

(1) Singapore & China

Q: You mentioned a lot of Belt-and-Road investment from China was flowing into Singapore. Obviously, Singapore is a very successful financial centre. To what extent do you think that investment will be retained in Singapore? Or do you think that Singapore is more like a hub for investment to flow into the wider ASEAN region? Secondly, do you have any examples of successful China-Singapore partnerships or infrastructure projects? Do you expect that the Singapore-KL rail project might be one?

A: I’ll respond to your third question, first. On the High Speed Railway, we have made it clear, the Malaysian government has also made it clear, that it will go for an open tender. The matrices, the framework for that tender will be set out.

As for your other two questions - my main response is that Singapore has had a number of G to G partnerships with China.

For instance - Suzhou of course, everyone knows. I’m not sure if you’d call it infrastructure, but it includes development of real estate, associated facilities; trying to replicate in China a part of Singapore which has been very successful. It has been a sort of a leader for others to come through.

We have got the Tianjin Eco-city project.

And of course now, specific to the Belt and Road initiative, the logistics cooperation based on Western China (regarding which, we have been discussing a number of opportunities).

But in addition to these sorts of high signature projects, the reality is that there is so much money that has got to be spent in this region, upgrading the infrastructure facilities.

And if trade is going to increase as a result - all of these are “ifs” - then we are in a very good position to benefit from that. We’ve got the best port, the most efficient port, we’ve got a great financial system, we’ve got rule of law, we’ve got a system that people across Asia and across the world trust.

So I don’t see any reason why you should not benefit from this. I think the likelihood is that it will significantly benefit us.

Q: If we strengthen our relationship with China, will our relationship with other countries deteriorate?

A: During the Cold War, we had a very good relationship with the US, and we traded with the Soviet Union. If the Soviet Union was a more effective trading partner, we would have done more.

As Dr. Goh Keng Swee used to make clear, our trade has no ideology - we trade with everyone.

For a small country, I think that has got to be the approach. Other countries can argue with each other, but for us, they have to understand that we can't afford to take sides.

We do business with everyone who will do business with us.

(2) China and the West

Q: What do you think of the Western media's approach towards China?

A: The official ideology in the West is that the media is the "Fourth Estate". It's independent, they don't stoop or bend their public policies because of money, and so on.

On the other hand, if you look at China, China makes clear what it views as acceptable reporting in journalism.

There has been a lot of criticism of China; some of it I think is skewed and unbalanced, as I said in my speech. But you also see for example Bloomberg, whose Chairman said in 2014 – I'm paraphrasing this, these are not his exact words – that perhaps they should have been more careful in their coverage of China. They ran a series of articles, but they also provide these terminals which are very, very lucrative for them in China, which are used by the traders and banks and so on. And they knew that that their financial bottom line was at risk. And so he said that they should have focused more on economic issues and been more careful about what they wrote.

More recently, a few weeks ago, you heard the kerfuffle over Cambridge University Press, where they took out 300 odd articles on human rights and Tibet and so on. There was an uproar, and they reversed that decision.

If you look at Australia, I think the Sydney Morning Herald or some other Australian newspaper now regularly carries a "China Watch". I'm sure there's a financial tie up.

In the end, China is big, China offers huge economic opportunities. So I think it exposes the disconnect between the ideology that the Western media puts up, and the reality on the ground.

Q: Under the current US administration, what do you think of America's government, and how effective is it in delivering governance?

A: I think one answers this question by first asking: (1) What do you mean by governance; and (2) What are the end points you want.

If the end point is that there should be unqualified "rights" – such as the right to vote (which is very important), the right to say what you like (which is also very important though I believe there has got to be a framework within which it should be exercised), the right to carry guns, the right to burn the flag, the right to engage in nasty sloganism, the right to do what you like – there is a broad range, and you can do all of that in the US.

But you can go further and ask: does governance mean also the state actively improving people's lives through education, uplifting people, increasing national power through focusing on its resources?

If you ask the second question and you're not ideological about it, I think you would say that, overall, for the last two hundred odd years, the American system has done very well. It is the richest country in the world. But at various periods, it has suffered crisis and inability of its political institutions to mediate between the competing interests. You had the major civil war in 1860s, you had a variety of civil rights movements, you had America turning isolationist before the Second World War, turning inwards during the Great Depression.

So it's gone through ups and downs, most times the system works well, sometimes the system doesn't work so well.

If you look at it right now, serious questions are being asked, of the system that was set up in the 18th century when 15% or so of the people had the franchise of voting – to vote, you had to be white, you had to be male, you had to own land. So whoever came into power was essentially from the same class and similar outlook, and there was a long period of stability. I am generalising, but broadly I think my point holds.

Today, questions are being asked because of the deep cleavages, and the deep divides along cultural lines, along racial lines, along economic lines, education opportunities etc. You have these questions being raised. Such questions have been raised in the past. Where it will go from here, if you ask me, looking at it today, I don't know. America has bounced back many times in the past.

Seasoned observers think that some updating of its political system is necessary, if America is to mediate between the different competing interests to bring about a betterment in its people's lives. People who are better off can take care of themselves, but what about the ordinary person? Issues like the schooling system, the opioid crisis raise challenging questions too.

Q: All along, many people have taken for granted that the Western capitalist, democratic system is a preferred one. But you mentioned that China has been growing so fast in the

past 30 years. Are you suggesting that the Chinese system is the preferred one, and is it especially relevant to developing countries that are at a very low level of development?

A: I will put it this way - actually, there is no contradiction in some essential sense.

Take the US. The period of its rapid growth, from the time it got independent to the civil war a 100 years later, through to the time it became a superpower - for a substantial part of that period, the early stages of development, as I explained just now, who had the franchise? About 10-15% of the population. They were very similar in their outlook, because of the nature of the franchise. And whether you had one or the other party in power, the approach was broadly similar and there was stability to the macro policies.

Now, these are generalisations. Of course there were differences, of course there were changes, and of course there were arguments – including the one which resulted in a civil war and lots of bloodshed.

But in a sense, there was a broad agreement on what major policies should be.

So you can argue that in early stages of development, what a country needs and what the political system ought to deliver, is stability and the ability which then gives its leaders the possibility of thinking 20 or 30 years and putting in policies and driving the changes: education, female empowerment, growth, economic opportunities, levelling up.

If you look at the UK, you can make the same argument about the franchise - it was very narrow for a long period of time. And it was very stable for the period, but it grew. Countries go through phases.

China's model of development follows more the path that was taken by Taiwan, South Korea. A strong central state imposing its will, thinking long term, bringing together all the resources, and projecting forward.

You could, I think, reasonably argue, that any other system would not have seen China progress so rapidly, but then again, you can have ideological arguments about progress, which is why I said if you say the right to vote and the right to say what you like is more important than say the education of a child, healthcare, access to material benefits, opportunities, you are entitled to that view, and then China's system does not deliver that.

But if you believe that educating children, developing the infrastructure, creating a better life for your people is the key goal of governance, then China's system delivers it. I think China's system delivers it today, but as the people get educated, as the people become wealthier, then the political system would have to adapt to that.

Q: To what extent do you actually think China is a competitor of the US?

A: Well I think it will be fairly clear from my speech. There is competition, obviously, and the competition will be on all fronts. Our hope is that the competition will take place within a framework of peace and maintenance of the global order.

America has had competitors before. If you look at the post Second World War period, of course the old Soviet Union was a huge competitor. The Soviet Union was a military competitor not an economic competitor.

And then you have Japan. I think some of you would remember books like *“Japan as No. 1”* and so on. But I think, realistically, given the differences in population and resources, I don’t think Japan could ever have been a competitor across all matrices. But Japan in any event was an economic competitor - it was not a military competitor.

If you take China, it is both a military and economic competitor, and its population is four times as large. This is why I think I drew some of the conclusions that I have, and we just have to look at the recent history. Now, you don’t therefore say that the recent history will continue unbroken; there will be stumbles along the way. But I think the secular trend is quite clear.

(3) Other Questions

Q: All countries face the reality of competition, especially smaller countries. But at the same time, they see the need to cooperate. How do you balance this tension between competition and cooperation for all countries?

A: Competition is a fact of life. Countries act in their best interests. They cooperate when they need to. There is no reason to think that cooperation is inconsistent with competition.

For instance, we compete as a port with many other ports, but we also have great cooperation with them, including our neighbouring countries.

So the reality is to just accept that people will want to take your lunch, but nobody will want to give you your lunch.

Particularly since, as I often say, there are three ways in which you make money: You either take something from the ground, or you grow something on the ground, or you go and trade with others who take something from the ground.

We don’t take anything from under the ground and sell, we don’t grow anything and sell, so we have to be the service provider to others who grow their own things and dig their own oil.

Of course, they will ask themselves, “Why should I not be making this money? Why should I let Singapore make this money?” The only way we can make the money, given how small we are, is to keep the size of our economy going, and we have a \$300 billion economy based on

a 3 million citizen population. To keep that going, you just need to run faster, be smarter and continuously be relevant.

If you're not relevant, others will take your lunch. This is simply a fact of life. One of my favourite books in this context is "*Who Moved My Cheese?*" If you think your income and your economy is going to prosper by you doing the same things that you've grown fat on, you will starve to death.

Q: What do you think is the role of think tanks and business people in forging relationships with other countries?

A: The reason why Singapore has got so many successful think tanks is Dr. Goh Keng Swee. Dr. Goh was a visionary. Many good things in Singapore were due to his long range thinking.

Dr. Goh felt that if you just take the government and ministry officials' thinking about economic policy, foreign policy issues, you will eventually get a reversion to some type of "group think". And you needed active, good think tanks which will be out there giving valuable input to the government.

And so he saw the think tanks' role as being very knowledgeable, being very objective, being very clear and putting those views to the government, which means not necessarily agreeing with the government in everything. If they simply agree with the government, unthinkingly, then the role of a think tank is useless.

But I think Dr. Goh would turn in his grave if he felt think-tanks had become places where – I mean, objectivity is critical – people are suborned, and they promote to you, under the guise of objectivity and academic freedom, the viewpoints of a foreign country in order to influence your policies. That would not have been acceptable to Dr. Goh, and that will certainly not be acceptable to us. And you can be suborned either because you're working with foreign intelligence or you can be seduced by them.

Another type of lack of objectivity would of course be if you have a political agenda and you lose your objectivity, and project your political arguments under the guise of academic scholarship.

The key is not whether you disagree or you agree with the government, but the key is whether you're objective in doing so or whether you have another reason for promoting that position.

So think tanks have a critical role in presenting a different perspective, an alternate perspective.

If you look at the think tanks that Dr. Goh was instrumental for, like the Institute of South-east Asian Studies, they play the role of helping to understand our region much better because think tanks can go about and say things, explore, and can put forward an additional set of views. That is useful. So that's what I think is the critical role that think tanks should play - to be very alert, to be real scholars and to put forward scholarly viewpoints which are

practical, which would help the country. As I have said, that doesn't mean agreeing with the government on everything; it means even challenging the government objectively when the government's viewpoints have to be challenged, or anybody's viewpoints, where they have to be challenged.

Businessmen, I think play a very, very important role in terms of engaging other countries. They expand our GNP by investing, they are forging relationships, they are creating the fundamentals for our success. Without an economy, what will we be? So they are critical.

But at the same time, I think again let me go back to Dr. Goh. He said, *"Our businessmen in the ordinary course of work, have numerous dealings with government officials of their countries. They have to obtain licenses, concessions, contracts, permits. Thus the Singapore businessman, in the eyes of these governments, performs the role of supplicants for favours. As our businessmen often compete in their supplications, the image that this creates of Singapore can well be imagined."* He was talking about a regional country.

He continued, *"It is not unnatural I suppose for these governments to expect that the Singapore government to behave in like manner. Businessmen have never hesitated to give me free advice on how to conduct foreign relations during the periodic grouse we have had with our neighbours. Unfortunately, they do not understand – and I'm afraid they cannot understand – that in the nature of things, relations between independent sovereign states cannot be conducted on the basis of supplicant and overlord. The methods they found were successful in business are not available to us in government."*

So what we need is an understanding: businessmen have a huge role; very important for the economy, very important in forging good relationships. And of course, foreign affairs and relationships prosper if there are good economic relations.

But one has got to understand where the line should be drawn. The government has to act in Singapore's best interests. Sometimes, this will mean departing from the advice of business people. The businessman will have his business perspective. But the government has to take a larger, country-wide perspective as a sovereign state.