The Economic Development Board and the Strategy of Survival

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In October 1960 a team of experts sent by the United Nations began a survey of a small island whose government had been in office for little more than a year. Singapore had a port, a long tradition of trade and a British military garrison. It had few factories, a fast-growing population and an unemployment rate that the experts put in double digits. Their leader, the Dutch economist Albert Winsemius, would remain the government's economic adviser for more than two decades. The institution that the mission recommended, the Economic Development Board, was established on 1 August 1961 and still exists today.

This chapter examines how the state of Singapore set out to create employment through industrialisation and how it chose foreign capital as the engine of that strategy. It begins with the United Nations mission and the founding of the EDB. It then follows the turn to multinational investment after 1965, the shock of the British military withdrawal announced in 1967 and 1968, and the instruments through which the government reshaped labour relations and land ownership. The final sections draw the threads together under a single theme: the state acting as the architect of markets, a role that the financial centre would inherit from the factory.

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The chapter has no exact counterpart in the Geneva volume, an absence that is itself instructive. Geneva's financial centre grew from private banking houses, Protestant networks and the federal legal order, with a canton that long preferred discretion to explicit economic planning. Singapore's modern economy was designed by a small group of ministers and officials who treated investment promotion as a matter of national survival. The comparison at the end of the chapter returns to this difference. It also explains why the regulatory style examined in Part E, with its powerful agencies and close dialogue between state and business, has deep roots in the 1960s.

Essentials

A United Nations industrial survey mission led by Albert Winsemius worked in Singapore from October 1960 and recommended an industrialisation programme to absorb mass unemployment, published as *A Proposed Industrialisation Programme for the State of Singapore* in June 1961. The Economic Development Board began operating on 1 August 1961, with capital of $100 million for 1961 to 1964 and the task of developing the Jurong industrial estate. After separation from Malaysia in 1965, the strategy shifted from a protected common market to export manufacturing by multinational companies, supported by pioneer tax holidays, the Economic Expansion Incentives (Relief from Income Tax) Act 1967 and the arrival of electronics firms such as Texas Instruments. The British decision to withdraw its forces, which accounted for roughly a fifth of the economy, was met by converting bases into shipyards and industrial land. Labour legislation in 1968, the National Wages Council of 1972 and the Land Acquisition Act 1966 gave the state control over the two scarcest inputs of a small island, labour and land.

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