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Panel I: Singapore and the World

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(2004–2011)

China's development and the world's response to it

1. Two hundred years ago, from Calcutta, Raffles established Singapore as a trading post of the British East India Company for the 19th century China trade. What we are today is profoundly shaped by that history. We are now witnessing a new China trade in the 21st century which will be much bigger than the previous one. It will take us far if we flow with it because it is for this trade that we have evolved.

2. In the last 40 years, China's growth has been phenomenal and impinging on the rest of the world. The western countries, particularly the United States, are unsettled by the prospect of having to share global power and influence with a non-western people. In the last year or so, there has been a sudden coalescence of anti-China sentiments in the west. The sense of economic and political rivalry is becoming more intense. When I met Graham Allison at a conference in Beijing last month, he told me that it will get much worse. The US-China trade war is only one manifestation of this rivalry.

3. When the per capita income of China reaches half that of the US, China's GDP will be twice that of the US. When it reaches 2/3, China's GDP will be roughly that of the US, EU and Japan combined.

4. It is not just the fact of China's population that is important. China's population will peak at 1.44 billion in 2030 by which time India's population will be larger. What is distinctive about China is the homogeneity of its people with over 90% of Han nationality. Neither India nor Europe nor the US has the same homogeneity. For this reason, when China is united, its internal division of labour and therefore its overall productivity is awesome. But when the cycle turns, the decline is also awesome. Hence the long cycles of Chinese history.

5. Let me illustrate with a historical example. In 1368, Zhu Yuanzhang defeated the Mongol Yuan and reunited China. By 1405, which was a mere 37 years after the founding of Ming, Zheng He's great fleet sailed to the Western Ocean and arrived on our shores. Singapore was an important navigation point for the Ming voyages. Ma Huan's Longyamen (龙牙门) most probably referred to Tanjong Belayar. That Ming China, within a few decades, was able to generate the economic surplus and assemble the talent and capabilities to set sail so many ships over enormous distances, showed how productive the Chinese economy is once the country is united and organized.

6. China's re-emergence on the global stage is therefore not without precedent. Countries in Asia have seen a re-emergent China before and are going back to their history books for lessons on how best to respond to the new China. For the US, however, the tendency is to see China in its own image, and therefore to view it as a rival who can only become more troublesome with each passing year.

US response

7. So it was the way Sparta saw an emergent Athens, both Greek cities, over two thousand years ago. The rivalry between the two city-states became a contest between two alliances which fought over many years on land and at sea during the Peloponnesian War. Graham Allison's book on the Thucydides Trap became a best seller because of America's growing concern with the rise of China. Last October, at a conference in Poland, the former Commander of the US Army in Europe, Lt Gen Ben Hodges, said that a war between the US and China is very likely within 15 years.

8. Both sides are preparing for war. They have to. But war will be madness because each has the capability to annihilate the other and much of the world as collateral damage. However, the same can also be said of previous great wars. When popular passions are aroused, relatively minor incidents can quickly escalate. Christopher Clark wrote a famous book about how the European powers sleepwalked into the First World War. We are therefore living in dangerous times and small countries like ours have to be very alert.

9. It is no exaggeration to say that the fate of the world will depend on how US-China relations are managed in coming years. Under President Trump, the US has weakened its support of international institutions like the WTO and UN, preferring to deal with other countries bilaterally. For the time being, this is advantageous to the US because of the size of its economy. However, China's economy will be bigger in the not-too-distant future and it is not good if China were to inherit a system of bilateralised economic relationships. In fact, Imperial China perfected the system of bilateralised economic relationships through the tributary system which, in the 21st century, is neither good for China, the US nor the world.

10. Take the TPP (Trans-Pacific Partnership) as an example. It was seeded by Singapore, Brunei, New Zealand and Chile in 2005 as a way to propagate progressively a system of free trade and investment in the Asia-Pacific. Under President Obama, the US supported TPP but as an anti-China coalition, which was to me a mistake. But President Trump has now pulled the US out of TPP. Without the US and China, the TPP lacks weight. I hope countries like Singapore and Japan will persuade China to join the TPP. Once China registers its interest, the US will be forced back in. If both the US and China are part of TPP, which will then account for more than 60% of global GDP, a clear way forward for the WTO will be found. We must fight against a breakdown of the international trading system which will only sharpen economic and political conflict around the world.

11. TPP is particularly important for the issue of intellectual property (IP). With digitalisation, the main value of a product is in intellectual property. A system to regulate and protect intellectual property is vital to the health of any modern economy. While it is wrong for western countries to deny China the right to advance technologically, it is also wrong for China to exploit weaknesses in the current WTO system to benefit itself unfairly. Increasingly, however, it is in China's own interest to support an international regime on IP. A recent survey by Nikkei and Elsevier (<https://asia.nikkei.com/Business/China-tech/China-s-research-papers-lead-the-world-in-cutting-edge-tech>) showed China at the top of a global ranking of most-cited scientific papers in the 30 hottest technology fields. China is becoming a major producer of IP in the world. US pressure on China on IP is therefore good for China in the longer term.

12. Underlying the concern over the cyber security of 5G equipment is the fear that China will convert its growing technological strength to military strength. The campaign by the Five Eyes countries led by the US to block Huawei and ZTE can slow China down but will not stop its advance. Many countries will also not go along because they will be disadvantaged by denying themselves Huawei's superior technology.

Nature of China

13. If China were like the US and the old Soviet Union, seeking to spread its system to other countries, then war is perhaps inevitable. But it is not in China's nature to be a missionary or a colonising power. It is too old a civilisation to nurse such ambitions. Such ventures only lead to grief in the end. Chinese leaders read and re-read Sun Zi's *The Art of War*. They know it is absolutely necessary to understand war and be prepared for it but he is a fool who enters into war lightly; and war, once entered into, unleashes forces which are often beyond your control. The superior leader is one who achieves his objective without having to use military force, better still without the other party feeling that he has lost. Chinese statecraft avoids major surgery when there are problems, preferring instead to twiddle acupuncture points and prescribe bitter herbs. But we must expect that as China becomes more powerful, its officials will become more assertive especially towards smaller countries.

14. Being 3/4 Chinese, we in Singapore share some common cultural and philosophical characteristics with the Chinese in China. To some extent, it is easier for us to grasp China's moves and intentions. But we cannot expect the US to take such a relaxed view. In fact, we run the risk of being accused as being apologists of China if we speak in China's defence. Realistically, we must expect a prolonged trial of strength between the US and China in the coming decades. This trial of strength will continue until the US political establishment is convinced that China does indeed have a different nature with which the US can co-exist.

15. China has to do much more to assure the US and other countries that it is not like them. It has to be patient. Only by consistently adopting a pattern of peaceful but firm behaviour over a prolonged period and in different arenas will the western world and others be gradually convinced. In the meantime, the oscillations between cold war and cold peace can be rough and unpleasant. Those of us who live or work in the intersection between China and the US must expect conflicting pulls as the tensions wax and wane.

16. Singapore exists in the intersection between China and the US. It is of vital importance that we build on our cultural closeness to China and develop a deep knowledge of the country and its leaders. The fuller our understanding of China, the greater our value to the US, China and the rest of the world. Lee Kuan Yew studied in Britain, took part in Labour Party politics and had deep links to the British establishment. Without that relationship and the support of the British establishment, he would not have been able to defeat the left in Singapore. His knowledge of the British also informed him that if they knew of the plan for Separation in 1965, they would have stopped it and so he kept it a secret from them. Three years after Singapore became independent, realising that it was the US which would matter the most to Singapore, he actually took time off to spend a term in Harvard where he got to know influential Americans like Henry Kissinger. In the same way, we must now make a determined effort to broaden and deepen our knowledge of China as what unfolds in China will have a big impact on our well-being.

17. At the celebration of China's 40th anniversary of reform and opening-up last December, Lee Kuan Yew was one of 10 foreign friends of China to be specially recognised. It is a high honour for Singapore and speaks of our special relationship with China. We must build on this legacy.

Re-triangulation

18. The rise of China has entered everyone's calculation for the future. Trump's avowedly America-first policy is accelerating the multipolar recrystallisation of the world. Every country is now re-triangulating its position vis-a-vis these two superpowers.

19. In our region, the pieces are all moving before our very eyes. PM Abe's recent visit to China showed a Japan shifting while still clinging to its strategic relationship with the US. India is in the happy position of being courted by everyone and will neither be made use of by the US nor China. The US cannot stop India from buying Russia's S-400 air defence missile system. The politics of the Middle East is seeing dramatic change with the sharp fall in US dependence on Middle Eastern hydrocarbon, China's growing dependence on it, the Khashoggi affair, and Trump's determination to reduce or pull out US military forces from 'endless wars' in Syria and Afghanistan. Egypt, which is receiving massive Chinese support, is biding its moment. When it begins moving again, the entire Middle East will feel its weight. Down under, Australian domestic politics is torn between an old friendship with the US and the growing pull of China's economy.

20. In ASEAN, no country wants to have to choose between the US and China. Certainly no one needs China as an enemy. China is already every member country's No. 1 trading partner. The economies of ASEAN and China are becoming more integrated. Trade tension between the US and China is accelerating this process as businesses shift production from China to Southeast Asia. When China's President Xi Jinping announced the Belt and Road Initiative in Jakarta in October 2013, he expressed the hope that bilateral trade between ASEAN and China would reach US\$1 trillion by 2020. We are not likely to achieve this target but we will not be far short of it.

21. For every country along the Belt and Road, the closer a country's economic relationship with China, the greater its desire to diversify because of a natural desire not to be dominated by China. Participation by the US, Japan, Europe and others are therefore welcome. The Americans, Japanese and Europeans are potential free riders, benefitting from the Belt and Road without having to pay for it. ASEAN's strategy is a simple one which is to stay friendly to all the major powers and be absolutely neutral. However, it is a dynamic equilibrium. From time to time, we may have to lean a little to one direction or another in order to maintain overall balance.

ASEAN's importance to Singapore

22. ASEAN's importance to Singapore cannot be overstated. A strong ASEAN provides the ten member countries some shelter from the cold winds of superpower rivalry. It amplifies our collective influence in a wider region. It is enlightened self-interest which places ASEAN at the heart of Singapore's foreign policy.

23. Singapore's role in ASEAN is out of proportion to our size. This is because we are the most ASEANised country in ASEAN. If we draw a neural map of ASEAN, the densest, most connected node is Singapore. Every member country has a significant presence and stake in Singapore. As Foreign Minister, I remember MFA having to organize the celebration of ASEAN Day every year. As ASEAN Day on Aug 8 is just one day before our National Day, we often celebrate it on Aug 7 instead. We never have a problem getting representatives, including schoolchildren, from all ten member countries to participate.

24. Of course, we recognize that ASEAN will never be united like Europe. We are a diverse region, probably the most diverse in the world in terms of culture, language and religion. But there is a coherence in the region brought about by its position in between the two great

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civilisational areas of China and India. We are where the monsoons bring to our shores goods, people and culture, for six months from East Asia and for six months from South and West Asia. The Malay people describe the region as 'tanah dibawa angin', the land beneath the winds.

25. From time to time, conflicts break out within the region. During my time in the ASEAN chair 10 years ago, I remember Preah Vihear being of particular concern. The ethnic conflict in Rakhine State in Myanmar is a longstanding issue and of particular sensitivity to Malaysia. Recently, between Malaysia and Singapore, some old problems have resurfaced in new ways. Notwithstanding all this, we have been able to contain problems and not let them get out of hand. ASEAN is often criticised for its elliptical ways. But it is precisely the softness of ASEAN which takes the edge off difficult issues. The frequency of meetings among leaders, ministers and officials also put a premium on friendship and compromise.

26. Indonesia, because of its size, plays an indispensable soft leadership role. It must continue to do so because ASEAN cannot be static in the face of changes around us. Whether it is the WTO, TPP or the South China Sea, Indonesia's leadership can make a decisive difference to ASEAN's response. When I was in government, I visited Indonesia the most and made sure that Singapore's and Indonesia's positions are aligned as much as possible.

27. I hope that Vietnam will play a bigger role in ASEAN too. Its economy has taken off and its weight in the region is growing steadily. Vietnam is now China's biggest trading partner in ASEAN. It has a hardworking population which is obsessed with education. Vietnam has become a supplier of software programmers for Singapore-based companies.

28. It is not an accident that Trump's next meeting with North Korea's Kim Jong-Un is likely to be held in Hanoi after the first summit in Singapore. An ASEAN venue is acceptable not only to both the US and North Korea but also to all the other members of the Six Party Talks especially China.

Richness of Singapore's Cultural DNA

29. In discussing modern Singapore's future in the world, we have to go back to our conception two hundred years ago when Singapore quickly grew to become a major node in a global network. Modern Singapore is not intelligible in itself. There is no aspect of Singapore society which is intelligible in itself — not our genetic makeup or our culture or the languages we speak (including Singlish) or the food we enjoy or the faiths we profess. As a city-state, we only make sense against our position in Southeast Asia, larger Asia and the world.

30. Singapore's cultural genome is the result of its history, not just of the last two hundred years since Raffles, but also of the cultural genes which those who arrived on our shores brought with them from their ancestral homelands. We may be a small city-state but our genome is huge because of this infusion from all over the world. It is the richness of our genetic inheritance and evolution which enables us to be a vital node with complex synaptic connections not just to the region but to the world. It must be in our cultural DNA that our young become 'future-proof'.

31. Our complex and abundant cultural genome enables us to adapt to a wide range of situations. Globalisation may have peaked. Many countries may be turning inwards. Income inequality may lead to new class struggles. A new clash of civilisations may again eventuate. The future can take many different turnings. But, so long as there is no cataclysm which engulfs or disperses us, we should be able to make the necessary adjustments. That indeed has been the history of Singapore which has always been able to reinvent itself even in the face of global upheavals.

32. We have the innate potential to extend more synapses in the direction where they are most needed. Today we are connected to all parts of ASEAN. In the coming years, our synaptic connections to China will become denser. As India grows organically, sometimes because of government, oftentimes despite government, our connections to India will also flourish. India will inevitably become the world's second largest economy possibly by the second half of the century. With the Middle East gradually turning eastwards, our links in that direction will also grow including our links to Israel. It is good to remember that when Raffles founded Singapore, one of the first things he did was to persuade the Hadrami Aljunied family from Palembang to relocate here for he knew how important a role Arab traders played in the cities of the Nusantara. With multifaceted links to ASEAN, China, India and the Middle East, there is no limit to Singapore's growth opportunities provided we continue to cast our gaze outwards and in all directions.

33. We must have this sense of ourselves and of our innate capabilities. The critical element is our internal cohesion which is really a matter of our domestic politics. Internal cohesion relies on the Singapore DNA which evolved in response to our collective struggle for independence at the end of the Second World War. Our diversity is sometimes our weakness but it is also our greatest strength. Singapore's multi-ethnic and multi-religious identity cannot be based on the suppression of individual identities. Quite the opposite. We must allow separate identities to thrive but with one critical additional requirement, which is that each must open his mind and heart to others, and to see good in them. To be Singaporean is to become bigger than whom we were originally.

34. Last month, President Putin and President Halimah laid the foundation stone of a Russian Orthodox Church in Singapore. The Russian community in Singapore is not large, no more than a few thousand. Our willingness to create space for them on our little island sends a warm message to all Russians that we have them in our heart. I met a Russian businessman who accompanied President Putin during his visit to our region. He told me that, for days afterwards, President Putin could not stop talking about the church in Singapore. A Singapore with gold onion domes shining in the bright equatorial sun changes the perception of Singapore in Russian minds and hearts. The Russians are a great people; their friendship benefits us in many ways. However, we did place one condition on the design of the church. The traditional Russian Orthodox church cross sits on top of a crescent, marking the Russian victory over the Muslim Golden Horde in the 14th century. Such a cross would not be appropriate in Singapore. Happily, they also have crosses which sit on top of the globe which will be what the Russian church in Singapore will have.

The future in us

35. The world is in transition to a future which is full of unknowns. The rise of China is changing the global economic and political landscape, forcing everyone to react to it. We have to watch carefully the twists and turns of US-China relations and how the rest of the world is affected and adjust our stance appropriately. There is also the leap in science and technology which is transforming the nature of production and creating new patterns in the organisation of human society. I recommend a beautiful book written by Sydney Brenner and other scientists called *The Chronicles of Evolution* which was published in Singapore last year. The convergence of the IT and biomedical revolutions is altering the nature of life itself and what it means to be human. We cannot anticipate the full range of challenges to mankind but we must be alive to the changes taking place before us and around us. Our life chances are improved if we have the buffer of a united ASEAN which keeps good relations with all major powers. But the most important factor is within ourselves — our cultural DNA, our internal cohesion and our pursuit of knowledge.

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