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1 DPM'S SPEECH ON PRESIDENT'S ADDRESS

I am encouraged by MPs' support for

- my consultative and participative style of government, and
- government's programme and direction in the coming years.

They have raised many useful points. These will be addressed in due course. What I want to do this afternoon is to share with you my priorities over the next few months.

No Change in Leadership-change Time-table

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Two years ago, PM indicated that he was ready to step down as PM. I asked him to stay on for two more years. I wanted him to complete his negotiation with Malaysia over the supply of water and gas to Singapore.

The supply of water to Singapore under the 1962 Agreement is a sensitive, complex issue because of its wider political implications. Dams have to be built to ensure that we can draw our full entitlement of water, but they cannot be built without the approval of the Malaysian Government. PM is seized with the problem and has lived with it for more than two and half decades. We agreed that it was better for him to resolve the problem with Dr Mahathir than for me.

Since then, we have made good progress over our negotiations over water with Malaysia.

- PM and Dr Mahathir signed a MOU on June 28 1988.
- That paved the way for the Mentri Besar of Johor and I to sign an Agreement on 20 March '90 on the quantum of land compensation for the construction of the Linggiu Dam and the price formula for additional treated water in excess of 250 mgd under the 1962 Agreement.

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But the formal Agreement has not yet been signed. It should have been signed by 20 April '90, but I understand that KL is still working on the draft. As far as I know, there are no major obstacles. At any rate, it will not affect our time-table for leadership change. PM will continue to see the Water Agreement

through whether he is PM or not. I have asked him to conclude old accounts as I prefer to open a new era unfettered by old thinking.

New Era of Co-operative Relationship

Once the Water Agreement is signed, it should open up a new chapter of co-operative relationship with Malaysia. At least that is what I hope, and will work for, not just with Malaysia, but also with Indonesia and our other neighbours.

We are living in a new world, a world that is turning its back on past unhappy relationships. The Berlin Wall is a historical relic. The two Germanies are being united. The Warsaw Pact is being dismantled. Gorbachev has met Roh Tae Woo. The Japanese Emperor and Prime Minister have apologised to South Korea for their misdeeds in the Second World War. The world is marching relentlessly towards peace, greater co-operation and openness. Everywhere, there is movement forward. It is a world that is breaking loose from the shackles of past animosity.

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In such a world, we too need new attitudes and a new relationship with our neighbours. We must not be handcuffed by history. We have to break free, and

play and work together, far a more prosperous ASEAN and a more peaceful world.

Growth Triangle

As I look into the future, I see a prosperous ASEAN, including perhaps the Philippines, provided it can get its own house in order. Within ASEAN, there will be a growth triangle, a special region that will grow faster than the rest of ASEAN. This triangle comprises Johor, the Riau Islands of Bintan and Batam, and Singapore.

Singapore can expect to grow by about five or six per cent per annum on average over the next ten years. But Johor and the Riau Islands can grow faster. They have more potential than Singapore because they start from a lower base, and have ample, untapped resources. They have long stretches of under-used beaches, abundant' land and more labour than Singapore. They will get gas soon, Johor from Trengganu and Batam from the Natunas. They can supply food to Singapore - pigs, poultry, fruits and vegetables. They can industralize. In tourism, they can be the Carribean of the East.

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Let me give an example of how co-operation can give life to the triangle of growth. Batam and Bintan do not have sufficient sources of water to support a big population. Singapore also needs water. Water is available in Sumatra, but that is some 250 km from Singapore. It is even further to Bintan and Batam. It will be uneconomical for them to get water from Sumatra. But it will not be if Singapore pays for the bulk of the development costs and the costs of pipe-line. We will treat the development and the pipe-line costs like investment in roads or MRT tunnels.

We welcome Indonesia's offer to supply water from Bintan and Sumatra. We will reciprocate by helping Batam and Bintan to develop.

Singapore can also help Johor to develop. I see Johor becoming a newly-industrializing state within Malaysia. It has tremendous potential. However, it lacks capital and managerial expertise. How fast it grows will also depend on what signals it gives to Singapore and other foreign investors. If it signals that it wants more co-operation, I believe investments will pour in into Johor.

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Let me give you another example of the potential of the growth triangle. Changi Airport is being developed to handle 20 million passengers a year. I see droves of these passengers making their way to Johor and the Riau Islands, particularly after they have developed their holiday resorts. There will he cruise ships to Bintan, Batam and even Pulau Tioman off Mersing. There will be fast hydrofoil connections to Desaru and Batam. I sea tourists coming in large numbers, particularly yen-loaded Japanese. To support tourist development in Johor and the Riau Islands, we can develop Changi Point as a new terminal for ferries and passenger ships.

For the next stage of our economic development, it is imperative that we take an international approach. Investors now look at investment regions, not just individual countries. They break down their manufacturing processes into different parts and locate them in different countries according to their comparative advantages in producing different components.

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Last week, I had dinner with some 10 industrialists who took part in the Global Technopolis Exhibition. I was surprised that all of them had manufacturing plants in both Singapore and Johor. One already has a plant in Batam, and a few others are contemplating setting up factories there. These

industrialists showed great interest in the triangle of growth. If they see real co-operation, they will invest heavily in the region.

When the growth triangle takes off, we can link it with other growth points or regions. We can invest in the northern Malaysian states, for example, in Kedah, Langkawi and Penang. We can also invest in tourist projects in Sarawak, Sabah, Brunei, and other parts of Indonesia.

As we go international, we need a new breed of Singaporeans, the expatriate Singaporeans or Singaporeans who have to work for long periods outside Singapore. Singaporeans will be more willing to work abroad if we can take care of their children's education. We will address this problem.

Change-over Session

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This session of Parliament is rather special. It is a changeover session, like a changeover in a relay. There is quiet excitement in the debate but no fireworks. Many speeches are thoughtful and reflective. It is as it should be. It shows that we have dealt with the major problems. Circumstances are as favourable as they can be for the baton to be handed over.

But the life of a nation or a society is a never-ending relay race. We may have covered one lap outstandingly. But there are many more laps to complete, and by new runners. We are ahead in this lap. Do we have the stamina to stay ahead in the next lap, and the one after that? There is no guarantee that we will stay ahead, or that others will not overtake us. How to stay ahead, and give Singaporeans a prosperous, secure life? This is the basic question we must increasingly ask ourselves.

The Prime Minister will pass his baton to me later this year. But that does not mean I am running the next lap alone. We are all that runner. You are not a spectator or a disinterested outsider. You are on the field, running collectively to keep Singapore ahead.

Political succession cannot be considered successful or completed unless we win the people's support at the next General Election. How we perform will depend on how we discharge our responsibility to the people, whether we can give a new lift to their lives and whether we have gained their confidence and trust.

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We have to understand the aspirations of the people. Singapore is a middle-class society with new middle-class aspirations. These have to be met.

At the same time, there will be those who are not yet middle-class. The aspirations of the underclass will also have to be met. Talk and rhetoric will not do. Ideas have to be translated into practical programmes, and people must see and feel the benefits of these programmes.

Major Decisions

The next few months will be busy ones for us. We have a heavy legislative programme. I also have to make a few major decisions. I will consult my colleagues but ultimately I have to make these decisions.

First, I have to settle the date of changeover. It will be a November date.

Next, I have to decide on who would be my Deputy Prime Ministers, and whether to have one or two. I have decided on two Deputy Prime Ministers.

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Third, though we have decided on Mr Lee's role after he steps down as Prime Minister in the Cabinet, we will also have to prepare for a role reversal.

Fourthly, Cabinet changes. There will be no drastic reshuffle. It will be a Cabinet that reflects continuity rather than radical change.

Lastly, even as we work on the programme of this Parliamentary session, we are simultaneously preparing the programme for the next session. It will he a fresh programme to bring us a few steps nearer our Vision 1999 which we first spelt out in 1984.

A More Refined. Compassionate Society

The society which we want to bring about will be more refined, more compassionate, kinder, gentler to borrow President Bush's words. But it will not be a welfare society. The Government will not run a budget deficit. It will continue to revise fees periodically, in line with changes in costs and wage increases.

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The Government will not flinch from making critical decisions for the good of the nation. It will continue to he hard-headed and tough-minded. It will not govern by popular polls.

There will be greater freedom for Singaporeans to make their own choices, and to express themselves, but this freedom is not extended to actions which rock the boat. We will not allow anyone to capsize Singapore. We will not brook interference from foreign newspapers in our domestic affairs. Those that do will be gazetted and have their circulation reduced. Those that have done so will continue to be gazetted unless they acknowledge that they were in the wrong and satisfy us that they will not interfere in our domestic politics again.

We have a bright future ahead of us. We face it with good cheer and confidence. For that we owe it primarily to one man - our Prime Minister.

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