

**SPEECH BY MR THARMAN SHANMUGARATNAM, MINISTER
FOR FINANCE, AT INAUGURATION OF THE EE HOE HEAN
BUILDING AND THE OPENING OF THE PIONEERS' MEMORIAL
HALL , 09 NOVEMBER 2008, 11:00 AM AT EE HOE HEAN CLUB**



Mr Lim Chin Joo, President of the Ee Hoe Hean Club

Dr Phua Kok Khoo, Chairman of the Tan Kah Kee Foundation,

Distinguished Guests, Ladies and Gentlemen,

It is my great pleasure to join all of you this morning, as we mark a new chapter in a very important part of Singapore's heritage. I would like to congratulate all the members of the Tan Kah Kee Foundation and Ee Hoe Hean Club on the opening of Pioneers' Memorial Hall and the completion of the reconstructed Ee Hoe Hean Clubhouse.

2. The Ee Hoe Hean Club has stood witness to the ups and downs of Singapore's history. It has seen two World Wars, a Depression in between, three flags and anthems before Singapore turned independent, and the subsequent transformation of a regional trading hub into a modern, knowledge-based city with a global reach. **The Ee Hoe Hean Club has also evolved beyond its original**

purpose as a social place, for community interaction and bonding. It is today a heritage site of economic and cultural significance.

3. Mr Lim Chin Joo and Dr Phua Kok Khoo have spoken about the history of the Club and the Tan Kah Kee Foundation. The Tan Kah Kee Foundation has also set up the Pioneers' Memorial Hall at the Clubhouse with an exhibition gallery that commemorates the legacies of our founding pioneers such as Tan Kah Kee, a former President of the Club, and Tan Lark Sye. I am sure it will be of much value in the education of generations of younger Singaporeans.

Lessons from the Pioneers

4. The early entrepreneurs and business leaders were remarkable in many ways. But two traits stand out in their legacies, which remain relevant and perhaps more so today at a time of global economic crisis.

5. First, they had the ability to take adversity and tumultuous times in their stride, and turn crisis into opportunity.

6. Many of them had arrived in Singapore with little more than a hope for a better life. They succeeded through their own hard work, ingenuity and perseverance. Gan Eng Seng for example, who was

one of the three founders of the Ee Hoe Hean Club, was born into a poor family in Malacca and had humble beginnings in a nutmeg plantation.

7. Lim Boon Keng, another founder, was undeterred by the financial panic of the First World War which led to the Chinese Commercial Bank having to cease operations. He helped it resume operations, and went on to co-found the Overseas-Chinese Banking Corporation (OCBC).

8. Lee Kong Chian is a leading example of an entrepreneur who turned adversity into opportunity. Although he started his rubber business in 1927 and saw the market collapse during the Depression, he took the opportunity to acquire large tracts of land when prices were very low. He also diversified into pineapple, coconut oil, saw mills, biscuits and raw materials trading. His business survived the Depression and emerged stronger.

9. The second trait of these pioneering entrepreneurs was their strong community spirit and desire to help their fellowmen. They did not hoard their hard-earned wealth, contributing to society whenever they could.

10. Tan Kah Kee was an exemplar of this, living frugally and donating ceaselessly to schools and other charities even when his fortunes were down. Lee Kong Chian will be remembered for generations to come for his work as a philanthropist, with the Lee

Foundation having been the largest private contributor to education over the years. There are many other examples, like Lim Nee Soon, the third co-founder of the Ee Hoe Hean Club, who was also a major supporter of community causes.

11. There are therefore enduring lessons for us today in the way these pioneering entrepreneurs built their businesses and led their lives. They lived out the Chinese saying that crisis is opportunity. They had an indomitable spirit in bad times, took calculated risks, seized opportunities and emerged stronger. But their greatest legacy may be in the way they contributed fervently to the society that they were part of. This is the legacy we commemorate in the Pioneers Memorial Hall today.

Government's Approach to the Coming Budget

12. We have to prepare for rough times ahead. What started as a US financial crisis and moved on rapidly to affect all financial markets across the world, is now leading to a sharp slowdown in economic growth. A fierce economic recession is already underway in the advanced countries. The effects are rippling out to emerging economies, including those in Asia. The IMF and other major forecasters have, in just the last 2 months, significantly lowered their projections of global growth for 2008 and 2009.

13. At this point, however, economists cannot say with any confidence how long the recession in the US and G7 economies will

last, or the slowdown in Asia. Neither have investors decided how long it will last.

14. Some expect a sharp recession in 2009 and a global recovery thereafter. But there are other serious observers who anticipate a prolonged downturn lasting a few years, as the credit crunch and economic recession reinforce each other. Financial institutions in the G7 countries will also need more time to rebuild capital before they can resume lending, regain their ability to absorb risks on their balance sheets, and support a full-scale economic recovery. This is not a normal cycle in the economy, where credit can be expected to pick up quickly once businesses start recovering.

15. From all indications at this point, it would be prudent to assume that the world will not come out of this economic decline soon. Even if the G7 economies come out of recession after 2009, they are likely to see a weak recovery, not a firm rebound. The economic outlook for Singapore and Asia will be shaped by this, because for the foreseeable future, our economies will remain closely linked to those of the G7 economies.

16. Singapore will be able to ride out this crisis. We are operating from a position of strength, not weakness. The Government is able to respond with the right measures to help our businesses and households. Our tripartite system gives advantage, and will help support workers facing the impact of the downturn. And our people

know from past experience that we will find solutions, and work together to overcome any problems Singapore encounters.

17. This year's Budget provided significant support for both households and businesses. We provided over \$3 billion in benefits to Singaporean households, including the top-ups that PM announced in his ND Rally, which has helped them cope with the increased cost of living. We also supported businesses with various tax incentives and deductions. These were on top of the cuts in corporate income tax rates that were announced last year and which have helped them with their cash-flow from this year - including revisions to the tax code that mean lower taxes for small businesses.

18. However, the global downturn that we now face also shows why it was right that we saved a good part of last year's surplus. Even with the large package of support that we provided households in this year's Budget, we did not spend all of the surplus we gained last year. By conserving resources, we can now respond to the coming downturn with confidence.

Basic approach for the 2009 Budget

19. The coming Budget will be guided by three basic considerations. First, it will aim primarily at supporting economic growth and jobs. With the economy rather than inflation being the key priority, the Budget should be expansionary. Inflation is expected

to moderate with the decline in oil prices, and rice and other food commodity prices. We are already seeing this decline in cost-of-living inflation - excluding imputed rentals for owner-occupied homes, inflation fell from 6.6% in June to 5.2% in September. It should fall below 4% by early next year, and average well below 3% for 2009 as a whole.

20. Second, our key emphasis must be to help businesses remain strong and competitive. We should continue to provide some support for households, especially those affected by job losses. However, while the 2008 Budget tilted towards helping households cope with inflation, the coming Budget will focus especially on helping businesses with their costs and cash-flow, and supporting them in their efforts to stay competitive. This will be the most effective way to help the economy as a whole, reduce job losses and help most Singaporeans.

21. Third, we should continue to build up strengths for the future, and avoid taking the short view. The global economic downturn is unlikely to be short-lived. The Budget will therefore aim at helping Singaporeans and businesses to get through a difficult period that could last for a few years, rather than try to provide a quick stimulus to the economy. We must also build up our resilience and capabilities for the future, by keeping up our expanded investments in education, skills upgrading and retraining for workers, R&D and business innovations, and infrastructure.

22. Our fundamental approach to helping Singaporeans should not change. The best way we can help is not through unconditional handouts, but by helping Singaporeans stay employed, and supporting everyone to get retrained and upgraded. By keeping to this approach, taking measures to help our businesses stay competitive and seize new opportunities, Singapore will emerge stronger and fitter from this crisis, and better prepared for the eventual upturn in the global economy.

Conclusion

23. The situation today is quite different in its description from the circumstances facing our pioneer entrepreneurs when they reached the shores of Singapore, or when they went through the Depression and other crises brought about by world events. However, there are also basic similarities - the future is highly uncertain, but with determination and hard work and by taking calculated risks, we can create opportunities for Singapore and emerge stronger.

24. The launch of the Pioneers' Memorial Hall will allow future generations to remember the virtuousness and dedication of our pioneers, as well as how they built on opportunity amidst adversity.

25. It now gives me great pleasure to declare the Pioneers' Memorial Hall open. And, with the inauguration of the reconstructed building of the Ee Hoe Hean Club, I wish everyone here every success for the future.

