

FOREIGN INVESTMENT IN SINGAPORE:

Some Broader Economic and  
Socio-Political Ramifications

by

Lim Joo-Jock and others

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1 April 1977

Director  
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## INTRODUCTION

The overall objective of this study is to attempt to review the problem in Singapore of foreign investment and to generally focus on issues arising from foreign investment in rapidly developing countries. More specifically, one major aim is to analyse government policies towards foreign investment over the past decade or so, and to assess the extent of success of these policies and likely trends. In this context it also seeks to identify, and where possible discuss, the broader social, political and economic impact of the inflow of foreign investment. Previous studies of investment and industrialization in Singapore have tended to examine the topic outside the frame of political and social situations and ramifications.

The study is divided into five parts which are interlinked to make a whole, reflecting a multidisciplinary approach to the topic.

The first part on foreign investment and industrialization in Singapore assesses the available literature on the subject and analyses the content of ministerial speeches and official statements on this topic in the context of the evaluation of governmental attitudes to foreign investment. It also examines the success of government planning and Singapore's adaptive responses to new situations. It points not only to the factors leading to successful programmes of investment for industrialization in countries without a previous manufacturing base but in addition draws due attention to the fact that such questions could be profitably viewed against the internal political and social conditions and in the light of changing international situations.

This macro-scale study which sets the tone and stage for the monograph as a whole is followed by the second part which consists of two short subsections, one based on the questionnaire approach and the other utilizing both published sources as well as data gathered from a limited selection of personal interviews. The first subsection, based on a postal questionnaire probe, supplemented by a limited number of face-to-face interviews, aims to present the viewpoint of a sample of foreign investors on the essential features of the investment climate in Singapore which influenced these investors in



their final choice of Singapore as a manufacturing base. An attempt was also made to elicit the main discernible problems confronting them in their present activity. In this sense, this brief study nevertheless usefully provides, within the constraints of a postal questionnaire survey, up-to-date material to back up, and highlight, some of the data presented in the first part. The second subsection in this part examines the problem of foreign investment from the viewpoint of the local Singaporean industrialist and organized labour. It is in this way complementary to the earlier portion of the part. Both these subsections of Part II, taken as a whole, delineate mutual attitudes, namely, the main outlines of the foreign investors' view of Singapore and the opinions of some selected individuals in key groups of Singaporeans to foreign investors and investment.

Part III deals with the petroleum sector of the Singapore economy. It is essentially a case study of the place of an important foreign-exchange-earning and capital-intensive industry in the context of the country's general investment and economic growth. The data is viewed in the context of the overall objectives of the group study. It brings together a collection of statistics and facts about Singapore's petroleum-refining industry, traces the growth of the industry and discusses the role of government policy and other factors affecting the growth of this key industry.

Part IV, which follows, is a micro-study, based largely on fieldwork. It examines the transnational petroleum companies and their retailers operating in the Singapore domestic market. It is essentially a study of the image which the retailers hold of the oil companies, and their reaction to the oil companies' policies as well as their assessment of the motives of the oil companies. A kind of potential conflict situation is indicated, in which anthropological as well as economic factors are involved. This situation is underlined by differences in cultural values and in the widely differing appreciations of how businesses should be conducted. This kind of abrasiveness can be viewed as a part of an unavoidable friction encountered in the overall management of rapid economic growth in which diverse groups participate.

The conclusion, Part V, reinforces the main thrust of the arguments presented in the earlier chapters and then discusses some of the wider political and social

ramifications brought about by large-scale foreign investment in Singapore. It is in this manner basically a reflective piece which cogitates over problems such as the possibility of incipient economic nationalism, local attitudes to, and the influence of, transnational commercial institutions in particular and foreign investors in general. In addition, it looks into the general social and political implications of the varied and ubiquitous foreign economic and social presence in Singapore. It will seek to discuss likely governmental and corporational attitudes to the resolution of possible future conflicts, involving foreign investors and local groups. Attention is drawn also to the broader international issues involved.

Lim Joo-Jock  
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