SINGAPORE, May 4 (Reuters) - Singapore Prime Minister Lee Hsien Loong has made a rare apology for mistakes his government may have made ahead of the toughest general election his People's Action Party (PAP) has faced since coming to power in 1965.

The PAP will contest 82 of 87 parliamentary seats, up from just 47 of the 84 seats in the last parliament, in Saturday's polls which come amid opposition irritation at higher housing prices and over-crowding on trains and buses caused, critics say, by lax immigration policies and an influx of foreigners.

Several ministers have also come under fire for their reluctance to acknowledge such problems.

"If we didn't quite get it right, I am sorry but we will try and do better the next time," Lee told a rally on Tuesday in the city-state's central business district, newspapers said.

Later he repeated: "Well, we're sorry we didn't get it exactly right, but I hope you'll understand and bear with us because we're trying our best to fix the problems."

Chua Mui Hoong, a deputy editor at the pro-government Straits Times newspaper, said the speech was like no other from a PAP minister in recent years.

"Mr Lee's speech was remarkable for its public mea culpa. And it was remarkable for its -- there is no other word for it -- humility," she wrote in a commentary.

Singapore has been ruled since independence by the PAP, which was co-founded by Lee's father, Lee Kuan Yew. The elder Lee, the architect of modern Singapore, was prime minister until 1990 and remains a "minister mentor" in the cabinet.

The plain-talking 87-year-old has said of opposition demands for more checks and balances on the government: "It is a footloose generation that hasn't experienced the past and believes that Singapore is flying safely and can go on autopilot and anybody can take over."
"I don't happen to believe that. I think we will run into all kinds of bad weather and you need capable people in charge."

The elder Lee, who has been returned unopposed to parliament, has also said that residents of a hotly contested multi-seat constituency will "have five years to live and repent" if they vote for the opposition.

IMMIGRATION

The PAP won 67 percent of the popular vote in the 2006 elections, down from 75 percent in 2001, and 82 of the 84 seats.

"For this election, the PAP basically screwed up on immigration policies really badly. That has created all kinds of downstream hardships for Singaporeans," said Chua Beng Huat, a sociologist at the National University of Singapore, citing the rise in home prices and competition for places in schools.

Foreigners now make up 36 percent of Singapore's population of 5.1 million, up from around 20 percent of 4 million people a decade earlier, and the fast pace of immigration is the hottest issue among locals who have complained about competition for jobs and housing and the dilution of the national identity.

For the many overseas nationals who work in Singapore, and firms that use the city-state as their regional base, a key issue is whether the government will continue the immigration policies that makes it easy for foreigners to work in Singapore if there is a sharp drop in support for the PAP.

These policies underpin the attractiveness of Singapore as a regional hub for trade and manufacturing and as a major global centre for banking and finance, the major reason for its transformation from a colonial port to a shiny first world city-state.

And despite the recent setbacks and the barrage of criticism it faces over the Internet, most observers expect the PAP to retain its huge majority.

"The older Singaporeans have seen the transformation of Singapore from Third World to First World. For this group, the PAP's performance legitimacy appeals to them," said Eugene Tan, an assistant professor of law at Singapore Management University.

Tan also noted that the PAP will get a boost from the many recent migrants to Singapore. According to the Straits Times, nearly 90,000 people became citizens between 2006, when the last general elections were held, and last year.

"They are impressed by the Singapore story which is largely responsible for their sinking their roots in Singapore," he said.

At most, other analysts say, the opposition will win one or two multi-seat constituencies and perhaps one or two single-seat constituencies.
There may be a drop in the percentage of votes for the PAP from the last election, but since people are elected on a first-past-the-post system, the number of seats may not be materially affected.

"In the overall picture, the PAP would still be in power," said Chua. "There would be a lot more debate, that's all."

(Additional reporting by Walter Sim; Editing by Nick Macfie)

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