

## **‘How I wished that it could have worked’: James Puthuchearry’s Political-Economic Thought and the Myth of Singapore’s Developmental Model**

Seng Guo-quan

**R**ecent historical debates about Operation Coldstore in Singapore in 1963 have strangely continued to rehearse Cold War-era rhetorical routines.<sup>1</sup> Veterans of the politically suppressed Left understandably want to share their side of the story, but it has been surprising to hear representatives of the government trot out the Manichean charges of yesteryear against their former ‘communist’ adversaries. It may be inevitable that ‘I’ may choose to give more emphasis to actors and facts that favour ‘my’ version of the past. However, the historian can make an important intervention in these debates by acknowledging the full range of voices across the political spectrum that all signified good intentions for Singapore and Malaya in the 1960s. The fiery public exchanges over Coldstore were unhelpful to general readers who did not live through the events, and who might be more interested in knowing why and how Singaporeans and Malaysians of the 1950s and 1960s held such strong and contradictory convictions about their common futures, and how those debates came to shape our present condition.

Built on the declassified colonial archives, a recent body of academic work has in fact reconstructed a fairly objective account of how various local and colonial actors manipulated the Cold War-sanctioned security apparatus for their political and geo-political interests.<sup>2</sup> This impressive body of scholarship has done less, however, to help us understand the deeper meaning of the struggles between Lee Kuan Yew and his left-wing opponents. This is, however, an issue that concerns Singaporean society. To what extent was Lee’s struggle with Lim Chin Siong a contest over fundamental questions such as the postcolonial developmental model to adopt, the role of the state and its politics, and dealing with the colonial legacy of divided races, languages and nationalisms? Contemporary actors in Southeast Asia all struggled with these existential questions, often to the point of life and death. With the benefit of hindsight, it would be fair to recall that

the late 1940s to 1970s was a time when such questions drove almost all of the region's fledgling nations to the brink of war, and even beyond it.

Within the limited space of this essay, I reconstruct a little known intellectual partnership, and its subsequent rupture, between two of Singapore's sharpest political-economic minds between 1956 and 1961 – Goh Keng Swee and James Puthuchery. My emphasis is on political economic thought: how these two men drew upon globally circulating ideas about third-world development to envision postcolonial economic futures for Malaya and Singapore. Much more is known about Goh Keng Swee, the Department of Social Welfare colonial officer-turned economist, and later People's Action Party (PAP) statesman and pioneering economic architect of Singapore.<sup>3</sup> In this essay, I focus on James Puthuchery, whose economic thought I stumbled upon while researching the history of the Socialist Club of the University of Malaya, of which Puthuchery was a founding member.<sup>4</sup> Unlike the questions of merger with Malaya, workers' rights or language in the national education system, debates over alternative ways of structuring Singapore's postcolonial economy have not been much scrutinised in the standard histories.<sup>5</sup>

On the one hand, the success of the PAP state's authoritarian model of capitalist development has become such a powerful myth that alternative conceptions of political economy have seldom received attention in our historical conversations. The success is typically explained in technical terms: that it owed to the PAP's able leadership and sound economic and fiscal policies.<sup>6</sup> On the other, the political economy literature tends to highlight political events such as the internal split within the PAP in 1961 and Singapore's separation from Malaysia in 1965. These events, it is argued, enabled the government to consolidate its power and pursue the 'Singapore model' of export-oriented development based on foreign investment.<sup>7</sup> This essay aims to question both myths of the 'Singapore model' by investigating Puthuchery's political-economic ideas for Singapore's development in the lead up to the 1961 intra-party split.

### **James Puthuchery and the Development Plan**

Born in Kerala in India, but brought up in British Johor Baru, James Puthuchery (1923-2000) graduated through the elite educational institutions in the 1930s, destined for a bureaucratic or professional life as an Anglophone Asian elite in colonial society. The Pacific War (1942-45), however, broke the myth of the white man's racial superiority, and propelled the young Puthuchery to journey to the

Ganges delta to support the Indian National Army's wartime quest to liberate colonial India. Returning to Malaya in 1947 with his anti-colonial frame of mind battle-hardened, he was detained in 1951 by the British for his membership in the Anti-British League, an MCP-satellite organisation. Joining the University of Malaya after his release in 1952, he became a founding member of the university's only political club – the Socialist Club. The student club's significance in the broader history of Singapore is symbolised by Puthuchery and fellow club members' presence at the drafting of the founding PAP constitution in 1954.<sup>8</sup>

In the same year, after his graduation from university, Puthuchery plunged into the heady world of mass labour organisation. He worked alongside the former Chinese middle-school student and Anti-British League comrade Lim Chin Siong in the rapidly growing Singapore Factory and Shop Workers' Union based at Middle Road. The early PAP in the 1950s until the split with the Left in 1961 was an alliance between the Fabian socialist Anglophone professional elites represented by the Cambridge-educated lawyer Lee Kuan Yew and the Chinese-educated trade union leaders such as Lim, whose politics were inspired by the example set by the Chinese socialist revolution and its developmental achievements in the 1950s. Puthuchery and his Socialist Club friends straddled both groups between their cultural affinity with the Anglophone professionals, and ideological comradeship with the labour union leaders.

That alliance would increasingly come under the strain of internal ideological differences and the impact of global events. The Middle Road trade union leaders were detained by the Lim Yew Hock government between 1956 and 1959. Lee Kuan Yew held the tenuous alliance between the two groups together by negotiating a political statement from detained union leaders, Lim Chin Siong, Devan Nair, S. Woodhull, Fong Swee Suan, James Puthuchery, and Chan Chiaw Thor. The statement, 'The End and Means of Socialism', declared the unionists' commitment to the 'institutions of political democracy', and agreed that MCP's failure was not so much the result of British armed suppression as 'the failure of the MCP to establish itself as a nationally based movement'.<sup>9</sup>

Among the political detainees, James Puthuchery was alone in spelling out his theoretical reasons for supporting a position of democratic socialism for Malaya's postcolonial development. Puthuchery communicated this position to Lee Kuan Yew on 2 September 1957, two days after the Federation of Malaya achieved independence through negotiations with the British.<sup>10</sup> He saw that the overwhelmingly Chinese base of the MCP could lead to an ethnic civil war if the party continued its 'anti-colonial' struggle. For him, the quest for social justice

and redistribution had to be pragmatically tempered by Malaya's demographic and ethnic composition. Communal conflict could threaten to bring down the entire nation's edifice. Formally renouncing communism, he embraced a social democracy premised on 'radical economic change' away from the capitalist system, as opposed to liberal democracy, which he viewed to be founded on 'abstractions'. Social democracy gave the state more power to bring about economic change, as in communist states, although Puthuchery was careful to emphasise that political rights of citizens must remain "inviolable":

[Social democracy...] is justified not in terms of abstractions, like freedom of speech and the merits of an independent judiciary and the parliamentary form of government but on reasons that have immediate relevance to the people. Social democracy is a justifiable solution in order to avoid a civil war and as some thing capable of providing the same economic advantages [as Communism] if given time...It should stand for the inviolability of personal political rights instead of the inviolability of property which is the basis of our present society. The Communists violate both...My own political beliefs are that in Asian conditions socialism must mean a more or less completely planned economy with a political superstructure taken from the West and modified for local use. But the essential property is that it must postulate radical economic changes and defend fiercely political and legal institutions that can be checks against tyranny.<sup>11</sup>

When he was under political detention between 1956-59, Puthuchery would give substance to this vision of 'radical economic change'. He channelled his energies to researching the problem of the colonial ownership of Malaya's economy. This led to a book, titled *Ownership and Control in the Malayan Economy: A study of the structure of ownership and control and its effects on the development of secondary industries and economic growth in Malaya and Singapore* (1960), which was published within a year of his release from prison. It was in this period that Puthuchery forged an intellectual partnership with Goh Keng Swee. According to Puthuchery, Goh 'put his brilliant analytical mind at [his] disposal during the many visits', and Goh's 'brain...[was] picked quite shameless[ly]'.<sup>12</sup>

In the book, Puthuchery drew from contemporary critics of underdevelopment such as economists Hans Wolfgang Singer and Gunnar Myrdal. He sought to determine the nature of capital formation in the global periphery (like Malaya) and its effects on the country's socio-economic development.<sup>13</sup> *Ownership and Control* begins by going to great lengths to empirically demonstrate that the 'Malayan

economy is controlled by large-scale units' – namely, British agency houses and mining agencies in the rubber and tin industries respectively.<sup>14</sup> Foreign capital, it follows, thus had little incentive to reinvest profits in the Malayan economy. The World Bank advisory mission for Malaya 1955-57 and British colonial economists had recommended fostering socio-economic conditions conducive for entrepreneurial ventures by private capital.<sup>15</sup> However, Puthuchearry argued that industrial growth could not be left to passive governmental investments in infrastructure or the initiative of 'market forces'. Citing Myrdal, he argued that given free rein, foreign capital would avoid Malaya and continue to seek greater accumulation in advanced economies. He cited the net outflow even of domestic savings from Malaya as evidence that the World Bank's free market approach was futile.<sup>16</sup> Instead, Puthuchearry advocated higher tariffs and taxation<sup>17</sup> to create the conditions in Malaya for developing a self-sufficient domestic economy.

Puthuchearry's intellectual collaboration with Goh Keng Swee during these years would give him a major role to play in drafting Singapore's First Development Plan in 1961. As Finance Minister after the PAP won a landslide electoral victory in 1959, Goh Keng Swee appointed Puthuchearry the Manager of the existing Industrial Promotion Board, a post he held from June 1959 to August 1961. This agency was, however, soon to be replaced by the Economic Development Board (EDB), for which Puthuchearry was touted to be the Chairperson-designate. A month after his release, the *Straits Times* reported that Puthuchearry was drafting the EDB's legislation and that the agency would be established within six months.<sup>18</sup> The EDB was to be an economic planning agency tasked with stimulating Singapore's industrialisation. Compared to its predecessor's \$1 million capital fund, the PAP government allotted EDB with a budget of \$100 million for state investment in industry.<sup>19</sup>

In April 1961, Goh Keng Swee, Hon Sui Sen (the Permanent Secretary for Finance) and Puthuchearry drafted the four-year Development Plan.<sup>20</sup> The Development Plan did not, however, envisage the 'completely planned economy' that Puthuchearry had called for in 1957:

...The Plan does not envisage the Government becoming the fountain of all industrial development or even the main industrial entrepreneur.

Because of Singapore's very great dependence on international trade, the Plan recognises that a very great deal of future industrialisation would have to be left to private enterprise both local and foreign. Government's task in this Plan is mainly to

create the conditions which would induce substantial private capital into industries. The extent of Government's participation in industrial enterprises in the Plan is largely limited to the capital of the Economic Development Board which is \$100 million for the four-year period.<sup>21</sup>

This wording of the Development Plan's approach to industrialisation suggests that Puthuchery had pushed for the state to play a more central role in the economy. It was clear from the emphasis on private capital-driven industrialisation that he had made a big compromise. Perhaps the substantial capital fund allotted to the EDB, and Puthuchery's leadership role in it, was Goh's concession to his friend.

The standard histories of Singapore in this period depict the Middle Road trade unions under Lim Chin Siong as a workers' movement used by the Left to pursue its more radical political goals.<sup>22</sup> Yet despite rising political tensions within the PAP, the trade union leaders came out in full support of the Development Plan, which was published in the midst of the Hong Lim by-election in April 1961, when the Left supported the PAP candidate. Calling it an example of the 'united front' between the Trade Unions Congress (TUC), government and business, Goh Keng Swee did however warn workers and trade union leaders against industrial action in case 'foreign capitalists...would not come in (to invest) till they were sure they could make money'. At the same rally, Puthuchery also urged support for the Development Plan so that industrialisation would help reduce the most urgent problem Singapore faced – rising unemployment.<sup>23</sup> Cooperation between the labour movement and the PAP was further cemented by a government-TUC industrial peace pact. This pact restrained the trade unions' influence in industries that targeted foreign capital investment.<sup>24</sup> In what was probably the final public appearances of Lee Kuan Yew and Lim Chin Siong on the same stage, on May Day 1961, Lim did not reveal his stand on Singapore's constitutional future. Yet Lim remained committed to the vision of the Developmental Plan by calling on workers 'To fight the colonial remnants and wipe them out; To fight the opportunistic politicians; To improve the livelihood of the working class; To achieve a greater measure of independence; To support the Four-Year Development Plan'.<sup>25</sup>

### **Malaysia before Democracy**

As Goh and Puthuchery worked to bring their distinct visions to bear on the EDB, differences between them over the role of private capital in economic

development soon led to the latter's marginalisation. In November 1959, signs of the Goh-Puthuchery rift began to surface. Goh announced that the EDB would leverage the 'maximum amount of overseas capital and overseas technical and managerial skills'. In response to 'criticism from certain quarters', for which overseas recruitment appeared 'retrograde' to the 'era of Asian revolution', Goh cautioned against 'recklessness bred out of arrogance and ignorance'.<sup>26</sup> These statements were veiled references to Puthuchery. The rift would widen over the course of 1960, during which the EDB's establishment was postponed while Goh sought consultation and development loans from the United Kingdom, World Bank and United Nations. As Puthuchery recalled, 'I understood that EDB was going to be set up and I was going to head it'. But advice from the United Nations 'more or less agreed that [EDB should promote]... private enterprise. And it fell on a very soft and attractive part of Goh Keng Swee's heart. So I felt... I would have been sooner or later eased out of the [EDB] even if I had headed the EDB...'<sup>27</sup> Despite being shunned for the Chair of the EDB, Puthuchery remained in the Finance Ministry to draft the Development Plan and solicit the trade unions' support. He only left the Ministry in August 1961 after the PAP split had become irreconcilable.

While Puthuchery was willing to compromise with Goh on the question of capital's role in development, it proved harder for him to concede on limiting political freedom in the nation's development. He saw social democracy as providing a strong hand for the state to direct economic development at the same time as 'inviolable personal political rights' acted as a 'check against tyranny'. In fact, Puthuchery would later relate how his vision of social democracy also differed from Lim Chin Siong's understanding of democratic politics in post-colonial Singapore and Malaya:

I quarrelled with Lim Chin Siong soon after he came over to the prison camp... ..over the [14 July 1958] revolution in Iraq. We'd be sitting down listening to the story of the latest coming over the radio. How [the British-endorsed Prime Minister] Nurul al-Said had been hanged on a lamp-post.... ..So I said, 'I hope they will establish a democracy'. So Chin Siong said, 'What de-mo-ke-la-si?' So an argument developed. So I said, 'Why are we objecting to being kept in prison? If you think that any system has the right to put others in jail for political reasons then you are put in jail by your opponents for political reasons. If you said people for [their] political views should not be put in jail, that's a different thing. That is the basis for democracy'. The argument went on. And then we agreed to disagree.<sup>28</sup>

Puthuchearry maintained close contacts with Goh and Lee up to the Hong Lim by-election and the publication of the Development Plan in April 1961. But he began to distance himself from the duo after Goh informed him of their intention to 'scrub' the Lim Chin Siong group 'out of the party'.<sup>29</sup> Puthuchearry did not want to believe that 'the revolution must "eat its children"'. He personally warned Lim Chin Siong of the impending purge, and thereafter played the role of intermediary in the meeting between Lim's trade union group and British Commissioner-General Lord Selkirk in July 1961. Puthuchearry was particularly enraged when he found out at the meeting that it was Lee who had insisted that left-wing detainees remain in prison after his party became the government in 1959.<sup>30</sup>

The open break with the Lee Kuan Yew group by the 'Big Six' of the Trade Union Congress Secretariat came after Tunku Abdul Rahman, the Federation of Malaya Prime Minister, made a coded announcement in late May 1961 of his intention to include Singapore and the British North Borneo territories to form 'Malaysia'. Initially, the Tunku's intention was only understood by a few senior members of Singapore's cabinet. However, over the course of June, the news leaked. When they realised that merger had been secretly negotiated between Lee and the Federation and British leaders, union leaders Lim Chin Siong, Fong Swee Suan, S. Woodhull, Dominic Puthuchearry (James' younger brother), S.T. Bani, and Jamit Singh held back their support for the PAP in the Anson by-election in July, demanding to know the truth of the matter. They suspected, rightly, that security action against the left was the main driving force behind the formation of 'Malaysia'.<sup>31</sup>

Between June and August 1961, Puthuchearry made last-ditch efforts to hold both sides together on the basis of a broad definition of democratic socialism. If he was critical of the 'Big Six', he left his even more scathing criticism to the PAP leaders. Yet Puthuchearry did not go public with his critique until almost a month after the Barisan Sosialis was established on 26 July, when the die had been cast. On the question of whether Lim Chin Siong was 'Communist' or 'pro-Communist', Puthuchearry expressed disbelief at the accusation. He argued that 'it was wrong to base one's policies on the assumption of inevitable tacit support from the MCP'. He revealed that he had been trying to get the PAP leaders to 'seek a "modus vivendi" with the section of the PAP that looked upon Lim Chin Siong as a leader'. But in the end, his efforts proved futile. He suggested to Goh



Keng Swee that the PAP had ‘become a group of high priests and priestesses who consider it their duty to keep everybody they dislike out of the leadership of the party’, and that the only way forward was ‘permitting intra-party democracy’.<sup>32</sup>

The term I have used was ‘modus vivendi’ and not a ‘united front’ as Dr. Goh suggests. I sought to get the two sections of the PAP to resolve their differences and unite the party and not to create a united front. I advocated this because I believed that the difference was within the PAP and not between two parties. I have believed it wrong to turn the PAP, which is a democratic socialist party, into a monolithic party. I believe that it is the function of a democratic socialist party to effect unity of socialists. The only ‘leftists’ who have no place in a democratic socialist party are avowed Communists.<sup>33</sup>

The question of merger threatened to split the socialists. If Puthuchearry was critical of the move by the ‘Big Six’ to put ‘democracy’ before the ‘nation’, he was even more damning of Lee Kuan Yew and Goh Keng Swee for sacrificing the cause of socialism in an undemocratic way. Lee’s and Goh’s attempt to purge the party of the Lim Chin Siong group had threatened the entire democratic socialist movement. Strengthened by international development loans and the anti-Communist security backing of the British and Federation of Malaya governments, Lee and Goh went on to capitalise on the Left’s vacillation over the merger. The result was Operation Coldstore, which would set Singapore on an authoritarian developmental path shorn of its working-class leaders.

## **Coda**

James Puthuchearry was released six months after his political detention under Coldstore, and then banished from Singapore to Malaysia. The banishment order was lifted in 1990. He had become a lawyer in Kuala Lumpur and lectured part-time in the Economics Department of the University of Malaya. His lasting influence on Malayan history remains his political-economic thought on the development of Singapore and Malaysia. Ironically, it was after the May 13 1969 racial riots, when Malaysia came under the Emergency Rule of Tun Razak’s coalition government, that Puthuchearry’s vision for state-intervention to establish Malay ownership of capital would become the framework for Malaysia’s industrialisation.<sup>34</sup>

Tracing the internal split within the PAP through the figure of James Puthuchery opens up an alternative way to understanding what ideas like freedom, socialism, communism, democracy, and national development meant to the various local actors of history. More than anyone else among the Singapore Left, James Puthuchery tried in thought and action to bind all these strands together in one broad vision for Singapore. In doing so, he was not dogmatic about any one of these ideas. If he was committed to a more radical form of anti-colonial politics as a member of the Anti-British League in the early 1950s, he was also subsequently critical of the Barisan's dogmatic attacks on the Malaysia plan as neo-colonial. If he was ideologically committed to developing a centrally planned and autarchic national economy, he also supported development plans that upheld private enterprise and foreign capital investment. If political freedom was essential to a social democracy, he thought, it should not stand in the way of Malay(sian) unity. Excavating his struggles today is a reminder that Singapore had viable political-economic alternatives, as Puthuchery proposed, beyond decisions that created the more authoritarian 'Singapore model'. Puthuchery was perhaps himself anachronistic in recalling his relationship with Goh Keng Swee in his oral history interview in 1985:

I had been very critical of Keng Swee during the fight and I always had great regards for him. I mean I had not shared his deep belief in private enterprise. But I supposed he was right and I probably was wrong. Singapore had benefitted ... . But all I regret with PAP is PAP probably did not give it [Singapore] political freedom - individual freedom. It had given it quite a lot of economic advancement. But it [political freedom] probably couldn't have worked, how I wished that it could have worked. Anyhow it's too late that they turn round and walk the steps again.<sup>35</sup>