

## **DIALOGUE WITH MINISTER MONTOR LEE KUAN YEW AT THE ASSOCIATION OF BANKS IN SINGAPORE'S 37<sup>TH</sup> ANNUAL DINNER**

TRANSCRIPT OF MINISTER MENTOR LEE KUAN YEW'S DIALOGUE ON 25 JUNE 2010 AT SHANGRI-LA HOTEL

Moderator : "Good evening, ladies and gentlemen, friends and colleagues. It is indeed a privilege to have Minister Mentor Lee Kuan Yew join us for a dialogue. I'm pleased to be your moderator. But really, my job is to warm up the Minister Mentor to have a dialogue with you, rather than with me. Not that he needs warming up...actually, you need warming up. So I'll ask the first few questions. Minister Mentor doesn't need any introductions so I propose that we get started right away. So please do think of the questions you want to ask.

"I should start by saying that I must complement the Minister Mentor for his sartorial elegance. I have not seen Minister Mentor looking so good for a long time. Let me start, Minister Mentor, by taking you back 40 years. The financial sector in Singapore – the audience here and the institutions they represent – has been an important contributor to Singapore's GDP for over 4 decades. And the question I have, really, is, 'what was it that made you and Dr Goh believe that financial services would succeed in Singapore? What was the vision then? What was in your head when you launched...(the financial centre)'

Mr Lee : "But first, let me explain my attire. I was in Beijing recently and there was a Singaporean there who was doing a big job in the clothing business. So she said, 'Would you like a Tang jacket?' And so I said, 'Yes, why not?' So she got me measured, and she gave me two at cost. And they are reversible. This is one of them. So I can wear them inside out – red inside or black inside, black with red buttons or the other way around. It gives me a lot of satisfaction to see our women going out. She's a woman and on her own she manages a few thousand Chinese employees and keeps them in line.

"How did we become a financial centre? Dr Goh was responsible for many innovations, but not for this one. At that time Hon Sui Sen was the finance minister. And we had a Dutch economic adviser called Albert Winsemius. I usually give him lunch when he comes here after he's done his survey for about two weeks and we discuss what's wrong, what we could do better. And one day he said to me, 'There's a time lag between New York and London – 12, 13 hours – and Tokyo isn't doing that connecting job. Singapore can.' I looked at it and I said, 'Why not.' We discussed it with Hon Sui Sen. Then the British government, to protect Hong Kong it says, 'You cannot do that; if you do that you have to leave the sterling area.' At that time, we were newly independent. We didn't have the confidence on our own to back the Singapore dollar. So I discussed this with Hon Sui Sen and said, 'Let's go.' So we told the British, 'Ok, call off the sterling block, we are on our own.'

"And Winsemius was right, because after New York, we have Chicago, Chicago, Singapore then London. And we just grew, because we had the physical infrastructure, good communications, and we had the supporting staff of English speaking people who could connect with New York and Chicago. We went to the Chicago Mercantile Exchange to link up with them. That was the beginning. What made us succeed was we kept on learning. First of all we had to establish our credentials as a capable, well regulated financial centre. We had a very able chief executive called Ong (Koh) Beng Seng. At the same time I was on the JP Morgan International advisory board and I would see JP Morgan introducing new products. And Ong (Koh) Beng

Seng refused to allow them to do it here because he wanted to be careful. So the chairman of JP Morgan said to me, 'Look, you are missing your chances.' So I told Ong (Koh) Beng Seng, 'Open up, let us sell these new products.' That was before toxic assets came into being, those were excesses. He refused. He resigned. He joined UOB. We had a new chief executive. We opened up and didn't look back.

"To be a financial centre, you have to be reliable, transparent and safe. Now we've gone from just banking to wealth management. The Europeans and the Swiss got us to sign up to what they've got, so we did. But I think we will grow because Asia is where the growth is. And if you got wealth, you'll want to put your wealth where the growth is. So the next few years we will see our financial centre expand, both in the number of people who will come here from abroad and the number of transactions that will take place. Not just with China, but I think also with India, Korea and the rest of the region, not to mention Japan."

Moderator : Can I follow up by asking you, would you have done anything differently in the financial sector?

Mr Lee : "No, I don't think so. Winsemius was not a wild person turning out bright ideas. He was a very careful industrialist and once a cabinet minister in the Dutch government. He was adviser to Portugal, but the Portuguese didn't take his advice, so he gave them up and came here and we took his advice. He came for a year. We found him very useful, practical and pragmatic, so we continued the association and every year he came, I think, until the late 1980s, when his wife was ailing and he couldn't come anymore. Every year, he'd come and spend two weeks. He would also read the Straits Times every day. SIA would deliver the Straits Times to him every day so that he could find out how our economy was going by reading the classified advertisements, wanted columns...and he could say, look you are running short of this, that and the other. A very shrewd man."

Moderator : "And how would you rate the results, A+, A-, B+..."

Mr Lee : "You know, the Singapore government always takes a very conservative view when it rates itself. If we are going to make 9 percent we'd rather make 7 and put out 7 then clear the hurdle and make 8 or 9. When you say I'm going to make 10, and you can't make 7 or 8, then you lose credibility. And if you ask me how I'd rate myself, I would say, A, A-, but we could do better."

Moderator : "MM, you continue to play an active role in the financial sector, you know, you sit on boards of international financial institutions. Can you share with us, sitting on the boards of these institutions, and witnessing the events of 2007, 2008, how did you feel as you experienced the crash of 2007, 2008? And did you have any inkling that it was coming?"

Mr Lee : "Well, I was regularly going to London. I checked up with OCBC and in New York I had regular meetings with JP Morgan and Citibank. I would say the problems started with Alan Greenspan. He was an optimist. I used to meet him as chairman of the FED. I said, 'You've got a bubble, according to Stephen Roach, who was Morgan Stanley's economic

adviser and wrote very logical pieces analysing why it was a bubble.' He said, 'No, no, no, we got...

Moderator : "Sorry, you told Alan Greenspan there was a bubble..."

Mr Lee : "Yeah. He did not agree with me. He says the increase in productivity was causing all this. Whilst there may be a bubble in New York, they won't have one elsewhere, and so on, it's a big country. And I think that was the beginning and it became worse when the fund managers pushed the envelope, and they had derivatives. And here, not only Greenspan but Congress did not want to oversee the derivatives; they didn't want to regulate it, which I think was a great mistake. So the fund managers combined toxic assets with good assets, and scooted it around to not so sophisticated bankers in Europe and Japan. Fortunately, most of the bankers in Asia considered themselves too ignorant to go into these things, so we were spared because of our ignorance. But that caused the crash. It was pushing the envelope too far and had Greenspan and the Congress decided to regulate all these derivatives, and make the person who issued the first derivative responsible. I don't think it would have happened.

"But it has happened, so now Paul Volcker says, 'Let's not allow banks to use clients' money to do investment banking. You do just banking as you want to do. Take your clients' money to go into the investment market, then you are an investment bank and they are two separate entities.' I think there is merit in that.

"But of course, US Congress is divided. The Senate has put in some clause about restricting banks from going into investment banking but their Bill is not the same as the House of Representatives where they didn't have this clause. So I expect there will be a joint meeting to try to reconcile them. There's a chance that Americans being what they are – they are risk takers – they will always believe tomorrow is a sunny day and this is their way to gather more harvest. I don't know, we'll wait and see."

Moderator : "Coming back to what you said just now, are you saying that it was largely a regulatory failure?"

Mr Lee : "It was originally a regulatory failure because there was no regulation. Therefore the people who managed these funds pushed the envelope, and in a clever way mixed up bad assets with good assets and sold it to Europe, and maybe some to Japan...I think some went to Japan. China and the rest of Asia didn't buy any. But that was enough to cause a tremendous collapse."

Moderator : "Subsequent to the crash, what did you think of the government responses to the crash...did they do the right thing? Should they have done things differently?"

Mr Lee : "Well, I'm not in a position to pass judgment there. All I'm willing to say is that by that time Tim Geithner was the Treasury Secretary. His job was to make sure the American economy does not tank. Therefore they put liquidity into the market. That was followed suit by the Europeans, so that prevented a total collapse. Supposing they had done the

opposite. At that time, the Chairman of the Fed was Bernanke. And Bernanke's thesis, for his PHD was on the great crash of 1929. So he was determined that it would not be repeated. He urged the treasury and I suppose, the European bankers, to flood the liquidity, restore confidence, and make the debts less big. Supposing they had taken the opposite line: In the 1930s they went back to the gold standard, in which case their debts became heavier. Then the world would be in depression for umpteen years."

Moderator : "So do you think generally that they did the right thing?"

Mr Lee : "Well, they got us out of a big jam, but at the same time it reduced the value of money, and it reduced the value of their debts. That's how they got out of it."

Moderator : "You mentioned the financial reforms that are being legislated, which has been just passed this evening. As we speak, it's been passed. Do you think they are sensible?"

Mr Lee : "I haven't followed the latest news. I'm not a fund manager. I leave that to the people who work for me. I don't have to keep abreast of events as they happen."

Moderator : "So then let me ask this, what do you think are the implications for Asia and Singapore in general that these reforms are being legislated in the west? What impact would they have?"

Mr Lee : "I think the American system will become a kind of benchmark. The British will follow the Americans, and maybe most of the Europeans, and then the others in Asia will also follow. But what they won't follow is to tax the banks. I think Singapore shouldn't follow and tax the banks. If London does it, New York does it, well, good for them, maybe better for us."

Moderator : (to the floor) "You lucky fellows! I'm going to ask one more question and I'm going to come to the floor. (to MM) I just want to ask your views on Singapore's response to the post-crisis landscape. Do you think this is an opportunity of Singapore? For the banking sector?"

Mr Lee : "Yes, because it'll show that our banks were amongst the soundest in Asia. We have a good capital-to-debt ratio, and no banks collapsed. Other banks in the region were in great difficulty but we were not, so that improves our brand name and credibility – which meant we had good regulators."

Moderator : "One last follow-up question: what advice do you have for the bankers in the room? Especially the leaders around here, those in leadership roles, the big guns here."

Mr Lee : "I don't know, I'm not in the banking business. I read it after the event and analyse it to make sense of what we ought to do. What to expect next I leave it to my people who are on the computer 12 hours a day, sometimes 24 hours day and night. That's what they have to do."

Moderator : "Questions from the floor?"

Q : "Minister Mentor, David Conner from OCBC bank. Thank you for joining us this evening. It strikes me that prospects for growth in the G3 economies are going to be sluggish. The United States has its problems – high unemployment, problems with housing still, and the European Union is going through fiscal crisis, cutting spending dramatically. Japan has deflationary problems plus political issues. If that's the case, then exports from Asia are likely to be slow as well. And export-led growth in Asia is obviously very important for Asia's development through the post-World War II period.

"If this is the case that we face sluggish growth from exports from Asia, either we have to replace that with domestic consumption and/or Asia's going to have to integrate more. So my question is really, what do you see is the prospects for Asia to integrate more economically, move towards perhaps an European economic union kind of structure. And it strikes me also that that has to be led by China, Japan and Korea, the really big economies, if we've got any positive prospects along those lines. But what is your view in that sense? If we face sluggish growth and the attendant social problems that will inevitably be there, will Asia integrate and see more Asia-led growth?"

Mr Lee : "Well, the Chinese are well aware that growth should depend as much on domestic consumption as exports. So that means they are having to restructure their economy. That means they have to give social security for unemployment and sickness benefit before their consumers will spend. They are aware of that but there is a very big hole, and it will cost them so they have to move cautiously. In the meantime, they are moving the excess production from the coast to the inland areas and selling them at a discount and telling the banks to give credit. So that will cover it up for 2, 3, 4 years...in the meantime they got to make these changes.

"Singapore cannot depend on its domestic consumption...we are too small. Our import/export figures are three-and-a-half times our GDP. So there's a limit to what we can do. Will Asia integrate? Really, in an indirect way. Multinationals from Japan, Korea, China investing in all the countries in the region, doing spare parts, doing different parts of the production chain in different countries and assembling them in the final destination. That's already happening. I think more of that will happen. And whether the countries in Southeast Asia know it or not, that's the future. Will it become an EU? It will not be an EU; it will be co-opted by the Chinese. They've got China, Korea and Japan having an alliance, an economic bloc there. And I think China will lead that bloc. China will make sure that South East Asia, ASEAN are part of their economic domain. It makes sense. That's the way I think it will happen."

Q : "I am Muhammad Aurangzeb from Royal bank of Scotland. MM, just to build on the question that David just asked, maybe just a slight slant on that one. Asia in general and Singapore in particular have negotiated 2008, 2009 very well. But to what extent, if they

don't buy into the decoupling theory, or buy into the decoupling theory, the Asia paradigm vis-a-vis the growth is going to be impacted in what is happening in the Eurozone and in the US. If that is the case, what should be our policy response in the years to come?"

Mr Lee : "I don't quite catch the point."

Q : "The question is decoupling. Will Asia or has Asia decoupled itself from what's happening in the Eurozone and in the US? Or we are very much dependent on them?"

Mr Lee : "I do not think it will decouple. Maybe in 30, 40 years' time when China and India have grown sufficiently large and the intra-ASEAN trade and investments, and intra-Asian trade and investments are grown, then you may talk of a separate entity that may take the place of what is at present. Now the Chinese depend on the Americans, the Indians depend on the whole world. I don't see how. They are making goods which we are making, and how do we sell goods to each other, we are competing."

Moderator : "So would it follow that you are pessimistic?"

Mr Lee : "No I'm realistic. I do not think because the markets in the west will go down, therefore we'll create markets in the East. What markets, I mean, what do we sell? We are selling the same components as the Chinese are, maybe at a higher level, but the Chinese are not going to buy our components because they sell them to the Americans and the Americans assemble them. Similarly, India. You have to wait for the time when the Chinese are consumers themselves and so are the Indians, and then that's a different story."

Q : "I work for State bank of India. My name is Adikesavan. My question relates to correcting the global imbalance following the economic crisis whereby the West has been spending and Asia has been saving, and now the discussion is about promoting domestic demand. My worry is, how does Asia stimulate domestic demand and at the same time cope with these dilemmas generated by Asian values, like thrift, savings and Confucian values in China or the values in India, where people generally, if they have the means to spend, they don't indulge in conspicuous consumption and their propensity is to save. And if you promote domestic demand, is there a risk of losing these essential Asian values of which you are a proponent?"

Mr Lee : "Well, as I've said before, before you get people who have been poor for a long time to spend, they have to put aside savings for their sickness, old age and unemployment. You got to give them the social security support. I do not see India or China giving that kind of social security support that will make them spend. As I explained just now, the Chinese are doing it by sending excess goods produced around the coast into the inland areas, selling them at a discount and telling the banks to lend them the money. How long can they keep it up, maybe, 3 years, 4 years, when they've got all their TV sets and their refrigerators and their hifis and whatever, then what? Then unless the economy picks up again and they export, they will have to think of something more fundamental – which means a very costly

social security support system. I do not see India doing that. It will be so costly. The Chinese have \$2.4 trillion in reserves so they can have some leeway. But India hasn't got that leeway and therefore I don't see the Indians doing that. So I think we'll just have to grin and bear it."

Moderator : "Would infrastructure development be something they can depend on to boost domestic demand?"

Mr Lee : "That's what the Chinese are doing. I think they have 50,000 km of high speed roads, just a few –5,000 or 10,000 – below America; they are going to build that. They got high speed railways; they'll keep on doing that. It's good for the economy but then you'll reach saturation point. India will do the same but the building rate is slower. I don't know why. I think there are bottlenecks between the state and the central government, so it cannot build at the same speed across the country as the Chinese can, because it's a unitary function. The provinces will do what the Central does, what the Central wants them to do."

Q : "Minister Mentor, Piyush Gupta from DBS. One of the consequences of the crisis of the last two years, something which is probably very close to several of my colleagues, has been this massive social and therefore political backlash against the perceived avaricious compensation in our industry. Some of it is driven by a rational connection of risk return, but a lot of it seems to be a social response to the fat cats in the industry, the notion that the value created by the industry is not commensurate by the compensation earned in our industry. So the response to that really seems to be to regulate away the compensation either through taxes on salaries or just through a blanket cap on the amount of compensation to be paid. Do you have a view both on the philosophy of, you know, does this industry earn too much and the whole notion of market forces versus the regulatory forces?"

Moderator : "Thank you, Piyush. I was going to ask that question but then I thought better let you ask it."

Mr Lee : "I do not believe that if you regulate – yes, you will have the public having a better sense of equity but once normalcy is returned, the banks will be chafing to get the best CEO, CFO and the best COO, and you can only get that by giving them shares and bonuses. So it might be possible to say, let's keep it down and satisfy the public anger and angst for the time being. But once you reach normal stage, the banks will be competing with each other for the best people in the market, and there are not very many of them. If you don't pay, I'll join another bank and anyway, they give these share allotments, bonus shares, so you get around it in many multiple ways Finally, a star performer wants to be paid star wages, that's that."

Q : "Daniel Koh from Standard Chartered Bank. Minister Mentor, closer to home, how worried are you about property prices in Singapore? Are we seeing an asset bubble in your opinion? And secondly, can we expect the elections anytime soon?"

Moderator : "I like the juxtaposition of those two questions."

Mr Lee : "I think this bubble is part of the total liquidity in the whole world system. If you look at the interest rates around the world, they are very low, so even if we kept our excess, people from Hong Kong, Indonesia and elsewhere said, 'Look, compared to what we pay, Singapore is cheap, let's buy it.' Apart from landed properties they can buy into any condos. So there's a limit to what you can put a cap on.

"At the same time, we are convinced that for the residential property, not the office property, there's a real underlying demand, so it's probably not a bubble yet. But anyway we are taking steps to make sure it doesn't go to excesses. We had several previous experiences. So more land is being released for building to dampen the enthusiasm of everybody rushing for the latest release. And we have told the banks to be more prudent and have a higher down payment. These are precautions we can take but it does not stop the Indonesian or the Thai or the Malayan Chinese or the Filipino Chinese coming here and say, 'For what I have to pay in my country this is cheap'."

Moderator : "There was a part 2 to his question..."

Mr Lee : "I am not the Prime Minister. I don't decide on the election day. And anyway it's got nothing to do with a property boom."

Moderator : "We keep asking all Ministers the same question. The best answer I got was from Lim Swee Say. He said, 'Real soon, if not this year, next year'."

Q : "Minister Mentor, my name is Adam Rahman from Citibank. 45 years ago, you envisioned the Singapore of today. You put in place the structures and policies to make it what it is today. How do you see the Singapore 45 years from now? What do we need to do to stay relevant and how do you see the world, 45, 50 years from now? Especially given the challenges we face today where there are increasingly more competition, lack of resources – perhaps less water, an aging population and perhaps where you might see more countries looking inwards. Your comments, please."

Mr Lee : "Where do you come from?"

Q : "I'm a Singaporean."

Mr Lee : "Born and bred here?"

Q : "No, I wasn't born here but lived all my life here."

Moderator : "Good ACS boy."



Q : “Absolutely.”

Mr Lee : “If you asked me 45 years ago what Singapore would be like today, I couldn’t tell you. All I knew was I had a problem: high unemployment, no industrialisation, entrepot trade dying, and we had to make it work. Nobody could have foreseen the globalisation and the move that multinationals have made investing abroad and controlling their operations to computers which makes it possible to control any operation anywhere, even from South Sea islands if you like to laze away in the sun. So it is an evolution. As every opportunity came our way, with every change, every surge we rolled the surf, always remembering that if we do not maintain a good steady system, we lose credibility. If we get opportunistic we’ll put ourselves down in the world ranking. So it’s an evolution over time.

“You ask me what will be like 40, 50 years from now. I cannot tell you what will happen to the world: global warming, globalisation proceeds apace, or regional blocs begin to form. It is unknowable. What I know is that we have to have a rolling plan, a 5-year plan, and revise it every year, as external circumstances change. No plan, no 5-year plan, stays put, because the conditions internationally change. So while we have targets – yes, you plan to get there – but something happens somewhere, you say, right, this needs an adjustment. And nobody can tell you what more technology will be discovered and will change the nature in which the world does business and the world, human beings live. So anybody who says they can tell you, that, is a futurologist better than Herman Kahn. And I am not a futurologist.”

Q : “Minister Mentor, my name is Emmanuel Daniel. I publish something called The Asian Banker. Two out of the three Singapore banks are owned by entrepreneurs in a way. And what appears missing from the history books of Singapore is the relationship between the government and large family-owned businesses like the banks. Can you fill us in a little bit of your relationship with the pioneers who built Singapore’s family-owned banks in the early years, and what is your sense of the role of entrepreneurship in large businesses going forward?”

Mr Lee : “There was a time when everybody thought a banking license would make them rich. So with any number of new banks – Keppel Bank, Tat Lee Bank – everybody thinks that you just take the deposits in and with cheap interests rates, put it somewhere else and get a return for nothing. But banking is a globalised business and we knew that unless we allowed the foreign banks to operate here, we will never get the local banks to up their standards, because it’s too cosy.

“So we took the decision – I can’t remember what year now – but I was in charge then. We gave them a spell of about 5 years to consolidate and prepare for the competition, before we allowed fully qualified foreign banks to enter the market. And we knew by then they had to fight, be efficient, make the grade or pack up. So the first thing they had to do was to consolidate. I think Keppel Bank, Tat Lee Bank, and a few others, were absorbed.

“I would have preferred personally that there be only two banks, because I don’t think Singapore is big enough for three banks. But neither OCBC nor UOB was willing to combine or be taken over by DBS. So we’ve left it. But I think in the end, there must be further

consolidation. You can't go abroad, and finally you got to go abroad in a big way because there's a limit to what you can do in the Singapore market. You need a big, solid bank with capabilities and the capital-to-debt ratio to go abroad. And we can. China is one of the biggest openings for us, so is India. We are only in Indonesia in a small way, Malaysia in a small way, Thailand, almost nothing, but the big future is in China, in India. And I don't see three banks as capable of making that foray as two banks. Maybe eventually one bank. You just look at the capitalisation of the big banks in the US and in the UK."

Moderator : "Speaking of which, what is your view on banks being too big to fail and therefore they got to be pared down to size?"

Mr Lee : "Paul Volcker has already answered that: the banking business should stay a banking business, and not go into investments or proprietary funds. If you want to do investments, you set yourself up as an investment bank, take money, people put in money, knowing that you are going to invest their money. And they can make more returns or might lose it. So if you have those two sets of banks, the banking system will not collapse. All you have is a bad collapse of the investment bank system and the people who put their money in the investment banks for higher returns, well, they knew the risk. I think it was a sound proposition but let's wait and see what happens."

Moderator : Any last questions?

Q : "Minister Mentor, my name is Jimmy Koh. I'm from UOB. I think in this part of the world, we were spared in a big way. One reason is because of the high level of savings that we have, which did not require us to do wholesale funding, securitisation kind of work as in the west. And in fact, the entire system gravitated towards the deposit funded kind of commercial banking within the Asian space. In fact, as investor relations for the bank, we have seen shareholders in the west who have never held Singapore banks actually talking to us and we can see that kind of activity gravitating here. My question is, in your view how do you think the Asian banking landscape will evolve over the next 3-5 years amid an environment whereby we are definitely in a position of strength?"

Mr Lee : "I think what we have to do since we are very conservative, with high savings and a high capital-to-debt ratio, is to create a money market. In other words, get people to float. Now the banks are doing the lending. We should get people to raise bonds, so that you have a wider sphere of liquidity. We've tried to create them by Singapore treasuries but you need the money market to create these bonds, and then we'll grow in the next few years. You need to have the people who want this money and the banks should encourage them to raise it by bonds. If we want to expand the Singapore financial centre, you must have a bond market."

Moderator : "MM, we have a 10 o'clock deadline. (to the floor) Any other questions? Can I ask one last question on your behalf?"

Can you tell us a little bit about what your views are on the Chinese currency situation? Do you think that the Chinese will come under increasing pressure to float the currency and how do you think they will manage it?"

Mr Lee : "The answer is quite obvious. Read them carefully. You know the way they make their press statements and you know the way they adjust to pressure. They are going to go slowly. They know that they are big enough, and they can't be pushed around. But at the same time they know that it is not tenable to have this imbalance in the trade between them and the US and the EU. It will keep on accumulating surpluses. There comes a time when it does you no good. Finally, the US dollar goes down. They keep on telling US, 'Don't let the value of the US dollar go down', but if you carry on this business and don't let the US grow, the dollar will go down, so your holdings of US dollars will be worth less. Sooner or later they will come – if they haven't already come – to a conclusion that they got to ease up gradually and slowly at their own pace in a way that they believe is to their maximum benefit.

"But I think they recognise that their consumers must buy more, which they will do when the yuan is dearer and the Americans and Europeans will not have such large deficits. When, how, I don't know. It's not just for the central banker to decide that. I think it goes up to the politburo and there are 7 or 9 of them in the politburo signing committee, and everybody has a different turf to protect – the provinces that may be cut, the sectors that may be disadvantaged...it's a very large country. The size of Sichuan is bigger than the size of Germany and France put together. So if you make rapid changes, it will put them at risk, and you got a real problem. Anyway, I'm not in the politburo so I won't be able to tell you what they are thinking."

Moderator : "Well, thank you MM. Ladies and gentlemen, please join me in thanking the Minister Mentor."