

Prime Minister's National Day Rally Speech

Developed Country Status

The OECD has graduated Singapore to developed country status from next year. But we will not be popping champagne. For we are developed only in per capita income terms. We are not yet a truly developed country like Switzerland or the United States. It is like being pushed out of the Malaysia Cup to compete in the World Cup Finals, not the S-League. What was enough to win us a top position in the league of developing countries and NIEs will not be enough in this top league of advanced countries.

I asked the Ministries and key statutory boards for their comments on the implications of being classified as a developed country. They all emphasised that we are not in the same class as mature developed countries. We lag in terms of educational level, skills, productivity, technological know-how, and the strength of our companies.

Take for example, the educational profile of the labour force. Only 10% of the Singapore workforce have a university education. Japan has 17% and the US 25%. On the other hand, 74% of the Singapore workforce have only a secondary education or less. Japan has 22% and the US 14%. So when companies want to upgrade and employ people with higher skills, many Singaporeans do not have enough schooling to be employed.

Last year, the World Competitiveness Report ranked us as the second most competitive economy in the world, after the US. But look closer. Our workers are on average less than half as productive as the Swiss or Japanese. We ranked 20th, behind most developed countries. This is partly because our worker turnover is high. Here we ranked 37th, worse than many of our Asian neighbours. When workers do not stay on the job long enough, they fail to become proficient, and management has little incentive to invest in their training.

By international standards, our companies are small: not one Singapore company appears on the Fortune magazine's list of 500 largest corporations in the world. In contrast Japan had 149; South Korea, 8, and Switzerland, 14.



Arriving but not quite there yet. Singapore still faces formidable challenges even as it is conferred developed nation status [MITA].

Competition with Developed Countries

Singapore used to offer a “high OECD standard of business environment at low Asian costs”. But we are moving towards OECD costs. We are no longer seen as a low-cost production base. A Nomura Research Institute study reported that more mid-sized Japanese companies looking for expansion in Asia are giving South Korea, Taiwan, Singapore and Hong Kong a miss. China and Vietnam are their new favourites.

The President of Shimano, who makes mountain bikes and fishing equipment, told Lim Boon Heng that Singapore engineers draw the same starting pay as Japanese engineers. After three years, Singapore engineers earn more than their Japanese counterparts. After ten years, if they stay that long, Singapore engineers earn about 30% more than Japanese.

I have also learnt that our professionals and executives earn up to 50% more than their counterparts in the UK. A shipping clerk in Liverpool gets less than a similar person in Singapore. A futures broker in New York with ten years' experience costs less than the same person in Singapore with only five years' experience.

Our professionals and executives are now paid world-class wages. Fortunately, other costs in Singapore are cheaper. Our tax rates are low: as low as half the rates in some OECD countries. Also wages for production workers are lower than in OECD countries, although they are rising steadily. So overall, we are still attractive, particularly to high-tech industries.

Our competitors now include developed countries. EDB has had some success attracting wafer fabrication plants to Singapore. Wafers are the silicon semiconductors which go into computer chips. But EDB has also lost some projects to other countries offering attractive tax incentives, cheap land, and even outright cash grants. One project went to Dresden, in the former East Germany, where unemployment is high, and the government is desperate to create jobs. Another went to Portland, Oregon in the US. A third went to Britain.

Competition with NIEs

On the other side, we have to watch out for lower-cost, fast-growing emerging economies like Malaysia and Thailand. Singapore makes more than 40% of the disk drives in the world. But Hewlett Packard, Quantum, and many other manufacturers of high-end drives have invested in Penang. And now disk drive makers are starting to invest in China. Conner Peripherals is already in Shenzhen. Seagate is also setting up a factory in Wuxi. Our disk drive industry can expect stiff competition.

What can Singapore do?

We are now competing in a different league. Many competitors are stronger than us. For example, we have 6,600 research scientists and engineers, against one million in the US, 500,000 in Japan and 77,000 in South Korea. We are not the biggest or most powerful, but we can be amongst the top competitors if we are agile, determined and psychologically ready for big tournaments.



Singapore has only 6,600 research scientists and engineers against one million in the US, 500,000 in Japan and 77,000 in South Korea [MITA].

To take a tennis example, Michael Chang does not have the reach of Pete Sampras or the build of Boris Becker. He may not be the world's number one, but he will be there among the top players, because of sheer determination and mental toughness. We must compete with the same tough attitude.

We will invest more in our students, and in teachers and teaching. We will also invest more in workers through continuing education. Lim Boon Heng has been urging me to do this. He argues that with the fast pace of technological change, a worker has to re-learn his skills possibly 6 to 7 times in his working life. I agree. He will lead a committee to study how to build a better infrastructure for widespread continuing education.

Next, we must maintain our reputation for honest and efficient government. We have not tolerated corruption in Singapore from the beginning of PAP Government in 1959. This is a major competitive advantage, which offsets our other limitations. BERI's latest report on Singapore noted that

“Despite labour shortages at all skill and education levels and unit costs, the honest and efficient government combined with the best business infrastructure in Asia continues to attract multinational corporations.”

The Political & Economic Risk Consultancy (PERC), ranked Singapore as the cleanest of 11 Asian countries. Fortune magazine reported this, and showed a chart looking like a thermometer, which it called the “Asia Corrupt-O-Meter”. Singapore was right at the bottom, the least corrupt. Next came Japan, then Hong Kong.

However, compared to developed countries, Singapore does not stand out as much. The University of Göttingen in Germany studied business practices in 41 countries. In descending order, the five most honest were: (1) New Zealand, (2) Denmark, (3) Singapore, (4) Finland and (5) Canada. Singapore was the only Asian country in the top ten. But Singapore only came third, not first.

There is no reason why in terms of the honesty and integrity of our system, Singapore should be second to any other country. We should capitalise and build on this strength, and maximise the value of this most valuable economic asset — an honest and efficient government. Let us strive harder to make

Singapore the most corruption-free society, with the most competent government, in the world. It will pay off in investments, in growth, in jobs for you, and in the respect which other countries have for Singapore and Singaporeans.

To maintain these high standards, in a booming region offering abundant opportunities for able men, we must pay Ministers realistically. Otherwise to save a few million dollars a year, we will lower the quality of Ministers, and compromise the whole system. Once corruption has infected the top layers of government, it will be impossible to restore the present clean standards without a revolution.

The first generation old guards were a special generation, the product of a world war and the anti-colonial revolutions that followed. Subsequent generations of leaders must uphold the values they have ingrained in our society.

To become a developed country, and to succeed in the top league is the big challenge beyond Vision 1999.

Constraints and Vulnerabilities

We have overcome great odds to stand at the threshold of a developed country. But our constraints and vulnerabilities are still there. They will always be there.

Recently, I met several groups of Singaporeans — young executives and professionals, national servicemen, union leaders and taxi-drivers — and shared with them my priorities and worries.

I started with a geography lesson. I showed them a map of

South-east Asia which marked out the boundaries of Malaysia, Indonesia and Singapore. Many had forgotten their geography. They never realised that Singapore was that small. They were awed by the size of Indonesia. Do you know that Indonesia from east to west is as far as from Singapore to Tokyo? Do you know that between last year's National Day Rally and now, one Singapore has been born in Indonesia?

My dialogue audience had also forgotten that the moment you take off from Changi Airport, you are flying in someone else's airspace. Next time you fly, take a look out of the window. You will see either Johore or Batam, but not Singapore.

Flor Contemplacion Episode

The hottest topic during the dialogues was Flor Contemplacion. The participants felt that the Filipino people and press vilified us because they saw us as a soft target: tiny, helpless and rich. If we were as big as Indonesia, or even Malaysia, they doubted whether the Philippines would have cursed and sworn at us.

You remember how Indonesia got the Philippines to keep out the East Timorese from a Manila conference on East Timor last year? When the organisers announced they were going to hold an "Asia Pacific Conference of East Timor" in June 1994, Indonesia asked to have the conference cancelled. It protested that it was a political campaign by exiled Timorese to undermine Indonesian sovereignty over East Timor. The Philippine government said that it could not interfere.

Indonesia then signalled its displeasure. It suspended the second meeting of the Philippines-Moro National Liberation Front peace conference, which was to be held in Jakarta. It threatened to hold a tit-for-tat conference on the MNLF in Indonesia. 250 Indonesian delegates withdrew from the East ASEAN Business Conference in Davao, forcing its postponement.

Former Philippine Foreign Secretary Raul Manglapus led a special mission to Jakarta to mollify the Indonesian Government. President Suharto refused to see him. Indonesian Foreign Minister Alatas, who did, warned him that unless the Philippines stopped the Conference, relations between the two countries would be affected.

President Ramos subsequently issued a decree prohibiting foreigners from attending the Conference, including East Timorese dissident leaders. The Conference went on, minus foreigners. The Philippine press criticised but did not abuse President Ramos and Indonesia.

On Flor Contemplacion, the Filipino people, egged on by the Philippine media, went into national hysteria. President Ramos sent me several video cassettes and thick files of newspaper cuttings, to let me appreciate the mood, and his predicament.

At first I was outraged by their media's lies, distortions, fabrications, and total irresponsibility. But as they went on I decided it was a waste of time and energy to get angry. The Filipinos and the Singaporeans are totally different people. We have different cultures and political systems. Some of their journalists are a special breed from the wild west of



Burning rage: Filipinos, egged on by their media, went into a national hysteria over the Flor Contemplacion affair [Reuters].

cowboy movies. The media stories would have been hilarious, except that the Filipinos believed them and consequently damaged bilateral relations.

An Anthropology Professor from the University of the Philippines described how the 'Police strangled Maga'. The newspapers reported that Flor was 'raped' and 'tortured', and was forced to lie inside a 'coffin with dry ice' to make her confess. Lee Kuan Yew directed Jayakumar to arrest Flor and force her to confess to the murders because Nicholas Huang was Lee's 'favourite nephew'.

A columnist wrote in the Manila Standard (14 March 95),

“I imagine the Singaporean executioners recycle the ropes on which convicts have died. I bet they have auditors who check the ropes to see if they are still usable — and impose fines on prison authorities who are too ostentatious in their purchase of ropes for the gallows”.

Opposition politicians, church leaders, an ex-Supreme Court judge, an ex-President, an ex-President’s son, everybody got into the act. This was election time, democracy Filipino style.

We Singaporeans found these stories absurd. We wondered how anyone could believe them. But we did not understand the Filipinos have different reference points. We are used to our standards of law and order, thorough police investigations, and honest courts. We forget that most Filipinos have no idea what Singapore is like. They were judging us from their experience.

Later I read a PERC report on Philippines’ legal system. It said:

“The Philippines under the late dictator Ferdinand Marcos had a completely cowed legal system that was powerless to check rampant abuses ...

“When it comes to litigation, the road to a just decision can get bumpy because political influence and corruption often

block the way. ... There is a widespread belief that winning a case often depends largely on how well an attorney or client knows a particular judge and not on the facts or the evidence. Past favours and family connections are the most frequently cited points of influence ... Judges and lawyers involved ... play out a game of subtle signals and nuances through which bribes are offered.”

This was why the Philippine public believed the bizarre media stories. Given what they were familiar with, the stories were quite believable. The same report added that the Philippine judiciary had regained some of its integrity under President Ramos. But the change has not been long enough for the Filipinos to have new reference points. Marcos ruled for over 20 years and President Ramos has been in office for only 3 years.

I sympathised with President Ramos. He has brought stability to the Philippines, and got the economy going. Investments were flowing in, creating jobs. He was not against Singapore. But he faced ruthless political opponents, and a press whose primary interest is circulation, not President Ramos' national agenda. He had an important election coming. We had unknowingly given his opponents ammunition to use against him. I instructed MFA to exercise maximum restraint so as not to worsen matters for President Ramos.

Had President Ramos intimated to me his predicament, we might have played it differently. We might have called up the

witnesses with the so-called “new evidence”, questioned them, exposed them as liars, and charged them for perjury. We had carefully studied the police and court records, as well as the so-called new evidence. We never doubted that Flor Contemplacion received a fair trial and was rightly convicted.

Now that the Third Party Panel of Experts has finished its work and both governments have accepted its findings, we should draw the important lessons from the Flor Contemplacion episode.

The first is Singapore’s vulnerability. People may attack us with impunity because there is little or no cost to them. This was in fact the view of one of the few objective Filipino commentators. He wrote in the Manila Standard that Singapore was chosen for bashing because it was a

“tiny state and therefore not a threat to Philippine security ... while the Arab States, where most of Filipino Overseas Contract Workers (OCWs) go, and where most atrocities against them are committed, could do harm against this country by way of sanctions, like an oil embargo, even assistance to the Muslim secessionist movements in Mindanao”.

Second, external events can affect our tranquillity, suddenly and without warning. In the Flor Contemplacion case, domestic Filipino politics and their OCWs issue got the Filipinos excited and turned against us.

Third, this will not be the last time Singapore comes under external pressure. If Singapore leaders panic and buckle

under pressure, that's trouble for all. They will not be able to control damage through quiet, firm diplomacy.

Fourth, when the country comes under attack from outside, close ranks and repel these unjust attacks. Do not let their Singapore collaborators add fuel to the fire.

Lastly, the government, our key institutions and how we conduct ourselves must always be able to bear up to the closest scrutiny.

If we do all these, and treat foreigners and Singaporeans alike under our laws, the truth will eventually emerge and the world will judge for itself our standard of national behaviour.

President Ramos has abided by his agreement with me to accept the outcome of the Third Party Panel of Experts. He has had the grace to acknowledge that his NBI was wrong. He has expressed the wish to leave the episode behind us and move on. That is good enough for me. The Government did not ask the Philippines for an apology. What more is there to say? I agree with what President Ramos said, "Let's move on." Singapore and the Philippines should work together in ASEAN to achieve common goals. We are ready to repair the damage to our bilateral relations if the Philippine Government, people and the media are.

Biases of the Western Press

The Western, mainly American, media regularly attack Singapore for being undemocratic, for not respecting freedom of the press, for restricting human rights. They criticise our

media for being docile and subservient. They urge us to follow the example of countries like Thailand and the Philippines, which they praise as democratic and open. Their press is freer than ours, and their party politics is more adversarial, with no dominant party and strong opposition parties.

But the Western media are selective in their reporting on countries which conform to their model. They play down stories which go against their ideas of democracy and a free press.

Coverage of Philippine Media Excesses

For example, in the Contemplacion case, the Western media covered up the excesses of the Philippine media. They did not report how the Philippine media worked the whole country into a frenzy by wild and irresponsible reporting. Having praised the Philippine press as “free and democratic”, they could not condemn it when it went berserk against Singapore. Only two articles, one in the Asian Wall Street Journal and another, in the Far Eastern Economic Review, reported the facts, but even then only in sorrow and not with disapproval.

Some Philippine journalists have recently done a self-criticism of the way they covered the Contemplacion case. They admitted that they went overboard, became emotional, and failed to check basic facts before going to town with them. But the Western media: Time, Newsweek, IHT, Washington Post — all said nothing about the spectacular malfunctioning of this “free and democratic” press.

The New York Times went further. It repeated fictitious reports from the Philippine press as if they were true. William Safire took the Philippine side and condemned us. He called our three US consultants “dry-bone experts in the pay of Singapore”. The three pathologists wrote to the New York Times to protest. The New York Times censored their letter before publishing it, to omit the most damaging parts. These parts said:

“The disturbing fact that neither Mr Safire nor any New York Times reporter ever attempted to contact the three of us certainly suggests some journalistic bias, not to mention obviously deficient investigative reporting.”

“... in dismissing out-of-hand the work that we did, and in cynically demeaning the critical roles of forensic scientists in determining the cause of death and numerous other relevant issues surrounding the circumstances of Maga’s death, your newspaper has violated our rights, and in essence, has performed the same kind of hatchet job on us that you have accused the Singapore government of performing on Contemplacion.”

Why did the New York Times, the champion of press freedom, suppress these passages?

Having prominently covered the controversy, the New York Times failed to report that the Third Party Panel of Experts

had upheld the Singapore pathologists' findings. Mr Safire too remained silent. Truth was their victim.

Some people have advised me to ignore Mr Safire and the New York Times. They argued that they were not known to most Singaporeans, and would have no impact on Singapore. But we cannot. That would diminish our standing with our friends and neighbours. Mr Safire is unimportant, but the New York Times is a prestigious, influential newspaper. It is read by US congressmen, government officials, businessmen, and the intellectual elite. And its international edition, the IHT, is read by the elite in the region.

If we do not nail the lies and distortions, the New York Times will do Singapore grave harm through its misinformation and jaundiced reporting. Even Singaporeans will be misled, for local stooges of the Western media like Dr Chee Soon Juan will echo Safire's unchallenged lies as proof that we are guilty.

Coverage of Thai Elections

Democracy evolves differently according to the different conditions of each society. In Singapore, we eschew money politics. But money politics is the accepted way in many other democracies.

Reuters, reporting on the recent Thai elections, said:

“Money dumping to fish for votes and the ‘right’ candidates is an election ploy used the world over. But in Thailand it is an open secret.”

As the Bangkok Post noted:

“... for a great number of parties the common language will be the bank notes. Ideology is for the birds.”

The Thais themselves view their money politics with understanding. Their newspapers discuss the goings on openly and good humouredly. They described two stages in Thai money politics. First shower cash on candidates to get them to join a party, to increase the party's chances of winning seats. Then “offer hard cash, food, favours, perks, and a host of other goodies to sway village headmen, local party bosses and voters at large”.

The newspaper explained the three grades of candidates:

Grade A candidates: certain to win.

Price — 8 million baht (\$440,000).

Grade B candidates: 80 percent chance of winning.

Price — 5 million baht (\$275,000).

Grade C candidates: 60 percent chance of winning.

Price — 3 million baht (\$165,000).

Former Prime Minister Chuan Leekpai said that buying of MPs was not illegal, but he was against it. The chief representative for Crosby Research in Bangkok remarked:

“Certainly there seems to be an active market for MPs who are likely to win their seats ... but it's not a listed market.”

Pollwatch, a Thai organisation whose mission is to ensure fair and free elections, estimated the price of a vote at between 20 to 500 baht (S\$1.10 to S\$27.50), depending on the constituency and candidates. One Pollwatch official said, "They will buy whole villages. It's like carpet bombing carried out by the US Air Force in Vietnam. It's total. No villages will be spared".

The positive note is that parliamentary politics is taking root in Thailand. As a Thai academic from Chiang Mai University wrote in the Business Times (29 July):

"... the vote-buying ... has enabled villagers to find new ways of securing 'resources' from parliamentary politics ... [It has] not only financially benefitted voters but has also politicised those at the village level to learn to take part ... in the political process. ... Slowly, parliamentary politics have emerged and have been accepted at the grassroots level".

Coverage of Taiwanese Elections

Vote buying is also a problem in elections in Taiwan. Voters expect payment because they claim they have to stop work to vote. The speakers of local assemblies pay fellow assemblymen as much as NT\$3 million (US\$113,000) each for their support. Local officials who buy votes for candidates are called "table-legs". To its credit, the Taiwanese Government is cracking down on vote-buying. Many assemblymen and county speakers have been arrested and convicted.

Filipino, Thai or Taiwanese politics must be different from Singapore's because their histories, cultures and societies are different. The Philippine example shows that in a different culture, a "free and democratic" press does not fit the Western theory that in a free marketplace of ideas, the truth emerges triumphantly from the clash of opposing views. The Thai and Taiwanese experience with money politics shows how the Western media's model of democracy really works in an Asian country.

But you will not learn this from the Western media. They have never taken issue with money politics in Thailand, Taiwan and even some developed countries. They label these countries as democratic, and treat vote-buying as a normal part of their democracy. But they brand the Singapore Government as dictatorial, and rail against the alleged lack of democracy in Singapore, when the PAP wins 60% without buying votes.

Why? Because we do not conform with the Western media's ideas of democracy. But they do not deceive us. Nor do they deceive investors, who keep on investing in Singapore.

Singapore's Pragmatic Democracy

Singapore has to find its own way forward. We are an Asian society. But we have inherited the Westminster system of Parliamentary democracy of the 1950s. It includes free, fair, regular and clean elections, no money politics, an independent judiciary, and a free but responsible press.

These fundamentals will not change. But over the years, we have adapted the Westminster system to suit our needs. For example, we introduced Group Representation Constituencies, Nominated MPs, and the Elected President.

Singapore's democracy will continue to evolve as our domestic conditions and international environment change, and as new generations of Singaporeans grapple with the challenges of being a small country in an uncertain world.

We are a pragmatic people. We adopt and adapt the good features of systems which are working well in other countries. We have learnt from Switzerland and Israel, Japan, the US and Britain. We have adopted much from the West, especially Britain. We have not modelled ourselves on the US, because our colonial roots are in Britain.

But for the last 10 years my colleagues and I have been dismayed to observe the damage done to Western countries by their increasingly irresponsible press, excessive individual liberties, and wrong welfare policies. We decided that the Japanese system was more appropriate for us. Japan is an Asian society with strong communitarian values. Its opposition parties are not destructive. The Japanese press is free but responsible. It protects and advances the national interest. It does not go all out for circulation and advertising profits, regardless of the harm to the country.

The test of Singapore's democracy must be: Does it fit us, our people and conditions? Does it work for Singapore, and serve the interest of Singaporeans? The test cannot be some abstract ideal which Western media and human rights groups think we ought to conform to. And Singaporeans, not foreign

groups who are accountable to no one, must decide what political system works for us. We have to work the system and face the consequences if it fails.

These media and human rights groups are the present day equivalent of the old Christian missionaries, only they are not as noble-minded, dedicated and self-sacrificing. The good ones mean well, but most are partisan and ideologically blinkered. They do not know how to leave well alone. They pressed for human rights for Iran, withheld support from the Shah, and now lament having to deal with a more implacable group of Ayatollahs.

Singapore's experience with human rights groups was when we found Asiawatch had aided and abetted Francis Seow to deceive our courts. They provided Seow human rights doctors to certify falsely that he was too ill to fly back to Singapore to face trial. The deputy public prosecutor produced photos and other evidence to show him travelling all over America. But they brazened it out. Francis Seow is now a fugitive from justice. But the US media and human rights groups call him an exiled dissident. And they provide Seow with a Harvard postal address! When we asked what legal papers Seow had written or published, there was no reply from the Harvard Law School. Are lying and cheating universal human rights?

We do not seek to change the way others live; we only ask to be left alone to choose how we want to live. We cannot be all that wrong to have made the progress of the last 36 years, not only in the economy but also in ever higher educational, social and political standards. So why have we had so much trouble with Western, and particularly American, media and

human rights groups in recent years?

The reason is they want Singapore to change. They want us to throw open everything and remove our OB markers, like they got South Korea, Taiwan and the Philippines to do. They believe that now that Singapore is developed, it should have a press like theirs, or like the Philippines', which they praise highly. It should have strong opposition parties, interest groups and lobbies to check and box in the government and create gridlock, just like in the US. And if Singapore should have MPs fighting in Parliament or frequent street demonstrations, that is quite normal. It will just confirm that this country has finally become a mature democracy.

They call these universal values. But really these values derive from the unique American experience. A small group of Europeans took with them the superior technology of the time and landed on a rich but sparsely-peopled continent. With more European immigration, capital and expertise, they turned America into the wealthiest and most powerful nation in the world.

They want Singapore to become like them. They believe that this will be good for us. But they also want us to do it as a moral imperative, because this is the way they are and we should be. Even more important, they want to point to Singapore as another successful example of a free democracy besides the Philippines. It will help their missionary cause, to change the rest of the world in their image.

We have reservations. No other country can repeat what the US has done, certainly not Singapore. We are an island, not a continent. We have no safety margin for mistakes. For

example, occasionally some city in America has race riots. The rest of America is hardly affected. But a single race riot in Singapore would be a national disaster.

During the Cold War, the US cooperated with friendly countries on the principle of non-interference in each other's internal affairs. The priority was to counter the common threat, which was the Soviet Union. Other differences had to be put aside, at least for the time being.

Now the Soviet Union has disintegrated. US attitudes towards friends like Pakistan and China, and even allies like Japan and Britain, have changed. Some Americans now say that the US can only be true friends with those who share its fundamental values. Otherwise, even if the US shares economic, security, or strategic interests with a previously friendly country, it is not enough. So their media and human rights groups pressure Singapore to follow American practices before we deserve their approbation and praise.

Mr Winston Lord, the US Assistant Secretary of State for East Asian and Pacific Affairs, denied this. He told the Asia Society in Washington, in July,

“America is not on a crusade to impose its system on other countries. That would be arrogant and not to mention hopeless. [But] we do believe there are some universal human rights that everyone should respect ... and we do believe that there are some universal aspirations for freedom”.

On this, the Chinese are sceptical. The PRC Finance Minister, Liu Zhongli, said in 1994,

“The US maintains a triple standard. For their own human rights problems, they shut their eyes. For some other countries’ human rights questions, they open one eye and shut the other. For China, they open both eyes and stare”.

An American friend thought we were foolish to stare back at the US media. He quoted an American saying, “Never take on those who order ink by the barrel”. But for Singapore to succeed, we must be prepared to stand up and withstand the verbal lashing of the Western press. We are not doing anything wrong or evil. We are not suppressing the truth. We have a decent, disciplined, God-fearing society.

In 10 years, if WEF, BERI, or PERC continue to rate us highly, the Western media and human rights groups will have some explaining to do. On the other hand, if by then the Philippines, Taiwan and Korea have become better societies than Singapore because they have followed the US model, we will hurry to catch up. 10 years is not too long to see the outcome.

Western journalists who vilify Singapore do not represent world opinion. Even among Americans, many have visited Singapore, lived or worked here, or cooperated with us at APEC or the UN. They know that the media image of Singapore is a travesty of the truth. I have received letters of support against Safire from Americans, including professors.

Singapore's standing with its Asian neighbours is high. Singaporeans who do business in China and Vietnam know that they hold Singapore in high regard. The Chinese, Japanese and Korean press are unimpressed by the Western media attack on Singapore. Serious Taiwanese journals like the United Daily News and Commonwealth Monthly reflect this different Asian attitude. The Japanese media often interview me and my colleagues. They regularly invite the Senior Minister to Japan as keynote speaker or TV panellist.

Mr Norio Ohga, Chairman of Sony, was in Singapore in May, for the launch of Senior Minister's CD-ROM. He told Lianhe Zaobao [16 May 95],

"I told many people that Singapore is a near ideal country. Many countries must learn the Singapore way.

"I came to Singapore in 1954 for the first time. I have been to Singapore not less than 10 times. I witnessed its transformation from a British territory to present day Singapore. I really think Singapore is a wonderful, well-organised and well-governed country."

Other Asian countries are studying the Singapore experience. The Indonesian Times reproduced almost in full my speech at the 150th Anniversary of the Straits Times, explaining our view of the role of the media in nation building. The Vietnamese translated Senior Minister's speeches for compulsory reading by their cadres.

Korean TV has been reporting on how we have maintained a clean administration and an orderly society. Over the last 5 years, Korea has sent 1000 officials to study our system, including 22 to study CPIB. This year, they asked to send 4,000 over 6 months. We could accept only 200. Hundreds of PRC delegations visit Singapore each year. India has also asked us to share our experience with them.

Why does Singapore attract so much attention from the American media, when so many other countries in Asia are, by American standards, less "democratic" than Singapore? It is because if we continue to do better, following our pragmatic and eclectic methods, than their model countries: the Philippines, Taiwan and Korea, then they will face a problem winning new converts. And at some time or other they hope to convert China, the biggest prize for a political missionary.

One American academic told George Yeo that some liberal intellectuals in America want Singapore to fail and the Philippines to succeed. If Singapore fails, then soft authoritarianism, which is how they describe our style of government, will be proven a failure. If the Philippines succeeds, they can use its success to pressure other countries to adopt their brand of individual liberties, adversarial democracy and unrestricted freedom of the press.

This is an extreme view. I do not believe that it reflects the Clinton Administration's policy, although we have picked up similar sentiments from individual American specialists on Asia. They want Singapore not so much to fail, but to be proved wrong. They want us to change to their system and credit our success to their ideas of democracy

and human rights.

In fact, they over-estimate Singapore's influence. The future of China, the most populous nation in the world, will not depend on the experience of a tiny city state with a population one quarter the size of Shanghai. China will evolve according to its own dynamic. China cannot become an American style democracy.

Despite our differences with the US over values and our problems with their media and human rights groups, Singapore is still convinced that the US is a benevolent power with an important role in Asia. A strong US is good for Asia.

America faces difficult internal problems. Many thoughtful Americans are very worried. Bill Bradley, a well respected Democrat senator, has just announced that he will not stand for re-election, because he says the US political system is broken at a basic level, and people have lost faith in the political process. There is a growing grassroots movement in America to reverse the wrong policies of the last 30 years. If America succeeds in this renewal, peace in Asia will be more assured. If America declines, there will be trouble for us all.

We will adopt and adapt those aspects of America which make it a better country than others. Their scholarship and R&D, their medical excellence, their enterprise culture which throws up so many talented entrepreneurs like Bill Gates of Microsoft, are unequalled. Americans are generous in transferring technology and know-how to others. Their MNCs are keen to train local talent in the countries they invest in, and promote them to senior jobs without reservation.

We used to send most of our top students to British universities. Now we are sending more to good US universities. The top US universities are now the best in the world. But we also want our best students to network with bright young Americans, just like an older generation of Singaporeans who studied in the UK did with the British.

We must continue to cooperate with the US, not as a favour done by one side for the other, but for mutual benefit. That was the basis for cooperation in the past, and must remain the basis for the future.

Strategic Backdrop

We must see the Western interest to “democratise” other countries with so-called authoritarian governments against the strategic backdrop of geo-politics.

Until very recently, Asia looked set for an unprecedented period of stability, growth, and progress. The crucial triangle of Japan, China and the United States looked stable, despite some frictions. Now, suddenly, one vital side of the triangle is wobbling. US-China relations are at their lowest since the two countries normalised ties in the 1970s.

The US and China are at odds over many issues — human rights and democracy, trade, missile non-proliferation. Now, after the US allowed Taiwan’s President Lee Teng-hui to visit Cornell University, Taiwan, the most sensitive issue of all for China, has become a problem between China and the US.



Taiwan President Lee Teng-hui (right) receiving a US Congress resolution encouraging his visit from Senator Jesse Helms. His visit sent US-China relations on a downward spiral [Reuters].

Taiwan has a successful economy. It is becoming democratic in the American image, emphasising individual rights. Next year, for the first time, it is holding direct elections to elect a President. As Taiwan becomes more self-assured, its demand for greater international political recognition will be difficult to ignore.

On the other hand, Western countries regard China as dictatorial and repressive. China's rapid growth makes it a long term rival to the US for influence in the region. The West wants Taiwan to succeed, whereas it wants China to change its political system.

China believes that Taiwan is edging towards independence. Taiwan denies it, but does all it can to increase its

international space. Immediately after President Lee Teng-hui visited the US, Premier Lien Chan visited several East European countries. Taiwan has also offered to contribute US\$1 billion in order to join the UN.

China suspects that the US wants to use Taiwan to encircle and isolate it. It wants the US to pledge not to allow any more visits by President Lee Teng-hui to the US. The US has refused. With a Presidential election due next year, no US President can afford to be seen to cave in to this Chinese demand.

Some Americans openly advocate confronting and containing China. They want to revoke China's MFN status, or work with Vietnam against China, or even turn ASEAN into an anti-China club.

An IHT article (16 Aug), which was not hostile to China, said that

“Unless China breaks up after Mr Deng dies, or suffers Soviet style economic implosion, tensions between the two countries seem fated to grow.”

Newt Gingrich, the Speaker of the US Congress, said that the US could do many things to make life harder for the Chinese Government, and should support Taiwan as a free and independent country. Later he backtracked, saying,

“I was trying to rattle their cage, to get their attention. I don't think we should recognise Taiwan.”

The US Administration denies any intention, much less

secret plan, to contain or break up China. It says it wants to engage China constructively. But China will not be easily reassured. They say that words only count if translated into deeds, and watch every move in America suspiciously.

Meanwhile, China is putting pressure on Taiwan. It has strongly attacked President Lee Teng-hui, in person. It held what it called routine military exercises off the northern coast of Taiwan, and fired six missiles into the ocean. This disrupted civil aviation between Taipei and Seoul, and forced Taiwanese fishermen to stop fishing for a whole week. The Taipei stock market dropped. China is now testing more missiles.

Taiwan is considering holding major military exercises to coincide with their national day on 10 October. China is conducting large-scale tri-service military exercises, including amphibious exercises, in the provinces facing Taiwan, to celebrate their national day, 1 October. Singaporeans who travel to Fuzhou, in Fujian province, report that for the first time, Fuzhou airport is crowded with fighter aircraft.

If China-US relations fail to stabilise, it will start a second Cold War, affecting the whole region. What scenarios will develop? I have come across two perceptive analyses, one by Henry Kissinger, and the other by William Overholt, author of "The Rise of China".

Kissinger visited China in June. After returning he testified before the US Senate Foreign Relations Committee. He warned that Beijing and Washington were on a collision course. Relations were "in a free fall". If continued, this would prove extremely costly to both sides, and would threaten international stability and progress.

Some Americans think that good relations with China are less important now that the Soviet Union has collapsed. Kissinger called this a “dangerous argument”. He said that Beijing sees the Taiwan issue as a challenge to its territorial integrity. If China sees Washington promoting a two-China solution, it will use force to prevent it, even if this sets China’s development back by many years.

Kissinger believed that a US policy to contain and isolate China would fail. Containment depends on cooperation from many countries. But unlike in the Cold War against the Soviet Union, this time no country would help the US to contain China, except maybe Vietnam.

But Kissinger thought that to use Vietnam to contain China was ridiculous, and disastrous. For two decades the US had done exactly the opposite — cooperated with China to counter Vietnam. China would try to organise Asian nations to oppose America. Every Asian country would be forced to take sides. America’s influence over Japan would dramatically decline. Korea might turn into a tinder-box. Nations which want to dominate others, or have territorial claims, would sense new opportunities. Kissinger warned,

“there is a school of thought holding that China will in the end recoil or perhaps even collapse as the Soviet Union did. I do not believe in the analogy, and I warn against playing chicken with the fate of nations.”

William Overholt, in a paper for the Bankers Trust Research on “China After Deng Xiaoping”, agrees that the greatest risk

was “warfare or near-warfare over Taiwan”. He believes that if Taiwan moves toward independence, Beijing would blockade Taiwan. The PRC does not have to defeat Taiwan’s navy. It just needs to sink one cargo ship bound for Kaohsiung and all other freighters will turn away.

Overholt reasoned that to intervene, the US will need logistics support from its bases in Japan and South Korea. Both countries will be horrified to be drawn into war with China. They will have to calculate: China will always be their giant neighbour, but the US may not be around forever to protect them, because that will depend on US domestic politics and the strength of the US economy. So Japan, and probably also South Korea, may well break their alliances with the US rather than be dragged in. The result would be effectively to expel the US from Asia. China would be intensely hostile and indignant. Japan would feel betrayed and divorced by a partner of over half a century.

I quote Overholt:

“From there, the scenario can play out in many ways, but in any form it is potentially catastrophic. It creates a hostile Asian combination in confrontation with the United States, and it would isolate the United States from Europe ... [and] rend the world trading system. It would remove the U.S. as a buffer and mediator from all the major Asian conflicts such as North and South Korea, and most importantly Japan and China, and thereby would greatly increase the risk of warfare

in Asia. The Taiwan dispute would be settled, one way or another, by force of arms, ... The pacific and prosperous order that has reigned since China became a conservative power and the Soviet Union collapsed would be finished. ”

The pacific and prosperous order would be finished — ominous words, ominous scenario.

There are other dangers to peace in the Asia Pacific. China and several ASEAN members have conflicting claims over the Spratlys. Recently, China built what it said were shelters for fishermen on Mischief Reef, which is also claimed by the Philippines.

A naval clash in the Spratlys cannot be ruled out. In July, the Philippines sent an LST, carrying a helicopter and journalists, to photograph and write about the Chinese shelters on Mischief Reef. Chinese “Fishing Administration” vessels and navy frigates intercepted the Philippine LST. The Philippine General in charge of the LST said, “We were eyeball to eyeball. We did not blink.”

China has privately said that it will not be the first to open fire, but if the other side fires, China surely cannot sit still and wait for the second shot. The next time a Philippine LST meets a Chinese frigate near Mischief Reef, someone may have to blink. Whether the US 7th Fleet is nearby may be decisive.

A clash over Spratlys involving an ASEAN member will send shock waves throughout the region. Will the US Seventh Fleet get involved? Will other ASEAN members be drawn in?

We must keep these dark scenarios at the back of our mind. They may not happen, but they can. Even if tensions fall short of armed conflict, they will spread apprehension and caution over the region. If US-China relations worsen, China's rapid growth may halve. The rest of East Asia will also slow down. Singapore may fail to transit successfully to become a developed country. If there is an earthquake, Singapore cannot escape the after-shocks.

Edusave Merit Bursaries

The more uncertain the strategic backdrop, the more we must make our economy competitive, vis-à-vis the NIEs and the developed countries. This is the only way to compete in the top league of developed nations.

Education is a key factor in our competitiveness. At the national level, it raises the quality of our workforce. At the individual level, it helps every citizen to get ahead. Education is also the way to level up poorer Singaporeans, and help them raise their standard of living. When their children do well in school, and go on to succeed in life, their families will succeed with them.

This year's top Technology graduate in Singapore Polytechnic, Ng Kian Ann, comes from a humble background. His father is an odd job labourer, his mother a housewife. They live in a rented HDB 2-Room flat. Through hard work and support from his parents, he won the Lee Kuan Yew Award.

Another example is Mohamad Farid, who was the top PSLE student in 1990. His family lives in a simple HDB 3-Room flat.



Education is a key factor in our competitiveness at both the national and individual levels [MITA].



He wanted to go to Raffles Institution, but could not afford the school fees. With help from Mendaki, and an RI Entrance Scholarship, he entered Raffles Institution and scored 9 'A1's at 'O' levels last year.

Singapore is a meritocratic society. Success depends on how able you are, not how much money you have. Talented people rise to the top regardless of family background. Government scholarships and bursaries have helped many able Singaporeans from poor homes to do well in their studies, and gain a headstart in life. The Government will give all the help it can to able children from poor homes. No impediment should prevent talent from rising to the top.

However, Singapore society is maturing. Many able families who used to be poor have already taken advantage of the abundant opportunities over the last 30 years, and moved up. Their children also tend to do better in school. This is partly because of better home backgrounds. But it is also because successful parents tend to have successful children — not always, but on average. This difference will carry through in life, in their jobs, in their earnings, in the size of flat they live in. Society will become more clearly stratified by ability, unless we actively counter this trend.

MPs from older housing estates see the same problem in a slightly different form. They identify the most enterprising and capable residents to join RCs. But these are the very ones most likely to upgrade to a bigger flat and move out. Some RCs have had one chairman after another. Each time a promising grassroots leader is promoted, he upgrades and moves out. Each time, it becomes harder to find a replacement. Few bigger flats are being built in the old constituencies, so that not

enough potential grassroots leaders are upgrading into these constituencies.

We must make every effort to remedy wherever we can this natural tendency towards stratification. We must work harder to find and nurture talented children from disadvantaged backgrounds. We must get all children to do better in school, with the support of parents, and with help from Mendaki, AMP, Sinda, and CDAC. Not every pupil can be the top of his class, but with effort and "perspiration", everybody can do better.

The Government will do more for lower-middle and lower income families who help themselves. In 1993, I introduced Edusave. Next year, we will implement a new scheme of Edusave Merit Bursaries. These Bursaries will be targeted at pupils in primary and secondary schools from lower-middle and lower income homes who do well in school. I shall announce the details on another occasion.

We must keep Singapore an open society, with few class barriers, where sons from every family serve NS together; where everyone — professionals, office workers, factory workers, bus drivers and also Ministers — mixes easily and comfortably at hawker centres; where differences in the way we dress, the way we talk, the way we live, are relatively minor, and do not divide us.

Housing

Home Ownership

92% of Singaporeans now own their homes. Last year, we launched four schemes to help lower-income families own HDB flats: the Sale of Flats to Sitting Tenants, 3-Room Buy-back, 6-month headstart in application of sold flats and 4A2 flats. 5,000 families have taken advantage of these schemes.

We will try out another new scheme to build flats near rental blocks, and sell them to the tenants living nearby. This may increase our home ownership proportion to 95%. I would regard that as having attained our goal of full home ownership. It is not possible to reach 100%. A few Singaporeans will always lack the earning capacity to meet even the easiest mortgage terms, or simply be unable to hold on to money or assets.

The Dangers of Over Supply

The recent rise in property prices has led to rising expectations and a strong desire to upgrade. There are now 106,000 applicants on the HDB queue. More than half are upgraders. Waiting time has lengthened. At the same time, many worry that rising property prices will push HDB flats beyond their reach.

The obvious solution is to build more flats to clear the queue. But this would be a dangerous mistake. We need to build only 30,000 more flats per year, to house the growth in population, and to cater for smaller households. But HDB

alone is already building more than this — 34,000 a year. Add 10,000 units from the private sector, and we are getting 44,000 flats a year, nearly 50% more than we need.

At this rate we will create a huge surplus of flats. There is one big assumption that upgraders make. Families who have applied for upgrading flats assume that when they get their new flats, they can sell their present flats at the current high prices. But if we over-build, and everyone tries to dispose of their old flats at the same time, resale prices will plunge. Upgraders will find themselves with not enough money, after selling their existing flats, to pay for their new flats. 600,000 HDB flat owners, including those who do not intend to sell their flats, will suddenly be much poorer.

The British experience is a valuable lesson. In the 1980s, British property prices sky-rocketed. Easy mortgages led to over-lending and over-building. In the 1990s, the economy took a downturn. When interest rates rose, property prices crashed. Now many households have negative equity, that is, they owe more money on the mortgage than their houses are worth.

Japan is an even more extreme example. In the 1980s, with low interest rates, property values sky-rocketed. Restrictive planning rules created a severe land shortage. A high savings rate and trade surplus meant that funds were looking for assets. Japanese companies invested heavily in properties and stocks. Banks lent huge sums of money, accepting as security property at inflated values.

When the bubble economy burst, property and stock prices crashed. The economy went into prolonged recession. Banks

found themselves with hundreds of billions of dollars of bad loans. Till today, they are still struggling to recover.

We must never make this mistake. Our property prices have risen sharply in the last 3 years. Prices are now levelling off. So long as property values are backed by strong economic growth and confidence in the future, they are sustainable. But if they are inflated by easy mortgages, and exceed Singaporeans' real capacity to pay, sooner or later the bubble will burst.

The Government cannot guarantee that property prices will never fall in Singapore. There will be ups and downs. But the Government will ensure a steady supply of new housing to meet the net increase in demand, and enforce prudent mortgage policies. This way, your assets will gradually appreciate because of sound fundamentals, economic growth and improving infrastructure, and not because of excessive borrowing or speculation.

Housing for First Timers

This is why HDB cannot simply build more flats to satisfy those on its queue. But the Government guarantees that every Singaporean will always be able to afford an HDB flat. HDB will keep prices of new flats, especially 4-Room flats, affordable to young couples. It is reserving 60% of all new flats for first-time applicants, to help them get their flats sooner.

HDB will improve the Transitional Rental Housing Scheme to make it easier for young couples to set up a temporary home so that they do not postpone their marriage or delay having

their first child. It will also improve the CPF Housing Grant Scheme for those who prefer to avoid the HDB queue. We will announce the details later.

Enhancing Assets of HDB Home-Owners

Giving first-timers priority means upgraders have to wait longer before getting their flats. But we have created other ways to upgrade, besides buying a second flat from HDB.

The Upgrading Programme has been an immense success. Already 84,000 households being upgraded are seeing their properties appreciate. HDB residents constantly ask MPs, "When is our turn for upgrading?" So we increased the Main Upgrading Programme - from 10 to 15 precincts a year. The total cost to the Government is \$1 billion a year. This is actually a second bite of the cherry, on top of the subsidy when the flats were first sold. HDB must find a way to make sure that the owners do not get too many bites of the cherry — moving from upgrading precinct to upgrading precinct, and enjoying a large subsidy each time.

HDB has also been studying how the private sector does en-bloc sales. Where a site can be redeveloped as a whole, to create more housing units, the owners get together to sell their flats en-bloc to one developer. The owners gain more from an en-bloc sale than if they sell their flats individually.

HDB estates are generally built to high density. But there are a few pockets in some older estates where the existing HDB blocks make poor use of the land, or where an MRT station has been built nearby. HDB can redevelop these sites the way the private sector does en-bloc sales.

HDB will start a new scheme, called the Selective En-bloc Redevelopment of Sold Flats. It will redevelop pockets of prime land and share the benefits with the owners presently living there. The owners will gain more than if they sell their flats individually or stay put. As part of the package, HDB will sell the owners new flats nearby, to replace the old ones.

Such en-bloc redevelopment will be the exception rather than the rule. The vast majority of the older HDB flats will be upgraded in due course. Only in those few areas where redevelopment is more attractive than upgrading will HDB redevelop and share the benefits with the owners.

Executive Condominiums

Let me now address the lengthening queue for HDB executive flats. Three years ago, applications for HDB executive flats constituted 15% of the queue. Today they have doubled to 30% of the queue. Three years ago, the queue for executive flats was 4,000. Today it is 32,000.

The queue has grown because resale values of HDB flats have gone up sharply. Many HDB flat owners can sell their flats and use the proceeds as down payment for a bigger flat.

Furthermore, the effective subsidy on executive flats is very large. The HDB sells new executive flats for about \$350,000. The resale price for 5 year old executive flats is about \$100,000 more. The effective subsidy is therefore \$100,000. In popular new towns like Bishan, it is even bigger. So, naturally Singaporeans aim for executive flats. For them, the bigger the flat the better.

This situation is not right. First, those who apply for executive flats are generally better off. We should not subsidise them more than twice as much as those who buy 3-Room flats. In fact, the executive flat subsidy alone exceeds the price of a 3-Room flat.

Second, HDB should not build so many flats which are larger than private flats. HDB executive flats are 140 sq m. Private flats are typically only 100 to 130 sq m. The average floor area of newly-constructed HDB flats in Singapore is very high even compared to new housing in developed countries. It is 122 sq m, compared with 89 sq m for Japan, 105 sq m for France, and 119 sq m for Germany. In land-scarce Singapore, we cannot go on building bigger and bigger flats. We should aim for moderate-sized, but high quality flats.

Third, many applicants for HDB executive flats are graduates and actually want to own private homes. But because private property prices have risen, they have fallen back to applying for executive flats. Some graduates with incomes above the HDB ceiling still cannot afford private homes. As the universities and polytechnics produce more and more graduates, this group will grow. Building more HDB executive flats will not address their problem.

We need a fresh approach. We will introduce a new concept of housing called "Executive Condominiums". These will be strata-titled apartments. Their design, facilities and finishes will be comparable to private developments. They will be developed by the private sector, at first by Government Linked Companies like Pidemco. However, purchasers will initially be subject to HDB conditions: they must be Singapore citizens, must form a family nucleus, and must occupy the flat



Many a young graduate's dream: A condominium with quality design and facilities. The proposed "Executive Condominiums" will be comparable to private developments, but with some restrictions on ownership [MITA].

for at least 5 years. After 5 years, owners can sell the flats, but only to Singaporeans and Permanent Residents. All the other restrictions will be lifted. After 5 more years, this last restriction will also be lifted and the flats can also be sold to non-Singaporeans. In other words, after 10 years, the flats will be completely privatised, like the current HUDC flats.

The restrictions for a fixed period will make Executive Condominiums more affordable to younger Singaporeans. Buying an Executive Condominium will be almost like buying a private flat. You know for certain that it will be fully privatised in 10 years' time.

Executive Condominiums will replace the HDB executive flats. Those already in the executive flat queue can switch to Executive Condominiums according to their queue position. HDB will no longer accept new applications for executive flats. But it will continue building 4,000 executive flats a year, to cater for those already in the queue who do not wish to switch. After that, HDB will just build 4-Room and 5-Room flats.

This new scheme will meet the desire of more Singaporeans to own private property.

Conclusion

In the last five years we have not done too badly. Our economy grew by an average of 8.1% per annum, better than our sustainable longer term annual growth rate of 5 to 7%.

We have upped the proportion of Singaporeans owning homes to 92%. We have introduced several massive pro-

grammes to uplift Singaporeans - HDB upgrading, Medifund, Edusave, share ownership like Singapore Telecom shares, CPF top-up, and pre-Medisave top-up for older Singaporeans.

Your wealth has increased. Your property values have gone up sharply. Between 1990 and 1995, average resale prices of HDB flats more than doubled:

3-room:	\$43,000 Plus \$69,000	to	\$112,000
4-room:	\$89,000 Plus \$124,000	to	\$213,000
5-room:	\$127,000 Plus \$190,000	to	\$317,000
Executive:	\$183,000 Plus \$230,000	to	\$413,000

Average personal savings in CPF and POSB balances have also gone up, from \$71,700 to \$102,800. There is also a capital gain of \$730 for Singapore Telecom Group A shares. Next year, we will sell PUB shares at a discount to citizens, as we did for Singapore Telecom shares.

We will sell more HDB shops and hawker stalls to eligible tenants. And, of course, we will upgrade the older HDB flats, whose residents signal strong support for the programme.

I have explained why the next five years will be tougher than the last five. But we have no reason to be daunted. Our political and economic fundamentals are sound. Our young are better trained. We have the resources to invest in our

people and to improve our living and working environment. We have financial reserves to fall back on should regional problems slow down our economic growth, or even cause a recession.

We will make Singapore better. There is no ideal society and there is no perfect country. But we can make our country more attractive and more gracious. A little closer to an ideal society, a few steps nearer perfection each time.

We must try. We must work for it. We can achieve it.

So long as I can contribute to Singapore, I shall do so. So long as I can make your lives better, I will try. So long as you rally behind me and my team, I shall serve.

It has been a good five years. Let us work for more good years together.



"We will make Singapore better ... a little closer to an ideal society, a few steps nearer perfection each time" [MITA].

Appendix

COMPARISON OF FLOOR AREAS OF HOUSING

The average floor areas of newly-constructed housing in major developed countries are as follows:

Japan	85 sq m
Sweden	90 sw m
France	105 sq m
Germany	119 sq m
Italy	131 sq m
USA	157 sq m

Source: Japanese data taken from 1993 Housing Survey of Japan Prompt Report. Issued by Statistics Bureau, Management and Coordination Agency; other data from Housing and Housing Policy (1990). Issued by the Ministry of Construction.

The average floor areas of housing in Singapore in 1994 and 1995 are as follows:

Private Landed	330 sq m
Private non-landed	125 sq m
HDB	122 sq m
All Housing	129 sq m

ASSET ENHANCEMENT

	End 1990	Mid 1995	% Increase	
			Total	Per Annum
Average Prices for HDB Resale Flats				
Flat Type				
3-Room	\$ 43,100	\$ 112,000	160	24
4-Room	88,600	213,300	141	22
5-Room	126,600	317,200	151	23
Executive	182,800	413,000	126	20
Average Personal Savings				
POSB balances	5,800	8,200	41	8.0
CPF balances	65,900	94,600	44	8.4
Capital Gain of Telecom Group A Shares				
600 shares in 1993	Value of personal holdings	1,140	64	35
660 shares in 1995				

*Based on June 1995 average closing prices