migration still contributed most to population increase. From 1941 to 1957 a balanced sex ratio and the tightening of immigration restrictions in anticipation of independence helped to make natural increase the major contributor to population increase. Following 1957 a dropping birth rate and low immigration rates have characterized the population trend.⁵

The relative importance of natural increase and net migration is documented in Table 10:

TABLE 10
Components of Population Growth, 1881-1965

Intercensal Period	Population Increase	Natural Increase	Net Migration Increase
1881-91	43,900	-30,600	74,500
1891-01	45,200	-42,400	87,600
1901-11	76,500	-59,500	136,000
1911-21	115,000	-38,000	153,000
1921-31	139,400	15,900	123,500
1931-47	380,400	180,100	200,300
1947-57	507,800	395,300	112,500
1957-65	419,000	402,400	16,600

Source: Saw, Swee Hock, Singapore: Population in Transition, University of Pennsylvania Press, 1970, p. 25.

The impact of tropical diseases and the very low sex ratio in the early years account for the excess of deaths over births until 1931. In 1836 there were 14,407 Chinese men for every 1,000 Chinese women, but this ratio declined steadily until 1931 when it was 1,656 to 1,000. In 1965 there were 1,022 men for every 1,000 women of Chinese ethnicity. The sex ratio for Indians displays a comparable imbalance while that for Malays has never exceeded a ratio of 1,672 to 1,000⁶ (See Appendix B).

The stabilization of emigration from China after 1947 accounts for the declining net migration documented in Table 10. This coincided with a growing effort by the Malays to maintain a Malay majority in Malaya as independence and self-government approached. The net migration increase for the period 1947-57 includes a large number of Chinese migrating from Malaya (rather than China) as a consequence of the Emergency in Malaya and consequent attempts to control Communist activity by relocating the rural Chinese in village units (for a more detailed tabulation of Chinese immigration and emigration and a comparison with Malay and Indian data see Appendices C and D).

The influx of large numbers of Chinese and the policy of the British to rule through existing social structures resulted in the transplanting of the Chinese "secret societies" from the mainland. These trace a common origin in the Triad Society originally founded in China to remove the Manchu

rulers from power (1644-1911). In Singapore the secret societies were organized according to dialect groups, although this pattern was not universal in the Settlements. In Penang several dialect groups and even non-Chinese, were included in the various societies.⁷ In Singapore disputes were settled by the elders of the respective clans, while conflicts between clans in the absence of multi-ethnic institutions consistently led to violence.⁸ The significance of the societies to the immigrant Chinese is explained by Blythe:

...the society with a secret ritual and binding blood-oath of loyalty provided the individual with a social background, a body politic in miniature, in and through which he found authority, protection, assistance, a sense of kinship, and, through the ritual bond, possibly some measure of spiritual content, in a foreign land where the ruling power was completely alien in race, language, religion, manners, and customs.⁹

By 1858 it was estimated that three-fourths of all the Singapore Chinese belonged to secret societies, but there was little danger of a general uprising since the Chinese population was divided within itself.¹⁰ Serious rioting between clans occurred in 1831, 1846, 1854, 1857, 1863 and 1864. Following the 1830's the grand jury repeatedly called for suppression of the secret societies, but even after the riot of 1854 which left 400 dead, recommendations to register all Asian inhabitants of the Chinese societies and to appoint responsible headmen, supported by the power to banish agitators, were not acted upon by the Calcutta office.¹¹

Between 1823 and 1867 Singapore was governed from India. Following the founding of Hong Kong and other treaty ports (1842), Singapore began looking upon Peninsular Malaya as a controlled market as the Dutch, Spanish and French were doing in their respective spheres of influence. The desire to maintain the advantages of free port status created tensions between Singapore and Calcutta which wanted to tax trade and which attempted to make the Indian rupee the legal tender (Currency Act of 1855).¹² Predictions that Singapore would prosper as a free port were guaranteed by the completion of the Suez Canal in 1869, and by links to the mainland which developed following the exploitation of tin deposits after 1850 and particularly in Perak and Kuala Lumpur after 1860. The Malay and Chinese communities began to be drawn into a single socio-economic framework which would eventually culminate in the attempt to include Singapore in the Federation of Malaysia.

Singapore and the Malayan Peninsula

The immigration of Chinese into the Straights Settlements included large numbers who then migrated outward into the surrounding region. By 1860 the Chinese population on the Malay peninsula was 25,000 while that of the Settlements was 97,000.¹³ It was feared that clan feuds in the tin mining areas might filter back to the Settlements to the financial backers, as was the case in the Penang riots of 1867. Caldwell

stresses that the Chinese and Malays did not come into direct contact initially, and that the Chinese were confined largely to the Central Range foothills. The Indians were recruited for the rubber plantations and likewise were segregated from the Malays who were concentrated on the coastal lowlands. A natural isolation of mining, plantation and agricultural areas was preserved. This coincided with the three major ethnic divisions.¹⁴

By the end of the 1920's a colonial strip joining Penang to Singapore could be identified which was composed primarily of male laborers. The population composition of West Malaysia

TABLE 11
The Population Composition
of Singapore and Peninsular Malaya
1921

Ethnic Group	West Malaysia		Singapore	
	(Population)	(Percent)	(Population)	(Percent)
Malays	1,630,000	48.9	53,595	12.8
Chinese	1,180,000	35.5	315,151	75.3
Indians	472,000	14.2	32,314	7.7
Others	46,000	1.4	17,298	4.2

Sources: Data for West Malaysia: N.J. Ryan, The Making of Modern Malaysia and Singapore, Singapore: Oxford University Press, 1969, p. 178.
Data for Singapore: Saw, Swee Hock, Singapore: Population in Transition, University of Pennsylvania Press, 1970, p. 57.

(i.e., Peninsular Malaya and Singapore) is compared to that of Singapore in Table 11 for 1921 when the Chinese achieved their present 75 percent majority in Singapore.

The net migration into Singapore and Malaya was slowed by the Depression, with over one-half million Chinese workers returning to China in 1930. Anti-Chinese disturbances occurred in Thailand, Burma, Netherlands India and the Philippines as well.¹⁵ In 1932 nearly ten times as many Chinese departed for China from Malaya as arrived, with 282,779 departing from Malaya and only 32,925 arriving.¹⁶ Immigration rates recovered in the second half of the decade, but were again interrupted by World War II and then subjected to increasingly stringent restrictions as independence approached.

The greatest change in the plural society from these events has been the concentration of Chinese in the urban areas and the reinforcing of Malay-Chinese tensions by the economic and occupational differences between rural and urban areas. The Emergency diminished the number of rural Chinese by 50 percent such that 70 percent of the rural population is now Malay. Caldwell speculates that additional rural-urban migration may increase the percentage of Malays in the cities and thereby increase the possibility of ethnic conflict over limited occupational positions.¹⁷ The long range trend would tend to balance the polarization of Chinese and Malays into the urban and rural sectors, respectively.

The overall urbanization of Malaya is documented in Table 12:

TABLE 12
Proportion of Population Living in Urban Areas
1911-1957

Census Date	Urban Population
1911	22.7 (Percent)
1921	27.7
1931	29.5
1947	35.1
1957	50.5

Note: "Urban population" is defined to mean "gazetted administrative areas with a population of a thousand or over".

Source: J.C. Caldwell, "The Demographic Background" in T.H. Silcock and E.K. Fisk (editors), The Political Economy of Independent Malaya, Canberra: The Australian National University, 1963, p. 83.

The large rise between 1947 and 1957 is due in large part to the resettlement of nearly 500,000 Chinese from the hinterland into small towns as a means of controlling Communist insurgency.¹⁸

Table 13 indicates the rural-urban "migration" by ethnic group.

TABLE 13
Federation Change in Rural-Urban Population by Race, 1947-1957
(Percentages)

	Malays	Chinese	Indians
Rural Change	17	-42	16
Urban Change	119	111	66

Source: J.C. Caldwell, "The Demographic Background", p. 84.

Over 50 percent of the population in almost all of the large urban areas are Chinese. In 1959 almost one-third of the Chinese voters were concentrated in eighteen urban parliamentary constituencies. Only nine percent of the Malay electorate were located in these areas. The Chinese population is concentrated in Penang, Malacca, Perak, Selangor, Negri Sembilan and Johore, the western and most urbanized states (see Appendix E). Singapore accounts for 27 percent of the total number of Chinese.¹⁹

The comparative growth of urban populations in the four areas which were originally included in the Federation of Malaysia in 1963 is indicated in Table 14:

TABLE 14
Comparative Growth of Total and Urban
Population in Malaysia

Territory	Period	Total Population Increase in Percentage	Urban Population Increase in Percentage
Malaya	1947-57	27.9	105.9
Singapore	1947-57	53.7	34.1
Sabah	1951-60	35.9	51.1
Sarawak	1947-60	36.4	61.0
Malaysia	1947-57/60	32.6	80.0

Source: Hamzah-Sendut, "Urbanization", in Wang, Gungwu (editor), Malaysia: A Survey, New York: Frederick A. Praeger Pub., 1964, pp. 82-96.

Table 14 indicates the unusual rate of urbanization in Malaya and suggests that subsequent Malay-Chinese tensions in the urban areas may be due in part to a continuing rural-urban migration which is bringing a growing proportion of Malays into the cities where many occupational niches are controlled by the Chinese. Appendix F documents the fact that the Chinese account for 63.4 percent of the total population living in major urban areas but that this represents only 8.3 percent of the Chinese population. While the Chinese are the majority of Malaysians living in major urban areas, most of the Chinese actually live in smaller urban areas. The failure of urbanization to keep pace with total population growth in Singapore is explained by the high initial degree of urbanization which has tended to force additional population increase into the unincorporated areas.

Colonial Administrative Policy and Post-Colonial Federalism

The mixing of Chinese, Malay and Indian populations within one environment in Malaya and Singapore in particular, did not lead to cultural integration. Each of the fragments has remained segregated and rather than creating cross-cutting linkages between ethnic groups, economic growth has tended to polarize them politically. In Malaya and Singapore, ethnic cleavages are reinforced by economic separation and the division of Chinese and Malays into urban and rural areas.

The tendency of the Chinese population to remain apart

from government and to organize themselves through the secret societies, and the policy of the colonial office to rule the Malays through their local Sultans tended to perpetuate the two communal societies. British commercial interests were more industrialized than other European colonial powers (i.e., French, Spanish, Dutch) and felt no need to abandon free port trade in favor of isolated favored trade areas.

However, the extension of European spheres of influence, and the possibility that non-British powers would interfere in the periodic clan feuds and Malay-Chinese conflicts in Malaya resulted in the extension of more formal control by the British. The continued demand for tin to meet the needs of the new tinned foods industry after 1860 overburdened the limited capacity of the feudal system to deal with the mass immigration of Chinese and Indian laborers.²⁰ In the 1870's major outbreaks occurred in Kuala Lumpur and Perak involving clan antagonisms which became entangled with Malay disputes over territory and the succession of the local Malay sultans. The establishment of Resident British advisors to the sultans was initially intended to avert the threat of German and French intervention and to satisfy the demands of investors for greater security.²¹

Under the Resident system the sultans were to accept the advice of the Resident in all matters except those related to religion and Malay customs. Its purpose was threefold:

1. to restore and maintain peace and to establish regulations of law and order
2. the development of the resources of the state so that its wealth could be properly used, and
3. creation of a sound system of taxation so that the wealth of the state could help further development.²²

By 1880 the British influence extended to all areas outside of Siamese suzerainty. The resulting divergence of laws and development policies in the four states (Perak, Selangor, Negri Sembilan and Pahang, see Appendix E) led to their federation in 1895. The Federation provided for: (a) a Resident General under the Governor in Singapore, (b) the unification of policy of the major state departments under one head, and (c) the extension of financial aid from the tin-exporting western states to the eastern states.²³

The failure to distinguish more clearly between the levels of administration resulted in a union rather than a "federation", particularly in the control of revenue. The states had been joined, but their respective internal powers had been largely usurped. The Sultanates which had consented to Resident advisors became mostly ceremonial in function. In 1909 the Federal Legislative Council was formed to recognize greater local autonomy and it was this body which evolved into the Federation Parliament in 1955.

By 1914 Malaya was divided into three legal and administrative categories under British control:

1. The Federated States of Perak, Selangor, Negri Sembilan and Pahang which were not colonies and which were individually protected states whose residents were not British citizens,
2. The Unfederated States of Johore, Kedah, Perlis, Kelantan and Trengganu which were not colonies and which were individually protected. These had no connections with either the Federated States or with each other and their residents were not British citizens,
3. The Straights Settlements of Singapore, Penang, and Malacca which were a British Territory under direct rule. The Governor was also the High Commissioner for the Federated States and the residents of the Settlements were subjects of the British Crown.

The legal and administrative categories coincided with the economic differences between the free trade ports and the extractive economies of the peninsula. The policy of decentralization was completed in 1932 by the under Secretary of State for the Colonies, Sir Samuel Wilson. Silcock faults this policy for sowing the "seeds of hostility" between Singapore and Kuala Lumpur in that the fragmentation of the peninsular states under expanded local control increased the chances of their centralized economic control by Singapore.²⁴

During World War II the Colonial Office prepared a plan for a Malayan Union which would have made the states subordi -

nate to a central office, divesting the sultans of most of their power and establishing a Central Legislative Council including all the states except Singapore. Singapore was to be excluded because of its strategic importance and its predominantly Chinese population. Opposition to these measures in both Malaya and London led to the Federation of Malaya Agreement of 1948 which provided for a federation rather than a union. Two major provisions of the Agreement were:

1. There was to be one government for the nine states and the Settlements of Malacca and Penang, but Singapore would be excluded,
2. Special Malay rights would be recognized and citizenship requirements would be restricted to those who had been residents for at least fifteen of the previous twenty-five years, had made a declaration of permanent settlement, and had the ability to speak English and Malay.²⁵

The separation of Singapore from Malaya was attributed to its strategic significance, but Silcock offers a more complex explanation. Political separation was due to the efforts of Sir Edward Gent, the High Commissioner of the Federation. According to Silcock, the major factors involved in the decision were business jealousies in Kuala Lumpur on the mainland, anti-Chinese feelings of the Malay aristocracies, and an ambitious Malayan civil service.²⁶ These pressures were successfully directed against Singapore in a manner

which assisted unity within the Federation by directing anti-Chinese feelings outward toward a separate political unit and which kept Singapore in British hands.²⁷ Silcock concludes that this is but one example of ad hoc political adjustment in Malaya which was made without reference to its economic consequences:

...the process of ad hoc political adjustment becomes one of weighing economic development against other desirable political objectives, rather than working out the implications for economic development of different political solutions.²⁸

The difficulty experienced by plural states identified in Chapter Four is that the national unit which is assumed by the term "economic development" is precisely what is in question. Differential rates of growth between the various communal groups, even where substantial economic development does take place, is seen as a structural phenomenon by the relatively deprived groups, and cultural factors become politically salient in the struggle for parity. In the case of Malaya, decentralization was first seen as a means of economic development under the Resident System. Subsequent proposals for a centralized Malayan Union were rejected with unity maintained by the isolation of Singapore as an outside threat which would distract anti-Chinese sentiments from the Chinese in Malaya.

The Economic Rationale for Merger

The separation of Singapore from Malaya may have been

politically expedient in terms of local ethnic tensions and British interests in the region, but it served the economic interests of neither Singapore nor Malaya. Singapore was deprived of adequate "domestic" markets to support local industry and was therefore dependent upon entrepot activities serving the trade of other countries and which would be inadequate to accommodate rising employment needs. Malaya was deprived of the capital which might have been gained through Singapore and therefore was more dependent upon its rubber and tin exports as the major component of the national economy. Unlike manufactured products, these commodities do not experience an elastic demand rising with the supply. Income generated by the sale of many primary products is not adequate to keep pace with the cost of needed imports.²⁹

The possibility of establishing a Common Market linking Singapore to Malaya was analyzed by the International Bank for Reconstruction and Development in 1963:

Using GNP (Gross National Product) as a rough estimate of purchasing power, the total demand within the Malaysian market will be about 52 per cent higher than that now existing in the Federation of Malaya, about four times that of the present Singapore market and eleven times that of the Borneo Free Trade Area. The potentially protected market available to the producer in Malaysia, once internal tariff barriers are removed, is thus almost as large as that of the Philippines and probably larger than that of Thailand.³⁰

The Reuff Report also pointed out that if the Federation, Singapore and the Borneo states, which were to be included in the Common Market, were to carry out totally independent industrialization programs within separate protected markets, a duplication of facilities would result leading to the

serious waste of limited resources. ³¹

Singapore and Malaya would both stand to benefit economically by a merger into a Common Market, although it was the advantages that each had to offer the other which also served as their major points of tension. The concentration of investment in Singapore could provide needed revenues to promote industrial development in Malaya, while the larger market area would facilitate import-substituting industries in Singapore which in turn might solve the unemployment problem. However, the reliance on market forces as a means of distributing industry virtually assured that the uneven pattern of development would continue within the larger political unit the Federation of Malaysia would represent.³² This cleavage coincided with the spatial distribution of Chinese and Malays into urban and rural areas, respectively, in a manner which allows economic issues to become communal ones. Economic development tends to reinforce communal boundaries rather than eroding them, under these circumstances.

In subsequent Chapters a major theme will be the manner in which the Malays attempted to balance the Chinese pre-eminence in the economic sector by retaining dominance of the political institutions in the Federation. When the urban People's Action Party of Singapore attempted to alter the communal basis of Malay politics this formula was threatened. The interplay between the domestic pressures of both the Malay states and Singapore vis a vis the larger Federation

led to the expulsion of Singapore from the Federation. Thus isolated from a privileged market area and local natural resources, Singapore pursued a program of industrialization for export to world markets as a means of both satisfying domestic labor demands for employment and assuring continued political autonomy as a sovereign state.

ENDNOTES

1. N.J. Ryan, The Making of Modern Malaysia and Singapore, (Singapore: Oxford University Press, 1969), p. 25.
2. Ibid., p. 98. The cost of administering Malaya represented an annual deficit of \$850,000 per year until 1864-5.
3. For a general treatment of free ports, see Richard S. Thoman, "Free Ports and Foreign Trade Zones: A Summary Review", in Harold M. Mayer and Clyde F. Kohn (editors), Readings in Urban Geography, (Chicago: University of Chicago Press, 1959), pp. 388-391.
4. See Table 9. The categorical division of Singapore into ethnic groups should not obscure the internal differentiation of these groups. In Singapore the Chinese population includes several dialect groups whose dialects are incomprehensible to each other. Major groups are the Hokkiens (41 percent), the Cantonese (19 percent) and the Teochews (22 percent). Among the Indians there is also a great diversity (Tamils, Malayalis, Punjabi, etc.). The Malay group includes Boyonese, Javanese and Bugis. See Iain Buchanan, Singapore in Southeast Asia: An Economic and Political Appraisal, (London: G. Bell and Sons, Ltd., 1972), pp. 165-6.
5. Swee Hock Saw, Singapore: Population in Transition, (University of Pennsylvania Press, 1970), p. 25. Births and deaths since 1966 are as follows:

Year	Births and Deaths	
	Live Births	Deaths
1966	54,680	10,444
1967	50,560	10,523
1968	47,241	10,982
1969	44,562	10,224
1970	45,934	10,717
1971	47,688	11,329

Source: The Far East and Australasia, 1973: A Survey and Directory of Asia and the Pacific, (London: Europa Pub. Ltd., 1973), p. 593.

6. The Manchus permitted temporary emigration of Chinese males, but feared the establishment of foreign centers of disaffection and therefore ensured the eventual return of the emigrants by holding the wives in China. The cost of travel also limited family emigration as did the cultural

value placed on ancestor reverence and the corresponding desire to be buried in China.

7. Wilfred Blythe, The Impact of Chinese Secret Societies in Malaya, (London: Oxford University Press, 1969).
8. C.M. Turnbull, The Straights Settlements, 1826-1867, (London: University of London and Athlone Press, 1972) p. 107.
9. Wilfred Blythe, p.1.
10. C.M. Turnbull, p. 115. The author elaborates on how the small European community was benefited by the internal divisions within the Chinese population and the division between the Chinese as a whole and the Malays: "This general peacefulness derived mainly from the heterogeneous character of the population. The Straights authorities realized that the divisions between the various communities gave the government strength. In times of emergency it was prepared to play off one community against another, as in 1857 when thousands of Malays were called in from Province Wellesly to counteract possible trouble from the Penang Chinese" (p. 101).
11. C.M. Turnbull, p. 115. The secret societies were not successfully suppressed until 1865 when a headman of one faction surrendered evidence voluntarily. See p. 105.
12. N.J. Ryan, p. 115. C.M. Turnbull documents a statement made by the Secretary of State for India in 1859 that two-thirds of the revenue actually collected in the Straights came from the excise farms (opium) rather than "the industry of the people" (p. 204). More than one-fifth of the total population and one-half of all Chinese adults were addicts (p. 219).
13. J.C. Caldwell, "The Demographic Background", in T.H. Silcock and E.K. Fisk (editors), in The Political Economy of Independent Malaya, (Canberra: The Australian National University, 1963), p. 124.
14. Herbert Blumer argues that industrialization reinforces this pattern rather than serving to reduce racial segregation. See Herbert Blumer, "Industrialization and Race Relations", in Guy Hunter (editor), Industrialization and Race Relations, (New York: Oxford University Press, 1965), pp. 220-252. In Malaya the average per capita incomes for the three ethnic groups in 1958 were: Malays, M\$359; Chinese, M\$848; Indian, M\$691. See Alvin Rabushka, Race and Politics in Urban Malaya, (Stanford, Cali.: Hoover Institution Press, 1973), p. 26.

15. Bruno Lasker, "Asia on the Move", in Franklin D. Scott (editor), World Migration, (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1968), p. 125. The magnitude of Chinese migration back to China throughout the colonial period is suggested by data compiled by J.C. Caldwell, (op. cit.) p.60. Although at least 17 million Chinese had immigrated since the British arrived, the 1947 census enumerated barely two and one-half million. This is contrasted with the non-transient nature of British immigration into Australia between 1788 and 1902. The census figure yielded a number of almost twice the number of immigrants.
16. N.J. Ryan, p. 209.
17. J.C. Caldwell, p. 89.
18. Anthony Short, "Communism and the Emergency", in Gungwu Wang (editor), Malaysia: A Survey, (New York: Frederick A. Praeger Pub., 1964), pp. 149-160.
19. T.G. McGee, "Population: A Preliminary Analysis", in Gungwu Wang (op. cit.), pp. 67-81.
20. The British policy was to import labor so that the existing Malay village society would remain undisturbed. See D. Steinberg, In Search of Southeast Asia, (New York: Praeger Publishers, 1971), p. 324. K.G. Treggoning sees an explicit policy of "divide and rule" in British dealings with Malaya. He notes that the British toleration of Chinese language schools in Malaya is not followed in the experience of India, Burma and Ceylon where the British government did not establish vernacular schools. See K.G. Treggoning, "The Chinese in the Plural Society of Malaya", in the Symposium on Economic Problems of the Far East, (University of Hong Kong, 1961), cited in Gayle D. Ness, Bureaucracy and Rural Development in Malaysia, (Berkeley and Los Angeles: University of California Press, 1967), p. 45.
21. N.J. Ryan, p. 139. The author notes that the establishment of the Resident System to protect British investments coincides with the return of Disraeli and the conservatives to power in England in 1874. The events in colonies are closely tied to external events.
22. N.J. Ryan, p. 141.
23. Ibid. Buchanan, (op. cit., p. 32) notes that in the five years following the establishment of the Federated Malay States the volume of Malayan trade nearly doubled. Between 1894 and 1905 rubber acreage increased from 5-10 acres to 300,000 acres.

24. T.H. Silcock, *The Commonwealth Economy in Southeast Asia*, (Durham, N.C.: University Press, 1959), p. 60.
25. N.J. Ryan, p. 231.
26. T.H. Silcock, p. 65. Prior to World War II attempts were made to attract the Unfederated States into the Federation. Two measures were the extension of the Malayan Civil Service and the creation of a separate civil service for the Straights Settlements. Within the Malayan Civil Service positions were interchangeable and it was deemed necessary to establish a separate bureaucracy for the Settlements to ensure that the Sultans would not become subject to Chinese administrators. World War II interrupted these efforts. The Japanese further aggravated communal tensions by favoring the Malays at the expense of the Chinese whose support they did not expect. See N.J. Ryan (op. cit.), p. 194 and pp. 227-8.
27. T.H. Silcock, p. 65. This information is based on the author's residence in Malaya and research intended for a memorandum documenting his discussions with the War-time Malayan Planning Unit.
28. T.H. Silcock, p. 71.
29. In 1971 the exports of Malaya were still predominantly rubber (36.2 percent) and tin and tin ore (23.1 percent), see Malaysia 1972, Official Yearbook, Vol. 12 (Kuala Lumpur, 1974), p. 554. In Malaya in the early 1960's the balance of trade was favorable, but the outflow of net profits to non-residents resulted in a negative balance of payments with the negative balance of invisible trade being on the order of M\$500 million annually. See E.L. Wheelwright, Industrialization in Malaysia, (New York: Cambridge University Press, 1965), p. 109. At the beginning of the 1970's foreigners still owned 62 percent of the assets of the limited liability companies engaged in commercial and industrial activities while 23 percent was owned by the Chinese, 1.5 percent by the Malays and 0.9 percent by the Indians. See Alvin Rabushka, Race and Politics in Urban Malaya, (Stanford, Calif.: Hoover Institution Press, 1973), p. 19.
30. The Report on the Economic Aspects of Malaysia by a Mission of the International Bank for Reconstruction and Development under the Chairmanship of Monsieur J. Reuff (1963), cited in J.M. Gullick, Malaysia and its Neighbors, (London: Routledge and Kegan Paul, 1967), p. 156.
31. Ibid. p.160.

32. The Reuff Report (fn. 30) recommended that the choice of investment location be left to the investor. Differential incentives might be used to encourage investments in the new areas, but investments were not to be restricted in the developed areas since the overarching goal was one of achieving a maximum overall growth rate (Para. 97). See J.M. Gullick, (op. cit.), p. 158. The difficulties in merger between Singapore and the Federation revolved around the fact that the developed and less developed sectors of the economy were dominated by the Chinese and the Malays respectively, with the Malays protecting themselves through "special privileges". Wheelwright (op. cit., p. 137) that reliance on market mechanisms to correct economic imbalances is particularly ineffective in non-homogeneous (i.e., plural) societies. The relevant recommendations of the Reuff Report are reprinted in Wheelwright, pp. 136-7:

item 2: It is recommended that government policy continue to maintain the free market mechanism as the basic guide to decision-making by entrepreneurs. Thus it is recommended that administrative devices, e.g., import quotas, foreign exchange controls, or licensing, should not be adopted to promote, determine location, or otherwise control industrial development.

item 4: If, after several years, industrial growth should show a tendency towards excessive concentration in one or two areas, it might be legitimate to introduce differential incentives to encourage a better balanced regional growth.

item 5: It is recommended that industrial policies be kept separate from policies aimed at encouraging the development of backward or depressed areas of the economy, which should be handled on a separate basis.

(para. 98): There remains the question of whether industrial promotion policies can also be adopted to help meet the needs of especially depressed or backward areas of the economy. Experience elsewhere indicates that assistance for such areas can generally be rendered most effectively through special efforts to improve basic social and economic facilities and through specially tailored programmes of training or relocation. However, we believe that such programmes can best be carried out under special legislation or by distinct agencies directed primarily at meeting the special needs of such areas, and that they should not and need not modify significantly the general aim of promoting an efficient and competitive manufacturing sector.

CHAPTER SIX

THE DOMESTIC ECONOMY

Chapter Five demonstrated that during the colonial period the major contributor to population growth in Singapore was net immigration. T.H. Silcock points out that immigration was adjusted to maintain a balance between labor demand and labor supply which would assure a reasonable level of income for the population of Singapore.¹ Following independence, immigration has declined and natural increase has accounted for the greatest part of population increase. Singapore has had to provide increased employment opportunities through industrialization, and since 1965 this has been accomplished in the absence of a hinterland which might have provided necessary natural resources, seasonal employment and a domestic market.

In recent years capital and expertise have migrated to Singapore in a pattern which reverses the colonial movement of mobile labor to the opportunities offered by entrepot activities and rubber and tin production in Malaya. Chapter Six will document the growth of the manufacturing sector of the Singapore economy while Chapter Seven will relate this to the interests of foreign capital and to trade volumes which still account for the largest part of the Gross National Product. The relationship between these economic trends and regional politics will be examined in Chapters Eight and Nine.

Domestic Employment Needs

Prior to independence in 1959, F.J. Lyle, the Colombo Plan Industrial Development Adviser, completed his report on the future employment requirements of Singapore.² It was found that in 1957 entrepot trade activities employed approximately 71,362 persons (5,000 more than were employed in manufacturing activities) but that the volume of entrepot trade had remained constant over the preceding five years. Calculations showed that if world trade increased at a rate of two percent per year, and if Singapore retained its share of this trade, the Singapore economy would create only 60,000 new jobs between 1960 and 1964. This was to be compared to the 55,000 unemployed in 1958 and an additional 40,000 who would be looking for work within the planning period.³

The growth of the Singapore labor force is documented in Table 15. Table 16 indicates the increasing labor unrest as expressed in industrial work stoppages. These figures can be compared to the unemployment rates in Table 15. In 1961 when unemployment reached a peak of 15 percent, the man-days lost through work stoppages were high at 426,127. However, the pattern of work stoppages is more responsive to political events, being highest immediately prior to the withdrawal of British control from Malaya and the end of the Emergency and lowest immediately prior to the granting of independence to Singapore in 1959. The very low figures for 1967 and 1968 reflect a tightening control of labor by the Singapore Government, which is related to Singapore's political vulnerability.⁴

TABLE 15

Estimates of Labour Force, Employment and
Unemployment, 1957-1965 (Persons Fifteen
Years of Age and Above)

Year	Labour Force (Thousands of Persons)	Employment (Thousands of Persons)	Unemployment (Thousands of Persons)	Percent Unemploy- ment
1957	471.6	448.6	23.0	4.9
1958	481.4	428.4	53.0	11.0
1959	491.3	426.6	65.0	13.2
1960	500.2	432.6	67.6	13.5
1961	511.2	434.5	76.7	15.0
1962	525.6	445.1	80.5	15.3
1963	540.7	465.0	75.7	14.0
1964	556.7	479.6	77.1	13.8
1965	573.0	502.4	70.6	12.3
1967	627.1	525.2	75.0	12-14.2
1969	654.0	610.0	44.0	6.7
1970	668.0	--	--	--
1972	751.0	715.0	36.0	4.8

Sources: 1957-1965 and 1970, W.E. Chalmers, Crucial Issues in Industrial Relations in Singapore, (Singapore: Donald Moore Press Ltd., 1967, p. 180 and 182.

1967, columns 1 and 2, Hock Swee Saw, Singapore: Population in Transition, (University of Pennsylvania Press, 1970), p. 168. The author places the 1962 Labor force at 542.8, and 1972 at 739.9.

1967, columns 3 and 4, Iain Buchanan, Singapore in Southeast Asia, (London: G. Bell and Sons, 1972), p.199. The author places the labor force at 600, 160.

1969 and 1972, Annual Budget Statement of 1973, Table 9, cited in T. and F. Geiger, Tales of Two City-States, (National Planning Association, 1973), p.160.

TABLE 16

Industrial Stoppages in Singapore

Year	Stoppages (Beginning in Period)	Workers Involved	Man-Days Lost
1954	8	11,191	135,206
1955	275 (10)	57,433	946,354
1956	29	12,373	454,455
1957	27 (1)	8,233	109,349
1958	22 (2)	2,679	78,166
1959	40 (1)	1,939	26,588
1960	45 (1)	5,939	152,006
1961	113 (4)	43,764	426,127
1962			165,124
1964			34,908
1965			49,388
1967			5,000
1968 (first seven months)			(700 hours)

Note: The figures in brackets refer to the number of lockouts.

Sources: 1954-1961, Commission for Labour, Singapore, printed in the Far Eastern Economic Review, XXXV:4 (Jan. 25, 1962), p. 131.

1962-1968, Thomas Bellows, The People's Action Party of Singapore: Emergence of a Dominant Party System, Monograph Series No. 14 (Yale University of Southeast Asia Studies, 1970), pp. 91-112.

The growth of the labor force and the limited occupational potential of entrepot activities required that specific measures be taken to stimulate growth in other sectors of the economy. The strategy chosen was to encourage private investment in the hopes that an additional 30,000 jobs could be created during the first planning period (1961-1964). These would supplement the 40,000 new jobs which were anticipated in existing economic activities, and would be directed at meeting the current unemployment level as well as the 52,600 net additions to the labor force expected by 1964.⁵

The program included the formation of a Division of Industrial Development within the Ministry of Commerce and Industry whose major purpose was to attract business from overseas. Other functions were to identify opportunities for expansion in existing industries, to survey imports to identify opportunities for import-substitution and to induce firms exporting to Singapore to locate their manufacturing plants in Singapore. In August 1961 the Economic Development Board (see Appendix H) was empowered to participate financially in new investments and to provide the required infrastructure. In the following four years it launched six industrial estates, including the 9000 acre Jurong Project, as well as providing roads, rail, port and telecommunication facilities, utilities, and residential and factory buildings. Incentives to new industries include tax exemptions, duty-free

import of machinery and raw materials, long term financing, preferential purchase of local manufactures by the Singapore Government, complete freedom in the repatriation of profits and capital and the assistance of governmental product testing and packaging agencies.⁶ These and other incentives were consolidated in the Economic Expansion Incentives Act of 1973. In 1962 the National Wage Council representing the Trade Union Congress, employers' organizations and the Government was established to control wage rates and thereby keep production costs competitive.⁷

The 1961-64 Development Plan emphasized that industrialization in Singapore under the centralized direction of the Economic Development Board might simply lead to the immigration of laborers from Malaya where industrialization efforts were being less systematically promoted. Between 1949 and 1959 the estimated immigration was thought to have contributed 75,000 people to the labor force, and it was estimated that immigration could in subsequent years equal the anticipated annual increase in the labor force.⁸

Expenditures of the Development Plan on job creation included 8,000 in public services, 12,000 in public construction and 20,000 from normal growth. This left 44,000 to be covered by manufacturing promotion if the projected demand and backlog (84,000 total) were to be accommodated by the end of 1964.⁹

The demand for jobs can be translated into required in-

vestment capital at S\$ 20,000 per job. Even 30,000 new jobs to be provided over the four-year period would have required S\$600 million, while capital formation in the private sector for the preceding four years was estimated at S\$ 450 million.¹⁰ The possibility of funding new industry with Government funds rather than foreign investment is suggested by the fact that foreign exchange reserves held by the Singapore Government in 1962 amounted to S\$ 700 million.¹¹ Wheelwright estimates that S\$ 100 million per annum would have been adequate:

Taking into account the sums already allocated to the Economic Development Board, it would have been possible for the Government itself to finance half of such expenditure (S\$50 million) each year for four years, through public enterprise, thus assuring that at least half its employment target was reached, and providing a much better chance of attracting private individual investment to make up the balance.¹²

This analysis is significant in view of the data shown in Table 15. The unemployment rate during the 1961-64 period declined from 15.0 percent to 13.8 percent, but the number of unemployed actually increased slightly, from 76,700 to 77,100. In more recent years, the dependence on foreign investment has been justified in terms of the needed expertise rather than the capital itself. For Singapore to compete on the world market rather than to manufacture goods for a protected domestic market, it is necessary to be at the forefront wherever it concentrates its manufacturing efforts.

The decision to induce foreign firms to manufacture

their products in Singapore was not coordinated with the industrialization program of Malaya. Capital was often invested in similar ventures in each of the territories to serve a single local market, resulting in a duplication of facilities. Firms which one territory regarded as new investments were often simply relocating from the other territory, and thus did not represent a net gain in economic productivity for the region as a whole.¹³

The success of the industrialization program in providing employment is difficult to assess precisely, since the unemployment rate is not easily measured. The figures in Table 15 are based on a combination of sources including trade union reports, Employment Exchange Records and social insurance payments. Criticizing the Labour Exchange figures for 1968, Dr. Goh Keng Swee remarked:

It is a sobering thought that with the prodigious effort put in and the vast amounts of money and resources which the government has been channelling towards increasing the growth of manufacturing industries, all that has been achieved is a 5,000 net increase in employment in...these industries each year.¹⁴

The unemployment rate was believed to have dropped to 4.8 percent by 1971.¹⁵ The domestic impact of the industrialization program will be more fully analyzed in the appropriate section below.

The invitation extended to foreign capital to locate their industries in either Singapore or the Federation were largely incompatible with the free port status of Singapore.

Foreign manufacturers would not be attracted to Malaya as long as their products enjoyed duty-free access into the wider region through Singapore.¹⁶ Industrial development of Malaya depended upon some sort of tariff agreement with Singapore entrepot interests while industrialization of Singapore required access to the markets of Malaya. In Singapore it would be necessary to ensure that jobs produced by industrial development were not gained at the expense of existing jobs in the import and export houses. For the Federation the problem had four major aspects:

1. Tariffs must not raise the cost of living since rubber and tin processing depended upon cheap labor, and new industrial jobs might deplete the number of laborers in the primary industries,
2. The import houses would suffer if products were produced in Singapore rather than shipped there for marketing,
3. Conflict existed between the various Government offices, with the Treasury Department dependent upon import duties for 30 percent of the Federal and State revenues in Malaya,
4. The benefits of industrial development would accrue to the Chinese in Malaya, while the rural Malays would be burdened with a higher cost of living. The predominantly Malay administration was also hesitant to extend tariff protection to the Chinese entrepreneurs.¹⁷

The more aggressive industrialization program of Singapore was incompatible with the economic structure of Malaya as a whole, which relied more heavily on the production of rubber and tin. This incompatibility coincided with the ethnic division of Malaya and Singapore which found the Chinese in the urban and industrial sector of the economy, while the Malays were concentrated in the manufacture of primary products for export.

Changes in the Singapore Economy

The initial push toward industrialization in Singapore was based on the assumption that new industries would be mutually supporting and that they would share a market large enough for all. Until the expulsion of Singapore from Malaysia the domestic market was adequate, but thereafter an increasing emphasis on export industries, supported by foreign capital and technical knowledge, has been necessary.¹⁸ Table 17 summarizes the shifting emphasis placed on the different sectors of the Gross Domestic Product between 1960 and 1972. The Goods Sector has increased from 17.3 percent of the total to 33.8 percent, the bulk of this being due to the growth of manufacturing and quarrying (from 9.2 percent to 23.5 percent). Entrepot and military activities both declined significantly. Appendix J shows that the low percentage of the Gross Domestic Product derived from primary industries (agriculture and fishing) is anomalous among Asian countries.

TABLE 17

Percentage Shares and Growth Rates
of Gross Domestic Product by Major Sectors,
Selected Years, 1960-72

Major Sector	Percent of Gross Domestic Product				Average Annual Rate of Growth		
	1960	1966	1970	1972 Prelim.	1960-1966	1966-1972	1960-1972
<u>Goods sector</u>	17.3	22.8	28.5	33.8	8.6	13.9	11.2
Agriculture and fishing	6.1	4.5	3.0	2.8	3.5	5.0	4.2
Manufacturing and quarrying	9.2	14.5	20.2	23.5	17.2	23.4	20.3
Construction	2.0	3.8	5.3	7.5	20.6	27.5	24.0
<u>Services Sector</u>	82.7	77.2	71.5	66.2	7.4	11.0	9.1
Electricity, gas and water services	2.3	2.2	2.5	2.4	7.6	15.6	11.5
Wholesale and retail trade	31.8	26.1	30.5	27.1	5.2	14.6	9.7
(Entrepot)	(18.6)	(10.4)	(12.1)	(9.5)	-1.5	12.1	5.1
(Domestic)	(13.2)	(15.7)	(18.4)	(17.6)	12.0	16.0	14.0
Ownership of dwellings	4.5	4.2	3.6	4.9	7.3	16.9	12.0
Government Services	5.2	7.3	6.9	6.6	15.0	11.9	13.4
Other	38.9	37.4	28.0	25.2	7.9	6.6	7.3
(Military)	(13.6)	(16.3)	(7.4)	(2.8)	12.0	-15.2	-2.6
(tourism)	(1.5)	(2.5)	(4.9)	(5.4)	18.3	29.7	23.9
(banking and insurance)	(1.7)	(1.8)	(1.7)	(2.1)	10.5	16.2	13.2

Note: Between 1959 and 1971 the Gross Domestic Product rose from S\$ 1968.0 million to S\$ 6471.2 million (328 per-cent. S.Y. Lee, p. 189.

Source: Singapore Government, Annual Budget Statement, February 1973, Tables 1, 1a and 1b; combined and reprinted in Theodore and Frances Geiger, Tales of Two City-States, Washington D.C.: National Planning Association, 1973, p.167.

In Malaya 61.8 percent of the labor force is engaged in primary production while in Singapore the figure is 7.3 percent. The work force in Singapore not engaged in industrial production is found in the Service Sector rather than in primary production. In 1972 over 66 percent of the Gross Domestic Product was generated in this sector (Table 17). Appendix K shows that in Malaya 28.5 percent of the population was employed in the tertiary sector while in Singapore nearly 72 percent made their living in this sector. The non-industrial labor force is absorbed in the Service Sector in Singapore while in most Asian countries, which are not separated from a rural hinterland, employment is found in agriculture and resource extraction. The merger between Singapore and the Federation was to be troubled by the more urgent need for industry in Singapore and the concern of the Central Government for rural development.

The shift toward manufacturing for export (as opposed to import substitution) is documented in Table 18. As national output has increased, the ratio of exports as a proportion of output has also increased, rising slightly from 35.3 percent to 38.9 percent during the 1960's. The export growth rate was lowest in 1963, which may be accounted for by the reclassification of exports to Malaysia as internal trade,¹⁹ and highest in 1969, which would include oil exports to Vietnam (S\$ 300 million). Since the proportion of exports to output does remain constant it cannot be concluded that the Singapore economy has actually restructured itself around manufacturing.

TABLE 18

Output and Export Values and Export/Output
Ratios, 1960-70

Year	Output		Exports		Export/ Output Ratio (Percent)	Incremen- tal Export/ Ratio (Percent)
	S\$ Millions	Annual Growth Rate	S\$ Millions	Annual Growth Rate		
1959	398.9					
1960	465.6	16.7	164.3		35.3	
1961	518.4	11.3	179.1	9.0	34.5	27.9
1962	660.3	27.4	217.5	21.5	32.9	27.1
1963	843.8	27.8	223.8	2.9	26.5	3.4
1964	927.9	10.0	266.4	19.0	28.7	50.6
1965	1,086.4	17.1	349.2	31.1	32.1	52.2
1966	1,325.8	22.0	404.9	16.0	30.5	23.3
1967	1,687.2	27.3	508.2	25.5	30.1	28.6
1968	2,175.7	29.0	598.5	17.8	27.5	18.5
1969	3,213.9	47.7	1,265.3	111.4	39.4	64.2
1970	3,916.3	21.9	1,523.0	20.4	38.9	36.7
1971	4,827.7	23.1				

Source: S.Y. Lee. "Some Basic Problems of Industrialization in Singapore", Journal of Developing Areas, 7:2 (Jan. 1973), p. 199.

However, the composition of exports has changed significantly, with petroleum products rising to 38.1 percent of the total and electrical equipment from 8.3 percent to 13.9 percent (Table 19). The Gross Domestic Product includes a large and growing petroleum industry which is low in labor demand, and an electronics assembly industry which is labor-intensive. The dependence of the Singapore economy upon foreign capital

TABLE 19
Composition of Manufactured Exports
for 1960 and 1970

Main Industry Group	1960		1970	
	S\$ Millions	Percent	S\$ Millions	Percent
Food manufactures	23.3	14.2	185.7	12.2
Beverages	18.1	11.0	13.1	0.9
Tobacco	0.3	0.2	4.0	0.3
Textiles and garments	} 4.1	} 2.5	40.8	2.7
Footwear			59.5	3.9
Leather products			8.3	0.6
Wood and cork	17.2	10.5	84.8	5.6
Furniture and fixtures	1.2	0.8	2.5	0.2
Paper products	1.4	0.8	5.9	0.4
Printing and publishing	7.2	4.4	13.2	0.9
Rubber products	12.8	7.8	25.6	1.7
Chemical products	} 29.1	} 17.7	27.3	1.8
Petroleum products			580.1	38.1
Nonmetallic mineral products	14.9	9.1	25.3	1.7
Basic metals	3.0	1.8	15.9	3.4
Metal products	12.9	7.9	51.0	1.1
Machinery	4.0	2.4	17.0	13.9
Electrical-electronics	13.7	8.3	212.0	6.5
Transport equipment	0.7	0.4	98.5	3.4
Miscellaneous	0.3	0.2	52.4	
Total Manufactures	164.3	100.0	1,523.0	100.0

Source: Census of Industrial Production for 1960-1970, and Chia Siou Yue, "Export Performance and Foreign Manufacturing Firms in Singapore", a paper delivered at the Symposium on Singapore in the International Economy, (University of Singapore, 1972), compiled by S.Y. Lee, op. cit., p. 201.

is demonstrated in Appendix J which shows that in 1971 and 1972 bank loans and advances to the chemical and petroleum industries were S\$ 157 and S\$ 154 millions respectively (i.e., 6 percent and 4.3 percent of total loans and advances). Table 18 shows that in 1970 total exports accounted for 38.9 percent of national output. Nearly 15 percent of total output is due to petroleum refining while domestic bank loans to both chemical and petroleum industries were only 4.3 percent of all loans granted.

The gross value added in manufacturing increased from S\$ 122.6 million in 1959 to S\$ 1,197.6 million in 1971.²⁰ This represents a 977 percent increase while the labor input rose only 560 percent, from 26,000 to 143,000 (these figures overlook increased skills per worker).²¹ This labor increase, however, is higher than for the economy as a whole (400 percent) which indicates that industry has created more jobs than have resulted from equivalent investments in commerce.²² That commerce has been hurt by the increase in domestic production of goods and therefore has experienced a lower net increase in labor input is likely, although this would be more true if manufacturing efforts were confined to domestic consumption needs (which would reduce import requirements).

If the economic viability of the Singapore economy depends upon labor productivity²³ progress can be measured in terms of the value-added per worker and the capital investment required to support increased productivity. Table 20 indicates that labor productivity has risen 59.2 percent since 1959

TABLE 20
Gross Value-Added and Average Capital
Per Worker, 1959-70

Year	Gross Value Added Per Worker (Labor Productivity)		Average Capital Per Worker (Capital Intensity)		Capital/ Value-Added Ratio
	S\$	Index	S\$	Index	
1959	4,786.6	100.0	10,225.5	100.0	2.14
1960	4,607.7	96.3	9,578.2	97.8	2.08
1961	5,646.0	118.0	9,806.7	95.9	1.74
1962	6,184.0	129.2	10,099.1	98.8	1.63
1963	5,893.1	123.1	9,268.9	90.6	1.57
1964	5,808.4	121.3	9,690.3	94.8	1.67
1965	6,205.6	129.6	10,344.3	101.2	1.67
1966	6,538.3	136.6	12,050.7	117.8	1.84
1967	6,792.5	141.9	13,283.6	129.9	1.96
1968	6,956.9	145.3	11,932.3	116.7	1.72
1969	7,212.1	150.7	12,847.7	125.6	1.78
1970	7,620.2	159.2	14,716.1	143.9	1.93
1971	8,389.6	175.3			

Note: Figures for 1971 are preliminary estimates.

Source: S.Y. Lee, "Some Basic Problems of Industrialization in Singapore," Journal of Developing Areas, 7:2 (Jan. 1973), p. 191.

while the amount of capital investment per worker has increased only 43.9 percent (1970 figures). The capital value-added ratio has dropped from 2.14 in 1959 to 1.93 in 1970, indicating that increased investment in manufacturing has yielded an increasing rate of productivity per worker.

Singapore has experienced rapid growth of its manufacturing industries. Output has increased from S\$ 398.9 million in 1959 to S\$ 4,827.7 million in 1971. Exports have increased at a comparable rate, rising from S\$ 164.3 million in 1960 to S\$ 1,523.0 million in 1970 (Table 18). However, exports have not increased as a proportion of output, remaining at approximately 37 percent for the period.

The rising volume of manufactured products has caused the export volume to rise a corresponding amount. While the growing importance of manufacturing is concealed in aggregate figures, the importance of industrialization effort to the Singapore economy is shown by the growing proportion of domestic manufactures as a component of total exports. Unlike the neighboring Malaysia, Singapore does not base its exports upon domestic natural resources (e.g., rubber, tin). These contribute to Singapore's entrepot trade, but entrepot represents a declining share of the Singapore economy (see Chapter Seven).

The Singapore economy depends upon imported resources, particularly raw petroleum, and the assembly of electronic equipment and other products. This implies a need for competitive labor costs since the advantages of a controlled market and domestic resources are absent. The domestic impact of this will be examined below.

The Domestic Impact of Industrialization for Export

The industrialization of Singapore has yielded a rapidly rising Gross Nation Product. But unlike the industrial

nations of the West and Japan in the Far East, Singapore has relied heavily upon foreign investment.²⁴ The dependence on foreign firms will be analyzed in Chapter Seven. The purpose of this section is to document some of the domestic consequences of this policy. The separation of Singapore from a local hinterland and market during a period when the liberal trade environment of an earlier period has been replaced by highly competitive and protected national markets has required that Singapore compete on the basis of comparative production costs within a world market. ²⁵

The economic niche which Singapore has found consists partly of the production of textile goods, plastics and daily utility goods which are labor intensive. These products are imported by the industrialized countries such as Japan which are concentrating increasingly on the production of high technology products. Singapore is in competition with Hong Kong, Taiwan and South Korea in these areas and this competition is reflected in industrial wage rates as shown in Table 21. While the wage rate in Singapore is higher than that of the other countries listed excluding Japan, it rose by only 2.0 percent between 1964 and 1968. The percent increases for the other countries were: South Korea, 208 percent; Taiwan, 180 percent; Hong Kong, 34 percent and Japan, 63 percent. Between 1959 and 1971 the official consumer price index in Singapore rose by 14.5 percent²⁶ which suggests that effective wage rates actually declined during

TABLE 21
Industrial Wage Rates in Some Asian Countries, 1964-69
(US\$ per Day)

Year	South Korea	Taiwan	Hong Kong	Singapore	Japan
1964	0.48	1.10	1.62	2.48	3.29
1965	0.56	1.20	1.81	2.48	3.58
1966	0.65	1.27	1.93	2.40	4.02
1967	0.80	1.44	2.06	2.56	4.53
1968	1.00	1.61	2.17	2.53	5.24
1969			2.39		5.53

Note: Prior to December 1971 the exchange rate was
US\$ 1.00 = S\$ 3.03.

Source: Industrial Employment in Hong Kong, (Hong Kong: Government Information Services Publication, November 1970), reprinted in S.Y. Lee, "Some Basic Problems of Industrialization in Singapore", Journal of Developing Areas, 7:2 (Jan. 1973), p. 204.

a period when national industrial output was increasing by 1200 percent (Table 18). While industrial wage rates have remained unchanged the average per capita income has increased by 275 percent as is shown in Table 22. A balanced assessment of the distribution of national income must also consider benefits to workers other than wages, such as public housing and schools.²⁷

The stability of industrial wage rates is due primarily to two factors, the Labor Employment Acts of 1968 and the

TABLE 22

National Income and Per Capita Income, 1960-71

Year	National Income (S\$ million)	Per Capita Income (S\$)
1960	2,016	1,210
1961	2,304	1,345
1962	2,407	1,371
1963	2,745	1,525
1964	2,811	1,524
1965	3,024	1,600
1970		2,960
1971	7,000	3,317

Sources: 1960-65, Saw, Swee Hock, Singapore: Population in Transition, (University of Pennsylvania Press, 1970), p. 170.

1970-71, Arun Senkuttuvan, "Meeting the Economic Challenge", Far Eastern Economic Review, 77:32, (August 5, 1972), pp. 4-6.

the Arbitration Court.²⁸ The Singapore Government also has a strong influence on wage scales through wages paid to employees of the Port Authority and the Public Works Department.²⁹

A decline in unemployment rates has resulted in growing pressure for wage increases. In 1971 the unemployment rate was estimated to be 4.8 percent (35,000 unemployed).³⁰ In 1973 the official unemployment rate dropped slightly from 4.7 percent to 4.5 percent due largely to the creation of 50,000

new jobs.³¹ These gains occurred within an inflationary economy which saw the consumer price index rise in the first nine months of 1973 at an annual rate of 14.1 percent.³² This was equal to the official increase for the entire period between 1960 and 1971. In early 1974 the National Wage Council was considering wage increases linked to production increases. The suggested amount was S\$ 25 per month for all of those whose monthly salary was less than S\$ 1000.³³ The impact of the worldwide economic recession on countries such as Singapore which have linked domestic economic development to external markets and foreign investment is beyond the scope of this study. As a country lacking in natural resources and local markets, Singapore is particularly vulnerable to protective tariff barriers which may be imposed by the industrial importing countries as their levels of domestic unemployment rise.

In addition to the distribution of economic growth benefits among economic groups in Singapore, a second major feature of the Singapore economy is the relationship between occupations and ethnic categories. Table 23 shows the percent distribution of the economically active population within each industry by ethnic group. Buchanan shows that each of the major ethnic groups is represented in each industrial occupation but that major concentrations occur within ethnic groups. In commerce, for example, 4 percent of the employees are Malay and 7 percent are Indians, while Indians num-

ber only half as much of the total population as Malays (Chapter Five, Table 9). A concentration of Malays and Indians in utilities and services is also apparent, while the Chinese are dominant in manufacturing and primary activities.

TABLE 23
Distribution of Economically Active Population Within Each Industry by Main Ethnic Groups, 1966

Industry	Chinese	Malays	Indians and Pakistanis	Others	
Primary	93	5	2	--	(100)
Manufacturing	90	5	4	1	(100)
Construction	87	6	6	1	(100)
Utilities (Gas, Water, Sanitary, Electrical)	42	22	33	3	(100)
Commerce	87	4	7	2	(100)
Transport, Storage and Communication	81	8	7	4	(100)
Services	70	14	10	6	(100)

Source: Iain Buchanan, Singapore in Southeast Asia, (London: G. Bell and Sons, Ltd., 1972), p.175.

These figures can be compared to those for Malaya to show the degree to which ethnic categories tend to reinforce economic lines of cleavage within the two societies. In 1957 7.9 percent of Singapore society was engaged in agri-

culture, forestry and fishing.³⁴ In Malaya 45.0 percent of the Malay ethnic group were engaged in these activities. In Malaya estate agriculture (e.g., rubber) occupied 28.2 percent of the Malays and 27.2 percent of the Chinese and 54.3 percent of the Indians. In the manufacturing category, the dominance of the Chinese is demonstrated by the fact that 12.6 percent of the Chinese were involved in this field while only 2.6 percent of the Malays and 3.5 percent of the Indians were. Over three and one-half Chinese were engaged in manufacturing for every one Malay.³⁵ In the commercial category 16.5 percent of the Malays were thus employed. The concentration of the Chinese in urban and commercial activities is shown in Table 24.

The occupational specialization of ethnic groups in Singapore reflects this broader regional specialization of Malays and Chinese between rural and urban activities, with the surplus urban Malays confined to the less technical occupations in urban Singapore. Malay dominance of the civil service in the Federation was one means of redressing this imbalance. In succeeding Chapters the dominance of the means of redistributing national wealth by the Malays and the disproportionate share of taxes borne by the Chinese under the progressive income tax, will be given as key reasons why Singapore did not remain in the Federation. However, as was noted in Chapter Three, the more profound differences between Malay and Chinese society cannot be explained in such purely functional terms (which provide only the proximate cause of conflict).

While Singapore does exhibit class-stratification as Buchanan shows,³⁶ its status as a sovereign state

TABLE 24

Economically Active Population
Percentages by Racial Group and
Occupation in Malaya, 1957

Industry	Malays	Chinese	Indians
Agriculture, Forestry, Hunting, and Fishing	45.0	13.1	1.4
Estate Agriculture	28.2	27.2	54.3
Mining and Quarrying	1.0	5.2	2.2
Manufacturing	2.6	12.6	3.5
Building and Construction	2.2	4.2	3.9
Electricity, Gas and Water	0.4	0.4	1.3
Commerce	3.1	16.5	10.4
Transportation, Storage, and Communication	2.6	3.8	5.1
Services	12.5	14.2	15.4
Unspecified or Inade- quately Described	0.6	1.2	0.8
Unemployed but Looking for Work	1.9	1.7	1.8

Note: The Number of economically active members of each of the ethnic groups were: Malays, 1,023,729; Chinese, 771,963; and Indians, 312,956.

Source: 1957 Population Census, Report No. 14, adapted from Table No. 12, pp. 111-22 by Alvin Rabushka, Race and Politics in Urban Malaya, (Stanford, California: Hoover Institution Press, 1973), Table 4, p. 25.

results from this regional and communal division between occupations along ethnic lines. Rather than dissolving ethnic boundaries, economic development and urbanization have tended to reinforce them in the Malay region, with control of Government institutions becoming the means by which the Malays sought to compensate for their disadvantage. It is this larger context which accounts for the existence of Singapore as a sovereign and predominantly Chinese state in the Malay region. Economic integration of the region to the extent that it has occurred, has been accompanied by the articulation of Singapore as a sovereign state rather than its membership in a wider Federation which would have oriented industrial development more toward domestic production and which might have led to a less independent Singapore foreign policy. These questions will be treated in the following Chapters.

The British Military Withdrawal

The need to expand the industrial sector of the Singapore economy has been presented as a means of providing employment for an expanding population. The need to generate additional jobs and to link these to a wide range of foreign investors from several countries was aggravated by the announced early withdrawal of the British fleet in 1968. At the time of the announcement it was estimated that 47,000 Singapore workers were directly employed by the naval base while an additional

53,000 would be indirectly affected by the withdrawal. About sixteen percent of the Gross Domestic Product was derived from the presence of the British fleet. This included the impact of S\$ 400 million spent annually by the armed forces utilizing the base.³⁷

Buchanan shows that as the contribution of the entrepot trade sector of the economy declined from 19.1 percent (of the Gross Domestic Product) in 1960 to 17.0 percent in 1969, the share of British military spending associated with the naval base declined from 20.0 percent to 9.0 percent. The declining share of the tertiary sector of the economy was due primarily to this factor rather than declining entrepot activity.³⁸ The increase in manufacturing did not represent a replacement of entrepot activities so much as it did a compensation for the withdrawal of the British military presence.³⁹

The goal announced by the Finance Minister, Dr. Goh Keng Swee, in 1967, was to accomplish the following:

1. generate an additional S\$ 80 million in Government expenditure to offset the reduction in British military spending,
2. create 18,000 additional jobs to absorb the unemployed, and
3. create 25,000 new jobs for teenagers entering the labor market, in each of the next three years.⁴⁰

The British Government committed itself to donating fifty million pounds to ease the economic transition,⁴¹ but this came partly in the form of the transfer of military equipment to the Singapore Government.⁴²

The reduction of the unemployment rate to 4.8 percent in 1971⁴³ when the withdrawal was completed shows the intensity of the effort that was made, but also illustrates the vulnerability of the Singapore economy to external forces beyond its control.⁴⁴ Rather than mobilizing indigenous resources in the process of national development, Singapore (which lacks both local markets and resources) has depended upon foreign investments and markets and technology as a means of achieving economic development and maintaining political autonomy.

This outward orientation became a dominant strategy once membership in a regional Federation of Malaysia failed (1965). The vulnerability of Singapore to foreign events is directly related to the internal politics of both Singapore and the Federation which led to the expulsion of Singapore. The inclusion of several communal groups within the People's Action Party of Singapore was incompatible with the Alliance of communal parties found in the Federation. Underlying these formal differences, was the tension between Malays and Chinese in the region and the difficulty in building a multi-national political and economic union. These issues will be explored in Chapters Eight and Nine.

ENDNOTES

1. T.H. Silcock, The Commonwealth Economy in Southeast Asia, (Durham, N.C.: Duke University Press, 1959), pp. 95-99. For example, the Public Works Department relied heavily upon Indian labor and through immigration quotas was able to provide wages above what was available in India but which were consistent with the wage scales of other occupations in Singapore.
2. E.L. Wheelwright, Industrialization in Malaysia, (New York: Cambridge University Press, 1965), p.21.
3. Ibid.
4. The political aspects of Singapore's economic development include events both within Singapore and Malaya, and will be studied in Chapters Eight and Nine.
5. The Economic Development Plan, 1961-64, Paragraphs 6.43-6.45, cited in E.L. Wheelwright, p. 121. The net additions to the labor force which actually occurred in the years 1961-1964 as indicated in Table 15 total 56,500.
6. United Nations Economic and Social Council, Proceedings of the Asian Conference on Industrialization: Manila, 6-20 December 1965, (Economic Commission for Asia and the Far East, Jan. 1966), p. 88.
7. P. Cheng Lian, "Training Subsidy", Far Eastern Economic Review, 80:24 (June 18, 1973), p. 60.
8. E.L. Wheelwright, p. 82. Immigration from Malaya between 1949 and 1959 was due primarily to the Emergency rather than differential employment opportunities. Wheelwright shows that the net migration rate changed from 11,243 entering Singapore in 1957 to 3,744 departing from Singapore in 1962.
9. E.L. Wheelwright, p. 27. The author assumes a backlog of 31,000 unemployed while the data in Table 15 indicates that in 1960 this figure was 67,600. In 1957 the figure was 23,000 which suggests that as the greater promise of jobs appeared the number of marginally employed actually registering as unemployed increased. In 1957 the number of registered unemployed was 80,911 while in 1960 it was 54,669. See Thomas Bellows, The People's Action Party of Singapore: Emergence of a Dominant Party System, Monograph Series No. 14, (Yale University of Southeast Asia Studies, 1970), p. 85.

10. E.L. Wheelwright, p. 27. The exchange rate prior to the U.S. dollar devaluation of Dec. 1971 was U.S.\$ 1=S\$ 3.03.
11. Ibid. p. 126.
12. Ibid.
13. Ibid. p. 128. Among the legislative tools designed to encourage investment in Singapore was the Industrial Expansion Ordinance of 1959 which induced existing firms to expand in Singapore rather than the Federation by granting income tax relief (pp. 22-23).
14. Goh Keng Swee, 1968 Budget Speech, cited in Iain Buchanan, Singapore in Southeast Asia, (London: G. Bell and Sons Ltd., 1972), p. 160.
15. S.Y. Lee, "Some Basic Problems of Industrialization in Singapore", Journal of Developing Areas, 7:2 (Jan. 1973), p. 198. Between 1959 and 1971, employment in manufacturing increased from 26,000 to 143,000 (p. 190).
16. E.L. Wheelwright, p. 124. Originally, tariffs were imposed on only soap, paints, tobacco, liquor, petroleum. The merger of Singapore with the Federation of Malaysia and the construction of a common market area required additional tariffs behind which import substituting industries would become competitive.
17. E.L. Wheelwright, p. 97.
18. S.Y. Lee, p. 212.
19. Singapore joined the Federation of Malaysia in 1963 and was subsequently expelled in August of 1965. The decline in the annual growth rate of exports in 1966 coincides with the loss of privileged access to the markets of the Federation.
20. S.Y. Lee, table 1, p. 187. While industry rose from 13.0 percent to 30.9 percent of the Gross Domestic Product, with manufacturing accounting for most of this, commerce declined slightly from 31.7 percent to 29.5 percent. Services declined from 49.1 percent to 36.7 percent (1959-1971). See S.Y. Lee, p. 189.
21. Ibid., table 3, p. 190.
22. Ibid., p. 197.
23. S.Y. Lee and others argue that economic development in Singapore depends upon labor productivity. To accomplish this increasingly stringent controls on wages and labor have been instituted. See the following section in this Chapter.

24. In Japan the equivalent to the multinational corporations investing in Singapore was the domestic zaibatsu houses. These were not controlled by foreign interests, but instead expanded outward from Japan. The absence of tariff protection in Japan after the treaties of 1858 and 1866 was responded to in the form of direct government involvement in business rather than foreign investment. During the entire period between 1896 and 1913, foreign borrowings accounted for 94.5 percent of foreign capital with only 5.5 percent coming from direct foreign investment. See Edwin P. Reubens, "Foreign Capital and Domestic Development in Japan", in Simon Kuznets, Wilbert E. Moore and Joseph J. Spengler (editors), Economic Growth: Brazil, India, Japan, (Durham, N.C.: Duke University Press, 1955), p. 219. Singapore is not comparable with Hong Kong in the sense that Hong Kong relied heavily upon textile production in its initial industrialization stages and was benefited by the absence of textile import quotas in the industrial importing countries. Besides Japan and Hong Kong, the small Western states (Belgium, Switzerland, Denmark, Austria) also benefited from a policy of trade liberalism and passivity in foreign policy. See Dankwart Rustow, A World of Nations, (Washington, D.C.: Brookings Institution, 1967), p. 250. Singapore is distinguished by having secured political autonomy through its diversity of trade connections, such that no single trading partner can exert a dominant influence.

25. Recent efforts have been made to increase the share of small local firms in the growth of the Singapore economy. Small foreign firms which would work more closely with the local firms are attracted Government financial assistance, a five-year tax holiday and a 90 percent exemption from company tax on export profits. See Arun Senkuttuvan, "New Technological Emphasis", Far Eastern Economic Review, 81:32 (August 13, 1973), pp. 19-25.

26. S.Y. Lee, p. 197.

27. For example, between 1960 and 1966 the Housing and Development Board completed 67,000 units capable of housing 15.6 percent of the population. Between 1959 and 1963 the primary school enrollment increased from 267,000 to 336,000. Secondary school enrollment doubled. These factors compensated for rising unemployment and enabled the People's Action Party to retain control in the 1963 elections. See Theodore and Frances Geiger, Tales of Two City-States, (Washington, D.C.: National Planning Association, 1973), p. 160.

28. S.Y. Lee, p. 205. The Employment Act of 1968 and the Industrial Relations Bill of 1968 include provisions dealing with promotions, the internal transfer of employees, the recruitment of staff, the dismissal and reinstatement of employees, and the assignment or allocation of duties or specific tasks to employees. The legislations reduced fringe benefits, increased working hours and gave management greater control over hiring, firing and transfers, in an effort to both increase productivity and channel the unemployed into openings created by reductions in overtime. Overtime was no longer available as a means of compensating for reduced real income due to inflation. See the Far Eastern Economic Review, 61:30 (July 25, 1968), p. 186. Work benefits include one day of rest per week, paid annual leave depending on length of employment, paid sick leave and paid maternity leave. See T. and F. Geiger, op. cit., p. 204. Buchanan reports that between 1962 and 1969 the union membership dropped 36 percent from 190,000 to 121,000 while the labor force increased from 445,000 to 650,000. The drop of union membership from 43 to 20 percent of the labor force is interpreted as a lack of confidence in the unions as a force capable of exerting independent influence on Government policy. See Iain Buchanan, Singapore in Southeast Asia, (London: Bell and Sons, 1972), p. 297.
29. S.Y. Lee, p. 205.
30. S.Y. Lee, p. 198. The term "unemployed" refers to "a person who is not working but is actively looking for work". This definition excludes the large number of hawkers in Singapore who in 1967 were estimated to number between 40,000 and 60,000 or from 6.4 to 9.6 percent of the total labor force (627,000). These figures are taken from Iain Buchanan, op. cit., p. 161. If partially employed petty street vendors are included in the unemployment figures at a ratio of 2:1 the unemployment figure for 1971 could be as high as 10.0 percent, if all the hawkers are not "actively looking for work". S.Y. Lee bases his unemployment figure (4.8 percent) on the issuance of 55,800 work permits by June of 1971, the immigration of skilled and unskilled workers, the decline in workers registering as unemployed, the emigration of workers to Malaysia and labor "poaching" among factories.
31. The Mirror, March 25, 1974.
32. The Mirror, November 25, 1974.
33. The Mirror, March 11, 1974.

34. Swee Hock Saw, Singapore: Population in Transition, (University of Pennsylvania Press, 1970), p. 134. Occupational categories employing more than 10.0 percent of the total population in 1957 were: Clerical (10.4), Sales workers (18.3), Craftsmen, production process workers and laborers (31.3), and Service, sport, entertainment and recreation workers (13.0).
35. The percentages listed for each ethnic group in Table 24 can be multiplied by the "number of economically active members" for each ethnic group, and the results compared.
36. Iain Buchanan, p. 168.
37. Arun Senkuttuvan, "Flying High With LKY", Far Eastern Economic Review, LIX:8 (Feb. 22, 1968).
38. Iain Buchanan, p. 86.
39. Estimates of employment demands to be met by the manufacturing sector were based on the assumption that Singapore's entrepot trade would increase at the rate of 2 percent per year (see fn. 2 and 3). The growth rate of world trade during the 1960's and 1950's is calculated to have been considerably higher, at 6.9 percent. See Lester Pearson, Partners in Development, Report of the Commission on International Development, (New York: Praeger Publishers, 1969), p. 45. The author correlates the growth rates of developing countries more closely with their export performance than with any other single indicator. However, this thesis that trade stimulates growth is questioned by Karl Deutsch and Alexander Eckstein, "National Industrialization and the Declining Share of the International Economic Sector," World Politics, XIII:2 (Jan. 1961). See Chapter Three of this dissertation.
40. Arun Senkuttuvan, op. cit.
41. Far Eastern Economic Review, LIV:12 (March 21, 1968).
42. Far Eastern Economic Review, LX:23 (June 6, 1968), p. 507.
43. S.Y. Lee, p. 198.
44. The withdrawal of the British fleet reflected the worsening balance of payments in Great Britain and political pressures from the Left Labour Party. Over one-fourth of British foreign exchange spending in terms of foreign exchange cost was due to the British presence in Singapore and Malaysia. See H. Hanning, "Britain East of Suez: Facts and Figures", International Affairs, 42:2 (April 1966), pp. 253-60, cited in Mc Dougall, in the Journal of Southeast Asian Studies, IV:2 (Sept. 1973), pp. 229-40.

CHAPTER SEVEN

DOMESTIC GROWTH AND FOREIGN TRADE

Industrial development in Singapore following 1960 was directed at solving a second problem besides the rising rate of unemployment. This was the unfavorable balance of payments between Singapore and those countries from whom it imported capital and consumer goods. The opportunity to reduce imports through import-substituting industries was one reason for the formation of a common market with Malaya, but the subsequent expulsion of Singapore from the Federation in 1965 removed this hope.

Substantial trade with Malaysia and Indonesia has been supplemented by production for the world market, supported by foreign investment and technology. Chapter Seven will analyze the relationship between trends in manufacturing production and patterns of foreign trade and investment in Singapore.

Foreign Trade

Table 25 shows that the annual trade deficit increased by 40 percent (S\$ -369 million to S\$ -619 million) between 1953 and 1962 while total trade volume increased by only 31 percent. Imports increased by 31 percent while exports increased by only 28 percent. The annual trade deficit was growing at a rate 30 percent greater than the volume of total trade.

TABLE 25
 Singapore's Foreign Trade, 1953-62
 (including trade between Singapore
 and the Federation of Malaya)
 (S\$ million)

Year	Total Trade	Imports	Exports	Trade Balance
1953	5,673	3,021	2,652	-369
1954	5,705	3,024	2,681	-343
1955	7,220	3,851	3,369	-482
1956	7,358	3,929	3,429	-500
1957	7,570	4,092	3,478	-614
1958	6,880	3,740	3,140	-600
1959	7,348	3,908	3,440	-468
1960	7,555	4,078	3,477	-601
1961	7,272	3,963	3,309	-654
1962	7,453	4,036	3,417	-619

Source: State of Singapore, Annual Report of the Trade Division of the Ministry of Finance, 1962, p. 2, reprinted in Theodore and Frances Geiger, Tales of Two City-States, (Washington, D.C.: National Planning Association, 1973), p. 154.

By 1972 the trade balance had risen to S\$ -3,402 million with nearly half of the deficit due to a highly unbalanced balance of trade with Japan. Table 26 documents the Singapore balance of trade by country. Between 1969 and 1971 imports from Japan increased by nearly 70 percent (S\$ 1,018.9 mil-

TABLE 26

Singapore's Imports and
Exports by Major Countries, 1972
(S\$ Millions)

Country	Total Trade		Imports		Exports		Trade Balance	
	Value	Percent of Total	Value	Percent of Total	Value	Percent of Total	Value	
Malaysia	2,787	17.8	1,509	15.8	1,278	20.8	-231	
United States	2,289	14.6	1,340	14.0	949	15.5	-391	
Japan	2,266	14.5	1,874	19.6	392	6.4	-1,482	
United Kingdom	975	6.2	636	6.7	339	5.5	-297	
Australia	681	4.3	386	4.0	295	4.8	-91	
Hong Kong	616	3.9	243	2.5	373	6.1	130	
West Germany	540	3.4	369	3.9	171	2.8	-198	
Thailand	483	3.1	269	2.8	214	3.5	-55	
China	456	2.9	399	4.2	57	0.9	-342	
Kuwait	435	2.8	425	4.5	10	0.2	-415	
South Vietnam	313	2.0	9	0.1	304	5.0	295	
Taiwan	296	1.9	229	2.4	67	1.1	-162	
Iran	278	1.8	267	2.8	11	0.2	-256	
Others	3,265	20.8	1,586	16.6	1,679	27.3	93	
Total	15,680	100.0	9,541	100.0	6,139	100.0	-3,402	

Source: Theodore and Frances Geiger, Tales of Two City-States, Washington D.C.:
National Planning Association, 1973, p. 177.

lion to S\$ 1,699.5 million) while exports to Japan remained nearly constant (S\$ 336.3 and S\$ 379.8 for 1969 and 1971 respectively).¹ Trade with the People's Republic of China shows a similar imbalance on a lesser scale with imports into Singapore exceeding exports to China on a ratio of nearly seven-to-one. Oil imports from Kuwait and Iran also result in a highly imbalanced trade pattern with these countries.

Appendix L indicates that the net trade imbalance is largely compensated by a rapidly growing category entitled "net errors and omissions".² Table 26 does not include trade with Indonesia which is excluded from Singapore Government trade statistics. Of the total imports into Singapore for re-export in 1961 (S\$ 2,602 million), the amount from Indonesia was S\$ 729 million (28 percent). Re-exports to Indonesia were small in comparison, S\$ 182 million out of a total re-export figure of S\$ 3,084 million.³ Buchanan reports that the unofficial estimates for trade with Indonesia in 1969 were S\$ 2,500 million, equivalent to the combined trade with East and West Malaysia.⁴ An accurate accounting of the Indonesian trade would have to account for the very large amount of illegal trade which takes place between Singapore and the many surrounding islands of Indonesia.⁵

The available data seem to indicate that the high volume of imports into Singapore from Japan includes commodities which are traded with Indonesia for rubber and petroleum. Singapore rubber exports are nearly twice the recorded imports. Since domestic rubber production is negligible it is reasonable

to conclude that nearly half of the rubber exports originate in Indonesia.⁶ Textile imports are also very high despite the increasing production by home industries. The total consumption of imported textiles is recorded to be S\$ 436 million in 1969, while the total consumer expenditure on all forms of clothing and footwear is given as S\$ 352 million. The remainder is apparently being shipped to Indonesia in unrecorded trade and would account for the very high trade deficit with Japan.⁷

In 1973 the trade with Indonesia was calculated to be most of the difference between the regional trade figure generated from internal data (S\$ 2,632 million) and the trade actually recorded (S\$ 1,755 million), or most of the remaining S\$ 877 million unaccounted for. The remainder went to the Philippines, Malaysia and surrounding countries whose tight import restrictions encourage illegal trade.⁸

Table 27 summarizes the way in which manufactured goods and machinery imports exceed exports. The importing of capital goods required by industry also accounts in large part for the trade deficit with Japan. The trade pattern of Singapore is one of importing equipment for domestic manufacturing which is offset by the sale of textile goods in Indonesia purchased from Japan, and the sale of crude rubber, both of which are unrecorded. The actual trade deficit is difficult to estimate, and has been referred to as an "illusion" by at least one source.⁹

TABLE 27

Principal Commodities
(including trade with
West Malaysia, S\$ million)
1971

Commodity	Imports	Exports
Food and Live Animals	975.1	541.9
Beverages and Tobacco	137.3	69.0
Crude Materials, inedible, excluding Fuels	781.6	1,190.3
Mineral Fuels and Lubricants	1,240.7	1,145.7
Animal and Vegetable Oils and Fats	197.0	208.0
Chemicals	437.2	184.6
Manufactured Goods classified chiefly by Material	1,848.9	534.6
Machinery and Transport Equipment	2,209.0	740.5
Miscellaneous Manufactured Articles	644.8	343.4
Commodities and Transactions n.e.s.	183.4	413.3

Source: Abstracted from The Far East and Australasia, 1973: A Survey and Directory of Asia and the Pacific, (London: Europa Pub. Ltd., 1973), p. 597.

In Chapter Six it was found that the proportion of exports to national output remained nearly constant between 1960 and 1971 (Table 16).¹⁰ It was also found that the nature of national output had changed through the growing effort to increase domestic manufacturing. This becomes increasingly apparent after 1960. Between 1960 and 1971 the percentage of exports from Singapore which were

TABLE 28

Foreign Trade 1960-72

	1960	1966	1967	1968	1969	1970	1971	1972 Prelim.
Imports	4,077	4,066	4,407	5,084	6,244	7,534	8,664	9,541
Exports	3,477	3,374	3,491	3,891	4,741	4,756	5,371	6,139
Reexports	3,260	2,409	2,380	2,493	3,066	2,924	2,998	3,061
(Percent)	(93.8)	(71.4)	(68.2)	(64.1)	(64.7)	(61.5)	(55.8)	(49.9)
Domestic	217	965	1,111	1,398	1,675	1,832	2,373	3,078
(Percent)	(6.2)	(28.6)	(31.8)	(35.9)	(35.3)	(38.5)	(44.2)	(50.1)
Total Trade	7,554	7,440	7,898	8,975	10,985	12,290	14,035	15,680
Trade Balance	-600	-692	-916	-1,193	-1,503	-2,778	-3,293	-3,402
Exports as Per- cent of Imports	85.3	83.0	79.2	76.5	75.9	63.1	62.0	64.3

Note: Values are in \$ million.

Source: Theodore and Frances Geiger, Tales of Two City-States, Washington D.C.: National Planning Association, 1973, p. 175.

of domestic origin increased from 6.2 percent to 44.2 percent. This is documented in Table 28. Entrepot trade (re-exports) declined a corresponding amount from 93.8 percent of the total to 55.8 percent. However, it is also recorded that exports declined as a percent of imports during the same period, from 85.3 percent to 62.0 percent.

This relationship is deceptive since the amount of unrecorded trade with Indonesia is very substantial as was shown above. Also, the tentative increase in this ratio for 1972 (64.3 percent) may indicate that an intensive period of capital accumulation from abroad is now being overtaken by the growing sale of export goods. For the first time since 1967-8 the value of imports was below S\$ 1,000 million. Between 1966 and 1970 domestic exports increased by 195 percent while foreign investment increased from S\$ 239 to S\$ 1,709 million, an increase of 715 percent.¹¹ In 1970 wholly foreign-owned firms contributed 56.7 percent of the manufactured exports (S\$ 1,523 million) while foreign and joint ventures accounted for 83.5 percent of the total.¹²

Foreign Investment in Singapore

Singapore's unfavorable balance of trade is compensated by unrecorded trade, invisible earnings and an increase in manufacturing for export. These factors have largely offset the stagnation of the early 1960's (due to the political uncertainties associated with independence, the Confrontation, and the Separation from the Federation). Manufacturing for

export has been assisted by both foreign capital and technology, although the import of capital equipment has been one cause of the negative balance of trade.

Among the initial efforts to encourage industry in 1959 was the Pioneer Industries Ordinance. Under this legislation the major incentive to prospective new firms was income tax relief. Table 29 indicates the percentage of capital of both "pioneer" and "non-pioneer" firms coming from local and foreign sources. In "pioneer" firms 55 percent of the capital is foreign, while for "non-pioneer" firms this figure is 34 percent. Forty-five percent of the capital in all establishments is foreign.¹³

TABLE 29

Paid-in Capital of Pioneer Establishments
and Major Nonpioneer Establishments as of
December 31, 1969

(S\$ million)

	Num- ber of	Local		Foreign		Total Value	Fixed Assets Value
		Value	%	Value	%		
All Pioneer Establishments	236	222	(47)	250	(53)	472	586
Major Non-Pioneer Establishments	269	209	(66)	109	(34)	318	356
All Establishments	505	431	(55)	359	(45)	790	942

Source: Economic Development Board, Annual Report, 1969, p. 53, reprinted in Theodore and Frances Geiger, p.164.

The concentration of foreign capital in the capital-intensive manufacturing sector, particularly in petroleum processing, is apparent from Tables 30 and 31. Petroleum refining and machinery-oriented firms accounted for 38.1 percent of the value added in 1972, but accounted for at least 62 percent of foreign investments. While petroleum refining contributed 17.5 percent of the value added (Table 30), it accounted for 53.0 percent of foreign investment (Table 31). The textile industry, which is labor intensive, accounted for 7.4 percent of value added, but only 4.4 percent of all foreign investment.

TABLE 30

Five Largest Manufacturing Categories
as Percent of Total Industrial Output,
Employment and Value Added, 1972

Category	Output	Employment	Value Added
Petroleum refining	30.7	1.5	17.5
Machinery including electrical and electronic products	14.8	23.1	20.6
Food and beverages	11.3	6.9	7.8
Transportation equipment	9.6	13.9	14.9
Textiles, wearing apparel and footwear	7.1	19.5	7.4
Percent of total	73.5	64.9	68.2

Source: Theodore and Frances Geiger, p. 173.

TABLE 31
 Foreign Investments in Manufacturing
 Industries by Major Sectors, 1970-71
 (S\$ million)

Major Industrial Sector	1970		Mid-1971	
	Total	(Percent)	Invest- ments Made	(Percent)
Petroleum	940	(55.0)	625	(53.0)
Metal engineering and transport equipment	239	(14.0)	124	(10.5)
Electrical and electronics	158	(9.3)	107	(9.1)
Chemicals	69	(4.0)	72	(6.4)
Timber, paper, and printing	60	(3.5)	48	(4.1)
Textiles and garments	60	(3.5)	52	(4.4)
Food and beverages	39	(2.3)	47	(4.0)
Others	144	(8.4)	105	(8.9)
Total	1,709	(100.0)	1,180	(100.0)

Notes: A discrepancy between the total foreign investment in 1969 of S\$600 million (not shown above) and the total given on Table 29 (S\$ 359 million) may be accounted for by foreign investment in joint ventures.

In 1971 the value of petroleum output rose from S\$ 1,222 million to S\$ 1,613 million and production capacity increased from 250,000 barrels/day to 638,000 barrels/day (Far Eastern Economic Review, 75:13, March 25, 1972, p. 77). In 1973 the capacity exceeded 1,000,000 barrels/day (Far Eastern Economic Review, 80:25, April 25, 1973, p. 62).

Source: Hwang Peng Yang, "Foreign Investment in Singapore", in (Paper delivered at the Symposium on Singapore in the International Economy, University of Singapore, 19 March 1972), Table 3, reprinted in S.Y. Lee, p. 209.

Foreign investments in Singapore can be approached in terms of where they originate as well as which sectors of the Singapore economy they are concentrated in. Table 32 indicates that the United Kingdom has been replaced by the United States as the dominant foreign investor although the volume of British investment has steadily increased. Between 1965 and 1970 the value of United States investment increased by 3300 percent (from S\$ 23 million to S\$ 765 million). The attractiveness of the Singapore labor market to West German precision instrument manufacturing is evident in the 782 percent increase in West German investment between June of 1971 and June of 1972 (from S\$ 6 million to S\$ 53 million).¹⁴ During the same period, investments from other countries increased by the following amounts: the United States (54.1 percent), United Kingdom (40.2 percent), Netherlands (49.2 percent), Japan (40.1 percent), Hong Kong (85.4 percent), Malaysia (28.1 percent), and Others (108.2 percent).¹⁵

While the foreign-based oil companies in Singapore presently depend almost exclusively on Middle East supplies,¹⁶ the possibility of giving increasing attention to Indonesian oil and other local deposits is obvious. One source has estimated that between 1970 and 1985 the oil industry will spend US\$ 55 billion dollars in Asia as compared to US\$ 23 billion in the Middle East.¹⁷ The impact of international oil diplomacy on domestic economies is particularly significant in Singapore, which has linked domestic welfare so

TABLE 32

Foreign Investments in Manufacturing Industries
In Gross Fixed Assets, 1965-71
(In Millions S\$)

Country of Origin	1965	1966	1967	1968	1969	1970	Mid-1971	Mid-1972
United States	23 (14.6)	24	27	53	131	765 (44.7)	(34.1)	618 (33.0)
United Kingdom	45 (28.6)	53	85	103	122	294 (17.3)	(20.8)	344 (18.3)
Netherlands	40 (25.4)	46	62	81	104	240 (14.0)	(18.6)	328 (17.5)
West Germany			1	1	1	106 (6.2)	(.4)	53 (2.8)
Japan	27 (17.4)	30	31	34	36	88 (5.2)	(6.9)	113 (6.0)
Others	22 (14.0)	86	97	182	206	216 (12.6)	(19.2)	247 (22.4)
Total	157 (100.0)	239	303	454	600	1,709 (100.0)	(100.0)	1,874 (100.0)

Note: Figures in parentheses are percentages of total foreign investment for that year.

Sources: Figures for 1965 through Mid-1971 are abstracted from S.Y. Lee, "Some Basic Problems of Industrialization in Singapore," Journal of Developing Areas, 7:2 (Jan. 1973), p. 206. Figures for Mid-1972 are taken from the Far Eastern Economic Review, 80:32, (August 13, 1973).

TABLE 33

Percentage Share of Exports in Total Sales of
Manufacturing Establishments, 1960-70

Industry Group	Percentage Share by Year				1970 Total Sales (S\$ Millions)
	1960	1963	1968	1970	
Food Manufacturing	31.3	29.8	36.3	33.2	558.9
Beverages	44.7	29.0	24.5	19.8	66.4
Tobacco	0.9	5.7	5.5	4.2	96.2
Wood and cork	48.4	41.0	40.4	46.3	183.4
Furniture and fixtures	29.0	31.7	13.8	10.2	24.0
Paper and paper products	27.3	21.2	18.1	15.5	38.0
Printing, publishing and allied industries	21.5	19.7	9.9	13.8	95.7
Textiles, footwear (except rubber footwear), leather and leather products	29.3	55.6	60.5	54.6	196.5
Rubber products (including rubber footwear but excluding rubber processing)	70.6	51.1	26.5	36.1	45.0
Chemicals and products of petroleum and coal	35.9	19.8	19.7	45.8	1,327.4
Nonmetallic mineral products (except products of petroleum and coal)	60.2	33.2	40.8	27.1	131.1
Basic metal industries	57.4	53.1	38.3	21.5	73.9
Metal products (except machinery and transport equipment)	42.4	33.2	29.3	24.1	211.1
Machinery (except electrical)	24.0	26.5	7.6	24.6	68.9
Electrical machinery, appliances etc.	79.4	59.7	42.0	77.3	274.4
Transport equipment	2.2	30.5	31.7	31.3	314.6
Miscellaneous	3.7	2.3	16.5	33.5	125.9
Total for all Manufacturing	36.0	26.8	27.5	39.6	3,846.2

Source: Census of Industrial Production (1959-70), and Goh Chok Tong, Industrial Growth in Singapore, 1959-1966, compiled by S.Y. Lee, "Some Basic Problems of Industrialization in Singapore", Journal of Developing Areas, 7(Jan. 1973), p. 200.

directly to investments from the industrialized countries which are dependent upon oil imports from the Middle East.

Table 33 shows that the percentage share of exports in total sales of the major manufacturing establishments has not changed significantly since 1960. For all manufacturing establishments the percentage has risen only a few percentage points from 36.0 percent to 39.6 percent. The notable exception is in chemicals and products of petroleum and coal which experienced a 9.9 percent increase between 1960 and 1970 (from 35.9 percent to 45.8 percent). The total sales for this category accounted for over one-third of all sales (S\$ 1,327.4 million as compared to S\$ 3,846.2 million).

The observation that an increase in manufactured exports has compensated for the decline of entrepot trade and British military spending in Singapore is only partially true. It can be concluded from Table 33 that a more significant factor has been the enlargement of the domestic market for manufactured products, with approximately 40 percent of export sales coming from petroleum, chemicals and coal.¹⁸ The data are distorted by the omission of figures for rubber processing and the re-export of crude rubber.¹⁹

The Asian Dollar Market

The Singapore economy is based increasingly on foreign investment, particularly from Japan, the United Kingdom and the United States. The generation of capital for investment

in Singapore and the surrounding region is a consequence of specific legislation designed to encourage investment in Singapore, and Singapore's role as the banking capital of the region.

The favorable balance of payments can be traced in part to a variety of events outside of Singapore and over which she has exercised no control. In November of 1967, for example, the devaluation of the British-Malaya-Borneo currency encouraged hoarders to invest idle money. The devaluation of foreign currencies can even reverse a balance of payments deficit if the domestic currency remains stable.²⁰ In 1967 the political disturbances in Hong Kong, the major competitor of Singapore in the region, forced capital to migrate to the more secure banking firms of Singapore. In 1969 it was reported that funds were migrating from the United Kingdom in anticipation of the sterling devaluation. These factors led to the thirty percent increase in funds and a doubling of Treasury Bills in the absence of adequate investment opportunities.²¹ Singapore intends to attract foreign capital by ensuring monetary stability and to use this security as the basis of further industrialization.

The formation of the Development Bank of Singapore in 1968 recognizes the tenuous political position of Singapore and is an attempt to provide stability and profitable investment rather than long-term investment.²² All commercial banks participate while the Government has provided S\$ 100

million in working funds.²³ The large amount of foreign investment in Singapore reflects this strategy and can be seen in the number of short term investments (e.g., tourist facilities) offering quick returns.

The establishment of Singapore as a financial center as well as a commercial center has been promoted by the formation of a gold market in 1969²⁴ and the creation of the Asian Dollar Market. This operates in the same manner as the Eurodollar market in London. Singapore is a financial center accessible to potential local depositors and borrowers which provides "hard" currency. Before considering Singapore as the new Asian headquarters of an expanded Eurodollar market, the Bank of America had first considered Hong Kong, Tokyo, Bangkok and Manila. The decision was made when Dr. Goh Keng Swee, Singapore's Finance Minister, offered to remove the withholding tax on non-resident accounts. Twelve banks were approved to participate.²⁵

In Singapore the lack of a central bank is not crucial to monetary policy since nearly 60 percent of private consumption expenditure goes to imports. Expanded credit to counteract a recession would simply increase the demand for imports and aggravate the balance of payments.²⁶ However in 1971 the Government's powers were increased in the Banking Act which limited the powers of banks to lend, prohibited advances and credits in excess of 60 percent of the bank's

capital to any single customer, and forbade investment of more than 40 percent of the bank's capital to "any financial, commercial, agricultural, industrial or other undertaking".²⁷ Monetary security was reinforced, but the options offered to smaller banks were seriously restricted. The legislation also instituted the use of numbered bank accounts following the Swiss model.

In 1973 a third category of banking firms in addition to those having branches in Singapore before March of 1964 and those which came to Singapore after 1970 when the Asian Dollar Market began, was formed. This category consists of new banks which have been granted offshore licenses, but which are restricted from participating in the domestic market.²⁸ This decision of the Monetary Authority of Singapore both recognized the limited nature of the domestic market, and was intended to encourage established banks to operate less as a "cartel".²⁹ Subsequently the dollar market increased from US\$ 1,000 million in 1971 to US\$ 3,000 in 1973.

The rapid growth of foreign investment in Singapore and into the wider region through Singapore as the regional banking center demonstrates the interest of foreign investors in the region and the opportunism of the Singapore Government in channeling this interest through Singapore. Closely examined, it also shows how vulnerable Singapore's impressive economic development is to foreign factors beyond the control of the Singapore Government. Economic development in Singapore

has had to satisfy a rising demand for employment, and has had to do this in the face of numerous external pressures. The Indonesian Confrontation and subsequent withdrawal of the British fleet both left large numbers unemployed. Economic development has been linked closely with political goals as well. After 1966 the need to be recognized as politically neutral accounts largely for the variety of trading partners which have been solicited by Singapore. In 1966 trade pacts were initiated with the Soviet Union, Poland and Bulgaria. In 1967-8 other pacts were begun with Hungary, Rumania, the Democratic Republic of Korea, the United Arab Republic and Israel with memoranda of understanding being signed with Indonesia and Zambia.³⁰ The negative trade deficit with the People's Republic of China (Table 26) has already been noted. Although these trade links are very small in proportion to the total trade volume, the relationship between these and Singapore's political survival is substantial.

ENDNOTES

1. The Far East and Australasia, 1973: A Survey and Directory of Asia and the Pacific, (London: Europa Pub. Ltd., 1973), p. 597.
2. While Singapore experiences a large trade deficit, it has a large balance-of-payments surplus. Between 1960 and 1972 this amount has increased from S\$ 113.4 million to S\$ 565.6 million. The surplus is attributable to short-term capital inflow, statistical discrepancies, invisible earnings such as the sale of imported goods to tourists (who purchase these goods with foreign capital) as well as unrecorded trade with Indonesia. See Theodore and Frances Geiger, Tales of Two City-states, (Washington, D.C.: National Planning Association, 1973), p. 178.
3. E.L. Wheelwright, Industrialization in Malaysia, (New York: Melbourne University Press, 1965), pp. 141-3. The termination of trade between Indonesia and Malaysia following the formation of the Federation in 1963 was estimated to eliminate S\$ 209 million in shipping, processing, grading and associated business in Singapore (8.7 percent of the national income in 1962). Wheelwright found that this would affect 121 firms, leaving 8,200 unemployed.
4. Iain Buchanan, Singapore in Southeast Asia, (London: G. Bell and Sons, Ltd., 1972), p. 87.
5. The large volume of illicit or unrecorded trade renders official trade figures and trends highly tentative. An apparent increase in trade volumes over a period of years may only indicate that a larger proportion of a constant trade volume is being officially recorded. All of the tables in this Chapter are deficient in that they do not indicate Indonesian trade, which is a large percentage of actual trade. The volume of illegal trade in the region is suggested by an estimate made by the Association of Indonesian Importers in 1970 that 720 million dollars is being lost by the Indonesian Government annually through smuggling internally and with other parts of the region (Far Eastern Economic Review Yearbook, 1970, p. 259, cited in Iain Buchanan, p. 259).
6. Exports to Japan are mainly petroleum products and crude rubber. See The Far East and Australasia, 1973: A Survey and Directory of Asia and the Pacific, (London: Europa Pub. Ltd., 1973), p. 589. For the estimate that half of Singapore's rubber exports originate in Indonesia, see James Morgan, "The Missing Link", Far Eastern Economic Review, LXX:40 (Oct. 3, 1970), p. 12. Rubber imports from Indonesia in 1969 are estimated at S\$ 700 million.

7. James Morgan, op. cit.
8. Arun Senkuttuvan, "A Need for Frankness", Far Eastern Economic Review, 81:32 (Aug. 13, 1973), pp. 13-19.
9. Harvey Stockwin, "The Lean Society", Far Eastern Economic Review, 55:1 (Jan. 5, 1967), pp. 14-16.
10. Tables 5 and 6 in Chapter Four show that in the Western countries national output actually grew more rapidly than trade. The belief that trade is a vehicle by which growth is transmitted from developed areas to the less developed, and that industrialization encourages and requires interdependence is not supported. For local reasons, trade and national output grew at equal rates in Singapore between 1960 and 1971.
11. S.Y. Lee, "Some Basic Problems of Industrialization in Singapore", Journal of Developing Areas, 7:2 (Jan. 1973), p. 209.
12. Chia Siow Yue, "Export Performance", Table 6, cited in S.Y. Lee, p. 206.
13. See Notes, Table 31. In 1955 a Central Provident Fund was established as a means of creating local funds for investment in development. This is a compulsory savings scheme participated in by most citizens and all employers, whether citizens or not. By 1972 the fund totalled S\$ 1.3 billion. The fund is non-inflationary in that it discourages domestic demand for imported consumer goods. See T. and F. Geiger, op. cit., p. 208.
14. The Far Eastern Economic Review, 80:32(Aug. 13, 1973).
15. Ibid.
16. The Far Eastern Economic Review, 80:25 (June 25, 1973), p. 62. Middle East oil has a high sulphur content and Shell does occasionally blend it with supplies from Sarawak to average out this high sulphur content.
17. The Chase Manhattan Bank of New York, cited in the Chicago Daily News, Sunday, April 28, 1974. Iain Buchanan lists the major oil companies operating in Southeast Asia (op. cit. Figure 3). From the United States: Ashland, Atlantic-Richfield, American Oil Co., Continental Oil Co., Clark Oil Co., Caltex, ESSO, Gulf Oil, Indonesian - American Petroleum Co., Mobil, Oceanic Exploration & Development Co., Phillips Oil, Stanvac (ESSO/Mobil), Tenneco, Texaco, and Union Oil. From Japan: Apex, Indonesian-Petroleum Co., Japex, Japoc, Kyushu, Nother Sumatra Oil Development Corp., Teiseki. From Other Countries: Aquitaine Petroleum (France), Asamera (U.S.-Canada), British Petroleum, Compagnie Francaise des Petroles, Harloch (Australia), Kenneth McMahon & Partners (Australia), Shell (Anglo-Dutch).

18. The Table indicates a total manufacturing output of S\$ 3,846.2 million. The amount gained from the exporting of petroleum, coal and chemical products is 45.8 percent of S\$1,327.4 million, or approximately 40 percent of total sales from industries.
19. See fn. 6.
20. The Far Eastern Economic Review, LIX:6 (Feb. 8, 1968), p. 214. The observation is made with respect to Malaya that the devaluation cost Malaya M\$ 38 million, but that Malaya's foreign debt was reduced an even greater amount, M\$ 58 million.
21. The Far Eastern Economic Review, LXIV:16 (April 17, 1969), pp. 187-9.
22. Ibid.
23. Ibid.
24. Richard Wilson, "Singapore: Financial Center", Far Eastern Economic Review, LXVIII:18 (April 30, 1970), pp. 49-50.
25. Ibid., These were: The Hong Kong and Shanghai Banking Corporation, the Chartered Bank, the Bank of America, the First National City Bank, The Chase Manhattan Bank, the Bank of Tokyo, the Overseas-Chinese Banking Corporation, the Overseas Union Bank, the United Overseas Bank, General Bank of the Netherlands, Mitsui Bank and Banque de l'Indochine.
26. Richard Wilson, p. 50. See fn. 13.
27. James Morgan, "Vaulting Ambition", Far Eastern Economic Review, LXXII:14 (April 31, 1971), pp. 106-9.
28. Arun Senkuttuvan, "Intense Activity", Far Eastern Economic Review, LXXX:14 (April 9, 1973), p. 87. The seven banks initially granted offshore licenses were: Barclays, National Westminster, First National Bank of Dallas, Marine Midland of New York, Toronto Dominion, Continental Illinois National Bank of Chicago, and Bankers Trust of New York.
29. Ibid.
30. Chan Heng Chee, "Singapore's Foreign Policy, 1965-6", Journal of Southeast Asian History, X (March 1969), p. 187.

CHAPTER EIGHT

DOMESTIC POLITICS

Chapters Six and Seven have documented the economic growth of Singapore as a sovereign state, basing this on expansion of the export industries financed by foreign capital and technology. The reason for this independent development is partly the failure of Singapore and the Federation of Malaysia to join in a satisfactory merger following the departure of the colonial power. This would have allowed a different path based on the joint development of natural resources on the mainland and import substituting industries serving an enlarged and protected common market area. Rather than searching for a niche within the international market system and building bilateral trade ties with the outside world, often for political reasons of survival, Singapore would have been more oriented toward a regional effort.

The purpose of Chapters Eight and Nine is to analyze the political forces which prevented the economically inspired merger from succeeding. Chapter Eight will examine the domestic political development of Singapore and more briefly, that of the Federation. The incompatibility between the urban People's Action Party of Singapore and the coalition approach to communal politics in the Federation will be identified as a major cause for the expulsion of Singapore from the Federation in Chapter Nine.

Political Parties Prior to Independence

The major political parties in Singapore are the People's Action Party, headed by Lee Kwan Yew since 1959 when it became the ruling party, and originally founded in 1954 five years prior to independence. The Barisan Socialis (Socialist Front) was founded in 1961 as a split within the People's Action Party (PAP) between the moderates and leftists widened. The head of the Barisan Socialis is Dr. Lee Siew Choh. The third party is the Singapore People's Alliance which, like the Barisan Socialis, has all but disappeared under the control of the PAP. It consisted of a weak coalition of those middle class parties defeated in 1955 and 1959 by the United Malay National Organization and the Malay Chinese Association, both of which are now confined to Malaysian politics on the mainland.¹ The Communist Party in Singapore has been reduced to an underground membership of from 200 to 400 members.²

The PAP was founded late in 1954 by fourteen professional men and trade unionists, and from the beginning included the moderate and communist wings which later split into independent political parties.³ The unifying force was the common goal of independence from colonial control which was expressed as a desire for merger with Malaya in an independent nation. In its first press statement (1954) the PAP announced that it would promote:

...a single Malayan nationality based on the principle of jus soli with equal citizenship rights for peoples of all races who give undivided loyalty to Malaya.⁴

Between 1955 and 1957 the PAP continued to attract labor with its leaders often assuming labor union positions, including Lee Kuan Yew who was then Secretary General of the PAP and was legal adviser to several unions. Rival factions maneuvered for control within the PAP, but Communist membership continued to be tolerated. Although the non-Communists had control of the leadership positions within the PAP, Communist support was deemed necessary to ensure electoral victories in Singapore.⁵

Internal division became critical at the Third Party Congress when disagreements over the conditions of merger with Malaya negotiated by Lee Kuan Yew became the issue over which control of the PAP Central Executive Council was fought.⁶ Although the Communists won six of the twelve seats of the Central Executive Council (CEC), they were shortly removed by the Government under the Preservation of Public Security Ordinances. Lee Kuan Yew denied that the Malayan Communist Party was subverting the PAP and argued that the purge was meant to keep the trade unionists active in the PAP from controlling the Trade Union Council, a coalition of trade unions whose support was necessary to the PAP.⁷

With the removal of the Communists from the CEC, the moderates gained control. The PAP now faced the task of demonstrating its popular following against other political parties in the upcoming City Council elections which were viewed as a test for the State's first general elections

scheduled for 1959. Of the 32 seats available, the PAP contested 14, winning 13 of these.⁸

The 1959 pre-independence general election provided Singapore with a fully elected government responsible for internal affairs. Foreign affairs remained under British control while internal security remained the responsibility of the Internal Security Council (ISC).⁹ The PAP contested all 51 seats, winning 43 of these with 54 percent of the votes cast.¹⁰ Singapore had demonstrated that a viable government would be possible in an independent Singapore, duplicating a similar effort in Malaya (1957) when the Alliance Party showed that it could operate successfully as a coalition of Chinese, Malay and Indian political parties.¹¹

The 1959 election returns reflect two trends in Singapore. These were the consolidation of popular support by the PAP, and the greatly enlarged electorate. A summary of widening election participation is provided in Table 34. Following the 1957 election a Commission concluded that the election was unduly influenced by the Chinese secret societies. On March 3, 1959 the Legislative Assembly Election Ordinance was passed making voting compulsory and hopefully eliminating the power of the societies to discourage voting.¹² The institution of compulsory voting later played a role in "international" events when the question of merger with Malaya was referred to the people in a referendum (see below).

TABLE 34
Election Participation
1948-1955

Year	Event	Enfranchised	Registered	Voted
March 1948	Legislative Council Elections	100,000	22,395 (22.4%)	14,394 (14.3%)
April 1951		250,000	48,155 (19.3%) ¹	25,065
1953 ²				
1955	Legislative Assembly liberalized eligibility, automatic registration	300,299	300,299	159,000 (53 %)

- Notes: 1. In 1951 the registration included 45.3 percent Indians and 25.1 percent Chinese, while the population of Singapore was 75 percent Chinese and 12 percent Malay. Of the registered voters, it is estimated that 35,000 were legitimate (approximately 37 percent illegitimate).
2. In 1953 the ethnic composition of registered voters more nearly resembled that of the population as a whole. The Chinese constituted 55.5 percent of the total, while the Indians were 18.4 percent.

Source: Compiled from data presented in Thomas J. Bellows, *The People's Action Party of Singapore: Emergence of a Dominant Party System*, Monograph Series No. 14, (Yale University of Southeast Asia Studies, 1970), pp. 67-8.

The great increase in election participation coincides with the approach of independence and attempts by the Legislative

Assembly to control the political activities of the secret societies.¹³

Merger Prelude

The PAP Manifesto of 1954 stressed the goal of eventual merger of Singapore with the Malayan Federation following independence. Following Malayan independence in 1957 the issue of merger became inseparable from the racial population balance of Malaya and Singapore. Malaya had restricted immigration prior to independence in an attempt to maintain a decisive Malay majority in the representative national parliament.¹⁴ The dominant Malay party in Malaya, the United Malay National Organization (UMNO) was now unwilling to jeopardize its dominant role in the Alliance Party coalition on the mainland by admitting the overwhelmingly Chinese state of Singapore into a larger political union. The PAP, sensitive to competing and more radical socialist forces in Singapore may have seen an opportunity to consolidate its leadership role by such a merger which would subject Singapore politics to the surveillance of a central government. Malaya was warned of the threat that a socialist Singapore would pose to Malaya.¹⁵ The situation is summarized by Cheng Lian Pang:

Realizing that Singapore's economic and social problems could not be solved without merger with the Federation, the PAP probably decided to dabble in a little blackmail to force the Alliance into accepting the idea of merger...By threatening to resign the

PAP was actually confronting the Federation Government with two alternatives--either to accept merger thus enabling the moderate left-wing PAP to remain as the Government, or to do nothing and thereby allowing Singapore to shift to the extreme left. And a leftist Singapore would ask for the abolition of the ISC, which would deprive Malaya of some control over Singapore's internal security.¹⁶

The PAP saw the need for economic merger and a common market as a means of assuring economic development of Singapore which lacked both internal markets and natural resources. The possibility of an independent Singapore apart from such a merger was presented as a threat to Malaya in a policy statement issued by the CEC in January of 1961:

If merger ever comes it would then be by conquest of one by the other. For an independent Singapore once established, even for an interim period, will create a situation whereby vested interests, based on Chinese appeals, will become permanent.... Chinese chauvinist sentiments which are at present being muted and slowly dissolved because of the objective of independence through merger will openly and aggressively come to the fore.¹⁷

The Malayan Government responded in a manner which was ambiguous but no longer negative. The Prime Minister, the Tunku Abdul Rahman, remarked in his speech to the Foreign Correspondents' Association of Southeast Asia in Singapore on May 27, 1961:

Malaya today as a nation realizes that she cannot stand alone and in isolation. Outside of international politics the national one must be broad-based. Sooner or later she should have an understanding with Britain and the peoples of Singapore, Borneo, Brunei and Sarawak. It is premature for me to say now how this closer understanding can be brought about but it is inevitable that we should look ahead to this objective and think of a plan whereby these territories can be brought closer together in a political and economic co-operation.¹⁸

In a speech to the Federal Parliament of Malaya on Oct. 16, 1961 the Tunku added the following clarification:

The main thing that we have got to consider is that we must prevent a situation in which an independent Singapore would go one way and the Federation another. The way Singapore will go then, as I can see it, will be either towards a camp which is hostile to the Federation or one which the Federation is hostile to, and this would be quite unacceptable to both countries and, I think, to the people of Malaya as a whole.¹⁹

The fear of a socialist victory in Singapore was shared by both the PAP and the Federation of Malaya. Table 16 (Chapter Six) documents the rising labor unrest and agitation in 1960 and 1961. The vulnerability of the PAP to the Barisan Socialis at the polls had been demonstrated in the first Hong-Lim (a parliamentary district) bi-election. The second split within the PAP was precipitated by the combined impact of the Tunku's speech of May 27, 1961 and this domestic election return.

In the Hong-Lim bi-election Ong Eng Guan, a previous member of the PAP who had lost the Prime Minister position to Lee Kuan Yew by one vote in the CEC, offered himself as and independent candidate. He had also been expelled by the CEC from the PAP for delivering a list of sixteen resolution promoting a political program more leftist than that of the PAP. In the Hong-Lim bi-election he ran to fill his own vacated seat , winning a stunning 73.3 percent of the vote.²⁰

The grievances of the Communists in the PAP included periodic detentions by the ISC, deprivation of citizenship,

the restriction of Chinese education and the relationship of the PAP to the trade union movement.²¹ Pang concludes that the PAP had wanted to free itself from the extremist wing in 1961, realizing that such an alliance could not survive once the common bond of anti-colonialism was removed through independence.²² The support of the middle-of-the-road group was to be gained by choosing a popular issue as the occasion for removing the extremists:

The merger proposal provided them with such an opportunity, and a CEC member of the party has admitted that the moderates went out of their way to force the pro-Communists to take a stand on the merger proposal knowing full well that they would be against it. In this way the split between the extremists and moderates could be interpreted as a conflict between those who were for and those who were against independence through merger.²³

The PAP realized that the Malayan Communist Party (MCP) favored complete independence and abolition of the ISC prior to merger.²⁴ The merger issue was central to the second major bi-election struggle. The MCP feared that membership in the Federation would permit the Alliance Party to eliminate the left-wing forces in Singapore, thus preserving the PAP in Singapore from a possible defeat in the next parliamentary elections.²⁵ In the Anson bi-election the pro-Communist David Marshall was elected.²⁶

The PAP split for a second time, with the pro-Communists forming the Barisan Socialis Party which was registered in August of 1961. The Barisan Socialis retained control of

most of the politically relevant secondary associations (e.g., labor unions) and for eighteen months may have had the support of the majority of the electorate.²⁷ The PAP was severely crippled by the departure of many key personnel, including 19 of 23 paid organizing secretaries elected in 1959 to initiate, organize and supervise many PAP activities.²⁸ The close relationship between Legislative Assemblymen and their constituencies began at this time:

As the leaders were not sure who they could trust, the loyal twenty-six Assemblymen were appointed chairmen of the Party branches in their respective constituencies. Since then all PAP Members of Parliament have been either chairmen or advisors of the Party branches in their respective constituencies.²⁹

The Barisan objections to merger with the Federation of Malaya centered on the specific conditions under which this was to be achieved, rather than the fact of merger itself. The Vice-Chairman of the Party even recognized the employment role of the British naval base and did not favor pressure for immediate withdrawal of the British fleet. The Barisan objections to the merger included that fact that Singapore citizens would not be entitled to full Malayan citizenship, Singapore would not be equally represented in the Federal Parliament, and Singapore's continued autonomy in Labor and Education would not be significant since internal security would remain in the hands of the Central Government. The Barisan favored either a loose confederation dealing only with external affairs and defense, or a complete merger.³⁰

In the first of his twelve radio talks preceding the referendum on merger, the Prime Minister Lee Kuan Yew stressed the economic reasons for merger:

everyone knows the reason why the Federation is important to Singapore. It is the hinterland which produces the rubber and tin that keep our shop-window economy going. It is the base that made Singapore the capital city. Without this economic base Singapore would not survive.³¹

Lee Kuan Yew recognized that lacking natural resources of its own, Singapore would be hurt by the alternative to merger, that is, competition between Singapore and Malaya, and that this would strengthen the appeal of the Barisan Socialis. He cited examples of duplication in the construction of a M\$ 50 million airport at Kuala Lumpur (250 miles from Singapore), the proposal to build a rubber market in the Federation to compete with Singapore, and the construction of oil refineries by the Shell Company at both Pula Bukom in Singapore and Port Dickson in the Federation. In an effort to regain an economic advantage in regional growth and a domestic political advantage, Malayan support for merger was secured on the basis of a possible socialist electoral victory while domestic support was gained through an appeal to economic motives.

The Referendum to Join the Federation

The issue of merger with the Federation was referred to the electorate in 1962. The significance of the Referendum was equal to that of an election since the PAP had lost the two previous bi-elections (Hong-Lim and Anson) and had suffered

fifteen defections (two in 1960, thirteen in 1961), as well as two deaths and one impending resignation.³² Of the 51 Parliamentary seats, the PAP held less than half (i.e., 25). Without an endorsement of the White Paper proposal for merger, "the PAP could not justify its continuance in office."³³

The three options offered to the voters did not include the possibility of not merging:

- A. Merger under the terms of the Government White Paper. The Federal Government would retain responsibility for internal security, defence and external affairs but would grant Singapore local autonomy in education and labour matters. The Singapore State Legislature would remain in existence and Singapore would be entitled to Malaysian citizenship.³⁴
- B. Unconditional merger as a Malayan State "in accordance with the constitutional documents" of the existing Federation of Malaya. Parliamentary representation would be in proportion to the number of citizens eligible under the Federation citizenship laws.
- C. Entry into Malaysia "on terms no less favorable than the terms for the Borneo territories".³⁵

Of the 624,000 registered voters in Singapore, the returns showed 561,599 (90 percent) voting. The results were: 397,626 (71 percent) for Alternative A; 9,422 (1.7 percent) for Alternative B; and 7,911 (1.4 percent) for Alternative C.³⁶

Significantly there were 144,077 (25 percent) blank votes. The Referendum bill had been written with the provision that blank votes be interpreted as an approval for the government to act in its best judgement.³⁷ This

condition has also been viewed as a countermeasure to agitation by the Barisan Socialis encouraging the voters to return a blank vote as a protest, since non-voting was prohibited by law.³⁸ Rumors were circulated at the time of the election that the identity of those casting blank votes would be discovered, and this may have led to a lower "protest" vote than might otherwise have occurred.³⁹ Protest ballots would have indicated disapproval of the White Paper proposal to enter the Federation on conditions which did not include the Barisan objective of eliminating the ISC.

The next major confrontation between the PAP and the Barisan was in the 1963 General Elections immediately prior to the merger of Singapore into the Federation. The PAP won 46.9 percent of the vote and 37 seats (out of a total of 51), but this was only 13.6 percent more than was collected by the Barisan.⁴⁰ Bellows notes that the election was held with only the minimum prior notice required by law (nine days) and that it was preceded by "Operation Cold Storage" in which 140 left wing leaders were detained, including half of the CEC.⁴¹ But in addition, the PAP success registered satisfaction with the progress of the PAP during the previous five years in the construction of low cost flats, the beginning of the 9000 acre Jurong industrial complex, the construction of schools and the accumulation of a S\$400 million surplus in the treasury.⁴²

Domestic Politics in Singapore and the Federation

The merger of Singapore with Malaya was to bring two different domestic political cultures in contact with each other. Both of these developed within a plural society composed of Chinese, Malay, Indian and other ethnic groups. In Malaya the dominant social cleavage is between the Chinese and the Malays who are the majority. Singapore represents one of several urban concentrations of Chinese in the Malay region. It is recalled from Chapter Six that the demographic distribution of the Malay population is such that the Chinese are the dominant population in the urban areas while the Malays are dominant in the rural areas. The rural-urban cleavage tends to reinforce the underlying communal division of Malayan society.

The domination of Malayan politics and administration by the Malays, particularly through the UMNO control of the Alliance Party, contrasted with the domination of Singapore politics by a single party which included within its ranks members of the non-Chinese ethnic minorities. The use of political institutions as a means of overcoming the Chinese dominance of commercial activity in Malaya was to create very fundamental political tensions within the Federation once Singapore was admitted to membership (see Chapter Nine). It will be shown below that the basic theme of urban politics in Singapore, that of competing degrees of socialism, is largely replaced in Malaya by a tension between competing

communal groups, each of which is represented by its own political party.

In Singapore, the PAP has sought to maintain an image of multiracialism by allocating positions within the Party to non-Chinese members and by offering non-Chinese candidates at the polls. Table 35 indicates the racial distribution of PAP candidates in four elections:

TABLE 35
Racial Distribution of PAP Candidates

Race	1957	1959	1963	1968
Chinese	12 (85.5)	34 (66.7)	34 (66.7)	41 (70.7)
Malays	1 (7.1)	10 (19.6)	7 (13.7)	9 (15.5)
Indians	1 (7.1)	6 (11.8)	7 (13.7)	5 (8.6)
Others	0 (0)	1 (1.9)	3 (5.9)	3 (5.2)
Total	14 (100.0)	51 (100.0)	51 (100.0)	58 (100.0)

Note: Figures in parentheses are percentages.

Source: Cheng Lian Pang, Singapore's People's Action Party, (Singapore and Kuala Lumpur: Oxford University Press, 1971), p. 41.

The figures for 1968 correspond very closely to the racial composition of Singapore (see Chapter Five, Table 9).

A major distinction between Singapore and the Federation is language policy. In the Federation, Malay is the official language, while in Singapore there are four: Mandarin, Malay,

Tamil and English. The major cleavage in Singapore society is not between communal groups, but between those who are English-speaking and those who are not.⁴³ The PAP is often portrayed as a class-based party opposed to the large number of non-Western Chinese in Singapore.⁴⁴ The increasing importance of English as the language of politics in Singapore is documented in Table 36. Between 1957 and 1968 the percentage of PAP candidates who studied in either English or English and Chinese schools increased from 50.0 percent to 67.2 percent. While the percentage fluent in English and either Tamil or Malay declined, the percentage speaking English and Chinese rose by nearly 69 percent. This may indicate an attempt by traditional Chinese to influence Government or by the Government to maintain contact with more traditionally-oriented sector of the Chinese population.

These figures can be compared to the literacy rates of the male population in 1957 to demonstrate the dominant role of the English speaking population at that time. Of the total population, only 22.4 percent were literate in English. Of the Chinese, only 17.2 percent were literate in English. This compares to the percentage of PAP candidates in 1957 who were literate in English (50.0 percent).⁴⁵

The breakdown of the CEC by language of education is even more striking. In 1957 nine out of the fourteen were educated in English. In 1968 ten out of the twelve were educated either in English or English and Chinese.⁴⁶ As

TABLE 36

Language of Study of PAP Candidates

Language of Study	1957		1959		1963		1968	
English	5	(35.7)	19	(37.1)	23	(45.1)	25	(43.1)
Chinese	6	(42.9)	13	(25.6)	12	(23.5)	10	(17.2)
Malay	0	(0)	4	(7.9)	4	(7.9)	3	(5.2)
English and Malay	0	(0)	6	(11.8)	2	(3.9)	4	(6.9)
English and Chinese	2	(14.3)	7	(13.7)	9	(17.7)	14	(24.1)
English and Tamil	1	(7.1)	2	(3.9)	1	(1.9)	2	(3.5)
Total	14	(100.0)	51	(100.0)	51	(100.0)	58	(100.0)

Note: Figures in parentheses are percentages.

Source: Cheng Lián Pang, Singapore's People's Action Party, (Singapore and Kuala Lumpur: Oxford University Press, 1971), p. 41.

a popular movement, the drive toward independence was dominated by an English speaking and Western educated elite.

However, it cannot be concluded that the PAP members represent an elite group distinct from Singapore society. The occupational structure of the PAP membership closely parallels that of Singapore society as a whole, and it is this popular basis of the PAP which distinguishes it from the middle-class Chinese political party in Malaya (The Malayan Chinese Association). That the separation of

TABLE 37

PAP Members: Breakdown by Employment

Classification of Employment	No. of PAP Members	%	Percent of Singapore's Working Population
Professional, technical and related workers	173	7.5	6.5
Administrative, executive and managerial	19	0.8	1.8
Clerical workers	190	8.3	11.6
Sales Workers	507	22.1	15.1
Farmers, fishermen, hunters, loggers	67	2.9	3.4
Miners and quarrymen	32	1.4	0.2
Workers in transport and communications	261	11.4	8.2
Craftsmen, production process workers and laborers not elsewhere classified	771	33.6	27.1
Service, sport and recreational	182	7.9	20.6
Workers not classified by occupation	91	4.0	0.1
Members of the Armed Forces	4	0.2	--
Total	2,297		

Note: Percentages for Singapore's Working Population are taken from Singapore Sample Household Survey, 1966, p. 140. Members from the Armed Forces were not included.

Source: Cheng Lian Pang, Singapore's People's Action Party, (Singapore and Kuala Lumpur: Oxford University Press, 1971), p. 56.

Singapore from the Federation in August of 1965 cannot be understood simply as a communal dispute between the Singapore Chinese and the Malays in Malaya is apparent from the key role played by the dispute between the People's Action Party and the Malayan Chinese Association (see Chapter Nine). A comparison of the PAP occupational breakdown and that of Singapore as a whole is provided in Table 37. Within the professional category there are 87 teachers and 13 school principals (4.4 percent of the working members and 3.6 percent of Singapore's working population are thus occupied). Most of these are from the Chinese schools.⁴⁷ The most significant disparity between the PAP membership and the total population is in the service, sport and recreational category.

In the Malayan Federation the Chinese were not the dominant ethnic group. As in Singapore, the ethnic balance had not changed significantly since 1921 (see Chapter Five, Table 11). The 1967 breakdown included 50 percent Malays, 37 percent Chinese, 11 percent Indian and Pakistani and 2 percent "other". The political institutions of Malaya were different than in Singapore where the Chinese were so dominant that communal cleavages could be avoided by the allocation of positions within the single PAP to the major ethnic groups. In Malaya each of the communal groups had an independent party organization, and it was the task of the umbrella Alliance Party to mediate the demands of the three constituencies. The strategy is one of forming elite consensus rather than

closing the gap between a unified elite and the mobilized constituencies.

The major party in Malaya and the dominant member of the Alliance is the United Malay Organization (UMNO) whose President was the Prime Minister (Tunku Abdul Rahman) until 1971 when he resigned. The UMNO was founded in 1946. The Malayan Chinese Association (MCA) was founded in 1949 by the Chinese middle class in Malaya, and had the Federal Finance Minister, Mr. Tan Siew Sin, as its President after 1961. The third member of the Alliance was the Malayan Indian Congress (MIC). The Parliamentary seats are allocated on a ratio of 70:31:31 to the UMNO, MCA and MIC, respectively. In the 1959 election the Tunku selected the MCA candidates without the consultation of the MCA President and they won only 19 of the 31 allocated seats.⁴⁸ After the merger with Singapore and two states on Borneo in 1963, the Cabinet and Minister positions were allocated to the three parties as shown in Table 38:

TABLE 38
Federation Cabinet Allocations: 1963

Political Party	Ministers with Cabinet Rank		Assistant Ministers	
UMNO	10	(62.5)	4	(80.0)
MCA	4	(25.0)	1	(20.0)
MIC	2	(12.5)	--	--

Source: R. K. Vasil, Politics in a Plural Society: A Study of Non-Communal Political Parties in West Malaysia, (Singapore: Oxford University Press, 1971), p. 35.

The percentage allocations of positions does not correspond to the ethnic breakdown of Malayan society. Of the total number of positions available (21), two-thirds were claimed by the UMNO.⁴⁹

The major parties not included in the Alliance are the Pan Malayan Islamic Party (PMIP) which emerged in 1955 as the leading contender with the UMNO for the Malay vote. Its center of support is located in the less urban eastern states where the Islamic clergy is active, and may account in part for the priority placed by the Alliance and the UMNO in channeling Government funds into the rural areas (see Appendix M).⁵⁰ It will be shown in Chapter Nine that although the UMNO may not have operated as a radically communal (Malay) party, it was forced by the extremism of its major competitor, the PMIP, to place a high priority on rural development. The taxation of commercial firms on a progressive tax scale placed a disproportionate burden on the urban Chinese and in this way helped to reduce the ambiguities of the Federation to a communal dispute although other themes can also be extracted from the data leading to Separation.

Other parties in Malaya included the Socialist Front, a left wing group of parties (i.e., the Labour Party and the Parti Rakyat) competing with the MCA for non-Malay urban votes until 1965, the People's Progressive Party (PPP) located in the State of Perak, and the United Democratic Party (UDP) founded in 1962 by Chinese voters who abandoned the MCA in 1959.⁵¹

The communal basis of politics in Malaya revealed a fragmented national society within which the more homogeneous state of Singapore would try to find a place. Reasons for the merger were the need for natural resources and for an enlarged common market, but also included the desire of the PAP to rid itself of domestic competition by subordinating Singapore politics to the surveillance of a central government, and the desire of the Alliance Party in Malaya to ensure that a socialist take-over in an independent Singapore would not take place. Economic and communal tensions gained momentum as the colonial power withdrew from authority and the opportunism of anti-colonialism no longer served to weld the newly mobilized groups into a common movement. Unlike the nations which appeared in Western Europe, the communal groups in Malaya were unable to separate into autonomous states, but found their conflicts to be domestic within the wider administrative unit of the state. The two expedient solutions of the PAP on the one hand, and the Alliance Party on the other, were to be drawn together briefly in the Federation experiment only to draw apart again after two years.

The attempt by the PAP to replace the communal balance in the Federation by a socialist system resulted in the isolation of the Singapore economy, and the increased need to base development on foreign markets and resources rather than the more controllable approach of indigenous mobilization.

ENDNOTES

1. J.M. Gullick, Malaysia and its Neighbors, (London: Routledge and Kegan Paul, 1967), pp. 183-4.
2. Thomas Bellows, The People's Action Party of Singapore: Emergence of a Dominant Party System, Monograph Series No. 14, (Yale University of Southeast Asia Studies, 1970),
3. Cheng Lian Pang, Singapore's People's Action Party, (Singapore and Kuala Lumpur: Oxford University Press, 1971), p.1.
4. Ibid., p. 5.
5. Thomas Bellows, p. 5.
6. In March and April of 1957, Lee Kuan Yew agreed (at the All-Party Mission meeting with the Colonial Office in London) to the formation of the Internal Security Council (ISC) which was to maintain order within the Federation. The ISC was to consist of seven members: (1) three from the United Kingdom including the Commissioner as chairman and two appointees, (2) three from Singapore including the Prime Minister and two representatives, and (3) one from the Federation (see Thomas Bellows, op. cit., p. 138). The leftist elements feared that merger on these terms would result in their elimination by a central power above the PAP state party with which they enjoyed an alliance of convenience.
7. Cheng Lian Pang, p. 6.
8. Ibid., p. 8 and Appendix B.
9. See fn. 6.
10. Cheng Lian Pang, p. 8 and Appendix C.
11. See Chapter Nine.
12. Wilfred Blythe, The Impact of Chinese Secret Societies in Malaya, (London, Kuala Lumpur and Hong Kong: Oxford University Press, 1969), p. 506.
13. The influence of the secret societies in China was so strong that neither the Japanese nor the Chinese revolutionaries were able to rechannel their activities. Mao-tse-tung remarked that the members of the secret societies simply continued their operations through the new peasant associations rather than discarding the older secret groupings.

- See Wilfred Blythe, p. 12.
14. See Chapter Five.
 15. In one of his radio addresses (Sept. 1961) Lee Kuan Yew referred to the presence of Soviet delegates at the ECAFE (Economic Commission for Asia and the Far East) Conference in Singapore and the desire of the Soviet Union to establish a rubber buying mission in Singapore. The Federation had been fearful that Singapore might become a center for political activity. See John Bastin and R.W. Winks, Malaysia: Selected Historical Readings, (Kuala Lumpur: Oxford University Press, 1966), pp. 398-401.
 16. Cheng Lian Pang, p.11.
 17. From "Fixed Political Objectives of Our Party: A Policy Statement by the Central Executive Committee of the PAP", Petir, (Jan. 26, 1961), pp. 3-4, cited in Cheng Lian Pang, p. 11.
 18. Sunday Times, 28 May 1961, cited in J.M. Gullick, p. 28 and Cheng Lian Pang, p. 11.
 19. J.M. Gullick, p. 34.
 20. Thomas Bellows, pp. 37-40.
 21. Cheng Lian Pang, p. 11.
 22. On Dec. 6, 1961 Lew Kuan Yew explained current opposition to the Barisan and the previous coalition of 1954-7 in a speech to the Legislative Assembly: "We went with them up to a point, and the point was fight the British. The moment they change the enemy and say fight the Tunku, we say nothing of the sort. He is a nationalist and we are nationalists. He is Right, we are Left. But on one thing we are agreed--no Communist Malaya...". Quoted in J.M. Gullick, p. 49.
 23. Cheng Lian Pang, p. 13. The admission was made to Cheng Lian Pang in an interview.
 24. Ibid. p. 13.
 25. The Plebeian Express, (Oct. 16, 1965), p. 5, quoted in Cheng Lian Pang, p. 13.
 26. Cheng Lian Pang, p. 13.

27. Thomas Bellows, p.76. For an account of the split between Lee Kuan Yew and Lim Chin Siong, the Barisan leader, see Alex Josey, "Singapore's Extreme Left Wing", Far Eastern Economic Review, 38:10 (Dec. 6, 1962), pp. 525-9. A prison interview with Lim Chin Siong is recalled by Douglas Hyde in "The Star That Fell", Far Eastern Economic Review, 65:33 (Aug. 14, 1969), pp. 415-16.
28. Cheng Lian Pang, p. 15.
29. Ibid.
30. K.S.C. Pillai, "Malaysia: Crucial Phase", Far Eastern Economic Review, 37:3 (July 19, 1962), pp. 117-125.
31. Lee Kuan Yew, The Battle for Merger, (Singapore: 1962), pp. 4-7, reprinted in John Bastin and R.W. Winks, op. cit., pp. 398-401.
32. Cheng Lian Pang, p. 16.
33. Ibid.
34. Barisan opposition was focused on the provision that internal security would remain in the hands of the ISC and a central government above the PAP.
35. The Referendum alternatives are recorded in Current Notes on International Affairs, 33 (Sept. 1962), p. 65, reprinted in J.M. Gullick, p. 401.
36. J.M. Gullick, p. 401.
37. Thomas Bellows, p. 49. The author cites Dr. Goh Keng Swee, Singapore Legislative Assembly Debates, (Singapore: Government Printing Office), Vol. 17, col. 242.
38. Iain Buchanan, Singapore in Southeast Asia, (London: G. Bell and Sons, Ltd., 1972), and Thomas Bellows, The People's Action Party of Singapore, op. cit.
39. The voting procedure in Singapore is explained as follows: "Each ballot paper has a serial number printed on the back and a counterfoil with the number. The name is recorded on the counterfoil before the ballot is issued. No evidence of tracing has ever occurred though the possibility exists... The counterfoil system coupled with compulsory voting, may be a sure way to ensure PAP victory at election time" (See Far Eastern Economic Review, 77:38 (Sept. 16, 1972), p. 20.

40. Cheng Lian Pang, p. 17.
41. Thomas Bellows, p. 92.
42. Cheng Lian Pang, p. 18.
43. Iain Buchanan, op. cit., (passim.), and Peter Lyons, War and Peace in Southeast Asia, (London: Oxford University Press, 1969), p. 100. The Ministry of Education reports that in 1972 Thirty-two percent of primary students and 29 percent of secondary students were in Chinese schools. The corresponding figures for Malays were given as 3.4 and 5.6 percent. See Theodore and Frances Geiger, Tales of Two City-States, (Washington, D.C.: National Planning Association, 1973), p. 212.
44. Iain Buchanan, (passim).
45. Swee Hock Saw, Singapore: Population in Transition, (University of Pennsylvania Press, 1970), p. 118. The figures used for the "total population" actually refer to the male population, since no women were included among the CEC.
46. Cheng Lian Pang, p. 38.
47. Ibid., p. 56.
48. R.K. Vasil, Politics in a Plural Society, (New York: Oxford University Press, 1971), p. 32.
49. By contrast, in Singapore the non-Chinese held between 31 percent and 46 percent of the seats on the Central Executive Committee between 1954 and 1968, although the Chinese account for all but 25 percent of the population of Singapore. See Table III in Cheng Lian Pang, p. 37.
50. Appendix M indicates a shifting of spending priorities from defense to development following the termination of the Emergency. Between 1950 and 1960, military spending declined from 22.2 percent of State and Federal Government expenditures to 15.7 percent, while development (e.g., agriculture, irrigation, etc.) increased from 30.4 percent to 53.7 percent. This shift is often presented as a response to Malay discontent with the amount of money spent on the relocation of rural Chinese during the emergency, although it is often the rural Chinese entrepreneur who benefits most from the construction of roads and utilities in the hinterland. Although total amounts in the major spending categories have risen, G.D. Ness concludes that the percentage shift is significant and represents a decisive change in spending priorities.
51. J.M. Gullick, pp. 183-4.

CHAPTER NINE

THE FEDERATION OF MALAYSIA EXPERIMENT

The benefits of an economic common market linking Singapore with the Malayan Federation included an enlarged domestic market for import-substituting industries, as well as political advantages for both the People's Action Party in Singapore and the Alliance Party in the Federation. The ethnic composition of the two territories has been shown to represent a major cleavage within Malayan society with the Malays concentrated in rural areas, and the Chinese dominant in the urban areas including Singapore.

The overall goal of aggregate economic growth tended to minimize the significance of locational decisions for new industries. In the absence of deliberate guidance, it was anticipated that comparative advantage would tend to concentrate new industries in the developed areas. In this way, economic growth would prove to be a reinforcement of existing communal divisions rather than a solvent binding such groups into a wider solidarity through cross-cutting functional associations (e.g., national labor unions, economic interdependence, etc.). The manner in which efforts at development served to sharpen traditional identities rather than to reduce them will be examined in Chapter Nine.

The Malayan Federation: Background

The Federation of Malaya consisted of eleven states prior

to its merger with Singapore and the two Borneo states of Sabah and Sarawak in 1963. The most significant feature of Malaya as a plural society is the coincidence of several social cleavages with ethnic factors, such that the urban and higher income group is Chinese while the rural and lower income group is predominantly Malay (see Chapter Five). Table 39 indicates the economic position of the three major ethnic groups in 1957:

TABLE 39
Approximate Aggregate Individual Incomes By Race, 1957

	Malays	Chinese	Indians	Total
Aggregate Individual Incomes (M\$ Millions)	1,125	1,975	475	3,675
Percentage of Total	30	54	13	100
Population (millions)	3.13(50)	2.33(37)	0.7(11)	6.28
Average Annual Income Per Head (M\$)	359	848	691	585
Average Annual Income Per Adult Male (M\$)	1433	3264	2013	2128

Note: Figures in parentheses are percentages.

Source: Household Budget Survey, Report of the Inland Revenue Department, 1958, cited in R.K. Vasil, Politics in a Plural Society, (Singapore: Oxford University Press, 1971), and the Census of Malaya, 1957, quoted in T.H. Silcock and E.K. Fisk, The Political Economy of Independent Malaya, (Singapore: Eastern University Press, 1963), p. 3.

From the Table it can be seen that the Chinese average annual income was over twice that of the Malays. Economic disparities reinforce the rural-urban division in that twice as many Chinese live in major urban centers as do Malays (Table 40):

TABLE 40
Racial Composition of Urban and
Rural Population by Percentages

Type of Area	Malays	Chinese	Indians
Urban (Over 10,000 population) Total of 2,530,433 or 28.7 percent of the total population.	27.6	58.5	12.8
Rural (Less than 10,000 popu- lation). Total of 6,279,915 or 71.3 per- cent of the total popu- lation.	63.5	26.2	9.7

Note: Figures are for 1970.

Source: 1970 Population and Housing Census of Malaysia, Com-
munity Groups, adapted from Table XI, p. 30 by Alvin
Rabushka, Race and Politics in Urban Malaya, (Stanford,
California: Hoover Institution Press, 1973), p. 24.

The rural concentration of the Malays appears in the job classifications of the economically active population. In 1957 Forty-five percent of the Malays were involved in Agriculture, Forestry, Hunting or Fishing, as compared to 13.1 percent of the Chinese and 1.4 percent of the Indians. Approximately equal proportions of Malays and Chinese were involved

in Estate Agriculture (e.g., rubber) with 28.2 percent of the Malays and 27.2 percent of the Chinese. Approximately three and one-half times as many Chinese were engaged in Industrial and Commercial activities as were Malays.¹ This imbalance may explain the demand by Malays for "special privileges" as a means of maintaining their position in the region once the Chinese were no longer considered a transient population.

Malay Special Privileges are enumerated in Article 153 of the Constitution and include:

1. Four-fifths of all appointments in the Malayan Civil Service,
2. Three-fourths of all university scholarships,
3. The prerogative of the king to issue new permits or licences as required by Federal law to Malaysians in whatever proportion he deems reasonable.²

Article 89 provides for differential taxation based on race:

Land reserved for Malays that cannot be alienated into non-Malay hands, including large tracts in the states and smaller in the cities. Taxation rates of one fourth to one half of that on other property such that non-Malays subsidize urban services.³

Special privileges have been augmented by the weighting of parliamentary constituencies having a Malay majority. This is evidenced by election returns when compared to the total number of electors in each constituency, and the 1962 Constitutional amendment passed the year before the merger with Singapore:

The number of electors within each constituency ought to be approximately equal throughout the unit of review, except that, having regard to the greater difficulty of reaching electors in

the country districts and the other disadvantages facing rural constituencies, a measure of weightage for areas ought to be given to such constituencies, to the extent that in some cases a rural constituency may contain as little as one half the electors of any urban constituency.⁴

In the urban areas the Malay constituencies are often smaller than the Chinese, thus tending to weight the influence of Malay votes in the otherwise Chinese dominated urban areas.

In Kuala Lumpur for example, the Federation capital, the Chinese are 54.8 percent of the population while the Malays are 25.2 percent (Indians are 18.6 percent).⁵ The sizes of the four Parliamentary constituencies are highly variable.

In Bungsar, the number of registered voters in 1964 was 58,261, nearly twice the size of any of the other three (Batu: 32,297; Bukit Bintang: 33,636; Setapak: 37,034). Bungsar was won by Devan Nair of the People's Action Party while the winners of the other smaller constituencies were of the UMNO controlled (United Malay National Organization) MCA party (Malayan Chinese Association).⁶ In Selangor State (see Appendix E) the smallest constituency is almost entirely Malay, while the largest is non-Malay. Residents of Malay districts have considerably more voting power than those in non-Malay districts.⁷

In 1955 the Malays accounted for 84 percent of the registered electorate, while the Chinese (37 percent of the total population, see Table 39) comprised only 11 percent. By 1959 the ratios were more consistent with the Malayan population breakdown, with the Chinese accounting for 36 percent of the

electorate. The growing involvement of the Chinese in domestic affairs helps to explain the interest of the UMNO in controlling the Chinese vote through the Alliance Party.⁸ The tension which occurred between Singapore and Kuala Lumpur after the merger in 1963 can be partly understood in terms of this changing electoral composition in Malayan politics. In Chapter Eight the opposition of the Barisan Socialist to citizenship requirements was noted. The complexity of communal politics is demonstrated by the fact that it was to eliminate Barisan opposition within Singapore, that the PAP pursued merger at the time that it did.

The concentration of Chinese votes in urban areas, and Kuala Lumpur in particular, resulted in the passage of the Federal Capital Act (No. 35) of 1960 which created an appointed commission to replace the municipal-level elective council. In this way the possibility of an elected Chinese municipal council not affiliated with the controlled MCA was avoided.⁹ The fear of Chinese controlled local governments was not an idle one:

In the 1961 and 1962 nationwide local elections, the Chinese won 2,013 seats, Malays won 874, and Indians (and others) about 110. In 1962 elections alone, roughly 80 percent of the successful candidates were Chinese...In the absence of the Federal Capital Act, Kuala Lumpur would be the seat of a Malay-majority parliamentary government and Chinese-majority (opposition) local council.¹⁰

The dispute between Singapore and Kuala Lumpur (following merger) rested in part in the divergent perceptions each had of the other. Singapore regarded itself as one of

four equal members of the Federation (i.e., The Malayan Federation, Singapore, Sabah, Sarawak), while Kuala Lumpur as the Federal capital, regarded itself as the head of the eleven original states in the Federation, to which three additional states (i.e., Singapore, Sabah, Sarawak) had been appended.¹¹ The supercession of local politics contributed to this perception.

Malay privileges in Government and the weighting of Malay votes are a response to the changing role of Malayan Chinese from a population of separate and transient businessmen to a population of permanent residents intent on interacting politically with other domestic groups. The Malay dominance of Government coincides roughly with the rising political participation of the Chinese as each reinforced the other. The Malay dominance of Government tended to balance the Chinese dominance of the economy. It was this balance, institutionalized in the Alliance Party coalition, which was to be upset by the entry of Singapore into the Federation. One aspect of this balance was the pattern of taxation and Government expenditure.

While the expenditures for roads and infrastructure in the rural areas may not have benefited the Malays disproportionately (see Appendix M and Chapter Eight, fn. 49), the incidence of taxes on the Chinese segment of the population is less ambiguous. The progressive income tax places the burden on the commercial and industrial sectors

in particular, and these are overwhelming under Chinese control (see above). Economic issues and class distinctions tend to reinforce ethnic social divisions:

Malays paid only 6.4 percent of all personal income tax collected in 1964, compared to 51.6 percent for Chinese, 11.0 percent for Indians and 31.0 percent for non-Asians and non-residents.¹²

Nearly half of the total company tax is paid by Chinese. The total Government tax revenue of M\$1,377 million (1968) included M\$ 182 million in export taxes levied mainly against non-Malay owned rubber and tin exports, and M\$ 563 million levied against imports, handled chiefly by non-Malays.¹³ However, this pattern must not be overstressed since these taxes are common even in non-pluralistic societies where the more highly taxed groups cannot be identified ethnically. Also, it is likely that the cost of import taxes is simply passed on to the consumer.

The dominance of the Malayan states by the Federal Government may be inferred from the proportion Government spending which takes place at the Federal level. Appendix M shows that in 1960 the Federal level accounted for M\$ 997 million in Government spending while the states accounted for only M\$ 136 million. The fact that 88 percent of total spending was done by the central government suggests a high degree of centralization. The success of the merger depended on whether Singapore needed local markets and resources so desperately that this degree of subordination to Kuala Lumpur would be acceptable.

The Formation of the Federation of Malaysia

The initial proposal to form a Federation of Malaysia provided that the Malayan Federation should be joined by Singapore and three states on Borneo (Sabah, Sarawak and Brunei). The purpose of this was to balance the Singapore Chinese population with additional Malay-dominated territories, thus preserving Malay control of the new political and economic unit. The population compositions of the four territories finally included in the Federation are given in Table 41:

TABLE 41
Malaysian Population Statistics
(in thousands of persons)

Territory	Area (Sq. m.)	Malays and indigenous peoples	Chinese	Indians and others	Total
Federation of Malaya	50,700	3,510 (50)	2,595 (37)	912 (13)	7,017
Singapore	224	232 (14)	1,253 (76)	179 (10)	1,665
Sarawak	47,071	511 (69)	229 (31)	5 (0)	745
North Borneo (Sabah)	29,387	342 (75)	105 (23)	7 (2)	454
Total	127,382	4,595 (47)	4,182 (42)	1,103 (11)	9,881 (100)

Notes: Figures are based on 1960 data.
Figures in parentheses are percentages.

Source: J.M. Gullick, Malaysia and Its Neighbors, (London: Routledge and Kegan Paul, 1967), p. 181.

The previous pattern of weighted Malay voting was continued with Singapore receiving only 15 seats in Parliament, while the less populous Borneo states received forty.¹⁴ However Singapore retained internal control of education and labor.¹⁵ Subsequent efforts by the PAP to gain access to the Central Government (see below) are to be understood in this context.

The concept of the Federation was described by the Malaysia Solidarity Consultative Committee as follows:

The Committee envisages an association of several sovereign States with a central organ invested with powers directly over the citizens of the member States and in certain defined circumstances over the member States themselves. There would be a Central Government and also State Governments, but from the viewpoint of international law, the collection of States forming the Federation would be recognized as one Sovereignty within the family of nations.¹⁶

Factors favoring such a union were the common experience with British administration, a common culture and currency, and the dependence of all fourteen states on cooperation to survive.¹⁷

The inclusion of Sabah and Sarawak aroused the opposition of Indonesia and the Philippines. Brunei experienced "spontaneous" revolts and withdrew from negotiations over disputes on the handling of oil royalties and the relative seniority of the sultan with the Malayan sultans.¹⁸ The Indonesian opposition stemmed in part from a concern that the leadership role of Indonesia in Southeast Asia might be compromised. the Federation would also threaten Indonesian control of her outer islands, particularly Sumatra which had experienced rebellion (possibly aided by interests in Singapore) in 1958.¹⁹ The Federation was

also interpreted as a new form of British colonialism.²⁰

The joining of Singapore and the two Borneo states to the Malayan Federation was necessary to prevent the June 1963 Singapore Constitutional revisions from being followed by a Barisan election victory. This would endanger both the PAP and the Federation. Internal stability was achieved at the expense of conflict with Indonesia which was to last until 1966. The major economic goal of the Federation was a common market, but this was achieved by the loss of Indonesian trade. The Malaysia Agreement provided that the Federal Government:

...shall progressively establish a common market in Malaysia for all goods or products produced, manufactured or assembled in significant quantities in Malaysia with the exception of goods and products of which the principle terminal markets lie outside Malaysia.²¹

The agreement further provided that in the matter of revenue collection and distribution:

All revenues collected in Singapore (with some minor exceptions)...shall be divided between the two Governments and paid to them at least once in every year, in the proportion of 60 percent to the Singapore Government and 40 percent to the Federation Government.²²

Attempts to increase the Federation share to more than 40 percent were made as a means of supporting the Indonesian fighting.²³ The strain placed on financial relationships between Singapore and the Federation are traceable to external pressures as well as the Malay dominance of Federation politics stressed in Chapter Eight.

It is also possible that the Federation Central Government attempted to increase its 40 percent share of Singapore revenues by inducing prospective Singapore investments into Malaya.²⁴

Efforts to distribute investment more equitably throughout the Federation and to prevent the concentration of growth in a few areas were particularly difficult in the communally segmented Federation, and were interpreted in Singapore as a move to circumvent a negotiated allocation formula between the Federal Government and the new State of Singapore. This dispute was perhaps unavoidable given Singapore's more aggressive industrialization program under the centralized control of the Economic Development Board (see Chapter Six and Appendix H). In the Malayan states, industrial investment (in the Chinese dominated urban areas) had to be balanced against the demands of the larger agricultural sector (in the rural areas where the Malays are mainly located). Singapore has no internal hinterland and had to create jobs more rapidly.

Other provisions of the merger Agreement allowed Singapore to retain control of such internal expenses as education and labor since it retained autonomy in these areas. Singapore agreed to a M\$ 50 million grant to Borneo, but this was later renegotiated to a M\$ 150 million loan. The Tunku and Lee Kuan Yew also agreed informally that 50 percent of the labor employed in Sabah and Sarawak by Singapore funds would come from Singapore.²⁵

Trade disputes with the Central Government arose when in 1964 the British Government announced that it would deal with the Central Government rather than with Singapore, thereby diminishing the quota of textile goods to be imported into

Britain from Singapore. The Central Government had subsequently assigned most textile production to the mainland despite the island location of most of the textile factories. The imposition of international textile quotas implied that any reallocation of production to the mainland would necessitate a reduction of production in existing factories.²⁶ The ambiguous relationship between Singapore as an industrialized State and Kuala Lumpur as the Federation capital was summarized by the Singapore Finance Minister, Dr. Goh Keng Swee:

It is clear that the Central Government of Malaya in its relations with Singapore considers itself not the Government of Malaysia but the Government of the States of Malaya. Singapore is considered not as a constituent State of Malaysia but as a dangerous rival to be kept down at all costs.²⁷

These and other economic disputes between Singapore and Kuala Lumpur were superimposed on an ambiguous agreement between the two Governments which left the precise nature of the merger obscure. The Chinese remained in economic power while the Malays claimed political dominance, through citizenship requirements and special privileges and weighted voting.²⁸ This ambiguity paved the way for a political confrontation between two styles of government which was to contribute to the expulsion of Singapore from the Federation, and the termination of any immediate hope that Singapore might be included in a common market.

The Conflict Between the PAP and the Alliance Party

Following the formation of the Federation of Malaysia, the

Singapore-based People's Action Party (PAP) became active in the mainland election (1964) although conditions of merger stipulated that only those born in Malaya were eligible for election in the Malayan states. In Singapore the PAP had moved to the political center producing a widening rift between the PAP and the Singapore People's Alliance which was allied with the Malayan Chinese Association (MCA) and the United Malay National Organization (UMNO) on the mainland. In this way, the decision to influence the Parliamentary elections in Malaya took on the form of an attack by the PAP on the MCA.²⁹

Ultimately the PAP nominated eleven candidates for the Parliamentary elections. To prove that it was not fighting UMNO two of these did not campaign when it was discovered that they would be opposing UMNO candidates. So in effect the PAP contested nine seats only.³⁰

The possibility exists that that Lee Kuan Yew had previously agreed with the Tunku Abdul Rahman that the PAP would not interfere with the mainland elections, and that he was overruled by the CEC.³¹ The interest in mainland urban politics is explained in the PAP election Manifesto in a manner calculated to gain Malay support:

In the urban areas because of the ineffectiveness of the MCA, the PAP has to help in the battle against the anti-Malaysia Socialist Front. The task of the PAP is to ensure that the protest votes in the urban areas do not become votes against Malaysia and for Soekarno.³²

This strategy was consistent with the long range objective of the urban PAP to reorganized Federation politics along non-communal lines:

Our long-range objective, quite frankly, is to start a social revolution in Malaysia and break down the communal walls in this country. Our short-range objective is just as clear. We want to defeat the Socialist Front and the Malayan Chinese Association, and by doing so prove to the Tunku that we are the only party that can appeal to progressive-minded Malaysians in the cities of this country.³³

The Tunku (who was also the President of the UMNO) regarded the PAP attacks on the MCA as an attack on the Alliance Party coalition itself. At issue was the rationale of the Alliance whereby the Chinese community was "represented" by the middle class MCA in alliance with the UMNO and the MIC.³⁴

The PAP gained only 16.3 percent of the valid votes cast in the Parliamentary constituencies and 13.9 percent in the State constituencies where it entered candidates. The Alliance captured an unprecedented 89 of 104 seats while the PAP won only one. Both parties campaigned on the Confrontation issue, but the Alliance was successful in arguing that only the party in power was capable of dealing with the Indonesian threat since only it could assure a Parliamentary majority.³⁵ To defeat the PAP the Alliance had used the tactic of pointing to an external threat, the same tactic which had previously been used by the PAP to gain Alliance support for the merger and to defeat the domestic Barisan Socialis.

The PAP formed the Malaysian Solidarity Convention (MSC) in 1965 to promote a less communal form of politics (i.e., less Malay) in the Federation. Although the PAP was the

principle participant, other non-Malay groups included the United Democratic Party, the People's Progressive Party and two parties from Sarawak. The more extreme PMIP in the Federation opposed this coalition. While the coalition was not to be a communal party, the ideology of a "Malaysian Malaysia" was contrary to the UMNO idea of a Malay Malaysia and was interpreted as a threat to the Alliance and the Malays. The MSC Declaration defined a "Malaysian Malaysia" to mean:

...that the nation and the state is not identified with the supremacy, well-being and the interests of any one particular community, or race.... A Malaysian Malaysia means in theory as well as in practice, educating and encouraging the various races in Malaysia to seek political affiliation not on the basis of race and religion but on the basis of common political ideologies....³⁶

The MSC was promoting a view which would have assured Chinese dominance of political power in the short run at least, while the Alliance system, which aimed at eliminating communalism at a slower rate equivalent to economic emergence of the Malays, retained Malay control of Government.³⁷

Throughout the 1964 campaign the UMNO and the PAP had to balance their campaigns against each other with other factors. The extremist (communal) members of the Alliance had to be kept in the Alliance or they might have joined the PMIP to effect a truce with Indonesia. This would have deprived the UMNO of its rural constituencies since the PMIP controlled both Kelantan and Trengganu between 1959 and 1964.³⁸ The PAP was forced to tolerate the Barisan Socialis in Singapore as long as it (the PAP) posed as a liberal

party in opposition to the conservative UMNO in the Federation.³⁹ Active surveillance from the Central Government was ruled out because the UMNO feared that the PAP was already preparing for separation from the Federation.⁴⁰ Separation would serve to insulate Federation politics from the PAP threat, whereas two years previously, merger was accepted as a means of eliminating control of Singapore by the Barisan Socialis.

In Singapore, the second Hong-Lim bi-election found the incumbent Ong Eng Guan (see Chapter Eight) declining to run. Rather than an independent, the PAP competed with the Barisan Socialis which was comprised of previous PAP members purged in 1961 on the merger issue. On July 10, 1965 the PAP captured 58.9 percent of the votes in the contested district, demonstrating to the Alliance that the Communist threat was now under control.⁴¹ Likewise, the PAP no longer needed the ISC.

The PAP was further alienated by the Alliance when Tun Abdul Razak (to become Prime Minister of the Federation in 1971) reportedly remarked that the outcome of the district election would be inconsequential. The Barisan candidate had stood on a "crush Malaysia" platform. The PAP victory was interpreted as a domestic mandate to pursue the "Malaysian Malaysia" policy.⁴²

Rising political tensions were reinforced by communal ones, which may have been manipulated by forces from outside the Federation altogether.⁴³ Communal riots in Singapore in July of 1964 left 22 dead and 500 injured. The Malays

had expected their position to improve, but unemployment continued and it was believed that urban renewal was being done to break up the Malay kampongs.⁴⁴ In fear of widespread racial violence, the Tunku Abdul Rahman wrote to Singapore's Deputy Premier on August 9, 1965:

I am writing to tell you that I have given the matter of our breaking with S'pore my utmost consideration and I find that in the interest of our friendship and the security and peace of Malaysia as a whole there is absolutely no other way out.

If I were strong enough and able to exercise complete control of the situation I might perhaps have delayed action, but I am not, and so while I am able to counsel toleration and patience I think the amicable settlement of our differences in this way is the only possible way out. I request you most earnestly to agree.⁴⁵

The expulsion of Singapore from the Federation was due to economic disputes, and political disagreements, but most immediately to the threat of racial violence resulting from the failure to achieve unity in these other areas.

The Separation

On August 9, 1965 Singapore and Malaysia separated, bringing to an end any immediate hopes for a common market (see Appendix N, Section VI). The economic and political survival of Singapore became dependent upon the ability of Singapore to compensate for this loss of domestic markets and natural resources by competing internationally as a separate and sovereign state. Chapters Six and Seven have examined how Singapore responded to the altered political set-

ting (Chapters Eight and Nine) and stressed the dependence of these efforts upon foreign capital and especially technology.

The intrusion of foreign interests into the region is often seen as facilitated by the political fragmentation of the region.⁴⁶ However, following the Separation, progress in the 9000 acre Jurong industrial estate in Singapore fell two years behind schedule, with as many as thirty American investors withdrawing following the loss of the larger Malaysian market.⁴⁷ These firms probably confined production to domestic firms reverting to the use of Singapore as a free port as means of gaining access to the regional markets. Chapters Eight and Nine have analyzed the role of communalism and local political maneuvering in creating the situation whereby Singapore became a sovereign state distinct from a broader Federation, whose security depended upon the active solicitation of foreign investment from many sources. To some extent, Singapore has succeeded in practicing the policy of "divide and rule" in reverse, entering into bilateral economic agreements with a diversity of foreign powers (see Chapter Seven), no one of which is in a position to dictate her political future.

However, Chapter Seven warns against overstating this point, since investment in Singapore and through Singapore into the region is largely short range. This indicates a tendency by investors to minimize risks and commitments in Southeast Asia. The greatest resource of Singapore is her

strategic location on the Straights of Malacca. This is significant in terms of both shipping lanes linking Japan to the Middle East, and the central location with respect to Southeast Asian oil exploration. Two-thirds of Singapore's Gross National Product is accounted for by trade.

On a more speculative level, if the future of a resource-deficient Japan depends upon these factors, then the political future of Japan in Asia may depend upon an increasing role in Singapore's politics and economy. As in the past, events in Singapore will continue to be shaped largely by external events over which she has minimum influence. The withdrawal of the British fleet (1968-1971) and the Indonesian Confrontation (1963-67) are only two recent examples.

This vulnerability is partly a consequence of the failure of the Federation as a means of integrating Singapore with the surrounding region. This failure has been shown to be partly a consequence of the different "political cultures" of the two areas, and more specifically, the inability of the PAP to gain access into the Malay-controlled Central Government. The manner in which communal, economic and demographic cleavages reinforce each other in Malaya has tended to permit economic issues to be quickly reduced to communal disputes. Nationalism has not subsided as a divisive force with the removal of the colonial powers, rather, the reverse is true.

The remainder of this Chapter will summarize events on the mainland following the Separation and trends which have widened this division. In Peninsular Malaysia in the 1969

elections the UMNO received only 41.4 percent of the popular vote. In the previous election of 1955 and 1964 the UMNO had received overwhelming support except the eastern states where the radically communal FMIP is located. In 1969 the PMIP received 40.2 percent of the vote. The UMNO lost seven of the fifty-eight seats it had gained in 1964.⁴⁸ Rabushka attributes this reversal to the attractiveness of communal appeals by the PMIP:

The losses can be attributed to the electoral appeal of the PMIP campaign--a more vigorous defense and advocacy of Malay interests...Its leaders recommend a theological monarchy in the place of the current constitutional democracy, openly advance Malay interests, and invite foreigners--including Chinese and Indian citizens of Malaya--to return to their homelands.⁴⁹

The MCA lost twenty of its thirty-three contested seats, and the leader, Tan Siew-Sin, withdrew from the Alliance.⁵⁰ This may have been due to a rising communal appeal in the Chinese community,⁵¹ and also reflects a growing proportion of Chinese to the total electorate.⁵² The Chinese parties include the Democratic Action Party which traces its origin to the Singapore-based PAP. In 1969 and 1971 a new Constitutional Amendment and Revisions to the Sedition Act made it illegal to debate the existence of the Malay "special privileges", thereby threatening the future of the non-Malay parties.⁵³

Until 1969 the Alliance had retained communal harmony between the Malays (UMNO), the Chinese (MCA), and the Indians (MIC) by appealing to common interests and foreign issues. In 1955 the Legislative Council elections demonstrated the ability of the Alliance to provide orderly government and

paved the way for independence in 1957. In 1964 the PAP threat was controlled by stressing the dangers of division in view of the Indonesian Confrontation. In 1969 no such external threat was available, and latent internal divisions played into the hands of the PMIP and other non-Malay parties at the expense of the more moderate Alliance members (UMNO, MCA, MIC).⁵⁴

The Federation had been an ad hoc solution to the threat posed by the Barisan Socialis to the Malayan states, and membership had also provided the means whereby the PAP subjected the Barisan to a Central Government above the PAP. Following political separation, the economic relations between Singapore and the Federation reflected the sovereign political status of Singapore. Although continued economic cooperation was sought by the appointment of key persons to government posts, a growing number of divisions between the two states appeared.⁵⁵ On August 8, 1965 (one day prior to the Separation announcement) duties were imposed on 107 Malay imports to balance previous restrictions on Singapore manufactures which had never been removed. In October, quotas were removed but duties remained in force. With the formation of a common market between East and West Malaysia (but excluding Singapore), Singapore imposed tariffs on 154 Malayan manufactured products.⁵⁶

In November Singapore began investigating trade possibilities with Indonesia despite the ongoing Confrontation and in apparent violation of the Separation Agreement (Appendix N, Article 7). Singapore also threatened to review visitor work

permits,⁵⁷ and there was difficulty on both sides in renewing the "double taxation" agreement whereby industries had previously been allowed to maintain operations in both Singapore and the Federation without being taxed by both political entities.⁵⁸ Table 42 indicates that the Separation was more damaging to Singapore and that a search for new trading partners in the region (i.e., Indonesia) was necessary for the new state:

TABLE 42

Trade Between Singapore and
Malaya (i.e., West Malaysia)

Malaya	(Percent)	Singapore	(Percent)
Imports from or via Singapore	37	Imports from Malaya	23
(Originating in Singapore)	10		
Exports to or via Singapore	28	Exports to Malaya	33
(Destination Singapore)	20		

Source: Heng Chee Chan, Singapore: The Politics of Survival, 1965-67, (Oxford University Press, 1971), p. 33.

Although trade between Singapore and Malaya was nearly balanced in 1965, the Table indicates that only 20 percent of the Malayan exports were destined for Singapore, while 33 percent of Singapore's exports were intended for Malaya.⁵⁹ Ten percent of Malaya's imports (mostly manufactured goods) were from Singa-

pore, while 23 percent of Singapore's imports (mostly raw materials) were from Malaya.

The dispute between Singapore and the Federation over renewed trade with Indonesia was resolved by another external event, the attempted coup in 1965 in Indonesia which led to the defeat of the Communist Party and the ascent of the army to political power.⁶⁰ The undeclared war with the Federation was resolved in the subsequent Bangkok talks and the signing of a peace agreement in Jakarta on August 11, 1966.⁶¹

The development of an export-oriented manufacturing sector in Singapore (see Chapter Six) was the response to the loss of markets and raw materials in the Federation. The withdrawal of the British presence affected both Singapore and the Federation in terms of employment, and politically engaged both of them in a dispute with Indonesia (see fn. 18) which had economic consequences. With the impending loss of employment at the Navy base, Singapore threatened to withdraw visitor work permits, and the Federation began redirecting trade between East and West Malaysia around the port facilities of Singapore.⁶² This redirection of Malaysian trade may account in part for the increasing proportion of manufacturing to total gross national product in Singapore.⁶³

These events are political in nature, with the economy of Singapore being simply an index of these ad hoc decisions. The decisions by Malaysia to develop its own port facilities may be an act of retaliation by the Chinese MCA against the PAP for its attacks on the MCA during the 1964 Alliance

election campaign.⁶⁴ While Malay and Chinese communalism may not be simply a matter of opportunism (see Chapter Three), the use of communal tensions for purely political purposes is evident in Singapore and Malaysia. The interaction between communal and class-oriented symbols in mass movement politics does not admit to concise theoretical conclusions. However, it does appear that political boundaries between sovereign states are similar to the district boundaries within states, in that they are gerrymandered to create mass support for the "nation". To regard any particular political unit as an integrated political entity, and to attribute this unity to an internal and evolutionary process alone, is to overlook the continuing role that expediency plays in setting these boundaries initially.

ENDNOTES

1. Alvin Rabushka, Race and Politics in Urban Malaya, (Stanford, Cali.: Hoover Institution Press, 1973), p. 25. See Table 24, Chapter Six, of this dissertation.
2. Ibid., p. 31.
3. Ibid.
4. Ibid., p. 33.
5. Ibid., p. 39.
6. Ibid., Table 15, p. 85. A similar weighting system is apparent in Singapore. In the Parliamentary election of April 13, 1968 Fifty-one seats were unopposed and of the remaining seven, opposition to the PAP received only 13.3 percent of the popular vote. The seven new districts were established by the Parliamentary Membership Bill of 1967 and were delineated in such a manner that no minority is dominant in any one of them. Thomas Bellows comments: "Heretofore, the Malays were assured of electorally dominating two or three districts. This is no longer the case, and the electoral potential of the Singapore Malays National Organization and its allies associated with the Alliance Singapura is now nil". See Thomas Bellows, The People's Action Party of Singapore: Emergence of a Dominant Party System, Monograph Series No. 14, (Yale University of Southeast Asia Studies, 1970), pp. 117-8.
7. Alvin Rabushka, p. 83.
8. On this point, Robert Melson and Howard Wolpe offer the theoretical formulation that "Men enter into conflict not because they are different, but because they are essentially the same". The mobilization of populations toward common aspirations produces new conflicting groups rather than a wider solidarity. See Robert Melson and Howard Wolpe, "Modernization and the Politics of Communalism: A Theoretical Perspective, American Political Science Review, LXIV:4 (Dec. 1970), pp. 1112-1130 (esp. p. 1114). See Chapter Three of this dissertation.
9. The blurring of governmental "levels" is a common feature of plural states. Superecession of municipal level government in India since 1960 has occurred in at least nine of the eighteen municipal "corporations" (Donald Rosenthal,

The Limited Elite: Politics and Government in Two Indian Cities, Chicago: University of Chicago Press, 1970, p.19). The point stressed in Chapter Four is that even the "modern" institutions of the political party and the state can be usurped, from below. To some extent the domination of Malayan politics by the Malays at the expense of the Chinese provides an example of this.

10. Alvin Rabushka, p. 75.
11. Harvey Stockwin, "Malaysian Approaches", Far Eastern Economic Review, XLIX:6 (August 5, 1965), pp. 252-4. The misunderstandings as to the nature of the merger are revealed in a comment made by the Tunku prior to merger: We despise colonialism and with the formation of Malaysia, colonialism will end in this region. We are willing to change the name of the Federation of Malaya which has been popular and well-known, to Malaysia, so to free our friends from colonialism." (emphasis added). The binding force of anti-colonialism was to prove no more effective in maintaining the Federation than it was in maintaining a unified political movement in Singapore (Chapter Eight), once the colonial power was removed. The unity of the Alliance in the Federation likewise depended upon outside forces to retain its unity (see the remainder of Chapter Nine). The Tunku is quoted in Muhammad Ghazali Bin Shafie, "Malaysia and Indonesia Confrontation", United Asia, 17:3 (May-June 1965), p. 220.
12. Alvin Rabushka, p. 53.
13. Ibid., p. 54.
14. R.S. Milne, "Politics and Government", in Gungwu Wang (ed.), Malaysia, New York: Praeger Pub., 1964, p. 332.
15. Retention of Chinese schools recalled the near split of the Alliance Party in 1959 over the same issue in the Federation.
16. The Memorandum on Malaysia, (Feb. 3, 1962), prepared by the Malaysia Solidarity Consultative Committee for the Commission of Inquiry, North Borneo, and Sarawak, and published as Appendix F to the Commission's Report (HMSO CMND. 1794), quoted in J.M. Gullick, Malaysia and its Neighbors, (London: Routledge and Kegan Paul, 1967), pp. 60-67, (esp. p. 62).
17. Muhammad Ghazali Bin Shafie, p. 218.
18. J.M. Gullick, p. 105.
19. Speech by Suwardjo Tiondonegro, Deputy Foreign Minister of the Republic of Indonesia, to the United Nations Security Council (Sept. 4, 1964), quoted in J.M. Gullick, p. 142 (Document 26, Para. 74).

20. The London Agreement of July 8, 1963 includes a clause committing Britain to the "preservation of peace in South-east Asia", which considerably broadened its previous defense commitments to Malaya. See Dick Wilson, "The Struggle for Borneo", Far Eastern Economic Review, XLVI:3 (Oct. 15, 1964). As the Federation was formed the leaders of the major Malay states in Southeast Asia convened to discuss regional Malay solidarity, and "agreed to take initial steps towards the establishment of Maphilindo by holding frequent and regular consultations at all levels to be known as Mushawarah Maphilindo" (The Manila Declaration, August 1963, cited in J.M. Gullick, pp. 115-16). The acronym refers to Malaya, the Philippines and Indonesia. The Declaration was signed by President Soekarno, President Macapagal and Prime Minister Rahman of Malaya.
Other reasons for opposing the Federation have been identified. These include the fear that the international Chinese business community might be strengthened and make further inroads into the Indonesian economy and that influence was exerted on Indonesia from eastern bloc countries. Excluding Japan's War reparations the foreign credits from western bloc countries were M\$798.8 million as compared to M\$ 641.2 million. See Zainal Abidin Bin Abdul Wahid, "Malaysia, Southeast Asia and World Politics", in Gungwu Wang (editor) Malaysia, (New York: Praeger Pub., 1964), pp. 370-1. The possibility that the Indonesian Army felt a need to demonstrate its importance in domestic politics is discussed below (see fn. 58).
21. Nancy McHenry Fletcher, The Separation of Singapore from Malaysia, Data Paper Number 73, (Ithaca, New York: Cornell University Press, July 1969), p. 16, citation from the Agreement concluded between the United Kingdom of Great Britain and Northern Ireland, the Federation of Malaya, North Borneo, Sarawak and Singapore (Cmd. 22 of 1963, Singapore, 1965), Annex J, p. 226.
22. Ibid., p. 16.
23. Nancy McHenry Fletcher, p. 17.
24. Ibid. Perhaps in anticipation of more stringent investment guidelines, the number of Pioneer Certificates issued to new industries in Singapore rose dramatically as the date of merger with the Federation approached. Between August and September 16, 1963, seventy-seven certificates were issued.
25. Ibid. p. 18.
26. Nancy McHenry Fletcher, p. 21, and Harvey Stockwin, "Broken Threads in Malaysia", Far Eastern Economic Review, 48:3 (April 15, 1965), pp. 118-120.

27. Dr. Goh Keng Swee, quoted in the Straits Times, March 22, 1965 and cited in Nancy McHenry Fletcher, p. 22. Kuala Lumpur may have been acting in the absence of an authority within the Federation equivalent to the Economic Development Board in Singapore. Prospective investors found it necessary to consult each State of the Federation since there was no centralized promotion. Between 1958 and 1964 the Federation had issued 108 Pioneer Certificates compared to 119 for Singapore. See Andrew Nathan, "Moves for Malayan Industry", Far Eastern Economic Review, 44:11 (June 11, 1964), pp. 564-5.
28. R.S. Milne, "Singapore's Exit From Malaysia: The Consequences of Ambiguity", Asian Survey, 6 (March 1966), p. 178.
29. It should be noted that communal political organization in the Federation did not prevent the PAP from attacking another Chinese party, the MCA. In the colonial years the Chinese secret societies often were in league with Malay societies as they struggled against each other in Straights Settlements. See C.M. Turnbull, The Straights Settlements, 1826-1867, (University of London and Athlone Press, 1972), p. 104.
30. Cheng Lian Pang, Singapore's People's Action Party, (Singapore and Kuala Lumpur: Oxford University Press, 1971), p.18.
31. This loss of control would be an exceptional case. In 1964 five out of the fourteen members of the CEC had been born in Malaya. The highest ratio of Malaya-born CEC members occurred in 1954 (6 out of 11) and 1957 (7 out of 14), 1959 (6 out of 13). Cheng Lian Pang, p. 37.
32. Cited in Cheng Lian Pang, p. 19.
33. Seth King quoted in the New York Times, April 19, 1964 and cited in Nancy McHenry Fletcher, p. 22.
34. Cheng Lian Pang, p. 20.
35. Malaysia Election Commission, Report on the Parliamentary and State Legislative Assembly General Elections, 1964, of the States of Malaya (Kuala Lumpur: 1965), p. 32, figures cited in Nancy McHenry Fletcher, pp. 36-8.
36. Malaysian Solidarity Convention, Declaration of the Convenors of the Malaysian Solidarity Convention, (Singapore: Koon Wah Lithographers, 1965), pp. 24-5, quoted in Thomas Bellows, p. 59.

37. Nancy McHenry Fletcher, p. 59. The absence of a class-based political movement in the Federation equivalent to the FAP in Singapore is explained by the fact that the largest union in the country is the National Union of Plantation Workers which is mostly Indian. In 1957 Indians were 58 percent of all union members, in 1964, 48 percent. Indians and Pakistanis are 11 percent of the population (Alvin Rabushka, p. 24). Apparently the Malays have satisfied their demands through the UMNO and "special privileges" rather than through "modern" class-based political associations.
38. Thomas Bellows, p. 147. See Appendix E of this dissertation.
39. Ibid., p. 87.
40. Ibid., p. 352. While separation would protect the Alliance from the PAP, it was not desirable in view of the Confrontation with Indonesia.
41. Ibid., p. 87.
42. Ibid., p. 87. The Chinese in the Federation were afraid of the "crush Malaysia" campaign because in Indonesia it had led to the maltreatment of Chinese and the same might be expected of Malays in the Federation. In Chapter Three it was stressed that in plural societies whose minorities are connected with populations of surrounding countries, local political and economic development must continually respond to events from outside the given "society" (i.e., nation-state).
43. Reportedly, Radio Peking broadcasts at the time were advocating English and Chinese as national languages for Malaya, and extending overtures to Singapore. See Harvey Stockwin, "Southeast Asian Melting Pot", Far Eastern Economic Review, 49:12 (Sept. 16, 1965), pp. 568-71. Two years later, as the price of rubber, tin and palm oil fell on the world market (17 percent, 7.5 percent and 5.5 percent, respectively, Far Eastern Economic Review, 59:7, Feb. 15, 1968) the Communist strategy apparently shifted from a multi-racial one which had been used until the 1965 revolution in Indonesia which ousted the Communists, to a strategy of inciting race riots. See the Far Eastern Economic Review, 59:3 (Jan. 18, 1968), pp. 106-111.
44. Thomas Bellows, p. 40, and Gresford Jones, "How Convenient", Far Eastern Economic Review, (Dec. 19, 1968), p. 662. Jones implies that fires in squatter settlements follow a pattern of occurring in areas where high rise housing construction is scheduled.

45. Reprinted in the Far Eastern Economic Review, (August 19, 1965), p. 351. Thomas Bellows (p. 65) concludes that the expulsion of Singapore had been a goal of the PAP and did not come as a surprise: "On August 9, 1965, Malaysia acceded to the pressures Singapore had set in motion and released Singapore from Malaysia as a sovereign and independent nation, a goal a majority of the PAP's Central Executive Committee had been working toward for some months." While little evidence of this is offered, the pattern of disagreements with the Federation is interpreted as being too effective to not have been deliberate.
46. Iain Buchanan, Singapore in Southeast Asia, (London: G. Bell and Sons, Ltd., 1972), p. 264.
47. David Bonavia, "Singapore's Dark Horizon", Far Eastern Economic Review, 55:8 (Feb. 23, 1967), p. 327.
48. R.K. Vasil, Politics in a Plural Society, (Singapore: Oxford University Press, 1971), p. 309.
49. Alvin Rabushka, p. 35.
50. R.K. Vasil, p. 309. The Democratic Action Party (Chinese and derived from the PAP), won 13 parliamentary seats (13.7 percent of the vote) and 31 seats at the State level (11.8 percent of the vote). In five non-Malay States, the competing MCA suffered decisive losses from previous elections:

MCA Election Returns

<u>State</u>	<u>Seats Won</u>		
	1959	1964	1969
Penang	6	6	0
Perak	9	12	1
Selangor	8	9	1
Johore	7	11	9
Negri Sembilan	7	9	4

51. In view of the UMNO dominance of the Alliance, any non-Alliance political movements, even the PAP program for a "Malaysian Malaysia" was by definition a non-Malaya and therefore "communal" movement.
52. John Slimming, "The Riots", Malaysia, (London: John Murray, 1969), pp. 25-51.
53. This legislation followed the post election racial riots.

in which 800 were killed. The Federation Government placed the number at 178, while rumors in Singapore placed it at 2500. See John Slimming, op. cit. The atrocities suffered by the Chinese minority in Malaya were quickly communicated to the Chinese majority in Singapore. Within the first week, 700 arrests and detentions took place, with four deaths and 41 injuries occurring. (Far Eastern Economic Review, 54:24, June 12, 1969).

54. Nancy Snider, "Race, Leitmotiv of the Malayan Election Drama", Asian Survey, X:12 (Dec. 1970), pp. 1070-1080.
55. Immediately after Separation Singapore appointed Mr. Ko Teck Kin, a millionaire businessman with many Alliance Cabinet contacts, as High Commissioner to Malaysia. Others who were in touch with the Alliance were given positions in the Singapore Government (Dr. Goh Keng Swee as Defense Minister and S. Rajaratnam as Foreign Minister). See Heng Chee Chan, pp. 30-32.
56. Ibid. pp. 32-3.
57. Ibid. In 1968 Singapore threatened to repatriate an estimated 40,000 to 50,000 Malaysians employed in Singapore to compensate for lost employment anticipated from the withdrawal of the British fleet, but it was subsequently discovered that a more accurate number was 25,000 and that Malaysia was in a position to repatriate 36,000 Singaporeans working in Malaysia. See the Far Eastern Economic Review, 59:15 (April 11, 1968), and 59:16 (April 18, 1968).
58. Heng Chee Chan, pp. 32-3.
59. In 1965 Singapore's exports to West Malaysia (Malaya) were valued at M\$ 938.6 million, while imports were valued at M\$ 884.9 million. See Iain Buchanan, op. cit. Table 15, p. 111. Between 1955 and 1960 Federation imports from Singapore remained constant, but exports through Singapore declined. In 1960 rubber accounted for 74 percent of the Federation exports going to Singapore, but rubber exports through Singapore declined from 41 percent to 35 percent of this amount. Relocation of tin smelting from the Singapore location to enlarged facilities in the Federation redirected the 55 percent of the Federations tin ore being smelted in Singapore in 1955. See W.H. Corden and H.V. Richter, "Malayan Trade Statistics and the Entrepot Trade", in T.H. Silcock and E.K. Fisk (eds.), The Political Economy of Independent Malaya, Canberra: Australian National University, 1963, pp. 290-1.

60. Harvey Stockwin emphasizes the interrelationship between foreign and domestic affairs in Southeast Asia. Following Separation, the Indonesian Army wanted the Confrontation to continue, perhaps to ensure their importance in Indonesia, but after the "revolution" this pressure ceased. See "Southeast Asian Melting Pot", Far Eastern Economic Review, 59:12 (Sept. 16, 1965), pp. 568-71.
61. N.J. Ryan, The Making of Modern Malaysia and Singapore, (Kuala Lumpur and Singapore: Oxford University Press, 1969), p. 269.
62. See fn. 55.
63. In Chapter Seven the percentage decline of tertiary activity was shown to be due in large part to the termination of military involvement by the British, rather than a replacement of entrepot activity by manufacturing. However, a certain percentage of entrepot activity may have been lost due to a redirection of trade by Malaya.
64. Chan (op. cit., p. 39) points out that Tan Siew Sin was both the President of the MCA during the 1964 elections and the Malaysian Finance Minister after Separation, and that he advocated the development of Kuala Lumpur as the political and commercial focus of West Malaysia (rather than Singapore) and the building of export and distribution facilities within the Federation at Port Swettenham. See also, Harvey Stockwin, "Confrontation Echo", Far Eastern Economic Review, 54:2 (Oct. 13, 1966), p. 50.

CHAPTER TEN

CONCLUSION

To study the relationship between political change and economic change, it is first necessary to isolate a common unit of analysis. The literature accepts the nation-state as that unit, and conceptualizes political disorder as being due to imbalances within the developmental process. The process of social change is internal to the hypothesized system and explicable in terms of internal relationships. It has been held by many that economic development induces corresponding changes in political institutions, with increasingly active economic groups eventually supplanting the traditional elites. Within industrial society functional groups link the traditional social segments into a wider solidarity (i.e., the nation-state). Mass participation is interpreted as an ascending rather than a descending, or neutral, transformation.

A second school stresses the diverse ways in which traditional and modern structures can be combined, and rejects the linear notion of social change as being ethnocentric. What has been lacking in the literature is an analytical framework alternative to the "tradition-modernity" dichotomy which is capable of dealing with these anomalies on their own terms.

The present research has made a modest beginning in this direction by questioning an underlying assumption of empirical

social research. The premise that society operates primarily as a natural system according to an objective and internal coherence has been supplemented by the understanding that the existence of any society cannot be "explained" in terms of its internal structure, but must be approached as an equilibrium between this structure and external factors, and that this equilibrium over which it exercises only limited control is to be distinguished from the existence of society as a moral fact. The particular structure is an abstraction.

The nation-state represents a substantial congruence between the nation (a cultural unit) and the state (a political organ). But rather than being a threshold representing a certain degree of internal integration, it is only one of several possible outcomes of a broader (or prior) tension between "identity" and "interdependence". The processes producing the nation-state are not internal, rather, the nation-state is a communal response to the insecurities of competing ideologies, militarism, industrialization, and even other nationalisms. Rather than providing the explanatory context by which to understand events, the nation-state is such an internal event. The transitional role usually assigned to disorder is enlarged to where it forms the context within which the nation-state and other forms of communalism appear. To explain social change in terms of evolving nation-states is a tautology.

Chapter Four presented a number of alternative solutions to the underlying tension between the existence of society and

and its particular structure at any given place or time. Rather than looking for the source of (political) order within the structure (which theoretically could be replicated in the new states), it was stressed that order and change cannot both be explained in terms of structure. Structure is not totally objective, but is formed by perception. Social change was explained not as a function of imbalance within an objective structure, but as being rooted equally in perception which by first positing a "whole" creates internal discontinuities (e.g., contradictions) calling for resolution. Conflict does not occur unless the conflicting elements (e.g., socio-economic classes, communal groups) are first conceptualized as occurring within a common frame of reference, such that differences between the two can be seen as structural within a system . Change is as much a function of the initial premise (i.e., the subjective system) as it is of objective facts. Ideology not only explains change thereby rendering interdependence tolerable, it is primarily the source of those changes (i.e., movements) it seeks to explain.

In plural societies the number of social cleavages which become politically salient through mobilization is vastly multiplied. The nation-state model is less appropriate than that of the "multi-national" state since the state does include a variety of nations. However the latter approach is difficult to apply in terms of mobilization since it implies a differentiation between the populace and legitimate authority,

rather than an identification of the second with the first. The nation-state is an anomalous solution whereby the nation co-opts the state such that a congruence between the nation and the state takes place. Whether the state can create a nation (the reverse process) in multinational situations, using the principle of mobilization, remains to be seen. The belief that communal groups can be integrated into a broader national identity through development is particularly vulnerable in those cases where minorities belong to groups spanning several state boundaries. As in the case of the Chinese in Southeast Asia, integration into the nation-state collective is frustrated by the larger context of racial tension spanning across state boundaries. Communalism is not an internal event. However well the Malays may behave in Singapore, their welfare depends upon how well the minority Chinese are treated in Malaya.

In plural societies where economic issues often carry an ethnic meaning, and where any apparent social discontinuity can be interpreted as instances of ethnic oppression, the unifying force is often the threat of a common enemy outside the system. This may be a colonial power, or a domestic minority once the colonial power is withdrawn. Ideology also serves this function by subordinating immediate social cleavages within a society to a hypothetical cleavage between that society as a whole and its own past. It is such a dichotomy between tradition and modernity which regards change as evolutionary and which underlies attempts to reduce change to scientific laws of development.

In pluralistic states, "international" tensions are not foreign affairs, but are domestic, and are sharpened as the different communal (national) groups are compressed within a common territorial political unit. Order is created within mobilized groups as they respond to other collectives including mass society as a whole, often identifying themselves by such atemporal and aspatial symbols as race and language. Internal unity is not due to an objective "level" of structural integration so much as it is to the continual recurrence of communalism in new forms. Even as the objective disparities between groups are diminished, the perception of these disparities can become more critical. To the extent that this is true, the achievement of rising levels of income and other structural developments (as measured by social indicators) will have no predictable consequences for political order.

The Federation of Malaysia is a case where the minority segment (the Chinese) could no longer be regarded as a transient population confined to the commercial sector, distinct from Malay society. With the Communist victory on the mainland, the Chinese became a permanent part of the society in which they were physically located intent upon participating more equally in the politics of Malaya. Following the merger of Singapore with the Federation, a dispute between the PAP and those mainland Chinese who were content with the existing Alliance arrangement (MCA) was assured. The UMNO was placed in a position where it could neither retract its Malay orientation (or else

it would lose membership to the more radical PMIP), nor concede to the pressures of the PAP for a "Malaysian Malaysia" (which would disrupt the delicate existing communal balance in the Alliance). For the Federation, the acceptance of Singapore had assisted the destruction of the Barisan Socialist threat, but had introduced the PAP into domestic Federation politics. For Singapore, the defeat of the Barisan Socialist under the surveillance of the Central Government reduced the urgency of Federation membership. Economic development in Singapore turns on these political events, with foreign investment increasing rapidly in the latter half of the 1960's as the political environment appeared to stabilize.

The attempt by Singapore to enter into a common market with Malaya in 1963 was bound up in this larger process whereby Singapore's dominance in the commercial sector and Malay "special privileges" in the political sector became incompatible when national politics replaced a less accessible colonial rule. The attempt at regional economic integration and import substitution behind common tariff barriers, merely aggravated the segmented nature of economic and political institutions in the region. The coincidence of economic, political and demographic cleavages with communal divisions called for a careful articulation of the conditions of merger, but this did not occur.

This case study has emphasized the turning point which occurred in August 1965 when Singapore was expelled from the

Federation and was forced to accomplish its economic goals in the absence of both domestic natural resources and an adequate domestic market to support industry. Singapore embarked on an even more aggressive program of industry supported by foreign capital and knowhow, and oriented toward foreign markets, particularly in the industrial countries. Import quotas on such goods as textile products have required a highly sophisticated labor capability and competitive production costs. While the merger experiment represents little more than an episode in a politically unstable region, it is a decisive turning point economically for Singapore.

By linking its political and economic survival to foreign private investment, Singapore has retained its traditional role as middle-man in Southeast Asia by serving as a point of access to regional resources and markets for investors from outside of the region. By becoming a banking center it has also encouraged more indigenous patterns of development. For such a small state, the goal of flexibility to external changes has meant the internal centralization of power and control by one aggressive political party (PAP), and the close control of labor demands to ensure the continued attractiveness of Singapore to foreign capital.

Singapore has achieved an impressive aggregate growth rate, and is often presented as being a highly stratified class society with the major social cleavages being economic rather than communal. However, Singapore exists within a

wider communally-divided region where fears of Chinese economic domination are often met by thoughts of a regional Malay confederation linking Malaya, Indonesia and the Philippines. Singapore's political existence as a sovereign state cannot be understood apart from this communal setting. It is a consequence of both this setting and the interests of industrial countries in the region. The spatial metaphor commonly invoked would portray this as a case where great powers have penetrated into a divided region from above, with local disunity being a consequence of this. I have found it useful to replace this model with a recognition of tension between the external forces, and those which are internal (i.e., communalism). The notion that external forces penetrate from above, whether on a national scale or an international scale, overlooks the manner in which local groups can define themselves and push their way into new "idioms". This is demonstrated by the domination of Malayan politics by Malays, and by the political sovereignty later achieved by the Chinese in Singapore.. The imagery of movement from the bottom upward, or from tradition to modernity, or from parochialism to national and international society, is an ideological one.

The indeterminacy of endeavors at nation-building are due to the continuous intervention of the human agent in these programs to rearrange reality. The crux of the issue is the identification of the common good with particular collectives, which can be communal as well as class-based. Ideology is the cause as well as the result of the process.

Besides illuminating the interaction between communalism and political and economic development, an examination of Singapore is also instructive in highlighting the tension between any institutionalized system (e.g., the nation-state) and external affairs over which it has limited control. The future of Singapore depends upon the success of the mainland countries in overcoming Communist insurgency. Singapore's survival outside of the Federation may have been aided by the defeat of significant Communist activity in Indonesia in 1965 and the ending of the Confrontation between Indonesia and the Federation. However in recent weeks this advantage has been offset by major reversals in Vietnam and Cambodia on the mainland. The present research has not dealt with this larger question, but it has demonstrated the vulnerability of Singapore to external events beyond its control. It is conceivable that increasing pressures on the mainland may result in a stronger union between Indonesia and the Federation of Malaysia which, due to growing trade between Singapore and Indonesia, could absorb Singapore. It is also conceivable that Singapore will become even more isolated from the immediate region due to its connections with the industrial nations and its strategic location on the Straights of Malacca.

The close relationship between Singapore's political survival and the manner in which it has based its economic development upon investments from abroad, increasingly from the United States and Japan, while at the same time inviting investment from the Eastern bloc, is evidence to the insecurity of the city-state and the pragmatism of its socialist leader-

ship. Singapore is a curious blend of domestic socialism supported by private investment from abroad. The subordination of domestic economic development to foreign investment priorities has resulted in wide socio-economic divisions within Singapore society, but this has been necessary for political reasons. Political survival depends upon a diversity of external linkages protecting Singapore from the domination of any one power or changes in the foreign policy of these powers due to their own domestic pressures.

The alternative to such an "open" approach to economic development was precluded when Singapore was excluded from the Federation which would have allowed a more indigenous pattern of development. A major purpose of this dissertation has been to examine this critical turning point and the role played by communal politics. This event was later acted upon by such vicissitudes as the accelerated withdrawal of the British fleet, the Confrontation, and the coup in Indonesia in 1965. The Confrontation may have artificially sustained the Federation as an external common threat to the Federation and Singapore. Likewise, the Federation might never have been attempted had not the Malay states feared the Barisan in Singapore, which might have been successful had not the PAP used the merger issue as a means of isolating its pro-communist members. To perceive this flux as occurring within the process of nation-building is a matter for ideology and not analysis.

It has not been the purpose of this dissertation to investigate Singapore as an example of successful economic development with a view to discovering certain techniques which might be

applied elsewhere, although development based upon external linkages is a promising approach for resource-deficient states. More generally, the vulnerability of all states to external events (e.g., the oil embargo, imported inflation, monetary devaluations) suggests that greater effort be given to clarifying the relationship between domestic and foreign affairs, rather than treating them as separate spheres or attempting to eliminate the latter by expanding control (rendering all events "internal").

Within this pattern of interdependency, societies occur. Their existence is due to both evolutionary and external events, but is identified with neither. The critical event is a transcending moral awareness of a priori human rights and responsibilities. To equate this event with sociological trends and the evolution of nation-state solidarity is erroneous, and is disruptive in plural states where the emphasis placed on solidarity and identity simply leads to a sharpening of communal antagonisms.

Given the limited promise of growing social solidarity based on socio-economic and functional interdependence, political order might be based instead on a sharper distinction between legitimacy and identity. The structural approach to society is based as much on the subjective identification of collectives (e.g., economic "classes", communal groups) as it is on an apparent structure linking these collectives in patterns of dominance. It is this circularity (centered on perceived relative deprivation) which leads to the continuous emergence of new "identities" regardless of the "level" of socio-economic "development". It is well to remember that the basis of society is morality, and not solidarity.

Attempts to create solidarities directly, rather than as a consequence of shared values, become futile efforts to rationally control that which is fundamentally irrational. The ascendancy of nationalism, racism, communalism and other tribal movements including the nation-state, are rooted in subjective perceptions of experience whereby the world, rather than being a reasonable event, becomes instead a cypher or oracle to be interpreted through mutually incomprehensible collective symbols. The assumption of Western sociology that the simultaneous existence of these communalisms through time can be comprehended in terms of an integrating socialization process triggered by economic and political interdependence, is one which must be questioned in view of the tendency for communal identities to be sharpened as often as not during the development process.

Communalism provides continuity through time. The various social sciences attempt to take a cross section of this congeries of strands as they interweave with each other. These cross sections can be taken at different levels of abstraction, ranging from the world as a whole, to the nation-state and down to the village community. Each cross section assumes structural interdependence of the communal groups it uncovers, and disregards the more significant internal constitution of these groups which sustains them through time. The mosaic nature of plural societies is explained in terms of mosaic personalities, personalities which have compartmented their lives to permit traditional social roles to exist alongside those of modernity, without conflict. In the Western world this is seen in the segmentation of public

and private life within increasingly centralized secular states. In plural states it often involves the absorption of the individual within a corporate group based on linguistic or racial factors, which stands in a tense relationship to the state, less easily absorbed into the larger collective than are purely functional groups. In such a situation the rationalistic approach of the social sciences is often forced into tautologies, explaining mosaic society in terms of men whose identities are also compartmented. The eruption of communalism in the political sphere is attributed to perceived disparities between the different groups, and the solution is seen as a combination of greater institutional functional capacity to facilitate the distribution of power, and accelerated economic growth to satisfy rising demands and to link groups which would otherwise divide into competing economic classes.

That societies can be divided into racial, ethnic, cultural and other categories, as well as economic, suggests that the divisive tendency, articulated through ideological formulations, is one which follows the loss of an overarching symbol within which the potential divisions of a society are subordinated. Social order rests not in the interdependence of parts, but in the simultaneous reference of the parts to an external reference regarded as true. In plural societies the threat of an external enemy provides a surrogate, but results in a continuous jockeying for position, which is only incidentally accompanied by economic growth, and not terminated by the achievement of an objective

level of "development". Singapore achieved a certain stability within chaos by linking to economic and political powers outside of the immediate environment of interwoven Malay-Chinese tensions.

The case of Singapore and its attempt to join the Federation, and the manner in which this effort became involved in the growing conflict between Malays and Chinese on the mainland, illustrates how the process of integration is paralleled by a second process of social differentiation and polarization. Prior to the modern era, such groups did not come in conflict because they did not come in contact. They occupied different occupational niches, different political structures, and often different territories. The intermingling caused by large migrations and the communications revolution, has led to patterns of dominance and subordination, resulting primarily from the loss of a coherent commonality of belief whose symptom is the structural inequalities addressed by economic planners. The preoccupation becomes one of building structures and constructing ideologies to support this movement, but this approach itself reveals a prior loss of community which by its nature cannot be willfully created, but can only be articulated after the fact. It is the survival of traditional groups, and their sovereignty over the artificialities of ideological explanation, which is evidenced by communalism in plural states.

If such groups become disruptive of a transcendent common good, it is because the nature of the common good has been confused with an arithmetic consensus, gained either by tyranny imposed by the state or by a reduction of the common good to majority rule. The present research appears to be deficient in relating the theoretical treatment of communalism with the subsequent

case study. The reason for this lies partly in the inability to collect primary data related directly to the hypotheses developed in the first part of the dissertation, and partly in the nature of existing conceptual frameworks which deal with communalism and issues of national development on two different levels. To approach nation-states as examples of communal movements is to argue that this division is artificial and that communalism and the world enter into a tension on the same plane, and one which occurs at all levels of abstraction, whether one is dealing with village society or nation-states. The critical factor becomes one of perception, which in ideological ages becomes increasingly autonomous from social structure, the point of departure of sociological explanation.

The question of social causality can be only tentatively related to a fixed social context, since this context is also in flux as mass movements generate their counterparts in an ongoing dialectic between communal symbols. The selection process of collective symbols becomes a critical concern if one is interested in creating intelligible and consistent relationships between men. This selection process becomes irrational in times of uncertainty. Where reason would propose objective values from which particular societies with their peculiar inner structures would emerge in an organic and unconscious manner, periods of chaos resort to willful efforts to construct societies according to metaphysical principles (e.g., equality, liberty) freed from the intervention of embodying structures inherited from the past or the frailties of human nature.

Deprived of common beliefs as to the nature of man and society and their relationship to existence as a whole, societies become self-conscious in their efforts to directly eliminate what are perceived as structural causes of disorder. Having confined values to a subjective and private role, and conceiving of change in an evolutionary fashion unrooted from human values, society no longer has recourse to the common arbiter of reason as a means of mediating between private convictions, but instead appeals to an ambulatory consensus which in its pure state replaces liberty based on order with a totalitarianism based on liberty.

In plural states the communal groups represent opportunistic constituencies, but are also the survivals (at this arbitrary point in history) of organic societies based on culture and religion which are in varying degrees invulnerable to ideologies of total social transformation based exclusively on secularized values. The conflict between modernity and tradition is not one between rural and urban ideal-types, but rather is between the notion that values are subjective and private and that they are objective facts, subjectively held. In the second case, the confining of values to the private life as in Western liberalism, or the imposing of values from the collective sphere as in the socialist states are not possible since a dichotomy between the public and the private life does not exist. It is this which constitutes a communal group, and it is for this reason that western sociology has been so ineffective in accounting for communalism during all stages of economic development. The categories of analysis (i.e., public, private) are less appropriate than

in the West where the groups mediating between the person and the state were associational and functional rather than communal.

In plural states where communal groups must now come into contact, it appears that the creation of broader and more diffuse societies is often an illusory goal, since efforts to accomplish this through economic and democratizing means are accompanied by both integrating and disintegrating tendencies. In those cases where where national integration is apparent, this often is due to the differentiation on a higher level between this unit and the wider context of international relations, the unifying force of a foreign power. Social interrelationships are continuous and indeterminant, with the potential for identifying cleavages and dichotomies on a subjective basis becoming infinite. The Marxian interpretation is but one example of structuralism seeking causation within the hypothetical social system, and is joined by other myths of caste, race and linguistic group, as means of locating oneself within the ambiguities of social interdependence.

The search for underlying causes of events in social structure and the corresponding indeterminacy of psychological explanations remove any influence that might otherwise be injected by objective morality on the political process(which can be defined as the movement of cleavages from place to place depending upon one's subjective sense of group solidarity). The liberal conviction that order can be sustained indefinitely by the overlapping of solidarities, such that each is regulated by the weight of the others, often serves to further tribalize society. Periodically, the communal boundaries are reinforced by coinciding economic and demographic categories (etc.), leading to the emer-

gence of secessionist and fascist movements.

Political order rests less in the expanding ability of government to accommodate functional demands placed on it by mobilization as a first principle, than in the moral subordination of all possible mythologies to principles not given to us by the social processes in question. Such values are attributes of human reason and man's relationship to objective reality, but are inaccessible in periods which are avowedly anti-intellectual. Political order, when it does exist, is a byproduct of an accepted moral universe rather than a vehicle whereby societal ideal-types succeed each other in history.

The existence of society is a moral event, and is distinguished from its particular structure once in existence. Ideologies which fail to differentiate between political upheaval and the more total social revolution (regarding both as aspects of an evolutionary myth) are no longer fecundated by this inner coherence which is the political order, and become both symptom and cause of social and political disintegration. It is in such times that society is viewed as essentially systemic with each discipline looking for first principles in the others, and all of them assuming that knowledge is cumulative rather than articulative. The paradox is that as knowledge of interdependence is continuously unraveled, the apparent autonomy of nations, cultures, movements and individuals increases. Confronted with this indeterminacy, one must either leave his first premises unquestioned and remain trapped within tautological explanation, or recognize an underlying reality whose ontological givenness is to be taken literally, but this is a metaphysical and ultimately religious position, and apparently is not permitted to promethean man.

APPENDICES

Currency: Singapore Dollars (S\$)

From 1949 to Dec. 1971 - 3.03 = US\$ 1.00
Dec. 1971 - 2.82 = US\$ 1.00
Feb. 1973 - 2.54 = US\$ 1.00
June 1973 - floating against
US\$

Level of Analysis	Dimension	Degree of Pluralism		
		High	Medium	Low
	Degree of institutional multiplication	Multiple sets of homologous institutions	Limited number of homologous institutions (e.g., dualistic structure)	Single set of institutions
	Cultural distance between institutions	Historically unrelated traditions (e.g., Spanish and Maya)	Distinct but related tradition (e.g., Protestant and Catholics)	One tradition with only subcultural variants
	Institutional compatibility	Incompatible institutions (e.g., monogamy and polygyny)	Distinct but at least partially compatible institutions (e.g., Buddhism and Confucianism)	Single set of institutions
Value Level	Degree of Consensus	Low	Medium	High
	Range of Consensus	Narrow	Medium	Wide
	Compatibility of value systems	Distinct and incompatible values	Distinct but partially compatible values	Unitary value system or completely compatible values

Continued

Level of Analysis	Dimension	Degree of Pluralism		
		High	Medium	Low
Individual Level	Ease, speed and frequency of "passing"	Impossible	Possible but slow, difficult and/or infrequent	Easy, rapid and/or frequent
	Compatibility of group membership	Incompatible	Marginal or role conflict situations	Compatible

Source: Pierre L. Van den Berghe, Race and Racism, New York: John Wiley and Sons, Inc., 1967, pp. 142-143.

APPENDIX B

Sex Ratio of Three Main Races, 1824-1965
(Males per 1,000 Females)

Year	Chinese	Malays	Indians
1824	8,188	1,058	5,873
1830	11,275	1,141	10,387
1836	14,642	1,168	9,580
1849	11,500	1,421	6,499
1860	14,407	1,672	8,504
1871	6,174	1,267	4,294
1881	5,112	1,281	3,943
1891	4,680	1,383	4,216
1901	3,871	1,279	4,129
1911	2,790	1,172	4,914
1921	2,123	1,230	5,021
1931	1,656	1,161	5,372
1947	1,132	1,208	2,998
1957	1,039	1,101	2,257
1965	1,022	1,054	1,764

Source: Saw, Swee Hock, Singapore: Population in Transition,
University of Pennsylvania Press, 1970, p. 60.

APPENDIX C

Annual Chinese Immigrants and Emigrants
1881-1962

Year	Immigrants	Emigrants	Net Migrants
1880			
1881	89,801		
1882	101,009		
1883	109,136		
1884	106,748		
1885	111,456		
1886	144,517		
1887	167,906		
1888	164,300		
1889	150,809		
1890	127,936		
1891	126,088		
1892	134,448		
1893	213,717		
1894	153,954		
1895	190,901		
1896	175,718		
1897	114,978		
1898	133,558		
1899	149,697		
1900	200,947		
1901	178,778		
1902	207,156		
1903	220,321		
1904	204,796		
1905	173,131		
1906	176,587		
1907	227,342		
1908	153,452		
1909	151,752		
1910	216,321		
1911	269,854		
1912	251,644		
1913	240,979		
1914	147,150		
1915	95,735		

Continued

Year	Immigrants	Emigrants	Net Migrants
1916	183,399	61,630	121,769
1917	155,167	41,282	113,885
1918	58,421	35,585	22,836
1919	70,912	37,590	33,322
1920	126,077	68,383	57,694
1921	191,043	98,986	92,057
1922	132,886	96,869	36,017
1923	159,019	78,121	80,898
1924	181,430	87,749	93,681
1925	214,692	77,920	136,772
1926	348,593	120,308	228,285
1927	359,262	155,198	204,064
1928	295,700	149,354	146,346
1929	293,167	139,967	153,200
1930	242,149	167,903	74,246
1931	79,091	213,992	-134,901
1932	33,534	282,779	-249,245
1933	27,796	86,555	-58,759
1934	98,864	68,129	30,735
1935	141,892	69,025	72,867
1936	143,331	80,578	62,753
1937	239,106	66,502	172,604
1938	98,863	54,603	44,260
1939	160,448	146,109	14,339
1940	147,016	143,694	3,322
1941	117,426	110,826	6,600
1947	126,203	130,242	-4,039
1948	105,209	110,714	-5,505
1949	96,449	128,884	-32,435
1950	82,676	87,751	-5,075
1951	77,437	113,767	-36,330
1952	64,197	77,785	-13,588
1953	67,145	73,550	-6,405
1954	62,683	67,888	-5,205
1955	74,230	70,945	3,285
1956	98,255	84,727	13,528
1957	101,145	95,773	5,372
1958	82,961	75,092	7,869
1959	80,889	72,768	8,121
1960	86,807	85,195	1,612

Continued

Year	Immigrants	Emigrants	Net Migrants
1961	89,054	88,902	152
1962	99,561	96,062	-3,499

Notes: The figures for 1939-1962 refer to total arrivals and departures by air, sea and land. Figures for 1942-1946 are not available.

Source: Saw, Swee Hock. Singapore: Population in Transition, University of Pennsylvania Press, 1970.

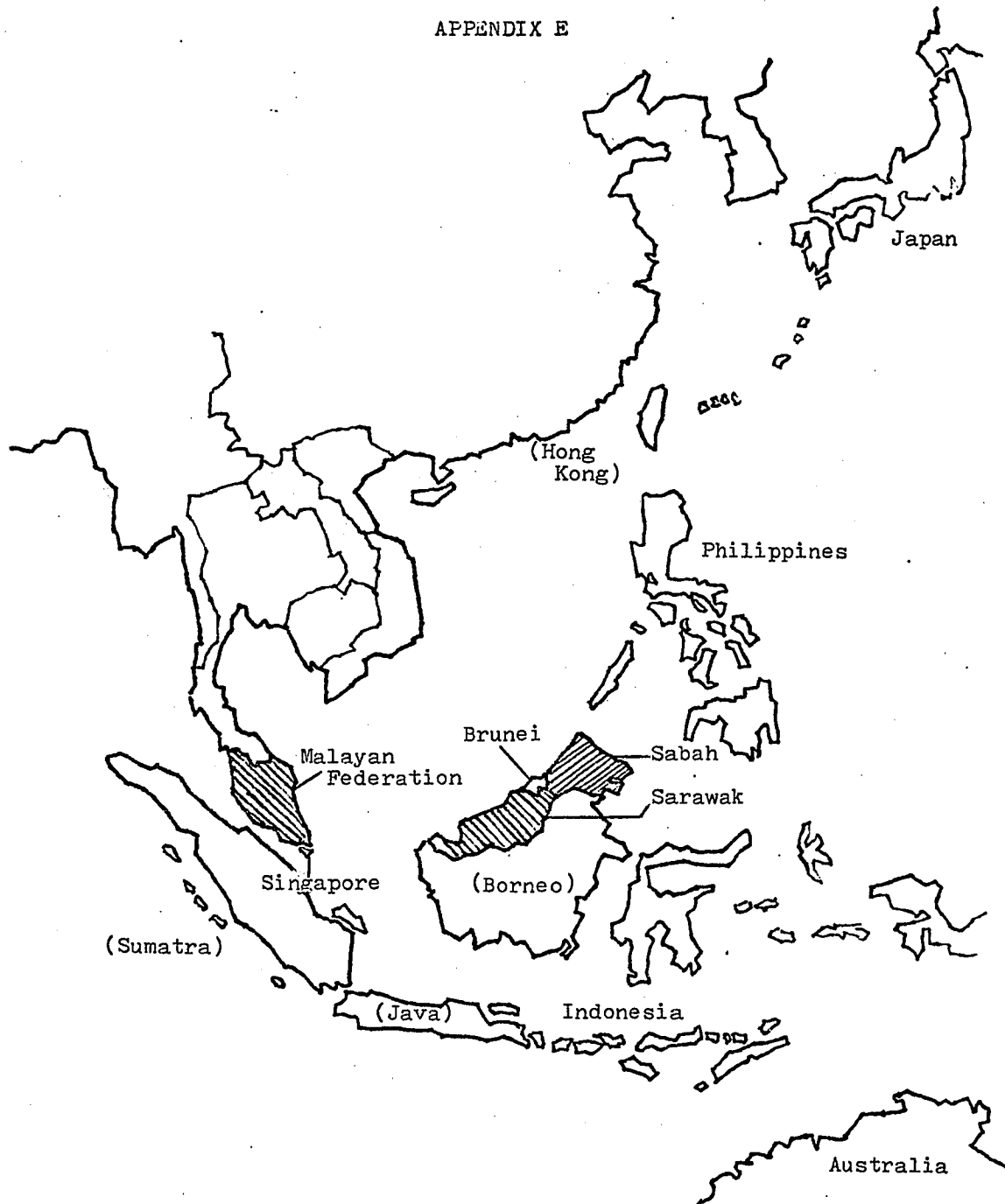
APPENDIX D

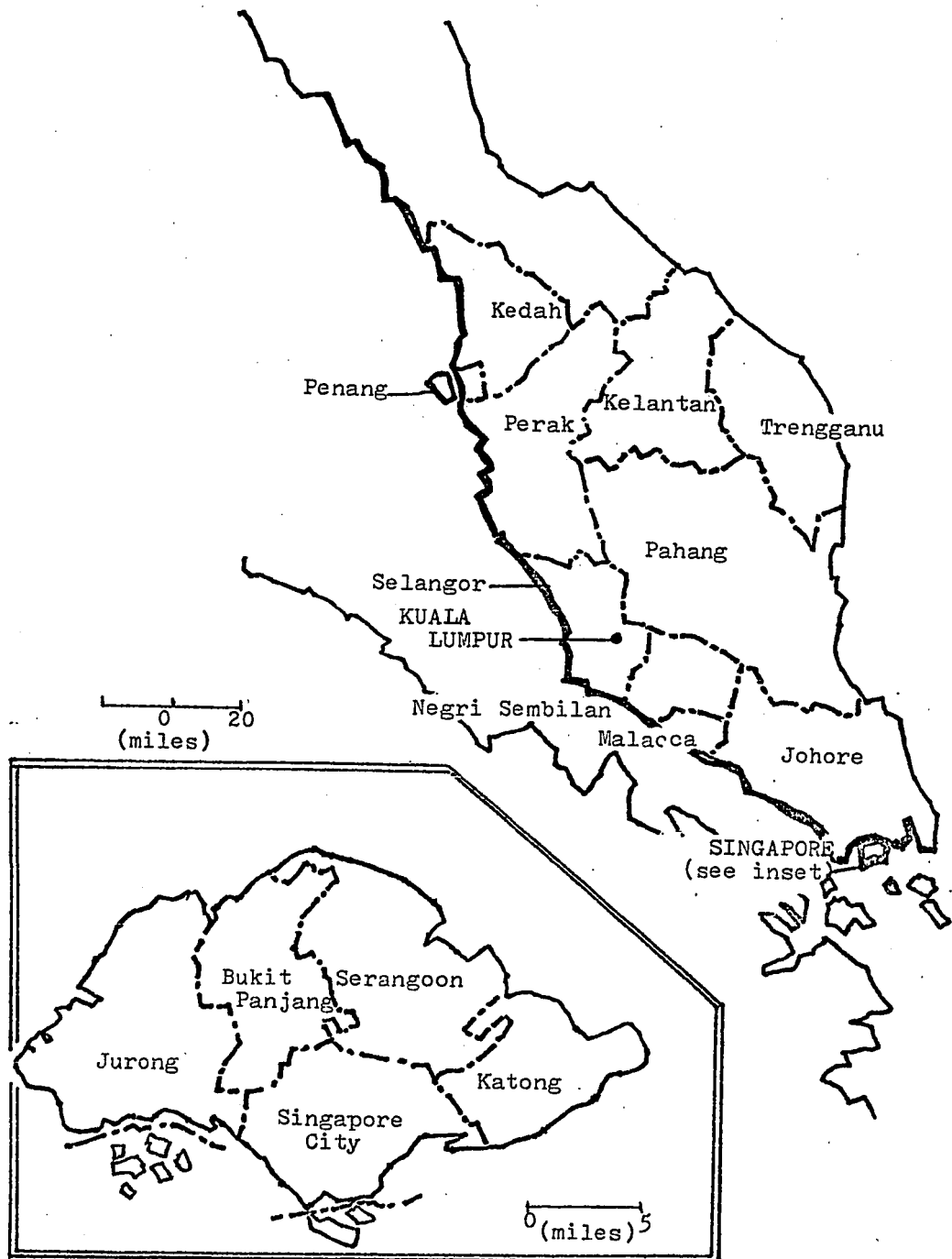
Components of Population Growth for
Three Main Races, 1901-65

Intercensal Period	Population Increase	Natural Increase	Net Migration Increase
<u>Chinese</u>			
1901-11	55,500	-53,300	108,800
1911-21	95,600	-36,600	132,200
1921-31	103,500	9,600	93,900
1931-47	310,800	176,500	134,300
1947-57	361,100	303,700	57,400
1957-65	305,900	288,600	17,300
<u>Malays</u>			
1901-11	5,800	-1,800	7,600
1911-21	11,800	600	11,200
1921-31	11,400	5,700	5,700
1931-47	48,800	8,100	40,700
1947-57	83,300	48,800	34,500
1957-65	69,500	73,100	-3,600
<u>Indians</u>			
1901-11	10,700	-4,500	15,200
1911-21	4,600	-3,800	8,400
1921-31	18,500	-1,300	19,800
1931-47	18,200	900	17,300
1947-57	55,100	29,200	25,900
1957-65	29,600	32,700	-3,100

Source: Saw, Swee Hock. Singapore: Population in Transition.
University of Pennsylvania Press, 1970, p. 28.

APPENDIX E





APPENDIX F

Chinese as a Percentage of Southeast
Asian Urban Population, circa 1966

Country	Chinese Percentage of Total Pop.	Chinese Percentage Living in Major Urban Areas	Chinese Percentage of Total Population Living in Major Urban Areas
Singapore	75.2	--	--
Federation of Malaya	39.0	8.3	63.4
Thailand	9.0	51.3	9.2
Cambodia	7.5	22.8	7.6
South Vietnam	10.0	90.0	20.0
Indonesia	2.5	12.0	10.2
Laos	2.0	50.0	25.0
Burma	1.8	24.3	9.5
Philippines	1.3	36.0	3.4
North Vietnam	0.3	71.0	18.0

note: figures are based on government census results and estimates may include only those who still claim Chinese citizenship.

Source: Allen Goodman, "The Political Implication of Urban Development in Southeast Asia: The 'Fragment' Hypothesis", Economic Development and Culture Change, 20:1 (Oct. 1971), pp. 117-130.

APPENDIX G

Projected Population Growth
1962-1987

Year	Population ('000)	Increase ('000)	Percent Annual Growth Rate
1962	1,732.7	—	—
1967	1,976.5	243.8	2.7
1972	2,246.7	270.2	2.6
1977	2,557.4	310.7	2.6
1982	2,908.9	351.5	2.6
1987	3,280.9	372.0	2.4
1962	1,732.7	—	—
1967	1,968.4	235.7	2.6
1972	2,212.4	244.0	2.3
1977	2,479.1	266.7	2.3
1982	2,771.0	291.9	2.3
1987	3,066.5	295.5	2.1
1962	1,732.7	—	—
1967	1,960.3	227.6	2.5
1972	2,179.1	218.8	2.1
1977	2,405.7	226.6	2.0
1982	2,644.9	239.2	1.9
1987	2,874.8	229.9	1.7

note: Figures for 1962 are actual figures.

Source: Saw, Swee Hock. Singapore: Population in Transition, University of Pennsylvania Press, 1970, p. 162.

APPENDIX H

The Singapore Economic Development Board

The Economic Development Board was established on August 1, 1961 and given the following authority:

(a) with the written approval of the Minister, to underwrite the issue of stocks, shares, bonds or debentures by industrial enterprises;

(b) with the written approval of the Minister, to guarantee on such terms and conditions as may be agreed upon, loans raised by industrial enterprises which--

(i) are repayable within a period not exceeding twenty-five years; or

(ii) are floated in the public market;

(c) to grant loans or advances to, or subscribe to stocks, shares, bonds or debentures or industrial enterprises.

(d) to manage, control or supervise industrial enterprises by nominating directors or advisers or otherwise collaborating with them or entering into partnerships or any other arrangement for jointly working with them;

(e) with the written approval of the Minister, to establish, sell shares of, invest in and manage industrial enterprises;

(f) to act as agent for the Government or, with its approval, for any other person in the transaction of any business with an industrial enterprise in respect of loans or advances granted or debentures subscribed by the Government or such other person;

- (g) to acquire, sell or lease land for the purposes of industrial sites, for the housing of employees or for general economic development;
- (h) to lay out industrial estates for sale or lease;
- (i) to provide technical advice and assistance to industrial enterprises and to build a corps of engineering and managerial staff to provide such assistance;
- (j) to exercise all functions and powers and perform all duties which, under or by virtue of any other written law, are or may be or become vested or delegated to it;
- (k) to receive in consideration of the services rendered by it such commission as may be agreed upon; and
- (l) generally to do all such matters and things as may be incidental to or consequential upon the exercise of its powers or the discharge of its duties under the Ordinance.

Source: The Economic Development Board Annual Report for 1962, cited in E.L. Wheelwright, Industrialization in Malaysia, (New York: Melbourne University Press, 1965), p.39.

APPENDIX I

Singapore: Summary of Development Plan
Capital Expenditures Estimates, 1961-64

		S\$ million	
1.	Economic Development		
	a. Land and agriculture	53.27	
	b. Industry and commerce		
	i. Economic Development Board	100.00	
	ii. Kallang project	40.00	
	iii. Jurong project	45.00	
	iv. Land acquisition, etc.	5.60	
	v. Electricity	78.50	
	vi. Water	54.23	
	vii. Gas	<u>14.03</u>	337.36
	c. Transport and communications	<u>117.32</u>	507.95
2.	Social Development		
	a. Health	35.80	
	b. Education	94.48	
	c. Social Welfare	1.77	
	d. Housing	153.60	
	e. Sewerage	47.36	
	f. Community services and culture	<u>16.87</u>	349.88
3.	Public Administration		<u>13.19</u>
	Total		<u>871.02</u>

Source: E.L. Wheelwright, Industrialization in Malaya,
New York: Cambridge University Press, 1965, p. 26.

APPENDIX J

Per cent Distribution of Labor Force by Three Main
Industrial Groups for Selected Countries

Country	Year	Primary	Secondary	Tertiary
Thailand	1960	84.1	4.0	11.9
Sarawak	1960	82.2	5.5	12.3
Sabah	1960	80.8	6.3	12.9
Indonesia	1961	73.6	7.6	18.8
India	1961	72.3	11.7	16.0
Ghana	1960	63.5	12.7	23.8
Malaya	1957	61.8	9.7	28.5
Philippines	1960	61.5	15.2	23.3
Egypt	1960	58.5	11.4	30.1
Taiwan	1956	57.7	14.5	27.8
Jamaica	1960	37.8	23.0	39.2
Venezuela	1961	36.4	18.8	44.8
Japan	1960	34.1	27.9	38.0
Chile	1960	33.4	25.6	41.0
France	1957	27.9	34.1	38.0
New Zealand	1956	17.1	33.8	49.1
Canada	1962	12.6	33.1	54.3
United States	1960	8.5	36.5	54.8
Hong Kong	1961	8.2	49.0	42.8
Singapore	1957	7.3	20.9	71.8

Source: Saw, Swee Hock. Singapore: Population in Transition,
University of Pennsylvania Press, 1970.

APPENDIX K

Bank Loans and Advances

	As of Dec. 31, 1971		As of Dec. 31, 1972	
	Value (S\$m)	(Percent)	Value (S\$m)	(Percent)
Agriculture, forestry and fisheries	24	0.9	22	0.6
Mining and quarrying	14	0.5	9	0.3
Manufacturing	822	31.4	1,071	30.1
Basic metals, metal products and machinery	160		265	
Chemicals, chemical products (including petroleum products and coal)	157		154	
Textiles and clothing	86		111	
Rubber processing, grading and packing	57		98	
Manufactures of wood and cork (including sawmilling and excluding furniture and fixtures)	57		86	
Transport equipment	68		71	
Food, beverages and tobacco	47		64	
Miscellaneous	190		222	
Building and construction	54	2.1	80	2.2
General commerce	818	31.3	988	27.7
Import, export and wholesale	755		940	
Retail	63		48	
Miscellaneous	883	33.8	1,395	39.1
Professional and private individuals	291		420	
Financial concerns (excluding banks)	144		282	
Building developers and real-estate agents	173		314	
Hotels, restaurants and boarding houses	121		135	
Transport, storage and communication	63		154	
All others	91		90	
Total	2,615	100.0	3,565	100.0

Source: Theodore and Frances Geiger, Tales of Two Cities, Washington D.C.; National Planning Association, 1973, p.187.

APPENDIX L

Balance of Payments Estimates
(S\$ Millions)

	1969	1970	1971 (Prelim.)
A. <u>Goods and Services</u> (net)	-660	-1,881	-2,635
Merchandise Trade			
Exports	4,471	4,428	5,200
Imports	5,863	7,047	8,539
Trade Balance	-1,392	-2,619	-3,339
Services (net)	732	738	704
Freight and Insurance	-356	-439	-591
Transportation	433	504	543
Travel	196	248	299
Other Invisibles and Investment Income	459	425	453
B. <u>Transfer Payments</u> (net)	-39	-24	-27
C. <u>Non-Monetary Capital</u> (net)	170	444	462
Private Long-Term (net)	145	365	389
Official Long-Term (net)	25	79	73
Sub-Total (A+B+C)	-529	-1,461	-2,200
D. <u>Net Errors and Omissions</u>	994	1,922	3,045
E. <u>Overall Payments Surplus of Deficit (-)</u> (A through D)	465	461	845
F. <u>Monetary Movements</u> (net) (increase —)	-465	-461	-845
Net I.M.F. Accounts			-5
Currency Board's	-104	-148	-127
Foreign Assets			
Commercial Banks'	-172	103	135
Foreign Assets			
Central Government	-189	-416	-848
Assets			

Source: Far East and Australasia 1973, A Survey and Directory
of Asia and the Pacific, London: Europa Pub., 1973, p. 596.

APPENDIX M

Per Cent Allocation of Total State
and Federal Government Expenditures in Malaya, 1950-60

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Total (M\$ million)	399	614	756	873	810	817	853	928	1106	1077	1133
Federal ¹	340	549	672	790	714	712	740	813	988	980	997
State ²	59	65	84	83	96	104	113	114	117	97	136
Agriculture ³	1.7	1.8	2.1	1.8	1.9	2.0	2.3	4.0	3.5	3.4	4.4
Irrigation	1.3	1.2	1.2	1.2	1.4	1.4	1.6		--	--	--
Public Works	13.6	15.3	14.0	15.6	13.2	12.8	13.4	10.0	11.4	10.8	20.6
Rural Development ⁴	--	--	0.5	0.6	0.9	0.5	0.9	0.6	--	--	1.0
Commerce/Industry	--	--	--	--	--	--	--	0.8	5.5	6.4	4.4
Education	7.1	7.9	8.9	8.9	11.3	10.6	21.3	22.2	13.6	14.8	15.8
Health ⁵	6.7	6.8	6.5	5.8	4.5	6.8	12.1	10.4	6.5	7.1	7.5
Sub-total	30.4	33.0	33.2	33.9	33.2	34.1	51.6	58.0	40.5	42.5	53.7
Military Police ⁶	22.2	28.7	26.8	31.7	28.5	25.9	23.1	22.6	20.2	18.3	15.7
Total	52.6	61.7	60.0	65.6	61.7	60.0	74.7	80.6	60.7	60.8	69.4

Notes: 1. Including Development Expenditures for 1957-60, years for which the Development expenditures are separated from the ordinary budget. 2. Excluding federal grants to the states to eliminate double counting. 3. Including Forestry, Fisheries, and Veterinary. 4. Before 1960 this is primarily for the Rural and Industrial Development Authority; for 1951 and 1958-9 this is included in other categories and could not be separated easily. 5. Including Social Welfare. 6. Including the designated cost of the Emergency for 1954-5, when it was shown separately in the Financial Statement.

Source: Federation of Malaya yearly Financial Statements, compiled in G.D. Ness, "Economic Development", in Gungwu Wang (editor), Malaysia, New York: Praeger Publishers, 1964, p. 316.

APPENDIX N

An Agreement Relating to the Separation
of Singapore from Malaysia as an
Independent and Sovereign State

An agreement dated the 7th day of August, 1965, and made between the Government of Malaysia of the one part and the Government of Singapore of the other part.

WHEREAS Malaysia was established on the 16th day of September, 1963, by a federation of the existing states of the Federation of Malaya and the States of Sabah, Sarawak and Singapore into one independent and sovereign nation;

AND WHEREAS it has been agreed by the parties hereto that fresh arrangements should be made for the order and good government of the territories comprised in Malaysia by the separation of Singapore from Malaysia upon which Singapore shall become an independent and sovereign state and nation separate from and independent of Malaysia and so recognized by the Government of Malaysia:

NOW therefore it is agreed and declared as follows:

ARTICLE I

This Agreement may be cited as the Independence of Singapore Agreement, 1965.

ARTICLE II

Singapore shall cease to be a State of Malaysia on the 9th day of August, 1965, (hereinafter referred to as "Singapore

Day") and shall become an independent and sovereign state separate from and independent of Malaysia and recognised as such by the Government of Malaysia; and the Government of Malaysia will proclaim and enact the constitutional instruments annexed to this Agreement in the manner hereinafter appearing.

ARTICLE III

The Government of Malaysia will declare by way of proclamation in the form set out in Annex A to this Agreement that Singapore is an independent and sovereign state separate from and independent of Malaysia and recognized as such by the Government of Malaysia.

ARTICLE IV

The Government of Malaysia will take such steps as may be appropriate and available to them to secure the enactment by the Parliament of Malaysia of an Act in the form set out in Annex B to this Agreement and will ensure that it is made operative as from Singapore Day, providing for the relinquishment of sovereignty and jurisdiction of the Government of Malaysia in respect of Singapore so that the said sovereignty and jurisdiction shall on such relinquishment vest in the Government of Singapore in accordance with this Agreement and the constitutional instruments annexed.

ARTICLE V

The parties will enter into a treaty on external defence and mutual assistance providing that:

- (1) the parties hereto will establish a joint defence council for purposes of external defence and mutual assistance;
- (2) the Government of Malaysia will afford to the Government of Singapore such assistance as may be considered reasonable and adequate for external defence, and in consideration thereof, the Government of Singapore will contribute from its own armed forces such units thereof as may be considered reasonable and adequate for such defence;
- (3) the Government of Singapore will afford to the Government of Malaysia the right to continue to maintain the bases and other facilities used by its military forces within Singapore and will permit the Government of Malaysia to make such use of these bases and facilities as the Government of Malaysia may consider necessary for the purpose of external defence;
- (4) each party will undertake not to enter into any treaty or agreement with a foreign country which may be detrimental to the independence and defence of the territory of the other party.

ARTICLE VI

The parties hereto will on and after Singapore Day co-operate in economic affairs for their mutual benefit and interest and for this purpose may set up such joint committees or councils as may from time to time be agreed upon.

- (1) the parties hereto will establish a joint defence council for purposes of external defence and mutual assistance;
- (2) the Government of Malaysia will afford to the Government of Singapore such assistance as may be considered reasonable and adequate for external defence, and in consideration thereof, the Government of Singapore will contribute from its own armed forces such units thereof as may be considered reasonable and adequate for such defence;
- (3) the Government of Singapore will afford to the Government of Malaysia the right to continue to maintain the bases and other facilities used by its military forces within Singapore and will permit the Government of Malaysia to make such use of these bases and facilities as the Government of Malaysia may consider necessary for the purpose of external defence;
- (4) each party will undertake not to enter into any treaty or agreement with a foreign country which may be detrimental to the independence and defence of the territory of the other party.

ARTICLE VI

The parties hereto will on and after Singapore Day co-operate in economic affairs for their mutual benefit and interest and for this purpose may set up such joint committees or councils as may from time to time be agreed upon.

ARTICLE VII

The provisions of Annex J and K of the Agreement relating to Malaysia dated the 9th day of July, 1963 are hereby expressly rescinded as from the date of this Agreement.

ARTICLE VIII

With regard to any agreement entered into between the Government of Singapore and any other country or corporate body which has been guaranteed by the Government of Malaysia, the Government of Singapore hereby undertakes to negotiate with such country or corporate body to enter into a fresh agreement releasing the Government of Malaysia of its liabilities and obligations under the said guarantee, and the Government of Singapore hereby undertakes to indemnify the Government of Malaysia full for any liabilities, obligations or damage which it may suffer as a result of the said guarantee.

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