Indonesia Reform, Please

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The Indonesian stock market has just hit a record high on the hope that the incoming President, Joko Widodo, will push through economic reforms. But, what path should he follow? My advice: follow Singapore and Lee Kuan Yew.

When Singapore gained independence in 1965, Lee Kuan Yew developed a set of sound principles, which proved to be highly successful. Indeed, their implementation propelled Singapore to the top of the world's competitiveness rankings. I have dubbed these principles the "Singapore Strategy." It contains the following five elements:

- First and foremost, stabilize the currency. Singapore achieved stability with a currency board system – a simple, transparent, rule-driven monetary regime.
- Second, don't pass the begging bowl. Singapore refused to accept foreign aid of any kind.
- Third, foster first-world, competitive, private enterprises. Singapore accomplished this via light taxation, light regulation, and completely open and free trade.
- Fourth, emphasize personal security, public order, and the protection of private property.
- The final key to Lee Kuan Yew's "Singapore Strategy" is the means to accomplish the previous four goals: a small, transparent government that avoids complexity and red tape. And one that is directed by first-class civil servants who are paid first-class wages.

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