

## Singapore's Election 'Watershed' May Loosen Political Hold of Lee's Party

By Shamim Adam and Weiyi Lim - May 9, 2011 11:01 AM GMT+0800



Lee Hsien Loong, Singapore's prime minister. Photographer: Munshi Ahmed/Bloomberg



Lee Hsien Loong, Singapore's prime minister and leader of the People's Action Party (PAP), waves to supporters after winning the general elections in Singapore. Photographer: Munshi Ahmed/Bloomberg



A view of the Singapore skyline. Photographer: Munshi Ahmed/Bloomberg

Singapore Prime Minister Lee Hsien Loong pledged his [People's Action Party](#) will change the way it governs after returning to power with the smallest margin of popular votes and the opposition won a record number of seats.

The party, in power since independence in 1965, won 81 out of 87 parliamentary seats and 60.1 percent of the vote on May 7, compared with about 67 percent in the 2006 election, [Elections Department](#) data show. Two cabinet members lost their seats, including Foreign Minister George Yeo, as the opposition Workers' Party won a multiple-seat district for the first time.

Lee, 59, faces pressure to be more responsive to criticism of government policies. He said his party will engage the population more in decision-making after what he called a "watershed" election. A reduced monopoly on political discourse may mean increased attention to calls for reining in housing costs and tightening immigration policies that boosted the island's population by about a fifth since 2005.

"All those expressions of humility, the need to work harder to understand the people better, to connect with them emotionally -- all these cannot be hollow policies" in the aftermath of the vote, said Catherine Lim, a Singapore-based author and political commentator. The political structure is poised to shift after the emergence of a "new, sophisticated and more articulate people and opposition," she predicted.

### *Housing Policy*

In the run-up to elections, the government pledged to build more homes and review the income ceiling that lets families buy new units from the public housing authority, instead of through the more expensive resale market.

A higher income ceiling would also allow more people to get lower [interest rates](#) on mortgages from the Housing & Development Board, rather than banks such as [DBS Group Holdings Ltd. \(DBS\)](#) and [United Overseas Bank Ltd. \(UOB\)](#)

"All Singaporeans of different strata and groups have higher aspirations and expectations, and many of them wish for the government to adopt a different style and approach to government," Lee said in a press conference yesterday. "We hear all your voices. And that means not only the government working hard on its own with a population passive, but engaging Singaporeans in the more difficult decisions and trade-offs which governing Singapore involves."

While the PAP's vote tally was down, it still held above the level some analysts said would mark a particularly poor showing. Eugene Tan, assistant professor of law at the [Singapore Management University](#), had set a bar of a loss of more than seven seats by the PAP or its share of the popular vote dipping below 60 percent.

#### *Stock Market Rally*

Singapore stocks rose the most in two weeks today, rebounding from their worst weekly decline in almost two months. The benchmark Straits Times Index rose 1.3 percent, rebounding from a 2.5 percent loss in the week leading to the May 7 polls. The [Singapore dollar](#) rose 0.6 percent.

"It was certainly a positive political advance but I don't think it will change the economic policies in the near term," [David Cohen](#), a Singapore-based economist at Action Economics said in a Bloomberg Television interview. "Their policies including free trade, an efficient and corruption-free bureaucracy, healthy investment and infrastructure, and education have been very effective."

The PAP's diminishing vote signaled that the success of the party in nation-building since independence in 1965 is less of a lure to younger voters. A similar pattern has occurred in some post-colonial countries, from [India](#), where the Congress Party's hold on politics was broken in the 1990s, to [Malaysia](#), where the ruling party has seen its grip loosened in recent years.

[Lee Kuan Yew](#), 87, the Cambridge University-trained lawyer who led the island from British rule and serves as minister-mentor in the cabinet led by his son, Lee Hsien Loong, was returned to office. His constituency was the only one that went uncontested.

#### *Economic Success*

The island that former economic adviser Albert Winsemius once said was considered a "poor little market in a dark corner of [Asia](#)" is now ranked by the [World Bank](#) as the easiest place to do business, has the world's second-busiest container port, and boasts the highest proportion of millionaire households, according to the [Boston Consulting Group](#).

Still, citizens say they are bearing the impact of policies to allow hundreds of thousands of immigrants and foreign workers, causing an increase in [home prices](#), competition for jobs and a stretched public transportation system.

The influx of foreigners, both skilled and unskilled, has boosted sales for transportation providers including SMRT Corp. and telephone companies such as [Singapore Telecommunications Ltd. \(ST\)](#) It also helped consumption, since the birth rate has been below the level needed to replace the population since the 1970s.

### *Wealth Gap*

With the influx of foreign workers restraining the wages of some Singaporeans, some citizens became angered by the salaries received by government ministers, which are among the world's highest.

Property stocks including [CapitaLand Ltd. \(CAPL\)](#) and Keppel Land Ltd. had fallen before the election on concern there would be increased pressure to rein in home prices.

CapitaLand dropped 4.7 percent in the month to May 6, exceeding the 2.2 percent decline in the Straits Times Index, while Keppel Land retreated 11 percent. The Singapore dollar fell 0.8 percent last week.

The Workers' Party that won a multiple-seat district fielded its so-called A-team, including Secretary-General Low Thia Khiang, Chairman Sylvia Lim and Davis Polk & Wardwell LLP lawyer Chen Show-Mao, who has advised on deals like [Agricultural Bank of China Ltd. \(601288\)](#)'s \$22.1 billion initial share sale.

Politicians competed in single-seat wards or multiple-seat districts called Group Representation Constituencies, or GRCs. The May 7 election was the first time the PAP lost a GRC since the electoral system was started in 1988.

### *Opposition's Call*

"Your votes tell the world that you want Singapore to mature as a democracy, and you want to tell the government that you want a more responsible, inclusive, transparent, accountable government," said Low, who has been in parliament since 1991. "Your votes tell the world that Singapore is not just an economic success to you. Singapore is our home."

The PAP has overseen a 41-fold jump in gross domestic product, combining a focus on education, homeownership, business friendliness and strict laws to boost citizens' wealth.

Lee's recent efforts to spur the economy include the opening of two casino resorts, bringing Formula One races to the island and attracting foreign workers.

"We've gone through a roller-coaster ride, we've been exposed to stresses and uncertainties from the globalized economy and also we are undergoing significant changes in our society," Lee said.



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Singapore's GDP was about S\$285 billion (\$231 billion) last year, compared with S\$6.9 billion in 1960, based on 2005 market prices. GDP grew 14.5 percent last year, the most in Asia. The government plans to spend S\$6.6 billion on benefits for citizens in this year's budget to ease the burden of inflation.

After losing a GRC, "hopefully that's a wake-up call for the PAP to be less complacent and arrogant and to step up and do their work," said Lim Yii Hong, a 33-year-old doctor. "If they actually do that, I think Singapore is the one that benefits in the end and all of us will benefit."

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