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SPEECH BY MR LEE KUAN YEW, SENIOR MINISTER,

TO THE WORLD CHINESE ENTREPRENEURS CONVENTION,

ON 10 AUGUST 1991 AT MANDARIN BALLROOM AT 12.45 PM

I am happy to welcome all of you who have come to Singapore for this first meeting of the World Chinese Entrepreneurs Convention, a gathering of Chinese entrepreneurs, businessmen and distinguished persons. Ease of jet travel has made this meeting possible.

It is instinctive in man to identify and be curious about his own kind, those who look like him and who share his language, culture and history. There are about 25 million ethnic Chinese outside of China, Taiwan and Hong Kong:

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[1]

Southeast Asia	21,353,500
USA	1,000,000
Canada	450,000
Latin America	302,000
Europe	408,000

Australasia 303,000

The organisers tell me that you have come from more than 70 cities in 30 different countries including the PRC, Taiwan and Hong Kong. You have been successful in overcoming difficulties and disadvantages facing you in different countries. I am confident that if you compare notes you will confirm that thrift, hard work, emphasis on education, community trust and mutual help, in short, the core values of Chinese culture, were key factors for your success.

However, with each passing generation, for those of you who do not live in China, Taiwan or Hong Kong, your original culture is being altered because you live in different cultures, using foreign languages like English, Spanish, Thai or Malay. This results in acculturation, " a process of intercultural borrowing marked by the continuous transmission of traits and elements between diverse peoples and resulting in new and blended patterns" (Websters). It is like Chinese restaurants the world over. They are recognisable but vary from country to country as they take on the flavours to accord with local taste. Even in the heartland of China itself, Chinese culture has not stayed static or unchanged. The communists set out to change Chinese culture radically since 1949. Some results were unfortunate like the loss of the work ethic because of the iron rice

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bowl. Fortunately after the open-door policy in 1979, further changes are under way.

Taiwan, Hong Kong and Singapore, have also changed, mainly as a result of interaction with the West, through business travel, studies abroad, tourists, and all pervasive media. The change is most extensive in Singapore because it is multiracial and multilingual. English is our working language, Mandarin Chinese a second language. In this environment it is necessary to make special efforts to pass on core cultural values, those dynamic parts of Confucian culture which if lost will lower our performance.

Our world is increasingly interdependent. Trade, investments, travel are no longer impeded by oceans or mountains or national boundaries. Singaporeans now need to go international. Chinese entrepreneurs overseas will be valuable contacts in these countries. Ethnic and cultural empathy facilitates rapport and trust.

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Chinese and other Asians abroad, especially Indians, can help Singaporeans break into markets abroad. Singapore also welcomes those of you who are interested in expanding to Southeast Asia. Singapore is a convenient

base camp for trade and investments, especially joint ventures, in the region. Useful links can grow out of meetings such as this.

PART II - CHINA AND CHINESE OVERSEAS

As Chinese we are affected by the future of China. People's perception of China and Chinese nationals reflects generally upon overseas Chinese.

Since the open-door policy of 1979, jet travel and the fax has made Chinese leaders, both in Beijing and the provinces, very knowledgeable about the outside world. Satellite TV and videotape, mass tourism into China, including over 25 million ethnic Chinese and near two million foreign visitors per year[2], have made an impact on Chinese people in those cities and towns which received these visitors. It is impossible for leaders or ordinary people in China not to know that Taiwan, Hong Kong and Singapore have become newly industrialised.

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In 1945, at the end of World War II, these three countries were less advanced than the coastal cities of China, like Shanghai or Tianjin. China's leaders and people know that the free market and free economic system has made the NIEs successful. Communists central planning may have served them well in the first decade by mobilising national resources. But now, the rigidities

of the system hold them back, as is acknowledged in China. PRC leaders from Beijing and the provinces have travelled overseas in their thousands every year to the advanced countries and to Hong Kong and Singapore. In 1990 nearly half a million mainland Chinese visited Hong Kong, Macau (447,000) and Taiwan (5,700). They meet ethic Chinese abroad. These exchanges have been a powerful catalyst in revamping their thinking.

Marxism-Communism is yesterday's ideology. Mikhail Gorbachev as Secretary-General of the Soviet Communist Party, has publicly stated that Marxism is an "outdated ideological dogma". He has proposed to the Soviet Communist Party that it should formally abandon Marxism.

China's Communist leaders have been rethinking their basic position since 1979. They recognised that in a vast country like China, from the time of the earliest dynasties, the strength of ideas has always been more critical for the unity of China than military forces. They have not abandoned Marxism in the way Gorbachev has done. However, even as early as 1978/79, Deng's statement on the open-door policy that "it does not matter whether it is a white cat or a black cat so long as it catches mice", recognises that practical results must take precedence over dogma.

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China's problem is how to adopt the free market economy, whilst retaining Communist Party control of government and society. As long as the Long March veterans are alive, their legitimacy as rulers is difficult to question. They had fought and liberated China. But when they are gone, it will be very different for their successors who must justify their right to govern. The successors can gain legitimacy only by bringing about rapid economic and social progress to catch up with the rest of the world, and especially to catch up with Hong Kong and Taiwan, or they face dire problems. Chinese outside the mainland, in Taiwan, Hong Kong, Singapore, ASEAN, America and Europe, have all succeeded. They are leaders in business, the professions, academia and even in government. China's leaders and people know that the centrally planned system built under Marxist inspiration is a flawed system. Hence the attempts to reform the system and bring in market forces to guide production. Unfortunately, there is no consensus on how to proceed with it.

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Those Chinese intellectuals who produced the TV series the River Elegy have over reacted in their analysis of the problem, that the total rejection of Chinese traditional beliefs is necessary for China to develop. Frustration and failure over 40 years of Communist Marxist rule has distorted their objectivity. Overseas Chinese in Southeast Asia are descendants of poor peasants and labourers mainly from Guangdong and Fujian. They were not descendants of the literati or the

mandarins. No “zhuangyuan”, “jinshi” or “xiucai” have emigrated to Nanyang. Yet they have succeeded and become professionals, scholars, entrepreneurs, managers and engineers. Confucianist values made their families hold closely together to bring up children who are well educated, highly motivated and perform well under pressure.

And in America where they are an insignificant minority, Chinese have won great acclaim and distinction as Nobel Prize winners, chancellors and presidents of universities, writers, entrepreneurs and world class architects. Most were the descendants of humble immigrants. Therefore, think of the hundreds of thousands if not millions of similarly talented Chinese in China, whose gifts are going to waste.

Successful Chinese communities overseas are a spur to action in China. China’s leaders have been studying them, and, in particular, the different variations of the system that led to rapid industrialisation in Taiwan, Hong Kong and Singapore. They want to abstract the principles so that they can modify and apply them to their own circumstances. China’s transformation will be easier than Russia’s. There are no Russian counterparts to Taiwan, Hong Kong or Singapore. People in China know that it can be done because it has been done by Chinese people in three different environments. Indeed the free market

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system is being extended into Guangdong through Hong Kong, and into Fujian through Taiwan.

Their difficulty is how to get the vast country out of their present system without chaos and upheaval. This is not easy, as the Soviet Union has found out. The Yavlinsky-Harvard plan drawn up just before the G7 meeting in July this year called for US$150 billion in five years to cushion the pain of transition and to avoid chaos in the Soviet Union. Furthermore, the experience of Poland, Czechoslovakia and Hungary shows that hardships are unavoidable in converting to the market system.

One of China's most valuable assets is the large number of government scholars (70,000)[3] (plus 140,000 private students) now studying abroad. When they return they will have a thorough knowledge not only of their specialties, but also of the workings of the social and economic systems of the countries where they are studying and probably working in. These able minds will be invaluable in China's modernisation. But until China opens up, more scholars will try to join Chinese already in the West. Paradoxically, I believe the greater the number of scholars who go overseas, the better for China, for the greater will be the spread of specialties they will bring back to China, once the political climate again becomes favourable for basic reforms.

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It was the "stay behind PhD's" from Taiwan who later brought back to Taiwan high tech like the computer industry. Not all returned. But those who did made a critical difference.

I believe that to achieve the modernisation of China, her communist leaders are prepared to try all and every method, except for democracy with a one-man one-vote in a multi-party system. Their two main reasons are:

- First, their belief that Communist Party of China must have a monopoly of power in order to ensure stability; and
- Second, their deep fear of instability in a multi-party free-for-all which would lead to a loss of control by the centre over the provinces, with horrendous consequences, like the warlord years of the 1920s and 30s.

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If China is to change without violent upheaval and unpredictable results, then the progress must be one of gradual evolution, a loosening up without a sudden overturning or upsetting of the system. Indeed this was happening between 1977 and 1989. Except for inflation and corruption, things were getting better: higher growth and living standards, freer personal choice of jobs, more access to news and information through a freer media. Therefore Tiananmen,

June 4, was an immense tragedy. In their euphoria and spontaneous support they received, the students wanted to do in a few weeks what Poland's Solidarity movement took 10 years to achieve. Solidarity moved gradually in order to avoid a head-on clash. They loosened up the system in stages, until finally a communist government agreed to free elections, and when Solidarity won they offered and did share power with the communists. That could have been China's evolution if it had been spread over 10-20 years, and not brought to a head in June 1989 by their refusing to leave Tiananmen Square.

The setback is not irreversible. I believe China's leaders have no choice but to resume the process of opening up and loosening up. They cannot improve life in China without outside inputs. The more their links with the outside world, the more the changes in thinking and attitudes. It is impossible to have rapidly increasing trade, investments[4] and tourism with a closed system.

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Indeed just by being ourselves, making progress in our lives, Chinese abroad become a powerful pull factor in China's evolution forward. We are living examples of Chinese people, imbued with Chinese culture along immensely better because we work under a different system.

In this respect, Singapore has an unusual position. The Chinese media has never held out Taiwan or Hong Kong as models for China. They are too close for comfort, politically too sensitive. On the other hand, Singapore has been cited regularly as a model for the greening of a city, for tourism, airline, airport, seaport, public housing, industrialisation. Delegation after delegation has studied different aspects of Singapore's policies and institutions.

One attraction of the Singapore model is that the governing party has been able to stay in power for over 32 years whilst it transformed society. If China's leaders are convinced that they can hold elections every 4-5 years and stay in power for another 32 years, there will be free elections in China.

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The point, however, is that the ruling party PAP was never certain that it could win the next elections. And because there was the real danger that we could lose the next elections, we were careful not to abuse our powers, and we justified our right to govern by achieving what our people want in life. But

because the Communist party does not have to be elected, there is no urgent pressure to change. Nevertheless, the system in China will open and loosen up with more trade, investments, tourism and exchange of scholars. It will probably take more than the six years Gorbachev has taken to alter the Soviet Union. China will not follow Gorbachev's footsteps. But I am confident that to succeed China need not and indeed should not follow Gorbachev. The more stridently the Western media exhorts China towards democratic reforms, the more China's leaders will resist them. They have seen how Gorbachev was beguiled and seduced into his present dilemma, by the praises and acclamation of the Western media, as he sounded more and more like a Western liberal leader. Chinese outside China can help China avoid chaos by making people, especially leaders, in the West aware that practical realities make it prudent to work for an evolutionary outcome through more economic linkages and people to people contacts that will transform perceptions and thinking in China itself.

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I now declare the Convention open.

Footnotes:

1. "The Statistics on the Population of the Overseas Chinese in the World" by Mr Huang Zhaohui in Studies of Overseas Chinese (Huaqiao Yanjiu), edited by the Institute of Overseas Chinese of Jinan University (Guangzhou: Guangdong Higher Education Publishing House, 1988), pp. 253 - 280. Data available in 1984 - 87 was 24,268,000.

2. Visitors Arrivals:

Year	Total	Foreigners	Overseas Chinese	Compatriots*
1990	27,461,321	1,747,315	91,090	25,623,416

*Compatriots from Hong Kong, Macao and Taiwan province

(Source: National Tourism Administration, PRC)

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3. Government scholars studying abroad:

50,000 in North America

10,000 - 20,000 in Western Europe

7,000 in Japan

2,500 in Australasia

4. Breakdown of Foreign Investment in China

1979 - 90

(US$ billion ; units)

	Value*	No.
Equity JVs	9,146	16,289
Cooperative JVs	5,428	9,311
Wholly owned ventures	1,432	3,385
Joint oil exploration	2,923	64

*Value of investments means actual investments made.

(Sources: MOFERT, Business China (27 May 91) calculations)

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