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Subject: (EMBARGOED) Speech by DPM Lee, 12 April 2000, 9.00 AM

Singapore Government

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**SPEECH BY DPM LEE HSIEN LOONG AT THE
NTUC TRIENNIAL DELEGATES CONFERENCE SPEECH
ON 12 APRIL 2000, 9.00 AM**

Introduction

1. I am very happy to be here with you today for the NTUC Triennial Delegates Conference.

2. The last time I spoke to union leaders was at the May Day dinner last year. Our economy was just beginning to recover from the regional crisis. There were still many uncertainties. Our recovery was not yet broad-based. But we were already focussing on longer term challenges, such as stiffer competition, employability, upgrading and training.

3. These concerns are still with us. But today we meet in a much more optimistic mood. The region has stabilised, except for Indonesia. The Singapore economy recovered strongly last year, and looks set to perform well again this year. Our property and stock markets are up, unemployment is down,

and once again job vacancies exceed job seekers. As we manage the recovery, we need to think ahead, to identify the challenges in the next phase of our development, and develop strategies for success.

Models for Growth

4. We know that in the new millennium, we need to transform ourselves into a knowledge-based economy, and to build world-class companies and a first-class home for ourselves. We have worked out policies and programmes to bring us to this goal. But what should be our overall strategy of economic growth, to improving the lives of our people? If we examine the experience of the developed economies, we see three different interesting models – Japan, Europe, and the US.

Japan

5. The Japanese model worked brilliantly for many years until 1990. The economy delivered solid performance, with remarkable productivity growth year after year. Large Japanese companies provided lifetime employment. In exchange workers gave their employers undivided loyalty and total commitment. Trade unions cooperated with employers to further workers' interests. Even when they had industrial disputes, they just wore white armbands as a sign of protest instead of going on strike, so as not to affect production.

6. Japanese innovations like Quality Control Circles (QCC), zero defects movements, and “just-in-time” (JIT) production became buzz words in business schools, and were emulated all over the world. MITI exercised close supervision over the economy, giving “administrative guidance” which companies hesitated to ignore. Underpinning this was a cohesive, tightly knit and egalitarian society. Workers performed well not just individually, but more importantly in teams. Bosses dressed like workers, and ate together with workers in the same canteens. Bosses earned more than workers, but the gap was modest.

7. Japan ran into serious trouble in 1990, when the bubble economy burst. For ten years, Japan has struggled to restart its economy, but it could not generate that new burst of dynamism. It has become clear that the problem was not just a deflated bubble, but much more fundamental. The old approach no longer worked. The operating environment had changed, as technology progressed and markets opened up. Established Japanese companies could not reinvent themselves. Lifetime employment made the labour market rigid.

Workers could not leave sunset industries to enter sunrise businesses. MITI's famous administrative guidance no longer worked, because in a dynamic situation even MITI could no longer predict winners.

8. Furthermore, Japanese MNCs stayed Japanese, instead of becoming global and cosmopolitan. Their top managements were almost all Japanese, very able people but with similar Japanese backgrounds. Very little foreign talent was inducted into these companies, so the companies did not enjoy the wide range of perspectives and the cross-fertilisation of ideas.

9. But there are signs that things are changing in Japan. A consensus is forming that basic structural reforms are necessary. Companies like Sony are focussing on shareholder value and innovation. Nissan now has a French CEO, Mr Carlos Ghosn, the former deputy chairman of Renault. While the old economy is struggling to put itself right, a new wave of start-ups and dot-com companies are aggressively moving to ride the IT revolution. Japan is still a strong and resilient economy, and in time it will get its formula right again.

Europe

10. Europe offers a different economic model. It has opted for "compassionate capitalism". The state intervenes to provide a comprehensive welfare net, and ensure more equal outcomes between more successful and less successful citizens. It protects industries which are no longer competitive, like agriculture and textiles, through subsidies and import barriers, in order to save the jobs of the workers in these industries. Taxes are high, both to pay for subsidies and welfare benefits, and also partly to penalise those who earn more. In Germany, for example, 50% of man-power costs are actually levies to pay for state welfare, and workers only receives 50% in take home wages.

11. Labour markets in Europe tend to be rigid. Employment is subject to many restrictions; for example in France it is illegal to work more than 35 hours a week. It is very difficult for companies to dismiss or retrench workers. Strong unions guard the privileges of their members, at the expense of other workers. The perverse result is to make companies reluctant to hire more workers when they need them, and unemployment is high.

12. Like the Japanese model, the European model worked well for quite a long time. From total destruction in the Second World War, West Germany rebuilt itself to become the most powerful economy in Europe. The situation began to change after the fall of the Berlin Wall in 1989. Workers in former

East European countries like Poland and the Czech Republic were paid one tenth as much as German workers, but were much more than one tenth as productive. German workers became expensive in comparison. Operating in protected markets, European companies fell behind in global competition.

13. But like in Japan, in Europe too things are changing. There is greater use of part-time work and contracts to circumvent the rigidities in the labour market. The European Union is deregulating industries like telecommunications and power, which had long been state monopolies. A huge wave of alliances, mergers and consolidation in telecommunications, banking and even car manufacturing is now underway, not just within countries but across borders – Vodafone and Mannesman, BNP and Bank Paribas, and Daimler Benz merging with Chrysler and now linking up with Mitsubishi.

14. Even France, the country with the greatest faith in state welfare and intervention in the economy, is privatising its state-owned enterprises. France is also finding ways to make its economy more flexible, although without giving up its basic doctrinal position. In Germany, a left-wing Social Democrat government is pursuing welfare reform and radical tax reductions, despite opposition from the unions.

US

15. The third model of economic growth is the US. The US economy went through a difficult time in the seventies and eighties. Productivity growth was low, their car and steel makers were uncompetitive, savings and investment rates were low. American companies went through a long and painful phase of rationalisation and downsizing.

16. But in the 1990s, America emerged as the most dynamic and powerful economy in the world. Economic growth has been high. Productivity growth is also high, keeping wage costs stable, even though unemployment is low. Inflation has been very low. Economists call this happy state of affairs the Goldilocks economy. Even Alan Greenspan says that he does not fully understand why it is working so well. But several factors clearly distinguish the US economy from Japan and Europe, and help the US economy to perform.

17. Firstly, the American labour market is highly flexible. Many workers are engaged on flexible employment contracts. 4 out of 5 employers use some form of non-standard staffing arrangement, i.e. these are not full-time, year-round employment contracts where employers provide benefits, training and

retirement pension. Companies hire and fire workers readily, whenever they need to. They commonly shed people when business turns down, and hire them back weeks later when prospects change. Companies use a strategy of “just-in-time workers” . Agencies which provide companies with workers on call, out of a pool of temporary workers, are growing rapidly. Union membership and influence has steadily declined, especially in Silicon Valley.

18. Secondly, successful US companies continually restructure them-selves, as they grow and as the environment changes. The pace of change is particularly fast in the internet world, where companies often have to rethink their position and strategy every few months. The flexible labour market makes this possible, but it is not just workers whose jobs are on the line. If the company is not doing well, or business changes demand that the CEO must leave, he goes with just as little notice as the workers. Eckard Pfeiffer, the CEO of Compaq who was sacked last year after just one quarter of bad results, is a good example.

19. This ruthless creative destruction is unsettling and disruptive for workers in the short term. But taken as a whole it has produced high and sustained growth in the US economy, and so ultimately it has benefited workers, by creating more jobs and raising standards of living for many workers, although not all.

20. Thirdly, the US has attracted outstanding talent from all over the world. Silicon Valley is full of foreign talent, especially East Asians and Indians. Many US MNCs have inducted foreign talent and promoted them high up in their managements, in a way which few Japanese or European MNCs have done. The result is not just a more talented management team, but one which sees problems from many perspectives, and which has people who understand different markets around the world. This is an important competitive advantage for the US MNCs.

21. Fourthly, the incentive structure in the American model rewards those who venture and succeed. Entrepreneurs become fabulously rich overnight if their start-ups succeed, like Bill Gates. But it is not just a tiny handful of super-rich. Managers and employees are increasingly being paid in stock options rather than cash, so that they will go all out to build up the company, and to make it more profitable. If the company fails, their stock options will be worth nothing, but if the company prospers, they too may be worth millions. So employees no longer are really employees, but co-owners who think and act like co-owners.

22. One downside of the US model is that the fruits of growth have not been equally distributed. Over the last 20 years (1979-1998), real earnings for college graduates went up, but real earnings for workers with less than a high school diploma actually fell. 20 years ago, the average college graduate earned 38% more than the average high school graduate. Now the gap is 71%. *Futurework – Trends & Challenges for Work in the 21st Century*. Commissioned by the US Department of Labour, published May Day 1999.

23. The IT revolution has widened this divide further. Professionals and skilled workers have done very well. These knowledge workers are in high demand everywhere, not just in America. But those without these skills have done less well. Technology has made their jobs redundant, and globalisation has forced them to compete against much lower-paid workers in China, India and Latin America.

24. This is the trade-off. Incomes in the US have become less equal, and those at the bottom have not enjoyed their fair share. But millions of jobs have been created, and people are spared the indignity of unemployment and the dole. The European model has achieved a more equal income distribution, but this has been at the price of a less dynamic economy, lower standards of living, and much higher unemployment.

Singapore's Choice

25. So which of these approaches – the Japanese, the European, or the American – should Singapore take? The short answer is none of the three. We need to learn from the strengths of each model:

a. We want to build strong social cohesion, and get every worker to think quality and zero defects, like the Japanese.

b. We want strong unions, like the Europeans, but unions which are partners in economic development and in improving the lives of Singaporeans.

c. At the same time, we must have flexible labour markets, and the dynamism to reinvent our businesses and adapt quickly to changes, like the US.

d. We must be open to talent, to attract and absorb people from around the world who can contribute to our economy.

e. We must reward people according to their contributions, so that the talented and enterprising have the incentive to perform.

f. But we also want everyone to benefit from the fruits of progress, and not

have a large segment of our population left behind.

26. This is an ambitious agenda. Let me focus on three issues today: the need for flexibility; the overriding importance of talent, which is related to the question of foreign workers; and the issue of rewards and income distribution.

Flexibility

27. Overall, we have been quite successful in keeping our economy flexible. Very few countries, confronted with a grave economic crisis, could have persuaded workers that the best way to save their jobs was to cut wages. We have also been able to make major changes to our industries, for example in the power industry, which we are having to restructure from a single monopoly into several different companies.

28. Outsiders who do not understand Singapore sometimes think we can do this only because the Singapore Government is undemocratic, so we can just issue orders, and docile Singaporeans and workers will obey. They have obviously never addressed an NTUC Triennial Delegates' Conference. It is not just ministers who have to work hard selling their policies. Equally important is the quality and dedication of union leaders, who understand what is at stake, and have the courage and leadership to explain and persuade their members to support what is in their own long term interest. Behind every policy move is an enormous amount of quiet groundwork, listening, explaining, meeting objections and solving problems. Then when the policy is announced, if all goes well it looks as effortless as a ballet dancer gliding across the stage.

29. We will need still more flexibility as the pace of change heats up. It is not just GLCs and government policies which must change, but also private sector companies and industries which must keep up as their business moves, again and again. There will never be a final, permanent arrangement, where we can stop upgrading ourselves and stay competitive forever.

30. Often by working together the tripartite partners can transform an industry, and preserve the jobs of workers in the industry. But sometimes despite our best efforts this is impossible, and companies have to close, through no fault of their Singapore workers. Then we have to concentrate on retraining the workers and preparing them for new jobs in some other industry. We cannot afford to keep uncompetitive industries alive, whether through government subsidies or by protecting our market.

31. However, we must achieve greater flexibility not with weak unions, as has happened in the US, but with strong unions who are partners in development. The mutual trust and confidence which the Government, employers and unions have built up over the years is a solid foundation for tripartite cooperation. I do not believe that a totally free labour market without unions will be better for workers or for Singapore. Sooner or later problems will arise, and without the unions to help resolve them and look after the workers' interests the mood will turn sour. Far from gaining flexibility, we will then be back to old problems that we have left behind.

32. The fact that other countries are also emulating our model of strong, cooperative trade unions gives us added confidence that we are on the right track, but it also warns us not to be complacent. One such country is Ireland. Ireland has been growing strongly and has attracted many IT and biotech investments. Ireland succeeded in changing the tone of its industrial relations to a partnership model like ours, and the number of strikes has fallen sharply. Some years ago, the Irish Congress of Trade Unions (ICTU) invited your Secretary General to participate in a video conference to celebrate its centenary. Their objective ICTU was two fold - to get its members to look at the Singapore model, and to embrace technology.

33. Recently Matthias Yao met Peter Cassells, the President of the ICTU, in Durban. The first thing he told Matthias Yao was how useful that video conference had been to the Irish unions. It kicked off a new thinking among them. When they found out that we wanted to make Singapore an "intelligent island", they copied the idea and are now creating an "intelligent Ireland"! Perhaps we should guard our secrets more closely, and participate in fewer video conferences.

Talent and Foreign Workers

34. In addition to keeping ourselves flexible, a second imperative is to assemble as much talent as we can, to build up our economy. In the new economy, talent is the key ingredient of success. To compete in the global economy, our organisations – both government and private sector – need to be first class. And to be first class, the organisations must gather top quality people. Singapore is small, so we cannot produce enough people of the right quality and with the right experience. Therefore we need foreign talent to supplement our local talent pool.

35. Besides top talent, we have brought in foreign workers at many levels:

graduates, skilled technicians, and workers with a good basic education. We have also brought in unskilled workers, for example to work in factories, in the construction and ship-repair industries, or in homes as domestic maids.

36. I do not believe that workers are worried about foreign talent taking up top jobs in Singapore. Every worker prefers to work in a company with the best management, and not with a management that happens to be Singaporean. That is why many Singapo-reans choose to work in MNCs which have strong management teams. These MNCs generate good jobs and offer career satisfaction. I also do not think workers worry about construction workers, shipyard workers, or domestic maids. Very few Singaporeans want to work on construction sites or shipyards. Some may even employ maids themselves.

37. The concerns of the workers, rather, are with their own jobs. The more directly the foreign workers compete with Singa-poreans, the greater their worry. So it is the skilled and semi-skilled foreign workers that cause our workers the most concern.

38. Here, the Government takes a practical approach. If we were to totally open our doors, millions of foreign workers would flood in, particu-larly the less skilled ones. This would push our wages down, and cause serious social problems. But if we keep out this group completely, Singa-porean workers will lose out on job opportunities.

39. So the Government tries to manage a controlled inflow. We use the Foreign Worker Levy to moderate demand for foreign workers, and to prevent foreigners from depressing wages of Singaporeans. The levy is higher for unskilled workers than for skilled workers, because the skilled workers make a greater economic contribution, and also because the unskilled workers will probably be paid less. We also require companies who employ foreign workers to maintain a minimum Singapore to foreign worker ratio.

40. Although Singaporean workers may feel that the foreigners are competing against them, the net effect of the policy is to create more jobs for Singaporeans. A clear example of this the electronics industry, where many factories employ 40% foreign workers. Suppose we now stop them from employing these foreigners. We hope they will employ more Singaporeans instead. But will they? Perhaps in the short term, because they have no choice. But it must cost the factories more, otherwise the factories would have hired the Singaporeans in the first place. Given the intense global competition in

electronics, profit margins are being squeezed, and companies have to pare costs to the bone. Deprived of foreign workers, production costs will go up. The companies may well be forced to shift its factory to Malaysia or Thailand, where workers are cheaper and more readily available. Maybe the companies would have moved anyway, the way Maxtor and Seagate are already doing. But without foreign workers they will move out earlier, and new electronics investments may not even come in. The result will be that far from 100% of Singa-poreans earning higher pay, even the 60% of Singa-poreans originally employed by the industry may lose their jobs.

41. In some cases, a Singaporean will be directly displaced by a foreign worker. And sometimes even when the Singaporean is not displaced, he will feel that the foreign workers is “spoiling the market” by pushing his earnings down. But supposing we exclude foreign workers, because they compete against Singaporeans. Can we run the bus services, just with Singa-porean bus drivers? Can we build afford-able HDB flats for Singa-poreans, without foreign construction workers? Can we staff our hospitals, without foreign nurses? Supposing we manage to fill all these jobs with Singa-poreans, by paying them much more than they are now paid. Who would bear the higher bus fares, HDB prices, and hospital charges?

42. This is the reality. Our total workforce is just over 2 million. Of these Singaporeans account for 1.4 million, and foreigners about 600,000. Last year (1999), as the economy has picked up, we created about 40,000 new jobs, and nearly all of these were taken up by Singaporeans. The total number of foreigners actually declined slightly. If we had sent home the 600,000 foreign workers during the crisis, far from the economy recovering and creating new jobs, it would have nosedived. We would not have gained 600,000 jobs for Singaporeans (and anyway there were not 600,000 Singaporeans looking for jobs). We would have done grave and permanent harm to ourselves.

43. I understand the emotions of workers who lose their jobs, and are faced with the problem of providing for their families. But the way to help them is not to keep out foreign workers. It is to create more new jobs, and to prepare them for the new jobs through training and skills development programmes.

44. The Government helps to create new jobs. Most directly, it does this by EDB’ s promotion efforts. Every year EDB brings in \$8 bn of investment commitments, which translates into 20,000 new jobs.

45. Promoting entrepreneurship creates more new jobs. That is how the US economy has done it, through technological innovation and startups that create new products and new demand for these products. This is the positive side of the creative destruction in the US model – old jobs are lost, but many more new jobs are created.

46. Keeping non-wage business costs low is a third way to encourage companies to locate in Singapore and employ Singaporeans. Thus during the crisis JTC lowered land costs for factories, and passed on property tax rebates to its tenants. Our deregulation of the telecommunications industry, and soon the power industry, will also make a significant difference to businesses.

47. So the Government is actually doing a great deal to create more jobs for Singaporeans. Attracting foreign talent and foreign workers supports these efforts. I know it is not easy for union leaders who have to deal directly with workers who have lost their jobs, to convince the workers that chasing out foreign workers is not the solution to their problem. But I hope my explanation has helped to put the issue in perspective.

Rewards and Income Distribution

48. The final issue, which is probably the most sensitive, is the trend of widening income disparity in the knowledge economy.

49. For many years, as our economy has developed, Singaporeans at all levels have enjoyed the fruits of growth. In the US, while college graduates have enjoyed rising real incomes, those without high school diplomas have seen their incomes fall. But in Singapore, all groups have enjoyed rising real incomes, year after year.

50. How have we done this? First by investing heavily on education. We now spend about \$5 billion per year on education. We have produced many more university and polytechnic graduates than before, so that professionals and managers are not a small elite, but a growing segment of the population. At the same time, we have properly educated the whole cohort of students, so that everyone leaves school with the knowledge and skills to enjoy the fruits of a knowledge-based economy. An NTC 2 certificate from the ITE is a valuable qualification. The Government has also contributed a total of \$5 billion since 1992 to the Edusave Endowment Fund, to give students and schools access to enrichment programmes and resources to purchase additional services, plus Edusave Scholarships, Merit Bursaries and Good Progress Awards to encourage

deserving students.

51. Secondly, we have created jobs which cover the whole range of talents of our people. One major reason we have promoted the manufacturing sector is because it offers jobs for Singaporeans who will do well in an factory setting as skilled workers, technicians and supervisors, but who will not necessarily fit into an office environment, say in a bank or law firm. That is why we have allocated so much industrial land for factories, worked so hard to attract manufacturing investments, and allowed manufacturers to employ a proportion of foreign workers. So these Singaporeans have been able to find good, well-paying jobs in manufacturing, instead of becoming unskilled office workers.

52. Thirdly, our asset enhancement programme, and particularly the HDB home ownership policy, has ensured that nearly every citizen owns a substantial asset, and very few are desperately poor. As the economy has prospered, the value of the HDB homes has gone up. 90% of Singaporeans are homeowners, and they have all benefited from this appreciation. In addition, over the past 10 years the Government has spent more than \$14 bn on asset enhancement projects like CPF top ups (\$2.8 bn), share ownership schemes, the Medifund and ElderCare Fund (\$900 mn), and HDB upgrading (\$2.3 bn). We must continue these efforts to ensure that in the long term, the knowledge-based economy does not just benefit the minority.

53. But in the knowledge era, despite these measures, we will not be able to prevent income disparities from widening. Our economy will place a growing premium on skills and talent, just like the US and indeed every other economy. Those with skills will do better than those without skills. Even within the same profession, for example lawyers or managers, the top lawyers or managers will increasingly be differentiated from the other lawyers or managers. Every company now knows that it needs the best people to compete, and everyone quickly finds out who is the top lawyer or manager. So the top lawyers and managers are in great demand.

54. And if our technopreneurship drive takes off, we will have more success stories like Creative Technologies, and more wealthy owners of such companies, plus more holders of valuable stock options. Indeed that is our objective, because as these companies and their founders prosper they will create many more jobs for Singaporeans. But statistically speaking, their success will widen income disparities.

55. If we were a closed economy, we could perhaps hold down the earnings of the most successful Singaporeans, for example by high income and capital gains taxes. Europe used to do this, but now things are changing. The policy no longer works. One amusing recent example is the case of the French supermodel Laetitia Casta. She was chosen by the association of French mayors to be the face of Marianne, the symbol of France for the next ten years. Marianne's face will be on French stamps and coins, and every town hall in France displays a bust of Marianne. But after Miss Casta was chosen, it emerged that she had left France, to live in London! The head of the association of mayors said angrily: "We want those raised in France, supported by France, educated by France, to pay taxes in France". One right wing politician charged: "It magnificently symbolises the failure of socialism, which succeeds only in chasing away the talented. In France, the fiscal pressure is stifling". Miss Casta of course denied that she had left France for tax reasons; she said that she lived in London because she can enjoy the nightlife without being recognised.

56. We will have much more problems than France if we do not allow our talent to earn what they can command in the global economy. At best, our people will underperform, and fail to show the dynamism and creativity that we hope will carry us forward. More likely, they will simply leave for greener pastures elsewhere. It is so easy. Singaporeans are already all over the world, in Silicon Valley, London, Hong Kong. Our students in the US are being offered exciting jobs by top MNCs even before they graduate. The attraction is not just the pay or the sign on bonus, but the thrill of working for IBM, or Intel, or Hewlett Packard. Our nurses are being head hunted and offered jobs in England, because the British know that they are good nurses, well-trained, hardworking, and caring towards patients. Not surprisingly, some are taking up these offers. If Singapore does not offer its most talented and enterprising citizens competitive rewards, more will go.

57. Our income distribution has already started to widen. During the crisis, with wage and CPF cuts, the income of most Singaporeans fell. At the top we expected incomes also to fall, after a delay. But this did not happen. To our surprise, the civil service salary benchmarks rose steadily throughout the crisis. The individuals in the benchmark were not salaried workers, whose employers had failed to exercise wage restraint. They are lawyers, accountants and engineers, who are professionals earning fees that depend on their volume of business. They are bankers, whose bonuses depend on the profits of their banks. They are CEOs of manufacturing firms, many of whom receive stock options.

Why did their earnings go up? The immediate explanation is that their businesses did well. The more fundamental explanation can only be globalisation and the knowledge economy.

58. What should our response be? The strategies of emphasising education, creating more jobs, and enhancing the assets of Singaporeans are still sound. We need to do more, and we can do more, because we have the resources.

59. We will keep on emphasising continuing education and training, to upgrade the overhang of older workers with secondary education or less. NTUC has focussed much attention on this area, for example through the Skills Redevelopment Programme (SRP).

60. EDB will relentlessly seek investments in high value-added industries like petrochemicals, IT and the life-sciences. The new investments will ensure that even as restructuring and new technology lead to job losses, sufficient new jobs are created for Singaporeans.

61. We will implement more asset enhancement programmes, when our budget surplus can justify it. Now that the economy is recovering, we are again stepping up the pace of HDB upgrading. And this year Dr Richard Hu did another CPF top-up, \$250 into each CPF account. This was a well-merited gesture to Singaporeans, because the CPF reduction was such a major factor in helping our economy to recover quickly.

62. There is one more area which we must focus on: the public sector. High quality talent is as important to the civil service as it is to any private sector company. With the economic pick-up, attracting and retaining talent is a real problem across the whole civil service. For example, the legal service is losing lawyers to local law firms as well as foreign ones. Administrative Officers are resigning or applying for no-pay leave to join dot-com companies. I am concerned that teachers and the Home Team will also be affected.

63. For the long term, the entire civil service career structure must be competitive. But the more immediate problem will be the younger officers rather than the most senior ones. The younger ones are the most mobile, the most willing to take the plunge. It is like that the world over: in the US, with the dot-com frenzy, law firms have been losing people. They have had to pay their younger lawyers more to try to hold them back, even at the expense of the senior partners.

64. This is why we are now actively reviewing salaries for the civil service. We need to move promptly, to make sure that the system continues to function properly. We cannot ignore the tightening in the labour market, or the growing premium on talent. But we are mindful that we have not yet fully restored the cuts in CPF contributions, and should not send the wrong signal that it is time to abandon restraint in wage settlements. I hope we will have a package ready to be announced by next month.

Conclusion

65. As we forge ahead into the knowledge era, we have reason to be confident. We need to keep our economy open and flexible, attract talent to Singapore, and address the issues of income distribution. But the economy is growing, the population is steadily being upgraded, and our tripartite relationship is strong. Our policies are working. Let us stay on course, and work together so that Singapore will make the grade, and prosper in the new millennium.

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