

ADDRESS BY THE PRIME MINISTER AT THE OPENING OF THE
CONSUMER CO-OPERATIVE (WELCOME) IN TOA PAYOH ON
SUNDAY, 22 JULY 1973

There have been several consumer co-operatives after the war in the late 1940's and early '50's. They all failed. First, they did not have professional and efficient management. Second, wholesalers were not keen to break their own network of retailers. So they kept fashionable goods in great demand only for their retailers, withholding these goods from the co-ops. Third, the co-op shop did not have enough support from our people. They then lacked the spirit of community effort to protect community interests.

This co-op supermarket must be different. It is going to be efficiently managed just like any commercial supermarket -- competitive prices, good display of items housewives want, strict control on shoplifting, and proper accounting to show a clear profit. This will attract more customers and many will join as co-op shareholders.

Second, any wholesaler who withholds popular or fashionable goods in great demand from this co-op supermarket, to give it to his pet retail network, will be bucking not only the labour movement but also the government. Any goods found in any other supermarket can and will be found in this supermarket, if buyers want them.

Third, more people have taken to the co-op idea. In the next 2-3 years, given hard headed management, buyers from this supermarket will get back 5-10% of what they have spent in purchases.

For the government, there is one compelling reason why this supermarket must be a success. People always grumble that between wholesalers, middlemen, and retailers, profiteering is going on. We import rice, all staple foods, and almost all other foodstuffs. We have to pay the world market prices of these commodities. At present, wholesale prices have shot up, because there is a world-wide food shortage. Worse, there is a loss of confidence in paper money. Big companies in America, Western Europe and Japan are hedging against inflation by converting paper money into commodities, including perishable foodstuffs, pushing prices up further. Even pigs, chickens and eggs, which we produce, have gone slightly up. This is because their feedstuff comes

from ricebran, maize, soybean cake and other animal feeds. Their prices have gone up with the world increase in food price.

If this supermarket well-supported, and well-managed, we shall know what the wholesale price is, and what the retail price, with profit, can be. Then we shall have a yardstick to measure by how much other retailers are putting up prices. We shall know definitely whether they are profiteering, or whether they cannot get the goods at normal wholesale prices at which the supermarket buys, because of market manipulation, by wholesalers or other middlemen.

There are, however, some difficulties which this co-op supermarket must overcome. First, it cannot give credit. The provision shopkeeper can, because he knows which of his customers are credit-worthy, and will pay their debts.

Second, some small shopkeepers short-weight their sales and make prices look cheaper. You think you are buying a kati, but you only get 14 tahils for it.

Third, shoplifting will eat into the profits of this co-op. NTUC's WELCOME must make sure that shoplifting is kept to a minimum by close surveillance, both through plain-clothes detectives, and closed circuit television.

But these problems can be overcome. The small shopkeepers will find it increasingly difficult to compete against the supermarkets, because overhead costs are lower for the supermarkets. So I advise these shopkeepers to get together and form their own supermarkets, or they will lose out.

We have chosen Toa Payoh because the least number of small shopkeepers are affected. You will get more value for your money buying here. Further, you should also get a return of 5-10% back every year on your purchase. And the more shares you buy into the Co-op the more you will get back.

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