

TRANSCRIPT OF SPEECH BY THE PRIME MINISTER
AT THE 5TH ANNUAL NTUC DELEGATES' CONFERENCE
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Mr. Chairman, Delegates of the NTUC, Fellow-citizens,

The 1970s are crucial years for Singapore – for the people, for the government and for the NTUC. The challenge is basically unchanged. How can an enterprising, resourceful, energetic and industrious if acquisitive people – two million human beings of migrant stock inheriting one of the most developed cities in Southeast Asia and on the equatorial belt – survive and create a stable, industrial, commercial and communications centre.

This was the problem we have faced from 9th August 1965. If we then thought we did not stand a chance, we would have packed up a long time ago, and the course of history would have been different. But I believe then, as I believe now, that we have it in us to respond to this challenge. The response of our population to the difficulties that we have faced over the last decade has been a source of constant inspiration: the ability to adjust, to adapt and to change. It is this collective sense of endeavour which will carry us through.

In Singapore, we have to be a tough people in order to accept stern measures for collective survival. Otherwise the government cannot govern by consent. If you elect people who offer soft solutions to tough problems, there will be no solution and bankruptcy and chaos will result.

Two illustrations of the recovery of nations from the wreckage of defeat in World War II show how, given certain basic elements and the right conditions, a smaller territory with a larger population can yet achieve miracles. Germany lost the war. She shrunk to less than two-thirds the size of pre-war Germany. Her population increased because of all the German refugees from East Germany, Czechoslovakia and Poland.

Similarly, when Japan struck in the Pacific in 1941, she had Manchuria, Korea, Formosa and large parts of China. She lost the War. Millions of Japanese had to go home to a much smaller Japan. She lost the Sakhalin and other northern islands to the Russians. Korea became independent. She also lost Formosa. She had more population. But today, next to America and Russia, Germany and Japan are the world's third and fourth ranking industrial powers.

In Japan and Germany, the skills were there, as well as the sense of national purpose. They were determined to get back to the top of the league again. So entrepreneurs, industrialists, politicians, workers and unionists worked together to reconstruct their country. Old machines damaged were destroyed and advantage was taken to put in the most modern equipment: steel mills, foundries and machine tools. The Americans helped, true, for their own national interests, because they were afraid the whole of Western Europe might have gone Communist. And after China went Communist in 1949, the Americans helped the reconstruction of Japan. But the miracles of Germany and Japan happened because they used this aid to maximum advantage.

Contrast this with Britain. She won the war, but she lost her empire. Her industries were relatively untouched, compared to the ruins of Japanese and German factories. Why has she lost her pre-eminent position?

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The British were slow at replacing the old machines. Without a breakdown in the social fabric, management was still very much on the old basis of family concerns and upper class connections. Only latterly, in the last decade, have they realised that modern business administration and sales techniques and organisation are essential parts of the professionalism required of modern industrial society. But what really held them back was not the lack of brain

power or industrial or technological skills, or lack of cultural or ethnic drive and stamina. They were island people of about five to six million at the time of Queen Elizabeth in the 16th century.

In the 400 years since Elizabeth I, this island people of 6 to 7 million reached out across the Atlantic, into the Indian and Pacific Oceans, and in the process created the North American civilization, today the strongest in the world. The French colonies of Quebec and Mississippi were absorbed by the English settlements. They populated Australia and New Zealand. If the trend had not been reversed because of technological and other historic forces they would have populated all of temperate Africa south of the Sahara. They have created completely new English speaking civilizations.

This is the people with the drive, the thrust. What happened? The workers were carrying on a relentless class war against employers. There was no sense of national purpose as in the case of the defeated Germans and Japanese.

They won the war and the workers asked for the fruits of peace. More and more for less and less, became a way of life. So they ran through all their savings.

Four hundred years of empire and two decades of prodigal living ended up in devaluation. The French were determined to knock down the pound because they were not enamoured of the pound being a reserve currency. As the French were

mounting their effort to get the West to go back to the gold standard and double its price the London dockyard workers decided to go on strike.

So in October, the last straw broke the camel's back. There were many other reasons! But what was crucial were the ground digits. At the beginning of November last year, the Board of Trade had to publish figures of imports and exports. Everybody watched, bankers, financiers and simple shareholders. The balance of payments suddenly widened by more than 100 million pounds, because goods were stuck on the wharves and not exported. Heavy speculation took place, and against the proclaimed intentions and policies of the Government, they had to devalue by the 18th of November. They could not hold it.

Let me be frank. If that happens here at our harbour I will declare this high treason. I will move against the strike leaders. Charges can be brought in court later. I would get the port going straightaway. The Singapore dollar will never be devalued. And I think the people of Singapore expect this of their Government.

It is because of events in Britain that we face fresh problems today. Consequent upon devaluation, a period of severe restraints was necessary. The

new British budget deliberately cuts British standards of living down, in order that the goods produced will go into export markets to earn the foreign exchange, to balance the annual deficit in the balance of payments and later produce a credit balance. If as a nation, you buy more than you sell to other people, then you are in trouble. People will lend you money for a while. Finally when you can't pay, you declare bankruptcy. When you devalue your currency, it is an act equivalent to what an individual does when he declares himself a bankrupt.

For the last 10 years, the rate of economic growth in Singapore has been between 8 to 9 percent per annum. Japan's has been between 10 to 12 percent every year. The British were aiming, until devaluation, at only a 3 percent rate of annual growth.

Unfortunately our employment opportunities did not go up at the rate of 8 to 9 percent. If we did, unemployment would have been solved. We have 570,000 persons employed. The number of unemployed totals 52,000 which is about 8 to 9 percent of those economically active.

If last year, job opportunities increased as much as economic expansion, unemployment would have disappeared. It did not, because, first, every year 15,000 school-leavers entered the market. As the years go by, the number increases because the numbers born went up yearly after the war. Only

now is it scaling down. Secondly, a lot of the economic expansion was accounted for by industries which had a lot of labour-saving devices, i.e. modern machinery.

Thirdly, let me explain the most important the one single restraint, the brake on the expansion of jobs. I choose the PSA by way of example, but it is going on throughout the public and private sectors. It is the selfishness of established labour. The PSA last year handled cargo, imports and exports, 10 to 11 percent more than 1966. Labour employed did not go up appreciably. Instead overtime went up. In certain sectors, the crucial ones, like the tugboat crews, where it is difficult to get new tugboats made all of a sudden, their overtime went up to 225 percent of their take-home pay. So, in other words, their salary went up to 325%.

Hence if you watch the PSA flats you will see semi-skilled workers with 23-inch screen television sets, 6-cubic feet. refrigerators and hi-fi. This is a grotesque distortion in our society. Either you as leaders of a labour movement, face up to this national problem and say, "Look, this is immoral. We must find a way to solve this" or you will have to leave it to the political leadership to solve it for you. But if you leave it to the political leadership, then you are no longer leaders in your own right. I ask you to consider whether you want that situation.

You will in fact be saying to the elected Government, "Please, my shoulders are not broad enough, yours are broader, please carry this one." I think you have and can further develop muscles of your own.

This is happening in private industry even more acutely. We have developed certain practices in redundancy payment when a man is retrenched so that employers, particularly manufacturers, are extremely reluctant to increase their labour force when they get more orders just in case the following year the orders fall off and they will have to retrench. In the past there were abuses by employers of their right to hire and fire at will. So we have built into the union practice heavy redundancy benefits. So now the employer is extremely unhappy at he thought of adding to his labour force at the risk of paying heavy redundancy benefits if his orders fall. One solution is to say that newly employed workers up to 3 years can be retrenched without redundancy benefits. Otherwise these men would not have got the jobs anyway. Once you offer the employer this flexibility, then he is prepared to take the risk and employ more workers instead of giving extensive overtime, sometimes 2nd night shifts for his employed workers. If we maintain our economic growth rate at 8 to percent, as we probably will, and increase job opportunities, say at the rate of 4 percent, it will go a long way towards solving our unemployment problem.

What we must seek to achieve is high morale at home and international confidence in us abroad. Some 40,000 people will be losing their jobs by 1971. The simplest way for the government is to let this problem solve itself through a free and open labour market. Organised labour must be broken by the sheer impact of this massive unemployment. Your management/union agreements will fall apart. My colleagues and I could fold our arms, take a deep breath and look the other way, when the impact of redundancies from the military bases become heavy. But the political price we will have to pay is that we go back again to the kind of situation in the early 1950's, when we had such a bad labour reputation internationally.

The Communists can move back and easily exploit frustrated, ignorant and unorganised workers. You remember 1952? Starting off with the postmen's strike it snowballed, and suddenly shop and factory workers and bus workers rioted. Foreign correspondents were killed in riots; photographers were beaten up, and fire hoses, truncheons and tear gas were regularly used.

Communist political exploitation on genuine labour discontent and frustration: that may be the price if we solve the problem by allowing free market forces to operate.

Hence the importance of intelligent co-operation between the labour, management and government. We must have the sense of national purpose.

What is the purpose? The purpose is national security and a better life for all. What can pay for this security and higher standards of life? Higher productivity, greater economic growth, better distribution of employment opportunities. Higher wages as productivity increases and workers are being educated by their own leaders in the realities of our economic position will, by the 1980s, produce a solid and secure situation which the Communists cannot easily exploit. Can you, the Unions, together with management and government, achieve this? Can we together, create that confidence in our continued stability? Without confidence there will be no investment in industrial enterprises, because industry unlike commerce or speculation means long-term planning. You work out how much you are screwing into the ground and the shorter the period you work upon to get your capital and interest back, the harsher the terms you must impose on labour to get back your investments, otherwise no investments.

So in Hong Kong they worked on the basis that they could get back their capital plus interest within 5 years, which meant they put the sacrifice on labour. With greater confidence investors will calculate in terms of one to two

decades. Now for Singapore they think in terms of one decade. Everybody knows that, we are all safe and stable for 10 years. I went to Japan last year and manufacturers' representatives said, "Prime Minister, no need to explain to us. We have had a survey. The report will be out soon, based on the research of all the Japanese enterprises in the whole of South Asia – productivity of labour, effectiveness of administration, living conditions for their technologists and executives. We know that conditions are best in Singapore".

Today the confidence in Singapore is based on the political leadership continuing for the next decade. But we are going to live more than just one decade. Therefore in this one decade we must extend the basis on which confidence in us is based, so that that confidence will be more enduring. People know that no matter who is the West German Chancellor there is the Federal Republic of Germany with its labour unions, its entrepreneurs, industries and stable conditions. Similarly, whether the Japanese Prime Minister is Mr. Sato or Mr. Kiishi, there are Mitsubishi, Mitsui, and Japanese unions with skilled and industrious workers. What we must achieve is whether or not there is a PAP Government and whether or not there is a Devan Nair in the NTUC, leaders similar to the PAP leadership will continue: hard-headed, rational, intelligent, calculating before they make any move. Similarly in the trade unions you must produce a continuous flow of capable and practical leadership.

I am a realist. I am asking you to lick the labour movement into shape, cutting out restrictive practices which are no longer relevant and stopping abuse of fringe benefits which leads to lower productivity. You and I know that an average of 32 days' sick leave being taken by a daily-rated worker in the public sector just means malingering. The average worker cannot be sick for 32 days every year. Look at our workers: are they sickly and underfed? Yet the records show that, since they are entitled to 44 days' sick leave for a year, they are sick for 32 days. And endless arguments take place with the doctor who tells the man is not sick, but the worker insists that he is sick. This goes on in the government clinics as workers ask for sick certificates. Cut all these evils off, jack up productivity. Cut out abuse of privileges and create a new image of a thinking, hard-headed labour movement. High morale at home and confidence abroad, and we will boom.

As part of the counter-recession plan is a home-ownership programme for families whose joint incomes are over \$250. It will in fact be redistribution of wealth, but for good and valid reasons. It will create a positive outlook for large numbers of our working population. Today we are reaching 100,000 families in housing board accommodation. Part of the counter-recession measures comprise our building at a higher tempo, more slums being knocked down for new houses. We must get the money to do this. If you say that since a

slump is coming and people won't be able to afford these houses and so we should build less houses, then the brick factories will employ less people, the iron and steel mills which make the steel for reinforced concrete will employ less people and so on, and a spiralling depression will be inevitable.

So we have to counter a threatened slack by spinning the top faster.

One of the ways will be using local materials and local labour. Therefore we hope to give all workers whose joint family income is over \$250 per month a house, even if it means giving him something at less than cost and lowering assessments to help him achieve this. We are working out schemes for a second CPF contribution which would be matched by the employer. But what the employer contributes will be considered a wage rise for all purposes of negotiations and industrial arbitration. So we induce the worker to save. From this new CPF – not the old CPF – he can set off against the monthly instalment. We are considering the feasibility of the old accumulated CPF being used to set off against the first deposit. Over 40% of our workers will immediately benefit from this scheme. We are considering extending this scheme to Government and Statutory Board employees so that they too can participate in the home-ownership plan. As the economy booms, the 60% who now earn \$200 and below will move up the social ladder as they get higher paid jobs, and so have joint family incomes over \$250 per month. Perhaps by the end of 10 years we

could have more than 60% of the population with joint family incomes of more than \$250 and above.

Your Secretary-General Mr. Seah Mui Kok, representing Bukit Ho Swee, knows that if you are a hawker or a pirate taxi driver, your life is a precarious one in a one-room flat. He has been canvassing to get to know his constituents. He knows that if it rains and you are selling iced fruits, your business drops and there is no income. Sometimes your rent runs into arrears. Remember that and then think of the tug-boat crew at the PSA who, with 325% overtime from a \$200 a month job, each take home \$650. Then they buy things which they do not require. At least 3,000 to 4,000 jobs could have been created in the PSA over the last two to three years. And think of all the factories which get increased orders but are afraid to employ new workers, and would rather risk more overtime because they fear redundancy trouble. That is the challenge.

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And I am quite sure, given a bit of time, your shoulders will be broad enough, together with the government's, to carry the responsibilities of restructuring labour-management-government relationship. Let it never be said that the NTUC depends only on one or two inspiring leaders.
