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SPEECH BY PRIME MINISTER LEE HSIEN LOONG AT THE HO RIH HWA LECTURE ON 30 JUNE 2015

Distinguished Guests, Ladies and Gentlemen

1. Happy to join all of you here at the Ho Rih Hwa Leadership in Asia Public Lecture Series
2. When we separated from Malaysia and became independent 50 years ago, our challenges seemed all encompassing and insurmountable
 - a. Many desperately urgent priorities –growing the economy, building an SAF, education, healthcare, housing
 - b. Our survival was at stake
3. One important new area that we needed to master was diplomacy: to stake out and defend Singapore's place in the world
 - a. We had no experienced diplomats, so we called on businessmen, senior bureaucrats and politicians to help
 - b. Ho Rih Hwa answered the call
 - c. He was a son of an immigrant and a successful entrepreneur and prominent businessman
 - d. He served as our Ambassador to Thailand, Belgium and the European Economic Community; also to the UN in Geneva
 - e. He refused to accept any remuneration
 - f. He saw this as a national service, a duty he was honoured to discharge

4. Pioneers like Ho Rih Hwa saw the urgency and enormity of the challenges that we faced
 - a. Instead of running away, they threw in their lot and gave it their best shot
 - b. With their help, Singapore overcame the challenges and thrived
 - c. Today we are the beneficiaries of their sacrifices
5. So it is fitting that 50 years on, at this lecture named in his honour, we discuss the critical challenges that we face for the next 50 years and ask ourselves what should we do.

CHALLENGES FOR SINGAPORE

6. What challenges do we face today? It depends on the time frame we look at
7. If you take a 10 year horizon, it is our economy
 - a. We have reached a high level in terms of GDP
 - b. Our per capita GDP is as high as Japan
 - c. But we have to find a way to continue growing so that we can improve people's lives
 - i. Our workers aspire to earn higher wages, so our economy needs to create better jobs
 - ii. Collectively we need to perform at a higher level – more efficient, more productive, more rewarding
 - iii. But we are not quite there yet
 - iv. Yet having reached this level, there is no ready model anywhere else that we can simply follow
 - d. If we can continue upgrading, in 10 years, we can be in a different league

- i. We can make the investments in our people, afford the social safety nets, improve our lives
 - e. If we cannot, we will stagnate and lose ground, like what some countries are going through now – Taiwan, Korea, even Japan
 - f. After a decade, we will face not just economic problems, but social problems – unemployment, young people unable to find jobs, restlessness instead of hope
- 8. But if we take a 25 year horizon, then population issues come to the fore
 - a. Because while the economy will go up and down, in the long run, demographics is destiny
 - b. 25 years is long enough for our birth trends and our marriage and parenthood policies to take root and have an impact
 - i. The difference between a TFR of 1.2 and 1.5 is 9,000 babies per year, or over 200,000 more babies born over 25 years
 - ii. If we can get our TFR up to 1.5, then we can keep our population younger and vibrant
 - iii. But if our TFR continues to be at 1.2, that will be much harder, even with immigration
 - c. A shrinking society will also be an ageing society, and that will cause profound problems – our economy will be stagnant or declining, and the whole tone of our society will be not be young and forward looking, but pessimistic, oriented to the status quo or even the past
- 9. Finally, if you take a 50 year horizon, the challenge is our identity
 - a. The fundamental reason why have succeeded over the last 50 years is not just because of good policies
 - b. But because the population supported these good policies, which could therefore be implemented and produce results for Singapore

- c. That depended on our collective will to succeed and on the sense that we were building a nation together
10. Over the past 50 years, we had experienced times of national crisis, starting with our independence when our backs were up against the wall
- a. But each time we overcame the crisis, proved our mettle, and in the process deepened our shared experiences and Singapore identity
 - b. For the next 50 years, we will need good policies
 - c. But just like the past 50 years, for these policies to succeed, we must have a strong sense of identity and nationhood
 - d. Of being proud to be a Singaporean; of wanting Singapore to be special
 - e. With this fundamental conviction and motivation, we can make everything else work and overcome all our challenges
11. Let's discuss our challenges in detail

10 YEARS – OUR ECONOMY

12. In a ten year time horizon, the main challenge is our economy
13. We are in a good position today because we have been growing for the past 50 years
- a. [Chart E1 – GDP Growth over last 50 years]
 - b. Since independence, real GDP has gone up 40 times in 50 years
 - c. Per capita GDP has increased by about 13 times
 - d. [Chart E2 – GDP Growth rate per year]
 - e. We have enjoyed high growth for the past 50 years
 - i. We feel it in our lives – our children live better lives than ours
 - (1) Born into homes that are better off than the homes we were born into

- (2) Face less risk to life, have more choices of jobs, than their parents' or grandparents'
 - ii. Because of this economic progress, we are now in a good position to celebrate SG50 and our journey from Third World to First
- 14. Growth has been high, but it is slowing as we become more developed
 - a. [Chart E3 – GDP growth in decades]
 - b. In each successive decade, our average growth has slowed down
 - i. This is natural. Economies develop and mature and the base gets bigger – even China is experiencing this too
- 15. [Chart E4 – GDP growth in decades broken down by employment and productivity growth]
 - a. If you break down the growth in our last three decades into employment and productivity growth we see a clearer picture
 - i. Economic Growth depends on productivity and workforce growth
 - ii. Productivity improved as we industrialised and modernised our economy
 - iii. The workforce grew as the post-war baby boomers came of age and entered the workforce, and as we topped up with foreign workers
 - b. In the most recent decade
 - i. Productivity growth came down – not surprising as our economy matured
 - ii. But we managed to grow our workforce – half through our resident workforce, and the other half of it through foreign manpower

- iii. If not for workforce growth in the past decade, especially in the midst of the Global Financial Crisis, we could have seen companies – both local and foreign – closing down or leaving our shores, resulting in jobs lost
 - iv. We would not have been able to weather the GFC with low unemployment, bounce back within a year, and seen our lives improve so rapidly
 - c. But we cannot continue taking in foreign workers at a high rate, just to maintain growth
 - i. Fully understand the anxieties caused by the influx of foreign workers – the impact on housing, public transport or job competition
 - ii. Thus we have slowed down the inflow, and accepted the trade-off in slower growth
 - iii. But we must slow down the inflow in a measured and balanced way, without causing our companies and SMEs to shut-down and our own workers to lose their jobs
- 16. So what can we expect looking ahead?
 - a. [Chart E5 – GDP growth in decades broken down by employment and productivity growth showing projection]
 - b. Looking forward, our estimate for GDP growth is 2-4%
- 17. From now until 2020, we know employment growth will not exceed 2%
 - a. We know our numbers
 - i. Our baby boomers are retiring and we do not have as many young people entering the workforce
 - ii. We have tightened our foreign manpower policies, and as Lim Swee Say said recently, there is no U-turn on this
 - b. That means we have to make about 2% productivity growth a year

18. To make 2% productivity growth will not be easy
 - a. Many developed countries are finding it difficult, post the Global Financial Crisis
 - b. We too have not achieved 2% for the past few years
 - c. It is a hard slog as it requires a transformation of our society and businesses
 - d. Mr Lee Kuan Yew often used to quote Mr Goshi, the President of Japanese Productivity Centre, saying that productivity requires a transformation of mankind's thinking and was a "marathon without a finish line"
19. It may be difficult but we have no other option
 - a. While bigger countries can rely on hinterlands, resources in the ground and survive, we do not have anything but ourselves
 - b. Improving our productivity and maintain our growth is the only way Singaporeans can continue finding good jobs and having opportunities
 - c. Even as technological change and globalisation causes upheavals to industries and economies
20. Improving productivity is both an opportunity and a challenge. Let me give you an example
 - a. I just opened the PSA Pasir Panjang Terminal 3 and 4
 - b. This is a picture of a rail gantry crane in the older terminals – It requires one crane operator to operate the crane in the control box on top of the crane
 - c. PSA is now using automated rail gantry cranes in their container yards
 - i. They don't need a crane operator to operate the cranes any more

- ii. This is a picture of me controlling the crane remotely from the control tower in the building
- iii. Now, one crane specialist now oversees 5 cranes and only needs to intervene when exceptions are raised, which happens about half the time
- iv. The rest of the time, the cranes work automatically
- v. So productivity per operator has gone up
- d. Does PSA have to do this and constantly improve?
 - i. Yes! Because only if PSA is more efficient than everyone else, will shipping lines want to bring their containers and business to Singapore
 - ii. If PSA does not upgrade, their competitors will – Tanjung Pelapas, Hong Kong, Shekou, or Shanghai, which is already the busiest container port in the world
 - iii. These competitors have bigger hinterlands, cheaper workforce and greater resources, and they will win over PSA's business
- e. But if PSA automates, what will happen to their workers?
 - i. If PSA's business continues to grow, the crane operators can handle more cargo and they will see their wages improve
 - ii. If PSA's business fails to grow, 4 out of the 5 crane operators would be made redundant!
 - iii. So it is both an opportunity and a challenge
- f. The same story of technology displacing jobs also applies to white collar jobs
 - i. For example, in the finance industry, computer programs and apps are taking over the role of loan officers in assessing loans and creditworthiness

- ii. Some reports suggest that almost half of the existing jobs are at high risk of being taken by computers in 20 years
 - iii. So we must stay ahead of the curve and prepare our workers and businesses well for the future economy
- 21. That is why we have launched SkillsFuture as a national movement
 - a. SkillsFuture will play a critical role to help our Singaporeans be resilient and adaptable
 - i. Our people will always have opportunities to develop to their fullest potential, with training available at every stage of their lives
 - ii. So that when the world changes, they are prepared and supported to change with it
 - b. It will open up many more opportunities for Singapore and our workers, because we would be highly skilled and relevant
 - c. It is a transformation of society, to value individuals for what they do and contribute
 - d. If we achieve this, every worker can feel proud of themselves and our society will be better for it

25 YEARS – OUR POPULATION

- 22. If we take a longer time horizon of 25 years, the key challenge is our population
 - a. Because demographics has a profound impact on every aspect of our lives – our economy, our society, our security
- 23. Our demographics were favourable for the past 50 years
 - a. We had a post-war baby boom

- b. Fortunately we were able to educate the baby boomers, create enough jobs for them, and make them valuable assets contributing to Singapore
 - c. Had we not been able to do that, they might have ended up migrant workers abroad, working in tough jobs with low wages, because the alternative of staying at home was even worse
 - d. But we got into a virtuous cycle, so that we could grow our economy, build up our resources and invest in meeting our basic needs – healthcare, education, defence
 - e. And so for the past 50 years, our population grew from 1.9mil to 5.5mil
 - f. [Chart P1 – Population growth since independence]
24. But as standards of living rose, our fertility fell
- a. TFR fell below replacement first for those with university education, and then by late 1970s for the population as a whole
 - b. By the 1980s, we started giving Singaporeans incentives and support to have more children. But TFR continued to fall
25. Now we are experiencing a major demographic shift as our baby boomers age
- a. Our population growth is slowing down - This year's population growth will be the slowest in ten years
 - b. [Chart P2- Population growth slowest in 10 years]
 - i. Last year the population grew only by 1.3%
 - c. The number of citizens aged 65 and above is increasing rapidly
 - d. [Chart P3 – Rapid increase in citizens aged 65 and older]
 - i. From 220,000 in 2000 to 440,000 today to 900,000 by 2030
 - e. In terms of citizens in working age, we have already peaked

- f. [Chart P4 – No. of citizens in working age has peaked]
 - g. Today, every 5 working adults supports one senior citizen. In 2030, it will be two adults supporting one senior citizen
26. If you look at our population pyramid, our population is already aging, with the bulge at the 50-60 age range – the baby boomers
- a. [Chart P5 - 2014 population pyramid showing citizens]
 - b. 50 years from now, it is difficult to predict what our population may look like
 - c. [Chart P6 - 2050 population pyramid showing citizens]
 - d. But on current trends, if we project into 2050, even with immigration, the population pyramid will be inverted
[Toggle back to live showing PM]
 - e. What will this rapid aging mean for our nation?
 - i. In terms of taxes: Who will pay taxes, to spend on whom?
 - ii. In terms of the economy: How do we keep prosperous and vibrant?
 - iii. In terms of defence: Who will man the SAF, and defend us?
27. We are already seeing the impact of an aging population today
- a. More “sandwiched” families – typically two or fewer working adults supporting children and elderly parents
 - b. Greater demands for healthcare and social services
28. Therefore, we are making sure our elderly age well in Singapore and live fulfilling lives
- a. Give our people a good foundation for retirement, with home ownership and good healthcare, CPF and Silver Support

- b. We are encouraging active aging and strengthening community support, making our homes age friendly so that seniors can live safe, healthy and fulfilling lives
29. Ultimately, the best, and indeed the only, solution is for Singaporeans to marry and have more children
- a. On that count last year's figures are encouraging, although it is still early signs
 - b. We have been working hard at this, and the measures we have taken in the past few years have certainly helped e.g. more affordable and accessible preschool places, more maternity leave, more pro-family employers (including the civil service)
 - c. [Chart P7 - Marriages]
 - d. Marriages are the highest across the past ten years [Pause]
 - e. [Chart P8 – Birth-rates]
 - f. Births are also highest across the past ten years, matching the previous dragon year
 - g. [Chart P9– Birth-rates + TFR]
 - h. We can do better on the TFR
30. We will do more to help Singaporeans marry, have babies, and take care of their families – Not just through baby bonuses
- a. But in helping young couples with housing
 - b. In helping parents with care-giving, promoting flexible work arrangements
 - c. Providing affordable and quality child-care
 - d. Reducing stress in our education system
31. But Government cannot do this alone
- a. This cannot be solved by just more policies

- b. It requires all of us to change norms and culture to become a more family-friendly country
- c. These shifts take time
- d. But we must start now and hopefully, will see fruits in 25 years' time

50 YEARS – OUR IDENTITY

- 32. Finally, in a 50 year time frame, the challenge is our identity
 - a. How do we strengthen the identity and the character of our nation and society?
 - b. How do we reinforce what makes us unique as Singaporeans, what helps each of us do well, and Singapore as a whole to do well?
 - 33. 50 years ago, when we became independent, we had nowhere else to go
 - a. Mr Lee Kuan Yew told us often: “The world doesn’t owe us a living”
 - b. But because the challenges were great, and we had no choice, we felt a sense of common purpose building this nation
 - c. People were galvanised, including many who were born elsewhere, but who made this their home and their cause
 - d. Year after year, through crises and victories, we grew closer together, and strengthened our identity as Singaporeans
 - 34. For the next 50 years, how do we maintain this sense of nationhood, and strengthen our identity and common purpose, so that our people will want to make Singapore a success and a shining light in the world?
- [Toggle back to live showing PM]
- 35. As we progress, we face two dangers
 - a. We could dissolve into globalisation with no special sense of a distinctive Singaporean identity different from non-Singaporeans

- b. Or we could divide along fault lines and fracture into different groups with their own exclusive identities, losing any sense of being one people
36. Our society can dissolve into globalisation
- a. Because we have become so open and cosmopolitan that our people can adapt anywhere and make it their home
 - i. The majority of our population speaks English and is educated in English
 - ii. More than half our people have post-secondary education
 - iii. With English and education, doors are open to Singaporeans in many countries
 - iv. 200,000 Singaporeans are all over the world, living, working, or studying abroad
 - (1) One citizen I know of lives in Rwanda, keeping bees and producing honey
 - (2) Another lives in Hokkaido, and messaged me through FB when I was on holiday there recently. He works as a full time ski instructor in Niseko
 - v. Singaporeans are very well-travelled
 - (1) Altogether we make 8.9 million trips abroad by air and sea every year, which is on average more than 2 trips per resident
 - (2) Not counting 13 mil trips to Malaysia, e.g. to JB for shopping or supper!
 - b. It is good that our people are comfortable living all over the world
 - c. But if we become so comfortable abroad that we lose the sense that only Singapore is truly home, and a large part of our talent go overseas seeking challenges or fortunes, then the centre cannot hold
 - d. We will just melt away with globalisation

- e. So we need to make sure that while our Singaporeans have opportunities overseas, they continue to feel the call of home deep in their hearts and consider Singapore their home
37. The other danger is that we can become a divided society and allow fault lines to divide us
- a. Whether it be traditional fault-lines of race and religion
 - b. New fault-lines like LGBT issues
 - c. Or social fault lines like rich vs poor
 - d. Or external forces which can pull us in different directions
 - i. Jihadist terrorism is one such factor, which can split our multi-religious society
 - ii. Likewise the influence of big powers, because we are still a multi-ethnic society, and it will be a very long time before we can be immune to ethnic pulls or commercial interests
38. To keep Singapore special; to maintain that a sense that being Singaporean is something to be proud of, which we want to uphold; to feel a duty and responsibility not just to today's fellow citizens, but to future generations, to feel one united people, instead of warring clans – that is our biggest challenge in the very long term
39. What is it that will hold us together and help us strengthen our identity?
- a. We all hanker for home food when we are away – chicken rice, char kway teow, and roti prata
 - b. So food definitely helps, but it is surely not fundamental
40. It must come from a shared sense of what is it Singapore stands for, and what we want to achieve here together, which will come from our shared experiences

- a. How we grow up and live together – in schools, in National Service, in our HDB towns
 - b. How we overcome crises like SARS or the Global Financial Crisis
 - c. How we help one another in times of need
 - d. How we celebrate successes together, in SG50, and as we did during SEA Games
41. Through these experiences, we live and reinforce shared values that mark us out as Singaporeans – Meritocracy, multi-racialism, justice and equality, a fair and just society
42. In the next 50 years, there will definitely be hard times and we will be tested but hard times will be opportunities for us to bond
43. This year, we ourselves have experienced this Singapore spirit
- a. When Mr Lee Kuan Yew passed away in March, we grieved together
 - i. It was a massive outpouring of emotion, but we were not downcast
 - ii. We stood firm, in the sun and the rain, to paid our respects to our founding father
 - b. When we lost schoolchildren and teachers on a school adventure training trip to Mount Kinabalu, we grieved together
 - c. In happy times, during the SEA Games, we felt proud to be Singaporean
 - i. It was not just our record breaking feat of 84 gold medals
 - ii. But the way our people conducted ourselves
 - (1) When the music stopped suddenly, Singaporeans continued to sing Majulah Singapura with gusto and pride
 - (2) When an SMU alumni, Ashley Liew, showed class and sportsmanship

- (a) In the early stages of the Marathon, he found himself in the lead after his rivals took the wrong path
- (b) But he slowed down and waited for them to catch up
- (c) He did not win a medal and finished eighth
- (d) But he said “It is not always about the medals, but also the things you do in between”

44. Such a spirit cannot be manufactured by the government
- a. These are spontaneous shows of pride and solidarity
 - b. The spirit is embraced, shaped and owned by Singaporeans
 - c. Singaporeans who stand up for these values in their actions and daily lives
 - d. Making Singapore a distinctive nation that we can all be proud of and want to belong to
 - e. So that no matter where we are, we identify with it and say: “I am a Singaporean”
45. I have described the challenges to you – Economy, Population and Identity
46. They are difficult challenges, they concern our survival, and but we are tackling them
- a. For the economy
 - i. We have MTI, EDB, IE, SPRING Singapore, securing investments, opening markets, helping SMEs, creating jobs
 - ii. We have SkillsFuture, valuing a person less for his qualifications he has, and more for his contributions and his potential
 - b. For our population
 - i. We are managing immigration
 - ii. We are promoting active aging
 - iii. We are strongly encouraging marriage and parenthood

- c. For our national identity
 - i. We nurture values and create common experiences like our schools and National Service, even the new Volunteer Corps
 - ii. We use SG50 and other opportunities to celebrate being Singaporeans
 - iii. And we expect difficult times when life will teach us what it means to be a Singaporean, whether we like it or not
- 47. But all these plans depends on good leadership
 - a. Leaders with a sense of responsibility, wholly committed to Singaporeans and Singapore
 - b. Leaders who can win the support of Singaporeans and rally the country together
 - c. Leaders who can work with us to make the next 50 years as glorious as the last 50 years
 - d. So that we give our next generation not only good lives, but a brighter future

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