

PRESS RELEASE

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PRIME MINISTER'S 1997 NEW YEAR MESSAGE

ECONOMIC PERFORMANCE AND OUTLOOK

1. The Singapore economy grew by 6.5 % in 1996. Inflation remained low at 1.3%, while wages grew by 6.1%. Incomes increased faster than the cost of living, as they have done for many years.
2. The economy slowed down in the second half of the year, because of the global electronics downturn and other cyclical factors. But the inflow of foreign investments remains strong. Manufacturing investment commitments reached a record of \$8.1 billion in 1996. Commitments in the services clusters amounted to \$1.5 billion in total business spending.
3. We should have no difficulty making steady growth of 5-7% in 1997.

SUSTAINING ECONOMIC GROWTH

4. The current slowdown reminds us how dependent we are on the external environment. Despite careful economic management, and despite remaining competitive, we could not insulate ourselves from the winds blowing in the international economy. We must have a competent team in charge of our economy, to steer our little country safely through the winds and waves. We cannot afford to make mistakes, unlike other bigger countries.
5. Building a strong economy will always be one of our first priorities. We have ambitious plans to make Singapore our best home. We want to invest in infrastructure, better homes, health care and education. We want to enhance your assets. But first we must create the wealth. Government, employers and workers must continue to cooperate, so that we can raise our productivity and stay competitive. We must attract quality investments, create secure, rewarding jobs, and generate steady economic growth year after year. We must upgrade the skills of our workers through retraining. Only then can our wages and standard of living go up. Only then will we have the resources and the surpluses to invest in our future.

SINGAPORE 21: MAKE IT OUR BEST HOME

6. The coming General Elections will be a watershed. You will be choosing the leadership team to take Singapore into the 21st century. Singapore has achieved much because we have a capable government which has enjoyed strong support from the people. We have anticipated problems and found solutions before they became serious. So we have avoided many difficulties which other countries face: money politics, breakdown of law and order, crooks and gangsters in government, low growth and unemployment.

7. We have a bright future. Do not change the formula which has worked for Singapore. Choose leaders whom you can trust. Give them your strong support. With a competent government, we can build a vibrant economy and a compassionate society, where all citizens benefit from the country's success, and our children can grow up in a safe, clean and wholesome environment. Let us work together to make Singapore 21 our best home.

8. I wish all Singaporeans a Happy New Year.