THE SECURITY OF SMALL STATES: THE CASE OF THE REPUBLIC OF NAURU—A MICRO-STATE

M. S. Rajan

For the purpose of this paper, I am adopting the widely-accepted and generally-used definition of a ‘Small State’ that is, a state which has population of million (10 lakhs) and thereabouts.

Secondly, it is assumed that within the framework of the present sovereign-nation-state system (and despite the existence of international and regional organisations, military pacts/alliances (bilateral and multi-lateral), there is no (and perhaps can never be) an ideal security system, and which is attainable. Even the collective security system provided for under the UN Charter (and not yet operational) can be flawed as an ideal security system for small states. With these two assumptions in mind we propose to examine the security perspective of a main state in the Pacific, namely, Nauru.

A Profile

The single-Island Republic of Nauru (RON), a micro-state, is located in the Central Pacific Ocean, a little below the equator between 4000-4500 kms from Sydney, Tokyo and Honolulu. It is 21 sq kms in area, and its EBZ is 3,20,000 kms. Its less than 5000 people (Nauruans) are highly urbanised, although retaining some of the earlier tribal ways. In addition, there are another 5000 expatriates—all employed in the service of the RON or of the phosphate works (NPC) which is the sole industry in the Island, and also the main revenue source. There is no agriculture, but there is poultry farming on a self-sufficient scale. Everything required for the life of the 10,000 population—even drinking water—is imported, mainly from Australia, New Zealand and Japan and nearby Pacific Islands. Despite all this, the living
conditions are fairly comfortable and largely Western in style. There are no taxes on the Island, and even the nominal excise/customs duties (on liquor and tobacco) are not collected. While drunkenness is a serious problem, there is no drug traffic, which is severely dealt with. The per capita income (on which no official figures are available) is very high—higher than, it is believed, that of Americans—obviously because of the small population and the huge royalties on phosphate. Unlike the other (poor) Pacific Islands, RON has not cared to sell fishing rights to foreign states in its EEZ.

The RON is a welfare state par excellence. Education (only up to school level) and Health services are free. The Government builds and maintains houses for all Nauruans. All other charges for service by Government Agencies are quite nominal.

The main means of transportation outside is by air—through the Government airline, Air Nauru. There is, however, a regular shipping service, mainly between the Island and Australia, New Zealand and some other Pacific Islands and Japan.

There are no newspapers or other news media on the Island. People read week-old papers from Australia, New Zealand and other countries. There is a small Radio Station which relays news bulletins from Australia (ABC). There is no Television in the Island, but an Australian private TV station is seeking permission to install a TV station. Although Nauruans have absorbed a good deal of Australian culture, there is some resistance to large-scale Australian or other cultural invasions.

Partly because of the small population, their poor educational standards and easy-going ways, both the phosphate industry and administration at higher levels are operated by expatriates—largely Australian in the former case and Indians (from India) in the latter case.

The RON has consular missions in about 15 countries—the largest of them being in Melbourne. The only diplomatic mission (essentially symbolic) is with the United States, the Ambassador being resident (at present) in Manila. The only resident diplomatic mission on the Island is the Australian High Commission. There is also a consular mission from Taiwan (and Nauru is not against relations with People's
Republic of China). About 20 countries have accredited Ambassadors/High Commissioners to Nauru, but they are resident in Australia, New Zealand and nearby Fiji Islands.

Nauru is a member of both the Pacific Forum and the Pacific Commission. It is an Associate member of the Commonwealth. It has not chosen to be a member of the United Nations, but only of some Specialised Agencies.

Nauru does not receive any external assistance, except occasionally, in the form of some visiting experts through UNDP.

The President of the RON holds the portfolio of External Affairs, among others. He is the central figure in the Island, both in form and substance. He holds the dual position of Head Chief (for over 30 years) and also President since independence on 31 January 1968 (excluding for three short gaps). Hammar de Roburt (64), the President, is a father figure and holds in himself the combined positions of Mahatma Gandhi and Jawaharlal Nehru. He led the struggle for Nauru's independence from UN Trust territory status (under Australian Administration) and has run the Republic since independence. Both in knowledge and experience, there is nobody else like him in the Island. He has a very strong and forceful personality too. He is widely travelled abroad.

There are no political parties in Nauru, despite the fact that the Westminster model of Parliamentary system is in operation. None of the 18 members of Parliament appear to have any unconventional or radical ideas about running the RON.

The RON has no armed forces of any kind. Its internal security is well managed by less than 50 policemen, poorly trained and equipped, however. The equipment in store are all small arms and ammunition (believed to be quite obsolete and unused for years).

Possible Sources of Insecurity

Internal

Because the Nauruan community is small and cohesive (practically everybody is related or known to each other), there do not appear to be
any major source of insecurity. They are also keen on retaining their separate identity as Nauruans, for both tribal and economic reasons the Nauruans are the most affluent of the Pacific Islanders. The only apparent source of insecurity is the restive young men (hardly any women) who would like to share in political and administrative power of the Government. They have been critical of the administration of Hammar de Roburt, both inside and outside parliament, but with little political success so far. Last September, the Government of Hammar de Roburt had been voted out of office by a vote of no confidence in Parliament, but the new Government did not last longer than a few weeks—Hammar de Roburt’s administration having come back to power by another vote of Parliament.

The main thing to be noted is that the political game is played through Parliament, and through constitutional means. The triennial General Elections were held in December, 1986. It was no surprise that the Hammar de Roburt administration came back to power.

Apart from this challenge from a political source, there is believed to be two groups within the small police force seeking to dominate the entire force. But the struggle appears to be in low-key and of no immediate threat.

There do not appear to be any arms in private hands. People are very law-abiding, and law and order generally prevails throughout the Island.

The expatriate half of the population has no political interest, especially because they are all birds-of-passage who are eager to complete their 2-year (renewable) contracts and get out of the Island—largely because of isolation and loneliness. All of them are on temporary visas. No one has any desire to settle down on the Island and the Nauruan laws are tough and practically impossible to circumvent. A possible exception is the large number of labourers (Chinese and other Pacific Islanders) who have been on the Island for long periods, for purely economic reasons. A non-Pacific islander cannot obtain citizenship even by birth on the Island or by marriage to a Nauruan citizen.

External
Because of the remoteness of the Island from any possible source of aggressive power or disaffection, the Island is unconcerned with any
extraneous threat. Indeed, among the islanders, there is not even a perception of a possible threat to its security. Immigration is strictly controlled, and no one can sneak into the Island without the police holding him and promptly reporting to higher authorities. The same situation holds good in respect of any ships/fishing vessels, whose crew by accident or in an emergency land on the shores without previous permission. If they do, only emergency humanitarian assistance (food, medical assistance, ship repairs) is provided for, after notifying higher authorities and asked to leave the Island soon. Visiting of all foreign naval ships require the permission of the Cabinet. Overflying aircraft also need express, *ad hoc*, permission, also to land in Nauru airport. Visas for foreigners are granted by Consulates abroad only after approval of the Government in Nauru. Tourism is not encouraged by the authorities.

The RON has not serious disputes with any other State—it never had any in the past also.

The RON does not have any defence or military alliances with any Power, and is, in effect, nonaligned (but not a member of NAM). The RON does not receive, nor seek, any military assistance from foreign countries or agencies. Neither the United States nor the Soviet Union has shown any undue interest in RON so far (RON has no relation with the Soviet Union). It has signed the NPT, and not as yet even the South Pacific Nuclear Free Zone Treaty. It is a signatory to the London Anti-Dumping Convention prohibiting the dumping of nuclear materials into the sea.

In external relations, the RON is very sensitive to any suggestion, or implication even, of domination and interference—even in respect of Australia, with which, both for historical and economic reasons, it has fairly close and friendly relations. Some months ago, the U.S. Department of State informed the RON that a team of its officials were planning to visit the airports in the Pacific region and had scheduled a visit to Nauru also, in order to look into the arrangements for security. The Government of Nauru sent a court reply to the effect that the RON had not requested the visit of any team for the purpose, and if they would like to visit Nauru, the RON required, as usual, a formal request to that effect, which would be considered on its merits. That closed the matter abruptly.

In general, the authorities are secretive and suspicious in respect of mediamen visiting the Island—partly because in the past many news
reports have been critical of the administration—especially the President personally. The operations of the Phosphate Corporation, and also the investments of the phosphate royalties are covered by this secrecy, for obvious commercial reasons.

It would appear that RON is a typical case among the Pacific Island countries of absence of any threat perception from external sources—with an exception in one important respect. Nauru is wealthy by the standards of other Pacific Island States, because of its immense phosphate resources. Most of it is exported under bilateral agreements to Australia and New Zealand. However, there do not seem to be any vital disagreements between RON and these two importers. Relations between Nauru and the two states otherwise also are very friendly. The other Pacific islands, while larger and more populous, do not pose any threat; they are very distant and militarily weak, if at all they have (like Fiji) an army. Therefore, there is no possibility of any source of insecurity in Nauru’s external relations.

What would happen to RON security in the event of a major conflict in the Pacific involving Australia—New Zealand on the one hand, and any aggressive Power from outside the area is, of course, predictable. It should be recalled that in the First World War, this German-owned Island was conquered by Australian forces. It then became a League of Nations Mandate jointly with United Kingdom, New Zealand and Australia, but administered by the last. In the Second World War, Japanese forces had driven out the Australian administration and occupied the Island until the end of the war and Japanese surrender. The relics of the Japanese occupation are still visible in the Island. It then, again, became a UN Trust territory—until independence in January 1968.

It does seem that except in the event of a major conflict in the Pacific region, the RON is safe from any external threat or aggression. Beyond and above the reasons mentioned above, there is one overriding circumstance why RON feels completely secure, both internally and externally. RON is both a strong “Power” and a strong “State”. While it has a small (but well-to-do) population, the tribal cohesiveness is fairly strong—as evidenced by the fact that Hammar de Roburt has been the Head Chief of the community for over thirty years. And, he happens to be a person of outstanding leadership qualities. Even if
he is displaced as President by the vagaries of Parliamentary procedures, he is bound to maintain the tribal leadership of his people—the disgruntled younger generation notwithstanding. He is ideologically nonaligned, and the other leaders seem to share the same stance. It seems most unlikely that the disgruntled leaders would invite any external forces to secure their political objectives, and that such forces would be available at all.

Conclusion

The phosphate resource of the RON is expected to last for a decade or so. Part of the royalties from the sale of the phosphate is being regularly invested in a Trust NPRT for the future well-being of the Islanders, and the Trust has invested these funds in real estate abroad and joint ventures on fertilizers in the Philippines and India. In other words, the Nauruans have a vital, long-term stake in safeguarding their wealth in Nauru and abroad.

The RON has few problems, and no disputes, with other states. It has the image of a well-to-do, progressive, but self-centered, image among the states which have relations with it. No other state feels threatened by the RON, nor does RON by other States.

It is arguable that the Republic of Nauru—the smallest state of the World, a micro-state—is a unique case and its security environment has no lessons for other small states’ security. The combination of circumstances—exceptional remoteness (but with its own means of transportation), economic independence (although nearly cent per cent dependence on imports for all its needs, and great dependence on expatriate skills), skilful management of its relations with other states, considerable internal cohesiveness and determination to protect its “core values”—these have helped to maintain its sovereignty, territorial integrity and independence. These have almost neutralised its inherent limitations of small population, complete lack of military strength and hundred per cent dependence on imports for life on the Island. The balance struck by these factors in favour of maintenance of almost complete security is, of course, largely due to wise and skilful leadership of the state since independence in 1968. Therefore, whether or not this situation lasts, and for how long, would depend on the continuance of this single, important, factor.
SECURITY AND FOREIGN POLICY OPTIONS OF SMALL STATES: THE CASE OF SINGAPORE

Shamsul Islam Khan

Introduction

International relations, according to Karl W. Deutsch, is that area of human action where inescapable interdependence meets with inadequate control. We can neither escape from world affairs nor wholly shape them to our will. We can only try to adjust the world while adjusting to it. That is why the foremost priority of each and every nation-state is to preserve its independence and national security while adjusting to the political interactions of various states and state-like entities. And, precisely these are the aspects with which the foreign policies of every country deal. Foreign policy, in a broader sense, includes all political interactions embracing foreign trade, defence, external cultural policy et cetera. Again, all these aspects of foreign policy have two major objectives: (a) preservation of security, and (b) protection of economic interests or welfare. Today, the world security is used not only in military terms, but also implying social smoothness in institutionalization process and improvement of economic relations to deal with other technical problems resulting from proximity and growing interdependence. Protection of economic interests of the state or the maintenance of social welfare of its citizens is a traditional function of the state, although its various protagonists—starting from Hobbes, through Locke, to Marx—have interpreted this function in different ways. Actually, social welfare demands security and security can be preserved mainly through the maintenance of peace. That is why we hear often the political demands for ‘peace and freedom’. The responsibility of the state to protect its territorial integrity and the socio-economic interests of its citizens actually make the state the organized authority to assert its power over its citizens under no other pretext than those elastic words: *raison d'état*. 
Now, while preserving its national independence and protecting economic interests of its citizens how does a small state behave? Does it behave differently than a bigger state? If its behaviour is different than that of a bigger state, then its study is probably not that meaningless as a category in the international system as Annette B. Fox would like to argue. The main problem regarding the concept of small state is how to define a small state and measure its power status. Some scholars of international affairs have pointed out to some aggregate variables like area and population statistics, GNP, military budget et cetera to measure a small state. But, it seems that the definition of small states still depends, to borrow the words of Talukder Maniruzzaman, 'upon its use'. Here, I am inclined to agree with Robert Rothstein in defining a small state as a small power which recognizes that it cannot obtain security in broader sense by use of its own capabilities and that it should or must rely, to a large extent, on the aid of other states, institutions, process or developments to do so. Former Chancellor of the Federal Republic of Germany Helmut Schmidt claims that the same is true nowadays even for the 'medium-range' countries of Europe where their national strategies have become, day by day, almost 'anachronistic'. To be more precise, as Helmut Schmidt goes on to argue, because of security and economic interdependence in the Western World today neither the 'medium-range' powers like Japan, France, England, Germany, Italy and Canada are nor the super-power, USA alone is in a position to achieve their/its economic and political goals and thereby to guarantee their/its external security with their/its own efforts only. These arguments, probably, would be more valid for a small country like Singapore which is, in fact, the second smallest entity in the neighbourhood. The strategic problems typical to Singapore involve the security demands of a small emerging economic power in South-east Asia whose military muscles have, however, not expanded in stride with its economic growth. It was also not possible because of its 'city-state' nature. The main question to be attempted in this paper will seek to place the issues of Singaporean 'security dilemmas' in the frame of traditional foreign policy discussions. Obviously, the major theoretical issues involved here are not peculiar to a study of Singapore. Rather, today's Social Scientists' understanding of the concept
of, say, 'security on an international basis' ought to be applied to the study of particular geopolitical area as well.

Perceptions or Misperceptions of Insecurity and their Impact on Foreign Policy: The Case of Singapore

The perception and misperception of international insecurity depends primarily on lack of sovereigns in international politics. Jean-Jacques Rousseau, long ago, made this point quite clear:

"...It is quite true that it would be much better for all men to remain always at peace. But so long as there is no security for this, everyone, having no guarantee that he can avoid war, is anxious to begin it at the moment which suits his own interest and so forestall a neighbour, who would not fail to forestall the attack in his turn at any moment favourable to himself, so that many wars, even offensive wars, are rather in the nature of unjust precautions for the protection of the assailant's own possessions than a device for seizing those of others. However salutary it may be in theory to obey the dictates of public spirit, it is certain that, politically and even morally, those dictates are liable to prove fatal to the man who persists in observing them with all the world when no one thinks of observing them towards him..."

The perception of national security works, to some extent, as Karl W. Deutsch has rightly pointed out, in a pattern of 'Parkinson's Law'; that is: a nation's feeling of insecurity expands directly in relation to its power. The larger and more powerful a nation is, the more its leaders, elites, and often its population increase their level of aspirations in international affairs. The more, that is to say, do they see themselves as destined or obliged to put the world's affairs in order, or at least to keep them in some sort of order that seems sound to them.7 Reagan's Latin America policy and an increasing public support in the United States for political 'Rambo-ism' is a recent case in hand. But what about the small states who have no such idea or ambition but to preserve their own national independence only? In the long run, their national security also could be threatened by big powers only because of their geopolitical situation, or because of political hegemonies by 'local leviathan', countries. Just to quote a single example we may mention here the
occupation of a small country like Denmark by Hitler's Nazi Germany on the 9th of April of 1940 or the invasion of Norway on the following day.

With this background in mind, it is not difficult to trace out the foreign policy priorities of the small states. In most cases the small size of the land and the limited availability of resources pose serious constraints for those countries. Under these circumstances, it might become necessary for those countries to seek some sort of alliances or other special arrangements with some 'big powers' in order to borrow strength or resources that would assure their 'national interest' and independence. While borrowing external strength, it is important for the small states to maintain a balance of power structure; firstly, to avoid an asymmetrical relationship which leads to dependence; and secondly, to maximize their own protection or survival capability. That is why, from the very beginning, the utmost priority of Singapore's foreign policy has been to develop a balance of power structure favourable to it survival in a harsh international environment dictated by history and the geopolitical situation. Five of the six countries of the present ASEAN region had been under the colonial rule of the Netherlands, Britain and the United States for a long time. The only country Thailand—being sandwiched between the British in Burma and Malaya and the French in Indo-China —could remain independent primarily because both the colonial powers were interested to see Thailand independent and acting as a 'buffer territory' between them. In the wake of World War II, when most of the colonies of the region became independent, the conflict situation—shaped by the thaw in colonial rivalry—prevailing between the states of the region did not wither away very easily. There were constant clashes between Indonesia and Malaysia and between Malaysia and the Philippines.

In 1959, when the State of Singapore was created, it was a self-governing state with foreign affairs and defence in the hands of Great Britain. In 1963, when the Federation of Malaysia was created, Singapore joined willingly the new federation as a component but just after two years, in 1963, it was forced to leave the federation. After its ejection from the Federation of Malaysia, Singapore became a modern 'city-state' (of small island) in true sense. It had no natural
hinterland and no raw materials of note, and it possessed only a limited domestic market. And, the separation from Malaysia came so suddenly that it did not allow Singapore any time to work out a gradual transition. At that time, Singapore’s relationship with Indonesia was also all but worse. It goes without saying that during the 1965-70 period Singapore was in a relatively weak position both politically and economically since it could not count much on any country in Southeast Asia or any outside power to bail it out of its difficulties.

Malaysia, after the ejection of Singapore, remained for some time much critical of Singapore and Britain. Although it was not totally un-sympathetic to Singapore and was obliged to help if necessary it did not take its role very seriously. Therefore, pursued by some residual worries about its big neighbours, Indonesia and Malaysia, Singapore had no other way but to follow a very defensive ‘poisoned shrimp’ strategy—that is: ‘you may swallow me, but you will be sorry you did’—vis-a-vis its strong neighbours. During that period when Singapore was following a foreign policy of ‘survival’, its dominant concern was with establishing Singapore’s credentials among the non-aligned and Afro-Asian countries. This implied, as Lee Boon Hiok has argued, a policy of neutrality and an active identification with the anti-colonial ideology of the African and Asian countries. But why did the strategy of non-alignment receive utmost priority in Singapore’s foreign policy during its period of survival? Lee Khoon Choy, a former Senior Minister of State for Foreign Affairs, argues that Singapore’s declaration of non-alignment immediately after independence was not simply a case of identifying with a current fad. According to him, ‘Singapore was non-aligned not in any special ideological sense, but in its national interests’. Actually, to be more precise, the concept of non-alignment or ‘positive neutralism’, as it is called officially by the Singapore government, has been interpreted in Singapore as staying out of ‘any competition or conflict between the power blocs’; but if the survival, security or prosperity of an independent, democratic and non-communist Singapore is threatened it cannot remain neutral (emphasis added). And there lay the point of departure in Singapore’s foreign policy. Because of its perception or misperception, whatever one may call, of communist threat—accelerated by the internal communist
insurgency—because of the confirmed ‘anti-communist’ philosophical approach of the Singaporean leadership; and because of its strong distrust of the Soviet leadership, which, according to Singapore, is intent on world domination, Singaporean foreign policy soon took a clearly pro-western stand.

The perception of Soviet threat has remained constant throughout the years in the mind of the Singaporean leadership. In 1981, when Lee Kuan Yew, the Prime Minister of Singapore, told the reporters of a Japanese newspaper that ‘Soviet actions and policy have been relentlessly consistent: to secure the Russian heartland from attack, to communize the world, and......to keep it under communist control’, he merely restated the Singaporean position. To the mind of the foreign policy makers of Singapore, Russian aims have been unambiguous, clearly signalled, and relentlessly pursued. According to them, the Soviet invasions of Hungary and Czechoslovakia were only Eastern European manifestations of what was later to occur in Afghanistan, Kampuchea and Laos. Since the Soviet Union is perceived as a long term threat to Singapore (as a non-communist emerging economic power in Southeast Asia), the United States is seen as the only non-communist power with the capability of countering Soviet ambition of world domination. That is why, during the last few years, although Singapore has taken part in many Southern forums—including the Group of 77 and the Non-Aligned Movement—its attitude always has been very conciliatory towards the North, especially towards the United States. At the Non-Aligned Conference in New Delhi in 1983, the Second Deputy Prime Minister of Singapore, S. Rajaratnam, a very articulate orator, fought hard to stop what he called the ‘slow-motion hijacking’ of the Non-Aligned Movement by the Soviet Union. There he made no bones about being close to the United States and said, “We are closer to the Americans economically, in trade and commerce. Politically, we are closer to their way of thinking, just as I have no objection to Cuba being close to the Soviet Union; that’s their privilege”. But since, after the ‘Vietnam-nightmare’, the United States has become unwilling, if not psychologically incapable of taking an active leadership in Southeast Asia, the Singaporean leadership sees no other alternative but to work more closely with its ASEAN ‘partners to attain some kind of
modus vivendi with its ideologically hostile, militarily far superior ‘long-term enemy’.21

Of course, some of Singapore’s ASEAN partners feel that for a small country Singapore has often been too vocal, taking public stands on issues having no direct concern for the country and over which Singapore is powerless. Singapore, on the other hand, always argues that despite its small size, it can influence international developments by narrowing Singapore’s attention to specific issues directly effecting its security.22

Economic Linkage of Foreign Policy
I might be interesting to note here that Singapore’s foreign policy—based on the ideology of survival—is closely linked with its economic policy which is, again, based on its ideology of survival. This economic policy of survival suggests that if Singapore is to survive, it must establish a relationship of interdependence in the rapidly expanding global economic system. This implies an economic policy that emphasizes a world market for Singapore’s products rather than a policy that relates only to regional trade.23

It goes without saying that the economic policy of Singapore has taken its shape in the background of its historical context. Singapore, as we know, was founded in 1918 by Sir Stamford Raffles, an agent of the British East India Company, to enable the British to have a trading port in Southeast Asia. In other words, Singapore was essentially set up and paid for by business, for business, to serve the interests of the business.24 But, it must be mentioned here that although Singapore was set up basically to serve the business of the East India Company, it did benefit in terms of its development as a society.25 That is how Singapore started functioning as an entrepot of the region with the help of the multinationals. At that time, it used to act, at the one hand, as the collection centre for the region’s raw produce such as rubber, tin, palm oil, copra, spices, forest products et cetera and, on the other hand, as the distribution centre for Western and Japanese manufactures. Its initial success as an entrepot was reinforced by the gradual development of a complex and efficient network of supporting
infrastructure embracing financial, commercial, transport and communication services.

However, by the late 1950s, Singapore's 'entrepot-trade system' started facing difficulties, arising partly from the growth of economic nationalism in post-war Southeast Asian countries neighbouring Singapore. This economic nationalism pursued in other Southeast Asian countries with the purpose of controlling their own destiny by integrating Major political, economic, social, religious and cultural units had then inevitably involved the institution of regulations and controls to insulate their economies from foreign influences and to mobilize national capabilities for development. This focus on economic nationalism, within the context of continued growth, received further impetus in the neighbouring Southeast Asian countries from the great fear of communist subversion, both internal and external. While military action had been the main means of controlling insurgency, the leaders of those countries became convinced that the long-term answer lay in economic and social reforms. Emphasis on rural development, eradication of corruption, and more equitable sharing of the benefits of social progress and national development had thus become the main objective, although it was not always pursued vigorously.

By the late 1950s, among the most serious problems Singapore was facing were impending unemployment and instability of an economy totally dependent on one sector, namely: entrepot-trade system. To overcome these problems, the Singaporean government embarked on its industrialization policy: to attract manufacturing industries to Singapore in order to provide jobs for Singaporeans and, possibly, an alternative livelihood to entrepot trade. Later on, in 1967, a fundamental step was taken towards this direction by enacting the Economic Expansion Incentives (relief from income tax) Act. To attract the medium and big multinationals tax concessions were granted through this Act on profits from exports of domestic manufactures, and from expansions in productive capacities in existing or related lines of production. Concessions were also granted to encourage the use of industrial technology and the inflow of foreign capital. It is quite possible that the multinationals were valued to much not only because of their capital, production know-how and extended capacities but also because of their
market network. This is, in fact, a process which can be called an 'internationalization of the internal market' borrowing Fernando H. Cardoso's phrase. Through this new 'outward looking' industrialization policy the Singaporean leadership were obviously trying to reach a relatively advanced level of industrial development primarily based on a new international division of labour. They were probably hoping that the new strategy would help them to integrate their own economy into the world economy horizontally.

For an interesting comparative analysis of this new model of 'associated-dependent' development strategy based on new international division of labour with a 'dynamic character', that is: allowing for economic growth and social mobility, at least in the urban industrial sector one can look at countries like Brazil, Argentina and Mexico. Upon those countries, part of the industrial systems of the penetrating countries has been transplanted through the high offices of multinational corporations. At any rate, in a favourable world economic environment of the 1960s and early 1970s, this new economic strategy of Singapore based on free enterprise, free trade and open competition achieved a significant success. During the 1960-69 period, the gross domestic product grew at an average of 9 per cent a year in real terms. In the boom years of 1966-73 the growth rate averaged 13 per cent a year; in the recession year of 1975, Singapore still managed to achieve a growth rate of 4 per cent.28

Of course, during the world-wide recession of the early 1980s, when every western government including Japan's confronted with a deficit budget, a major reversal took place also in Singapore economy. In his 1986 New Year Message, the Prime Minister Lee Kuan Yew reported an economic growth rate of minus 1.7 per cent, the first negative growth rate after two decades of rapid economic growth.29 The policy planners in Singapore have already started discussing by now how to face this new development. The First Deputy Prime Minister Goh Chok Tong seems to advocate a change in the policy of specifically attracting multinationals in the high-technology area and in certain other desired areas to that which encourages all forms of investment which can make profits.30 Not only that, in the meantime, as Keith A. K. Tay, the Chairman of the Fiscal and Financial Sub-Committee
(which is one of the eight sub-committees of the Economic Committee headed by the Minister of State for Trade and Industry and Defence Brigadier-General Lee Hsien Loong) has pointed out, ‘a new tax strategy is about to emerge. One of its several important aims is to promote Singapore as a premier operational headquarters for manufacturing, financial and banking services and international trade’.

It may be mentioned here that in Singapore the government’s encouragement of technological development and high technology oriented industries is not confined merely to multinationals. It is also encouraging local companies with venture capital to invest in non-traditional and new technologies. That is the way how the Singaporean government is now trying to stop the trends of retrogradation of its national economy by re-adjusting with the existing international economic system. The future of this ambitious policy would, nevertheless, be judged by whether or not it eventually bear any fruit.

Conclusion

Within the framework of the foreign policy-options of small states, one thing becomes quite obvious: the lack of power of the small states in international power structure is a direct consequence of their lack of military strength and/or resources for development. For that purpose the small states often need extra strength or resource which might be achieved through the manipulation of international power via various internal and external systemic and a systemic balancing operations. In the case of Singapore, as a small country whose main concern is how to survive politically and economically in a harsh international environment, the above mentioned tactic has been applied to some extent with success. Singapore has all along tried to overcome its eco-political limitations—posed by various internal and external factors—by following very flexible political and economic strategies which have often been even somewhat ‘opportunist’. In fact, the concept of flexibility in Singapore’s foreign policy has been well defined by the Foreign Minister of Singapore, S. Dhanabalan while he was trying to identify the main precepts of his country’s foreign policy recently: (a) ‘we will be friends with all who wish to be friends’; (b) we will trade with any state for mutual benefits, regardless of ideology or system of government’; (c) ‘we will
remain non-aligned with regard to the rivalries of great-power blocs’; and (d) ‘we will cooperate closely with ASEAN members to achieve regional cohesion, stability and progress’.\[^{33}\]

Notes

10. Singapore’s relationship with Indonesia became severely strained again in 1968 when Singapore executed two Indonesian marines who had been convicted of sabotage committed in 1965 while confrontation was under way. At that time, angry protests erupted in Indonesia and the Singaporean embassy in Jakarta was des-
troyed. President Soeharto, as a consequence, limited Indonesia’s trade with Singapore for a short time and ordered that the executed marines would be buried with full military honours.


15. See: Alex Josey, Lee Kuan Yew; Singapore 1968, pp. 601 & 608.


17. Robert O. Tilman, “The Enemy Beyond : External Threat Perceptions in the ASEAN-Region” p. 15. This article is supposed to be published soon as an Occasional Paper by the Institute of Southeast Asian Studies, Singapore.

18. Ibid; p. 16


21. It would probably not be out of context to mention here that although Singapore has been a member of ASEAN since its formation in 1967, it began to treat ASEAN seriously only after the communist takeover of Vietnam in 1975. The reason of Singapore’s reevaluating its policy towards ASEAN was, most probably, the utmost hope that the organization would be a strong defence against the communist countries of Southeast Asia.


23. Ibid; p. 526.

220 Security and Foreign Policy

25. Ibid; p. 59.


32. Chong Li Choy, op. cit., p. 63.

33. S. Dhanabalan, “Foreign Policy: Opportunities Within the Margin of Possibilities” Speech delivered at National University of Singapore Forum, 27 November 1981.
INTERNATIONAL RESPONSE