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A monitor shows coverage of the death of Singapore's first elected Prime Minister Lee Kuan Yew as a man reads a special edition of a newspaper, at Raffles Place in Singapore, on March 23, 2015.

Photographer: Nicky Loh/Bloomberg

(Bloomberg) -- In the 1960s, Lee Kuan Yew saw cows roaming his city, rubbish on sidewalks and corrupt police.

Seeking to ensure the survival of Singapore after its split from much larger Malaysia, the city-state's first prime minister, who died Monday, focused on the rule of law and clean government to boost the economy. To reinforce the point, Lee's People's Action Party politicians dressed in white to show they couldn't be corrupted.

Lee ordered the cows off the roads, passed bills cutting public holidays and preserved portions of the British-imposed legal system including judicial review, contempt of court and detention without trial. From land purchase laws that paved the way for modern skyscrapers to stiff punishments for drug crimes and vandalism, the Cambridge University-educated lawyer left his mark on the legal landscape.

"It's hard to overstate the importance of Lee Kuan Yew's policies and his emphasis on the rule of law," said Alastair Henderson, Southeast Asia Managing Partner at law firm Herbert Smith Freehills. "Singapore has now gone beyond domestic commitment to rule of law and made it an exportable commodity."

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While Singapore is the easiest place to do business in the world, according to a World Bank ranking, and is consistently among the top 10 on Transparency International's Corruption Perceptions Index, Lee himself acknowledged the country's success has come at a cost. Its media freedom and judicial independence ratings lag peers like Hong Kong and his rule was marked by defamation suits and police action against opponents.

More Consultative

"With Lee stepping into the background and people generally becoming more vocal and less trusting of authority, I think the government has had to become more consultative when developing laws and policies," said Jack Lee, a law professor at the Singapore Management University.

Lee Kuan Yew stepped down as premier in 1990 and retired from cabinet in 2011. His son Lee Hsien Loong, prime minister since 2004, has pledged an open and inclusive society. The younger Lee has also further developed the legal services market including having foreign judges on an international commercial court and welcoming global law firms.

Kenneth Jeyaretnam, an opposition leader whose late father lost his parliamentary seat after being bankrupted for not paying libel damages in 2001, said the ruling PAP is now wary of the international publicity of such actions against him.

Law Changed

"The PAP will leave me alone as much as possible," Jeyaretnam, whose Reform Party won no seats in the 2011 elections, said. The U.K. Privy Council said the elder Jeyaretnam suffered a grievous injustice in being disbarred for misreporting his party's accounts. Singapore later scrapped all appeals to the council.

Singapore also amended a law in 1986 to prevent the Law Society from commenting on most legislation after its then-president Francis Seow was accused of politicking. The former solicitor general and opposition politician was arrested before the 1988 elections for his role in a U.S. diplomat's alleged attempts to interfere in local politics. He later fled to the U.S. while awaiting trial on tax evasion charges.

Chee Soon Juan, another opposition leader who says Lee created a system "motivated by fear rather than hope," has been jailed and fined more than a dozen times including for protesting without a permit. He's been called "a liar" by Lee and the current premier. Chee lost three elections and was disqualified from two after he was bankrupted by libel suits.

Reputation Risk

Bloomberg, the Economist, Time, the Wall Street Journal and the International Herald Tribune have all paid damages to Singapore government leaders in the past two decades for descriptions of the ruling party or its leadership.

"Those who allege that my libel actions were designed to silence the opposition do not understand how readily an allegation of dishonesty or corruption would be believed in a region where corruption, cronyism and nepotism are still a plague," Lee wrote in his autobiography.

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Thailand's prime minister was removed from office last year and is being prosecuted by the military government that took power in a coup, while Malaysia's opposition leader was jailed for sodomy last month. Both say the charges against them were politically motivated.

While the younger Lee has also looked to lawsuits, suing a blogger for defamation in May 2014, his father's "famous knuckleduster approach of knocking down all those who stood in his way is a thing of the past," said Singaporean author and commentator Catherine Lim. Another blogger was fined March 5 for criticizing the courts.

Unusual Solutions

The elder Lee "was not averse to trying out novel and unusual legal solutions," said former Deputy Prime Minister and Law Minister S. Jayakumar at a forum in September 2013. "This approach was pervasive and covered all fields" from public housing to corruption and drugs.

T-shirts in tourist shops have variations on a joke that Singapore is a Fine City with penalties for various infractions.

Lee described his approach to problems as a "matter-of-fact" one. "It's like with dogs. You train it in a proper way from small, it will know that it's got to leave, go outside to pee and to defecate."

The city's mandatory caning for vandalism also drew international attention. In 1994, U.S. teenager Michael Fay was flogged for spraying graffiti on cars, causing diplomatic tensions with the U.S.

'Sound System'

"It's harsh but that is the way to keep it," Lee said in 2010, referring to the caning penalty after a Swiss man was charged with spray-painting a train. Two German men were sentenced March 5 to nine months in jail and three strokes of the cane for vandalizing a train and entering a protected depot.

"We had to distinguish ourselves from our neighbors by being more stable and secure, with a sound legal system and the rule of law," he said in a 2005 speech on how Singapore attracted foreign investment.

"In Mr. Lee's vision for Singapore, the strength and vitality of the legal system" were matters of the first importance, Chief Justice Sundaresh Menon said on Monday in a statement.

Lee died after he was hospitalized from Feb. 5 for severe pneumonia. He was 91. A state funeral will be held on Sunday.

(An earlier version of this story corrected the year Jeyaretnam lost his parliamentary seat after being bankrupted.)

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