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Subject: (Embargoed) Speech by DPM Lee Hsien Loong, 19 May 2000, 6.30pm

Singapore Government

MEDIA RELEASE

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**Speech by DPM Lee Hsien Loong at Cocktail 2000 at NUS Guild House
(Guild Hall), 19 May 2000, 6.30pm.**

Opportunities and Obligations

The Regional Backdrop

1. We are living in exciting times.
2. 3 years ago, region seemed set for a prolonged boom. People talked about the Asian century.
3. Instead there came the Asian crisis. Suddenly the picture totally changed. We expected a prolonged problem.
4. Instead we have had a V-shaped recovery. The region is perking up again, and we are benefiting from the turn-around in its fortunes. The Singapore economy is growing strongly, even before you have to start looking for jobs. Just this morning MTI announced 9.1% growth for the first quarter, and raised the growth forecast for the year to 5.5-7.5%.
5. But while growth has resumed in most of Southeast Asia, not all

problems have been fully cleared up.

6. In Thailand, the Government is still cleaning up insolvent banks.

7. In the Philippines, President Estrada is facing many political problems, and now also has to deal with the hostages taken by the Abu Sayyaf group on Jolo island.

8. In Malaysia, following the General Elections last December, UMNO is striving hard to win back lost ground. At the UMNO General Assembly last week, Prime Minister Dr Mahathir said that UMNO had to “think that we (i.e. UMNO) are living in a hostile society” . It had to depend only on its own strengths, and “cannot depend on other people” .

“We must realise that we can no longer depend on them; we also cannot bank our hopes on our youths as they are no longer supporting us and we cannot depend on reporters and their newspapers as they are against us.”

9. Dr Mahathir also condemned money politics in UMNO, which had eroded people’ s confidence in the party. He acknowledged criticisms that senior UMNO leaders had not gone down to the ground often enough. He promised to spend more time on party work, to strengthen the party and regain the rakyat’ s support.

10. Indonesia’ s problems are more difficult than other countries’ . One symptom of the problems has been the weakness of the rupiah. Quote Kwik Kian Gie, Coordinating Minister for the Economy, Finance and Industry, interviewed by Dow Jones Newswires [11 May 2000]:

“I never talk about foreign investment and things like that because I am realistic enough: if I were a foreign investor, I wouldn’ t come to Indonesia. The law enforcement is not there, but not only that, the whole thing is so confusing. How can you come here?”

“Gus Dur can say that [sell Indonesia as an investment opportunity] but I’ m ashamed to do that. I’ d never say that.

“The rupiah’ s weakness is not about the economy, it’ s because people don’ t believe in other things. Not only violence, not only anarchy, but also the stability of the government and the way the government is managed.”

11. The next day President Abdurrahman Wahid commented in AFX News,

12 May 2000]:

“Relations between myself and Kwik are good. I am not interested in replacing him.

“At the moment there is a rush for dollars by business groups that want to repatriate money to overseas. This is causing the rupiah to fall.

“We hope this [the rupiah weakness] will only be temporary.

“The government will wait until May 15 [the anniversary of the 1998 riots]. If the rupiah rate does not (strengthen) by then, the government will take action – We already have a formula to solve the problem of the rupiah’ s weakness.”

12. The rupiah stayed weak. On 17 May, Dr Emil Salim, head of the National Economic Council and a key economic advisor to President Wahid, defended the government’ s economic policies as being sound. He said: “The issues are politics and security, not economics” , and that there was a direct correlation between political events and the depreciation of the national currency. In his view, reactions to President Wahid’ s controversial decision to sack Investment and State Enterprises Minister Laksamana Sukardi and Industry and Trade Minister Yusuf Kalla last month have been especially damaging to investors’ confidence. (The rupiah began its fluctuations at that point.) [Straits Times, 18 May]

13. Indonesia will take some years to sort out its problems. We wish Indonesia and our other neighbours well. If they are in difficulties, it will cast uncertainty over the whole region, and will adversely affect Singapore. But if they are doing well, we will benefit from their prosperity. We can coope-rate more easily with them, win-win, without being misunderstood as trying to benefit from their weakness. So we hope that they will overcome their present problems, and put in place the political preconditions that must underpin long term, sustainable growth.

Linking up with the World

14. At the same time, we have to reach beyond our region. We need to hitch ourselves to the global economy, to broaden the basis of our prosper-ity. This will buffer us from some of the region’ s problems in a downturn.

15. This strategy is clearest with manufacturing. In industries like disk drives,

semiconductors, and pharmaceuticals, MNCs in Singa-pore are producing for world markets, and not just for our region. Indeed one reason for our current strong upturn has been the electronics industry, which is global.

16. With other sectors of our economy, like financial services, it is harder to pursue such a global strategy, because financial institutions in Singa-pore are servicing the region around us. Ditto for PSA. But even for financial services and the port, we need to broaden our hinterland beyond our immediate neighbours. Our hinterland should cover not just South East Asia, but all the way to the Middle East, India, China and Australia. Certainly the competition comes from beyond South East Asia – in financial services not just Hong Kong and Tokyo, but even London; for PSA not just Port Klang and Tanjong Pelapas, but Kaohsiung and Colombo.

17. We can broaden our hinterland. Several banks have chosen Singa-pore to be one of their three major centres in the world – London-Paris, New York, and Singa-pore. And PSA gathers and tranships containers all the way from Australia and South Africa.

The IT Revolution and Globalisation

18. Linking up with the global economy means enormous opportunities. The internet is a new frontier. Underlying the dot-com frenzy are far-reaching advances in technology, especially in infocoms. After the froth of the internet bubble has subsided, we will find that all parts of the economy and our lives have been affected.

19. Technology is a powerful force. The US economy shows just how powerful it is, when it is coupled with the flexibility and dynamism of a free market system. The Europeans are behind, because their societies prefer more social safety nets – welfare, state protection and subsidies for declining industries, etc.. But the Europeans are being forced in this direction too, with trans-Atlantic and trans-border mergers and acquisitions. The Japanese are also changing, but more slowly.

20. As a small, open economy, we have to embrace technology, and accept the logic of globalisation. We must change, because the world has changed, and will continue to do so. Hence the major changes we are making across the economy – in telecoms, in banking, in the trade unions, in the civil service.

21. But at the same time, Singa-pore is not just an economy. We must maintain our strengths as a country and society. We have shared the fruits of growth widely. We have developed strong social cohesion. We can rely on a competent, efficient government to guide the country forward. These non-economic factors are key to our economic success. We must not lose them.

22. Not all countries will be winners in the information age. But we are well-

placed to do well. Our people are prepared; we have invested heavily in education and IT; we are alive to the challenges and are mobilising ourselves to respond. But others are pressing ahead too. In Korea and Japan, the IT sector is effervescent. Hong Kong has moved very quickly on IT. It is not just the Hong Kong government launching the Cyberport; every company has an IT strategy. They are backing startup companies, and drawing talent into the area.

23. In China, enterprising graduates from all over the country are being drawn to Shenzhen. They are launching technology companies, working for stock options, and hoping to strike it rich, just like in Silicon Valley. Mr Yeo Cheow Tong was there recently. He told me:

“Shenzhen has the highest percentage of graduates in its population amongst all Chinese cities. Competition for good jobs is tough, because many of the top graduates in the better universities put Shenzhen high on their list. Several of the young technical staff I met told me that they had to pay their own way to Shenzhen for the job interview, but it was worth the gamble. I was told it is not unusual for the staff there to work unpaid overtime, because the selection process, the ‘can-do’ culture, and the mix of talent from all over China tend to draw those who are self-motivated and who are attracted by the prospects of creating/achieving something.”

So while Singapore’s prospects are bright, we will face strong competition.

24. One key aspect of globalisation is the globalisation of the market for talent.

a. Talent is in enormous demand everywhere. Talent commands a tremendous premium – not just to produce new technology, but to run world class businesses. Matching this demand, there is a powerful desire among the young and enterprising to be part of this revolution, not just to get rich but to change the world. In the US, even investment banks and law firms have been losing their best people, especially the younger ones, to dot-coms.

b. Talent is mobile. Countries are opening their doors to talent. London’s financial district is full of Europeans, Americans, and Japanese. Silicon Valley has many Asians, including some Singaporeans. Our students in the US are being head-hunted before they graduate. Our nurses are being recruited to work in Britain.

c. Talent commands a world price. Because talent can move, the alternative

to a job in one country is not another job in the same country, but a job nearly anywhere in the world. To attract world-class foreign talent to Singa-pore, we have to pay them what they command elsewhere. To retain outstanding Singa-poreans here, Singa-pore must offer them something comparable to what they can expect in San Francisco or London – not just pay, but job challenge, the overall environment, and the quality of life.

25. In Singa-pore too, people are being caught up in the zeitgeist, in the spirit of the age. They sense the opportunity, and the excitement. The Govern-ment is promoting techno-preneurship at the right time. The tide is with us. Enterprising and ambitious people are taking the plunge, and starting new companies. Some are senior, e.g. executives from DBS and Keppel Securities. But many are young, e.g. government scholars resigning to join start-ups (quote “Scholars want in on new economy” , Straits Times 19 May). They hope to be not just the next Sim Wong Hoo, but the next Bill Gates. And why not?

26. In this environment, many Singa-poreans will do very well. Hopefully a few will succeed specta-cularly, particularly if they have the skills, drive and luck. We should wish them every success, for their success will benefit many more Singapo-reans – creating new jobs, building up our economy, and providing role models or others to follow.

Obligations

27. When you graduate, you should take full advantage of these enticing opportunities. Build your careers, strike out in new directions, and take Singa-pore forward. But remember: you have these opportunities not by chance, and not just by your own efforts. Imagine if you had been born somewhere else, e.g. Sierra Leone or Zimbabwe. Your prospects would have been very different.

28. Why are we in this fortunate position?

a. Earlier generations of Singaporeans have worked hard to build up Singa-pore. They laid the basis of today’ s prosperity.

b. Singa-poreans have worked together to overcome problems.

c. We have a good system. It has given citizens education and oppor-tunities, enabled talent to rise, and created an environment in which individuals can pursue successful careers.

d. We have benefited from good leadership.

29. For your futures and your careers to be assured, we have to reinforce these strengths. This demands effort and commitment, beyond pursuing your private lives and careers.

30. We must continue to build up our country. We have inherited some-thing special. We should pass on to our children something more. Unless we build on what we have, Singa-pore will decline. This drive to build, to improve, and

never to be satisfied, is what makes societies grow and flourish.

31. We must continue to maintain the same sense of cohesion and mission, and the same unity of purpose. This is a challenge in the globalised world:

Rapid change is unsettling. People feel uncertain and insecure. They need mutual support, guidance and reassurance. Entrepreneurs do not think about job security – some may have made enough to retire by their 30s. But without lifetime employment, workers will worry about their next job, and about their families. In many countries, workers have responded by resisting change, which is understandable but counter-productive. We must be able to manage changes, so that workers can not only cope, but take advantage of new opportunities.

The internet is eliminating distance and dividing audiences. Increasingly people watch narrowcasts instead of broadcasts. But Singaporeans cannot just be disembodied presences in cyberspace, chatting anonymously on ICQ. We are a community of flesh and blood. We need to reinforce our sense of togetherness, our shared formative moments, and our emotional bonds.

e. The global market for talent will cause our income distribution to stretch out, as is happening elsewhere. Most Singaporeans will do well, but some will do much better than others. We probably cannot prevent this, but we must ensure that the less successful do not feel left behind, and that the more successful feel a responsibility for the less successful.

32. We must uphold and strengthen our system of government. This does not mean supporting individual leaders or a political party. It means supporting the way the system works – clean, honest, meritocratic, stable, and dedicated to the long term interests of Singapore as a whole. Random items from today's AsiaOne webpage: "Korea PM resigns over tax fraud." "Armed men take over Fiji Parliament. Fiji PM, 7 ministers held hostage." If such events happened in Singapore, we would all be in deep trouble.

33. To uphold our system, we must have capable, committed leaders. Without good men and women in charge, the best system will deteriorate. No formula or law can substitute for people with integrity, drive, creativity, and leadership.

34. We need to find new leaders, in the professions, in business, and in academia, but especially in government and in politics. We must attract a fair share of talented Singaporeans to enter public service, and enough with that

sense of calling and duty to enter politics and become leaders.

35. What would motivate people to join the public service?

f. In the old days, the iron rice bowl. That is gone. Entrepreneurial types do not worry about job security, and we do not want to attract only non-enterprising people to join the civil service.

g. Pay. We have kept salaries in the public sector competitive with the private sector, and we will continue to do so. That makes it a little easier. Had we not done so, I doubt any of you would contemplate a public sector career. But even so, there is no pot of gold in public service. The responsibilities, the measures of success, and the motivations, must be different.

h. Job challenge. This is considerable. Formulating and implementing public policy is a complex, demanding, fascinating task – whether in foreign policy and defence, in the economic management, or in social policy. Civil servants cannot just be paper pushers, and ministers cannot just kiss babies and make speeches. Young people starting dot-coms say “this is a revolution and we want to be part of it so that when we look back we can say yes, we tried”. But I hope some will feel that being in the government helping to transform society is just as revolutionary, and can be just as satisfying to look back on.

i. A sense of mission and idealism. You must have the conviction that this is more than a job, and that if you do your job well, you will make a difference to the lives of many Singaporeans.

36. Therefore while pursuing your careers and dreams, remember that your success is not just due to your own efforts. Your parents, your teachers, your society, the system that we have together built – all have played a part. You have a responsibility to contribute back to Singapore more than you have received from it. Service to the nation is not just a moral obligation, but it is the way to assure Singapore’s future, and yours. Balance your pursuit of the many opportunities ahead, with your obligations to society and Singapore. Then you can look forward to many fulfilling, successful years.