

Excerpt of Prime Minister Lee Hsien Loong's Speech in Parliament on 27 May 2009

Mr Deputy Speaker, Sir, we usually prorogue and re-open Parliament midway through the term of a government. It gives us a chance to set the direction for the remainder of the term of office of the Government and to give MPs a chance to discuss important issues of the day. But this time, this prorogation and re-opening is far from a routine mid-course correction. We are proroguing in the middle of a major global crisis, which is drastically affecting Singapore.

The impact on the world economy will last for a long time, beyond the downturn and the immediate recovery. There will be major changes to global markets. There will be major changes to the business climate worldwide. But at the same time, there will be new opportunities for countries and companies, which are fast off their marks into this new world. It may be a "Grave New World" for now, as one MP said earlier, but it will be a "Brave New World" after that.

Therefore, we have to set the direction for Singapore at least for the next decade. The President's speech covered the issues comprehensively. I do not intend to dwell on all of the subjects there. I will focus on just two of them: first, the long term economic transformation of our Singapore economy, and second, how we intend to evolve our political system.

The immediate measures to tackle the crisis have been taken, announced, debated, and settled. We have SPUR - the training programme for workers. We have the Resilience Package, which contains in particular the Jobs Credit and the Special Risk-sharing Initiative as key measures. These were the major parts of the Budget which took place in January this year. We obtained the President's approval to draw on past reserves and the House has fully debated and accepted these measures, which are now well in process of being implemented. But despite these measures, there is no getting away from the fact that this is going to be a very difficult year.

Our latest growth projections are between minus 6% and minus 9%. Usually, we are used to seeing these numbers without minus signs in front of them. But this is not a joke, it is for real. It is not just Singapore but all countries that have been hit. Even large economies with big domestic markets - Germany, Japan - are expected to decline significantly this year. And even the most vibrant economies in the world - China, India - they too have seen a sharp slowdown, but will still have positive growth.

So it is obvious now, if it was not already obvious in January, that we were right to mount a decisive response in the Budget with all the resources at our disposal then, rather than to wait to see how the battle unfolded and gradually dribble in our resources bit by bit.

We have not won the war yet but we have succeeded in moderating the rise in unemployment.

In the first quarter, our GDP shrank sharply, by 10%. But our unemployment rose only moderately, from 2.5% in the fourth quarter of last year to 3.2% in the first quarter of this year, much less than other countries and at the same time much less than the shrinkage in our GDP. It is something to feel relieved about but it is also something to give pause and to worry about. Because if you think about it, our output has gone down by 10%, which is way down, our unemployment has not gone down by much. That means each worker is doing 10% less work. That means employers are still holding on to the workers for now because of SPUR, because of Jobs Credit, because of flexi-work and flexi-wage arrangements, and because they hope that if they grit their teeth and see through this sharp downturn, the business will come back and there will be work for workers and the workers will be there.

We hope that our firms will receive new orders soon and, if so, the decision to hold on to these workers through the downturn will pay off. So far, there are orders but most of the orders coming in will only see their companies through to the middle of the year and no company can tell what the third and the fourth quarters this year are going to be like. I asked the EDB, they are not sure. I asked MTI, they cannot predict. I asked the unions, who usually have their ears close to the ground, and they are equally anxious. So we are not certain that the demand which we are seeing now, with some companies doing some overtime with workers, even a little bit of hiring here and there, is sustainable. If the orders do not come, then the companies have to let more workers go. Because they cannot sustain short-time and job-sharing indefinitely.

Workers have to have work. You cannot have workers who are regularly off one day of the workweek, who are on short-time, or who are in the office with nothing to do. Eventually, if this situation persists, the companies have to right-size and the workers have to re-deploy into new businesses which have orders, which have better prospects and where they can become fully productive again. That is from the company's point of view. From the economy's point of view, from the Government's point of view, if we are in that situation, we have to let the companies restructure, we have to let the resources shift from the businesses which are shrinking to the businesses which are growing and gear up for the changed new world, rather than wait in vain for the old businesses to come back.

We cannot prevent this from happening. We have to see how it unfolds but what we can do and what we have done is to have measures to save jobs in the time being, to buy time for us to make this transition. In this way, we can massage the problem away and the workers do not have to endure too much dislocation, unemployment and pain in the process. We are watching the situation very closely. All the economic agencies are alert and engaged and, if we need to, we have the resources and the will to do more.

To overcome crisis, you have to be good at crisis management, but it is not good enough to excel at crisis management. We also have to be able to strengthen ourselves during normal times and build up so that when problems come, we meet the problems in a strong position. Otherwise, we will be champion crisis managers but we will be chasing our tails without end. Therefore, we must have a sound long-term strategy for growth and development.

We have regularly reviewed and updated our longer term policies to meet changing circumstances. In fact, each time we have had a major downturn, we have had a major review. We did it in 1985, when we had Economic Committee. That was for those of you who remember, a very severe recession after more than a decade of sharp growth. We did it again in 1997, during the Asian crisis, and after 9-11 in 2001 we formed the Economic Review Committee which made many wide-ranging recommendations, most of which have been implemented. And since the Economic Review Committee, we have continued to make major policy changes over last few years.

I just cite you a few. We restructured Government revenues, cut the corporate tax progressively from 25% to 17%, raised the GST to 7%, and amended the Constitution to put in place a new framework for spending from investment returns so that we can achieve a better balance between saving for a rainy day and investing now for our future.

We invested heavily in education. We recruited and trained more teachers, which is close to the hearts of many MPs. We strengthened and re-organised our ITE into three new colleges. We built a fifth polytechnic - Republic Polytechnic. And now we are setting up two new institutions, just announced in the Addenda to the President's Address last week – Singapore Institute for Applied Technology, to open up more direct routes for polytechnic graduates to acquire degrees,

and we are setting up a new public-funded university, teaming up with MIT in America and with a leading university in China. These are major initiatives.

We are developing new industries in Singapore. In high-tech, we have biomedical sciences, interactive and digital media, clean technologies, R&D beginning to take off. We are developing services industries. Financial services now hit but still with considerably potential. High-end tourism - the IRs are coming up and what EDB calls "HQ and Control Tower" activities. I know what HQs are. I asked them what "control towers" are, and they said, "Well, the command function is here. It is overseeing production in the region and managing the supply chain in the region." The production, the logistics, the financing all in different locations controlled from Singapore. We are into the "Control Tower" business.

We are getting companies from new geographies, not just Americans, Europeans or Japanese, but companies from China and India setting up in Singapore. To complement economic growth, we are also strengthening our social safety nets. We have created ComCare, which has been a life-saver for many families and a very valuable tool for many grassroots advisors. We have the Workfare Income Supplement to help boost the incomes of those at the lowest end of the totem pole. We have improved our CPF system, raised the interest on CPF accounts, particularly for those who have less than \$60,000, and introduced CPF Life to make sure you are looked after into your old age. We have avoided western-style welfare but still ensured that every Singaporean who makes the effort to look after himself will get help and will be looked after, and will not be left alone.

These measures have seen us through good times and bad. In good times, they have enabled our GDP to grow strongly, 7% - 8% per year, created many skilled jobs for skilled workers as well as for PMETs, raised incomes for households so that the median resident household income has gone up from \$3,600 in 2003 after the previous crisis, to almost \$5,000 last year. So in good times, the policies have worked. In bad times, the policies have stood us in good stead. We have a restructured economy, which is efficient and competitive. We have accumulated resources to help fund counter-recessionary measures without borrowing. We have a good reputation to attract good partners and projects and we have got the ability and the organisation and all the plans to continue building even in a downturn. And that is how Singapore has weathered successive crises, and steadily developed and prospered.

After this crisis, the world is not going to be the same again. This is not just another cyclical downturn and recovery. The world's economy is undergoing a structural shift. We do not know what will come out but we can see some of the outlines to come. The developed countries will have slower growth for quite some time. The financial sector is likely to have much more stringent regulations, as governments would be much more intrusive, cautious, risk averse. Businesses will have industries which have excess capacity which will now be consolidating. Their customers will have access to less credit, which means there will be less demand, less need for new capacity, less new investments. Governments all over the world will play a larger role in their economies. The visible hand will be more visible and more reluctant to leave it to the invisible hand. The governments would be more interventionist, more redistributive. I think the result will be less vibrancy, less dynamism, slower growth, but hopefully less likelihood of a repeat disaster.

In Asia, we expect the Asian economies to develop faster than the OECD. China is shifting to boost its domestic demand to drive growth. India just had a general election, a decisive victory by the Congress Party and its coalition partners. We hope this will help it to push faster towards further economic reforms, but we shall see. With rising affluence and rapid urbanisation, Asia will offer new opportunities for growth. But taken as a whole, Asia does not have the weight, the

heft, the size to make up for the slowdown in the OECD countries and so overall I think we are headed for a slower period.

It is not just faster or slower growth. I think there is also a change in attitudes worldwide.

People have seen this major crisis and the subsequent economic troubles and in the West, many voters have turned against globalisation and become negative on international trade and investments. In America, for example, which is one of the most open of the developed economies, the mood has become nationalist. In fact, it is nationalistic and anti-trade. When the American government had a stimulus package, they put in "Buy American" rules into the package. When the American government helped their banks with funds and capital, they put in a rule "No foreign hires". It was not helpful because then the banks are deprived of the talent they need to solve their problems and they got around it by having their foreign subsidiaries hire their foreigners. But, politically, it was necessary. And recently, the American government has announced a proposal to make American MNCs pay tax on their off-shore income. When the President announced it, President Obama vowed to make the US tax code 'more fair'. He said, "We will be finally ending tax breaks for corporations to ship our jobs overseas". So it is emotional, rousing political language, completely understandable in this situation but the effect will be less support for trade, less support for globalisation, less opportunities to grow and prosper together.

It is happening in Europe too, where we have seen angry agitation against immigration and foreign workers. On May Day, we had a rally and we celebrated at NTUC Downtown East. I went back and watched TV, and saw that everybody else had demonstrations and riots, in Asia as well as in Europe. These are real sentiments which will have real implications. The protectionist moves will affect us because our economy depends so much on free flow of goods and services, on capital and talent.

There will be political impact from the economic crisis too. There is deep anger against those who are perceived to have caused this problem, to have led the countries into this mess, to have fed at the trough, to use the vivid language which is being used now against bankers, against those who prospered and got rich during the good times. AIG, the biggest triple-A insurance company in the world had gone bankrupt. It received government assistance by the billions, and paid bonuses to some of its people, causing an overwhelming public reaction, even though the people who received the bonuses were not the ones who caused the company to go bust, but the ones who are helping to sort out the company and get it back on its feet. But the mood was such the anger was palpable.

So governments are under pressure. In France, you have seen strikes and demonstrations. In Iceland, the government has fallen, replaced by a new government. In Hungary, the government has also fallen. It is now a caretaker government, waiting for elections. As countries come under political pressure, relations between countries are also likely to be affected. Trade disputes can widen into broader frictions in their relationships. The Chinese are very worried about this. Their leaders are writing Op-Eds (Opinion Editorials) in Western newspapers - you see them in the *Herald Tribune*, the *Washington Post* and the *Wall Street Journal*. Senior Chinese leaders, like the Deputy Prime Minister, sometimes the Premier himself, writing Op-Eds extolling the virtues of free trade, encouraging countries to work together and to cooperate to keep their doors open. It is unimaginable a decade ago, or even five years ago, but now they are deeply worried that their relations with America will turn sour and that will sour up not just the trade relationship but the whole global strategic situation. So far, the major economies are emphasising their need for cooperation. They are saying the right things. But what they are being forced to do is another matter. So we will have to watch what they do and not just listen to what they say.

In Southeast Asia, relations between the ASEAN countries are still good. We know that many of the members have domestic preoccupations. We were supposed to have a meeting in Pattaya a month ago. It had to be called off and dispersed because there were demonstrations and we could not hold our meeting. So understandably with these preoccupations, ASEAN cooperation has slowed down. And it will become more challenging to implement the ASEAN Charter and the ASEAN Economic Community by 2015, which is our objective. But, nevertheless, we will have to try because we have to work together with our neighbours to make the best of a difficult situation.

In this more difficult and uncertain outlook, there are opportunities for Singapore. The Asian growth story is intact and the main plot for us going forward. We are small which makes us vulnerable to external changes, but at the same time it enables us to focus on doing well in niche areas. We do not have to be good across-the-board. We can do well in specific areas where we can excel and take advantage of the bright spots to build new businesses for ourselves. And even in this downturn, we are not doing badly in some of these areas. I will give Members a few examples. One is in the manufacture of oil-rigs. We do not have oil, we do not have major oil companies, but we manufacture oil-rigs and we are the world leaders with 70% market share, thanks to Keppel and SembCorp. We drink Milo, it contains malt extract. One third of Nestle's malt extract for the whole world is made in Singapore, somewhere in Tuas. Foreign law firms servicing Southeast Asia, nine out of 10 situated themselves in Singapore. So if you go for targeted niche areas, we can really excel and we can make a living for ourselves by accumulating many such niche areas.

At the broadest level, our approach to economic development and growth remains valid. We have to stay open to trade and global competition. We have to be present all over Asia, and linked up with the world. We have to upgrade our skills, build new capabilities and keep our lead. And we have to encourage our people to be self-reliant and enterprising, rather than dependent on state support and welfare.

But while the broad strategy is valid, which MPs have acknowledged (even Mr Low Thia Khiang when he spoke on Monday, which I thank him for) we need to review our specific strategies to develop the different sectors of our economy. Relook at the potential. Find new ways to attract investments. Implement policies to keep growing faster than other developed countries can and to give Singaporeans good jobs. And as the President said in his Address, come out with "fresh thinking and creative answers".

I think we should study five specific strategies. Let me just run through them and give Members an idea of what are the issues which we are thinking about.

First, how can we seize growth opportunities? Because without growth, there is nothing to distribute, and no prosperity to share. But if we are creative and spry, there are still ways to prosper. I mentioned some of the niche opportunities just now, and we should pursue more of them. For example, manufacturing aerospace components, which is very high technology, needs precision, absolute reliability and quality assurance, and cost is less of a consideration. If we can do that, then aerospace companies looking for a place to establish themselves in Asia, will find Singapore is a good place to do that. We can develop new markets in emerging economies. The developed countries may be down, but emerging economies are still expanding and growing new business. For example, we have many projects in the Gulf which is still investing in infrastructure, and, I think, we can look for more projects and win more projects there with the capabilities, the reach and the track record which we are progressively building up.

We can make the most of Singapore's unique strengths and experience. For example, using our

urban planning and development capabilities to help fast-growing cities in Asia. You have seen Suzhou Industrial Park celebrating its 15th anniversary this year. The Minister Mentor is there and is coming back this evening, which is why he is not here; Mr Wong Kan Seng came back early. They signed two additional agreements for the Suzhou Industrial Park to develop new projects in Jiangsu. Nantong is one, and another is a new town to be developed in Nanjing city, on an island. It is our reputation, our ability to deliver, our reliability which are creating these new opportunities overseas. At the same time, we look closer home and we maximise our win-win cooperation with our neighbours. Closest, of course, is just across the Causeway, the Iskandar Malaysia project. I had a good discussion with Prime Minister Najib Razak last week and he is keen to develop our relationship and take it forward, and have a forward-looking, constructive relationship between Malaysia and Singapore. I told him I fully agree with this approach and we must try to work together in these difficult times.

So the first key question is, how can we find new opportunities to grow? The second question is, how do we strengthen our corporate capabilities, make our companies stronger, able to do more things? We need not just MNCs, but also local companies, not just big companies, but also small ones, start-ups as well as mid-sized companies and established global names, so that we will have a diversified and resilient corporate landscape. We have got many of the big global companies in Singapore - Exxon, Shell, Motorola, Hewlett Packard, Sumitomo, and Thomson. We need to attract the next tier of global companies after the Fortune 500 - slightly smaller, but by Singapore standards still large. They are not quite so familiar with Asia, so they can invest here because they are comfortable with our business environment and they see this as a good base to expand in Asia. The Germans have a very powerful small and medium enterprise sector. They call it the *Mittelstand* - actually not so small by our standards, and very capable. We have been courting them for many years and some of them are here. We have a German centre where they can start up, begin to get their feet on the ground, before they have their own premises.

We have other European companies which are in this class and are setting up here, like Berg Propulsion, which is a Swedish manufacturer of marine propellers and thrusters. So we should look for not quite so large, but still valuable global companies. We should look for Asian companies. Asian multinationals are internationalising. Chinese multinationals are going worldwide. The Indian multinationals are also going worldwide. Can we be the global HQ for such companies which are going overseas and want to have a place to set up overseas?

There is one example which is Focus Media, China's leading provider of advertising platforms. They are here and more can come because many of them are going out into the world. Singapore is at once familiar with them and at the same time, operates by western and international business norms, so they can learn how to work in an international environment.

Of course, we also want to nurture our own companies and make them globally competitive in time. So how do we grow our local companies and make them internationalised? Many MPs have spoken about this and, in fact, the Government wants to help these companies grow. We are trying many ways to do this, we are willing to do more, and we will study this further. But I would like to say that there is no simple answer to this question, and I do not believe this can be done simply by the Government pouring money in or - one of the favourite quick proposals - setting up "Temasek II".

The critical factor is not the availability of money or capital. The critical thing is that we need to build an entire enterprise ecosystem. A whole environment where we can attract talent and develop entrepreneurship, so that people with bright ideas, passion and drive, and the organisational abilities to take a spark; to a brainwave; to a startup; to a company; to a Initial Public Offer (IPO) and then to - we hope - a fortune, and roaring success. They need entrepreneurship, they need professional management, they need to invest in technology and

they need to develop distinctive brands. It is not an easy thing to do. I thought I should explain this because otherwise we may go back thinking that the new slogan is a new policy. But it is something which we will study and work at.

Thirdly, besides growing our companies and their capabilities, we have to develop the capabilities of our people; grow our human and knowledge capital. Our future lies in being a leading global city for talent - our own talent, as well as top talent from around the world. How do we make Singapore an exceptional place in Asia? It is a chicken-and-egg problem. If we can get talent, we can shine, but we must be a first-class place for talent to want to come. And we have to encourage talent to come here, to work here and to take root here. We have to encourage Singaporeans to welcome them and help them integrate into our society. I think it will happen.

If you walk around our shopping centres, take a ride on the MRT or go downtown in the evenings, you will hear not just Singapore voices and *Singlish*, but many accents and many voices. And I think that is good because that is the way we will become cosmopolitan, vibrant, and prosperous.

I was in VivoCity last weekend to have lunch. I met somebody with two kids, and he said, "Hello" to me. I said, "Where are you from?" He is an American, and his kids are in two Singapore schools. Good schools, but Singapore schools and not the American schools. One of them is a Special Assistance Plan (SAP) school, so I asked the daughter, "Ni hui jiang hua yu ma?" She looked doubtfully at me, but she can speak Mandarin. One child was born in Australia and the other child was born in Singapore, and he is working in Singapore and mixing with the Singapore crowd.

That is just one - there are many more and I think that is the future for us if we want to become a global city. If we say, "Foreigners out, Singaporeans first and only", we have a problem. We have to say, "Foreigners come; Singaporeans first; but we are going to make this place prosper with all the help we can get", then we will have a bright future. Of course, when we talk about knowledge and talent, we are also making a big investment in our research and development (R & D) programme. It has been five years since we started the programme, I think it is time for a review. It is starting to yield results and we have made good progress. The question now is: how can we take it to the next level, and expand the economic pay-off from R & D?

The fourth question we should consider is: how to create good and high-value jobs for Singaporeans? Growth is important but growth is for the purpose of improving the lives of Singaporeans - not just a few at the top, but many across the board. Improving their lives through good jobs and rising incomes. How do we achieve this? We have to attract industries that will require skilled workers and technicians, as well as professionals and managers so that our polytechnic graduates, ITE graduates, skilled workers, technicians and diploma holders will have their skills in demand and can find jobs which will pay them well and have their lives improved. We must have companies upgrading their workforce, raising productivity and creating high value jobs. We must have Singaporeans acquiring skills that are in demand through good education and upgrading opportunities like the new university and the new Singapore Institute of Applied Technology. And of course we need continuing education and training. All the good work which Employment and Employability Institute (e2i), National Trades Union Congress (NTUC) and the Workforce Development Agency (WDA) are doing.

Finally, we have to ask ourselves how can we deploy our resources to maximum effect. Singapore is a small population, land is finite, and our resources are finite. How do we get the maximum value and bang for the buck? Land, for example, is 700 square kilometres and every plot planned and "*choped*" for something significant in our Masterplan. If you fly over Singapore on a sunny day, without clouds, it looks like a beautiful tapestry. If you have not got the chance, go to Google Earth, zoom in and you can see every building, every road and almost every ERP

gantry, but nothing is left to chance and nothing is left over. Now, in that situation, what do we do? We need to expand. We can reclaim land. Yes, we are reclaiming land but reclaiming land does not stretch our international boundaries. And the more land we reclaim, the less ocean space we will have. And PSA reminds us that we need sea space for the port, anchorages and navigation lanes, so there is a limit to how far we can reclaim. So what can we do?

We have to make judicious trade-offs - recover land from less productive and declining industries, make space for new industries which are bringing in better jobs. We have to make difficult decisions - the port is 30 plus million TEUs (Twenty-Foot Equivalent Unit) per year. If we are going to make a 60 million TEU port, we need twice as much land. Can we afford that?

What do we have to give up to do that? It may mean fewer factories, less housing and less training areas for the SAF. Nothing is for free, there is always a trade-off. But I think we should try to relax this trade-off as much as possible. Think of creative ways to expand supply of space, if not of land. Can we go down and use underground space? We are digging. We have underground storage. We are thinking about underground malls. We have talked about ideas to have a whole underground space under the Padang. It is expensive, but some of it can make economic sense. Can we go upwards? There are limits, partly because of air traffic constraints, because we have airports and air bases and we have to leave enough space. We cannot become like Kowloon in the old days, with aeroplanes making sharp turns to land, because I think it will be too exciting for all our visitors coming to the IRs. But with better air navigation and air traffic control, I think that the limits can be tightened. The limits for the aeroplanes can be tightened.

Where the height constraints are because of this reason, they can be relaxed and we can build higher with high-rise development in such areas. These are real issues which we are studying. I think that there is potential. We have not reached the absolute limits yet.

Another area where we have to consider limits is foreign workers. Many MPs have spoken about foreign workers. As Mr Heng Chee How pointed out just now, one-third (about one million) of our workforce are foreign workers. The majority are lower skilled work pass holders. They helped us to grow our economy - building our infrastructure, bolstering our workforce and filling critical gaps. I think in this downturn the number of foreign workers will fall, particularly in manufacturing and services. Maybe not in construction because that is chugging along. But when the economy recovers, demand for foreign workers will grow again. We cannot do without them, but I think we should find ways to reduce our dependence on them because while we can have one million foreign workers in Singapore, I find it hard to imagine that we can have two million foreign workers in Singapore. And, try as we may, we run out of housing units.

Therefore, we have to study how we can grow our economy without indefinitely growing our foreign worker numbers and making the best use of the foreign workers who are here to complement our workers so that we get productivity, growth and results.

There is a third area of limits which we now have to think about which did not used to be so critical before, and that is energy. It is an important utility, like water. We take it for granted, we turn on the switch, and it is there. Not so in many parts of the world, especially in Asia. Now the price is not so high but last year, there was a spike because oil prices went up. I expect in the long term, the trend for energy prices will be up because as China and India grow, their demand will grow and that will put pressure on the energy markets worldwide. So the question is: how do we encourage energy conservation to grow more sustainably and to be less affected when energy prices go up from time to time or in the long term?

The Japanese did this well. After the first oil shock in the early 1970s, they were very severely affected. They put their minds to it. They restructured the economy and they kept energy prices quite high for a long time after that. So, by the time there was a second oil shock in the late 1970s, they were less affected. By the 1980s and 1990s, they were one of the most energy-efficient developed countries in the world. We have to learn how to do that. At the same time,

we have to diversify our sources of energy for security. We need to become less dependent on piped natural gas, which is from nearby sources, and look for alternatives to piped natural gas, e.g. LNG. We are building an LNG terminal. That is an alternative because once it is LNG, you can buy from around the world - Australia, the Middle East, Trinidad and Tobago, Russia - many possibilities. That is a major step we are taking. What do we need to do beyond that? Do we need to develop other sources of energy?

We also have to consider climate change. This, I think for many Members, is a new subject. The younger Members have focused on it. They have green issues on their minds, which is right.

There is a global deal currently being negotiated under the UN Framework Convention for Climate Change. Singapore must do our part in any global deal because it will be expected of us and we have to do this. That means that there will have to be adjustments and improvements in our energy efficiency. It will mean costs for our economy and we have to prepare for a carbon-constrained world. So these are finite limits which we have to study - how can we push the limits and do our best within them.

I think that these are important enough issues for us to have a major strategic review. We will form an Economic Strategies Committee (ESC) to look into these issues, and Minister Tharman Shanmugaratnam will chair the Committee. We will involve both the public sector as well as the private sector, so as to tap the strengths of both, as Mr Inderjit Singh and several of the other MPs have suggested. We want a broad representation to canvass a spectrum of views. We have found such exercises very useful. I have personally been involved in several of them over the years, including the ERC most recently. We hope that the Committee will be able to develop its main recommendations in time for next year's Budget.

So I am confident that we can develop strategies to pursue global opportunities by enhancing our capabilities and growing our economy, that we can pursue inclusive growth and make the best use of our resources. And that is the way to transform our economy to continue to prosper and to build a first-class home.

<The second half of the speech touches on politics in Singapore and can be viewed on the website of the Prime Minister's Office:

<http://www.pmo.gov.sg/News/Speeches/Prime+Minister/Transcript+PM+Lee+speech+in+Parliament.htm> >