

SUMMARY OF SPEECH BY THE PRIME MINISTER,
MR. LEE KUAN YEW, ON THE OCCASION OF THE
8TH ANNIVERSARY OF PEK KIO COMMUNITY
CENTRE ON 27TH MARCH, 1971

We can afford to complain today only because we have worked so hard the last five and a half years and are succeeding. Cast your minds back to August 1965. If we had not stood firm on our rights, imagine our position today. We would have been brow beaten, and the economy in a shambles. We would have had a lot of complain about, but we would not be in a position to complain publicly.

Then in January 1968, the British announced a complete withdrawal by the end of 1971. 50,000 British troops and their families were to leave. 30,000 civilian employees, out of jobs. 10,000 uniformed locally enlisted personnel, demobbed.

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In 1968, we wondered who were going to rent the houses in 1971, when the British forces left? Today rents and prices of land have gone up. There is a building-boom. Nobody builds offices, factories, flats and houses, unless there is a long-term future.

Real estate values are easy yardsticks to measure stability and a long-term future. Where there is no stability, prices of land, houses, factories go down.

Few new ones are built, because you cannot sell them in a hurry, nor can you run away with land, factories or houses. When the future is uncertain, it is the price of gold, diamonds and jewellery, which goes up because you can hide and run away with them. Those of you who remember the war and the Japanese occupation know this.

If we had not passed the Employment Act, if we had not set out to attract new industries, if we had not ensured stability, if we had not enhanced security by building up our defence capacity, today we would be in deep trouble.

Today, instead of massive unemployment, there is a shortage of workers. Memories are short. People rarely compare what they have with what they had. They compare what they have with what they think they should have.

Our stability and security have led to massive investments. Prospects of further economic progress are fair. Demand from foreign investors has pushed up real estate prices. Singapore and foreign investors are building at a hectic pace. It is an ironic truth, that we have to pay higher prices for houses to rent or buy, because others have confidence in our future.

But when land is acquired for a public purpose, which includes re-development, under the land acquisition laws, the government is not obliged to pay for price increases as a result of development in the neighbourhood done at public expense. Roads, sewers, drains, water and power lines, public health

measures, they cost the government hundreds of millions every year. Nor is speculation in vacant or undeveloped land to be encouraged. Any "profit" made by the government must take into account the cost of re-settling, at public expense, tenants and squatters affected. And any increase in prices paid for land acquired must be paid for in higher H.D.B. rents or sales prices, and through increases in taxes.

Moreover, the government makes a clear distinction between the private owner of his only occupied house. He gets fair and good compensation. His position is different from that of the big landlords, or real estate companies, or land speculators who hope for windfall profits arising from Singapore's stability and rapid development, both the result of considerable public expenditure.

Three years ago, there were over 60,000 registered unemployed. Today, after three batches of school leavers entering the employment market, there are only 25,000 actually unemployed.

However, there are 15,000 civilian employees of the British Services still to be retrenched. And this year, over 12,500 will be called up for national service whilst only 6,200 are being sent into the reserves. The re-cycling of national servicemen, when intake will not exceed releases into reserves, will take at least another 3 years.

So the present shortage of workers is in part a temporary one.

We have to be careful in solving the problems of this present shortage of labour without creating more problems for the future. Many jobs will have to be mechanised, especially in Public Health and Cleansing. We are short by 1,500 in the Public Health Division. Our own unemployed do not want to do these jobs. So we have had to give Work Permits freely. But after 6 months, these people go over to construction sites where work goes round the clock.

Another factor that sends prices up is that there is inflation in America, in Britain, in Western Europe, and Japan. The price of all imported goods -- steel, cars and consumer durables has gone up. The price of oil in the Middle East and Africa has gone up. It is only a matter of time before our oil prices go up.

In Britain, prices increased 6.1% last year. Now their workers demand 15% to 30% wage increases. Strikes are ruining the British economy. In America, heavy spending in South Vietnam, and elsewhere, has led to inflation, resulting in annual price increases of 5% - 6%. In France 5%-6%, and Italy 3% - 4% increases. Even Germany had a 4% price increase last year.

External factors which led to the increase of our prices are beyond our control. But the price of rice has gone down. Miracle grains of rice have led to over-production in rice-producing countries.

There is no reason for the sudden increase in the price of bread and necessities. An effective counter to such market manipulations is a consumers' association combined with co-op supermarkets. If the shops are upping prices unreasonably, people must have an alternative place to buy from. With consumers' co-operatives, you will know what the retail price could be. 3 to 4 big co-operative supermarkets in Queenstown, Toa Payoh, Katong and later Jurong and Sembawang, can keep a check on retail prices. The N.T.U.C. can help organise this. There are difficulties, especially getting good management, efficient wholesale purchasing, and polite sales service.

If we help our small shopkeepers to get together, go into supermarkets for the lower income groups, prices will be lower because overheads will be lower.

As long as our economy is on the up, we can do all this, and more. Grumble, argue, press for better conditions, by all means. But never forget, our economy can be compared to a fine automatic watch, with delicately synchronised movements. Use a screw driver and a pair of pliers to pry it open and you destroy it. So see to it that no one is stupid or mad enough to meddle with our economy and our future.

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PRICE INCREASES OF SELECTED COUNTRIES

	<u>1958/68</u>	<u>1965/70</u>	<u>1967/70</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
	<u>Annual Average Increase (%)</u>			<u>Annual Increase (%)</u>					
U.S.A. ⁽¹⁾	1.9	4.6	5.3	1.6	2.9	2.8	4.2	5.3	5.8
United Kingdom ⁽¹⁾	2.9	4.9	5.3	4.7	3.9	2.4	4.6	5.3	6.1
<u>Western Europe</u>	<u>3.0</u>	<u>3.6</u>	<u>3.8</u>						
France ⁽¹⁾	3.8	4.7	5.4	2.5	2.7	2.6	4.5	6.4	5.3
Germany ⁽¹⁾	2.2	2.8	2.6	3.1	3.7	1.7	1.5	2.7	4.0
Italy ⁽¹⁾	3.2	3.1	2.9	4.5	2.3	3.7	1.3	2.6	4.7
Netherlands ⁽²⁾	3.2	5.2	5.3	4.7	5.4	3.5	3.7	7.3	3.7
Belgium ⁽¹⁾	2.3	3.7	3.4	4.0	4.1	2.9	2.7	3.6	3.7

Source:

(1) Yearbook of Labour Statistics, I.L.O., 1970.

(2) Monthly Bulletin of Statistics, January 1971.

Note: Data on price increases are based on published Consumer Price Indices.

The Consumer Price Indices are normally used for measuring inflationary tendencies, but it must be noted that they can only give a rough picture of depreciation in money value.

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