

SPEECH BY THE PRIME MINISTER AT A DINNER
GIVEN BY THE UK MANUFACTURERS ASSOCIATION
AND THE CONFEDERATION OF BRITISH INDUSTRY
REPRESENTATIVES, HELD ON 7TH FEBRUARY,
1967, AT THE RAFFLES HOTEL.

Gentlemen,

What I want to say this evening does not really concern tomorrow or the day after tomorrow. It concerns our long-term relationships.

I think the relationship developed between the British and the Singaporeans is somewhat different from that in other colonies. What made this place so different from what it was before Stamford Raffles came and what is there in this for you?

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When Stamford Raffles landed here on the 29th of January, 1819 there were then 120 Malays and 30 Chinese. Remember this: there were already 30 `Chinamen` here. He decided that the future trade of the East India company would flourish and expand if he used this as a base and attracted the entrepreneurial skills, subsidiary skills, of all the people in the region. So he

opened this up. Within three months, the population had expanded to 5,000 Chinese, still 120 odd Malays, but 5,000 Chinese and a few hundred Indians.

These are historical facts.

After the Treaty in London in 1824, he had to give up large tracts of territory. This would not have happened if he had been consulted. But unfortunately, in those days, these were considered the outer periphery of empire and he was not consulted.

Nevertheless, we have got 224 square miles -- not counting the outer Islands. We have Pulau Brani, Blakang Mati, Pulau Tekong, Pulau Ubin and a few others, not to be sniffed at, provided every square inch is exploited as my colleagues and I have every intention to do. Let us try and see what there is in this for you and for me in 10 to 20 years from now.

We have create this out of nothingness, from 150 souls in a minor fishing village into the biggest metropolis 2 degrees north of the Equator. There is only

one other civilization near the Equator that ever produced anything worthy of its name. That was in the Yucatan Peninsula of South America ---- the Mayan Civilization. There is no other place where human beings were able to surmount the problems of a soporific equatorial climate. You can go along the Equator or 2 degrees north of it, and they all sleep after half past two-if they have had a good meal. They do! Otherwise, they must die earlier. It is only in Singapore that they don't.

And there were good reason for this. First, good glands, and second, good purpose. But that was the past. The past is important because, unlike all the other parts that you encountered in your post-colonial era, where there was bitterness, resentment, a sense of dispossession, Singapore is different.

I cannot claim, like Julius Nyerere or the Tunku for that matter that matter that you dispossessed me; that here he was, the son of a Malay Sultan who got pushed out by the British and swindled out of his heritage! My great grandfather came here with nothing; he made something and he decided to get out while the going was good!

My tragedy started when he left his son behind who was my grandfather, and here I am. I inherited what you have left me. In a way, it was not all created by

you because my great grandfather did play a subsidiary role and so did my father and so myself. So we have left Stamford Raffles outside the Victoria Memorial Hall. But for him, this would still be a mudflat. Let us not pretend it was anything else. But he brought in the skills and gave the reason for what is now here.

For decades after 1824 and the Treaty of London -- when old Stamford Raffles lost large tracts of territory -- this place thrived. If you read the history of your own agency houses, you will recall what the Netherlands East Indies tried to do, i.e., to do without Singapore. How was it that they could not set up another free port to outflank Singapore. They failed because of their own policies.

The British deliberately, as a matter of policy, encouraged an inflow of entrepreneurial skill -- even to a point where it competed with their own wholesale and retail trade. The Dutch did not want that. They wanted the whole-sale and retail business -- everything excepting tax collection. Because of the nastiness of it, get the Chinese: they will go out and squeeze the Indonesians and make them pay all their taxes. Net result was they never succeeded in building the human infrastructure that was necessary to by-pass Singapore and they never did by-pass Singapore.

What lesson is there in it for me?

I say to myself -- looking not just towards tomorrow, or the next decade, but to the longer term future -- that perhaps there was some affinity of soul. There was a reason why we came together in Singapore. What is our contribution to each other, again, -- not just for tomorrow, because the kind of ventures on which we are going to embark means that we must be fairly confident of each other for at least one to two decades. My colleagues and I have weighed the odds very carefully. We say here is a connection worth the keeping.

There was reason why the two groups got on. Both had a very keen sense of property; both desired, with an almost irresistible impulse the acquisition of more property. And both had an overweening conceit in their civilised standards of human behaviour. This makes me rather chary about changing my patrons.

Having said all those things -- let me tell you why I think a greater effort must be made, and my fears of why the greater effort may not be forthcoming in a sufficiently aggressive intensity to make it worth your and my while.

A lot of this depends upon your assessment, British assessment, of the kind of role Singapore will play in Southeast Asia in the 1970's and 1980's.

If you think, that at the end of the century, this is all going to be overwhelmed, enveloped either by nations with 700 million or by nations with at least 100 million, then you will make your calculations accordingly. But if I were an Englishman with a pragmatic approach, then I would keep on making something through Singapore probably indefinitely.

There is a new kind of role which Singapore could offer you -- the British entrepreneur, the British industrialist -- a special role which no other place in Southeast Asia can offer you.

In all the other places -- and this is not just sentiment, but just the hard facts of life -- in all the other places, they need not put up with you. But here, for our own reasons, we have decided that it is better this way, keeping this relationship we have all got used to.

The next question, if your role can fit in with mine, is: whether we together, have a role in Southeast Asia.

My frank answer to you is yes but I do not know if we will be allowed to play it. But, if we are not, then it will be a mess. I have tried to weigh it quite dispassionately.

Let us assume first, that xenophobic, irrational and extremist tendencies gain ascendancy. Then this whole area is going to go into a crescendo of increasing conflicts, leading to unhappiness all round.

But we can take the optimistic view that the Americans with their enormous material resources ... And they are enormous -- could make it worth everyone's while to do what they think is right, namely, try and make it a co-operative effort to prevent further expansion of the Communist heartland which today stops at the 17th Parallel in Vietnam. If that is the trend, then again

Singapore has a very big role.

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Either we act as a dynamo, a sparking plug, generating the ignition all this development or the alternative of conflict and poverty.

This alternative will lead to policies which will end up with this as a Cuba in Southeast Asia and a very different Cuba. When I went, on behalf of the

Tunku, on a tour of East and West Africa, I discovered that the Russians had build an enormous airport in Conakry in West Africa and Sekou Toure, the President, very wisely said, at the time of the Cuban crisis, that the airport was closed.

But I can think of different situations where you do not need intermediate airports! So it is so much more advantageous for everybody to make this thing tick in a rational, sensible way.

It is not that two human beings are not equal, but that two different types of human beings gathered together produce two different milieu; and one talks, the other does, and, between the doer and the talker, there is a very great difference.

Believe you me, you don't gather two million people and dissolve them just like that! It is not that simple. Even Hitler, under the camouflage of a big world conflict, found great difficulty in getting rid of six million people and they were six million people with no outside capacity for intervention. Singapore is quite a different kettle of fish as you can see if you visit any number of other than fish emporiums in Singapore.....

So if you decide that Singapore will be playing this role then you may remember that it has also the social organism that can play that role well.

My worry is: can you exploit this? The problem is can you suddenly become as aggressive as the Japanese or the Germans or the West Germans. For the problem is your capacity to adjust and to adapt your attitudes from that of privileged trader within an empire to this fierce competition outside a sheltered harbour.

We will offer you a sheltered harbour for such length of time as we can. But, even Nigeria has opted to go and get associate status in the European Common Market. You will have to face more rugged competition. You know what has happened to Commonwealth preferences elsewhere.

Whether in or outside Europe, you have a role in Southeast Asia.

Singapore has a role in Southeast Asia. and here is an opportunity for you with a people in spirit after your own heart. We understand what this is all about. We are also buccaneers in a small sort of way. We started off as buccaneers -- and not altogether unsuccessfully because otherwise we would not be here! Let us make a go of this.

Let me tell you just how far I am prepared to let you have a go of this.

Recently I had the members of the British community representing my Port of Singapore Authority saying, "What are you doing, giving this piece of cake to Swan & Hunter? Why give it to them like this? You know, if they come in, nobody else will come in; and, if it fails, everybody will say there is a snag; the thing is a flop."

But because I am concerned about this lack of aggressiveness of British industry, of British enterprise in new situations that I have made it possible for them to feel their way in. I do not want to see any British Government, taunted and tormented, over playing an East of Suez role in order, amongst other things, to protect non-British profit-making enterprises in Singapore.

So I say, other things being equal, "Here, you are on my side: I am on your side." But, if we are almost like you; then, in the end, it is the dollars and cents not sentiment which count.

We are out for a good living. That is what makes Singapore tick. If you understand that, and think that Singapore can offer you a role, we are determined as a Government to facilitate and give you every opportunity to play that special

role here. The alternative I prefer is the one which would carry on this partnership, a partnership which built a thriving metropolis out of a fishing village of 120 Malays and 30 Chinese -- the first "Bumiputeras" of Singapore!

These are not my records kept in the archives of some Cantonese or Fukien village; these are your archives. When we are counted in the roll-call of history never let it be said we did not know what opportunities we missed.

I may be wrong, but I think a small island which brought in all these disparate skills together and made the place hum and throb with purposeful activity, is not going to go down quietly and easily.

I would like to believe that you, the successors of Raffles, have not missed your opportunities.

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QUESTION AND ANSWER SESSION

Question: In my opinion the Government immigration policy in respect of qualified and experienced technical personnel required by the manufacturing industries has been fair and logical in the past.

Present policy of work permits for non-citizens requires annual renewal of permits and permits are granted usually for a period of 3 years only. In addition, the granting of permits is tied to technical qualification and/or to the lack of qualified citizens, thereby requiring expatriates to fill technical and executive posts. Is it possible to revise these regulations so that work permits are granted for a period of time that is tied to a definite development project rather than to an arbitrary period of years with no guarantee of renewal?

Answer: Mr. President, I was given a prepared answer to that. I don't proposed to read the prepared answer.

I will give you what I think will eventually, become the policy of this Government.

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Seen against a wider perspective, we have never survived as a self-contained unit. It is what we generated; it is what we serviced in other people's needs that has made this place what it is. I am not interested in conscribing the activities of either the agency houses or the new manufacturing enterprises that will come in; not interested

in just serving Singapore and its two million people and the consumption that two million people will generate, but in what this can be as a base from which the whole Southeast Asian market can be served.

The specific question you posed -- of employment passes... If you are paid by a company incorporated here, then you get an employment pass of three years; if you are paid by a company incorporated in the United Kingdom, then you will get a visit pass yearly and it is renewable. I think it is neither here or there.

Let us envisage this against the wider background. What is our role? If, in fact, all around us are going to be obscurantist xenophobic groups who want the minimum of White faces around them, I say let us be the headquarters where the maximum of White faces are around. It doesn't worry us at all, provided that in the process, we sell everybody all the things which will make them happier and buy the things from them which also will make them wealthier. I am very flexible on these matters. I suffer from no digestive discomfort by the fact that this evening, I have so few of my kind to look upon. It worries me not at all. And I think that goes

for Singapore because you generate in your people, in your attitudes, a desire either to compete and to emulate or to destroy and to restrict. Looking back at the last 150 years, Singapore gained nothing from trying to restrict the other chap. Singapore gained a lot from saying, "Do as you like. Whatever it is, here I am whistling away cheerful as the lark, willing to do something for you cheaper than the other chap; selling you cheaper; buying you dearer always at your service." And if I have more White faces prepared to make this I think very healthy approach to life more effective and more in our interest, I am all for it.

Our immigration policies are definitely not based on the principle that say, at the end of 20 years, we want to see no more European executives or technical staff and that all we want to see are people of our own kind but a lot of your money and your capital generating activity and prosperity for us! That is not on. And I hope that you will credit us with sufficient sophistication to know that we know that is not on.

Question: One of the major obstacles for investment in Malaysia/ Singapore is the smallness of each market individually and the obvious

desirability of a rationalization of industrialization between both territories. As things are at the moment, industries that are going into both territories are in danger of failure due to limited markets while potential investors are holding off because of this division. Is there any possibility of the two governments coming together on this issue and would the Singapore government be prepared to take the lead? Alternatively is an economic community of Common Market embracing Singapore, Malaysia, Indonesia, Thailand and the Philippines being fostered by the Singapore government?

Answer: I think the first part of the question I had better leave unanswered. It is such a waste of time. We have been through all this make-believe so often. The second question really, should be addressed to the United States Government because they are the only people who can make it worthwhile. But I would like to hazard this guess: namely, that in the long run, either all these I would perhaps, classify Indonesia as a medium-sized state and the others around the periphery of the Communist heartland as very small-sized states... their capacity to withstand not just military, physical invasion but just to withstand economic and political invasion but just to withstand economic and political, manipulation depends upon whether

they can, in the context of modern technology and production methods, withstand the constant pressures. And small digits cannot withstand the capacity of big digits to do them harm, unless they group themselves together and there are bigger digits backing them. You are as well-informed as to the stirrings and the minds of people -- planners and thinkers -- in those parts of the world whose peoples have the resources to make a difference in this respect as I am.

As I see it, any regional arrangement for common economic welfare to prevent further encroachments into non-Communist South and Southeast Asia would be meaningless without Singapore. Because if Singapore opts to join the other side -- and it could easily do that just with the PAP not contesting one election... Just imagine what will happen if the PAP said. " We will, like the Barisan, decide not to contest"-- and just leave it to the other side? Think of the awful problems that this poses for everybody in so many parts of the world. Why not let us make sense out of this? Here are a group of people obsessed with the ideas of getting on in life and wanting a good life, prepared to work, forgetting all ideas of grandeur and domination of peoples or groups of classes. Why not work in with them?

I have a feeling that, if there are sensible men -- in charge of policies in Washington, in Moscow, in Peking and not least of all in Britain... Small though she may be, she still has some say in these matters.... we are all right.

I read the other day that Mr. McNamara told the Senate Foreign Relations Committee that he has told all the parties concerned that Malaya and Singapore were a British responsibility and the American Government has got nothing to do with it. I thought that it was a very sensible statement altogether, and how wise of the Straits Times to publish this little snippets! So long as we have people who are thinking and calculating, rational digits, we are all right.

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Never mind about this common market. You and I, we know that this thing will never come about in the way that it ought to come about because so much face is involved. But there will be some other new forms, broader words, slogans....

So long as in the long run, we cannot be ignored in all these calculations, then any common denominator must include a little section for us. And however small the section, Singapore has a habit of making a great deal out of very little. If you are prepared to be in this with us, I think you will find it as profitable as I am quite sure we will find it.

Question : Most pharmaceutical companies have lost a considerable proportion of their business as a result of the government issuing public tenders for the supply of drugs and subsequently purchasing cheap materials that infringe patents. It has not been possible to obtain officially the government's policy concerning patent protection. Could you please indicate what is the policy relating to this matter, particularly where government departments are concerned with buying, because disregard of patents is a discouragement to foreign manufacturers producing locally.

Answer : Well, I can't really answer that kind of a question in a very direct form. But, let me tell a story.

Recently in Cabinet, we had to consider a paper. The Attorney-General was going to a conference for the protection of patent rights and we all raised our eye-brows and said, "Is this the right time?" "We thought the Japanese broke into the modern age by a very healthy approach to all this problems. We decided, since we are law-abiding members of the international community, to send one of the less required members of his Chambers and everybody -- I am quite sure -- took note that the Singapore Government attended this conference and endorsed all the very high principal conclusions that it must have come to.

But to your particular question, may I say that any Singapore Government which, with a company manufacturing pharmaceutical products, which it wants to use in its Government departments, chooses to ignore its own industry and buys from Rome things like tablets for diabetics and medicines for mental defectives and so on, I think that Government needs to have its mind looked into. If you are manufacturing it here, of course, we will buy it from you. If you are not manufacturing them here, then I have any number of skillful lawyers in the Attorney-General's Chambers to whom we pay enormous sums of money, to look up the law and say, "In

Hong Kong, this case took place", and so on. And the case went against them and they are going up to the Privy Council. And, on the other hand, there you are: Section 46 of the British Patents Act which says that the British Government can do this, that and the other. And if the British Government can do that, so can the Singapore Government. So what I want to leave behind is a very firm impression that if you think that we are going to buy your products at enormous rate from Britain with no inducements to allow us to buy from you making it here, then I think it is not on.

Question : Small manufacturing concerns are only viable, provided a certain minimum production is obtained. This is difficult without a measure of assistance in the form of import quotas. In addition, such a proposition would not be viable unless the number of manufacturers is limited. There are overseas manufacturers interested in manufacturing in Singapore but are reluctant to proceed unless they can have an assurance of some government assistance and protection. Approaches to government for assistance on these two points usually receive the reply that the manufacturer should first set up his factory and then approach the government. This deters many manufacturers from proceeding further. If the proposition is

reasonable and not monopolistic, could not the government give such assurances to bonafide manufacturers before the plant is set up?

Answer : The answer is it must be so: that, if you are going to embark upon a production of some commodity which more or less fills the local market, then it will definitely be against our interest to allow other competitors to come in because then you have three or four inefficient industries that can't really make a living out of it. But the problem, really, is not as you have posed it. Assuming that we have given all the incentives -- pioneer industry status and so many other of the periphery benefits -- should we then say that for ten or X number of years, nobody else will manufacture those commodities? My answer is "no" because this is an open market. In the long run, this is tied up with what we think our role will be in Southeast Asia. We are not thinking in terms of manufacturing to supply the needs of two million people. We are thinking in terms of manufacturing and supplying the needs of the whole of the South and Southeast Asia and other places besides. For many British industries in the long run, if you are going to sell your products in South and Southeast Asia, it is to our advantage that you will find Singapore a

convenient location in which to do the relatively simple parts of your manufacture, first, because of the geographical location cutting down the cost of transportation, then the cost of labour and so on.

To give a monopoly to any industry must imply that we prohibit for 'X' number of years other firms entering that particular industry. I don't think we can do that. What we will consider doing is that having given factory X all the benefits of tariff protection, plus pioneer industry status, plus so many other facilities which we can offer, then any other firm wishing or thinking that it is prepared to risk its capital to compete in that market, it does so without these advantages -- without the pioneer industry status, without any heightened or increased protection. In other words, it must be prepared to eat into the export market.

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I would say that is a healthy and a more practical approach from my point of view than one in which I give a manufacturer of a particular commodity a blanket monopoly. I shall give you a monopoly insofar as Singapore is concerned. I will give you these protections, these added benefits of not paying income tax or rapid rate of amortization. But if you tell me that nobody else should ever start

this industry for 20 years, how can I bind myself to the future? If, in fact, you are breaking into the Southeast Asian market, somebody else may find it worth his while to risk his capital. And this place has always thrived on the basis of calculated and well-judged risks.

Questions: It is understood the government is not in favour of monopolies, but if any one manufacturing is able to meet the Singapore market demand, would the government still allow another company manufacturing the same products, to be set up with the pioneer status which would provide healthy competition.

Answer: I don't think I can answer a specific question like that. If for instance, in a particular commodity, we feel that another one will come up and attack an export market successfully if we give them the benefits of being a pioneer industry, then I say we will be very strongly tempted to do so. But if having held out the promise, the expectation to the first pioneer industry that we will not allow their limited market to be encroached upon by another, then it will be a complete breach of faith to do that.

One of the reasons why Singapore thrived was because so many of the merchants, both British and non-British, when they gave their

word, they kept to it, and the government when it gave its undertaking, invariably honoured it. It is not because I am a self-righteous man that I favour these things. There is a reason why these policies of saying what you mean and meaning what you say have worked and we intend that this shall continue to be so.

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