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SPEECH BY AUGUSTINE H.H. TAN, POLITICAL SECRETARY  
TO THE PRIME MINISTER AND CHAIRMAN, NPB AT THE  
SEMINAR ON PROJECT MANAGEMENT, ORGANISED JOINTLY  
BY NPB AND THE FRIEDRICH-EBERT-STIFTUNG FOUNDATION  
AT THE MING COURT HOTEL ON TUESDAY, 27 NOVEMBER  
1973 AT 9 A.M.

May I, first of all, extend a very warm welcome to all the participants in this seminar on Project Management organised jointly by the Friedrich-Ebert-Stiftung Foundation and NPB?

I am particularly happy to see the presence of several high level officers from Government and statutory bodies. Faced as we are with the prospect of further global inflation, shortages of material and, possibly world-wide recession, it is even more imperative for both public and private organisations in Singapore to look for ways to economise in the use of resources and hence, improve productivity.

Although the inflation we are experiencing is largely imported, it tends to be magnified by producers, wholesalers and retailers. Producers are tempted to pass on increased costs of production to wholesalers and retailers who, in turn, pass them on to the hapless consumers. In the process, profit margins tend to increase under the pretext of rising costs. The only way to curb the spiralling process is for producers, wholesalers and retailers to increase their efficiency, thereby holding down costs and prices.

Inflation has at least 2 other undesirable effects. First of all, it tends to distort the distribution of income. Profits tend to increase much faster than wages. At the same time, real wages are

eroded by price increases. The other consequence of inflation is that it breeds opportunities for profiteering. People are tempted to corner the market to exacerbate shortages, thereby raising prices and profits further. Commercial organisations and associations openly collude to raise prices.

Quite clearly, government action is needed to ensure that fair and healthy competition exists, especially in wholesaling and retailing outlets. Government has been actively promoting co-operative super-markets as one way to keep down prices. I believe firm action is also necessary to ban collusion by any association to fix or raise prices. Unscrupulous business practices would also need to be monitored and checked.

I have already mentioned that the distribution of income tends to worsen under conditions of inflation. This is largely due to the fact that profits can be easily protected by raising prices further while wages take longer to adjust. In the more advanced countries real wages are protected to some extent by built-in cost of living adjustments. I believe similar adjustments are necessary in our present context so that the burdens of inflation are shared more equitably.

However, we shall not be able to afford such adjustments if a world recession occurs. In the event of a world recession we would need to a) cut down unnecessary consumption, b) ration foreign exchange, and c) prevent unemployment by accelerating public sector investments in housing and other infrastructure. I earnestly hope these measures would not be necessary.

May I wish you all a fruitful deliberation?

Dated: 26 November 1973

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