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Singapore-Malaysia Virtual Community in 2020: Fast Track to an Economic Union?

By Yang Razali Kassim

Synopsis

The growing connectivity between Singapore and Malaysia accelerated this month with their two prime ministers announcing the launch of a high speed train link by 2020. Will this exciting bilateral project be a fast track to an economic union between the two countries?

Commentary

THE 19 FEBRUARY 2013 announcement of a high-speed rail (HSR) link between Singapore and Kuala Lumpur, with a commute of only 90 minutes, has raised the prospect of closer economic integration between the two cities. Speculation on the possible shape of the future relationship makes some wonder whether the trajectory could even lead, eventually, to an economic union between Singapore and Malaysia.

Prime Minister Lee Hsien Loong and his Malaysian counterpart Najib Razak whet appetites on both sides of the Causeway for a “virtual urban community” when they disclosed their agreement in-principle to complete the high speed train link by 2020. It is the most exciting and promising joint project to have come from the two countries in many years.

Twin cities, one economy?

Both leaders conjured up the image of “twin cities” linked by the speed train in which people “can go up there, do business, meet friends, have a meal – and come back all the way at the end of the day”. Indeed, Singapore and KL could be akin to what London and Paris are to each other, linked by the Eurostar train across the English Channel. It also promises to be the most impactful bilateral project, as the benefits of improved ties will percolate down to the people level.

Singaporeans and Malaysians will feel the power of better relations as they get to move more swiftly between the two cities, opening up vistas for unprecedented interaction. This is what ASEAN leaders mean when they talk of “connectivity”: Borders become seamless as key nodes of society and community get connected by land, air and sea. It's not just physical connectivity. In the long run these will have a positive effect on political ties. What may follow is the social, cultural, economic and political interconnectedness of relations.

A significant aspect of the proposal is the huge potential economic benefits to both countries. Greater people-to-people mobility will lead to growing ease of doing business, opening up a host of economic opportunities

from greater tourism to property booms and eventually greater economic integration.

Fast track to bigger things

The Eurotrain brought about increased tourism and economic integration between the United Kingdom and mainland Europe through France, and reinforced Europe's cohesion in the full sense of the word – politically, economically, socially and culturally.

We can imagine the same effect when the Singapore-KL high speed train link gets moving by 2020 or thereabouts, though details are yet to be finalised such as route, costs and systems. But the very idea and the political will to push it through are already triggering high hopes within their two societies as well as business and industry. We can expect a surge in tourism, as more visitors and business people will come to both Singapore and Kuala Lumpur, and even beyond KL to other cities in Malaysia, simply because of the ease of travel.

There will be other business, economic and cultural spinoffs, with the multiplier effects spreading to points along the HSR route, such as the Iskandar region in Johor, Malacca and Seremban. The property and hospitality sectors will also grow, industry players say; Singapore's manpower crunch can potentially be eased with employers engaging Malaysians who can work in Singapore but shuttle home on a daily basis.

Indeed, by 2020, Singaporeans and Malaysians as well as business executives and tourists from ASEAN and the rest of the world would even get to travel seamlessly to other parts of Asia, when, the ASEAN connectivity grid is in place. The vision of the ASEAN Community is due to be realised by 2015, with rail links extending all the way to Kunming in China, and possibly westward to other parts of Asia further down the road. The Singapore-KL speed train will be a fast track to bigger things for the region.

Economic integration or economic union?

It is, of course, premature to talk about a possible economic union between Malaysia and Singapore arising from the high speed train project. Still, the integrationist locomotive of the idea cannot be ruled out, particularly with the ASEAN Community just two years away, promising a region interconnected not just physically but also economically - through the ASEAN Free Trade Area (AFTA) - socially, culturally and politically.

The idea of an economic union between Singapore and Malaysia has long been in the consciousness of scholars and politicians, even though it has not been seriously pursued. In 2000, when then-Opposition leader Chiam See Tong revived in Parliament his proposal for an economic union with Malaysia, then-Foreign Minister S Jayakumar, quoting Prime Minister Goh Chok Tong, said the "economic logic" of his proposal was "correct" but "cooperation takes two willing parties".

In other words, the idea of an economic union was never completely ruled out. Now that there are two willing parties on both sides of the Causeway to kickstart the catalyst for economic integration between Singapore and KL - in the shape of the high speed train link – will there be the political will on both sides to bring about an economic union that would be mutually beneficial?

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