

**ADDRESS BY PRESIDENT S R NATHAN
AT THE OPENING OF PARLIAMENT
ON MONDAY, 18 MAY 2009, 8.30PM**

Building Our Future Singapore in an Uncertain World

1. Since Parliament last opened in November 2006, our economy has gone through a roller-coaster ride. 2006 and 2007 were very good years, with growth averaging 8%. But then the global financial crisis hit us and last year growth fell to 1%. This year will be worse. Our GDP is expected to decline by 6-9%, with rising unemployment.

2. Fortunately, we did not slacken when conditions were favourable earlier. We restructured the economy, upgraded our workforce and attracted many new investments and high-value jobs. We also strengthened our social safety nets. We introduced the Workfare Income Supplement Scheme to help low-income workers, and launched CPF LIFE to provide Singaporeans a lifelong income into old age. We invested in our health system and enhanced our 3Ms financing framework to assure every Singaporean access to high quality healthcare.

3. More importantly, we steered clear of excesses during the boom years. We strengthened our revenue base, budgeted within our means and accumulated reserves for a rainy day. We supervised our banks to be prudent, and avoided a credit bubble. When the financial crisis struck, we were in a strong position. We could take decisive measures – the SPUR scheme and the Resilience Package – to help companies and workers to save jobs. We did not have to borrow. Having steadily built up reserves, we could draw on them, with my approval, to fund the Jobs Credit scheme and the Special Risk-Sharing Initiative.

4. In this crisis, our immediate priority is to see Singapore through. Our best strategy is still to help companies to stay viable and continue employing workers. We must keep up the effort to up-skill and re-skill our workers to become more employable and productive, in a changing economy. NTUC is at the forefront of these efforts, working shoulder to shoulder with Government and employers. Meanwhile, our economic agencies are continuing to draw in new investments and jobs. Our response to the crisis has strengthened Singapore's reputation, is yielding results, and will put us in a strong position for the future.

Emerging in a Different World

5. When the storm clears, we cannot expect the world to be as before. A consensus is growing that the world is in for an extended period of slow growth. The problem of bad banking assets in many countries, especially the US and Europe, will take several years to unwind. Asian demand will grow, but not enough to make up for the drop from developed countries. Meanwhile developing countries will be upgrading their infrastructure and workforce, and

acquiring new capabilities. China and India will emerge as stronger competitors, though they will also offer new opportunities.

6. All these economic problems will put pressure on governments to shield domestic industries and markets from foreign competition and imports. If governments succumb, international trade will be damaged and globalisation which has benefited many countries will be disrupted. Fortunately, so far the back-sliding on free trade has been limited. Hopefully, the major economies will recognise the dangers of protectionism, and cooperate to keep markets open and trade flowing.

7. Economic troubles can have social and political consequences too. There have been large demonstrations and strikes in Europe. So far the economic woes have not led to serious tensions between countries, but this could happen. In our region, relations among ASEAN countries remain good, though several ASEAN members are preoccupied with domestic problems and priorities.

8. Singapore is a small country, highly integrated into the world economy. For our security and prosperity, we rely on global order and regional stability. But in the aftermath of the crisis, the redrawn global landscape will be less benign and predictable. It will be a challenging environment for Singapore.

Building Our Future Singapore

9. We must prepare ourselves for these challenges. We rightly worry about the difficulties ahead. But, remember that all countries are also facing serious challenges of their own in this environment, and we are better equipped and prepared than most countries to tackle ours. We enjoy high international standing, and our success and capabilities are widely admired. If any country can surmount these problems and turn adversity into advantage, Singapore can. We must take steps to emerge from this global crisis stronger economically, socially, and politically.

Enhancing our Economic Competitiveness

10. Sustaining economic growth will always be a high priority. Our basic approach to promoting growth has been to stay competitive, upgrade our people, develop new capabilities, and create an outstanding pro-business environment. Then we can rely on free markets, free trade and entrepreneurship to create wealth for individuals and the country. This is how Singapore has consistently developed year after year, and over time totally transformed our economy and our people's lives.

11. This basic approach remains sound. For example, our R&D efforts are making headway. We are not only doing high quality scientific work, but also attracting investments that exploit our growing R&D capabilities, for example in pharmaceuticals, solar energy, and new media. Many of these investments are world-class projects, where a single plant in Singapore produces a large share of

world output. More Singapore companies are taking advantage of markets abroad. This is what globalisation means, in practical terms, for Singapore.

12. However, we need to review our specific strategies for growing different sectors of our economy, to adapt to the changed environment. We will have to develop new markets, adapt to changing trends and master new capabilities in manufacturing, services and other emerging industries.

13. Once we start growing again, we will face increasing constraints of our limited land and labour. We must make well-judged trade-offs to optimise our potential. We must also consider new factors, such as reducing energy consumption and carbon dioxide emissions to achieve sustainable development and stay ahead as an Asian city with a high quality of life.

14. How can we capitalise on new markets and emerging industries for growth and diversification? How can we build new capabilities and anchor value in Singapore for the long term? How can we deploy our finite resources to maximum effect? And how can we create good, high-value jobs for Singaporeans? These questions need fresh rethinking, and creative answers. If all of us in the public and private sectors put our minds together, I am confident we will develop new ideas to help Singapore transform, advance and prosper in its next phase of growth.

Strengthening Social Cohesion

15. Even as we promote economic growth, we must also strengthen our social cohesion. The challenging times will put stresses on our society and our families, but we must manage these stresses and meet the challenges as one people. We will then emerge from the current crisis stronger.

16. Globalisation benefits Singapore tremendously, but it also widens income gaps and will continue to put pressure on lower-skilled, less-educated workers. The Government has done much to help this group upgrade, and to supplement their wages. In this downturn, lower-income Singaporeans will not be left to fend for themselves. We must help every worker train and prepare for new jobs, and especially ensure that children from vulnerable families enjoy every opportunity to reach their full potential in education. Only when all of us share the benefits of globalisation and growth, can we stay united regardless of rich or poor.

17. We must also bring new people with diverse skills and experiences into Singapore, to contribute to our economy and society and help grow our population over the long term. But new arrivals and foreign workers may cause concern because of our unfamiliarity with their different accents and habits, and because of competition in workplaces. I hope that Singaporeans will appreciate how we benefit from the contributions of non-citizens and new citizens, and welcome them into our midst. It is equally important that the newcomers make the effort to adjust and integrate into our society, and have their children grow up side by side with the children of earlier Singaporeans. Then the next generation will be indistinguishable and will collectively build Singapore's future. That is how our immigrant society became what we are today.

18. New infectious diseases are another test of our social cohesion. The SARS outbreak in 2003 taught us the critical importance of responding as one people to a new and frightening disease. Influenza A (H1N1) is a different threat – more easily transmitted, but so far less lethal. We must respond to this new health threat just as rationally, vigorously and cohesively as we did to SARS. We must take sensible precautions, safeguarding public health, and keeping up confidence and morale as together we fight a shared danger.

19. The escape and recent recapture of Mas Selamat reminds us of the threat of extremist terrorism, not only to our security but also to our racial and religious harmony. Mas Selamat's recapture is not the end of the terrorism threat. This episode is a sharp reminder of the cost of complacency and the need for constant vigilance. But it also reminds us to continue building trust and confidence between the different communities, for example through the Community Engagement Programme.

20. The recent AWARE episode highlighted another aspect of social harmony – the need for all groups to practise tolerance, restraint and mutual respect in order to live peacefully together in a multi-racial, multi-religious society. This applies not just to religious groups venturing into the secular domain, but also to secular groups which want to strongly push their views and change our social norms.

21. Our diversity is what makes our society lively, outward looking and innovative. Our diversity also helps us to get on with people from all round the world, and makes us uniquely suited to being a global hub. But Singapore cannot just be a collection of different communities. We must remain cohesive and continue to build our common Singaporean identity with each new generation. Then we can become a more vibrant and cosmopolitan city, while strengthening our unique Singaporean values and character.

Upgrading Education

22. Whether it is to promote economic growth, narrow the income gap or bond the next generation, education is key. Education is our best investment in Singapore's future. Our education system is designed to give each and every child the best opportunity to stretch his abilities. All our schools maintain high standards, and prepare our young to seize their own opportunities in a complex, dynamic and uncertain world. We will do better, by building more peaks of excellence, and establishing new pathways and programmes to cater to students with different aptitudes, interests and learning styles.

23. We are also strengthening higher education to meet growing aspirations and train the skilled professional and creative manpower we will need. Our aim is to have 30% of our students admitted to state-supported universities. Having studied many alternative ways to achieve this, we have decided to create not one, but two new institutions. The first will be a new institute which will partner foreign universities that offer degree courses, to open more direct routes for polytechnic graduates to obtain degrees. The second will be a new university,

which will be set up in close partnership with one leading university each from the US and China. These two institutions will open up more opportunities for students to upgrade themselves.

Ensuring Security and Enlarging Our External Space

24. Maintaining a safe and secure Singapore is a basic precondition for our people to pursue their dreams. As a small state, we must understand and influence our environment in order to enlarge our external space. Post crisis, the US will remain the leading power in the world, and the key to a coherent and stable global system. But in Asia, China and India will play growing roles. Stable relations between the US and China will be vital to solving many international issues, and to integrating an emerging Asia into the global community.

25. Our diplomacy must adjust to these new realities. Small as we are, we must participate actively at international forums like the UN and IMF, among others, and do our modest part in international efforts to further the common interests of nations, for example by participating in UN anti-piracy operations off the coast of Somalia. We must work with our partners in ASEAN, APEC and other regional forums, to foster regional cooperation and economic integration. Thus we help to keep our region peaceful, safeguard our interests, and make friends around the world.

26. Effective diplomacy depends on our ability to protect ourselves. Therefore, we will continue to build the 3rd Generation SAF, to defend Singapore and contribute to regional security. We will also maintain an effective Home Team, working closely with the community to keep Singapore safe and secure.

Creating a First Class Home

27. With a cohesive society and stable external environment, we can build a first class home in Singapore, where all citizens have full opportunities to achieve their aspirations.

28. Over the next few years, Singapore will be transformed physically. A new skyline will emerge around the Marina Bay. We are rejuvenating our housing estates: the Home Improvement Programme and Neighbourhood Renewal Programme are ramping up, and the Lift Upgrading Programme will be completed by 2014. We will double our rail network to 280 km by 2010. We are building park connectors, and new sports and leisure facilities all over the island. Our reservoirs, canals and drains are being transformed into recreational spaces through the Active, Beautiful and Clean Waters programmes. We are protecting nature and greenery even as we grow as a dense, urbanised city.

29. But it is not enough to have a first-world infrastructure and environment. We must match this with a gracious people who are courteous to one another, welcoming to visitors and new citizens, and worthy ambassadors for Singapore when we travel abroad. We must raise our standards of social behaviour, so that Singapore becomes a more pleasant society to live in. We must also develop our arts and culture to be enjoyed by all citizens. This should be a city where all can

feel safe and secure, living among people whom we respect and belong with, and whose cultures we share and take pride in.

Evolving our Political System

30. We can do all this – develop our economy, strengthen our social cohesion, upgrade our education system, safeguard our security, enlarge our external space and create a first class home – because our politics is sound. Our political system encourages strong and effective government, worthy of Singaporeans, and responsive to the people’s needs and aspirations. This system relies upon and brings forward political leaders who are committed and capable, and who have the mandate to work with citizens to build the economy, strengthen our society and improve all our lives. In a more challenging and uncertain world, a sound political system and good leadership are all the more important.

31. However, our political system is not set in stone. Singapore politics must evolve over time, as the world and our society change. It must respond to new circumstances and goals, and continue to deliver good government to Singapore. Our leadership team too must self-renew. We must continue to induct new leaders in touch with the new generation, who understand how Singapore works and who bring with them fresh thinking and energy to set and achieve new goals. For our political system to continue working well, we must find outstanding, younger men and women to lead Singapore.

32. Provided we keep our system up-to-date, and our leaders stay in close touch with new trends and a new electorate, then we can continue to deliver high quality government, and keep Singapore secure and vibrant in the years ahead.

Conclusion

33. This is the 50th year since Singapore became a self-governing state. We have come a long way since 1959. Through many vicissitudes, we have made steady progress, and built today’s Singapore. Few among the dozens of other ex-colonies which became independent around the same period have done as well. Our success has been the result of right policies, good government, and a united people.

34. The present world situation is graver than any in our experience. We are well prepared for it. We have been through crises before, and always emerged stronger. This adversity is another opportunity to temper and bond our people.

35. Let us commit ourselves to building on what we have achieved, coming through with flying colours once more, and making Singapore shine as a country where we work and play together, overcome challenges shoulder to shoulder, and build our future as one people.

36. For this is Our Home, Our Future, and Our Singapore.
