



## Episode 755: Is Singapore a Good Destination for Libertarians?

Guest: Ivo Zlamal

**WOODS:** I have some curiosity among some listeners about some countries in the world and what they'd be like to live in from the point of view of what you and I believe. And you happen to live in Singapore, and you're a supporting listener of the show, and one time you wrote to me and said, you know, I'm not the world's foremost expert on Singapore, but I'm somebody who's lived here for a while and I could come comment on it. And I thought why not. I don't think we do quite enough of that on the show. So let's start with your background before you moved to Singapore. Where were you born, and where were you raised?

**ZLAMAL:** So I was born in communist Czechoslovakia, which now is the Czech Republic, and that's where I was raised and went to school. I did spend some time in the US during my studies. I lived in Chicago for a year; that was my senior year of high school. And then I spent a summer in Boston, and then later on I did a semester abroad at University of Texas at Austin. But anyway, so then later on I graduated from university in Prague. I got a job with SAB, a world leader in enterprise south there. And maybe two years into my tenure with SAB I convinced my management to send me on an assignment to Asia. So it was planned as a six-month kind of thing, so I spent the first three months in Bangalore, India, and then I came here. Again, it was supposed to be for three months, but I fell in love with it, and at the end of the three months I ended up getting a local contract, and I've been here ever since. So as you were saying, it's been about four and a half years.

**WOODS:** All right, so you are looking at things from the point of view of somebody who, let's say, might not be blinded by local patriotism or history and heritage in your youth or anything like that. You are coming at this as somebody who's fresh, with no prejudices one way or the other. So in some ways, you might be the ideal observer of the situation. When people think about Singapore, I think sometimes the first thing they think about, frankly, based on — which has to do with something that I heard about when we were growing up — was corporal punishment. What can you tell us about that?

**ZLAMAL:** Yes, that's true. They do employ corporal punishment, which means that for certain offenses you can get caned. So for example, for vandalism or things like that, which, you know, on one side people regard it as something that's very barbaric, but also from another point of view what we do in our Western countries, which is sometimes locking up people in cages a lot of times for nonviolent crimes, you know, is that not barbaric?

**WOODS:** Yeah, and they get locked up in these cages with people who assault them for years on end.

**ZLAMAL:** Right.

**WOODS:** So before we go rendering judgment on Singapore, we ought to at least consider that. In fact, there's a crime show – and now I can't remember the name of it – that I used to watch with my kids, because my kids are interested in crimes and crime solving. But in the US, all those programs deal with really disturbing things, like rape and murder. I'm not going to show my 8-year-old girl something like that. So there's a show on a Singapore television station that we can get through YouTube that talks about crime, and in Singapore they're focused on, somebody stole a bicycle, or somebody stole this lady's purse, and then we go find him and catch him. And in there, at the end of each episode, they talk about what the punishment for that crime was, and it'll be this long in jail or this much of a fine and this number of strikes with a cane. And they just say that very matter-of-factly, and my girls were quite interested in this. Wait, what? What was that last part? So that does actually go on. Okay. Is there anybody in the country who – is Singapore like Western countries, in that there are people, let's say, maybe on the left who say we have to get rid of this terrible practice?

**ZLAMAL:** Well, yes, I mean, it's definitely like Western countries. I'm sure there are people who want to get rid of it, but it's not even like a big topic. It's not like it happens all the time or it would be on the news all the time. What I want to say, though, when you mentioned those petty crimes, is that Singapore is very safe, which is a big selling point, so what that means is that you can just feel safe on the streets anywhere at any given hour. And I'm not saying that there is zero crime, but again, it just feels very different from hanging out, let's say, in downtown Chicago.

**WOODS:** Now let's talk about the economy, and of course what I would be interested in is the government's role in the economy, but first of all, qualitatively what is Singapore's economy like? What are the main goods produced? What are the basic features of the economy?

**ZLAMAL:** Right, so the biggest share of GDP I'm pretty sure is manufacturing. Then obviously it's a big port, an important stop on the shipping route, so that contributes largely. Then banking is big, and so is the IT sector. I would say generally it's things kind of like high tech, high value-added stuff.

**WOODS:** Now, I'm looking at an article that looks at the rankings – this is from several years ago. This is 2013, are the figures I have. And it's looking at per capita income, gross national income per capita in 2013, and Singapore is ranked number 16 in the entire world, and there are a couple hundred countries, just about. So how do you account for that?

**ZLAMAL:** Yes, it definitely is a wealthy country. When you look at the statistics, though, I think one thing you have to keep in mind is you are comparing a city really to a country. So if you want to compare the GDP per capita of Singapore to the US, for example, it's probably not a fair comparison. What would be a better comparison

would be to compare the GDP of Singapore to that of New York City or San Francisco or LA. But yeah, the standard of living is very high.

**WOODS:** So the population is small.

**ZLAMAL:** Yes, it's about maybe 5 and a half million people on an island of less than 300 square miles, about 3 and a half times the size of Washington, DC.

**WOODS:** What is your status? Are you a resident alien? Are you a citizen of Singapore?

**ZLAMAL:** I have what is called an employment pass, which is essentially a work visa, which allows you to live and work here. And I'm in the process of applying for permanent residency. But speaking of which, this is also an interesting topic, because Singapore is actually very open. One thing is that the immigration is getting tighter, but still it's one of the few countries where literally you can hop on a plane tomorrow, you arrive in Singapore, you get kind of like a tourist visa for three months that allows you to stay here – you cannot work, but you can look for jobs. And then if you do find a job, then it's a routine procedure for the companies to apply for your work permit. And I know a whole lot of people who came here just like this. But what is I guess easier and how I ended up here is that I transferred with the company that I worked for. But even then, the process, how it worked was that I put together some paperwork, I submitted it to the immigration office, and within something like 48 or 72 hours I had the work permit in my email.

**WOODS:** Oh, okay, that's very interesting. What about taxes in Singapore? I rather suspect that's part of the story?

**ZLAMAL:** Yes, so the good thing is that they are very low. I remember when I first came, and so my first year, I was here only for six months, and during those six months I made something like \$30,000. And then it's time for income tax, and one thing is that it's fully automated. I didn't have to file anything; I guess the employer will just report how much they paid me, and then I get my tax bill, and it says \$132.50 out of that \$30,000 income, which – if they wrote me a letter saying if I want to chip in I would probably chip in more voluntarily. So the income tax is progressive, so I think on a \$100,000 income the tax will be something like 5 to 6%, so it's very low. And the good thing about it is that I get to collect 100% of my paycheck every month. There are no deductions for social security, Medicare, Medicaid, state, local, federal, you name it. I just collect 100%, and then once a year I pay the income tax.

**WOODS:** Oh, so they don't have withholding.

**ZLAMAL:** They do not have withholding. And then what happens then is that once you get your taxes this month, you can choose to pay in installments, which then happens to be kind of like an interest-free loan, really, from the government, but I choose to pay it in full, because once a year – and then I have a [inaudible], so all I see is that my savings account takes a hit. It means that I paid my taxes, and for the rest of the year I can just forget that the state exists.

**WOODS:** Quite interesting, quite interesting. What about – now, there's a lot more to say about the economy, so let's continue actually there. The corporate tax rate last I checked was 17%, which is again relatively low.

**ZLAMAL:** Mm hmm.

**WOODS:** What about government spending and the government tax take in general? How heavily is the state felt in commercial life?

**ZLAMAL:** Not so much. So when it comes to the taxes, I mean, we talked about the income tax, and then there is a sales tax of 7%, and I'm sure there are excise taxes on alcohol, tobacco, gas. But it is a free economy. It ranks number two on the index of economic freedom. Like on your daily life, it kind of feels like you get to see what life is without too much presence of the government. Every time I come back from visiting Europe, it feels like I fast forwarded a couple of decades into the future, hoping that this is what life is going to be like in other parts of the world as well.

**WOODS:** I have in front of me some relevant statistics that I think are interesting. "The burden of government spending is very small" – this is Dan Mitchell talking – "averaging less than 20 percent of economic output since 1990...The one time government spending climbed significantly about 20 percent of GDP (during the Asian financial crisis), the government then did a remarkable job of implementing the Golden Rule of spending restraint. Singapore's fiscal discipline between 1998 and 2003 was particularly impressive as spending was cut by an average of 9 percent each year." These were real cuts, not the make-believe cuts we have in the US.

**ZLAMAL:** Right.

**WOODS:** And then he says, "But the statistic that matters most is that the burden of government spending dropped to 12 percent of GDP by 2007, a reduction of almost 16 percentage points." And then it says, "Government spending in Singapore has since 2007 slowly climbed back to about 18 percent of economic output, but that's still quite good by modern standards." So that seems relevant to what we're talking about.

**ZLAMAL:** Yes, exactly. And then also for the longest time they've had balanced budgets, I think since like the '80s or something like that. But then again, also if you look up the statistics I think they will tell you that the debt-to-GDP ratio I think is very high. It could be something like 100%. And I think where it comes from is from what they call CBF, which is kind of like a version of social security. But it's kind of like mandatory saving, when you as an employee contribute and so does your employer, and this money is set aside into like three buckets that you can use for your home if you take on a mortgage, for health care, and then for your pension, for your retirement. And then the government guarantees 4% interest. In other words, they'll take the money, they'll invest it, and then they'll give you 4% interest. But again, I don't know what the fund invested in in 2008, but somehow I doubt that they generated a 4% profit.

**WOODS:** Let me ask about languages. There are four languages, one of which is English, that are officially recognized by the government in Singapore. I assume English is the only one of those four languages you speak; am I right?

**ZLAMAL:** Well, yes, you're right, but I do not speak any of those other languages that are spoken here. So the good thing is that everybody speaks English, so that's a big advantage that Singapore has over, let's say, Hong Kong. Those two are very similar, but as an English-speaking person you'll be struggling a little bit in Hong Kong, whereas everybody speaks English in Singapore. And then the other three official languages, they follow the three main ethnic groups that make up the local population. So that's Chinese, Malay, and Indian. And so again, they all speak English, and then the kids will learn the second language of their ethnicity, so the Chinese kids will learn Mandarin; Malay will learn Malay, Bahasa; and then Indian will learn Tamil.

**WOODS:** So I mean I ask that because I know there are people out there who are thinking about where they might want to live some day, and a language barrier is obviously the first barrier somebody thinks of, so to know that that's not such a problem in Singapore is quite interesting. Now I personally, for what my opinion is worth, I personally just can't imagine myself ever living in any other country. I would just be homesick. I'm very much of a homebody. I gripe and complain about the state; that doesn't mean I don't like the place. I really do feel completely attached to the US. I could never imagine uprooting myself – it would seem wrong. I don't belong anywhere else. I belong here. But not everybody feels the way I do, and I know that some people are interested in what would they do if things got particularly bad or what would they do even now. And so they do look at Singapore. And you're saying that you're over there, you're originally from communist Czechoslovakia, and you feel like you fit in there? You don't feel like a fish out of water?

**ZLAMAL:** Right, so I think, Tom, I'm like the exact opposite of you. I kind of consider myself a world citizen. I feel like I could live anywhere. So firstly, yes, it's true; I was born in communist Czechoslovakia, but then again that was in '84; the regime fell six years later, so I do not really remember much from that period of time. But then when I lived in Chicago for a year when I was 17, I was like, yeah, well, I could live in Chicago. And then five years later when I was in Austin, I was like, Austin, what a great place; I could live in Austin. So right now I'm in Singapore; I'm happy here. And again, I'm trying to get my permanent residence, but that doesn't necessarily mean that I'm going to spend the rest of my life here.

**WOODS:** Well, it's very interesting. What else – what have we not covered about Singapore that you think people should know about?

**ZLAMAL:** Okay, so I think – so we talked about from a libertarian perspective Singapore scores really well on the economic freedom. Then we also have to mention the other set of issues that are important to libertarians, and those are civil liberties. And some people, you may hear that they say that Singapore is an authoritarian form of government, some would even say a dictatorship. I think largely that's based on the fact that the party that is currently in power, the PAP, the People's Action Party, has been in power ever since Singapore gained its independence in 1965. But then again, I think if it's one of the two parties, I think it's the Democrats in the

city of Chicago; they've been in power even longer, so would you then jump to the conclusion that there is no democracy in Chicago? No, people vote for the same party.

But then so you have to look at other things. So another one would be freedom of speech or freedom of the press, and that's where, if you look at the rankings, that's where Singapore doesn't rank very high. You would have to ask a journalist exactly what that means and what kind of control the government will exercise over the media. A related issue to the freedom of speech and of press is that there are laws against defamation and libel. So it's not like you are not allowed to criticize the government, especially if you're a public figure, but if you do then you just kind of have to make sure that you get your facts straight, because if you don't then you could be sued for defamation. And then obviously the question is how does that whole thing play into the competition of the political parties and things like that.

**WOODS:** What about, is there a surveillance issue in Singapore?

**ZLAMAL:** There's plenty of security cameras. That's one thing that you do definitely notice. But if you talk about NSA-style surveillance, then honestly I do not know.

**WOODS:** Okay, all right, I've known something about cameras, but okay. Why don't we wrap up with any final thoughts you have, particularly perhaps on the civil liberty line, and then just an overall summary of what your experience has been?

**ZLAMAL:** Yeah, okay. So to the civil liberties, I think what is interesting is how it affects Singapore's society and the culture. So one thing that you definitely notice is that there is a little less of underground or subcultures compared to I guess especially Europe. Like there's not a whole lot of punks walking the streets and anti-establishment, anti-regime movements. It all seems to be – the whole city is more like business-driven, and it feels like politics is not even an issue. People really do not talk about it that much. That doesn't mean that people – its not like on Facebook or when you talk to them, it's not like they would be hesitant to freely express their opinion. That also goes back to maybe the surveillance topic that you mentioned. But it's kind of like if you enjoy politics and if you enjoy the whole thing, political parties and the debates and the promises that they make and the leaders and all that, if you want to be engaged then you'll probably not be happy in Singapore. If you just kind of want to maybe forget about all that and just life in an economically free country where you do not have to deal with the government failures and you can just kind of forget that the whole thing exists and just go about your happy life, then you'll probably like Singapore.

**WOODS:** All right, well, I appreciate your time today. This is a topic I knew only three facts about, so with the experience of somebody who's lived there for a number of years you've definitely helped us out, given us the beginnings of a picture of this place, and people can make their decisions from there. Thanks so much.

**ZLAMAL:** Thank you, Tom. Thanks for having me on.