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Speech by Dr. Yeoh Ghim Seng at the
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the Istana on Monday, 16.10.72 at 6.30 p.m.

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Just over five years ago, when the British Labour Government announced on 18th July, 1967, their intention to close down their military bases east of Suez, there was concern and anxiety in Singapore over our future. We were faced then with two major problems. The closure of the British military bases would throw out of employment rather more than thirty thousand workers. The reduction in military spending would further weaken our economy.

2. Equally serious, the removal of the British military presence which had contributed much to stability not only in Singapore but in the region as well, would create new uncertainties. Uncertainties of this kind if they affect the climate of business confidence might well have further adverse consequences on our economy. Financiers and industrialists who might have started business or manufacturing plants in the Republic might either change their plans or merely decide to wait and see.

3. It was a grave situation for the young Republic. We had simultaneously to do a number of things. First, to accelerate the build-up of our defence force despite the strain under which it was already working. Second, we had to re-double our efforts to achieve economic growth which could absorb the adverse consequences of reduced military spending.

4. What happened since is recent history. We all know that the economy expanded fast enough to absorb these shocks. The confidence of investors remains unimpaired. Fortunately for us, the Conservative Government, which rather unexpectedly won the general election on 18th June 1970, decided to modify the Labour Government's plan of total withdrawal.

5. Together with Australia, Britain, New Zealand and Malaysia, we contributed to the small but significant force in this area. A generous defence aid contribution from the UK Government to the value of £50 million helped us to meet the cost of very expensive military hardware which we had to procure under our accelerated defence expansion plans.

6. A number of factors contributed to the present state of well-being in which the people of Singapore find themselves. Economic policies were realistic and effective; the labour laws ensured that labour troubles which threatened to cripple economic growth in other countries do not arise here. People work to some purpose and do not

waste their time, money and energies in mutual recrimination, a practice popular in other countries, which some intellectuals mistake for democracy.

7. Underlying all this effort, there is a confidence that Singaporeans are dependable people who can be trusted to carry out their obligations. One crucial element which goes to creating this mood of confidence is the evident will of the people of Singapore to defend themselves. The exertions and sacrifices which our young citizens have undergone in doing their National Service, the hundreds of millions of dollars spent on military hardware, the high priority given to the build-up of our defence capability - all these provide evidence that we Singaporeans are not a frivolous, fickle and unreliable people. That is why the world of high finance and big business trust us with their money, with their industry and with their technical know-how.

8. So the lesson is this - the sacrifices which our citizens willingly undergo to defend their own country helps to build up this mood of confidence. Out of this confidence develops stability. And with stability, Singapore has succeeded in attracting investment and building up prosperity. There is a clear and direct connection between these matters which we forget only at our own peril.

9. In conclusion, may I congratulate all the officers who are being commissioned today on their successful conclusion of their training and I wish them further success in their future appointments.
