

# Singapore Government

# MEDIA RELEASE

## PRIME MINISTER LEE HSIEN LOONG'S NATIONAL DAY RALLY 2004 SPEECH, SUNDAY 22 AUGUST 2004, AT THE UNIVERSITY CULTURAL CENTRE, NUS

### OUR FUTURE OF OPPORTUNITY AND PROMISE

#### I Tribute to Goh Chok Tong

1 Friends and fellow Singaporeans, I've known Mr Goh Chok Tong for a very long time, more than 25 years. We first met in 1978. It was not long after he entered politics. We met socially and I remember he was explaining to me how he was consciously staying away from making speeches on shipping matters because he was from NOL (Neptune Orient Lines) and he wanted to broaden out and talk about other subjects. Soon after I met him, I went away to the US to study. When I was away, I needed to make a presentation on Singapore – Know Your World – and wanted something to show the Americans what Singapore was like. So, I asked Mr Goh and he sent me some slides of activities in Marine Parade, a kite-flying competition, something you won't find in America and it added something to letting the Americans know us. I came back from America after two years in the SAF (Singapore Armed Forces). He was my minister. I would brief him regularly. Then I entered Cabinet and he was a colleague and then, he was the Prime Minister.

2 When Mr Goh took over from Mr Lee Kuan Yew as PM, many people wondered how he would work out because Singapore had had only one PM ever since it was independent, in fact, ever since before it was independent. What would the new PM be like? Would he be his own man? What mark would he put on Singapore? All this uncertainty was soon dispelled. Chok Tong established his own style, milder, gentler, consultative and inclusive, but firm and clear. He built his own team. He retained key members from his own generation to help with the transition. He brought in new and younger ministers and he got good men and women to work with him and formed a strong team. And I'd just like to mention two of the people who kept on and stayed with him. One is Mr Dhanabalan, who had actually gone into the private sector after the transition was completed and came back in again when I was ill with lymphoma in 1992 and took over from me in MTI (Ministry of Trade and Industry) and looked after MTI for one year, one crucial year, and helped out at a very difficult time. And the other one is Dr Tony Tan, who also went out after the transition into the private sector, but came back in 1995 because Chok Tong asked him to help run Mindef (Ministry of Defence) for two years. And he stayed for nine years and now, he's staying for another year to help me out with my transition. So, I owe them a thank you.

3 Chok Tong launched new policies to take Singapore forward. Some were popular policies, like Edusave and Medifund. Everybody liked them. Some were difficult but necessary policies. We had to cut the CPF (Central Provident Fund), we had to raise the GST (Goods and Services Tax), not popular, but we had to do it and Chok Tong sold these policies and persuaded people to do it. Many things were in foreign policy. He travelled, he made friends with foreign leaders, he established contacts, gained their respect and made use of these links for our advantage, for example, establishing many free trade agreements with important trading partners and I should just mention one, the US free trade agreement because that one was born on a golf course. One evening after dinner, he persuaded Bill Clinton to play golf in Bandar Seri Begawan at night and over 18 holes, a free trade agreement was born. So, that means he's telling me I should play golf.

4 Chok Tong established his own connection with Singaporeans, not high-flown oratory, but sincere, direct, personal. He made people feel comfortable and listened to. He persuaded people to accept tough decisions. He explained highly-sensitive issues and defused them and so, when we had dialogues discussing very difficult things, I was always very comfortable sitting next to him because I knew that no matter how difficult the subject, how awkward the question, how uncomfortable the audience, he would be able, with a soft turn of word, with a joke, with a nice question back, to put the audience at ease and get his point across. And that's why when you see the pictures of me sitting next to him on a dialogue, I'm always smiling. But following him on the National Day Rally all by myself here, well, that's a different show altogether. But Chok Tong won the support of voters and the respect and the affection of Singaporeans and brought us all closer together as one people and, for that, I think we all thank Chok Tong.

## **II Entering politics and becoming PM**

5 I owe a personal debt to Goh Chok Tong. I didn't plan to enter politics or to become PM, but he brought me in. He guided me and supported me and especially over these last 14 years when I was his Deputy PM (DPM) and since coming in, politics has engaged all my energies and abilities. It's what they call a 24/7 job, there's no running away from it.

6 I've been part of a team dealing with many issues, big and small, and I've learnt much from the previous two PMs, especially not just to focus on policies but on how the policies impact people, the lives of individual Singaporeans, what does it mean, how does it hurt, where can we help. So, I've always paid a lot of attention to my MPS cases, my Meet-the-People Session cases. Nine out of 10 are routine, but always keep my eye open for that last tenth one where the policy has gone wrong, the implementation is not right or maybe the policy is wrong and has to be changed and we have to do something, intervene and put it right. I won't tell you which ones otherwise you will all come and look for me. But I have red stickers on my table so when such a case comes, I put a red sticker and I see to it personally. I've learnt that not all problems can be solved, but some can and must and when you do solve one of these, it really gives you a high and it gives my

helpers a high too. It makes my evening worthwhile and then the next time you come back for the MPS, chuffed up, enthused, energised and we try again. And when you have a long case, well, we sit patiently and we wait.

7 It's a big step from being DPM to being PM. It's not just working out policies or managing the economy. It's really uniting all Singaporeans, making sure everybody knows and feels that we are on the same venture together and building our nation and making each generation of Singaporeans feel proud to be Singaporean, proud to carry that pink IC and that red passport wherever we go.

### **III      Singapore at a crossroad**

8 It's a unique challenge leading Singapore now, in 2004, because Singapore is at a crossroad. It's a different world out there. It's a post-Cold War world. What does that mean? It means there's one hyperpower, the United States. There's no two superpowers, it's not a multipolar world, it's one hyperpower. China is rising, India is opening up, Southeast Asia is also growing in transition, but reasonably optimistic overall. And one major reality out there is the war on terrorism which is going to continue for a long time to come.

9 In Singapore, this is not just a change of the PMs. It's a generational change to the post-independence generation. It's a different generation of Singaporeans, different from the group which fought for independence, different from the group who grew up with independence in the immediate post-independence years who experienced the transformation, saw how Singapore changed, saw the effort and the passion which went into building Singapore, which went into achieving what we have and wanted to pick up and run and carry on with the job. Now, it's a new generation and it's got to take Singapore another step forward, another level higher.

### **IV      A fresh, bold approach**

10 To do that, we need a fresh and bold approach. We've been successful, wildly successful. Otherwise, we wouldn't be sitting here today. But we can't stand still because the world is changing, our people are changing and so must Singapore and so must the way we govern Singapore.

11 To succeed, we have to balance between continuity and change, keeping what is still working and good and strong in our system, which is a lot, and changing the part which is obsolete, discarding the part which is no longer relevant, inventing new pieces, new ideas to deal with new problems and to take advantage of new opportunities and to develop new strengths and strategies to thrive in a different world.

12 We can never afford to be satisfied with the status quo, even if we are still okay, even if our policies are still working. People say, "If it ain't broke, don't fix it". I say, if it

ain't broke, better maintain it, lubricate it, inspect it, replace it, upgrade it, try something better and make it work better than before.

13 I was a member of Chok Tong's team and I contributed to many of Chok Tong's policies. These are sound policies, but we must always be prepared to look at them again, we must never be trapped by what we have and we must update them and conceive new ideas to go ahead. And this is true not just of the government but also of Singapore, also of society.

14 The Ministry of Education recently did a survey of CEOs and employers. They wanted to know how the employers looked at the output from our schools, looked at the young generation of people who are coming out from school, universities, working, what are their strengths and weaknesses. And they made many observations, but it boiled down basically to one key point which I think we know at the bottom of our hearts, sometimes we don't articulate it, and it is this – we are so capable, we are so efficient, we are so comfortable that we stick with what we have tried and tested and found working and we are reluctant to take risks and try new things. And that is a weakness. It's a weakness which we have to overcome.

15 The key to overcoming this is a mindset change. We have to see opportunities rather than challenges in new situations, we have to be less conventional, we must be prepared to venture and you've got to do this as individuals, we've got to do this as a government and I think we have to do it as a society. Let me give you some examples of what I mean. As individuals, let me give you a personal example because this is something which is true of all of us and me, too.

16 One day recently, I was coming back to Singapore Changi Airport, Arrival Hall, immigration counters. The security officer said, "Walk through". I said, "No, let me queue up and see what it's like". So, I came in. There are about eight counters, right? "All Passports", "All Passports", "All Passports", "All Passports". The last two say "Singapore Passports Only". What shall I do? The "All Passports" counters were all empty. The "Singapore Passport" counters had a long queue. So, I looked at this -- this doesn't make sense. Why is everybody doing that? They should go across. Then, I thought of it more, I thought maybe, they know something I don't. So, I joined them at the "Singapore Passports" counter. I stood there for 30 seconds. I said, "This doesn't make sense", went across, sailed through. The girls smiled at me, beamed, offered me a sweet. So, I think the pressure to conform, to go with what we're comfortable with -- he's doing it, let's do the same -- it happens to all of us. I think it's something we have to combat. Nobody is there, let's go there first, see what happens. So, that's on the individual level. I am sure you have examples, but I will just stick to myself today.

17 As a government, we have to rethink all our problems, big and small. Nothing should ever be set in stone. We've made big changes recently. The GST changes is a big one. The CPF cut was a big one and now, we are working on wage reform. That's another big one which will take some time and this will have a significant impact on our future. So, we've got to change our policies or look at our policies. We've got to support

entrepreneurs. We've got to support Singaporeans being spontaneous, being unconventional. We should not put obstacles in their way. We should help them to succeed.

18 Let me give you one example. These are the Duck and Hippo Tours. You know what's a Duck Tour? It's a boat with wheels where you take a ride, you go into the harbour, you sail around, you come back. The Duck took two years to get a licence -- nearly died. Very difficult because they went to the LTA (Land Transport Authority). LTA says, "Your duck has a propeller, how can it be a car?" They went to the MPA (Maritime and Port Authority of Singapore). MPA says, "Your duck has wheels!" So, ding-dong, it took two years. Eventually, we sorted the problem. The Duck became a success. So, came the Hippo. The Hippo is a bus with no top, okay? So, you sit on top, you drive around. It's just like in London or one of the other Western cities. Question -- Is the Hippo a bus? A very important question because if it is not a bus, it is not allowed to stop at a bus-stop. So, that one we did better. Six months, we solved the problem. I think we have to do better than that.

19 We also need, as a government, to encourage participation and debate. We have opened up over the years. We've got the Speakers' Corner. We've allowed a lot more discussion. If you read the newspapers, what the newspapers write, the columnists, the Forum Page writers, the degree of debate is much more than we used to have, or in Parliament. But I think we can go further.

20 So, there are two things we are going to do. One, for indoor talks, we are going to do away with licensing. Right now, if you are going outdoors or indoors, if you want to do a talk, you need a Public Entertainment licence. Usually, it's approved, it's not a problem, but once in a while, you are slow or the police have reservations, they say, "No", but it's very rare. So now, we've decided we are going to exempt indoor talks from licensing requirements unless they touch on sensitive issues like race and religion.

21 The second thing we're going to do is to open up the Speakers' Corner where you can go and make any speech you like and we are going to say, "Well, if you want to go there and have an exhibition, go ahead". Once in a while, Think Centre says they want to go to the Speakers' Corner and they want to plant 100 flowers there, let the 100 flowers bloom. Well, I think go ahead. They want to water the flowers, go ahead. They want to turn the flowers down, go ahead. I mean, free expression as long as you don't get into race and religion and don't start a riot. It's a signal – speak, speak your voice, be heard, take responsibility for your views and opinions.

22 As a society also, we have to be forward-looking. I asked some young people what they would like me to say tonight and one of them said this – "Be forward-looking. Don't let elders deter you by saying it cannot be done or scare you with war stories". Maybe, I was telling him war stories because I know him. I agree that you shouldn't be scared by your elders, but I think you should listen to them, think carefully what their lessons mean in this new day and age and then use those lessons to avoid unnecessary mistakes and solve problems our way today. But we have to be prepared

to accept the diversity of views and to listen to the debate and to have this discussion, always with a view to moving Singapore forward.

23 Let me give a controversial example. It's quite a controversial one. Some people told me, "Don't raise it, it's your first rally speech, very dangerous", but I'm going to do it anyway. It's to do with the casino.

24 We've said, "No" to the casino for a very long time. I've said "No" to the casino for a very long time. In 1985, we had a recession. I remember the late Mr Teh Cheang Wan wanted the casino, argued for it. We said, "No". We didn't proceed. This time round, we had the ERC (Economic Review Committee). The Subcommittee has put up the proposal for a casino. On the ERC, I said, "No", a majority of the members said, "No". We didn't recommend it.

25 But the subject didn't die and we have to reconsider because the argument comes up, the situation changes.

26 Why is the situation different? Because there are "cruises to nowhere", more and more cruises to nowhere. Some don't even cruise, some anchor nowhere. You can go to Batam. I'm told there are 13 down there. I haven't been there, but Wong Kan Seng has been. He told me it was by accident, and Singaporeans go there. So, Singaporeans are already doing this, right?

27 Then you want tourists. There are millions of tourists because the Indians have money to spend, the Chinese have money to spend. Every tour group to Singapore goes to Genting. Macau is opening up. Now, they have broken the monopoly, new operators, more shows, more games.

28 If we want to grow our tourism traffic and double the number of tourists to Singapore, we don't just want them to come here because of gambling, but if gambling is one of the things they want to do, then maybe we should allow them to do that in Singapore, find some way to do that and if, as a result of that, I get, over 10 years, double the traffic volume, I think we should think about it.

29 So, MTI has come with a new proposal, not just a casino, but an integrated resort, entertainment centre. So, you have shows, you have family entertainment, you have food, restaurants, art, all sorts of things and in the middle, of course, you also have this place.

30 Should we say, "No"? Well, I think we should take a deep breath and think about it carefully. I know many Singaporeans have expressed concerns and very strong concerns and the religious groups particularly have very strong views and their objections are not irrelevant. They are valid objections. It's because of these objections that for so long, we haven't done this. But I think we shouldn't just say, "No". I think we should consider - can we have the casino and still contain the social problems? Let's study it. Let's see if there's some way to do it.

31 So, I think what we are going to do is to request for proposals. Let's put out to say we are going to impose the following restrictions: Singaporeans below a certain income, you don't go. I mean, if they want to travel all the way to Batam, that's them, but we will not make it easy for people to go broke and ruin their families in Singapore. But if a millionaire wants to bring another millionaire friend from China or India, I don't think I should say "no" to him. It may help lessen my other taxes. So, I think we will find a reasonable restriction, draw a line, call for the proposals, test the market. Let's see what proposals come in. If it makes sense and people think that this is worth doing commercially, we make a judgment, we proceed. If it's not worth it, not worth the downside risks, then we will call it off.

32 We will consider all views before deciding. Finally, if we decide against it, then I think we will have had a valuable debate in our society, a valuable discussion and sent a strong signal that we are prepared to discuss all sorts of things and reopen long-settled issues. But if we decide to proceed, then the final solution which we implement will have to address the valid concerns which Singaporeans have raised. So, it's not black and white. I mean, it's looking for an appropriate middle way where we can have our cake and also eat most of it.

33 Increasingly, the world is going to be like that. China opened up. Deng Xiaoping said, "When you open the windows, the flies will fly in". So, you can't close the windows, you'll just have to have a fly-swatter, a fly-trap, have one of these UV lights to zap them, but keep the windows open and keep your interior as clean and as hygienic for your own people as possible. And I think that's the attitude we should have.

## **V      What are our priorities?**

34 So, with such a framework, with such an approach to our problems, what are our priorities? There are many, but tonight, I would like to list just five of them.

35 Firstly, external relations, making friends with other countries and protecting our interests overseas. Secondly, building the economy, creating jobs, helping wages and incomes to go up, pressing on with upgrading, looking after those who are affected by this. Thirdly, engaging the new generation. Fourthly, educating, investing in our young so that they are not just learning to make a living for themselves but also developing their character and their emotional roots in Singapore and discovering their strengths and achieving their potential; not just for a few, but for every child and also to get them to learn their mother tongues. And the fifth one, I put it last, but I'm sure you won't forget it, has to do with more babies. But let me start with external relations even though I think for many Singaporeans, the economy is at the top of your minds.

## **VI      External relations**

36 One thing which isn't going to change is our approach to external relations. We seek to be friends with all countries, and especially with our immediate neighbours and the major powers. We pursue win-win co-operation with all countries who are willing to co-operate with Singapore, but that doesn't mean that we can always accommodate the views or the positions of other countries. When our vital interests are at stake, we must quietly stand our ground. As Dr Habibie said, I'm sure you'll remember, Singapore is a little red dot. If we don't defend our interests, who will? This approach has earned us respect internationally and a network of good relations with many countries around the world.

37 From time to time, we are put to the test. As a small country, we can't afford to flinch. When Michael Fay was sentenced to caning for vandalism, Bill Clinton as President wrote to our President on his behalf. But we couldn't remit his sentence of caning. All we could do is to reduce two strokes. From six, we went to four. If this were a Chinese punishment, *wu shi da ban* (fifty floggings with the stick) would become *si shi wu da ban* (45 floggings). And people in Asia noted our stand. When PM Mahathir of Malaysia pressured us to change the water agreements, we stood firmly by our legal rights. We gave a full public explanation of the negotiations with Malaysia – why we were justified in international law and we were prepared to go to any international tribunal. But we still do our best to maintain good relations with the US and with Malaysia and, in fact, our relations with these two countries, I think, are good.

38 Our closest neighbours are Indonesia and Malaysia. They will always be of special importance to us. Indonesia is holding its second round of the presidential elections soon. Malaysia has a new PM. I've known PM Abdullah Badawi for many years already and under him, our relations have taken a fresh start and I look forward to working with PM Abdullah Badawi to strengthen our bilateral relations further. I was very grateful that after I was sworn in, the next day he gave me a call to congratulate me and to wish me well. So, I said I look forward to working with him.

39 We have broad relations with China for many years since the visit of Deng Xiaoping to Singapore – he was then the Vice-Premier – in 1978. And we want to deepen these relations for the future. Unfortunately, our ties with China are currently under some strain after the Chinese reaction to my recent visit to Taiwan.

40 I've seen letters to the press – Straits Times, also *Zaobao*, also *Berita Harian* – which show they understand the Government's position and I am grateful for the support they've shown the Government. But nevertheless, tonight, let me explain why I needed to visit Taiwan, why Singapore is not changing its one-China policy and why I've become more worried about the cross-straits situation after my visit.

41 Why did I visit Taiwan? Because the cross-straits situation is the most serious security problem in the region, the most dangerous problem. Economically, China and Taiwan are getting closer together. They say half-a-million Taiwanese work in China, but politically, the two are drifting apart. Chinahas made

it very clear that if Taiwan moves towards independence, China is not going to stand idly by and war may be inevitable.

42 In this current, very tense situation, I will have to make some very difficult judgment calls as PM. I wanted to understand the thinking of my friends and contacts in Taiwan. Some of them are now key leaders on both sides, on the Pan-Green side and on the Pan-Blue side. I needed to sense the shifts in the tone and texture of Taiwanese society. Only then can I make an objective assessment with conviction and knowledge. You've got to talk to people, feel them, sense their mood, their body language, the atmosphere in the society and I can't get this feel just by sitting in my office surfing the Internet, reading reports, even secret reports, or watching CNN or CNA. It's not possible. You have to be there.

43 If other countries are going to take Singapore's views and assessments of the cross-straits situation seriously, then they've got to view us as informed, impartial and balanced. If Singapore can help in some way to prevent miscalculations by some key players, then we are going to do our utmost to do so. We are small, we are not influencing the events, but we can provide some inputs to help the key players avoid mistakes and misjudgments.

44 Why did I go in July? Because Chok Tong had told me that the handover would be in August and so, July was the only window for me to go before becoming PM.

45 The Chinese have protested that my visit to Taiwan was contrary to Singapore's one-China policy. But Singapore has always observed the one-China policy. We took this position right from our independence in 1965. In 1971, we voted for PRC's admission into the UN to take its UN seat. In October 1990, we established diplomatic relations with China. By then, China understood Singapore's position on Taiwan, that historically, we have unique and important interests there which continue to be vital to our security today.

46 Two years after we established diplomatic relations with China, I visited Taiwan in 1992. I was then already DPM. So, my recent visit to Taiwan is not my first one under these circumstances, it's my second one, and it doesn't contradict our one-China policy. Nor can it be seen as emboldening Taiwan independence elements. This makes no sense because the Taiwanese know too well that we stand for one China and are opposed to Taiwan independence. Indeed, we are very worried by the growth of Taiwan independence forces.

47 Singapore's one-China policy will not change. A move by Taiwan towards independence is neither in Singapore's interests nor in the region's interests. If Taiwan goes for independence, Singapore will not recognise it. In fact, no Asian country is going to recognise it. Nor will the European countries. China will fight. Win or lose, Taiwan will be devastated. Unfortunately, I met only very few Taiwanese leaders who recognised this reality. The problem is that it's not going to be just Taiwan which is going to be damaged. It will be a grave setback for the whole

region. Our hope for China to emerge peacefully and for the region to prosper through investments and trade and tourism will be shattered.

48 In any case, I think it would be the height of absurdity for Singapore to want to quarrel with China over the question of Taiwan because the cross-straits issue is not a permanent problem. It will be resolved sooner or later – either sooner if matters come to a head when Taiwan amends its Constitution, or later, eventually, if the situation evolves peacefully over two or three decades, China continues to grow and Taiwan's economy is progressively integrated into China's economy. The process is inexorable; there can be no other final outcome.

49 I came back from Taiwan more troubled than before I went because the ruling party, the DPP, is preoccupied with domestic politics. Their immediate priority is the upcoming Legislative Yuan elections –立法院选举 – at the end of the year and they're going to go all out to have the Pan-Green parties win an absolute majority. On the KMT side, they're also preoccupied with domestic policies, with the shooting incident on March 19 when somebody tried to assassinate President Chen Shui-bian and also with the recounting of the last presidential election votes. So, neither side has had time to think about Taiwan's future, about the longer term, how to manage relations with China, how best to reconcile the aspirations of the Taiwanese people with the realities of their international position.

50 There is a stronger Taiwanese identity emerging. More people are speaking in the Taiwanese dialect, what they call 河洛语 is a Taiwanese form of Hokkien. Before Lee Teng-hui and Chen Shui-bian became President, most Taiwanese people considered themselves as Chinese. Now, many think of themselves as Taiwanese, not Chinese. Somebody told me they did a poll. You have a choice – are you Taiwanese, are you Taiwanese/Chinese, or are you Chinese? And a majority said, "I am not Chinese, I am not Taiwanese/Chinese, I'm Taiwanese". And the Green leaders, some of them tell me that they believe that a majority of the people of Taiwan support an independent Taiwan now, so that the idea of *Taidu* (*Taiwan Independence*) has now become a mainstream view in Taiwan society. But the Blue leaders questioned this because they said, "Well, if you say independence is the status quo, yes, people like that. If you say independence is a declaration of independence, that's a different matter". But the reality is the Green side believes that the majority is pro-independence and they may act on it.

51 The Taiwanese media are a freewheeling and parochial lot. They thrive on juicy news and speculation. They chased me around when I was in Taiwan. The 代表 (representative) asked me what I wanted to do for breakfast. I said, in the old days, I used to go to the coffeeshop, to have 豆浆油条(fritters and soya bean drink). He says, "No, no, no. You cannot go for 豆浆油条. We will bring the 豆浆油条 to you because if you go out, you will be surrounded by the paparazzi and you will be more popular than 5566 (the Taiwanese boy band)". So, it's a completely different media milieu. The newspapers cover almost exclusively domestic news, very little or no reporting of the

situation in North Korea, of war against terrorism, or of the war in Iraq, or of the US elections.

52 So, I don't sense, therefore, that the Taiwanese people appreciate the international strategic environment. They don't understand how preoccupied the US is with the war in Iraq, how much they want to settle North Korea, how interdependent America and China have already become. Many also don't realise how rapidly China is transforming itself and how major powers in the world are repositioning themselves in response to a rising China. The problem is made worse because they have a rule that if you are a government officer, a political leader or a civil servant, you cannot visit China. So, the business people know, but the political leaders and the civil servants who are making policy, they can read the reports, but they have not seen firsthand Shanghai, Suzhou, Wuxi, Shenzhen, how China has changed and how Taiwan's position has changed.

53 Many Taiwanese believe that China will not use force on Taiwan even if it moves towards independence. They are wrong. I visited China in May. I met the top leaders. The cross-straits issue was at the top of their agenda and China is absolutely serious. For China, the 2008 Olympics is a small matter, but preventing Taiwanese independence is crucial to China.

54 The Taiwanese press, amongst other misreportings, speculated that I had visited Taiwan in order to play a mediator's role between China and Taiwan. It showed that they didn't understand the situation. It's not just a misreporting, they didn't understand the core situation because I am in no position to play such a role and I have no desire to do so and the key thing is, they didn't understand that the issue between China and Taiwan is not a misunderstanding which 和事佬 (*mediator*) can come along and, you know, jolly both sides and resolve, then you shake hands like in Everitt Road. It's a fundamental and deep contradiction which will require great skill and restraint and wisdom on both sides to resolve and to manage.

55 Therefore, there is a real risk of miscalculation and mishap. If war breaks out across the straits, we will be forced to choose between the two sides. As a friend of both sides, any decision is going to be painful, but if the conflict is provoked by Taiwan, then Singapore cannot support Taiwan.

56 I will not change our one-China policy. But I had no choice but to make this visit to Taiwan in order to be confident that I can take the right decision for Singapore in a looming crisis.

57 We value our relations with China. I have met many senior Chinese leaders, most recently in May, and I deeply appreciated their goodwill and friendship and their warm welcome and their readiness to co-operate with Singapore. This co-operation has always been on the basis of equality, mutual respect and mutual benefit – 平等互惠互利 – that's their slogan and that's ours too. If our co-operation is affected, both sides will lose.

58 I regret that my visit to Taiwan has caused this severe reaction in China which affected relations. I also regret the way the Taiwanese media chose to play up my private and unofficial visit.

59 This isn't going to be the last time our relations with a major friendly power are strained. We strive for good relations with all countries, but from time to time issues are going to arise and big powers have their own interests and will exercise their influence to get their way. We may be old friends, but when our interests diverge, or even when our approaches to the same problem differ, they have to put their interests first and their approaches first and so must we. This is a reality of the compelling pressures of international politics and of national interests and we must remember this.

## **VII      Restructuring our economy**

60 Let me move on to domestic affairs now and talk about restructuring the economy, which I think, for many Singaporeans, is the item at the top of your agenda.

61 Our economy is doing well because we have been restructuring it, because we have been taking the painful but necessary steps and we have made ourselves competitive and so, this year, we've got 10 per cent growth in the first half and maybe 8 or 9 per cent for the year. It's because of restructuring, it's not by chance. The challenge for us is how to continue growing and the answer is, well, we've got to continue to restructure, we've got to continue to upgrade.

62 It's difficult, it's painful, it's tiring, but it's not just Singapore. It's a worldwide trend because of globalisation. It's happening everywhere. There is ferocious competition. The developed countries are facing it, in America, in Europe. The developing countries are facing it, China and India. We see them as ferocious competitors. They see other Chinese men and other Indians as ferocious competitors. So, we are afraid of 1,300 million Chinese, maybe. They are afraid of 1,299 million Chinese, too. And the competition is ferocious. So, the result is less job security, more need to adapt as the market changes. And overall, if you look at it in broad trends, I think in the developing countries, where they've upgraded themselves and got their infrastructure right and their rules right and their conditions right, like the coastal cities in China, like some cities in India, I think that their incomes will rise because they are very cheap now.

63 In the developed countries, in Germany where they have too much social welfare and they can't afford it; in America where their wages are very high and things can be done cheaper overseas, even for programmers, even for skilled workers, even doctors, I think in the developed countries, the incomes are going to fall. So the bottom is going to come up and the top is going to come down, we are somewhere in between. What happens to us? I think we have to try and push our incomes up and to do that, we have to restructure, upgrade, improve our productivity and make our labour markets more flexible so that when the conditions change, when business change, we can also get our companies to alter, to adapt, to get into the new business and get out of the old business

so that they can continue to be productive and can continue to make a living for Singaporeans.

64 So, we talk about wage reform. It's not just flexible wages, a few more bonuses here and there, the MVC (Monthly Variable Component), but defining goals for the company, setting goals for the workers, rewarding them according to their goals. It's what people call KPIs, key performance indicators. So, you have a key performance indicator – how many boxes you move or how many chips you make, how low your defect rate is, getting people motivated to do the right thing so that they will be productive, so that they will align their interests and they can earn a good living.

65 And that's what we have been trying to do this year – we've had a tripartite taskforce, we had recommendations in January, we've made good progress – hotels, banks, some other sectors have restructured already and other companies should also follow, especially the SMEs (small- and medium-sized enterprises) who find it more difficult. And the economy is picking up. In fact, that's a good time to restructure because then you can build up the buffer of the variable bonus. When the economy is down, the fear is there, but the pain is great. So, I think do it now.

66 We also have to raise our productivity, which means retraining workers but also means restructuring the companies and I think we can do it. PSA and HDB restructured last year.

67 PSA particularly had a very difficult exercise, but they've done it and they have done well. They had to drop about 600 workers, they had to slash costs to the bone, they had to retrain their people, cut their prices to their customers so as to lock them in and get them signed on. But they have turned around. The volume is up, profits are up, KPIs have been met, bonuses will be paid and the customers say there's a new PSA now because when there's a problem, the PSA staff will go to the company to ask the company, "How can I help you?" rather than wait for the company to come and then say, "Well, sorry, it's your problem, you look after it". So, PSA has changed and as PSA has done, other companies have to do too.

68 It will not be the last one because many others will be necessary. SIA is one company which is in this category. You know all about SIA also. You've seen what Senior Minister has said, you've seen what SIA unions have said. We know that the unions are discussing this, negotiating with the company and making good progress, particularly the NTUC affiliates. But let me just add this – it's not just the LCCs (low cost carriers) which are the problem, it's not just Bangkok Airport which is the problem. The problem is that SIA's competitors used to be very poor and are now quite good. So, SIA's margin used to be very comfortable, but now, it's much less. If you fly one of the other airlines, you will find that they're not bad at all, but 20 years ago, it was different.

69 I give you one example again. I went to China 20 years ago for the first time. In those days, SIA didn't fly, so I flew a Chinese airline, Singapore to Beijing. It's about six hours, quite a long flight. The service was abysmal. We got onto the aeroplane about 11

o'clock, and I said, "What are we going to eat for lunch?" So, I saw these boxes coming onto the aeroplane, little white boxes, paper boxes, and they passed them down the corridor from passenger to passenger. Each passenger, one, that's your ~~订包~~ (takeaways). Dim sum inside – cold, greasy, salty, unappetising, a few toothpicks, so you can help yourself. I was sitting in front, First Class. So, I thought, maybe First Class passenger, they'll give me special treatment. Let's see what happens. So, they went all the way down, they reached the First Class. We got special treatment – we got two boxes each.

70 That was 20 years ago. Today, you fly a Chinese airline, the air hostess comes, she serves you wine, she gives you food, here is the menu. Would you like a newspaper, sir? The arrival, the temperature is such and such, remember to wear a coat. Would you like a blanket? It's different.

71 So, SIA's competition is different and SIA knows this and I hope their executives go and ride other airlines regularly to make sure they know what's happening and I think their workers also should ride other airlines from time to time and I think that this is a reality which SIA and its unions have to confront together and to deal with. And they will do it.

72 And so will other companies. And I think the Civil Service also has to do it because if the Civil Service is the only place where you have an iron rice bowl, we'll have a problem. Then we'll have more Duck and Hippo stories.

73 So, we've got to continue running the marathon. I know that some Singaporeans worry that new PM, maybe very fierce and may push Singaporeans to run even faster.

74 Let me be quite candid with you. I can't promise you air-con coaches to ride you there in comfort. Not possible, but I think we can provide everybody with good shoes, good coaching, running shoes, drink of water and we'll have first aid points along the way, so you can rest and even for those with wheelchairs, we'll bring them along and we will run together as a team and we will get to the ending point together. But remember, finally, it's not the shoes, it's not the drinks, it's the runner.

75 You've watched Home Run, right? I watched it a couple of nights ago, taking a break from writing this speech. You watch the race – Ah Kun, he had lousy shoes, tattered and torn, shared with his sister. It disappeared half-way down the race, but he won because he wanted to win and I think it's that spirit, that determination, that guts which we've got to have if we are going to want to run and win.

76 I understand what restructuring means for companies and for workers and for the unions and for the families. Retrenchment is a very emotional experience for everybody – for the workers, for the IROs (industrial relations officers), for the employers, for the human resource people. In PSA's retrenchment exercise, everybody was involved. It was a wrenching experience, I think everybody wept. Even the management wept because they've never had to do this before but at the end of it, it was done. I think it was

done well and the union leaders and the IROs were given PBMs and BBMs in this year's National Day for their blood, sweat and tears. We salute them.

77 Other cases are less wrenching. We have more time to prepare. I think it's less of a shock to the workers. We can get them prepared psychologically. We can have those more willing to go arranged to leave earlier, but even then, many families are affected and even those with jobs are worried and unsettled because, they say "will I be next?" So, we will do our best to support and to help those who are affected because we have to look after them, not only when they lose a job but to help them to find a new one, especially the older workers. And that means we need retraining programmes and we need to restructure and redesign jobs so that workers will be able to do these new jobs. The programmes are there. We have many retraining programmes, but the workers have to make an effort because if they don't make an effort, it's going to be difficult for them to do it.

78 I recently watched a video Othman Harun showed me made by Mendaki and WDA (Workforce Development Agency) to encourage workers to change jobs because you can make any number of speeches until your throat gets hoarse, but you need real-life examples of people who have made this transition, who have learnt new skills, who have been able to cross over. So, this was an effort by Mendaki in Malay and it was called "Kalau Hendak, Seribu Daya". I thought it was a good movie, just 10, 15 minutes and it showed four stories, but one particularly struck me. It was a widow, Madam Hafidah Maaruf. She had five children she was looking after, the eldest doing 'O' levels. She was a cook when she got retrenched. Then she attended a reflexologist/masseuse course. Very tough, but she persevered and she completed the course with her children's help and she set up business in a fitness centre. I'll just quote what she said in Malay: "*Mula saya merasa takut juga, pasal apa saya bukan dari aliran Inggeris atau Melayu, saya dari sekolah Arab, saya tak begitu faham. Adalah juga masalah masalah yang saya hadapi. Apabila saya pulang ke rumah guru guru saya adalah anak anak saya.*"

79 In other words, "at first I felt afraid, because I was not from the English or the Malay stream, I was from the Arabic stream, which means a madrasah. So, I met many difficulties, but when I went home, my teachers were my children". So, she had the guts to make the transition and to change over and become a reflexologist. It's not easy. Her business is not doing very, very well, but I wish her well and I think with her spirit, she will be able to make it.

80 The other thing we have to do to help the retrenched workers and people who lose their jobs is job redesign because there are jobs at the bottom, but they are not attractive. They are dirty, they are sweaty, they are tiring, unpleasant but if we can restructure them, I think we can make them more attractive to Singaporeans, pay better, make more sense for Singaporeans to do.

81 Lim Swee Say has been doing this in ENV (Ministry of Environment) and now, he's gone back to NTUC. I think this is going to be one of the key things on his plate. So,

he explained to me, he says, at hawker centres, the hawker assistant picks up the plates and washes them, he's usually in a pair of slippers, dirty singlet, torn shorts. He takes the thing, he takes a dirty pail of water, sloshes it around, declares it a clean plate. So, now, he's organised them, there're proper uniforms, proper hot water machines to clean the plates, pride of work, proper standards and hygiene, better pay. And the hawkers who get better service are willing to pay for this to get their plates and dishes washed. It makes sense. So, he says 1,000 x 1,000, 1,000 jobs for S\$1,000 per job, let's create these 1,000 jobs for a start, 1,000 by 1,000. He's got about 500 or 600.

82 I asked him, what other examples? He says, well, town councils. Town council cleaners are paid very poorly. Very often, you see foreign workers, sometimes illegally employed by the subcontractor, cheap, but the job is quick and dirty and they finish by 10 o'clock in the morning. So, because they finish by 10 o'clock in the morning by contract, you only have three or four hours in the morning to clean the floor. Therefore, you can only clean very few number of flats every day. Therefore, the wages are poor, S\$600. Why do you want to stop at ten o'clock in the morning? The town councils say, this way, when the residents come out, the place looks clean. So, he says, why not stop by two o'clock in the afternoon? So, when the residents come out, they see people cleaning it and they feel happy it's being cleaned. But anyway, if you do it at two o'clock in the afternoon, you have a longer period, you can do more work, you can clean more, you can be paid more and you can get more Singaporeans to do it.

83 So, I think these are practical ways we can do things in cleaning. In other industries, too, I think we should pay some attention to this so as to help the workers at the bottom who are out of work find work. We have foreign workers, yes, they are a great help to our economy and we need them, but we also have to help to restructure our jobs so that Singaporeans can do them, and will do them.

84 Besides jobs, one of the things Singaporeans worry about is the cost of living. A lot of people worry about the cost of living going up and, indeed, some prices have gone up – electricity, you know, because of oil prices. S&C charges have gone up because we haven't revised them for more than 10 years and we have to raise charges if we are going to maintain standards and clean the estates properly. Even prices of chickens and eggs have gone up recently. I think these can't be helped, but overall, our prices have been stable, yet many people still worry about it. So, I think we have to understand this worry and see what we can do about it.

85 I think for most Singaporeans, the reason why they feel cost of living is up is because wages have come down, bonuses have shrunk and so, belts have been tightened and for everyone, a little bit of an increase hurts. And they are committed because they plan on a house of a certain size, they have obligations, they have old folks to look after, children to send to schools and so on. Also, to be quite frank, expectations have gone up. In the old days, very few people had aircons. Today, when people come to me with an electricity bill problem in Meet-the-People Sessions, I ask them, "Do you turn on your aircon?" He says, "Only for a short while at night". I'm sure if I do a show of hands tonight, there'll be many aircons in this room. And handphones, too. People come

to see us with financial problems. They need the handphone, they feel they must have it and I can understand these are conveniences and comfort items which people want, but you have to realise that they do cost something and that's part of the reason why you feel that money is tight. So, that's one reason why people feel the cost of living is up.

86 The other groups, of course, are the low-income groups and they have difficulties because for them every increase, however small, is an unwelcome one and we've got various financial assistance schemes and programmes to help them, to help them tide over and to help them find jobs. But I think there are some concrete things which we can also do to help them. I'll just give you one small example. I've seen so many, people come and say "electricity cut off" because it's been dragged – promise to pay, promise to pay, promise to pay, then finally cut off. So they come to us for help. I say, "What are you going to do?" He says, "I'll pay instalments". So I write "they will pay instalments". After two instalments, stop, cut off again. It's not a solution. So, I told MTI and SingPower, "how about going for pay-as-you-use; cashcard?" Then I don't have to cut off, you pay back part of the old account and as you use you pay. Your children need to study, you have medicines to look after you, you can afford to use the electricity because you are paying as you go along and I solve your problem and you avoid my problem. So, I think SingPower is going to do that. I think it will be of some help, but still, we will have to work with these families to help them get their lives back on track. So, cost of living is a problem, but really, the long-term solution for the cost of living problem is growth because with growth, you have incomes, you have jobs, you have better standards of living and you can meet your obligations.

87 Medical cost is the other element of cost which people worry about. Many Singaporeans worry. On the ground, you can feel it. They tell you, "we dare not get sick". Actually, most people don't have a problem but some people might have a problem. If the bills are big, everybody is scared. So, I think we have to do something about this. We have Medisave, it's a good scheme. We have MediShield, which gives you insurance, which helps but is not adequate and needs to be revamped and Khaw Boon Wan's principal job is to work on this and try and see what we can do to update the MediShield system to make it work better for Singaporeans. You have to pay more premiums, it cannot be helped, but we will be able to come up with a better scheme which will give you better protection and which will look after you in case of ill-health and will save you a lot of worry.

## **VIII Older Singaporeans**

88 Last week, in my swearing-in speech, I talked about the young generation, the new generation. Unfortunately, as a result of talking about the young generation, I have caused the older Singaporeans and even some not-so-old ones to feel left out. So, one MP emailed me. I'll read just a little bit from his email. He says, "The focus appears to be on youth and vitality for your new term, but I wish to point out that there's a large representation of Singaporeans in the 45 to 60 age group whom we must continue to engage and attend to. This group has suffered and borne the brunt of the downturn,

mostly in stolid silence. They need to be nursed to regain their self-confidence and pride". He's right, but let me say I haven't forgotten because I'm in this group.

89 I know what the concerns of the older Singaporeans are – it's job security. We've talked about it just now. Medical costs, we talked about it just now too, but the old folks are particularly worried because it affects them more directly. Financial security in old age. Will their CPF be enough? And also an elder-friendly living environment. What does that mean? It means LUP – lift upgrading – it's the most popular of all our upgrading programmes. Never mind the fancy roof, never mind the fountains, never mind the covered walkways, well, covered walkways, we still want, but lifts first because when you are old, when you have to climb the stairs, when you have somebody in a wheelchair, if you are not on a lift landing, you have a problem. And I think we can do something about that and focus on the LUP. There are other practical things which we must adjust as our population ages. Boon Heng tells me, lift doors close too quickly because you are walking in and before you can get in, your *tongkat* (*walking stick*) gets stuck. Or traffic lights change too fast for the pedestrians. These are real problems. I think as our population ages, we have to adjust and we have to make these adjustments for them.

90 And we also need, besides the physical adjustments, the psychological support networks, the community support networks, the outreach groups, the *qigong* groups, the mutual help groups in the constituencies, even the mahjong groups – some outlet for the old folks to come down to have friends, to have people to care for them so that they will not be lonely when their children are out at work. So, we will address these concerns and I should also say that we will continue our asset enhancement policy and distribute surpluses when we have surpluses and when we do, we will give senior citizens more, especially to their Medisave. It won't be as easy as before because our belts have all been tightened, including the Government's, but when we have something to distribute, we will remember the older Singaporeans more. I think we owe them and they more than deserve it.

## **IX New generation**

91 For the future, we have to focus on the post-independence generation. They are different from their parents, they've grown up in different circumstances, they have different points of reference, different expectations, different values, much more exposed to the outside world. And it's the same all over Asia. I was in Korea recently and they gave me a definition of youth. They said, a young man is somebody who can do an SMS with one hand with the phone in his pocket. And they should know because in Korea, young men like that changed the Government. They kicked out all the old team and they put in a totally new team with no experience. But then I came home and found out that the world SMS champion is a 23-year-old Singaporean girl.

92 But I'm proud and confident of this new generation. I've met some of them in Footprints of a Nation, a TV programme two years ago. More recently, the younger ministers. Vivian, Khaw Boon Wan, Eng Hen and company were in i-Contact, a TV

series. I was impressed with them (the young students). They are not all from the top schools. They are idealistic, they are articulate, they have high ambitions and they are growing up to be responsible adults on the cusp of adulthood, just the point of no longer being a child, able to think broader, more responsibly, participate and speak up with confidence. And we are distinguishing ourselves internationally. We do well. I've noticed recently we won Robocup soccer. I don't know what it was. What it is is you programme robots to play football and our robots were smarter than other people's robots, which means our robot programmers were smarter than other people's robot programmers. We go for choir competitions, we win gold medals and we distinguish ourselves academically too.

93 We have a social conscience. There are many young groups which are organised and do social work. Last year, I went to one function organised by Mercy Relief, which I was impressed with. They were started off by a Malay group, by Perdaus and they have gone beyond being a Malay group to stand on their own as a multiracial, secular group doing international work, 700 young volunteers of all races, students, professionals, organising themselves, raising funds and they're doing humanitarian work for refugees in Cambodia and Afghanistan, and flood victims. So, I asked them, "Are you going to Iraq?" They said, "Maybe later on". But they have the spirit and they have the goal and they will do it.

94 And the young people are willing to try different paths. We have a Sports School. The response is good. We are building an Arts School. We already have NAFA and SIA-LaSalle and they are doing well. They have very good students and they go in for all kinds of courses. And even fashion design, we have Singaporeans winning prizes. Recently, I was walking along the Esplanade on the waters by the sea and I found young people drawing beautiful pictures on the pavement using chalk. So, I thought to myself – 15 years ago, we might have caned them, but today, we have MITA or MICA (Ministry of Information, Communications and the Arts). So, I think that we have changed.

95 Well, there is a spectrum. Not all are engaged. I read, I think in Today that they went along Orchard Road and asked who's the PM and some people didn't know. What to do? And there are some who have difficult backgrounds and lack opportunities. But by and large, we have groomed a strong generation ready for the future. And we have to groom this generation, to give them wings and to give them roots. We need to give them wings, expose them to the world, build their character, let them set their own goals and choices, let them learn from their own mistakes, let them grow and blossom and be themselves. Guide them, but don't constrain them. But we also have to give them roots, emotional experiences which will bind them here, playing together with each other, roughing it out, taking challenges together because then, they will create friendships, they will create ties, they will have memories and bonds to their friends and to the places where they made these friends. So, even with wings, they will fly all over the world but come back and be a Singaporean in Singapore. And so, I renamed MCDS to become MCYS, Ministry of Community Development, Youth and Sports, and I appointed Vivian as the Minister. He is the youngest in the Cabinet and I think that they will be able to spark off

something to engage the young people to get them enthused in this project of Singapore. A lot of this has to do with education, which I will talk about later on.

96 One critical aspect of rooting Singaporeans here is to empower them, to give them a say in their lives, to make them feel that they can make a difference. If you are in China or in America, you can't do that. One person out of 1.3 billion, can you change China? How many can become like Deng Xiaoping? If you were one person out of nearly 300 million in America, can you become the President and change America? How many people can go on stage and say, "I am John Kerry, I am reporting for duty"? But in Singapore, you can and you must.

97 My generation felt that and that's why when we went to university, we felt and I felt I had to come home, there was an obligation, I had to serve. The SAF sent me. I studied Maths. After one year, I took the exams. My tutor met me. He says, "You must stay on". I said, "But I have to go home. I've got an obligation. I've got a bond". He says, "Forget about the bond. You must do Maths". I said, "I can't. I have to go back. People depend on me". In a big country, I can say, "Chuck it! I am doing Maths. Somebody else will look after the country". Three million, you may or may not be in politics, but your contribution does count. People expect you, they send you, they want you back. You have to go back and do what is the right thing and you can make a difference. There is a lot of things to do, a lot you can shape. I think I persuaded him. When I came back, I think I made the right decision and many people of my generation did that, too, and we've got to get this new generation to feel the same. We've got to involve them in the community and in national affairs, to take ownership of the country and of the problems.

98 Don't ask what the Government is going to do. I read that some people are asking, now that you want young people to get engaged, what is the Government going to do to get young people engaged? Actually, we are going to wait. No, get up, do it. Nike says, "Just Do It". Engage your ideals, your ideas, your energies, build a new generation, build tomorrow's Singapore. Don't wait or depend on the Government. Find your own leaders, organise your own solutions, move. Politics is not the only way you can do it. There are many ways to contribute. You can be in community service, you can be in social work, you can be in education, you can be in the arts. But politics is one way to do it and it's important that enough people come into politics so that we have self-renewal and we have a new leadership team.

99 Political self-renewal is critical to Singapore. Chok Tong started talent-scouting before he became PM. That's how I came in, aged 32, one of the youngest, in 1984. But all the people who came in with me in 1984 were in their 30s – Lee Boon Yang, Yeo Cheow Tong, Wong Kan Seng, Tarmugi, Mah Bow Tan, who contested in Potong Pasir, we were all in our 30s. We didn't think of ourselves as being particularly young, but I suppose, if you look back now, we are because if you compare it with the people who came in in 2001 when we tried very hard and had a lot of young people, our seven MOS (Minister-of-State) from 2001 – the Seven Samurais, I think we call them – their average age is 43 years old and the youngest one was Vivian, who was then 40. So, we need to

have young people come in in their 30s, then you have time to learn, to develop. In your 30s, you are not ready to take charge, but you are ready to learn, to absorb and you are young enough to absorb and then in your 40s, you are tested, you've gained the experience and then 50s, you can take charge. You are energetic but ready to go. And so, we have an experienced team today.

100 And I've got to do the same. I can connect with the young people. I mean, if I do another Footprints of a Nation, I think I'm okay, or i-Contact. But the generation after that who are now five and six years old, I think they will need new leaders by the time they become 21. I met one of these young men recently in a block party in my constituency. He came up to me. He says, "我认识你, 李显龙" (*I recognise you, Lee Hsien Loong*). I was very pleased, obviously, not one of the Orchard Road types. So, I said, "你怎么知道?" (*how do you know?*). He said: "电视上, 第八波道" (*on television, Channel 8*). So, I was very pleased. You know, future voter, calculating, 2012, 2016. So, I decided to tease him. I said, "你搞错了, 那个人是我的弟弟". He mixed it up, that's my brother. He says, "是你." (*no, it's you*). Why? "白头发", white hair. So, by the time he is voting, he is going to look at me and say, "白头发", I think he wants somebody with a little less white hair. So, we've got to find the people. When Mr Lee Kuan Yew became PM, he was 35 years old. Those were revolutionary times. When Goh Chok Tong became PM, he was 49. I became PM, I'm 52. For the next PM, I think we have to try harder.

101 So, come forward to serve. Don't wait to be asked and if you know your friend, somebody whom you think is capable, put his name up, we will take a look at him because Singaporeans are shy. Sometimes, they're afraid, you put yourself forward, "毛遂自荐" - people may misunderstand that you are offering yourself and perhaps you've got an agenda. But if you know somebody else who is good, who's doing good work quietly, let us know, we will try him out. We want you to be part of our team. We don't mind if you have different views, but you must have some views. If you have no views, I have a problem. If you have different views, we can talk about it and let's do something about it together.

## X Education

102 The most important gift that we can give to our young and to prepare for their future is education. It's not just preparing them for a job, but learning to live a life, learning to deal with the world, learning to be a full person, what in Chinese, they say, "xue zhuo ren" (*学做人*) and in schools, there are plenty of opportunities to learn to be a person. Tonight, I will talk about primary and secondary education because that's where all the children go and that's one of the key issues for young parents who are starting families.

103 Our school system has gone through many improvements over the years. In fact, some people say too many improvements, too many changes. But we've done many

things. We've got more qualified teachers, we've got independent schools, we've got more autonomous schools, we've got Normal (Technical) stream in the secondary schools. So, the students aren't just sent out to vocational schools or some place else. And we've made all these improvements, show results internationally in our achievement tests – Maths, Science, Physics – and the numbers going to post-secondary education and the quality of the people going into the workforce. But beyond what we have got, I think we cannot just do more of the same because if you just do more of the same, you are just going to get incremental improvements. You need a qualitative change, a quantum leap to get different sort of education, different sort of results. And that's why we have been moving to a more flexible and more diverse education system. We've got integrated programmes in schools, we've got a Sports Schools, art schools, maths and science schools. We are offering people more choice and we are better able to groom special talents and spot ability all across the spectrum, different kinds of ability.

104 So, what do we do? To get a better feel for this, I recently met 10 school principals, five primary schools, five secondary schools, with Tharman. I spent two hours with them. It was a most educational experience for me because I listened to them, their experiences, what they were doing, what they felt they could do better, what they were proud of and how their children were measuring up or not and what they were worried about and I think there's a lot we can do to help them. Teachers have a most challenging job because they are not just teaching, marking assignments or running the school day by day. Those are the routine things. That, you learn in IE. But you have to know every student, provide individualised teaching, coaching where needed, and help the pupils to learn beyond the classroom and in life, through interaction. They call it "experiential learning". It's a big word, but what does it mean? It means you have to think of new ways to get them to engage, to do something and, by doing something, to hoist in an indelible experience.

105 So, I give you two examples. Tanjong Katong Girls School, TKGS -- they sent their whole Secondary Three cohort to Outward Bound School for five days, teachers as well as students, conducted classes there. So, you do the Outward Bound routine, you camp, you rough it out, you do the physical part, test out your character, experience the ruggedness and so, challenge each other and put their leadership skills to the test. Education Ministry can't order this. The schools must want to do this. Another school, Hougang Primary, they said children come from working-class households, may not have opportunities at home. The principal went round and bought a few old discarded pianos and put them around the school compound in the school premises, so that some of the children can play, and some of them can listen to the playing. And so, they also have access to music. I think it shows initiative and it's not just the principals showing initiative. You really want the teachers and the students also to show initiative.

106 Shuqun, another secondary school, I think, from quite a tough neighbourhood. They've got students who came to see the principal because they said nearby, there is a video arcade. The students go there, mix with bad company. "Why don't you give me an empty classroom, buy me one Xbox and one Playstation and I will

organise a good video arcade inside the school?" So, the principal said, "Are you sure?" He says, "Ya, we will take charge." But you need somebody to be there to make sure that children in the video arcade aren't doing wrong things in school. So, they organised the parents to be chaperones, to sit in and oversee and so, they have a video arcade going and they got a system. If people want to bring in a game, somebody will vet the game to make sure it's not X-rated and then they can play the game in this safe environment, in their video arcade. They may not be top students, but they are students with initiative. And so, we have to help not just the students in the top end in the schools where they are bright but also across the spectrum because we've got to get the weaker students to believe in themselves, to show them how they can achieve, to set targets for themselves which are realistic and map out ways for them to succeed which fit their abilities and aptitudes. Every student has his strength and he can accomplish something. If you can identify it, he can do something.

107 Last year, Wanbao told the story of one student – during Sars, he got HQO, father was in Pasir Panjang Wholesale Market. Father got HQO, son got HQO, Home Quarantine Order, spent 10 days at home, Normal (Technical) student. What did he do? He had learnt Excel Spreadsheet in school. So, in 10 days, he computerised his father's chicken stall accounts. It's quite something. So, Normal (Technical) doesn't mean "*bodoh*" (*stupid*). I mean, these are kids with something in their aptitude if you can unlock it.

108 Naval Base Secondary School, they also have students from a wide spectrum. They have Normal (Academic) students, some of them doing art. The school organised for them to raise funds to go on a field trip, 20 students to Paris. So, they made artworks, they sold their artworks, they raised their funds and they competed to go on the trip. One of the things they have to do is to stop smoking because good behaviour is needed. They go to the principal and say, "I stopped smoking one month. Can I go to Paris?" They raised enough, they went. It's a life-transforming experience for them. They came back with tremendous pride. So, one says to the other, "I saw a Picasso. Did you?" I haven't seen a Picasso. And they did well. At the end, they all passed their art. One third got distinctions.

109 So, there are many things like this which you can do, through interaction, through activities. By working together, you build character, team spirit, leadership and you give hope and you put people onto the right path. It's much better than formal education because education is about every experience in school and not just a classroom. I came away from the two hours I spent with the principals very encouraged by their vision, by their drive, by their ideas and their idealism. I think that a good, dedicated set of principals and staff is the critical X-factor if we want our schools to improve, the key to quality and diversity. It's not theories, it's not principles, it's not just the edicts you put out from the Ministry of Education. It's the people in the schools. Who are they? Are they committed to this? Will they do it or not? And I think we have a dedicated group of teachers and principals and quite a few outstanding ones. And if we can get more of them, more good people, then, of course, our schools can be even better.

110 So, we've got to give the schools more resources and more teachers and then, they can make this qualitative leap. And we are going to do that. It will take time, but we will get additional teachers – 1,000 more for the primary schools, 1,400 more for the secondary schools, 550 more for the JC<sub>s</sub> (Junior Colleges) and I think we can get this by 2010, over the next six years. And overall, this will mean we'll have 15 per cent more teachers per student and it will make a difference in every school because it will help ensure that every student in the next generation emerges confident, fighting fit.

111 What will we do with these teachers? I think we leave the schools to decide. They have their ideas, they have conviction of their ideas, let them decide. Each school has different students, it's got different needs and the principals I met had different plans. Some want to shrink their class sizes so that the teachers can give more attention to their students. Some want to go for specialised teaching so that you'll have proper teachers teaching art, teaching music, teaching PE, rather than just generalised teaching by whoever is assigned. We don't have that yet in our primary schools. So, a teacher teaching art may not be qualified to teach art. The teacher teaching music, I hope she can sing. But if we have a few more teachers, then we can make sure of it, train them and improve the standards. In some schools, they will devote the extra resources to counselling, for character-building or other special programmes like pastoral programmes.

112 I think that there are a lot we can do, and which we will do. But there is one thing which we shouldn't do and that is when we add more teachers, we better don't add more homework or increase the syllabus because that just defeats the whole purpose. Then we are back to square one. In fact, I think we should cut down on some of this syllabus. It would mean less pressure on the kids, a bit less rote learning, more space for them to explore and discover their talents and also more space for the teachers to think, to reflect, to find ways to bring out the best in their students and to deliver quality results. We've got to teach less to our students so that they will learn more. Grades are important – don't forget to pass your exams – but grades are not the only thing in life and there are other things in life which we want to learn in school.

113 Parents are part of this and they've got to support the efforts of the schools when the schools are trying new teaching methods, or when they are trying to build character, or just toughening them up a little. I know some parents have gone to schools to complain, to say, "The other school has more worksheets". Even some kindergarten parents are complaining that their children are not getting worksheets and some kindergarten students are attending remedial classes. No need. Let them grow up in their own time.

114 I know children are precious, we've got one, sometimes two. So, it's different. If we have four or five, well, you take a different attitude. But even with one or two, as parents, I think we have to let go a little. Take some risks as parents so that the children can learn, take some knocks, take some risks, grow up. It's okay for children to get hurt. They fall down, bruise their knee, knock themselves, a few scrapes, can't be helped, it's part of growing up. If you grow up with no scars anywhere, and you've never fallen

off a bicycle, I think you are a different sort of person. I think not all parents are like this, to be quite fair. If you read the newspapers recently, we've had a lot of articles, letters, parents who feel their children should have more room to play, let them play football, let them get sweaty, use the PE periods for the right things, don't let it be eaten up by homework. I agree with them. I think Tharman agrees with them, too, and I think the MOE agrees with them and will do something about it.

115 One particular aspect of education which a lot of parents worry about and which I want to talk about tonight is mother tongue, particularly Chinese language. We need to learn our mother tongue, both for our self-identity, and also because of Asia coming up... China, India... we need to be in with it. The Europeans are learning Asian languages. If we don't, we are fools. I went to a semi-conductor factory in Shanghai. They showed me around, I found a woman there, European, speaking perfect *Beijing hua* (北京话) giving instructions. I think she was in charge of HR. So, I asked her, "你的华语是什么地方学的? (*where did you learn your Mandarin?*)", trying to put on my best *Beijing qiang* (accent). "是不是在北京学的? (*Is it in Beijing?*)". She said, "在北京, 也在威尼斯", (*I learn it in Beijing and Venice*). So, she learnt, she went to China and now, she's found a job. So if we want jobs, we better learn to speak too.

116 I went to Korea. They've got 35,000 students in China now learning Chinese. If we don't get our young people to learn the language, I think we are at a tremendous disadvantage. It will be a great loss. It's not easy, I can tell you from my own experience, either to learn the language or to maintain currency. I spent 12 years in a Chinese school – first language, Chinese, but my first language was English and till today, if I don't use Chinese after a few weeks or a few months, it gets rusty. “生锈了” (*rusty*) is the politest description and when CNA comes and wants to interview me, I have to practise and work on it, brush up and get the vocabulary and the grammar and the flow and the intonation back again before I am presentable. That's the way language is learnt, but that's what you have to do. It's part of my job, it's worth the effort and each time I visit China or Taiwan or Hong Kong, I realise what a valuable asset I have to be able to talk to them, understand them and have them feel that I understand them, but always remembering that I am Singaporean, they are Chinese or PRC Chinese.

117 So, we've got to get our mother tongue, Chinese language education properly done in schools. It's a sweat for a lot of kids. It's difficult to do, but it's something which we have to improve on. What are our objectives? I will put three. First, we must establish at least a basic literacy for every Chinese student, basic modicum, everybody must pass, be able to speak, be able to listen, write a little bit, read a little bit more, but speak and listen. Secondly, we want to arouse an abiding interest in the Chinese Language (CL). We want people to want the language. If you make them fed-up with it, you have failed. If they hate it, you've wasted your time and if you try too hard, that may happen. You can try too hard in school, you can try too hard at home as parents and everyday read “成语故事” (*stories of idioms*). After a while they say, "How about Mickey Mouse or Harry Potter?"

118 We've got to arouse interest and for those who can go further and have an interest in it, I think we should help them to go further to develop an abiding interest in the language, in the culture, in the society and in the contemporary events in China, what's happening now, not just what's happening hundreds of years ago. So, we've got to adapt our teaching of CL to our different pupils, to the different language backgrounds of the students, firstly, because whether you come from a Chinese language background at home or an English-speaking background is a tremendous difference to your starting point when you are in P1 (Primary 1) and you have to acknowledge that when you teach.

119 We've got to acknowledge the wide range of language abilities of our pupils. Some can be bicultural, almost equally facile in both languages, some master just one, and already struggling. Others master one and a second at a CL2 level or CL2-minus level. They are different. You have to acknowledge that they are different and even among siblings, some will go for CL1, some will struggle with CLB (simplified Chinese Language B syllabus). We have to acknowledge this and adapt. If you force CLB pupils to memorise strokes and phrases and characters and proverbs, regardless of aptitude, then you are just going to turn them off. But if we help them learn the language, if we help them use it in daily life, give them opportunities to try it out, to make use of it, to see that it's a living language, to know the stories behind the proverbs, then we can arouse their interest, then we can lay a foundation in their minds which will be a permanent foundation. So, later on in life, if they are going to China, if they are going to work there, six months a year, with the immersion, they will improve and they can use the language. Get enough so that if you go and you need to use it later on, you can revive it, warm it up and it's there. But the foundation must be there.

120 And we've got to teach the language as a living language, not as an academic subject, not like a dead language like Latin. So, this means focusing on spoken – 听, 讲, listen and speak – less emphasis on writing, a little bit more emphasis on reading. Still learn to write and the Higher Chinese people will learn to read and write equally, but for the people who are going to use it in their daily lives, listening and speaking, I think, is easier, is achievable and we should shift the weight so that more of the weight is on listening, speaking and reading, less on writing. And I think we will have a better result that way. We also have to establish a conducive environment outside the classroom where the students can speak CL to each other and can reinforce the learning of the language.

121 So, I think what we need and what MOE is going to do is a modular approach, have different modules for different students. Everybody will do the core module, that's standard. If you are a weak student, we will give you additional foundation modules, bridging, reinforcement. So, you will learn the lessons a bit more, where you didn't quite master it, you catch up. If you have the skills, if you want to go further, we should let you do it. Not just the top 10 per cent or 20 per cent or even the top 30 per cent, but any student who has that language skill, let him do it, have enrichment modules, advanced modules, he can learn more. And I think this way, with a tailor-made system, each person, as they say in Chinese, "因材施教" – adapt your teaching to the talent you have,

to the talent of each student, then I think we'll have a better result and a more effective outcome.

122 At the top, of course, we want some students who are almost equally proficient in English as well as Chinese. I think what we should aim to do is to develop a core, maybe about 200 students, who are in a bicultural programme, who will master Chinese language and culture, who will understand contemporary China. So, we will develop a programme – we've been working on it – which is more focused, more intensive. It will include a segment where the students are immersed in China, spend a few months there or a few weeks there, studying, living with a family and we will have a scholarship programme. We call it the SAP Scholarship because we're going to do this in the SAP schools, just like we have a Promsho programme and a Promsho Scholarship. So, the SAP Scholarship will provide the core and they can study, and beyond that, they will get scholarships to go on, we hope, Chinese university combined with someone in the West and they can come back, they can serve, can be in the public sector, can be in the private sector, can be on their own in business eventually. With this bilingual ability, I think they will be in demand.

123 This is just a sketch. The details will come later, but the key thing is we have to adapt our language teaching for Chinese and what we do for Chinese, we should also do for our other languages because we are a multiracial society, not a Chinese society. Individuals may be bicultural, but as a society, we have to be multicultural and within our society, we must have people who understand Malaysia, who understand Indonesia, who know India, who know the region and who can connect us up with it and take advantage of the opportunities there and help us to understand our neighbours and interpret them so that we are not in a different world from the rest of the people living in our region.

124 The same problems in teaching Chinese, I think, apply to the other languages, too. I know many Tamil parents or Indian parents, their children learning Tamil, tell me their children sweat blood, so we have to work at their standards because we have to set them at a realistic level. The Malay students, I don't have so much of a problem because up to now, most Malay families speak Malay at home, but we are beginning to see, 1 or 2 per cent Malay families, professionals speak English at home, going to school, Malay is a foreign language. So, we will have to, what we do for Chinese, I think we will also do, when there is a demand for the Malays and for the Indians, not just to be fair, but to do the right thing and to make sure that Singapore stays multicultural and we retain this unique strength of our society.

## XI Babies

125 I have one last subject. It's very late, but I think I will talk about it all the same and this is babies. It's a very serious problem for us and for all the developed countries. Japan, Korea, Hong Kong, Europe. Even the Catholic countries in Europe, Italy has a very low fertility rate, Spain too. The only exception is America where immigration is very high and somehow, the culture is completely

different. It's a national problem for us, but it's also an intensely personal business. I asked when did previous Prime Ministers raise such delicate matters? My people tell me, Mr Lee raised it in his 18th National Day Rally. What about Goh Chok Tong? He waited for his tenth National Day Rally. This is my first one. So, new baby, please be understanding.

126 Our approach is, let's put it like this -- this is a matter of values, not of incentives. It's values and priorities, not the financial grants and subsidies, which count. We want people to have babies because you want them and you love them. It's part of a happy family life. It's fulfilling to bring up a child. You can have the most successful career, you can be the richest man on Earth or the most powerful man or woman on Earth, but if you don't have a family and don't have children, I think you're missing something. It starts off with missing changing nappies when you have a child, but then you miss watching a child learning to walk, learning to talk, going to school, getting sick, depending on you, walking with you, playing with you. You are teaching him, doing homework with him or her. Then you'll find that he's got his own temperament, character, personality, he's different from you. He's got his own ideas and after a while, one day, you are helping him or her do homework and he says, "No, no, you do it like this" and I look puzzled and I don't quite know what he is talking about, but he does and you know he's taken a step forward and he's on his own. And then they grow up a bit more and you have to, come a time when they ring up and say, "Can you pick me up at the cineplex?" Then you will worry whether they have found girlfriends or boyfriends. Then you will worry if they have not found girlfriends or boyfriends and you will think by the time they are 20 years old, they would have grown up, but actually, even when they are 50 years old, if I'm still around, I will still be fussing. "Drink your pao shen" (泡參ginseng), take care of yourself, don't overstrain because my parents do that and I think if I'm still *compos mentis*, I will do that too.

127 So, these are not things you can translate into dollars and cents, or careers and promotions. It's fulfilling. It's sad if you don't have it. We wish every Singaporean do and have a couple of children, three, if you can. It's difficult, yes, people say quality time, but actually, some of my friends who have three children say "economies of scale" because with three of them, they form an ecosystem. They learn from each other, they take care of each other, the older ones look after the small ones, which means they learn. The small ones learn to share with the big ones, which means they also learn and if you only have one and you spend quality time with him and he goes to school and the teacher cannot spend quality time with him, and his friend borrows his eraser, he may punch his friend on the nose. So, have two, three. I won't say have half-a-dozen but have a couple. We are not going to micromanage your lives. I mean, we won't say, have the first one by 25 years old, the second one by 30 years old. It's up to you. What we can do is we'll make it easier for families to marry and to have children. You make the decisions.

128 But I think what we have to do is to change attitudes. We've got to change attitudes of the singles, of the couples and also of employers. It's probably easiest with the employers, you just have to persuade them that they have to be fair to their staff --

parents, mothers who have children, give them time off, give them some flexibility. Women who are pregnant, be fair to them and don't sack them because they are about to have a baby. And if you look at the more successful companies, IBM, Hewlett Packard, the American companies, they are very good employers in this respect. They look after their staff. It's not just the Government. We try to be good employers, but they are doing it for commercial reasons and it makes sense for them because they know if they take care of their staff properly, their staff will be loyal to the company and will perform.

129 Harder to change is the attitudes of singles. They need to have realistic expectations. Don't look for the impossible. If you go for MCS soap opera standard, then no hope. What do I mean by being realistic? I give you a couple of examples. First one is from a very experienced grassroots leader friend of mine who said he counselled his niece many years ago. She was single in her late 20s. He says, "You must get a husband". She said, "But I must find a man who will tell jokes to me, entertain me, pick me up if I am down, look after me in the evenings". So, he told her, "You don't need a husband, you need a TV set". So, she took his advice to heart, got married and is now happily married with children. I should bring him into SDU (Social Development Unit) council some day.

130 But I asked SDU, do you have problems of high expectations? They said, "Yes". So, I said, "Give me some examples. Don't give me statistics, just give me some examples". So, they gave me a couple. One person said he wants a girl, tall, long hair, intelligent, fair, no spectacles, I don't know what other particulars he specified. So, SDU worked very hard, went through the files, produced the girl – tall, long hair, everything, but wore specs. He went out with the girl, came back, says, "Change". So, the SDU matchmaker says, "Why? She's a perfectly fine lady, why don't you want her? She's wearing specs. Okay, change, she can wear contact lenses". He said, "No. If she wears specs, bad genes. Children will wear specs". So, I asked, what about him? He also wore specs. So, he's still single. Another one says, "I want a girl, this, that, the other, preferably stay in Bukit Timah". So, matchmaker found him somebody nice, suitable social background, so on. Problem? She stayed in Bukit Merah. Wrong Bukit.

131 "So, I think it's not the matchmaker's fault, right? I think we've got to change our mindsets and be realistic and accommodating. I think couples, too, have to change their mindset because we have to share the responsibility more equally and more fairly. In the old days, the man worked, the woman looked after the family. Man brought home the bacon, the woman brought up the kids, and for a lot of homes, they are still like that. If you have done Meet-the-People sessions, you will know. We've seen a lot of women who've been deserted by their husbands, husbands left, not paid maintenance, trying to go to court, come to look for us. But we very seldom see a husband come, deserted by a woman who's not paid him maintenance and needs our help. That's the reality of our society. It's patriarchal, but that's the way it has worked.

132 So, because of that, we've always said, for government medical benefits, for the man, your wife and children can get. For the woman, husband and children cannot get

because husband is supposed to take care of you, not you of your husband. But a lot of women have felt very angry about this. I know Irene feels strongly. I think Indranee, Penny, they are all watching me carefully and the reality is changing. The reality is changing, our society is changing. The women are working, they are going out. Ten years ago, I don't think you could have imagined a women's team wanting to go and climb Mount Everest, but today, there is and I think that if we're going to talk about shared responsibility, if we are going to shift and try and get couples to split more evenly the duties of bearing and bringing up children, I think we should move. So, after many years, after thinking this over many times and picking up the stone and putting it back again and again, we will now decide to equalise medical benefits for men and women under the new medical schemes. The older schemes which are moribund, we will extend it to their children because I think for the older schemes, there are Civil Service complexities, but for the new schemes, let's treat it as equal. So, philosophically, I accept. The private sector is doing it, I am doing it, but make sure your husband looks after you.

133 I've got a lot of feedback from the public since March when we had the Budget and I said we're studying this and Hng Kiang is chairing a committee and some of these are very sensible feedback on what we should do as our package for procreation. I'd like to read you just one letter which came in the email. I've got the permission from the person. So, let me tell you what she asked for. She said, "Dear Sir, I am married with a four-year-old son and currently five months-plus pregnant with a pair of twins. We planned to employ a foreign maid to take care of the babies. However, we realised that the maid levy is so much and the maid's salary is so much, excluding her meals". Then she added up -- full-day childcare and she already has a son, newborn expenses and so on. "I am writing sincerely to seek your kind assistance. One, maid levy -- we hope to pay a lesser amount of maid levy monthly, if possible. Two, Medisave for hospital bill -- this time round, I plan to have a Caesarean delivery, thus the hospital bill may be slightly higher. I am worried that I may have to fork out a lot of cash on hospital bills. So, I sincerely hope that we can utilise more Medisave so that we do not have to fork out so much cash. Three, maternity leave (feedback only) -- like any other mothers, we feel that eight weeks of maternity leave is quite short. If possible, an additional of four or eight weeks will really be beneficial and valuable to both the mother and the baby. My estimated due date is around beginning of September. I thank you for your precious time in reading my mail, sincerely hope that you can understand my situation. Your kind assistance will be very much appreciated".

134 I thought this was a very sensible letter because the things she asked for are, in fact, the things which mothers need – maid, delivery expenses, leave. So, I checked up whether her baby is born. She says, "Not yet, two weeks more". So, I will deliver my package before she delivers her baby. I will just sketch out the rough outlines and Lim Hng Kiang will tell you all about it in a few days' time. Childcare – it's a key concern of mothers, both the caring and looking after of their kid when he's young, also the bonding, to form that special tie between mother and baby when the child is growing up. What do you need that will evolve as the infant grows? First few weeks, you need the maternity leave, then you have infant care, then you have childcare, then a little bit older, you still need help around the family. So, for maternity leave, having gone through employers,

employees, unions and so on, what we will do is we will extend the leave from eight weeks to 12 weeks – four more weeks. We will go from three children to four children and the Government will reimburse the extra expenses because if we just put it on the employer, I think it's not fair and the employer will say, "I prefer not to have a woman".

135 Infant care – this is a gap in our system. Now, we have childcare subsidies but we don't have infant care subsidies which are commensurate because infant care is a lot more expensive than childcare. You need almost one caregiver for two babies. So, we will introduce a Centre-based Infant Care subsidy similar to the childcare subsidy but higher. I think it's S\$400 per month.

136 Then we'll have childcare leave – this is a new thing, so let me explain what it is. We could have had, say, five weeks more of maternity leave at the beginning when the baby is born, but we decided, let's have four weeks more and keep this extra one week and let's spread it out over, say, the first seven years of the child's life, two days a week. So, that's actually two weeks more, two days a week over seven years. So, if you are a parent, a father or a mother with a child below seven, then every year, you are entitled to two days of childcare leave. We will change the law. Which means if your child is sick, you can do it, if your child needs to see the kindergarten teacher, you can take a day off. You want to take a day off with the child, go to the zoo on a Monday. It can also be done. Two days a year, provided the child is below seven, no matter how many children you have below seven.

137 Then, maids – a lot of parents have asked for maid levy to be made lighter and I think there's something in it because one of the ways we can ease the burden for working mothers, or even non-working mothers in Singapore, is to let them have maids, which they can't do in many other countries. If you are living in America, or in Australia, or in Britain, you won't have a maid help you at home. At most, you have a cleaning lady come in once a week or twice a week, but a maid in the home is something that we're lucky to have in Singapore. But there is a levy and I think it's right if you have a child, we lower the cost. So, we will lower the maid levy for families with children below 12 years old.

138 Grandparents – grandparents are a tremendous help to families who have children. All the MPs I talked to say so. If they haven't had grandparents, they couldn't have managed, either their own parents or their in-laws. All the grassroots leaders say so. There are even scientific studies of pre-modern societies, Finland and Canada, which showed – they checked all their church records – that if you have a grandmother below 60 living within ten miles, you have two extra surviving grandchildren because the grandmother will help to look after them, will help to guide them, will spot what's wrong and no doubt will nag you to have a few more children. And I can tell you they make a tremendous difference. I have benefited from this. If I did not have my parents or my mother-in-law helping to look after two very young kids in 1984, when Chok Tong asked me to come in, you may feel National Service, you may want to serve, can you do it? But I had the *亲母* (*mother-in-law*) at home. I had my parents bringing the children out for walks in the evenings. I come home at night, they are asleep, but I know that they have

been fed, attended to, disciplined, if necessary. Everything is in hand. And so, I came in, no maid levy discount, no grandparent incentive, but the grandparents made the difference. And I think for many families, it's like that and so, I think we should have some incentives which are targeted towards families which have old folks at home, on tax and also on the maid levy and this, we will do.

139 Next, financial support – I won't talk a lot about this. We have various tax breaks, all kinds of them. We will improve them and tidy them up. We also have a Baby Bonus which is now for the second and third child. I think we want to spread it out so that we're not just focusing on this specific child. So, what we will do is we will extend it to the first, second, third and fourth children.

140 Finally, I think we need a better work life balance. Apart from high expectations being the reason why young people don't get married, another reason is they are simply too busy. They are working. If they are lawyers, they may finish at eleven o'clock at night. If they are civil servants working at MTI, maybe ten o'clock at night. No time to go out, socialise, make friends. Married couples also need good work life balance. I think we are working longer hours. I am not sure why, but hours have become longer, the pace is more intense. Maybe it's the Internet, maybe it's email, maybe it's globalisation, but whatever it is, you wake up at six o'clock in the morning, you check your email. Eleven o'clock at night, before you go to sleep, you check it again and next morning, you come back, somebody replied at 2.00 am. How to have children?

141 The Government has a solution for everything. So, because of this, we have a Family Life Officer in every ministry. So, one ministry had a Family Life Officer who sent out a notice to the whole ministry, circular, email, cc all, saying you must maintain good balanced family life, stay at home, paid holiday, quality life, so forth and she sent it out at 11.00 pm from her office PC. I don't know whether she's been sacked yet, but I think we have to keep a balance. There has to be on-time and off-time. The US has got a good practice, five-day week. They work like mad, Mondays to Fridays. Breakfast meeting, 7.00 am, dinner, post-dinner meeting, 10.00 pm, 11.00 pm. Friday night, work late; Saturday, Sunday sacrosanct, absolute no-no. Never mind who you are, no business. They will save the time for their family, for their community, they do social work. Totally different personality. They coach a basketball team. They work hard, five-day week. Other countries are different. Five-day week, by Thursday afternoon, your weekend is getting close.

142 We have always resisted a five-day week. I have made this argument many times. When I went into Monetary Authority of Singapore (MAS), they put up a paper, I said, "No". Last year, they were about to put up a paper. Before they could put it up, I had already answered somebody else "no" in the newspapers. So, they withdrew their proposal. But, in fact, it is one of the most important things for our young people and when we talk to employees coming in or staff coming in and ask them, "What is it which you are looking for?", the first thing they ask us is, "Do you work on Saturdays?" because they want that time. Two days of a weekend is different from one-and-a-half days of a weekend. So, after having said, "No" for a very long time, I think it is time to turn this

stone over also. So, the Civil Service will go to a five-day week. I didn't know you were all civil servants! It will apply also to schools and army camps, but we will not reduce the official working hours. So, whatever it is, 44 hours, you have to do, you cover that during the week. And if the public counter is open on Saturdays, has to be open on Saturdays, we will keep it open on Saturdays. So, five-day week doesn't mean everybody is off on Saturday. Some people may be off on Monday or some other day of the week. Now, I wanted to say that I was going to go to work on Saturday, but the civil servants told me, please don't say that, but I can tell you I would be checking my email on Saturday and I'm sure for the ministers and for the people who are in the political leadership, the weekends will be time for them to spend in the community with the grassroots and keeping in touch with the residents.

143 So, let me recap. Lim Hng Kiang will announce all the details on Wednesday. You can ask him as well as his committee, which includes several ladies -- I think Amy Khor is on the committee and Lim Hwee Hua – all the tough questions. My job is just to make the speech. This package by itself isn't going to solve the problem, but if it changes Singaporean mindsets towards marriage, family and children and causes people to think again and reorder their priorities in life, then I think it will contribute to turning the situation around.

144 I haven't been able to cover every segment of society in detail tonight. I read today's Sunday Times – "What I would like to hear in the National Day Rally?" Everybody had a wish list and I think everybody has a right to wish for something – the disabled, the disadvantaged, the old, the young, the married couples, newly-married and so on. And when I talked about an inclusive society, I include all of them, but if I cover all of them tonight, you will not go home till midnight. But at the right occasion at the right events over the next few months and years, we will talk about them, we will address them and we will see to their needs because an inclusive society has to embrace all and everybody must have the chance to have a good life and to be part of this Singapore Story.

## **XII Our future is bright**

145 We are now in Singapore in a region where opportunities abound. It's the most dynamic region in the world. There is no other place where we would prefer to be.

146 You want to be in Latin America, you have your problems. You want to be in Africa, God help you. But in Southeast Asia and Asia, for all the problems, for all the uncertainties and risks, I think this is a dynamic, exciting, challenging part of the world. Companies in Singapore are benefiting from this. Our local companies are doing well. You look at Mustafa's, the amount of TV sets and things it sells going to India, and it's expanding. And the multinationals are doing well in Singapore, too. The wafer fabs are doing well. One of them told me a few months ago, he's got a plant in Ang Mo Kio, he says, "Your Ang Mo Kio plant produces five times as many wafers, discs as all their plants in the whole of Europe". I was very happy because Ang Mo Kio means Ang Mo

Kio GRC, but they are doing well and they are exporting and they are creating jobs for our people.

147 Our Singapore businesses are going abroad, too. All kinds of businesses are operating around in the immediate region. We've got manufacturing, logistics, real estate, hotels. Our household names are in Malaysia and Indonesia. You want to go to KL, you can get Crystal Jade, or you want to go to Indonesia, Jakarta, you can get Crystal Jade, Tung Lok, BreadTalk. In fact, there is a BreadTalk in Shanghai, I opened it, as well as a KopiTiam. You want to go to KL, there's a Zouk (disco), it's quite funky, and many other projects like that.

148 Our economy is thriving and competitive. We are getting new investments coming in, we are getting investments choosing Singapore over India, over China. So, we look at them as competitors, but I think we know that we are able to hold our own and because of our workforce, because of our quality, because of our policies and government, people are prepared to come, invest in Singapore and create jobs and prosperity for us. Not just multinationals. Even Chinese and Indian companies are coming here. So, we've got 1,400 Indian companies, 1,200 Chinese companies in Singapore and EDB is quite confident. They are going full-steam ahead, bringing in new investments and we are quite confident that in 15 years, they can double our manufacturing output. And if EDB tells me that then I think they must have added, they must have kept back a small percentage for themselves. So, I think they will make the target.

149 And we are having jobs, not just manufacturing jobs, but also in services. Banking is hotting up and because we have private banking and asset management and we have become a financial centre because we opened up, there are many jobs where we don't have the skilled people. Tourism – whether or not we have a casino, I think we will grow it. Transport – SIA and PSA have downsized, but as they grow, after they have restructured, I think they will need staff again over time. And we are getting new sorts of industries, creative industries. You may have seen recently George Yeo opening, at the launch of a project, Lucasfilm. Lucasfilm are the people who made Star Wars with the swords and they're coming here, they're going to produce films, TV serials, games that blend East and West. And it means new jobs, exciting opportunities to create unique entertainment. And they're very good jobs, jobs which require art, which require technology, IT, mathematics, business, jobs which our people are good at.

150 If you want to be an animator, a cartoonist, you want to draw a storyline, you want to create special effects, you need brains as well as talent. I visited Weta Works in Wellington in New Zealand last year. They made Lord of the Rings, or they supported the people who made Lord of the Rings and we have some Singaporeans on attachment there, learning the craft. I was very impressed with them. They've got the skills. It's very interesting. In the old days, you draw cartoons one by one, then you colour, then you draw the next one, then you flip over. Now, it's all on a computer. You have a model. So, you have a model of a puppet on a computer, or rather the puppet is the model. So, normally, with a puppet, you hold the strings. Here, with the puppet, you use your mouse, you slide the cursor, the puppet can raise his eyebrows, stick out his tongue, make a face

at you or get angry and so, you can give a personality to the puppet. And our people have those creative skills and our polytechnics and our ITEs, it's not just the universities. Nanyang Polytechnic is producing good people who will be in demand for creative industries and we're talking about hundreds initially, later on maybe thousands, but it will make a contribution with good jobs for Singaporeans.

151 The young ones here will remember and know what is Matrix: Reloaded. It's a movie. I haven't seen it, but I know about it and it's a movie with special effects and you may remember that last year, they were showing it. The smoke and explosions were done by a Singaporean called Nickson Fong. It's a very specialised business. He was a NAFA graduate. He went to Hollywood, he did all this and he was overseas. I met him last year when he came back and he said, "Well, one day, maybe I will come back, but right now the opportunity is not right, the opportunities are overseas". So, he went to Taiwan, he started something. But last week, he emailed me, he says, "I'm now back in Singapore", with pregnant wife, new baby, came back to Singapore to get born and he's setting up a company, Egg Story Creative Production so as to do this creative technology, IT film production work. So, I think that there are opportunities and if I may borrow a young word, I think "The Force is with Singapore".

152 We are building something unique and precious here. In a world full of strife, we have many races living in harmony. In a region where corruption is everywhere, we have a clean and meritocratic system. We invest in our young to help each one to find his strengths and realise his aspirations. We offer special opportunities to all to do well and also to contribute to Singapore and we spread widely the benefits of progress so that everybody benefits when the country does well. And we are strengthening our national identity day by day. It's not yet a very long history, but year by year, with each crisis, with each joy and each sorrow, we build on it. So, when there is Sars, we bonded, when there's an economic crisis, we shared it, employers, workers, the Government. When we have tragedies like RSS Courageous or the Nicoll Highway collapse, ordinary people rose to the occasion to become heroes of the nation and for those who lost their lives, their memories are etched permanently in our collective memory.

153 It's what the Chinese say, "歌于斯，哭于斯，聚国族于斯" – you weep here, you rejoice here, you gather your clan here. It's not a perfect society. None is. But it's a society where if we have a problem, we can discuss it, we can find some way to resolve it, we can tackle it and if something is wrong, we will put it right. And so, over time, we will make progress. I think we have reason to be confident of our future. Very often, we ask ourselves, how are we going to fix these problems? Whither Singapore? We worry about our weaknesses and, indeed, we've got to tackle the problems which we have. But while we fix our weaknesses, we should not forget our strengths, and they are considerable, and others admire them and are trying to emulate them.

154 We are making friends with the Vietnamese. They are very keen to link up with us. We have a connectivity proposal. They want to learn from us. They want to learn from our experience, Temasek Holdings and its GLCs (Government-linked companies), the central bank, MAS, how we run the government, how we can open up and keep an

orderly society. The Chinese, the cities and the provinces are very keen to learn from us. When first, we went into Suzhou, they were not interested in software. Now, they say, "The Singapore model, what can we do with it? How can we benefit from this not just in Suzhou but in other cities and other provinces?".

155 In India, our standing is high. In January, I went to Bangalore. IT is booming away, they've a lot of problems but also great confidence. So, I visited an IT company. They asked me to talk to their crowd. So, they gathered everybody on the rooftop. I went up, gave a five-minute speech, practising for the National Day Rally. Just five minutes. So, I said, "The region is opening up, opportunities are there, India is opening up. Southeast Asia, Singapore, we offer you opportunities, the world is your oyster". They nearly gave me a standing ovation. So, if they can be confident of learning from us, there is no reason for us to doubt our ability to stay ahead of them and to keep on moving forward. And the key is to commit ourselves to the task, heart and soul, which is what our athletes in Athens have been doing.

156 You've been watching the Games. I think you were watching table tennis before we started this evening. Ronald Susilo did well earlier. He beat the World No 1, then he lost in the quarter-finals. Li Jiawei beat the World No 2 in table tennis, but eventually, she lost and finished fourth. I spoke to Jiawei just now after her game. She was a bit down, of course. So, she said, "Well, I am in the top four. Very sad". I said, "There's no reason to be sad. We are proud of you. You've done us well. Yes, you've not got the top prize, but we will keep on trying. We will keep on trying. Sports isn't just medals. It's doing our best, trying, trying again, overcoming setbacks, depending on each other, being part of Team Singapore". And many of our athletes have made Singapore their home and they've become part of our family and we should welcome them and celebrate them.

157 We may be small, but we have high hopes and big dreams and so long as we are a little red dot in the middle of Southeast Asia, let people know that we are a people who will keep on trying and never say die. And with this spirit, the future is ours to make.

158 What do we see as a vision for Singapore? I think this will always be work-in-progress because we will never be satisfied. We always want to move on, do better. But I think ours should be a future of opportunity and promise. We should have a prospering economy, creating good jobs for all and having opportunities for our people to venture and to create new businesses and new openings and new possibilities for ourselves. We should have an honest and capable government with leaders whom Singaporeans trust and can rely on. We should have an open society which is welcoming of talent, which welcomes diverse views, is yet cohesive and has a sense of common purpose. And we should be a community where every citizen counts, where everyone can develop his human potential to the full and everyone participates in building and repairing and upgrading this shared home which is Singapore. So, we have a lot going for us. Let's all work together to realise our dreams and to make this bright future for our people and for Singapore.

159 Thank you very much, indeed.

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