

New Year cheers (and fears)

While global events and trends are beyond Singapore's control, it can meet the challenges with capabilities and resources that far exceed what its pioneers had. **BY SIMON TAY**

LAST year was the year of elections, with the largest number of people voting across the world. Ten years ago, the Syrian crisis exploded with a wave of refugees entering Europe. Sixty years ago, in 1965, Singapore became independent.

These three historic events are unconnected. Yet they come together in a context of global geopolitics to which Singapore must respond. What happens can have consequences for growth prospects and business, immediately and also long-term, for better or worse.

The new year is often greeted with three cheers. For 2025, the outlook may hold more fears.

What the world voted for

The adage is that all politics is local, and with the 2024 elections across many diverse democracies, no commonalities might be expected. Yet, with some exceptions, the global voting does suggest trends.

The swing against incumbents and to the far right and populism is clear. Many winners emerged who are associated with narrower nationalism, anti-foreigner sentiment and promises to make (name of country) "First" or "Great Again".

Donald Trump in the US is the flag-bearer. But similar patterns show up in many societies. Especially in the West, nativists are restless and their demands impact the international rule-based order. It was the West, after all, that championed the "liberal" order in terms of free trade and also constraints on the use of force.

Support for such efforts seems exhausted. More countries ignore rules when convenient, and without apology. Global public goods shrink. The pandemic exemplified this: an emergency of global scale worsened by a lack of multilateral cooperation and Sino-American finger pointing.

Scars from the pandemic remain unresolved when the world re-opened. Inflation and inequality haunt both rich and poorer countries. Yet government coffers have thinned.

On top of this, workers are anxious about being displaced by cheaper competition, migrants and technology. Not only the middle-aged and middle class, but even young graduates struggle to find good jobs that pay well. They feel their future prospects are constrained even as the elderly demand entitlements. Resentment and impatience are widespread.

Unexpected implosions and wider consequences

Turmoil and nasty surprises are the order of the day. Recall events in December alone, with leadership upheavals in the rich democracies of South Korea and France as well as the collapse of the Assad regime in Syria. Sudden and unexpected, each of these implosions can have wider consequences beyond their borders.

Consider Syria. Few are nostalgic for Bashar al-Assad but future scenarios are anxious. The Hayat Tahrir al-Sham that controls Damascus is neither secular nor acceptable to all Muslims. The coalition was designated by the US as a foreign terrorist organisation and contains many competing factions, including hardcore Salafists. What comes next is really unknown.

Moreover, problems can spill over, and



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not only for Iran and Russia, as long-time Assad supporters. The power balance is shifting across a Middle East already under stress from Israeli actions in Gaza and other arenas.

Europe knows well the consequences. When the first waves of refugees arrived in 2015, German Chancellor Angela Merkel made the historic decision to accept many and persuaded other Europeans to follow. In contrast, the Hungarian leader Viktor Orban closed borders.

The German-led decision was rightly applauded. But in the decade since, this marked perhaps the height of Chancellor Merkel's authority. As for Orban, his nativist response saw his popularity solidify, and he is now among the longest serving leaders in Europe.

Admittedly, geopolitical events and trends may not have an immediate or even direct impact on business. But consider the analogy with, say, decisions on where to locate a business. One choice is for a clean and well-run mall, that's perhaps quiet and more costly, and another is a bustling commercial street market.

Both may seem good options. But what if the street market vibes change? If there begins a rising incidence of angry mobs, pickpockets and random criminal violence, and the neighbouring stalls cheat. The fading ideal of global interdependence based on market-based rules is such a change.

Sixty years on (and on?)

Against the backdrop of a restive global mood and turbulent world, Singapore will mark its 60th year as an independent republic on Aug 9 and hold elections – at the very latest – by Nov 23.

This will be the 14th election since independence, all of which were won by the People's Action Party (PAP). In fact, for countries in the world with voting systems and opposition, the PAP is the party that has the longest continuous tenure of government. Even including non-elected systems, only the Communist Party of China and the Kim regime in North Korea have been in power longer.

What are the prospects? Not only of our country thriving past 60, but also of the PAP maintaining support? With recently appointed Prime Minister Lawrence Wong at the helm, there are those who hope the PAP will maintain or even strengthen its strong majority – in both the popular vote and the number of seats in Parliament. Yet given global trends and turmoil, neither in-

dicator should be taken for granted.

PM Wong emphasises renewing the social compact and doing more for the common Singaporean, including efforts to address inflation. Such measures respond to the global trends. As for the anti-incumbent mood, as he himself is a new leader, PM Wong may not bear the full brunt.

Nevertheless, he has himself voiced the possible scenario that the PAP could, in one or two elections, lose power.

That may seem a long time off. We can also note that the current support for the PAP is far higher than in almost any other country. Given this, even if margins erode, this does not necessarily mean that the current PM is less popular or that the PAP is doomed. Some might argue that Singapore would be better off with a more "normal" level of support for the PAP as government, and with a stronger opposition.

Yet what does "normal" politics mean today? Do trends point to the Singapore government being pushed to be more populist and protectionist, less open to the world and less concerned about obeying the rules and cooperating with neighbours?

Such a change of outlook could be as traumatic as a change of the party in power.

Back in the 1960s, many countries were closed off and protectionist. Yet Singapore has always been open to the world. Yes, the world at present is in tumult, but so it was back in the 1960s, when we became independent. In that era, there was strife and internal political and social division, as well as great economic need in Singapore.

On this third factor, 2025 is better than in the past. Singapore today is economically developed, a significant hub that is actively engaged with our region and the world at large. It's also a society that, on balance, seems relatively united, even in the face of crisis, as seen during the pandemic.

Global events and trends are beyond Singapore's control. We are an island in the world. But whatever comes ahead can be met from capabilities and resources that far exceed what our pioneers had. If these can be harnessed with leadership and collective will, we can have at least one reason not to fear but to cheer the year ahead.

The writer is chairman of the Singapore Institute of International Affairs and Associate Professor of International Law at the National University of Singapore Faculty of Law