

**TRANSCRIPT OF PRIME MINISTER GOH CHOK TONG'S  
INTERVIEW WITH LOCAL JOURNALISTS AT MARINE PARADE CC  
ON 16 FEBRUARY 2003**

Q: "The recent speech by Dr Mahathir seems to have quite a few jibes aimed at the Singapore Government and people. What's your gut reaction?"

Mr Goh: "Many Western leaders employ professional speechwriters to help them give a spin to their positions. Dr Mahathir is a very good spin doctor and comparing him with the best, I think he spins a story very well. We in Singapore are less good in spinning stories. We prefer the more serious approach giving facts and figures. For example, the Economic Review Committee is a very serious document full of facts and figures. So it's a contrast in approach between Singapore and Dr Mahathir."

Q: "He's made quite a serious allegation that there's a rift between the two leaders, yourself and Senior Minister Lee. Is there any truth to this?"

Mr Goh: "I don't think there was any allegation. He just recounted a story of what Mr Lee told him. So if you want to verify, you have got to ask Mr Lee that question. But it is true that I was against the knocking down of the Causeway from Singapore's point of view because I saw no benefit whatsoever in replacing a perfectly functioning historical Causeway with a new bridge. From Singapore's point of view, it would mean spending more millions and probably having to charge motorists a higher toll in order to recover the investment because the Malaysians will charge a higher toll and Singapore likewise would charge a higher toll. So I was concerned at the political impact on Singaporeans. Nevertheless, since Malaysia wanted to have the bridge, as I wrote in my letter between a bridge which is half in length and a bridge which is full across the Causeway, I prefer the longer bridge. It would look much nicer, much better, more beautiful. So I supported that provided it's part of a deal. Because if it's part of a deal, then I could explain why Singapore is spending so much on the new bridge to replace our half of the Causeway because we're getting future water. That was my position."

Q: "PM, There's a perception that Dr M is picking on you. Do you agree and what do you think?"

Mr Goh: "No, I just shrugged it off. As I said he spins stories very well. I shrugged it off."

Q: "Tell us about your working relationship with Dr Mahathir. Has it been difficult?"

Mr Goh: "When we met each at conferences, obviously the relationship is better than cordial, we get along well. But when you have issues, he would have to protect Malaysia's interests and I certainly would have to protect Singapore's interests. So on different positions, we take different approaches to solving a problem."

Q: "So where there instances when he was not happy or he showed his unhappiness when you had meetings with him?"

Mr Goh: "No, we are both prime ministers, we have got a job to do and when we disagree, we disagree quite politely."

Q: "So do you see any more stories, will indulge him by keeping at explaining?"

Mr Goh: "No, we are not good in spinning stories and neither do we want to spin stories. So we would, of course, come out with the facts and figures."

Q: "Do you think there's an agenda on Dr Mahathir's part?"

Mr Goh: "I wouldn't like to speculate. Our approach is simple one. We have been negotiating for some four years now and instead of closing the gap, the gap has actually become wider with each successive round of negotiation. So we came to the stage where we thought it was best to resolve the matter by referring the disagreement, in this case over the price of current water and whether there's a right to review water to arbitration. That way, we actualiy put the dispute on the backburner. So once it's agreed to put to arbitration, then it's no more an issue. We would abide by the decision of the arbitrators depending on what they come out with. And we can then concentrate on cooperating to resolve bigger issues like economic cooperation and the fight against terrorism. There are many other bigger challenges. Singapore and Malaysia are

two of the more developed economies in Asean. So really at this time, Singapore and Malaysia should be working together with others like Thailand to see how we can shore up economic growth in Asean. That is our approach. I would prefer to now concentrate on where we can be positive, expect good relations."

Q: "Is this psychological warfare distracting the population from the bigger issues at stake?"

Mr Goh: "It's unfortunate that this dispute between Malaysia and Singapore is distracting populations of both countries. But we've come to the stage where I think we can move on. And certainly from Singapore's point of view, we're working on moving on to a more positive relationship on other aspects, recognising that we have a dispute over some very important issues."

Q: "He also made snide remarks about Singaporeans being rich and Malaysians poor and that kind of thing. Once in a while Singapore MPs ask for Singaporeans to be patriotic by not going over to Malaysia. What are your thoughts?"

Mr Goh: "I myself am for good people to people relations. Disputes there will always be between neighbours and even if we resolve the water issue some other time, there could be some other dispute. So I'm a firm believer in cooperation between neighbours. So on my own, I will not issue a call for Singaporeans not to go to Malaysia because if you do that you are actually saying between people and people, let's not have any relations. Last night, I had a dialogue session with my grassroots leaders. This is part of my New Year gathering with them. Some grassroots leaders made the point that whilst government doesn't have any position on this, as Singaporeans we should not be so thick-skinned. We should ourselves on our own feel the need to show that we have to go Malaysia. You are speaking as grassroots leader. Of course they asked what's my position. My position is I leave it to you. If you are thick skinned, then you go. If you are not so thick skinned then, you don't go. In other words, there are Singaporeans who feel that we should behave as Singaporeans at this stage and not go, respond to the call. But my own position is let's be mature on this, let's have good people to people relations."

Q: "Some of the comments that Dr Mahathir has made, he uses phrases that trivialise the entire bilateral issue. What's your reaction?"

Mr Goh: "I think from now on I would not want to go back into this past. I want to move on and concentrate on the future. There's no point in commenting on what he said and then he'll comment on what I said and we get into this unnecessary verbal engagement. So I rather let's move on, let's resolve this in the best way possible. In the case of Pedra Branca, we are moving to the International Court of Justice. In the case of water there's the court of arbitration, I would say international arbitration or arbitration in accordance with the water agreement, which is arbitration in accordance with Johor law. That's my position."

Q: "But certain issues like the bridge, you can't refer it to arbitration?"

Mr Goh: "No, the bridge is off from Singapore's point of view for the time being because Malaysia, in this case Dr Mahathir, wanted to de-couple the issue. So once they de-couple the issue, the bridge is off from Singapore's point of view because how can they just decide? Would you want to pay more to go on a bridge to Johor Baru, when there's a Causeway?"

Q: "That's a loaded question. No comment."

Mr Goh: "But you've been asking me questions. And the tolls will go up maybe five, six times. So how do you justify that?"

Q: "So it was not just nostalgia on your part as he put it?"

Mr Goh: "I'm more a practical person than a nostalgic person. Yes, in some instances, I'm a romantic at heart. I read novels in my younger days and I like literature. But I chose economics as my subject. In university, there was a choice for me whether to do English or Economics. So the practical side of me ruled. So between nostalgia and the practical approach, I'm more practical in my approach."

Q: "So is there a chance of the bridge being built after you retire, like he said?"

Mr Goh: "Well, it depends on whether there's a deal and in fact as far as I know, my position was not it should be built after I retire."

Q: "As far as unresolved and bilateral issues are concerned, what kind of message do you want to give Malaysia in order to move forward?"

Mr Goh: "Well, I've been emphasising just now that let's negotiate as we have done. But at some point, the person has got to realise that negotiations may not bring about results. So in this case, the package has been dismantled, de-coupled from the water issue, we have to stick by the revisions in the water agreements and if you can't agree, the best way forward is to go to arbitration, which is our position. And in fact, Malaysia has given us notice to revise the water price some months ago. They wrote to PUB, so we will, therefore, respond, if you can't agree to our water price, then go to arbitration. I think that's the best way to move forward. You engage in further verbal acrobatics will get us nowhere and it distracts the people and this is not a time to distract our own people. Certainly from our point of view, we want to speak up quite frankly to Singaporeans about the economic situation, about further retrenchments in some organisation and how do we cope with the slower economic growth for this year. The main thing is the uncertainties facing us. Great uncertainties this year. We don't need another uncertainty in the relations with Malaysia."

Mr Burhon: "Okay. Any further questions?"

Q: "On the topic of retrenchments, do you foresee more retrenchments especially from the GLCs because PSA has said that they could be some retrenchments?"

Mr Goh: "I really do not know because I don't micro-manage the GLCs. So I would not know who will be retrenching or what. In the case of the PSA, of course, they kept me informed since, I was quite involved in PSA's competition with Pelepas as a matter of interest because PSA is a very important organisation for us. So I didn't know about the retrenchment. I would say it is most unfortunate but PSA has to be realistic. With Pelepas coming on and in essence you are adding capacity by 30-40 per cent and Pelepas is going to build more berths. So when you have in a neighbourhood an increase in capacity of about 30 to 50 per cent, surely your old price cannot stay still and you've got to drop your price. If you drop your price, you can still get business, then you drop the price. But sometimes even when you drop the price, you still do not get the old share of the business. It is not possible. There's a new player and new player will bring away from you a share of the market. So what choice do we have to prevent the company, in this case PSA, from going underwater, we have got to then retrench people. So these are very painful decisions for management."

"I have run a company before, Neptune Orient Lines, and never had to retrench people. But as a man in-charge of the shipping line, commercial line, I could understand the pain for top management, if they had to retrench people, especially those who have been working with you for many years. So PSA management, I believe had taken very, very careful consideration before they decided on retrenching some of the workers. But, I believe, they will give to workers a fair deal in the retrenchment."

Mr Burhan: "Last question."

Q: "PM, what's your message to workers who seem to be bearing the brunt of restructuring, not just retrenchment but the non-restoration of the CPF cut?"

Mr Goh: "I think it's not right to say the workers are bearing the brunt of the retrenchment and the restructuring. If we do nothing, we don't restructure ourselves, just let the market force the pace of restructuring, I think all of a sudden, you'll find that Singapore becomes uncompetitive and the whole country will in fact suffer. So in this exercise, we are quite mindful of the impact on people, not just workers, management, middle-income professionals and workers, of course, the bulk of the people will be workers. Ideally in an uncertain period such as this when growth is lower, we should first try and increase the revenue for the country or for the companies.

"In other words, look for new businesses. That must be the approach. Cutting cost can never solve a company's problem in the longer term. You must actually go for growth, go for bigger market share, go for new products and go for sales. But when that is not happening because the global growth is not there, then in the short term, you have to cut cost. If you don't, then the company will collapse. The losses of the company will become very obvious. So they have to cut cost.

"So when you cut cost, it's not just workers who are affected, all of us are affected. If you don't freeze the CPF for two years, the market will adjust itself. The take-home pay for the workers may not increase for the next two years. Companies can't afford to give you more take-home pay. So when we freeze the CPF, companies are in better positions to increase your pay over the next one, two years. Your take-home pay can remain the same and better still increase, not marvellously by five,

six per cent but maybe by one, two, three per cent. But CPF goes up, how can employers afford? The market will adjust. So when we freeze the CPF, in effect we are saying transfer the cost increases to take-home pay, just freeze the CPF. That's the way I look at it. So the brunt is not borne just by the workers. It is just by all of us. Anymore on the economic side?"

Q: "You ever said before that when things get better for Singapore, you're going to step down. What if it doesn't get better?"

Mr Goh: "If it doesn't get better for the next five years, I should step down and get a new team to be in-charge. But let's not be so pessimistic. My own sense is next six months will be very uncertain but after that, I think we should be able to see some light at the end of the tunnel. And I'm hopeful that by next year, things will move at a more favourable pace. I will see things stirring in the second half of this year. First half, too much uncertainties and therefore, difficult for us to predict and forecast."

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