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SPEECH BY MR GOH CHOK TONG, PRIME MINISTER AND MINISTER FOR DEFENCE, AT THE HOUSING AND DEVELOPMENT BOARD STAFF UNION 23RD ANNIVERSARY CELEBRATION DINNER & DANCE AT NEPTUNE THEATRE RESTAURANT ON SATURDAY, 29 DECEMBER 1990 AT 8.00 PM

BENEFITS FOR ALL

I am pleased to join you in your year-end celebration. You work in one of the most successful and most important organisations in this country. HDB's success is due not only to good management but also to your hard work and contribution. You share the credit for the worldwide fame of our housing programme.

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Looking ahead, I see a difficult next year. The US economy is already in mild recession and will probably worsen before it gets better. In the Middle East, the Iraqis and the US-led forces have their fingers on the trigger. If they

start shooting, the world economy will be badly hit. Singapore will also he hurt. It will be more difficult to make a living.

Our basic challenge will always be: how to make a living under changing and difficult conditions. This challenge may not seem daunting because one whole generation has seen nothing but growth. Our income has gone up year after year and we now take it as a matter of faith that it will continue to go up. But if you look at many other countries, you will see that standard of living can go down. There is no divine law which says that Singapore will always enjoy steady economic growth. Whether we do or not depends on external conditions and how we organise ourselves to overcome unfavourable conditions, and whether we are able to seize opportunities when they come our way.

My twin economic objectives are: aim for steady economic growth and spread the benefits around.

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There is only one successful model of economic growth – the free market system. The other model, the centrally-planned economy adopted by communist countries, has failed. The Soviet Union, a superpower, has now to temporarily depend on food aid from the West.

There are many reasons for the failure of the centrally-planned economies. One major reason: there is no linkage between pay and a worker's contribution to his organisation. Workers are paid about the same wage. The salary gap between the top and the bottom man is very narrow. There is another reason: workers cannot be sacked. So who would need to work hard? Who would want to spend time learning new skills? Who cares whether the customer is satisfied or not?

For Singapore to thrive and grow, we must make our free-market system even more efficient. Workers must be rewarded for good work, and be penalized for poor work. That means good pay for quality services, less pay for poor service, and no pay for no work. In the free-market system, workers are given porcelain rice bowls, unlike workers in communist countries who are given iron rice bowls. The sloppy, lazy workers will soon break their porcelain bowls. The skilled, productive workers will go on to own better and more expensive procelain rice bowls.

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It is right that the business-minded, the able, the skilled, and more hard-working men and women end up better off than their less able colleagues. Otherwise, they will lose the incentives to contribute their utmost to the

economy. Then everybody will be poorer off. Do not grudge them their higher earnings, or metaphorically, for getting the big prizes in the free-market.

There will be budgetary surpluses if we achieve our target of steady economic growth. If we can use some of these surpluses if they are not required to meet immediate and long-term national needs to ensure that everybody who participates in the nation's growth gets some prizes beyond their daily bread. We intend to let as many people as possible who participate and help in the nation's growth, get a participation prize. In other words, we will spread the benefits of economic growth around.

Edusave is one form of participation prize. The parents have collectively contributed to the growth of the country. They will get a participation prize through their children in school.

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The HDB upgrading programme is another example of participation prize which we are sharing out. Those who own private apartments, terrace houses, bungalows, can be said to have already earned the big prizes. They have done well and under our free market system, will continue to win more big prizes through their own acumen and ability. Those who are living in the older HDB flats will get to share the participation prizes. Their flats will be enlarged, with

an additional toilet, a balcony, or even a utility room, under the upgrading programme. The facade of their blocks will be improved and the living environment made beautiful. Multi-storey car parks will be built. The Government will spend $11,000 million over the next 15 to 20 years on this upgrading programme, if the six pilot schemes prove successful and popular. 370,000 families will potentially benefit. That means, on average, each family will benefit by $30,000 worth of improvements to his home and environment.

If we can continue to make good growth and generate more wealth, we can have more of such participation prizes. We can have more programmes like Edusave and the HDB upgrading scheme.

I want to stress that though our policy is to spread the benefits, it must not lead to hand-outs. Hand-outs will destroy our society. we can have participation prizes only when Singaporeans themselves have contributed to economic growth and national prosperity. In other words, they must earn them. The participation prizes are intended to motivate Singaporeans to work better and harder, both individually and as a team, and not make them lazier, waiting for give-aways.

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These are the twin objectives of my government: steady economic growth and benefits for all who participate.

I wish all of you a Happy New Year.

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