

Singapore Government MEDIA RELEASE

SPEECH BY MR LEE KUAN YEW, MINISTER MENTOR, AT THE EAST ASIAN INSTITUTE'S 10TH ANNIVERSARY LECTURES, 19 JUNE 2007, 5.15 PM AT SHANGRI-LA HOTEL

I am happy to join this distinguished group of academics, researchers, public servants and community leaders gathered here to celebrate the 10th anniversary of the East Asian Institute (EAI).

In 1983, Dr Goh Keng Swee, as Deputy Prime Minister and Minister of Education, set up the Institute of East Asian Philosophies (IEAP) to study traditional Asian values, in particular Confucianism, to teach it in our school curriculum.

Singapore was becoming westernised, more than other East Asian countries, because of our close economic ties with the UK, US, EU, Australia, New Zealand. It is also because English is our working language and the medium of teaching in our schools, and Mandarin taught as a second language to Chinese students.

Unexpectedly, the teaching of Confucian ethics to Chinese students in our schools aroused an upsurge in the other races for the study of their own religions. This was not a healthy development. We decided to discontinue the teaching of Confucian ethics and instead distilled the common values of all our religions to teach them as civics. The Institute of East Asian Philosophies (IEAP) was changed into the Institute of East Asian Political Economy (IEAPE). In 1997 it was renamed the East Asian Institute (EAI), an autonomous research body within the National University of Singapore (NUS). Its research shifted from classical studies to the study of contemporary East Asian societies. Its scope included the global and regional impact of China's transformation.

EAI is the only research institute in Southeast Asia studying contemporary China. It has to study, analyse and objectively report developments with the focus on China's impact on Asean. China is being studied by many scholars in the US, Japan and Europe. The EAI can focus on China's impact on Southeast Asia, where we have better sources of information.

With China's economy growing at 9.7% p.a. for 1978-2006, it is an important engine of growth for its Asean neighbours. Chinese society is changing dramatically and at great speed. It is reforming and modernising. Can this growth be sustained? What changes in its political structures will become necessary? What impact will Chinese political, economic and defence policies have on Asean?

Led by Director Wang Gungwu and Research Director John Wong, EAI has built up its academic reputation maintaining a balance between policy-related and academic research. EAI studies are collated in Background Briefs. Ministers and officials keep abreast of developments in China through these analyses that consciously avoid viewing events from an ideological view point. We need to be objective in analysing China's developments.

During the Cold War, America, Japan and Taiwan had hundreds of "China watchers". But they did not have access to China and could not visit it easily. So they failed to predict the

seminal events of the PRC, the Great Leap Forward in 1958-1960, the Sino-Soviet confrontation in 1968-1969, the Cultural Revolution in 1966-1976, the downfall of the "Gang of Four" in 1976, and Deng Xiaoping's return to power soon thereafter. No foreigner knew what was happening inside Zhongnanhai (residential complex of China's senior leaders) and China watchers were unable to decipher the interplay of power in the top leadership.

China is now open to foreigners for travel and business. Many Singaporeans visit and work in China. Some 10,000 are now residing in Shanghai. Important events in China are reported in the Singapore media especially Lianhe Zaobao, our main Chinese daily. Nevertheless it is not easy to interpret developments in China, a vast country with five/six levels of government.

Its leadership has been successful in mobilising resources in their pursuit of high economic growth. China is now confronted with severe socio-economic problems. They must now be equally adept in tackling problems that their rapid growth has brought about: unequal benefits in the cities and between the coastal and inland provinces. And all this in the context of the Chinese people with ever rising expectations.

Deng Xiaoping had said that China's development strategy was to pursue "economic reform first, political reform later". However political reform under an initially Leninist party structure is not easy.

China's leaders have crafted a strategy of "peaceful rise" for China. They recognise that historically the emergence of a new big power had caused displacement of the existing international systems and caused wars citing the rise and fall of Germany and Japan in the 20th century. They are determined not to travel this route.

China's relations with ASEAN have gone through several phases. At the beginning, China preferred to deal with Asean countries bilaterally, especially on the disputes over the Spratly islands. There were also economic and political frictions. It was an advantage for China to deal bilaterally with each small country on its own. In 1997 we noted a policy change. China became more proactive in the Asean ARF because after the Mischief Reef incident in 1995, China may fear that it may be isolated. China leaders may also have realised that multi-lateralism could increase credibility in China's rise being peaceful, and not a threat to the world. This threat perception could become acute if its attitude to its small neighbours is perceived as bullying.

Southeast Asia is riding on the economic rise of China, benefiting in trade, investments and tourism. Asean is an opportunity for China to demonstrate that its rise is indeed peaceful and benign.