UNDP and the making of Singapore’s Public Service
Lessons from Albert Winsemius
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To students of economic development, the contributions of Winsemius have been a source of despair and a source of inspiration: despair because he can, on the basis of scanty information, develop plans and strategies that are highly successful; inspiration because they illustrate that, given the correct diagnosis, given the leadership and the will and energy of the people, a country can take off in economic growth even if it has no other natural resource other than human resources.

From a citation by Professor You Poh Seng on the occasion of Winsemius being conferred the honorary degree of “Doctor of Letters” by the (then) University of Singapore (1971)
Foreword

This publication, produced by the United Nations Development Programme (UNDP) Global Centre for Public Service Excellence to mark Singapore’s Golden Jubilee, commemorates over fifty years of cooperation between Singapore and the UNDP.

This partnership commenced when Dr Albert Winsemius (1910-1996) first visited Singapore as the leader of an UN mission in October 1960. After studying the nation’s prospects, he delivered a report that proved to be a roadmap for Singapore’s development. Former Prime Minister Lee Kuan Yew recalled two pieces of advice that Winsemius offered when presenting him with the report: “Don’t remove Raffles’ statue” and “Get rid of the communists.”

Prime Minister Lee remembered being “left speechless … at the absurdity of this simple solution”, but then came to appreciate his clarity of vision. Winsemius’ judgement and advice was increasingly trusted, and in due course he became one of the ‘old guard’.

This publication is therefore greatly enriched by contributions from three distinguished retired civil servants, who worked closely with Winsemius. They recall different facets of a motivated and far-sighted advisor who intuitively understood the aspirations of a small new nation and the constraints of the world’s only island city state.

As his influence grew, Winsemius’ advice not only informed Singapore’s economic and industrial development but also influenced other key public policy decisions in the first two, critical decades of Singapore’s nationhood. This study throws light on the importance for the country’s rapid development of Winsemius’ innovative ideas, in areas as diverse as engineering and technical education, the development of the tourism and retail sector, and Singapore’s forays into financial services and container shipping. It highlights the wisdom of unorthodox advice that Winsemius offered, for instance to switch from low-wage, import-substitution, very much the norm for developing countries at the time, to high-wage, export-oriented industrialization. It draws particular attention to the importance of effective, honest public administration, and the pragmatism that underpinned the development of Singapore’s public services.

In examining Singapore’s success, therefore, the publication offers important lessons for sustainable development. It also shows how Singapore’s lasting close working relations with UNDP owe much to Winsemius. Over time, the way he and other UNDP contemporaries executed their advisory roles, as well as how UN agencies operated, changed considerably. But the ‘Singapore story’ remains an exemplar of a nation’s successful development, supported by UNDP, evolving into collaboration with UNDP to help other countries develop.

As a result, the Global Centre for Public Service Excellence was established here three years ago as a joint initiative of the Government of Singapore and UNDP to do systematically now what Winsemius intuitively did then – offer well-informed, innovative and occasionally unorthodox advice. Winsemius’ work in Singapore has been written about extensively before, but this I believe is the first in-depth examination of its impact on the development of the nation’s public service.

This publication is a collaborative effort by my staff but particularly the product of the personal enthusiasm of the Centre’s communications consultant, Jaideep Mukherjee. It marks the successful completion of the first phase of the Centre’s work, supporting public service reform around the world in countries as diverse as Malawi, Myanmar and the Maldives.

I hope, however, that we at UNDP have made progress during the last fifty years in at least one regard, namely this: that, on first encounter, we no longer leave Prime Ministers speechless at the absurdity of our advice!

Max Everest-Phillips
Director, UNDP Global Centre for Public Service Excellence
Introduction

When Singapore was granted full internal self-Government in 1959, its economy was a partly open, low-wage manufacturer of primarily labour intensive goods, and had historically been dependant on the success of maritime trade through its entrepôt port. In less than six decades it has evolved into a very open, high-wage producer of high-technology, capital intensive goods, a hub of financial and infrastructure services, with a port and an airport considered among the world's busiest and most efficient.

Singapore's extraordinary economic achievements have grown alongside a first-rate public transport network, a highly trained and motivated workforce, soaring levels of educational achievement and globally-ranked institutions for training, higher education and research. The city state's housing, healthcare and other public services are ranked among the best in the world, and are run by a public administration renowned for its standards of efficiency, accountability and incorruptibility.

This monograph offers insights into the work of Albert Winsemius, a Dutch industrial economist, policymaker and United Nations adviser, who worked closely with the Singapore government for almost a quarter of a century. It explores why it was crucial for Winsemius to offer advice that challenged the orthodoxy of the era, and why it mattered for the Singaporean leadership to take an approach to developing its economy and public service that was dissimilar to other newly independent states. The monograph also looks at what policy lessons the evolution of Singapore's public service has to offer for other middle-income countries, and why these are relevant even today.

It examines some of the factors that prompted Singapore to look outwards for ideas and ideals, and how these were adapted, strategically and pragmatically, for implementation. And finally – in this the 50th year of Singapore's independence² and the 70th anniversary of the founding of the United Nations – it celebrates the crucial contributions of international organizations, like the United Nations Development Programme (UNDP), its predecessors and sister agencies, to the growth of Singapore's economy and the development of its public services.

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1. An entrepôt is a port, city or trading post to which goods are brought for import and export, and for collection and distribution. In the days of sailing ships and far-flung colonial empires, such centres had a critical role. While present-day customs areas have largely made such entrepôts obsolete, the term is still used to refer to duty-free ports with a high volume of re-export trade. An entrepôt port should not be confused with the modern French usage of the word entrepôt, which means warehouse.

2. Though Singapore was granted full, internal self-Government from British colonial rule in 1959, it merged with the Federation of Malaya, North Borneo (Sabah) and Sarawak in September 1963 to form Malaysia. It separated from Malaysia in August 1965, making Singapore a sovereign, independent nation from August 9, 1965 onwards.
1. The Singapore that was

Throughout the 1950s, Singapore had been under increasing economic pressure brought about by the combination of an explosive rate of population growth and declining entrepôt trade. The city-state’s exports to South-East Asia had reduced dramatically due to import restrictions introduced by many countries in the region to protect their own industries, and Singapore’s entrepôt trade, the mainstay of its economy, had been threatened by countries increasingly engaging in bilateral trade.

Amidst all this, the new Government faced the challenge of ensuring that employment opportunities kept pace with population growth. Singapore thus needed to create adequate jobs for its young and fast-growing population while reducing its dependence on entrepôt trade. It needed other legs for the economy to stand on. Singapore’s leaders believed that rapid industrialization was the answer, but were also convinced that for this to work, integration with the economy and markets of the Federation of Malaya was critical.3

There were several prevailing, internal reasons as to why the People’s Action Party (PAP)-led Government elected in May 1959 had resolved to abandon the orthodoxy of “nationalization and egalitarianism” in the economic sphere. Singapore had a partly open economy with a large number of small businesses, so the process of expropriating a few large corporations would have had a very limited effect. Conversely, the potential loss of confidence arising from such a measure, among both foreign and domestic investors, would be catastrophic for a small economy. The probable levels of resources that would be required to compensate the private owners of nationalized industries would have seriously crippled the public budget. Another key deterrent was the absence of management skills required to run public sector businesses within Singapore’s civil service.

On the positive side, Singapore lacked a powerful class of landlords, or any entrenched class, aristocratic or military interests; so its leaders had an extraordinary opportunity to focus on developmental strategies without any serious political opposition. A heavily immigrant population, which valued diligence and economic advancement over adversarial politics, provided further conducive social conditions for growth and economic development. The city state had also inherited from the colonial era the infrastructure and administrative apparatus required to facilitate trade and investment.4

Singapore’s leadership had observed the gradual stagnation of the nationalization policies carried out in Indonesia and Ceylon (Sri Lanka), and were convinced that a well-managed private company delivered more than a drifting Government enterprise in terms of economic development. Therefore, the pragmatic compromise adopted assured the primacy of the private sector, with the Government assuming the role of a facilitator of faster economic and industrial development. It was such a realpolitik approach that also informed Singapore’s policy of being prepared to trade with everyone, but remaining neutral about accepting aid from any one country or cold war bloc, and pushed it towards working closely with international organizations.

2. Earlier international assessments and reports

In 1955, the International Bank for Reconstruction and Development (IBRD), that is The World Bank, sent a 13-member Mission to the erstwhile Federation of Malaya and the Crown Colony of Singapore in order to “assess the country’s economic resources and make practical recommendations as to how these resources can best contribute to its economic and social development.” 5 This Mission, led by Sir Louis Chick, produced a report titled “The economic development of Malaya,” which at the time was the first, most complete and up-to-date account available of Malaya’s economic status and potential. The report also proposed a US$775-million public investment programme focused on social services, public utilities and agriculture for Malaya and a US$610-million programme for Singapore aimed at improving housing, public utilities and social services, to be implemented between 1955 and 1959.

Former Prime Minister Lee Kuan Yew’s memoir6 mentions an economic planner, seconded to Singapore by the Indian Government7, presenting him with a report recommending a merger with the Federation of Malaya that the Singapore Government subsequently decided not to accept. Former PM Lee was in all likelihood referring to Colonel FJ Lyle, a Canadian who had been sent as a “Colombo Plan Industrial Development Adviser” to the Singapore Government, and in 1958 submitted a report entitled “An Industrial Development Programme for Singapore.” The Lyle report, which was debated in the Singapore Legislative Assembly, suggested that a separation from the Federation of Malaya would cause a “complete disruption of the evolutionary pattern [which] will have drastic consequences on Singapore with 50 percent of its population under 21 years of age and with a 4 percent annual population increase.” 8

Other key recommendations of the Lyle report were: “an Industrial Development Division be set up within the Ministry of Commerce and Industry”9 as an urgent necessity; that, in competition with Canada, Brazil, Australia and New Zealand, “Singapore must … accept a position well down on the list in the race for new capital from the United Kingdom, Europe and America.”10 The Pioneer Industries Ordinance, enacted in 1959, was based on this report. Under it, firms granted “pioneer industry” status were exempted from paying the prevailing 40 percent rate of corporate tax for between 2 to 5 years, depending on the fixed assets of the company.

One of the first acts of the new Singapore Government when it attained self-rule in 1959 was to request advice from the United Nations Expanded Programme of Technical Assistance (EPTA),11 on developing an economic plan for Singapore. The two key issues that leaders were looking to solve were unemployment and the housing shortage. EPTA would, upon merger with the United

7. J.Y. Pillai mentions an economic adviser's name in his interview with Oral History Archives (Reel 3 of 16, Transcript page 8) as Jang Bir Singh. Though Jang Bir Singh was an Indian economist who had been seconded by the United Nations to work for Singapore, in 1961 he was actually the Director of Industrial Development, Economic Development Division, in the Ministry of Finance. In addition, Singh never submitted a report on industrialization to the Singapore government.
9. Ibid., 16.
10. Ibid., 8.
11. In 1949, with the creation of the Expanded Programme of Technical Assistance (EPTA), the United Nations General Assembly also created a mechanism for the participation of specialized agencies – the Technical Assistance Board (TAB). The Board was comprised of the executive heads (or their representatives) of the United Nations and its specialized agencies and was the forum where technical assistance requests were discussed, progress reports given and agency programmes presented. The TAB then made recommendations on the total programme to a Technical Assistance Committee (TAC) of the Economic and Social Council (ECOSOC). In 1949, the UN General Assembly allocated the first distribution of funds for the EPTA as follows: UNESCO 14 percent, ILO 11 percent and FAO 29 percent. The EPTA and Special Fund were amalgamated on January 1, 1966 to form the United Nations Development Programme (UNDP). Prior to this, the following UN Secretariat units carried out the administration of the programme: the Technical Assistance Administration (1950-1958) and the Department of Economic and Social Affairs (1959-1965). UNESCO Archives AtoM Catalogue, “Authority Records,” Accessed September 9, 2014.
Nations Special Fund in 1966, become the UNDP.

Dr Goh Keng Swee, who was then the Minister for Finance, believed that as Singapore lacked a substantial agricultural sector that in other economies readily absorbed workers, it had to create another “leg” of the economy that could generate jobs quickly, one that would not replace trade but complement it. This choice became starker still when the supply of rubber, tin, fruit and other products that were traded by Malaysia through Singapore’s port was jeopardized due to the tenuous state of the union between Malaysia and Singapore. If industrialization was the answer, how could Singapore be successful without any natural resources and little industrial skill, while lacking a market of significant size to support the economies of scale that manufacturing required?

In effect, this was the conundrum that Singapore wanted to solve with EPTA’s expertise. It is interesting to note that what Singapore sought, and obtained, was expert advice and not money in terms of aid or investment in infrastructure projects, which most other newly independent nations wanted and were given. In the process of doing so, the Singaporean leadership – using “visionary thinking, daring, meticulous planning and relentless application”\(^\text{12}\) – was successful in giving shape to an industrialization policy and a public administration that would guide the nation’s economic and social development.

3. Why Winsemius?

It was at Dr Goh’s initiative that the UN-EPTA team was invited to visit Singapore between October and December 1960 to study its economy and make recommendations. Dr Albert Winsemius\(^\text{13}\), a Dutch economist, was appointed by the United Nations to “lead an industrial survey Mission to examine the opportunities and measures for rapid industrial expansion” in Singapore.

Dr Goh, who had his doctoral degree in economics from the London School of Economics\(^\text{14}\), had met Winsemius earlier in Europe. Hon Sui Sen\(^\text{15}\) too had been introduced to Winsemius, while attending an economic management course at the World Bank. Dr Goh was keen for Singapore’s industrialization to benefit from “the lessons of development experienced by developed countries,” and to ensure relevance, Singapore had specifically requested that the experts should be from small countries like The Netherlands, Sweden, Belgium and Israel.

Winsemius had never been to Singapore and knew little about its history, society or economy. When he left The Netherlands his knowledge was limited to what he had gleaned from articles in European journals and news coverage, which suggested that Singapore was on a downward spiral. Though he felt that he “had an idea how to tackle it,” he decided to “listen and study”\(^\text{16}\) as he was not a specialist in the economics of underdeveloped nations. His experience in economic and industrial reconstruction was considerable, but it was primarily in the European and post-Second World War contexts.

Though Dr Winsemius was a Dutchman, this profile photo of his from 12 September 1960, tagged with the mistaken caption: Albert Winsemius (Switzerland) who is going to Singapore on a two and an half month assignment as an industrial economist. Mr. Winsemius is one of the many UN technical assistance experts who go abroad every year to advise governments, at their request, on the development of their economic and human resources.

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\(^{13}\) Albert Winsemius was born in 1910 in Leeuwarden, capital city of the province of Friesland, in The Netherlands. Till then, Leeuwarden’s most famous residents had been the artist Maurits Cornelis Escher (1898-1972) and Margaretha Geertruida Zelle MacLeod (1876-1917), later to gain notoriety as “Mata Hari”. Winsemius’ father was in the cheese wholesale business, and the young Albert worked as a cheese maker after school every day. However, the teenager soon realized that, “working with your hands usually doesn’t pay too well,” and moved on to selling cheese. Later, he decided he needed a degree, and at the age of 26 started applying to Dutch universities. He was accepted at Leiden University to read law but skipped a Latin exam and was found ineligible. Delft University rejected his application to read economics because he lacked a secondary school mathematics diploma. Finally, he was accepted for a place at Rotterdam University. At the time, Winsemius had a job in Den Haag in order to make ends meet, and so he told the dean of Rotterdam University that he would not be able to attend lectures. Despite his reservations, the Dean allowed him to enrol and he turned out to be a diligent student. One of his first jobs upon graduation just before the start of the Second World War was as the price controller for The Netherlands, where his main role was to freeze prices during food shortages. He remained in that job till 1943.

\(^{14}\) Goh Keng Swee read for his PhD at the London School of Economics and wrote a thesis on “Techniques of national income estimation in underdeveloped territories, with special reference to Asia and Africa,” which he successfully defended it in 1956. Upon his return to Singapore, he established himself as a prominent social scientist, having carried out ground-breaking surveys on urban poverty and housing.

\(^{15}\) Hon Sui Sen (1916-1983) was a Singaporean civil servant who served as chairman of the Economic Development Board (1961-68) and later as Finance Minister of Singapore (1970-83).

\(^{16}\) Albert Winsemius, Interview, Economic Development of Singapore, Accession Number 000246, Reel 1 (Oral History Interviews, National Archives of Singapore, 1982), 4.
Five years (1940-45) of German occupation had left The Netherlands’ industries in ruins, with bridges and road networks destroyed and large tracts of coastal land submerged under seawater.

The economy was further weakened from fighting a colonial war in the Dutch East Indies between 1945, when Indonesia proclaimed independence, and 1949, when it was achieved. Winsemius led the Dutch government’s reconstruction programme, which was funded by the Marshall Plan. In eight years (1945-53) the programme progressively repaired the damage to industry, increased production, particularly manufacturing, sanctioned large-scale infrastructure projects and gradually brought the economy back on an even keel. As Government salaries were low and he needed to support a growing family, Winsemius reluctantly gave up his role of Director General for Economic Development. In 1953, he left The Netherlands’ Government to work for the Hispano Suiza Corporation in Switzerland and made considerable personal investments in the Dutch shipping industry. By this time, he had already started accepting assignments from the United Nations and the World Bank.

In the 1950s, Winsemius advised Jamaica, Turkey, Spain and for longer stretches, Portugal and Greece, studying their economic problems and offering advice on solutions, especially in the lead-up to the formation of the European Common Market in 1958. In both Portugal and Greece, his advice either fell on deaf ears or was buried in red tape. In Portugal, this was due to the fact that “economic power was concentrated in the hands of 300-400 families” who resisted change; in Greece it was because the Government signed an 18-year agreement to protect imports, thereby nullifying policies of import-substitution or export-led industrialization.

At the time, Winsemius’ first impressions of Singapore were not positive, as having just attained self-Government it faced high unemployment, had a growing population and was stymied by labour unrest and political tension. It was clear that successful economic development would require foreign investment, and the Government would need to reassure potential foreign investors that Singapore would be a safe and stable place to invest.

17. In the first two post-War Dutch Governments, under Prime Ministers Louis Beel and Willem Drees, (1945-1952) Winsemius worked closely with his former academic mentor Professor Pieter (Piet) Lieftinck, who was Minister for Finance, and Jan van den Brink, Minister for Economic Affairs. Later, Piet Lieftinck also worked for The World Bank and the International Monetary Fund, for a number of years between 1952 and 1978, while van den Brink joined the banking sector in The Netherlands.

18. The Marshall Plan, officially the European Recovery Program or ERP, and named after United States Secretary of State George Marshall, was an US government initiative to aid Europe, in which the United States gave US$13 billion (approximately US$120 billion in current dollar value) in loans and grants to help rebuild European economies between 1948 and 1951. The Netherlands received US$1.3 billion (US$12 billion today) for a range of reconstruction projects.

19. Winsemius Oral History Interview, 1982, Reel 1, 8-9
Winsemius’ initial prognosis was anything but hopeful. “It was bewildering,” he recalled in a later interview. “There were strikes about nothing. There were communist-inspired riots almost every day and everywhere. In the beginning, one has to very careful about passing any judgement – one does not know the country, one does not know the people, one does not know the men and women who are trying to steer this rudderless ship. But after a couple of months, the pessimism within our Mission reached appalling heights. We saw how a country can be demolished by unreal antitheses.” The general view was: “Singapore is a poor little market in a dark corner of Asia,” and according to sections of the western media, “it is going down the drain.”

4. The EPTA / UNDP Mission – Getting the team right

Besides not knowing much about Singapore, what little Winsemius knew of the other Mission members was from perusal of their résumés, which he received in New York in August 1960. They had all been selected on the basis of their previous work for the United Nations, the International Labour Organization (ILO) and the World Bank, and were moving from other international assignments to this one. The Mission was supposed to be manned by specialists in particular areas, as per the Singapore Government’s request.

Tang I-Fang21 (1924-2013) was a Chinese engineer and an early graduate from the Master of Business Administration (MBA) programme from Harvard, who was named as secretary to the survey Mission, though Winsemius soon realized that Tang was capable of contributing much more and effectively raised his profile to that of a deputy. Juan Gaztambide (Puerto Rico / United States) and Gunnar Wahlgren (Sweden) were experts on industrial sites and electrical appliances respectively, and admirably fitted the survey Mission’s brief.

Gaztambide’s experience in Puerto Rico was to prove invaluable for Winsemius and the strategy the survey Mission would recommend for Singapore. By the early 1960s, Puerto Rico (which in 1960 had a population roughly similar to Singapore’s but 12 times the land area) had already experienced 18 years of industrial development, having started from scratch in 1942.22 Like Singapore, Puerto Rico had few natural resources of its own, but by 1960 it had built 2,500 operational industrial units, including 600 major concerns that processed imported raw materials and exported manufactured products to the United States and the rest of Latin America. In the early stages, the Government of Puerto Rico played a dominant role in developing industries, but later gave way to private enterprise. Gaztambide’s view23 was that “socialized control of productive resources was not the most advantageous method for progress.”

Though there were others on the team who didn’t exactly fit the bill, this was due to the selection process missing key details. With know-how on manufacturing soaps, detergents and matches, Jean Barlin (Sweden) was on the Mission as an expert on “chemical industries,” though what Singapore had requested was a specialist on “secondary chemicals,” particularly fertilizers. Similarly, the Italian Gastone Legnaioli was a naval architect who designed ships and had no experience of shipbuilding or ship repair, which was what Singapore had asked for. Winsemius felt that the first phase of the survey Mission24 “stood at most on three feet, not four,” and that it “would not be the team he would choose had he been in charge.” 25 Nevertheless, the Mission went ahead, and successfully so, which is testimony to Winsemius and his team’s willingness to adapt to circumstances and eventually make the best of them.

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21. Tang I-Fang (1924-2013) started an engineering business in the United States, but left the private sector to follow his interest in the development problems of emerging countries. Following the end of the Mission, he stayed on in Singapore and went on to hold several key positions in public service including in the Economic Development Board and Jurong Trading Corporation, as well as in the private sector.
22. Launched in 1942 by the US Government and the newly formed Puerto Rico Industrial Development Company, Operation Bootstrap (Sp. Operación Manos a la Obra) was the name for the series of ambitious industrial and infrastructure projects that transformed Puerto Rico from an agricultural economy into an industrial one. A series of schemes offering tax breaks helped bring hundreds of manufacturers to the island. Various programmes focused on different industries like light manufacturing, refining oil and then pharmaceuticals.
24. Other members of the industrial survey Mission were Erwin S Malone, Nils Herman Nilsson, Ernst A Markowicz and Karl Franz.
25. Winsemius Oral History Interview, 1982, Reel 3, 40-41

I don’t smell any communists here. Indeed, they are the wisest leaders I have ever encountered.
Winsemius’ adaptability is evident from how this middle-aged, European expatriate settled into life in Singapore. His first lodgings were in the Nassim Hill flats, as part of which he ‘inherited’ a Malay cook who previously ran the household kitchen of a British Army general. Soon he had tired of the British fare and asked the cook “to prepare food as he would in his own house.” A few weeks later, Dr Goh helped arrange for an air-conditioner for Winsemius’ bedroom. The survey Mission’s offices were in the Fullerton Building, which also housed the Ministry of Finance at the time, and a single allocated car and driver meant Winsemius often shared rides to and from work.

Tang I-Fang later wrote that Winsemius had not originally been keen to accept the Singapore assignment, as he had been advised that Singapore “might go communist” and he clearly “didn’t want to be associated with a losing proposition.” Though initially wary on account of PM Lee’s earlier radical rhetoric and the PAP’s leftist reputation, Winsemius changed his mind soon after. Following a dinner at the Istana hosted by PM Lee and Dr Goh, Tang I-Fang recalled him admitting: “I don’t smell any communists here. Indeed, they are the wisest leaders I have ever encountered.”

By December 1960, with the knowledge of Dr Goh, Winsemius was already in the process of putting together the team for the second phase of the Mission. He had already informed members of the survey Mission which of them would be returning. At the Singapore Government’s request, the UN had already agreed to send new members to join the Mission and carry on the work.

Winsemius employed a novel way of recruiting new members of the Mission, and other experts in development who would visit Singapore in years to come. He had been invited by the European Productivity Agency of the Organization for Economic Co-operation and Development (OECD) to co-chair The Second Study Conference on the Problems of Economic Development, which was to be held in Madrid in April 1961. He used the conference to hear a wide range of approaches to development from top economists and policymakers from around the world, and invited a select few to advise Singapore. Ernst A Markowicz, an Israeli expert on secondary chemical industries (i.e. safety matches, detergents and medicines) and Erwin L Malone were recruited via this conference and were soon to join the survey Mission. The proceedings of the Madrid conference was one of the few academic works that Winsemius authored and it became staple reading in economic and industrial development.

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26. Nassim Hill is today an exclusive residential area on the edge of Singapore’s retail district. It was much more bucolic in the early 1960s, when Winsemius’ children recounted his being visited by a macaque whenever he took breakfast outdoors.
29. The OECD is an international economic organization of 34 countries founded in 1961 to stimulate economic progress and world trade. It originated in 1948 as the Organization for European Economic Co-operation (OEEC) to help administer post-Second World War development and reconstruction under the Marshall Plan.
5. The Mission’s work in Singapore

Upon arrival, Winsemius was asked by a journalist from The Straits Times what he knew about Singapore, to which he candidly replied: “nothing as yet.” He was also asked whether he would be speaking to the trade unions that, unknown to Winsemius, were locked in a struggle with the Government as part of a wider ideological confrontation between factions of the ruling PAP.

True to his word, Winsemius listened carefully, consulted widely and learnt fast. Other than those in Government, he spoke to trade union leaders like Lim Chin Siong, Fong Swee Suan, James Puthucheary, Sandrasegaran (Sidney) Woodhull, Devan Nair and Govindasamy Kandasamy, even inviting several of them to the Nassim Hill flat for conversations that lasted into the night. Through these he came to the realization that “one part of the Government was undermining the work of another more progressive part.” Winsemius acknowledged that he “never reached a point of understanding or confidence” with the “communist leaders,” Lim and Fong, and admitted to “better conversations with the non-communists.”

He also took advice from bankers and diplomats, who had their fingers on Singapore’s commercial pulse. “Objective advice” came from Lord Selkirk (Group Captain George Douglas-Hamilton, the 10th Earl of Selkirk, who was then British High Commissioner to Singapore) and furthered Winsemius’ understanding of Singapore and how its Government worked. The Chinese Chamber of Commerce, unfortunately, did not help him much, neither with support nor information.

In Singapore, Winsemius and his team were struck “by the high unemployment rate” (30-35 percent at the time) and families “living in kampongs in very poor circumstances.” Winsemius noted that there were far too many hawkers, selling all manner of wares including food, in what was not a well-paid job in those days. He concluded that people “became hawkers to escape unemployment.” He also realized that the problem would get increasingly severe, “due to a rapidly growing labour force and stagnating trading sector,” which was the backbone of the economy.

Winsemius was not averse to trying unconventional approaches. To assess if the trade unionists, employers and Government could work together, he had a selection of them invited to a garden party hosted by Max Lewis, General Manager at the food and beverage giant Fraser & Neave. “I wanted to see how they would mix, if they would mix. So in Mr Lewis’ garden everybody is there. But mixing, it was like water and oil. It just did not mix. Although Fraser & Neave did its best … to put some oil into the machinery. It did not mix.”

Following the survey Mission’s consultations, Winsemius concluded: “The average Singaporean had a high aptitude for manufacturing” and “they can be ranked among the best factory workers in the world.” He acknowledged that it was difficult for him to explain why he drew that conclusion at the time, but offered the following explanation: “I saw them working on the streets, repairing things, making two bicycles from three old ones that were not complete, repairing axles from motor cars with very, very little machinery – a tricky thing.”

31. Winsemius Oral History Interview, 1982, Reel 2, 14-18
32. Ibid., Reel 3, 29.
33. Ibid., Reel 3, 32-33
34. Winsemius Oral History Interview, 1982, Reel 2, 15
He saw family businesses doing occasionally complicated things with very little means and training, based solely on experience and knowledge. He was deeply impressed with Singaporean resourcefulness, and concluded that the answer lay in manufacturing, yet he also advised the political leadership: “before you do that, you have to clean up the political situation.” 35 This was to prove a significant departure from how UN advisers conducted their business, which was to remain politically neutral. Winsemius was an industrial economist, but he was as interested in observing “human motivation and organizational skill as he was in finance, machinery and markets.”36 He grew to admire the quality of Singapore’s labour force and its resourcefulness. Singapore, he noted, “had the basic assets for industrialization, especially in the manufacturing industries,” but that would be of no help, if a long period of economic organization were required before it could be put to use.37

The “realistic approach” recommended involved an active industrial promotion programme by the Singapore Government, close cooperation between employers and labour, adherence to the programme of economic expansion and most contentiously, but in keeping with the mantra of cleaning up the political situation: “get the communists out.” 38

In fact, when PM Lee asked Winsemius what his advice boiled down to, Winsemius’ response was unequivocal: “You can forget everything Mr Prime Minister, unless two preliminary things are done. You eliminate the communists – eliminate them in Government, in the unions, industries and off the streets. If you don’t do it, forget about economic development. They will destroy anything which can promote Singapore because they have other intentions than you have.”

“Number two, let Raffles stand where he stands (referring to Sir Stamford Raffles’ statue on the north bank of the Singapore River). You will probably be the only former colony where the statue of an imperialist is still standing. Let him stand. It is your presentation to the outside world that you accept the heritage of the British. Sometime in the future, we will need the British, the Americans, the Germans … and their knowhow. … You can show it through Raffles. So let him stand, don’t tear him off his socket one Saturday morning and drag him through the streets like they did in Jakarta39 – like they do all over the world….. It will take time, it won’t be easy, but that’s what it boils [down] to.” 40

In the 1982 interviews, Winsemius appeared to express regret over explicitly including the advice on “eliminating the communists” in his report, but defended the aims behind the advice itself: “I added to it and, I doubt whether it should be in the final version… I added to it, as an economist. I am not interested in what you do with them. You can throw them in jail, throw them out of the country, you can even kill them. As an economist it does not interest me, but I have to tell you, if you don’t eliminate them in Government, in unions, in the streets, forget about economic development.” He even told the Prime Minister: “This part better be taken out, but for history’s

35. Ibid., Reel 2, 15
37. Winsemius Oral History Interview, 1982, Reel 2, 21
38. Ibid., Reel 2, 21
39. Winsemius was referring to the tearing down of the statue of Jan Pieterszoon Coen, the founder of the Dutch colony of Batavia, by Indonesian freedom fighters in 1944.
40. Winsemius Oral History Interview, 1982, Reel 2, 16
sake, maybe you don’t care to do it” (i.e. go ahead with the elimination of the communists). Upon receiving the advice, PM Lee recalled being “left speechless” as he laughed “at the absurdity of this simple solution.”

Winsemius also did not appear to harbour any pathological hatred of communists, as some interpretations of his advice to PM Lee suggest. He later remarked, “It is to a certain extent a pity that these people (referring to Lim Chin Song and Fong Swee Suan, whose intellectual capacity he rated highly), enthusiastic people, with their feeling for their co-human beings, with high intellectual, often organizational, capacities, got lost for Singapore. On the other hand, youngsters who were at the time excited by them in the adoration of Mainland China, today are the men in charge of our (Singapore’s) large companies.” These were the very same people who, Winsemius was convinced, without employment would turn to communism.

Winsemius was very clear that the “preliminary necessity” for the economic programme’s success was to assess the political situation, solve the political problems and try and stem the tide of low investor confidence in Singapore. The Industrial Survey Mission thus proposed a “crash programme of generating jobs” and the report made in-depth recommendations about the appropriate industries that could build up a manufacturing sector, as well as the particular steps to be taken in obtaining the investment needed. Winsemius personally wrote the final assessment in the report, building an argument around the motto, “expectations and reality.” This was infused with an emotional appeal to the Singaporean leadership for maintaining unity and a stark warning that time to save Singapore was rapidly running out.

41. Ibid., Reel 2, 21
42. Lee, From Third World to First, 67.
43. Winsemius Oral History Interview, 1982, Reel 2, 18
44. Saxena, Virtuous Cycles, 15
Ngiam Tong Dow served in the Singapore Administrative Service for more than 40 years. In 1972 he became the youngest ever Permanent Secretary and served in the ministries of finance, trade and industry, communications, national development and in the Prime Minister's Office. He also served as chair of the Economic Development Board, the Central Provident Fund Board and the Housing Development Board.

The United Nations Industrial Survey Mission, led by Dr Albert Winsemius of the Netherlands and Mr. I.F. Tang as his deputy, arrived late at night on 4 October 1960 at the old Paya Lebar airport. I was at hand to receive Dr Winsemius and the six other industrial experts who were part of the mission team. Though designated as ‘advisers’ they were a team of doers, not academics, and were all intent on rapidly getting on with things. Several of them, including Mr I-Fang Tang, Mr Wahlgren and Dr Winsemius, would have a lot to do with Singapore in the future.

At the time Singapore's economy was stagnant and its infrastructure was crumbling. It was a city of 3 million people, with over 14 percent unemployed and many living in overcrowded and dangerous housing. Under these circumstances, it was imperative to create jobs fast and then build homes for people. Within six months of starting work, the Survey Mission's report identified industries, ranging from garment manufacturing to ship breaking that could rapidly employ the maximum number of people with minimal state investment.

Why ship breaking, you might wonder. Not only did it employ lots of people, the scrap iron from the ships fed the new steel mills of Jurong. This led former PM Lee to nickname EDB staff ‘metal eaters’. We didn’t mind, because the steel was used to build several generations of HDB flats.

The choices we made had intended and unintended consequences. At the time open-hearth blast furnaces for steelmaking were seen as totems of development around the world, but they used iron ore and coal and usually left large areas around the steel plant covered in coal dust. By using electric-arc furnaces and the scrap iron from ship breaking instead of iron ore and coal, Singapore's steelmaking proved to be both more efficient and environmentally friendly.

For Dr Winsemius though, it was not all about industrial and economic growth. He often reminded us that Singapore's greatest resource is its workforce. Dr Winsemius was instrumental to the development of the 'tripartite system', the establishment of the National Wages Council in 1972, and the wage adjustment policy we adopted in the 1970s. He successfully advocated for the expansion of technical and scientific education and training in Singapore's universities and polytechnics.

He was an enthusiastic supporter of Dr Goh's idea of establishing a bird park in Jurong, as a getaway for the industrial workers, their families, other Singaporeans and tourists. Dr Winsemius was also the force behind the transformation of the island of Blakang Mati that had been allocated to Exxon as a site for a refinery. The island was eventually developed into the offshore resort of Sentosa that Singaporeans and visitors still enjoy.

Dr Winsemius had always advised former PM Lee and Dr Goh to project Singapore's political stability to international investors. Ultimately, the kind of industries that Singapore attracted had nothing to do with the raw materials it had. For investors, political stability was the sine qua non for locating capital-intensive industries with a long-payback period. Mitsui Petrochemicals, for instance, had to abandon the construction of a petrochemicals plant in Iran at the outbreak of the Iran-Iraq war.

Sumitomo Chemicals seized the void and picked Singapore to establish the Petrochemical Corporation of Singapore (PCS) as a 50:50 joint venture with the Ministry of Finance. Mr. Hasegawa, chairman of Sumitomo Chemicals, notes in his memoirs that he chose Singapore to expand overseas due to our political stability and his deep friendship with the then Finance Minister, Mr. Hon Sui Sen.

Dr Winsemius’ keen understanding and grasp of world affairs is well known. Yet he was humble, had a great thirst for knowledge and was a source of guidance and inspiration for many of us young administrators. My family and I had the good fortune to be Dr Winsemius’ guests in The Netherlands and his generosity of spirit will remain in my heart.

Photo: NUS Press
6. Impact of the EPTA / UNDP Mission’s report

Beginning with initial emphases on creating jobs and attracting foreign investment, the Industrial Survey Mission’s Report45 would form the blueprint for Singapore's industrialization programme and would influence subsequent phases of development in many other sectors of the economy. Two key aspects of the report’s recommendations, i.e. a high level of openness to foreign investments and a relatively liberal immigration policy, found their way into Singapore's approach to economic development.

The report proposed – as a first step in a “crash” programme – the creation of a large number of jobs quickly, in areas such as textiles (production of shirts and pyjamas), shipbreaking, building materials and small industries. Additionally, longer-term plans were laid out for industrial development in shipbuilding and repairing, metals and engineering, chemicals and electrical equipment and appliances.

Two of the report’s recommendations were particularly crucial in shaping the role that the Singapore Government and its statutory bodies would have in the economic activity and organization of public services. First, the report advised urgency as well as prudence – urgency in tackling the impasse between the Government and trade unions, and prudence in Government investment in industrial expansion.

Winsemius wrote: “Present industrial relations will further contract instead of expanding economic activity… There is not much fantasy needed to forecast what is going to happen if this situation cannot be improved quickly… If the basic conditions for economic development do not come about quickly, there is even a tremendous risk that if Singapore invest its reserves … in infrastructure to lay the foundation. Nothing will be built on it, and the reserves can be spent only once. As long as the present industrial relations exist and no upward trend can be seen, investment and effort spent on economic expansion is for the greater part a waste of money and a waste of time.”46

Second, the report observed that Singapore did not lack entrepreneurs, but that they were mainly in commerce and not in the fields of engineering or manufacture. This suggested the need for the Government to participate directly to operate certain basic industries if neither local nor foreign enterprise was prepared to do so. However, long-term Government participation could harm the investment climate, unless it was in tune with commercial and market principles. Thus from the outset, the

Singapore Government, though operating as a state, was in some senses forced to adopt a non-statist approach to industrial development, and defined its role in the economy according to market principles. Future statutory bodies in specific areas of commerce and industry were set up based on this principle.

The report recommended the establishment of a non-political body for implementing the 10-year industrialization programme, with separate divisions for financing, industrial facilities, projects, technical consulting and services, leading to the establishment of the Economic Development Board (EDB) in 1961. The report also recognised that the EDB’s core function should eventually become the promotion of investment in Singapore, and that it should ultimately hand over its financing operation to an “industrial development bank,” as well as its projects and technical and consulting roles to specific technical organizations.

This plan played out exactly as the report had foreseen, with the EDB gradually handing over responsibility for specific operations by 1967 to offshoot organizations like the Development Bank of Singapore (DBS), for finance, Singapore Institute of Standards and Industrial Research (SISIR) and Jurong Town Corporation (JTC), to develop industrial estates. This process became a virtual blueprint for setting up statutory bodies and boards with a cluster of operations and wide-ranging powers, and then splitting off specialist organizations with narrower and specific responsibilities from them, as per need or plan. This approach also had significant implications for Singapore’s public service institutions, as we will see later.
Mr Suppiah Dhanabalan served Singapore as a civil servant and a politician since 1960. An economist by training and a parliamentarian since 1976, he was minister for foreign affairs, culture, community development and national development before retiring from politics in 1992. He then served as chairman of the board of Singapore Airlines, Temasek Holdings and the Development Bank of Singapore – which he helped establish in 1968.

I first met Dr Winsemius in November or December 1960, soon after my joining the Administrative Service, when he was here as the leader of the UN Survey Mission, a first of its kind.

It was Dr Winsemius’ first visit to Singapore and he certainly never expected to become so deeply involved in the nation’s policymaking. That Dr Winsemius continued to advise Singapore for over two decades is testimony to how useful PM Lee Kuan Yew and Finance Ministers Dr Goh Keng Swee and Hon Sui Sen found his contribution to our policymaking.

Dr Winsemius got on with the economic and political imperative of creating jobs for a fast-growing population, which did not have the education or skills for rapid industrialization, and was pragmatic in recommending what could be achieved. He identified ship-breaking, which involved low skill, grimy and perhaps dangerous work, as a quick way of employing people which would also generate a supply of scrap iron for the National Iron and Steel Mills.

Living far away, as he did in Holland, he followed developments in Singapore by just reading newspapers and perusing data from the Statistics Department. Not being distracted by the noise of Singapore’s politics, he was able to identify problems before they emerged and became obvious to everyone.

The key driver for Singapore during the merger with Malaya and the formation of Malaysia was the promise of the common market, and he observed very early on in the process that the common market would never see the light of day.

While many saw the separation [from Malaysia] as a setback, Dr Winsemius viewed the separation, not as a tragedy but the unshackling of Singapore to grow without Kuala Lumpur’s interference.

As early as 1970 he saw that Singapore was rapidly approaching full employment and that there would be a wage explosion if we did not loosen the low-wage policy. His was a leading voice in the discussions leading to the high-wage growth policy of the early 1980s.

A normally media-shy person, he was unnaturally forthcoming in one of his ‘farewell’ interviews in March 1984, when he retired.

When asked, “What is your dream?” he replied: “Look here, you now have full employment. Well that is simply the beginning.

Only when every Singaporean can go to the level of education he needs; Only when every Singaporean can establish a family and have children; Only when every Singaporean can find a job that he can do to his best capacity; Only when he can grow old without financial worries; Only when he can get sick without loss of pay; Only when he can afford to die without financial worries for his wife and children… … Then you have a Singapore.”

That he dared to dream such a dream shows that having seen how far Singapore had developed, he had come to respect what the first generation of Singapore’s leaders were able to achieve. He also had the confidence that if the quality of leadership and governance could be sustained, this dream would not be so utopian after all.

Over 30 years later, we have come such a long way towards achieving a large part of his dream.

Photo: Temasek Holdings Annual Report 2007
7. The Common Market and the union with Malaysia

The Winsemius Report proposed that Singapore needed a Common Market with the Federation of Malaya to support the island’s proposed new industries. PM Lee and Dr Goh too were eager, but "Kuala Lumpur wanted them to wait." In Winsemius' view it was a “great mistake not to have been able to conclude a Common Market speedily because postponement only permits the intrusion of reservations” leading to vested interests creeping in and the concept collapsing. 47

One of the key reasons that Winsemius was in favour of the Common Market and the merger with the federation was that he strongly felt Singapore's economy would remain crippled by industrial unrest if it remained on its own. He was convinced that large cities (he cited Amsterdam and Bombay when making this point) like Singapore were the focal points of industrial unrest compared to a nation with a large countryside where the population was distributed across a number of provinces, districts and villages. Yet he was also circumspect and feared that if Singapore, with its history of entrepreneurship and ethnic composition, took the lead in the economic sphere following a merger, “federation politicians (in Malaysia) … would be afraid of Singapore and keep Singapore down economically as much as possible.” 48

Winsemius felt that “making the Common Market work was not too difficult if really tackled,” but he also believed that it would be worthwhile to give it international standing and “have the UN flag on top of it.” He had helped draft a proposal to the United Nations for another survey Mission to study the possibility of the Common Market, yet he had also opted out of joining the Mission team as he saw himself being too closely identified with Singapore. While Winsemius was keen to bring in the likes of Jean Monnet and Jan Tinbergen 49 to advise Singapore on joining and developing the Common Market, the United Nations and, particularly, the World Bank took a long time to respond and appeared to drag their feet on the composition and leadership of the Mission.

Winsemius conceptualised the Common Market in Malaysia as a single economic unit in which goods produced in one state or imported into it could move freely to other states without import duties and other hindrances. Singapore's manufacturing sector could stand to benefit from this as the Common Market would result in expanded opportunities for manufacturers. Winsemius expected the Common Market to directly create 50,000 new jobs over 10 years’ time. While the cost of living for the average income group was expected to rise by about 1-3 percent, this would have been offset by an increase in the number of jobs as a result of the Common Market. He also did not expect Singapore to lose its “free port” status.

Neither Monnet nor Tinbergen were able to join the Mission due to delays, and it was entrusted to Jacques Rueff (1896-1978), a monetary

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47. Drysdale, Singapore: Struggle for Success, 251
49. Jean Monnet (1888-1979) was a French political economist and diplomat and one of the key figures behind the formation of the European Coal and Steel Community (ECSC, 1951-2002), the first international organization to be based on the principles of “supranationalism,” and would ultimately lead the way to the founding of the European Union. Jan Tinbergen (1903-1984) was a Dutch economist and Nobel Laureate in economics known for his contribution to macroeconomic modelling and economic policymaking and for the consulting services provided to international organizations and governments of various developing countries. Tinbergen was involved in the creation of “BeNeLux,” an economic union of Belgium, The Netherlands and Luxembourg, originally established as a customs union in 1948.
economist who earlier had great success in advising the Greek and French governments on monetary policy. Winsemius was invited by Dr Goh to review the Rueff Mission’s draft report. Winsemius recalled arriving in Singapore in the evening and being given a copy of the report by Tang I-Fang, which he proceeded to read and annotate overnight in time for a breakfast meeting with two members of the Mission from The World Bank. In their discussions he told them why he felt their report could not be a basis for the establishment of the Common Market, and Winsemius felt that they agreed with his reasoning.

As it was still a draft report, Winsemius wrote to Goh proposing alterations he felt necessary. According to Winsemius, while political unity with the Federation of Malaya implied more stability for Singapore, even that could not be the basis for the Common Market owing to the mismatched size of the markets and the dominant ethnic groups in the two countries – which would inevitably “cause friction.” He also told Dr Goh that “this Malaysia will only last for a few years and most certainly not more than 10 years,” and that there was a risk in the proposal.

The idea of the Common Market with Malaysia was for all intents and purposes “too early,” according to Winsemius. He believed that the union with Malaysia “could have started with a Common Market,” built on the common interests of workers, unions and employers. However, Winsemius also knew that a Common Market would in due course require the Governments to coordinate their tax, financial and ultimately all their policies, “gradually growing towards unity.”

A Common Market would continue to develop, Winsemius felt, as long as the participating states grow “either economically or politically towards unity…that growth may need 25 years, may need 50 years,” but as long as there is “growth towards one goal” there is progress. Winsemius was in effect charting the different stages in the development of a Common Market into a single market and eventually into a unified market. In Malaysia’s case that [development] was “too rapid” and there were “too many factions both in Singapore and the Federation part of Malaysia and after two years it became more or less clear” that it would fail. The young civil servant, Ngiam Tong Dow, then working for the EDB, later observed: “Dr Winsemius and Tang I-Fang in their heart of hearts never believed in a Malaysian Common Market. In any case, it turned out to be a pipe dream.” Winsemius himself mentioned that, “… it was practically impossible to launch any project in Singapore during the Malaysia days”, as everything was dragged down.

50. Winsemius recalled these two members of the Mission as being Leonard Rist and John A. Edelman, both working for The World Bank at the time. See “Economic Study of Malaysia Announced,” (The World Bank, Archives).
52. Ibid., Reel 7, 85.
54. Winsemius Oral History Interview, 1982, Reel 7-8, 93-95.
Coleridge (1772-1834), capturing the helplessness of those who willed the Common Market to sail, but could only watch it sink:

They stood aloof, the scars remaining,
Like cliffs which had been rent asunder;
A dreary sea now flows between;
But neither heat, nor frost, nor thunder,
Shall wholly do away, I ween,
The marks of that which once hath been.

Recalling the episode two decades later, he lamented that Singapore “went into Malaysia without a Common Market and we got out of it a few years later still without a Common Market.” Winsemius’ plans for the Common Market, which he wrote as a commentary on the Rueff Report with Tang I-Fang (then working for the EDB), contained key principles and clear time-frames for the creation and embedding of the Common Market precisely laid out. Unfortunately it would never see the light of day.

In fact, Winsemius went back to, and remained at, The Hague during most of the two years (September 1963 to August 1965) of Singapore’s union with Malaysia. He would later regret his decision to stay out of the UN team that advised Singapore on the Common Market with Malaysia: “If I had been on it with Monnet and Tinbergen, we would have undoubtedly kept it in our own hands, we would have presented a simple report ... Whether it would have been accepted in the new political set-up in Malaysia, is another question of course.”

On 9 August 1965, following a unanimous vote in the Malaysian Parliament, Singapore was effectively separated from Malaysia. The short-lived experiment towards achieving the Common Market remains an instructive lesson on the consequences of politics overriding economic logic. While there were sound economic reasons, and later palpable danger signals, that may have dissuaded the Singaporean leadership from joining the Common Market, the political necessities of stability, freedom from colonialism and presenting a united front to the communist threat clearly overrode the economic argument.

Most historians believe that though Singapore’s industrial and economic development may have been set back by two to five years, the period of merger with Malaysia (1963-65) actually put the Singaporean economy on a much firmer footing towards becoming a manufacturer for the world rather than only for Indonesia and Malaysia. This experience also put Singapore on a political path that would both define, and help implement, the nation’s economic policy. Winsemius was soon summoned back to Singapore and in his words, “The only way was to reorganize as soon as possible and get Singapore going as a global city.”

55. Winsemius Oral History Interview, 1982, Reel 17, 207.
8. Becoming the “global city”

The Winsemius Report became virtually the development plan for Singapore for the 1960-1970 period. With the exception of the Common Market with the federation, most of what Winsemius had recommended or even bet his reputation on (for instance, the contention that Singapore would achieve 100 percent employment by 1970) had come true. In his own words “by that time, I was no more an outside adviser. I was a fixed part of the furniture… the one-sided advisory role was rapidly changed into taking part in a common discussion.” 56 Winsemius was unafraid to add his voice to the ambitious – some called it “arrogant” – 1970-1980 plan, which boldly envisioned moving away from the dependence on cheap labour and maintaining Singapore's position as “the centre of South-East Asia in manufacturing, in banking, in transport, in tourism.”

Winsemius based his recommendations on the fact that Singapore had reached the 100-percent employment since the beginning of the 1970s, it needed to upgrade its industries. This entailed employers upgrading too, and increasing wages, while labour also had to be trained to higher standards to offer value for the increased wages. Upon introduction, this approach took off smoothly and Singapore's economy grew 12-14 percent between 1970 and 1973, while over 100,000 new workers started contributing to the Central Provident Fund. The Singapore Government even lifted restrictions on immigration and work permits, allowing foreign workers to register for employment for the first time.

The aberration came at the onset of the OPEC oil crisis in 1973-74, at which point Winsemius admits that he “... got frightened. Instead of sticking to my guns, I compromised, and that was a major mistake.” 57 Thereafter, Singapore faced a tight labour market where wages were low and workers were cheap. The growth rates slowed to four percent in 1975 but improved to eight percent in 1977.

Upon seeing the relatively low productivity figures for 1977, Winsemius realized that he had been mistaken. A three-year, catch-up operation was initiated and led to three rounds of 20-percent wage increases. This policy carried significant risks, which in Winsemius' view had to be taken. Those risks proved worth taking, as small increases in productivity were achieved for the rest of the decade while employment remained full, with Singaporean wages second only in Asia to those of Japan. The Singapore Government's 1973-74 intervention also strengthened the foundations of tripartite relations among Government, employers and workers, via the National Wages Council (NWC, founded 1972), which made a crucial contribution to Singapore's subsequent industrial peace and economic growth.

In their memoirs and oral history interviews, several among Singapore's first two generations of leaders rated Winsemius a shrewd and farsighted man whose counsel went beyond the economic and industrial. His suggestion to former PM Lee to not remove the statue of Sir Stamford Raffles proved sound, as it was seen as a symbol of public acceptance of the British heritage and leaving it unmolested would alleviate concerns that Western investors might have towards a new, and potentially, socialist Government. Winsemius was also personally involved in approaching several multinational companies, like Shell, Esso and Philips, to invest in Singapore.

57. Peng & Thomas, 1984, 16-18
Other associations with The Netherlands proved to be extremely beneficial for Singapore. The first of these was Winsemius’ post-war role in leading the recovery of a shattered Dutch economy and its industries. Second was the commonality of economic drivers between post-war Netherlands and newly-independent Singapore. These included:

- The Netherlands foreshadowing Singapore as a long-time, entrepôt port (which Amsterdam had been off and on since the late 16th century), growing relatively undeveloped shipbuilding, ship-repairing and ship-breaking industries into a continental hub for maritime transport and container port (e.g. Rotterdam);
- Developing manufacturing capability for electrical equipment and appliances, and
- Emerging as a worldwide leader in petrochemicals and oil-refining.

After delivering the industrial development plan in the summer of 1961, Winsemius accepted an offer to act as the Chief Economic Adviser to the Singapore Government. He held this function for over two decades, and apparently at no time was any written formal contract signed between the Government and Winsemius. This collaboration was based on mutual trust and entailed Winsemius visiting Singapore two or three times a year for a fortnight at a time – first, to help draft the plans for the year ahead, then later in the year to check and steer the implementation of the plan. Part of the arrangement was that Winsemius would make himself available immediately should his help be needed at short notice, which was, for instance, the case in 1965 when Singapore separated from Malaysia.

Winsemius also bought wholeheartedly into the strategies adopted by Dr Goh and the Singapore Government in promoting the successes of the industrialization policy. Describing the practice of staging elaborate “foundation stone laying” followed by “official opening” ceremonies every time a factory was opened, Winsemius noted: “What little progress we (Singapore) had made, had to be publicly inflated … to build confidence in the future and this laying of foundation stones and bursting of a lot of crackers outside was part of the promotional campaign to show people that industrialization was on the march.” Former PM Lee noted Dr Goh’s ability to create two occasions for publicity from the launch of one industrial unit, “… even the smallest factory employing a handful of workers, like one making mothballs.”

There were other areas of Singapore’s public policy that Winsemius’ advice or intervention directly impacted. The Government had chosen the abandoned island of Blakang Mati as a site for Esso’s oil refinery. Realising that as the economy and spending power of Singaporeans grew they would need places to relax and spend their incomes, Winsemius wanted the island to be industry-free and developed into an easily accessible resort. He also correctly forecast that if a refinery grew on the edge of the city it would become a source of pollution and acquire an undesirable reputation for the company.

He convinced the Singaporean leadership, the management at Esso and the Singaporean military, which also had a claim on the island, that it should be left undeveloped and set aside for

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58. It is inconceivable that Winsemius worked for free and it is likely that most of his time was paid for by UN funds.  
60. Lee, From Third World to First, 80.  
61. Esso was offered, and accepted, the alternative site of Pulau Ayer Chawan for the refinery, an island one mile offshore from the Jurong industrial complex. Finance Minister Hon Sui Sen inaugurated the refinery plant there on February 19, 1971. “Esso” is an international trade name for ExxonMobil and its related companies, and in describing this incident some texts refer to “Esso” as “Exxon.”
tourism. Eventually Blakang Mati was renamed ‘Sentosa,’ and the future of one of the region’s great island resorts was secured.

Ngiam Tong Dow recalls Winsemius persuading former PM Lee to expand the enrolment of engineering students by establishing the Nanyang Technological University although the National University of Singapore (NUS) had taken the view that “university education was for the few.” The EDB had been pressing in vain for more qualified engineers, trained technicians and skilled workers to man Singapore’s nascent industrial expansion, while the NUS management had “conjured up the spectre of degree mills that churned out jobless and unhappy graduates.”

Winsemius had been convinced by Dr Pannenberg, the Research and Development (R&D) Director of Philips, that the first step to attract R&D investment from multinationals was to enhance Singapore’s competence by having more university-trained engineers.

The reorganization of the Port of Singapore Authority (PSA), the reordering of the Harbour Board and transforming both into profitable entities, as well as the repurposing of the vacated spaces and facilities following the withdrawal of the British naval base from Singapore, were other feathers in Winsemius’ cap. He now appears visionary in predicting that Singapore could become a tourist hub for the whole region as long as it provided “hotels, good water, safe food… and shopping, plus a runway long enough to get any plane, which needs a long runway. We will be the entrepôt for tourists, like [we are] the entrepôt for a lot of products.” It is very much to Winsemius’ credit that tourism and retail have today become key pillars in Singapore’s economy.

The success of approaches and policies that Winsemius championed set in motion a chain of diverse UN projects that empowered Singapore to make giant strides in public service development without falling into the debt trap that would stymie growth in several other newly independent countries. In 1962, a UN Mission brought Erik Lorange, a Norwegian town planning adviser, to carry out a preliminary survey that became the basis for the urban renewal programme for Singapore’s city centre. In 1963, another UN Mission studied and submitted a report titled “Assistance in Urban Renewal and Development.” That project, led by Otto Koenigsberger, Charles Abrams and Susumu Kobe, laid out the requirements for the physical development of Singapore with a short-term and a longer-term plan for land use and transportation development over several decades. The industrialization and urban redevelopment initiatives were meant to complement the large-scale public housing programme in the sense that they would help support the burgeoning population as well as bolster Singapore’s image and attract investors.

62. Pulau Blakang Mati meant “island of death from behind” in Malay, while the name “Sentosa” was chosen, following a competition, from the Sanskrit word Santosha meaning “peace and tranquillity.”
64. Winsemius Oral History Interviews, 1982, Reel 12, 144.
65. Koenigsberger was an urban planner, while Professor Charles Abrams was a land and legal expert and Susumu Kobe specialized in transportation. Their report identified the aspects of urban renewal that Singapore should tackle, and advised that these be approached piecemeal rather than in one go. It also defined the zone for “central area planning” and identified the precincts it should cover.
In what would appear as another unconventional intervention, Winsemius came to “regard intensive agriculture as a very important branch of Singapore’s economy where hidden resources of employment still lay.”

In a proposal prepared by Singapore’s Ministry of National Development to UNDP for assistance in setting up a Pig and Poultry Research Training Institute in 1966, Winsemius wrote: “Even though Singapore has small rural acreage, agriculture should not be written off as finished. If there is no possibility for its extension, there is always a way for its intensification.” Winsemius believed that the unproductive rubber, coconut and spice plantations that occupied much of Singapore’s arable land could be better utilized.

Along with FS Bradhurst, an Australian expert, who visited Singapore on a UN Mission to survey Singapore’s food processing, Winsemius studied the sector and recommended: intensive pig and poultry farming, boosting soil productivity by means of organic and inorganic fertilisers and the development of deep-sea fishing. The Fishery Training Centre (set up in 1968 with FAO funding, under UN expert Takenao Ochi), the Pig and Poultry Research and Training Institute (set up in 1968 with joint UNDP, FAO and Singapore Government funding, under UN expert JM Taylor) and later, the Veterinary Public Health Institute (in 1979, with FAO funding) were all established under the Primary Production Department of the Ministry of National Development.

At the time, food security was a key concern for small states, especially those with hostile larger neighbours and might face blockades or embargoes, or even have their grain imports held up. Though these agro-projects would never make Singapore self-sufficient in food production, and some of them didn’t last long in the face of the general decline of agriculture and fisheries along with rapid urbanization, they certainly went a long way toward ensuring better productivity and utilization of valuable human and natural resources.

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66. His suggestion might be explained by the fact that Winsemius was born to a family of rural cheese makers and during the food shortages of the Second World War, the young Albert leased a plot of land to cultivate potatoes and other vegetables. Soon the economist in him took over and he replanted the field with tobacco to obtain a higher return on the acreage.
9. In Winsemius’ view – Five phases of Singapore’s growth

In an interview with a Dutch journalist published in 1996, 67 Winsemius recalled: “When we started with the implementation of the first development programme, I was convinced that a policy of protection of the home market would come to nothing, because there was almost no home market. I immediately advised them to try and form an economic alliance … [with the federation]. As soon as this aim was achieved, I assumed, we would be able to move over to the next phase and try to conquer a position on the world market. Four years later, Singapore was expelled from Malaysia and there were the signs of some initial panic in the state. In my opinion, there was no longer any reason for such a reaction. On the contrary, this is the best day of my life, I told my friends in Singapore, for in those first years of development Singapore had proved that it was able to overcome internal antithesis and to work together to build up a manufacturing industry that would certainly be competitive in the long run.”

In that 1996 interview, Winsemius also distinguished five main phases in the economic development of Singapore. He explained that the first step “was to set up low-value industries, such as the production of shirts and pyjamas in factories in which women could work. The contribution made by the women during the initial years of industrialization has never really been properly studied. This contribution can easily be underestimated. It was the only manufacturing activity where Singapore [and it was the girls and women] had sufficient experience. The sewing machines could be rented … therefore a very quick start was possible in the field of shirts and underwear. This aspect of early industrial development deserves more attention than it has received so far.”

The separation from Malaysia in 1965 marked the beginning of the second phase. By that time, the Housing Development Board (HDB) had already embarked on an enormous building programme, which Winsemius found “very inspiring, (because) people could see what was being achieved. On Sundays, fathers and mothers showed their children in what kind of new dwellings they would live presently.” During this phase, the EDB was successful in interesting multinational petrochemical companies like Shell and Esso to establish refineries in Singapore, following a similar pattern established in The Netherlands a couple of decades earlier.

Developing a more stable and lucrative investment climate, as well as better trained and skilled manpower for high-end manufacturing, marked the third phase. Singapore had become very active in promoting education for technical jobs, especially for the electronics industry. At the beginning, it was quite a difficult task to convince organizations like the Dutch electronics giant Philips to set up production plants in Singapore. Winsemius personally travelled to Philips’ headquarters in Eindhoven, to effectively warn them that they had to hurry, otherwise there was a very real danger that Philips would ‘miss the boat’ in South-East Asia’s growing markets. The company heeded the advice and by the 1990s it was one of the biggest investors in Singapore, and in the words of the modest Winsemius, “was doing a very fine job here.”

The fourth phase was to develop Singapore as an international financial centre. While the popular perception was that doing so would take at least a decade, Winsemius was convinced that it could be achieved in three or four years. He described his ‘eureka’ moment from a meeting with Van Oonen, a senior Dutch employee of the Bank of America: “He (Van Oonen) took a globe and showed me a gap in the financial markets of the world. Trading, he explained, starts at nine o’clock in the morning in Zurich in Switzerland. An hour later London opens. When London closes, New York is already open. After closing time on Wall Street, San Francisco on the American west coast is still active. But as soon as San Francisco closes, there is a gap of a couple of hours.”

This gap, Winsemius suggested to Singapore’s leadership, could be filled by Singapore. It would work if the Singapore Government were prepared to take some drastic measures, such as face the prospect of leaving the sterling area. Singapore was set on doing this in the face of strong opposition from the Bank of England that, on behalf of the UK government, was keen to protect the advantage that Hong Kong held in the area. Eventually the Bank of England did not force the issue, and Singapore did not have to leave the sterling area, which was eventually dissolved in 1972. The first step towards Singapore becoming a global financial centre had been taken.

The fifth and last phase in economic development was one where Singapore was gradually transformed into a centre of international traffic and cargo transport. Winsemius advised that a large airport facility be developed, far bigger than domestic capacity would require, where the biggest aeroplanes could land, and to let every nation and airline know that they were welcome to land there. In other words, Winsemius’ advice of not using landing rights to protect Singapore Airlines was contrary to existing practices in the airline industry. Singapore’s leadership heeded this advice and the airport and cargo terminal at Changi Airport has over time proved to be a huge success. As a result of this initiative, Singapore has also positioned itself as a popular destination for tourism, particularly for short stays and staging points for longer journeys in Asia. Extending this capability, Singapore was later able to promote itself as a worldwide destination of choice for conventions and conferences.

A similar, farsighted approach underpinned by Winsemius’ personal knowledge led to the development of the gigantic and incredibly busy container harbour that Singapore is today known for. In The Netherlands, Winsemius had chaired the committee that advised the Dutch Government on shipbuilding, and mentioned having “some knowledge about what was going

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68. The sterling area, or sterling bloc, began to appear informally during the early 1930s, after the pound sterling had left the gold standard in 1931, with the result that a number of currencies were pegged to sterling instead of to gold. Early in the Second World War, as an emergency measure, legislation was enacted throughout the countries of the British Empire to unite the sterling bloc countries of the Empire into a single exchange control area, with a number of aims, including protecting the external value of sterling. All of the British Empire, except for Canada, Newfoundland and Hong Kong, formally joined the sterling area in 1939. The sterling area countries either used sterling as their own currency, or pegged their own currency to it. Even member countries with their own currency held large sterling balances in London for the purposes of conducting overseas trade. The significance of the sterling area was seriously diminished in June 1972, when the UK Government unilaterally applied exchange controls to the other sterling area countries, with the exception of Ireland, the Isle of Man and the Crown dependencies in the Channel Islands. The sterling area did not cease to exist on a specific date, but it effectively disappeared in phases between June 1972 and 1979. EH.net, s.v. “The Sterling Area,” accessed 13 October 2014, http://eh.net/encyclopedia/the-sterling-area/.
on in that world.” In fact, Winsemius had business interests in shipping and followed the industry closely. He had observed the massive growth of container transport between the United States and Europe, concentrated initially in the harbour of Rotterdam, and accordingly advised Singapore’s leaders to develop a container terminal in the harbour that could absorb the initial risk of overcapacity and under-occupancy.

Eventually Singapore would have the advantage of being the only harbour in the region with container facilities, though Winsemius conceded that it was “a hard job to convince the harbour authorities,” and it was thanks to an intervention by Dr Goh that the expansion plans were “pushed through.” This occurred largely based on Winsemius’ own knowledge of the shipping container industry, particularly container traffic in the North Atlantic. The fact that by the early 2000s the Port of Singapore was among the busiest in the world, both in terms of containerized traffic and tonnage handled, is testimony to Winsemius’ foresight and the Singaporean leadership’s trust in his advice.

Winsemius would unfailingly mention the lessons learnt in The Netherlands that he was able to successfully apply to Singapore: “In the early 1960s, the foundation was laid for the mess in which Holland is today. Apart from my ... knowledge and experience in Portugal and Greece, my advice [to Singapore] on what to do, was to quite an extent based on the Dutch experience till 1960. And my advice [on] what not to do, was based on [the] Dutch experience after 1960.” He believed that the successful development policy of The Netherlands had “contributed quite a few elements to Singapore,” citing the EDB and NWC as examples of initiatives initially trialled in The Netherlands. Sharply critical of the economic policies of various coalitions that had since governed The Netherlands, Winsemius suggested that the unsuccessful Dutch development policies since 1960 have “contributed considerably to eliminate the risk that Singapore would suffer the same pitfalls.”

69. Winsemius Oral History Interview, 1982, Reel 12, 149. Winsemius is on record saying: “I had some shipping interests. So I read newspapers that specialized in shipping.” In several places, especially in Government of Singapore correspondence, Winsemius is referred to as a “Dutch Industrialist,” suggesting that he had business interests in The Netherlands. The civil servant Lim Ho Hup, in his Oral History Interviews (see transcript pp138) mentions: “He retired from the Dutch civil service and went into his own business and made a lot of money out of shipping.” This is also confirmed by shipping records that list him as a shareholder in at least two freighters, MV Ank Winsemius and MV Pieter Winsemius (named for his children, Ankie and Pieter), and from conversations with the Winsemius family.

70. Winsemius Oral History Interview, 1982, Reel 16, 195-204.
In addition to the “five phases” that Winsemius identified, different and parallel timelines or phases of Singapore’s economic transformation have also been drawn up. The tables that follow illustrate two such approaches:

**Timeline of Singapore’s economy and economic policy (1965-2008)**

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<td><strong>Economic issues</strong></td>
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<tr>
<td>Separation from Malaysia, British military withdrawal</td>
<td>Oil and commodity price shocks, labour shortages</td>
<td>High labour costs, over-investment in real estate</td>
<td>Asian financial crisis, challenge from China, economic maturity, high land costs</td>
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<tr>
<td><strong>Economic policies</strong></td>
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<tr>
<td>Promotion of investment, promotion of labour-intensive manufacturing, wage restraint</td>
<td>Emphasizing capital-intensive industry, importing foreign workers, high-wage policy</td>
<td>Emphasizing services as second engine of growth, regionalization</td>
<td>Emphasizing knowledge-based economy, domestic entrepreneurship</td>
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The central premise of such an approach would be that economic planning has played a very significant role in the development of Singapore’s industrialization, education and manpower needs.

A second approach differentiates the changing focus of technological intensity across roughly similar phases of industrial development, yet demonstrates a great degree of adaptability and resourcefulness in being able to shift seamlessly from one to the next.

<table>
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<th>Phases</th>
<th>Technological intensity</th>
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<td>1960-1970</td>
<td>Labour intensive</td>
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<td>1970-1980</td>
<td>Skills intensive</td>
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<td>1980-1990</td>
<td>Technology intensive</td>
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<td>1990-2000</td>
<td>Innovation intensive</td>
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<td>2000 onwards</td>
<td>Knowledge intensive</td>
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(Source: Lee, et al., Toward a Better Future, 137)
The Singapore Government put in place strategic plans in 1960 (first plan), 1980 (second plan), 1985 (economic committee report), 1991 (strategic economic plan), 1998 (competitiveness report), 1999 (industry 21; manpower 21), and 2002 (economic review committee). Through such forward looking strategies, it has responded to new economic challenges swiftly and capitalized very well on the ‘first-mover’ advantages.

Winsemius’ legacy as an economic adviser came under scrutiny when Singapore faced its first post-independence recession in 1985. The country had commenced a bold restructuring of the economy from 1979, which some referred to as the “second industrial revolution.” This was undertaken on the premise that in order for growth to continue, the economy would have to move into skill- and capital-intensive industries producing high-value goods.71

The key thrust of the move was based on encouraging firms to upgrade by: raising wage rates ahead of productivity; reimbursing employers with 70 percent of worker retraining costs; raising training standards and emphasizing engineering and the sciences in tertiary education; promoting investment in R&D; and restricting use of cheap immigrant labour while easing controls on the immigration of skilled and professional personnel. The effect of these policies was dramatic: in 1982 the economy grew by 10.2 percent and between 1982 and 1984, by an average rate of 8.5 percent.

By the end of 1984, the construction market had become saturated and it was becoming apparent that Singapore was headed towards a recession. From a growth rate of 2.7 percent in the first quarter of 1985, it plummeted to -1.4 percent in the 2nd quarter before plunging further to -3.5 percent in the third quarter.72 An advisory economic committee was set up by the Ministry of Trade and Industry in February 1986 to look into the causes and recommend ways forward.73

The committee identified three main trends affecting both external and domestic demand. These were: (i) worldwide structural changes in key manufacturing industries like shipbuilding and oil-refining, leading to new competitors and a slowdown in global demand for Singapore’s products; (ii) lack of international competitiveness and profitability stemming from increases in operating costs for Singaporean firms, in particular labour costs as a result of high wage costs not matched by growth in productivity: (iii) weakness in domestic demand, caused by a slump in construction, and a high rate of domestic savings that could not be channelled into productive domestic investments.74

The trends were said to have originated as early as 1981-82, but had remained masked by the exceptionally strong growth in construction, as a result of the accelerated public housing programme and over-expansion of the private property sector. Once the slump in the construction sector kicked in, the fundamental and underlying trends were sharply revealed.

To overcome the recession, the Government introduced a series of measures starting in March 1986, which included: a reduction of employers’ Central Provident Fund (CPF) contribution rate from 25 percent to 10 percent of employees' wages, a cut in the contribution to the Skills Development Fund from 4 percent to 1 percent, a policy of general wage restraint for at least two years, reform of the wage setting system and increase in public development spending.75

The Government also moved towards a policy of privatization and deregulation, in effect establishing the private sector as the new driver in economic growth. The constitution of the economic committee also reflected a marked shift towards empowering the second generation of PAP leadership, and gave Singapore’s private sector a larger say in matters of economic policy. By mid-1986, signs of a swift recovery were apparent with the 2nd-quarter growth figure of 1.2 percent, which rose to 3.8 percent by the 3rd quarter.

The recession forced a rethink of Singapore’s long-term economic strategy too. The EDB had to broaden its Mission to stimulate the service sector, to develop a higher profile and to further support local industry. The new imperative was one of “regionalization” – i.e. strategic initiatives to create an external economy by participating in the dynamic growth opportunities in the Asia-Pacific region, which was seen as the means for Singapore to grow its outward direct investment.76

In later accounts, some critics reasonably pinned the blame for the recession on Winsemius’ policy advice and his failure to detect the danger signals, though it should be borne in mind that the political leadership that accepted and implemented the advice should perhaps equally be held to account. The key learning from this episode was a reiteration of Singapore’s nimbleness and flexibility in policy development and implementation, which could change direction on the stroke of a pen rather than depend on protracted deliberation, scrutiny and critique, followed by legislation.

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10. The ‘UN-orthodox’ Economist

As an economic adviser, Winsemius’ ability to think creatively and offer unorthodox solutions was a major factor behind his success in Singapore. A couple of instances from two different decades testify to this. First, the decision to switch from low-wage, import-substitution industries to high-wage, export-oriented industrialization was considered “suicidal” at the time, but actually led to Singapore’s economy being hauled from the morass of the failed Common Market and put on a path to growth. In adopting an export-oriented strategy, Singapore went against the economic orthodoxy of the time, which asserted that state protectionism and heavy government expenditure was necessary to spur growth in emerging economies.

Later, during the labour squeeze of the early 1970s, Winsemius’ recommendation of opting for the high-wage model meant that employers only hired people they could really afford, which conserved the available labour pool while employees got a fair return for acquiring higher skill sets. Winsemius’ policy recommendations proved to be – in the words of Dr Goh – neither “novel, innovative or path-breaking … what was different perhaps was that they produced results.”

The other significant and unusual route that Winsemius charted for Singapore was to not blindly follow the western, or later the Japanese post-war, economic and industrial models that were held up as exemplars for newly independent Asian nations. Winsemius successfully reasoned that there were elements that Singapore could learn from Japan, as much as it could from the United States or Europe, but in order for the learning to be effective, it had to be adapted to Singapore’s circumstances as necessary.

Among the pitfalls of the Japanese economy that he identified, for instance, was that smaller firms rather than large corporations would be worse off during a downturn due to the structure of industrial production and the principle of lifelong employment. For an economy of predominantly small manufacturers like Singapore, this could have been catastrophic. Winsemius was convinced that Japanese public transport, particularly its railways and internal freight at the time, was neither efficient nor economically viable, and Japanese agriculture, though technically superior, was uncompetitive as it was protected using import duties and quotas.

He also rightly inferred that while Singaporeans admired Japanese advancement in management, commerce and industrial research, the legacy of running a country on “British systems and values” could not be abandoned overnight. His prescription “for a young country like Singapore” was to always be on the lookout, worldwide, for effective approaches it could learn from and adapt to its own advantage. Thirty years after Winsemius stopped working for the Government, Singapore’s current Deputy Prime Minister and Minister for Finance, Tharman Shanmugaratnam, stated that Singapore still operates on exactly this principle.

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78. Winsemius Oral History Interview, 1982, Reel 15, 185
79. At a symposium in St Gallen, Switzerland, (5-7 May 2015), Shanmugaratnam said: “Very little of what Singapore does is invented in Singapore. Our whole SOP (i.e. Standard Operating Procedure) – whether in cabinet, in a statutory board or a small public agency – is to look at the rest of the world, try to get some idea, some technique, some method that has worked well, and see how we can do it in Singapore, if possibly better. But try to avoid the mistakes that have happened [elsewhere].” Tharman Shanmugaratnam interview by Stephen Sackur, 45th St. Gallen Symposium, accessed on June 9, 2015.
When compared to other EPTA / UNDP contemporaries like Dr Arthur Lewis (LSE alumnus, Economic Adviser to Ghana on an EPTA contract and later Nobel laureate in economics) and Sir Robert Jackson (Australian naval officer, diplomat, adviser to the governments of India, Pakistan and Ghana and author of a seminal study on UN reform), Winsemius did not possess as high a standing as an economist, but he is considered by most experts the more successful adviser.80 With superior cultural and political instincts, Winsemius was able to adroitly grasp Singapore’s basic cold war constraint – that since at independence it housed British military bases, it had no opportunity for non-alignment and little scope, at that time at least, for a grandiose global role. When Singapore found stable leadership at its helm, this restraint allowed the nation to lie relatively low in international affairs and instead focus on economic rebuilding.

Winsemius identified areas of comparative advantage in existing Singaporean industry that could be developed for quick gains, and over time his long-term planning found faith with the Singaporean leadership, which implicitly trusted his advice. Winsemius himself mentioned his work with Greece and Portugal before Singapore, especially the lack of success he had there, and he also acted as adviser for Jamaica 81, Spain and Turkey during his long and distinguished career. Yet his success with Singapore was singular and was never replicated in other countries he advised.

For younger members of the Singaporean leadership, Winsemius’ guidance proved inspiring and empowering. This was the case with Ngiam Tong Dow, who in his early days in the civil service served as the EDB’s main liaison with Winsemius. “Dr Winsemius told me that as a foreigner he can only advise, and not steer the ship for us. He can teach me how to drive, or even repair the car, but I as a Singaporean have no choice except to steer the ship, drive the car, or pilot the plane by myself. In corporate terms, a Singaporean must be CEO of a Singapore corporation. Even if I were to crash the vehicle, we should have the satisfaction of doing it ourselves. Others should not have to do it for us. We should be in control of our own destiny.”82

While a handful of his EPTA / UNDP contemporaries were highly regarded in the countries they worked in (e.g. Robert Jackson and Barbara Ward83), Winsemius is fondly remembered by almost everybody he worked with in Singapore, and it was a feeling he reciprocated in his lifetime. Howe Yoon Chong, the first CEO of the HDB and later Minister of Health, observed that Winsemius’ later visits to Singapore were like “pilgrimages of love” to a country he considered a second home.84 In later interviews, Winsemius admitted his joy at being accepted as a member of Singapore’s old guard.

Observing Singapore’s success in the early 1980s, and the rising calibre of a new generation of civil servants and ministers, Winsemius asked former PM Lee if his services were still required. The ever-pragmatic prime minister replied that the advantage Winsemius had “was that he remained above the day-to-day routine of running a country and worked without the blinkers

81. See World Bank, The Economic Development of Jamaica: Report by a Mission of the International Bank for Reconstruction and Development (Baltimore: The Johns Hopkins Press, 1952). This World Bank report, according to the Winsemius family, was looked into by Winsemius in the early 1990s and did not appear to have been acted upon by the Jamaican Government.
82. Ngiam, A Mandarin, 66.
83. Barbara Ward (1914-1981), later Baroness Jackson of Lodsworth, was an economist and Robert Jackson’s wife. She was a celebrated writer and speaker on development issues in her own right, and later became a passionate and pioneering campaigner on environmental issues.
of government.” To PM Lee, the new ideas and approaches that Winsemius proposed on his visits, and his ability to draw attention to an idea that may otherwise have escaped Singaporean policymakers, was a rare and valuable resource.

Bernard Tien Lap Chen, who first met Winsemius as a young EDB staff member and later went on to become a PAP MP and minister, recalled with awe the experience of watching Winsemius at work: “On his visits, he spends the first week talking to people, all kinds of people. [He would] talk to the industrialists, talk to the civil servants, the bankers and to NTUC leaders … Then by the second week, he would come up with some tentative conclusions, and then he’d ask us to go and supplement it by getting the data. He writes it up in the third week, then he’d talk to [the] PM and the Finance Minister and get approval for the strategy. And in three weeks he’d be able to put a full report to the cabinet, get it endorsed and move off. He would come back nine months later to review progress.”

Remarkably for a person in a significant role, Winsemius rarely gave newspaper interviews or press conferences or appeared on television discussions. He was adept at keeping out of the media spotlight, as a survey of English-language, Singaporean newspaper mentions of Winsemius’ shows. Between 1960 and 1969 his name appeared only 15 times in Singaporean newspapers, which rises to 41 appearances between 1970 and 1979, and grows only to 159 mentions in the period between 1980 and 1989. This last phase included fulsome tributes, and appreciations, amounting to a peak total of 64 articles in 1984, when he formally retired. Also evident from perusal of the extensive oral history archives of interviews, Winsemius habitually left the spotlight to Singaporean leaders, civil servants and industrialists.

In an interview given to The Singapore Monitor just before he retired, Winsemius explained that throughout his time in Singapore, he deliberately kept a low profile, taking the view that as his function was advisory and his advice usually confidential, he himself would stay out of the limelight. He believed: “In this type of work, from the first day you should plan to eliminate yourself … The sooner and more you eliminate yourself, the more successful you will be.”

In some senses, the way in which Winsemius executed his role was a copybook rendition of the “Wakefield principles,” named after Arthur Wakefield, UNDP’s first Regional Representative in Haiti.

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These principles, which guided the work of EPTA / UNDP advisers in the early days, entailed: first, advisers should ‘help people (i.e. the countries being advised) help themselves’; second, that all help and advice should be rendered with the “avoidance of publicity”; third, that all accolades for success should go to the government / country concerned; and finally, always clearly acknowledge that the international community had only assisted in ways that the country had requested.

Winsemius formally retired as Singapore’s Chief Economic Adviser in 1984, at age 74. He was quoted as saying: “I leave with a saddened heart. It (Singapore) has become part of my life, more or less. It can do without me. It could do without me years ago. But it became part of my life. So I will shed a few tears, imaginary tears.” Singapore was a country that Winsemius had come to regard almost as home. When asked about his life as an economist and adviser, he observed: “There is quite a lot of satisfaction, perhaps not like that of, say, an architect who can look at something and say, ‘I made it’. But there is that satisfaction in knowing that you have contributed to the well-being of people you don’t know.”

Described as a man of few words, and one who preferred to listen than talk, Winsemius had an endearing habit of starting sentences with “Look here…” , especially when offering advice. That coupled with a slightly harsh accent, in which northern Europeans speak English, and a voice like sandpaper from years of smoking, ensured that he had his listener’s attention when he did speak.

For his contributions to Singapore’s economic development, Winsemius was conferred several honours by a grateful nation. In 1967, President Yusof bin Ishak awarded him the Distinguished Service Medal. In 1970, he was conferred an honorary degree by the National University of Singapore. In 1976, he received the National Trades Union Congress’ May Day Gold Medal of Honour. In 1997, Nanyang Technological University, the establishment of which he had championed, instituted the Albert Winsemius Chair in Economics as a lasting tribute to his significant contribution to the economic development of Singapore. Speaking on that occasion in March 1997, the then Deputy Prime Minister and Minister for Defence Dr Tony Tan (today the President of Singapore) said: “Few people have had a greater effect on the development of a country than Albert Winsemius on Singapore.” In 2009, during a state visit by the Prime Minister of The Netherlands, a new road in Singapore’s Clementi area was named Albert Winsemius Lane. In March 2015, DutchCham instituted The Winsemius Awards, which celebrate innovative business practices in sectors where Dutch and Singapore business ties are strongest.

Winsemius breathed his last in The Hague on 4 December 1996. In a letter of condolence to his family, former PM Lee wrote: “It was Singapore’s good fortune that he took a deep and personal interest in Singapore’s development. Singapore and I personally are indebted to him for the time, energy and development he gave to Singapore. I am proud to have known him and to have been his friend.” Howe Yoon Chong, another close friend of the Dutchman, revealed a touching story of Winsemius, who “had an annoying habit of being right”, to be “proven wrong by a fish.”

90. Lee Kuan Yew, “Singapore is indebted to Winsemius: SM,” The Straits Times, December 10, 1996. 32
Howe was referring to Winsemius' proposal to drain and convert the Singapore River into a highway as severe pollution and overuse had made it lifeless and irredeemable. Others in the Singapore Government opposed this proposal and over time, with considerable expenditure and effort, the river was cleaned up. On his last visit to Singapore in 1993, Howe arranged a river cruise for Winsemius, following a private wager that the river was still dead. A fish was soon reeled in and Winsemius drily observed: “One grouper (locally referred to as Garoupa) had sacrificed himself … to show that the river can be cleaned up, and I was wrong.”

In an article published shortly after Winsemius’ death, former PM Lee wrote: “He was very good at figures, and had a knack for getting to grips with the basic issues, ignoring the mass of details. Most of all, he was wise and canny. I learnt much about western business and businessmen from him. He gave me practical lessons on how European and American companies operated, which showed me that Singapore could plug in to the global economic system of trade and investments by using their desire for profits. I set out to create the conditions that would enable us to do this and we succeeded.”

Having known Winsemius for over three decades, former PM Lee reflected on why he felt he was able to work so effectively with Singaporeans: “He liked Singaporeans. He had (earlier) advised the Portuguese and the Greeks and he had worked in Germany and Switzerland. But he once told me that he always felt that they were different people even though The Netherlands had been one of the German countries until 1648. He never had that feeling with people in Singapore. He could not explain why he felt a great affinity with Hon (Sui Sen) and me and could only conclude that there was a “congruence of the Calvinistic and Confucian philosophies of life.”

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91. Tan, “Proven wrong - by a fish.”
92. Lee, “Singapore is indebted to Winsemius: SM,” 32
93. This quote by former PM Lee Kuan Yew (see Lee, 1996) suggests that Hon Sui Sen might have been a follower of the Confucian faith. Hon Sui Sen (1916-1983) was born to a Hakka family in Penang (present-day Malaysia) and was actually a devout Roman Catholic.
11. UNDP and the making of Singapore’s public service

1965 saw not only the birth of independent Singapore, but also witnessed the death of Sir Winston Churchill who, as Prime Minister of Britain during World War II, bore political responsibility for Singapore’s biggest trauma: its brutal occupation from 1942 to 1945 by the Japanese Army. Churchill, however, along with the US President Franklin D Roosevelt, also achieved a major triumph for international collaboration. Their Atlantic Charter of 1941 is the founding document of the United Nations.94

In the last fifty years, UNDP, in cooperation with other UN agencies as well as IFIs like the Asian Development Bank (ADB) and the World Bank, provided technical expertise in almost every economic sector: agriculture and fisheries, manufacturing, transportation and communications, education, health and governance. Apart from the invaluable work by Winsemius and his colleagues, as discussed above, these programmes were focused on Singapore’s priority areas of development, particularly transport and communications, labour management and development, under the first “country programme” (1973-75). Subsequent assistance targeted specific areas within certain sectors, the upgrading of technologies in selected industries, and moved on to the development of manpower in education, vocational training and public administration in the fourth country programme (1982-84).

Confronted with labour shortages from 1973-84, (excluding the brief recessionary period of 1974-75 brought on by the 1973 oil crisis), the Government of Singapore opted to prioritize the development of domestic human resources through education, training and industrial upgrading towards more skill-intensive activities. Aligned with this orientation, UNDP assistance was targeted at manpower development and technology upgrading. More than 50 percent of UNDP funds of US$2.5 million for the fifth country programme were allocated to manpower development while almost 45 percent went to the industry sector. UNDP also provided assistance to the Vocational and Industrial Training Board, helped in the expansion of Singapore Polytechnic, and supported a number of manpower-related projects together with UNESCO and ILO.

Denis Halliday, who served as UNDP’s Deputy Resident Representative to Singapore in the 1970s, observed95 that Singapore received the highest per capita UNDP support of any country, and that the Government used it wisely, “focusing heavily on education, industrial development and the urban planning, on every aspect of the now successful industries.” In fact, the process of Singapore engaging UNDP, in short, targeted interventions across different sectors, completely in alignment with national priorities, has long been considered a model of effectiveness.

Although the overall number of projects in each programme declined from 29 in the first country programme (1973-75) to 16 in the fourth country programme (1982-84), the value of UNDP inputs rose from US$4.5 million to US$6 million over the same period. Cost sharing, which began in 1973, grew rapidly. These projects were largely focused on training of labour in particular skills, training of trainers, improvement of working conditions and productivity.

UNDP assistance to Singapore, in terms of project costs, increased from US$0.3 million in 1966 to US$2.5 million in 1972 and declined to US$1.9 million in 1984. The number of experts assigned to Singapore also peaked in 1972, at 104. By 1985, UNDP had provided the services of 744 experts and more than US$27 million in project resources to the government. The administration in Singapore was awarded 2,029 fellowships by UNDP and related UN agencies over this 35-year period (1950-1985).

94. At the Inter-Allied Council in London on 24 September 1941, the governments in exile of Belgium, Czechoslovakia, Greece, Luxembourg, the Netherlands, Norway, Poland, and Yugoslavia, as well as the Soviet Union, and representatives of the Free French Forces, unanimously adopted the Atlantic Charter; and on 1 January 1942, a larger group of nations declared their acceptance of it, issuing a joint Declaration by the United Nations expressing agreement and solidarity in the fight against the Axis powers.

Singapore in turn provided 66 experts and offered 653 fellowships to the UN system during the same period, with its voluntary contributions to UNDP projects totalling US$3.23 million by 1985, "demonstrating that the process of assistance and development can be a virtuous and constructive cycle."96

The World Bank too, was a major source of funding, particularly for Singapore's infrastructural development. Singapore became the 104th member of the International Bank for Reconstruction and Development (IBRD) on 3 August 1966. Prior to joining the World Bank Group (WBG), Singapore had received the first loan in 1963 under guarantee from the UK Government, its second loan under guarantee from the Malaysian Federation, of which it was part at the time, and its third loan in 1966, shortly after independence.

Over the period 1963-75, Singapore received fourteen loans from the World Bank. The first ten were in the infrastructure sectors exclusively and included water interconnection, port expansion, sewage, power and telecommunications. This closely followed the findings of an economic analysis of Singapore conducted by the Bank in 1963 that concluded, "Most important for Singapore's economic future in the long run, [the Government's] investments in the economy's infrastructure will shape the framework within which development takes place." By 1970, the program became more diverse and included capitalization of the Development Bank of Singapore as well as environmental management and education. Support to infrastructure, however, continued throughout. 97

Would Singapore have been able to develop, in the way and at the rate it did, without the assistance provided by the UNDP and other UN agencies? The answer is 'probably not'; for several reasons. First, speaking as finance minister, in his 1978 budget statement to Parliament, Hon Sui Sen said: "In retrospect, I can fairly describe Singapore's evolution since 1960, when the UN team led by Dr Winsemius first studied us, as the prototype of economic development proposed by international institutions such as the World Bank, IMF and GATT. We have followed policies which developed countries have urged all developing countries to pursue. That is, to start with simple manufactures (which the developed countries helped by opening markets via GSP) and then to upgrade our economic skills and go on to more skill-intensive manufacture. Eventually, the hope is that we, like industrialized countries, can go on to capital intensive, high technology industries."98

Hon shared the view, held by much of the nation's leadership, that Singapore's development would have been much slower without the UNDP providing technical knowledge, networks of experts and the best overseas training – at lower cost and faster – than if the Government had gone its own way. The UN network of agencies offered an impressive expertise, although the suitability of the expert advice to the state's development context was sometimes a problem.

Second, many of Singapore's best and brightest, who would rise to key leadership positions, were early recipients of EPTA/UNDP fellowships to study abroad. Others worked on UNDP projects, including one of Singapore's former presidents, Ong Teng Cheong, a Government architect seconded to the UNDP project that implemented the recommendations of the 1963 urban planning Mission about transport and land-use planning in the city's core. Ong had earlier received a Colombo Plan scholarship to study urban planning at the University of Liverpool.

Third, former finance minister Hon Sui Sen suggested that Singapore's economic development benefited from the early UNDP support to the direction and sequencing of government policies.

96. Saxena, Virtuous Cycles, 17.
When the EPTA / UNDP urban planning Mission, led by Koenigsberger, Abrams and Kobe, arrived in Singapore in 1963 there “was no talk of not being able to get from there to here”. Earlier decisions about Singapore’s industrial trajectory and educational infrastructure kept the country on a clear path, allowing the urban planning Mission to focus on its assigned task – dealing specifically with population growth, traffic congestion and urban decay.99

Hon recognised that Singapore’s success was, to an extent, a matter of good luck, including getting Winsemius at the beginning.100 Others hold the view that when Singapore’s success story is contrasted with other countries in a similar position 50 years ago, it is clear that these countries bad policy choices which might have been due to “bad advice” from foreign experts. However, that is highly debatable, and even if it were to be true, there would still be reason to praise the accomplishments’ of many governments and the role that EPTA / UNDP had in building their capacity.101

The Singapore government’s vision played a crucial part in utilizing international assistance most effectively. Notwithstanding the fact that Singapore’s Economic Planning Unit was disbanded in 1968, “economic planning continued at the highest levels of the ministry of finance, with support from the Economic Development Board.”102 Singapore’s opting not to draw attention to its economic planning actually made perfect strategic sense in a cold war world, where rigid state planning was closely identified with Communist regimes. As Hon Sui Sen noted, Singapore was successful in taking full advantage of this economic outlook taking hold in the west, as it led to markets opening up for Singaporean goods but not for goods from other parts of the developing world where economic planning was emphasized.103

In 1991, when Vietnam was facing a devastating economic crisis following the collapse of the Soviet Union, Vietnamese Prime Minister Vo Van Kiet requested former Singaporean Prime Minister Lee Kuan Yew to act as Vietnam’s economic advisor. Former PM Lee agreed to visit, “not as an advisor, but to brainstorm ideas on their change to a free-market economy.”104 Following a visit in April 1992, the former PM began his remarks saying: “I am so glad that UNDP is helping you in Vietnam, because UNDP played a very important role in establishing Singapore.”105

100. Some research suggest that Singapore’s post-1965 success can actually be traced back to the 19th century so that, far from being a poorly governed third world country at independence in 1965, the state was in fact already a well-run upper-middle income country, and so became a high-income country only nine years later, in 1974: see Huff, W. G., The Economic Growth of Singapore: Trade and Development in the Twentieth Century Cambridge/NY, Cambridge University Press, 1994.
101. Murphy, The United Nations Development Programme, 106.
102. Chow, Chew and Su, One Partnership, 16.
103. Murphy, The United Nations Development Programme, 106.
104. Ibid., 189.
105. Lee, From Third World to First, 312-13.
Dr Ng Pock Too was political secretary in the Prime Minister’s Office between 1984 and 1990 and a former Member of Parliament representing the People’s Action Party.

I was Dr Winsemius’ staff officer at the Economic Development Board (EDB) between 1970 and 1984, and worked closely with him during his visits to Singapore. Typically, Dr Winsemius would visit Singapore between two and three times a year for a fortnight at a time. My responsibilities included making all arrangements for him in Singapore, acting as his note-taker, his protocol officer and his tour guide.

To my mind there are three aspects of Dr Winsemius’ contribution to Singapore’s public service that must be highlighted. First, was his contribution to Singapore’s wage policies. Dr Winsemius was never a great fan of economic theory or economic modelling, and was fond of reminding me that there was never a standard textbook for solving problems in Singapore. So much of his policy advice was grounded in economic reality rather than theory.

He believed that cheap labour would make jobs more competitive for Singaporean workers, and that a low-wage policy would not be able to support high-technology industries that Singapore shifted to in the 1970s. He thus recommended that Singapore should boldly embrace a high wage policy. Yet, Dr Winsemius was also a policy-maker who owned up to his mistakes; he initiated the ‘wage-correction policy’ in 1977 following three years of slow economic growth between 1975-1977.

Second, was his deep conviction about expanding university education in Singapore, particularly in science and engineering, stemming from the belief that Singapore did not possess an adequate supply of engineers or scientists to feed the new phase of high-technology industrialization that Singapore was about to enter in the 1970s.

Third, his pragmatic and realist outlook resonated with the political and public service leadership that he worked with during his 24 years as economic adviser. He was also an optimist, and persuaded colleagues to share his belief in a positive future for Singapore. Industrial reconstruction was a painstaking and lengthy process, but his ideas and approach infused his co-workers with great confidence.

His punctuality was legendary. Once, when I was a little late arriving to pick him up in the staff car, he took a trishaw to the EDB office. Dr Winsemius was a deeply private person and despite his deep knowledge of many matters, he would keep his opinions to himself with the exception of a small circle of friends he had in Singapore.

He had an avid interest in genealogy and a passion for tracing his roots. He used the opportunities of his visits here to travel further in Southeast Asia in pursuit of conclusive proof about the fate of an ancestor, a seventeenth century clergyman, whom it was rumoured had met with a grisly end at the hands of a cannibal tribe in present day Taiwan. The meticulous Dr Winsemius did eventually confirm his forebear’s fate at Taiwan’s Historical Research Centre.

The other aspect of Dr Winsemius that is little known was his deep knowledge of Confucian ethics and values. Though brought up in the Dutch Calvinist faith, it would not be amiss to describe him as a “learned Oriental gentleman”.

Photo: University of New Brunswick
12. Why Winsemius matters today – Lessons for public service

Winsemius’ shrewd economical advice resonated with and strengthened crucial state capacities, without which his, and other’s, advice would have remained a paper exercise. The capacity of a state to vision and strategize, to make decision and plan, to formulate policies and implement them, is, or should be, to a very large extent entrusted to public administrations. And this is where the remarkable story of Albert Winsemius in Singapore, and the important role he and his colleagues played in the extraordinary development in the city state, contains some important lessons for emerging and developing countries. Although public service excellence was never an explicit component of Winsemius’ assignment, it was both a precondition and a consequence of his work and much can be learned indirectly. His contribution to this fell into five areas:

1) **The primacy of politics:** Winsemius, although an expert in economics and therefore a technocrat, had a keen sense of the importance of politics in national development policies, both as an enabler and as a spoiler. He was aware to the fact that the best policies where those that were technically sound, if not perfect, and politically feasible, and that timing was therefore key. His remarks to PM Lee on “eliminate the communists” and “let Raffles stand where he stands” are a fine example of this acute sense of the political dimensions of economic development.

2) **Political administrative leadership:** Therefore, the alignment of the political and administrative leadership of Singapore was essential, combining the technical with political perspectives and expertise. The relationship between the administrative and political leadership in Singapore has always been extremely close, without compromising the integrity or professionalism of the public service. Over the years, not in the least due to the success of Winsemius’ recommendations, the basic agreement on the purpose of the young state, the respective roles and interests of government and public service, the modalities and realities of collaboration, etc., shaped, adapted and deepened, creating a virtuous cycle of increasingly efficient and effective governance.

3) **Motivation:** The political-administrative alignment is one of the factors that probably contributed to a highly motivated public service staff. It stimulates a common sense of purpose and the concomitant professional (and individual) pride, a passion for working for the public good and a collective drive towards professionalism among staff. As described above, the fruit of all the hard public labour were not only clearly very visible for all to see and tangible for all to enjoy, but, crucially, they were also celebrated as such by a appreciative population and clever politicians. Education was highly valued, and educational opportunities made widely available, but, again crucially, public servants were given ample opportunities to apply their new skills to public policy formulation and implementation. In true Calvinist fashion, which undoubtedly would have made Winsemius proud, not an ounce of education and professional skills was lost. Sense of purpose, appreciation, pride, possibility of applying one’s knowledge and skills, etc.; these are key indicators for highly motivated staff.

4) **Planning and foresight:** The economic choices made by Singapore on the recommendation of Winsemius not only presented promising opportunities but also left the country vulnerable to the vagaries of international economic and financial developments. As a consequence, the public administration of the new country had to come to terms with volatility, uncertainty and a large measure of unpredictability in its planning, policy formulation and implementation processes. The application of strategic foresight, as exemplified by Winsemius’ uncanny ability to spot risks and opportunities in the wider environment (an ability for
which PM Lee still appreciated him in the 1980s), provided much of the answers. Systematic horizon scanning, thinking through decisions in the here and now in alternative possible futures, and the realisation that this anticipatory capacity was a precondition for adaptability, became a defining feature of public service excellence in Singapore. The concomitant dislike of rigid result frameworks, cast-iron multiyear plans and semi-predictive linear concepts of development, which so often lock public administrations into narrow horizons and inflexible planning, is less well advertised in the discourse about public service excellence for development, though.

5) **Innovation:** The Singapore public service was actively encouraged, by Winsemius’ policy recommendations as much as by his example, to innovate, experiment and take risks. Public policy innovation is not always the invention of something completely new: it is the combination of two existing practices or approaches that creates an interesting new way of looking at or doing things. As the narrative above has demonstrated, the Singaporean government and public service, including its external advisors, were quite innovative, creating room for experimentation, scaling up what worked and ruthlessly killing off what didn’t.

Beyond those general principles, Winsemius’ role in Singapore’s development highlights ten insights on the role of public service for development that remain relevant today.

a) **State involvement in any sector works best incrementally.**

As had been recommended by the Winsemius Report, the EDB was established in 1961 to implement the industrialization programme proposed for Singapore. This initially focussed on shipbuilding and repair, metal engineering, chemicals and electrical equipment and appliance manufacture. Though the EDB was established as a one-stop investment promotion agency, it had various specialized divisions that were led or advised by EPTA / UNDP experts alongside Singaporean staff, providing specialist services to potential investors and industries.

In the Netherlands, Winsemius “had established a foundation for promoting foreign investment [...] that enabled him to act relatively freely without the cumbersome procedures and regulations of the bureaucracy. It was quite successful: in five years’ time it had attracted some 400 foreign firms.” Winsemius used this experience most effectively when it came to charting the roadmap for the EDB.

The EDB operated in the initial years very much as a central planning agency and, as had been mapped in the ‘Winsemius Report’, eventually divested its financing, industrial estate management and technical assistance functions into three new organizations (namely the Development Bank of Singapore, DBS; the Jurong Town Corporation, JTC; and Singapore Institute of Standards and Industrial Research, SISIR, respectively) by 1967-1968. With changes in the nature of industrialization processes that Singapore undertook, the responsibilities and specializations of all these organizations, particularly SISIR, changed over time.

One analysis has suggested a “culinary approach” to understanding how the programme of industrial development came together for Singapore and the respective roles of the Government, the public service and of Winsemius within it. The Winsemius Report is said to have been the recipe for industrialization, while the public service’s role was akin to that of the chef who put the ingredients to work, making modifications where necessary, while the Singapore Government was the householder who provided the means for producing this sumptuous dish.

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106. Schein, Strategic Pragmatism, 32.
b) **Motivated meritocracy is paramount.**

The fortunes of the EDB and its rising stock always remained a source of great pride and joy to Winsemius. In the interviews given at the time of his retirement he would reminisce about the times when “... [at] the very beginning, we had no money and were selecting people, attracting people back from London, some from the United States, promoting youngsters, saying ‘let’s try them out.” The EDB, Winsemius felt, had always been a breeding ground for capable people – first, because as a statutory board it could pay more than the ministries (i.e. in comparison to civil servants’ pay) and second, because it worked closely with the private sector and global corporations, it helped develop “high quality, younger people like Ngiam Tong Dow, Goh Chok Tong and Suppiah Dhanabalan”\(^{108}\) into leaders for Singapore. While Winsemius had conceived of the EDB as the world’s conduit for investment and technology to flow into Singapore, alongside that his own standing as an UN adviser and industrial policymaker helped attract top international talent to serve in and help develop Singapore’s public service.

c) **Variety in organisation makes public service effective.**

Statutory boards were first started under the British colonial administration, when the Board of Commissioners of Currency (BCC) was set up in 1899 to issue currency and manage the currency fund in the Straits Settlements.

These statutory boards, though not unique to Singapore, have proven to be “atypically effective here.”\(^{109}\) They are autonomous corporate bodies, established by acts of Parliament, which are fully liable in law and do not enjoy the legal privileges and immunities of Government ministries and departments. These boards, together with the Singapore civil service, form Singapore’s public service. Though statutory boards are under the authority of their respective ministers and ministries, which provide major policy guidelines, their effectiveness stems from the fact that they enjoy a much greater degree of autonomy and flexibility in their day-to-day operations and financial matters than the civil service.\(^{110}\)

d) **Reorganize to regenerate.**

In some instances, new statutory boards replaced inefficient or ineffective Government departments from an earlier era. The Housing Development Board (HDB), established as a statutory body in 1960, replaced, and proved to be far more effective than, the erstwhile Singapore Improvement Trust (1927-1960), which was responsible for providing affordable public housing. Similarly, in 1963 the Public Utilities Board (PUB) replaced the colonial-era, Singapore Public Utilities Board to handle the supply of electricity, water and piped gas in Singapore. The PUB’s role has been tapered recently to focus only on “ensuring efficient, adequate and sustainable supply of water” for the nation.

Elsewhere, the expanding needs of the economy meant that older departments required reorganization and repositioning to tackle new challenges. The Tanjong Pagar Dock Board (formerly the Tanjong Pagar Dock Company, 1864-1905), which ran harbour operations, was in 1963 reconstituted as the Port of Singapore Authority, which currently, as PSA International Pte Ltd, is one of the world’s largest port operators.

Other key Singaporean organizations that emerged from the industrialization process and were

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initially set up with funding from UNDP projects were the National Productivity Board (NPB) and later, the National Wages Council (NWC). The NPB was tasked with promoting productivity consciousness at all levels of industry, training of managerial personnel, fostering good industrial relations, rendering management consultancy services, assisting in formulating wage policy and systems, and helping the Government in shaping national wages policy.

e) **Government, Employers and Unions work in unison.**

By the early 1970s, the fruits of Singapore's industrialization programme was manifested in terms of full employment and rising wages. With a tight labour market, the Government feared unchecked wage increases and disputes that could dampen investors' confidence and economic growth. It intervened and laid the foundation for tripartite relations among Government, employers and workers, which paved the way for Singapore's subsequent industrial peace.

The National Wages Council (NWC) was set up, at the suggestion of Winsemius, in 1972 as a tripartite body comprising a neutral chairman, Government representatives, employers and unions. Its philosophy is grounded in corporatism, which is a traditional feature of the Dutch labour market. Essentially, corporatism is a form of organization where Government and organized interests (mainly trade unions and employer associations) jointly develop and implement social-economic policies.

The Government does not operate at a distance and organized interest does not have to lobby, it is instead a welcome partner in the conversation. There is tripartite consultation at all stages of legislation and policymaking. This model is in contrast with that of non-corporatist countries like the United Kingdom, which have very decentralized, company-level bargaining and no institutionalized consultation between Government and organized interests. In the United Kingdom, labour relations are further complicated by vested political interests especially the power wielded by the unions over the UK's Labour Party, while the Conservative Party is seen as a supporter of employers' interests.

The key to the NWC's success is the involvement of, and frank exchange between, employers and unions, with the Singapore Government performing an advisory role in providing information about the economy, labour market and growth prospects. The NWC undertakes a holistic review of Singapore's economic indicators such as productivity growth, international competitiveness, unemployment, inflation and the global economy.

NWC recommendations are meant as guidelines for negotiation between employers and the unions. This laid the foundations for industrial peace and assured conducive conditions for Singapore's continued growth, prosperity and employment. Two later, and significant, NWC contributions were the wage restraint policy adopted in the 1986 recession to help companies regain competitiveness and wage reform via introduction of a flexible wage system.

f) **Public service is as entrepreneurial as politicians allow it to be.**

The ‘Winsemius Report’ proposed that the Government participate directly to operate certain basic industries if neither local nor foreign enterprise was prepared to. Thus the Singapore Government, though operating as a state, adopted a non-statist approach to industrial development, defined its role in commerce and industry according to market principles. This also provided the rationale for operating some, and later most, of these functions through public service bodies.
The EDB, originally established as a statutory board under the Ministry of Finance, had as its first chair Hon Sui Sen, an officer in the Singapore Civil Service, who would later serve as minister for finance. Similarly Lim Kim San, left a successful business to take the reins of the HDB, and later served in Cabinet. These were early instances of capable civil servants and business people moving seamlessly into public service and on to elected political office, a practice that is one of the key factors in the efficiency and effectiveness of Singapore’s public administration.

**g) Public servants run enterprises well.**

In Singapore, a civil servant, or a recognized expert in the field, usually heads a public service institution and is appointed by the minister with the relevant jurisdiction. Employees of statutory boards however, are not civil servants as they are not part of the civil service. The erstwhile civil service was “constrained” in implementing development programmes by its rigid regulations and lack of flexibility, while the Singapore Government saw statutory boards as being unaffected by the “procedural, regulatory and routine functions” and better able to expedite the implementation of development programmes. The formation of statutory boards reduced the civil services’ workload, while increasing the capacity of Government to deliver on programmes and run a far more efficient public sector.

Ngiam Tong Dow, once the EDB’s liaison officer to Winsemius in the early 1960s and later Chairman of the EDB Board (1975-1981), saw the EDB as “Singapore’s first business school,” in that “it taught not only some of the key business skills, but developed in its people the self-confidence and the ability to think”. Given that many of Singapore’s senior-most executives at the turn of the century were ex-EDB officers, it was seen very much as a training ground for future leaders in commerce and public administration.111

The “brain drain” of talented civil servants from the Singapore Civil Service to the private sector has been managed by seconding them to statutory boards, where they can draw better salaries and more favourable working conditions than in the civil service. Suitable private sector employees find working for statutory boards more attractive than the civil service on account of better conditions of service.

The Winsemius Report was not directly responsible for the creation of statutory boards *per se*, except for a few whose functions it enunciated. Yet the report’s recommendations regarding the role of public service in economic and social development implied that new bodies were needed to fill roles that neither the private sector nor external agencies could.

**h) State-building requires political will and clear vision.**

Assessing the development of Singapore’s public service from an “organizational culture” approach, Schein observed: “… the culture of an organization springs from the beliefs, values and assumptions of the founders of the organization. Founders not only have a high level of self-confidence and determination but they typically have strong assumptions about the nature of the world, human nature and relationships, how truth is arrived at and how to manage time and space. Organizational culture is created when leaders externalize their own assumptions and embed them gradually and consistently into the Mission, goals, structures and decision processes of the organization. As the organization evolves, this culture may be moderated or changed by new beliefs and assumptions brought in by new members or leaders.”112

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111. Schein, Strategic Pragmatism, 93, 245.
The founding generation of Singapore’s leaders – prominent among them Lee Kuan Yew, Goh Keng Swee and Hon Sui Sen – shaped the ethos of the Singapore public service, and the way it defined and approached its key functions. These leaders created and built the public service based on their beliefs of what constituted a good and effective Government that would facilitate economic growth and social development. Winsemius too had a critical role in shaping the economic organization, and perhaps indirectly influencing the social development, of Singapore from having worked closely for almost a quarter of a century with the founding generation’s leaders.

Winsemius summed up his experience of working with Lee Kuan Yew, Goh Keng Swee and Hon Sui Sen as follows: “… right from the beginning PM Lee was working towards his vision in a determined way, towards the goal he would pursue to the end. […] If you make a list of things Dr Goh started [it would be very long]… from Jurong Town to the Symphony Orchestra. […] Mr. Hon Sui Sen is a beautiful complement to the other two. Quite a lot of experience, no rash actions, listens, when a decision is taken it is a decision, and soon after it, it is being done. So the three together was a most amazing trio and very pleasant to work with.”

i) If it doesn’t work, change it.

Faced with the crippling recession of 1985, the Singapore Government acted resolutely in introducing policy measures that allowed the economy to bounce back. These included: a 15 percent cut in the employers’ CPF contribution, a $SG3 billion investment programme in education, easing availability of public housing loans, reducing corporate taxes by 7 percent, and a $SG700 million outlay for new public projects. It demonstrated the will of the state to swiftly and decisively change policy direction.

This phase also marked a changing of the guard in Singaporean politics. The helmsmen directing the economy had changed and the pioneers who had charted the course of the nation for almost 25 years were heading towards retirement or less decisive roles. In what would become a Singaporean tradition, the next generation of leaders, with their mettle tested in trying circumstances, had merited their places in the pantheon.

j) **Keep public service in careful but continuous evolution.**

Analysing development processes, Winsemius’ role in them and their implications for public services in Singapore, NC Saxena, a former Indian civil servant and author observed: “The philosophy adopted by the ruling Government and their supporting bureaucracy was one of relentless and rational pragmatism, coupled with a can-do sense of purpose, and a diligent, honest work ethic. On the advice of Winsemius, the UNDP and other international organizations, the new Government formulated a series of sweeping and often unconventional policy solutions to the most pressing developmental challenges of the Independence era: the economy and employment, investment and savings, housing, education and basic healthcare. The basic framework of these key national policies remains today, though the policies themselves have been modified over time to meet the evolving needs of Singapore’s dramatic transformation from third world to first. Yet it is possible to see common underpinnings in Singapore’s national system: fact-based pragmatism instead of theory-based doctrine; sustainable self-reliance and co-payment instead of state-sponsored welfarism and handouts; investment in long-term development instead of pandering to short-term demands; making the most of limited resources; due reward proportionate to effort; discipline; and a focus on community rather than individual priorities.”

What is evident from the way that statutory boards, its offshoots and specialist units grew to fill niche areas of an expanding economy in the first two decades is the blueprint with which Singapore would continue manage and enlarge its public service capacity in order to continue delivering high-quality services.

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13. Conclusions

From recollections of those who worked most closely with Winsemius, and from historical analyses of EPTA / UNDP’s adviser’s roles in Singapore and elsewhere, it is evident that Winsemius’ grasp of global and regional politics as well as local political economy, made him an exceptionally successful adviser to Singapore.

Some of Singapore’s most effective public service institutions were either created or reoriented on the basis of recommendations and pathways proposed by the ‘Winsemius Report’. Extraordinarily, the report itself became the basis of Singapore’s economic development plan for the first decade (1961-1970) after independence, and the author’s advice and interventions the basis of further economic expansion plans for the better part of the next decade and a half (1971-1984).

The most critical aspect of Singapore’s approach has been the conviction that good policies must be followed through with effective execution by a competent public service. Strong public institutions dedicated to their successful implementation need to be conceived, nurtured and sustained.

The first generation of Singapore’s leaders were exemplary in shaping the institutions of the nation in their own image and beliefs, and for embedding the principles of integrity, reliability and hard work in the ethos of public institutions. By their own examples, they put into place a culture of renewal within public institutions, where new cohorts of leaders routinely step into the shoes of the older generation. Most of these public institutions, almost half a century on, are thriving, with a handful having been recast and re-tasked, and even fewer wound up completely having outlived their specific utility. It is in the lasting successes of these institutions of public service that the calibre, vision and legacies of stalwarts like Lee Kuan Yew, Goh Keng Swee, Hon Sui Sen and Albert Winsemius lives on.

116 Saxena, Virtuous Cycles, 46.
I don’t believe in the Singapore miracle. There was never a Singapore miracle. It was simply hard-headed policy. Analysis … when you diagnose and find out what you have to do, sometimes you have to face up (to a problem) and go after it without compromise… There might be a miracle in the political field… Because governments which dare to face a situation, analyse it and take measures without compromise are rather scarce in this world … If it happened in other countries, it might be a miracle. But what happened in Singapore was not a miracle. It was policy.

Albert Winsemius (1984)
14. References:


The Global Centre for Public Service Excellence (GCPSE) is UNDP’s catalyst for new thinking, strategy and action to improve public service. It does this by promoting innovation, evidence, and international collaboration. The GCPSE focuses on four themes that influence the development of an effective public service: i) the political/administrative interface; ii) the intrinsic motivation of officials; iii) foresight; and iv) innovation.

The Centre, in partnership with the OECD-DAC, is also the Joint Secretariat for the Effective Institutions Platform, a partnership of more than 60 countries and organisations (multilateral and bilateral development agencies, civil society, think tanks) which aims to support countries in strengthening their public sector institutions through initiatives such as Peer-to-Peer Learning.

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GCPSE
Global Centre for Public Service Excellence

#08-01, Block A
29 Heng Mui Keng Terrace
Singapore 119620
T: +65 6908 1063
F: +65 6774 4571
E: registry.sg@undp.org
www.undp.org/publicservice
twitter.com/UNDPpublicserv
www.fb.com/GCPSE
unteamworks.org/publicservice