THE ROLE OF TRADE UNIONS IN THE FURTHER INDUSTRIALISATION OF SINGAPORE

By

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In discussing the role of trade unions in the further industrialisation of Singapore, I think it is appropriate first of all to trace the development of the Singapore economy through various phases and examine the part played by the labour movement at each stage. The government introduced a number of measures to encourage new industries in Singapore, but in the discussion that follows, I shall emphasise only the maintenance of industrial peace and wage stability as one of the measures designed to produce economic take-off.

Rationale of Industrialisation

Planned industrialisation as a conscious strategy of economic development in Singapore began in 1961. Industrialisation was embarked upon primarily for the purpose of creating employment opportunities to absorb the growing labour force. Other reasons were to increase national income and to generate net foreign exchange earnings.

The magnitude of the employment problem was clearly illustrated by the fact that to achieve full employment, 214,000 new jobs would have to be created in the economy between 1961 and 1970. The UN Industrial Mission in 1961 had estimated that sectors other than manufacturing were not expected to provide more than a total of 116,000 jobs. This was partly because the entrepot trade with which the prosperity of Singapore was traditionally associated had very limited possibilities of expansion.

The Government saw a solution to the problem in industrialisation. Primary manufacturing industries were expected to create 78,000 jobs, and the remaining 20,000 required for full employment could be found in repairing and servicing. The target for manufacturing as a whole, therefore, was 98,000 jobs over a ten-year period, or 9,800 jobs per year.
The First Phase of Industrialisation, 1959 - 1965

As a result of government's policy of encouraging new industries and deliberately channelling resources into manufacturing, this sector grew at a high rate of about 16% per annum between 1959 and 1965 (i.e. Gross Value Added of manufacturing establishments grew from S$121.6m in 1959 to S$293.7m in 1965). This period of 6 years could be considered as the first phase of industrialisation.

Despite this fairly rapid expansion, the creation of new employment opportunities in the manufacturing sector fell critically short of the required target during this period. The sector employed 25,607 persons in 1959, and 47,334 by 1965. The average annual increase in the number of workers engaged in manufacturing was only 3,621, i.e. only 37% of the target of 9,800 jobs per year which had been set for the manufacturing sector to achieve full employment.

The labour unrest which had arisen as a result of a militant trade union movement in the fifties continued after the attainment of self-government in 1959. Due to the political orientation of trade unions, the struggle against the Communists in the political arena led to the emergence of two rival union organisations in 1961 - the nationalistic National Trades Union Congress (NTUC) and the Communist-controlled Singapore Association of Trade Unions (SATU). The struggle between these two unions, together with the continued existence of unemployment, prolonged the period of labour unrest. Conditions were at their worst in 1961 with 410,889 man-days lost due to work stoppages. The situation only began to improve after 1964 when the NTUC finally overcame the SATU and obtained the majority support from the unionised workers.

Gross valued added = Output - input - work given out - other expenditure

/Accordingly, in ....
Accordingly, in 1964, the number of man-days lost due to work stoppages had fallen to 35,908.

With these constraints, economic growth during this phase of industrialisation was limited. The growth rate for the Gross Domestic Product (GDP) at constant factor cost was 5.5% per annum for the period 1960-65. Between 1963 - 1964, the growth rate was negative (-3.5%) between 1963 and 1964, the growth rate was negative (-3.5%).

The period following the first phase could be considered as The Post-Independence Phase of Industrialisation

The limited economic growth in the early 60s coupled with the decision by the British Labour Government in 1967 to accelerate the end of British military presence east of Suez, injected a fresh urgency into our industrial development programme. The economic consequence of the withdrawal were expected to be severe as military expenditure contributed substantially to Singapore's GNP, giving employment to about 40,000 civilian employees in 1966. Among the major policy innovations introduced to meet the new challenge was the one to secure industrial peace.

In August 1968, two major pieces of legislation were introduced in Parliament, namely the Employment Act and the Industrial Relations (Amendment) Act. The Employment Act replaced three former ordinances relating to employment and working conditions. (Labour Ordinance 1952; Shop Assistants Ordinance 1957; Clerks Employment Ordinance 1957). It abolished certain discriminatory practices, rationalised the pay structure by doing away with certain abuses on overtime practice and also protected young industries against excessive retrenchment benefits.

The Industrial Relations (Amendment) Act removed some ambiguities regarding the jurisdiction of management and trade unions. The Act placed certain subjects clearly within the prerogative of management, such as

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the promotion of employees, their transfer, recruitment, retrenchment and assignment of tasks. These subjects were held to be outside the range of labour-management negotiations.

The prevailing economic situation during the post independence period and the government's industrialisation programme were not without impact on workers and trade unions. Between 1965 and 1970, the trade union movement declined in terms of membership, revenue, morale and worker-acceptance. This decline was partially due to the economic stringency which Singapore faced during this period and the fears of massive unemployment.

The main reason for the decline in trade union membership could perhaps be attributed to another factor. Generally trade unions were in the forefront of independence struggles in the colonial era. With the attainment of independence the status of trade unions would tend to fall. This was probably the trend in Singapore in the mid-60s.

In most developing countries this situation was aggravated by the unions' tendency to isolate themselves from the post-independence aspirations and objectives of the people. Instead of being concerned with the national priorities of modernisation, and social and economic development of their newly independent countries, these trade unions saw their task as being confined to collective bargaining and to taking on employers as well as the political leadership in pursuit of purely sectional interests. Such attitude inevitably led to the demise of these trade unions.

Our major trade unions, on the other hand, were fully aware that basic to Singapore's success was the unions' total commitment to the government's national goals of economic growth, multi-racial democracy
and a stable industrial relations system. They recognised that the union movement could not function on styles and tactics developed during pre-independence days. They realised that to survive they had to subscribe and participate in the Government's development programme including the creation of employment and an industrially committed labour force, the attraction of foreign capital preferably with international marketing connections, the cultivation of export markets, and the development of managerial and technical personnel. It was with this objective that the principle and practice of tripartism as an industrial relations system was born in Singapore.

The impact of the concerted effort by government and trade unions on industrial peace and trade union movement was considerable. Less than 10,000 man-days were lost in each year after 1968 when the Employment Act was enacted as compared to 410,889 man-days lost in 1961. Between 1968 and 1971 there were only 7 strikes compared with 117 strikes in 1961. At the same time, NTUC membership grew from 101,824 in 1964 to 142,162 in 1972 after a decline to 85,422 members in 1970.

The harmonious industrial relations and disciplined labour force contributed significantly to a better investment climate resulting in a high rate of growth of capital investment. In 1961, the Gross Investment of S$235m was only 9.8% of the GNP of S$2,408m. By 1971, it had increased to 25.1%, i.e. a Gross Investment of S$1,759m out of a GNP of S7,001m. The growth of the manufacturing sector was also high, with growth rates averaging 20 percent a year between 1965 and 1968, and 29 percent a year between 1969 and 1971. This resulted in the economy expanding fairly rapidly as could be seen by the doubling of the GDP (at factor cost) between 1965 and 1971:-
<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (S$m) (at factor cost)</th>
<th>Annual Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>2,046</td>
<td></td>
</tr>
<tr>
<td>1961</td>
<td>2,240</td>
<td>9.5%</td>
</tr>
<tr>
<td>1962</td>
<td>2,371</td>
<td>5.8%</td>
</tr>
<tr>
<td>1963</td>
<td>2,683</td>
<td>13.1%</td>
</tr>
<tr>
<td>1964</td>
<td>2,700</td>
<td>0.1%</td>
</tr>
<tr>
<td>1965</td>
<td>3,043</td>
<td>12.7%</td>
</tr>
<tr>
<td>1966</td>
<td>3,365</td>
<td>10.5%</td>
</tr>
<tr>
<td>1967</td>
<td>3,692</td>
<td>9.7%</td>
</tr>
<tr>
<td>1968</td>
<td>4,257</td>
<td>15.3%</td>
</tr>
<tr>
<td>1969</td>
<td>4,633</td>
<td>13.5%</td>
</tr>
<tr>
<td>1970</td>
<td>5,675</td>
<td>17.4%</td>
</tr>
<tr>
<td>1971</td>
<td>6,471</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

Source: Department of Statistics, Singapore

Since the reason for embarking on a policy of industrialisation was to provide work for the large number of young persons entering the labour market each year, a look at employment figures is relevant.

Workers in Manufacturing Industries
(Establishments with 10 or more workers)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Persons</th>
</tr>
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<tbody>
<tr>
<td>1960</td>
<td>32,900</td>
</tr>
<tr>
<td>1962</td>
<td>34,699</td>
</tr>
<tr>
<td>1964</td>
<td>45,178</td>
</tr>
<tr>
<td>1966</td>
<td>56,334</td>
</tr>
<tr>
<td>1968</td>
<td>79,218</td>
</tr>
<tr>
<td>1970</td>
<td>125,218</td>
</tr>
<tr>
<td>1971</td>
<td>145,072</td>
</tr>
</tbody>
</table>

Source: Annual Census of Industrial Production

It could be seen that employment in the manufacturing sector showed a rapid rate of increase after 1966 to the extent that by the early 70s, there was labour scarcity in some areas making it necessary to import labour from Malaysia and elsewhere.

The Present Phase of Industrialisation - the 1970s

We now come to the present phase of our industrialisation programme which calls for a more discriminating policy in the kind of industries we want to encourage. Since unemployment in the early 70s was
no longer the problem it was in the early 60s, labour-intensive industries, such as garment manufacturing or the wiring of integrated circuits, which were enormous consumers of labour, were not encouraged through incentives. The industries we encouraged were those requiring the use of trained and skilled workers.

Our efforts to upgrade the industrial structure and move into higher value added industries have been relatively successful. The manufacturing sector was once dominated by simple low value added industries which provided the bulk of value added and employment. But by 1976 these low value added industries' share of total manufacturing value added and employment declined substantially to 27.6% and 42.9% respectively compared to the respective figures of 58% and 67.5% in 1965. The contributions of higher value added industries increased correspondingly. In addition, the industrial base was broadened through diversifying into a wider range of industries and building up the necessary linkages and supporting industries.

### Employment and Value Added in Manufacturing Industries

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Manufacturing</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Low Value Added Industries</td>
<td>38.0</td>
<td>38.5</td>
<td>27.6</td>
<td>67.5</td>
<td>57.9</td>
<td>42.9</td>
</tr>
<tr>
<td>High Value Added Industries</td>
<td>42.0</td>
<td>61.5</td>
<td>72.4</td>
<td>32.5</td>
<td>61.5</td>
<td>57.1</td>
</tr>
</tbody>
</table>

* Low value added industries include broadly food and beverages, textile and garments, wood and paper products, leather and rubber products, non-metallic mineral products and simple plastic products.

** High Value added industries include broadly chemicals and chemical products, petroleum products, metals and metal products, engineering electrical and electronic products, transport equipment and precision equipment and photographic and optical goods.
Whether we are able to successfully complete this phase of our industrialisation programme for the rest of this decade would depend on the response of our workers. High value added industries are generally skill intensive and technically more complex to manage. They, therefore, require a much longer learning period, in order to reach an acceptable level of productivity and quality.

In recognition of this fact, NTUC and its affiliated trade unions have spared no efforts in the promotion of vocational education and industrial skills. They have consistently warned against persistent delusions of white collar jobs and reminded parents, school-leavers and education authorities of the importance of vocational and industrial skills which lead to satisfying jobs, job security and job fulfilment. At the same time, trade unions in coordination with employers and government authorities, have encouraged the setting up of productivity committees, works councils and the like to bring about fruitful management interaction and cooperation. With these efforts aimed at motivating workers to discard age-old prejudice against "blue-collar" work and to give of their best by way of high job performance, the unions stand ready to contribute towards the successful completion of the present phase of our industrialisation programme.

The trade unions' response also included an unequivocal commitment to the maintenance and further development of the principles of tripartism, and to the more efficient functioning of existing tripartite institutions in Singapore. Trade union representatives participate in the drawing up of development programmes of our statutory boards, including crucial planning or executive boards like the National Wages Council, Economic Development Board and Industrial Training Board.
Membership of NTUC affiliated unions continued to grow reaching a figure of 211,956 in 1976. The reason is that NTUC and its affiliates enjoy a greater sense of integration with the rest of society than unions elsewhere have been able to achieve. This has been attained by dint of the fact that NTUC has imparted a wider scope to its objectives as a trade union movement in a developing society. While collective bargaining remains its primary responsibility to the workers of Singapore, it has ceased to be the sole and exclusive concern of NTUC affiliated trade unions. There is a growing awareness of, and pre-occupation with the performance of the economy in general, and of the links between earning power on the one hand, and productivity and economic growth on the other. This, in turn has led to greater sophistication in the approach to the collective bargaining process itself.

It is perhaps fitting at this point for me to turn to the question on wages. The factors influencing the long-term level of wages can be summarised as follows:

i) The inflow of foreign workers into Singapore;

ii) The mobility between occupations granted to foreign workers under the conditions of their work permits;

iii) Competition from other under-developed countries to attract multinational corporations; and

iv) Trade union policy and action.

I shall deal only with the last factor. In an export-oriented economy such as ours, wage increases not matched by productivity increases will lead to the lessening attraction of Singapore as an investment location and to that extent they will endanger the growth of our economy.
It is for this reason that the trade unions through NTUC, participate actively in the deliberations of the National Wages Council, whose guidelines so far have been for a steady, sustained but moderate wage increase over the years.

This situation is likely to continue until our economic growth levels off. After that, much will depend on whether we have wisely selected the industries for location in Singapore. If we have, our dependence on multinational companies will be lessened and we will be able by our own efforts to develop export markets for such products as we have the capacity to specialise in. The scope for improvements in wage level will be all the larger and will depend on the resourcefulness of our salesmen, the ingenuity of our scientists and engineers, the efficiency of our management and the skill and industry of our workers. Under such conditions, there is no reason to believe that wage levels cannot eventually approach those of the modern industrial states.

If, on the other hand, our industries consist largely of a hotch-potch of unrelated manufacturing enterprises, dependent on the markets and management of multinational companies, there may be severe constraints on wage increases. Even if it were no longer necessary to attract new enterprises into Singapore, it is likely that there will be other developing nations competing to become hosts to multinational companies that are already here. Should other developing countries succeed in attracting these multinational companies and if we fail to develop our own indigenous industrial effort, and if our dependence on the multinational companies is complete, a difficult situation may emerge.

/I am not ...
I am not saying that we should be wary of multinational companies. Quite the contrary, we should continue to welcome them and give them the inducements, incentives and support that they require. But we should be more selective and discriminating in our role as a host country. Most important of all, we should ensure a sound growth of indigenous entrepreneurship, management, scientific and engineering skills.

Trade Unions As Local Entrepreneurs

The trade unions' role in creating an environment where there is orderly wage increases cannot be over emphasised. However, their efforts are seldom recognised either by employers or workers. On the other hand, being more tangible and visibly in evidence, trade union initiatives in launching a series of highly successful cooperative ventures with trade union capital have come under criticisms from employers' organisations. Critics have failed to realise is that the objective of these ventures is to ensure for organised labour a distinct and notable contribution to economic activity and entrepreneurship in Singapore. A brief description of these cooperative undertakings is called for here since this is a seminar on local entrepreneurship.

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First, there is the Co-operative Insurance Society, INCOME, established in 1970, to spread the benefits of insurance protection to all sections of the working population in Singapore. INCOME's Life Fund at December 1976 was $17.6m with 33,080 policies in force. Apart from life insurance, INCOME plans to develop other areas of its general insurance business through the support of the labour movement.

Life Fund = Gross Premiums less Total Exp. and less Claims Paid

Sum Insured as at 31 Dec 76 = $181m
Next we have the NTUC's Transport Co-operative, COMFORT, which was set up in 1971. This cooperative has enabled taxi drivers and drivers of school buses to become owners of their vehicles. Under its Vehicle Ownership Scheme, all operators are helped to own their taxis or buses after a few years' payments on a pay-as-you-earn basis. As at the end of 1976, COMFORT's fleet consisted of 2,378 vehicles, comprising 2,000 taxis, 350 mini-buses and 28 shuttle buses.

The Dental Co-operative, DENTICARE, which operates a dental clinic in the Trade Union House seeks to provide cheap dental treatment for workers and their families. The success of DENTICARE has been largely due to the support given by members of NTUC affiliated unions and to dental care benefits negotiated under collective agreements by the NTUC affiliates with employers. In 1976, the monthly average number of patients who made use of DENTICARE's services amounted to 753. For the first seven months of 1977, this figure has increased to 831.

NTUC WELCOME Consumers' Co-operative which opened its first supermarket at Toa Payoh in July 1973 now operates 10 supermarkets for the benefit of consumers, a large number of whom are union members under the fold of NTUC. In addition, there are 70 Fair-Price shops which participate in consignment-type agreements with NTUC WELCOME for essential commodities, especially NTUC WELCOME Brands. The turnover of WELCOME was $20.5m in 1976 and is expected to increase to $32m in 1977.

NTUC's Book Co-operative, FAIRDEAL, was set-up in 1974. It now services 27 schools and retails stationery, books and other items to the public from its Toa Payoh and Queenstown bookshops. The discount offered by this Co-operative has been further increased from 10% to 15%. This in turn brought about a further reduction in book prices of private enterprises, especially in the areas where FAIRDEAL operates.
This summary serves to demonstrate that the services of our trade unions have been extended to embrace the families of workers and to contribute towards their total well-being. The role of trade unions is no longer confined to the handling of grievances and collective bargaining. An objective for the future will be to further widen the scope of the trade union movement during the next stage of our industrialisation programme. The enactment into existence by Parliament of the Singapore Labour Foundation is but the first step in this direction.

Future Phase, 1980 and beyond

When we arrive at the next phase of our industrial development in 1980, we would have an industrial structure that should already be well diversified, ranging from petrochemicals, precision engineering, electronics and marine engineering to various types of metal engineering industries. Although Singapore's success during the early stages of industrialisation was highly dependent on her ability to attract foreign investments, domestic response was not completely lacking. Singapore investors participated in joint ventures as minority partners. Furthermore, a relatively large number of domestic companies were set-up after the commencement of our industrialisation programme. However, one of the objectives of the next phase of our development plan should be to encourage the participation of local entrepreneurs in modern manufacturing industries.

Of course, we expect that the large number of international companies in Singapore together with new ones yet to be set up, will continue to introduce new technology and new products into their Singapore plants. With a sufficiently large industrial base and the necessary linkages, as well as the increasing role of local entrepreneurship, Singapore should be able to reach a stage of sustained /mature growth
mature growth. This will establish Singapore as a permanent manufacturing centre, ready to seize any opportunity to supply the world market.

When working out their contributions towards the national well-being, trade unions should make it a point not to confuse the seemingly real and immediate benefits to workers with their real long-term interests. These may, and often do, conflict. The approach adopted by NTUC and its affiliated unions has been to anticipate the political, economic and social configurations of the future.

In this regard, the NTUC organised a seminar entitled "Job Creation or Job Loss" in October this year with the objective of educating the average worker on the economic strategy we have to pursue over the next decade if job security and new job creation are to be ensured, and the aspirations of our working populations for higher standards of living and social justice are to be realised. The recommendations which emanated from this seminar form the basis on which trade unions will work out their role in the further industrialisation of Singapore.

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In working out the role they want to play, trade unions will have to take recognition of the difficult times ahead especially of the following problems:-

(i) The world economy is no longer expanding as quickly as in the past, and worldwide competition for markets, and for industrial investment capital, is much keener. Not to be overlooked is the possibility that the next global recession...
could last longer and prove to be nastier.

(ii) More advanced industrial countries will introduce protectionist policies leading to higher tariff barriers and quota restrictions against the imports of Singapore manufactured goods. At the same time there will be greater restrictions on transfers of industrial investment capital and the technology which goes with it, from the developed to the developing countries.

(iii) The world political situation is fraught with uncertainties, especially in regard to the explosive situation in the Middle East, and the possibility of Big Power confrontations elsewhere.

(iv) The need to create 300,000 new jobs for the young men and women who will join the employment market over the next ten years.

Given this perspective, our trade unions have recognised the crucial importance of preserving industrial harmony as a primary basis and an essential pre-condition of Singapore's existence and potential for further progress. Their main role therefore will be to maintain the close cooperation which presently exists within the spirit of tripartism and to further extend and improve on this cooperation at every level where unions and managements interact.
The main efforts of the trade unions will be directed in two areas. Firstly, NTUC affiliated unions will be undertaking a series of trade union programmes aimed at educating the rank-and-file workers on the hard facts of economic life in the Singapore situation. The NTUC Seminar held in October was the inauguration of this programme. Plans of action will be implemented by the various trade unions to propagate the economic facts and the inevitable perceptions and conclusions.

Secondly, the trade unions will spare no efforts to inculcate correct values, work ethics and development of skills amongst our workers. More specifically, workers will be reminded of the need for:

(a) realistic expectations and excellent work ethics from our labour force;

(b) excessive and unwarranted job-hopping to be curbed;

(c) cooperation, stability, industrial harmony and social discipline to continue,

if we are to be successful in the next stage of our industrialisation programme.

As mentioned ...
Trade Unions' Recommendations on Promotion of Local Entrepreneurship

As mentioned earlier, our trade unions are fully aware of the need and desirability to encourage and foster a growing indigenous industrial capability. We, in fact wish to call on:

- the established foreign investors to actively participate in the development of local entrepreneurial skills particularly in the supporting industries by providing market opportunities in sub-contracting and sub-assemblies;

- the public statutory bodies like the EDB, SISIR, ARC and NPB to increase their efforts and assistance to upgrade and improve the capabilities of local enterprises;

- the Government to expand market demands by patronizing and encouraging Singaporeans to patronize Singapore-made goods and services where they attain reasonable standards of quality, reliability and price.

The Widening and Deepening of Labour-Management Relationships:

The old symbolism of "capital" and "labour" as two giants engaged in a struggle from which one would emerge as master and the other as servant has become as dusty as the pyramids which incidentally must have been amongst the most labour-intensive projects ever undertaken. The trade union movement in Singapore, especially since 1969, has been transfigured beyond all recognition. It took a lot of careful planning, good team-work and high vitality to cover the enormous ground it did in the last 8 years. However, the movement would have failed in its purpose if any of its members and leaders are encouraged to rest on their laurels. What needs to be done is for trade unions to continually take new bearings in their efforts to scale the rather formidable peaks that are still ahead of them.
As I see it, another task for trade unions to undertake in preparation for further industrialisation is to widen and deepen labour-management relationships. They could achieve this by not only consolidating and further enhancing their rapport with all their members but also bringing to students in our schools, vocational institutes and other institutions of higher learning an awareness of the purpose and aims of our labour movement. Trade union education programmes will have to be consciously and deliberately oriented towards meeting the needs of our younger workers, and heightening trade union consciousness among them.

It is known that the curricula on trade unionism at universities and technical colleges are theoretical and to some extent superficial. Trade unions could initiate discussions with institutions of higher learning with the view to expanding the content and scope of academic curricula relating to trade union movement in Singapore to give students a better understanding of the objectives of the labour movement. Students should also be encouraged to select for their academic exercises and dissertations, topics which will give them an in-depth knowledge of trade unionism. This will pay dividends later when these same students start their working career be it as professional, management or non-management staff with the built-in advantage of having at least, an awareness of what trade unions' objectives are in the context of our national priorities. Much of the labour-management problems which persist in certain quarters today could have been avoided if both parties have a better understanding of our national objectives and of each other's purpose in life.
On a similar vein, there appears to be still some lack of appreciation by employers, especially some foreign investors on the positive contributions trade unions could make towards fruitful labour-management relationships. Owing to possibly bad experiences of trade unions in their home countries, some employers are apprehensive about organised labour. Their fears and prejudices arising out of pre-conceived notions of trade unionism blind them to the fact that our trade unions operate in a different milieu. What trade unions could set out to do is to intensify their efforts to remove such apprehensions from these employers so that a harmonious relationship could be established with them for the benefit of both parties.

Much of what trade unions have set out to achieve will depend a great deal on matching endeavours on the part of employers' organisations. If the social aim is to transform every work site into a community of productive effort between labour and management, rather than a series of more or less unpleasant confrontations, managements need to give as much thought as trade unions are giving, to the promotion of a more harmonious climate of industrial relations. In fact, the response of employers to trade unions' contributions will determine to a large extent whether the further industrialisation of Singapore will be successful.