



PERMANENT MISSION OF SINGAPORE TO THE UNITED NATIONS

231 East 51st Street, New York, N.Y. 10022 • Tel. (212) 826-0840 • Fax (212) 826-2964 • www.gov.sg/mfa/newyork

UNITED NATIONS GENERAL ASSEMBLY 65TH SESSION

GENERAL DEBATE

STATEMENT BY

**HIS EXCELLENCY MR GEORGE YEO
MINISTER FOR FOREIGN AFFAIRS
OF THE REPUBLIC OF SINGAPORE**

28 SEPTEMBER 2010

Please check against delivery

Mr President,

Allow me first to congratulate you on your election as President of the General Assembly.

President Deiss,
Secretary-General Ban
Dear Colleagues,

1 Although the global economic situation has improved considerably, it is still fragile. Much of the relief has come from the massive liquidity that has been pumped into the global financial system by national governments. This has bought us time to restructure our economies and correct the underlying imbalances that led to the crisis in the first place.

2 Whether the restructuring is happening fast enough is however still an open question. The economist Joseph Schumpeter saw economic downturns as the system renewing itself, a process he described as creative destruction. In theory, this sounds good. In practice, it is difficult for political leaders to stand idly by when companies go bust and jobs are lost. Everyone likes the creative bit. Destruction, however, can mean losing elections which politicians invariably try to avoid.

3 The repricing of factors of production like real estate and labour is politically sensitive in any country, and governments get blamed for it. Adjusting relative factor costs through the exchange rate is usually easier to carry out although currency devaluation can create other problems like inflation. The argument over fair exchange rates in the world today reflects competing domestic pressures to ease the pain of restructuring in different countries. Thus the US wants China to revalue the Renminbi while China protests that it is being blamed for the economic weaknesses of other countries. Of course if the whole world uses the same currency, the only way countries can adjust is through improved productivity and repricing. Exchange rate adjustments can facilitate structural adjustment provided the deeper economic problems are also tackled.

4 With the world becoming multipolar, global macroeconomic coordination has become more complicated. Recognising the inability of the G7 or G8 to achieve such coordination, the G20 was formed two years ago when the global economy stared into an abyss after the collapse of Lehman Brothers. Without the G20 acting in concert, the economic crisis could well have led to a global

depression. The G20, the members of which collectively account for some 85% of global GDP, is therefore a vital grouping in the community of nations.

5 Going forward, the G20 has to go beyond the reform of international financial institutions and better coordination of fiscal, monetary and exchange rate policies. Without fundamental restructuring of the real economy, we may experience a double dip. Without that, increased liquidity in the global system will end up creating new asset bubbles, some of which we already see forming in Asia.

6 For this restructuring to take place, the international trading system must be kept open. Only then can markets make the adjustment and prices find their right levels. In fighting protectionism in all its forms, the leadership of the G20 is critical. If, for lack of political will, the G20 is unable to avert the crisis of a second dip, crisis will in the end force it to act and by then it will be at much greater human cost.

7 For precisely this reason, we must not allow interest in the Doha Development Agenda (DDA) to flag. When the round was launched in November 2001, a key consideration was development. For many of us who were in Doha during the negotiations, the Millennium Development Goals were uppermost in our minds. I remember Tanzanian Trade Minister Iddi Simba insisting on behalf of the ACP (African, Caribbean and the Pacific) countries that the word ‘development’ be explicitly incorporated into the name of the new round.

8 It has been ten years since the Millennium Development Goals were launched. While some countries have done well, many others have not. G20 countries in their deliberations must take into account the interest of all countries and not only of their own. The G20, which together accounts for 80% of international trade, has to play a leadership role in breaking the current impasse in the DDA negotiations. In particular, we must ensure that the needs of developing countries, especially the needs of the LDCs, are met. Freeing up agricultural trade, for example, will make a huge difference to their welfare.

9 With these concerns in mind, a loose grouping of countries calling itself the Global Governance Group or 3G was established more than a year ago. Its objectives were spelt out in a document circulated to the members of the United Nations on 11 March. The basic stance of the 3G countries is supporting the work of the G20 and holding it accountable to the general membership of the United Nations. Permanent Representatives of the 3G countries meet regularly in New York, including before and after G20 meetings, giving views and making

suggestions which are circulated to everyone in the UN. Depending on the subjects discussed, we invite individual members of the G20 to join us at our meetings. For example, in preparation for the coming G20 Summit in Seoul, the 3G had several meetings with senior Korean officials, including their G20 Sherpa, to convey some of our views and concerns.

10 A major concern of the 3G countries is development. In this regard, we have prepared inputs to be submitted to the G20 Working Group on Development. It is good that both Korea as the current Chair and France as the incoming Chair are pushing development as an agenda item.

11 Let us be clear at the outset that development is not principally about aid. Whether a people is able to lift itself from the depths of poverty depends more on internal than external factors. Good governance is of course paramount. Investing in the inherent potential of citizens and creating a favourable environment for this potential to be realized are central to good governance. We would like to commend you, Mr President, on your decision to make "Reaffirming the central role of the UN in global governance" the theme of this GA. It is most timely.

12 A critical element in good governance is education. With education, individuals are able to acquire the information and knowledge they need to add value to the world. Aid that helps a people to build up its internal strength is valuable. Aid that creates dependency is harmful. With education, a citizenry is more able to insist on democratic safeguards against abuse of power and corruption.

13 Taking full advantage of globalisation and information technology, we can now spread education into remote corners of the world. One of the most important developments in the world today is the widespread availability of cheap mobile phones often with built-in cameras. Mobile phones have altered traditional power relationships everywhere they are available. No longer can individuals be kept ignorant and exploited for long. As smart phones fall in price, which they are bound to, social networking infrastructures like Facebook, which already has half a billion users in the world, will radically change the world we live in. Without being planned for or financed by any national government, Facebook is arguably the most important social infrastructure in the world today. It is an astonishing phenomenon. Yet this is only one wave of many waves to come.

14 Whether we like it or not, the revolution in technology, not only information technology but also in genetics, material science and other fields, will cause the creative destruction that many politicians dread. Communities and governments which work with technological change will surge ahead while those fighting change will be left behind. In this new age, those who are wedded to dogma and ideology become stuck in the past.

15 Therefore when we talk about development, the key is education. We must make sure that basic conditions are met, that children are fed and healthy, and that no group is discriminated against on the basis of ethnicity, religion or gender. The knowledge for development is already available in the world and the delivery systems can be put into place. Unfortunately, there are many obstacles impeding this flow of knowledge.

16 Protectionism is a major obstacle. It slows the spread of education and knowledge. Throughout history, every time a new trade route is established, knowledge flows along it enabling those who are relatively backward to catch up. Our inability to move the Doha Development Agenda forward is particularly injurious to LDCs.

17 Paul Collier in his book 'The Bottom Billion' divided the world roughly into three groups - the top one-sixth enjoying a high standard of living, two-thirds in the middle making good progress, and a bottom one-sixth being left behind, some in danger of becoming failed states. As a group, LDCs which make up 12% of the world's population account for less than 1% of global GDP. That we allow this situation to continue is a sad reflection of our solidarity as a community of nations. More than that, problems which confront us collectively like terrorism and pandemics are much more difficult to overcome if such a large part of the world is trapped in poverty.

18 An important way to help communities acquire more knowledge and use information better is fostering the growth of liveable cities. To develop, countries have to urbanise. China, during Mao Zedong, was 20% urban. Today it is almost half urban. In 20 years' time, it will reach the same level of urbanization as Taiwan or countries like Korea and Japan, which is over 90%. Urbanisation as an organic process of development can be healthy or unhealthy.

19 Cities can be energy-efficient, knowledge-intensive centres of production, education and sustainable living, or they can be hell-holes festering with poor education, unemployment, inequality, crime and pollution. Because of the specific challenges that we had to overcome in our own development, Singapore

has been promoting the sharing of urban developmental experiences as a practical way to help countries develop in areas such as public administration, low-cost housing, water management, transportation planning and better logistics. Developing countries which are urbanising rapidly, and they have to in order to develop, should not have to repeat the mistakes of those who have gone before them.

20 All of us have a vested interest in the growth of liveable cities in the Third World. For example, carbon emission cannot be reduced without healthy urbanization. We hope that fostering liveable cities will become a major objective of the G20 countries. The best form of aid we can provide is knowledge and training. Two years ago, Singapore signed an agreement with the World Bank to establish an Urban Hub for the dissemination of knowledge about liveable cities.

21 A basic requirement of healthy urban development is good water management which has become a major challenge in different parts of the world. We should do much more to learn from each other's experiences especially in the face of increasing weather volatility. Last Friday, Slovenia convened a Green Group meeting involving a small group of countries to discuss this subject which we hope will be given more attention in the future.

22 Despite concerns about the global economy, never before have the prospects of bringing development into every continent been so promising. This is not to say that outcomes will be equalised. Human beings as individuals and in groups are competitive by nature, and we must expect that some will do better than others at any point in time. Indeed, learning from the successes and mistakes of frontrunners, human communities often leapfrog one another. Competition however should be conducted in a civilised way, and within an overall global framework and value system which recognises our common humanity and destiny.

.....