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SPEECH BY THE SENIOR MINISTER OF STATE FOR FOREIGN AFFAIRS, MR. A. RAHIM ISHAK, AT THE 9TH ANNIVERSARY OF THE KHAI LEONG TEMPLE ASSOCIATION, AT NO. 32, JALAN TUA KONG, ON SUNDAY, MARCH 5, 1978 AT 7 P.M.

The "Economic Survey of Singapore 1977" distributed to Members of Parliament prior to the Finance Minister's budget speech is, among other things, a testimony of our creditable economic performance. Looking back at the Year of the Snake, it might not be out of place if we give ourselves a slight pat on the back. This is because we have been able to ride a turbulent part of the economic storm. Despite a five-fold increase in oil prices since 1973 and the worst recession in 40 years we managed to register a growth rate of 7.8 per cent last year. On top of this we were able to reduce unemployment from 4.5 per cent to 3.9 per cent while in many developing and developed countries this figure had actually gone up.

Our task ahead is to maintain steady economic growth through orderly industrial expansion and opportunities in an open trading environment. There are many hurdles to cross. Among these is the intention of the US Government to terminate tax deferral for US companies abroad. This will have serious repercussions for us since the US is our number one investor. If the legislation were to be given the green light by the US Congress it would adversely affect future American investments in Singapore.

Another major problem are the moves made by some international organisations to reclassify Singapore as a developed country, thereby depriving us of the concessions normally accorded to developing countries such as the Generalised System of Preferences, financial aid and technical assistance.

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We are making strenuous efforts to ward off these detrimental moves. If our GNP per capita continues to be used as a criterion to ascertain our developing or developed status, then our task would be made more difficult.

It would be unrealistic to contemplate double figure growth rate such as those we experienced before the oil embargo. Even the 24 most industrialised countries in the world, including our major trading partners and sources of investments, forming the OECD are merely anticipating a 3.5 per cent growth rate for 1978. Our target for the next two or three years remains at between 6-8 per cent. In order to achieve this the Government has taken steps to diversify our economic activities in the face of the growing spectre of protectionism. Efforts are being made to encourage investments in industries the products of which would be less likely to face the obstruction of the diabolical duo of high tariff walls and quota restrictions.

We can also look forward to the prospect that another oil embargo would not recur. In fact the bigger partners in the OPEC are now speaking of an oil price freeze not only for the second half of this year but for 1979 as well. In addition as a prop to an open trading environment, we are awaiting the results of the Multilateral Trading Negotiations currently going on in Geneva for further reductions of tariff and non-tariff barriers.

If we are able to achieve our target growth rate of 6-8 per cent for the next few years, it is also imperative that we should give some thought to improving the quality of life of our people. The recent reductions in personal income tax announced by the Finance Minister had, among its objectives, this in mind. For those in the upper income bracket they were intended to stimulate savings and local investments. For those in the middle and lower income levels they were intended to encourage savings while at the same time to discourage certain forms of consumption expenditure. One would find that in many developed countries the majority of those in the middle and lower income brackets do not save at all. All of their salaries go into repaying hire purchase contracts and on day-to-day

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consumption. No thought is given to saving for the old age or for their children. Perhaps the welfare states like Britain, Australia and Canada look after these interests. But in Singapore, there is a need to avoid becoming an obsessed consumer society where salaries are devoted entirely to consumer products. The habit of saving must therefore be encouraged and stimulated. It is with this in mind that the tax reductions have been formulated for those in the middle and lower income brackets.

The improvement of the quality of life and all the attributes associated with it are essential for they are the hallmarks of a cultured people. We are fortunate because we in Singapore have a rich heritage of great Asian civilisations to draw from including some of the world's oldest and time-enduring religions like Hinduism, Buddhism, Taoism, Christianity and Islam. But conscious efforts must be made to blend the teachings of these great religions to the realities of modern living. For us in Singapore it means the adaptation to a highly urbanised and industrialised society.

The activities of your association in preserving the tenets and practices of Taoism would continue to enrich the religious and cultural life of our people. These activities are praiseworthy and I take this opportunity on the occasion of the 9th anniversary of the Khai Leong Temple Association to congratulate the committee members of the association and those who will be receiving scholarship awards tonight.

MARCH 5, 1978.

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