TRANSCRIPT OF SPEECH BY THE PRIME MINISTER AT THE 54TH ANNIVERSARY OF THE SINGAPORE GENERAL PRINTING WORKERS' UNION, HELD AT THE NTUC CONFERENCE HALL ON 25TH AUGUST, 1966.

Mr. President, Friends and Fellow-citizens,

I want to give you briefly my reactions to what I have heard from your President and to what I have been reading in the newspapers – the reaction of trade union leaders to a whole series of populations which I mooted recently.

And the thought that crossed my mind is simply this: that if we repose the destiny of our people in the hands of people with a great deal of working-class loyalty, patriotism, working-class enthusiasm, with a desire to create a more just and equal society but with a singular lack of the knowledge of the mechanism of what makes an economy tick, what makes a society flourish; if we repose our destiny in the hands of the people who issue the statements I have been reading, then I say, gentlemen, wipe off your future because nobody is going to have any confidence in this place and this place will not tick on the basis of slogans.

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Patriotism is necessary, working-class loyalty is necessary. But behind it all, there has to be a deep and abiding understanding of what makes the economic machine work.

And my tragedy is that we have had to go through two revolutions in a very short space of time.

First, we had to push out the old and, in pushing the old, we simply fought things and said, "Out with everything!" Second, we have had to bring our own people back to land and say, "Look, these are the problems we now face."

I think one of the indices of whether a society is developed or underdeveloped is not whether we call it developed or underdeveloped. The surest test is whether its leadership – not just its leaders – is made up of people with the understanding of the workings, the economics of society – of wealth and growth – or whether it is made up of soldiers. And when soldiers take over, you can be sure that it means that that society was underdeveloped.

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Because, if the people and the leaders in the unions, in the cultural and civic organisations understood why the country made no progress, they would have remedied the situation and the intervention of the soldier would not only

have been unnecessary, but it would have been bitterly resented because the soldier was even less qualified to solve the economic and social problems than the politicians who went before.

So when I look at the newspapers and I see my Minister of Defence in uniform, I say, “Well, that is the long step!”. If reason, logic, argument fails, then the gun. This has happened. In Pakistan, there is a soldier in charge; in Burma, there is a soldier in charge; as in Indonesia, Thailand and South Vietnam.

What does it mean? It means these countries are basically underdeveloped.

And tonight, knowing that my speech will not be published until the day after tomorrow – not in tomorrow’s newspaper because there is no time to catch it – I will speak frankly.

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Tomorrow, my colleague, the Minister for Finance is going to make a statement on currency. He will tell you why what happened, happened.

What worries me is the ignorant reaction of the people. I understand the bankers; I understand the Chambers of Commerce; I understand their motivations.

But I am amazed at the coffee-shop talk. Barisan Sosialis representing the people of Singapore says, "In that case, Singapore is finished, because we have no natural resources. Malaysia has natural resources. So, this is finished. And this can only be done with the consent of the British and American imperialists."

How mad can we be!

You know, people on the other side are very worried, because somehow they feel if Singapore is not associated in all this, then all will be lost.

Where is the truth?

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Surely, what is lacking today in our society – I am talking now of Singapore, I am not qualified, I am not entitled to talk about other countries – is the absence of knowledgeable assessment; absence of people with enough background knowledge to assess and say, "Yes, this is where it is going."

It is not currency which should worry us. Tomorrow, you will hear from the Minister for Finance that we have decided that we shall not form a Central Bank. If we cannot reach a common currency with Malaya, we shall run a Currency Board as the British did for many decades. In other words, for every dollar you print, you must have in the Bank in London, New York or elsewhere two shillings and four pence of foreign exchange or about 0.29 ounces of gold.

And I will tell you what it means to you, the ordinary worker, and what it means to me as the Government.

Nobody knows this. Which makes me think that our first problem is education – education of the leadership. Before you become a trade union leader, sit for a simple test: what is economics; what is wages; supply and demand; price. If you cannot pass, then you are not fit to be a trade union leader; if I cannot pass, then I should not be entitled to be a candidate for elections or become a Prime Minister.

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This is our tragedy: a lack of understanding of the basic issues.

We could not reach an agreement. I give this by way of illustration because this is a problem which I have lived with over the last two or three

weeks as we debated whether we would go on or not go on. The breaking-point came when they said. “Right, our reserves – your money and mine, you know – now held by Crown Agents in London on behalf of all the governments, any time we break, we take our share back ……” There is about 1,600 million dollars worth of assets: foreign exchange, gold and other things. Of that, our share – when the money comes to be changed and everybody puts in his money and takes money out – I would say at a minimum is one-quarter; probably more. That is hard cash which must back the new money we issue.

And we said, “Right, we go in with Malaysia”, and we will print the same note, but theirs will be marked “M”; ours will be marked “S” – just to make sure – and “M” will be backed by their reserves and “S” will be backed by our reserves. Everything was worked out, was agreed upon. And then, we broke down on one simple point.

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Who keeps the reserves? They said they would keep the reserves. We said, “No, the reserves must be kept with the Bank Negara in Singapore …” You know, we are joining their Bank; so we said, “Never mind. Call it Malaysia; print on the note ‘Malaysia’; it doesn’t matter so long as I keep my reserves. But put this here, Bank Negara (Malaysia), Singapore branch; put it

there with the Deputy Governor here. If we break any time, my money is mine." But they said, "No, keep it in K.L. If we break, I will give you back."

Supposing if he does not give me back, what happens?

And now if we break, what do we do?

People say we will collapse; we will die. I say, "No, rubbish." If we collapse, it is not because of this, but because of stupidity on our part in not understanding where our interests lie. And that stupidity must not be allowed to continue for long either in political or in trade union leaders. We must understand what is at stake; what is involved.

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Next year, they will issue their notes; we will issue our notes. But it is not a matter of whether you have large natural resources or slender natural resources. It is a matter of whether you issue your notes as and when you like, or you issue your notes against backing.

And we have decided that we will not engage in central banking finance which means whenever the Government is short of money, you have credit creations. Supposing we find this year that next year, in order to pay allowance to Volunteers, the People's Defence Force, to buy aircraft carriers and a squadron of new jet fighters, we require one hundred million dollars. You have either to tax, find or borrow 100 million dollars. If you cannot, then you say to the Central Bank, "Please lend me 100 million dollars." And the Central Bank prints and gives you 100 million dollars. That is called credit creation. So, you put the money into the market and there is a greater amount of money chasing the same amount of goods. And prices go up. And you know what happens. It has happened in so many parts of the world.

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So, we have decided that we will run the system just as it has been run for all these years. For every dollar we issue, there is a Currency Board which guarantees that there is that amount in foreign exchange or gold either in London, New York or some other place to back it. So the money cannot go down:

But I will tell you what will go down – employment will go down if you don't work hard.

Let me explain this in a simple way. This is simple economics.

In England, every trade union leader understands this. But it doesn't mean that having understood it, he then works to make the country work. Sometimes, he is caught in his own history and it is very difficult for him.

Before every election, over the last 15 years, every British Government – Conservative and Labour – has said, "Never mind what the National Income is; just spend." If you spend, low interest rates, people can borrow from the bank. They will buy houses, buy television sets. So you create demands. So factories make television sets, shoes, clothes. So unemployment goes down.

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At the same time, because people buy, they begin importing from outside. And when you import, you have to pay the other person either your goods, your gold or your foreign exchange reserve. And you do that for about a year, never mind whether you are losing your foreign exchange reserve; it is just to keep the population happy, with full employment. After the vote is taken and you have

won, you then say, “Right, stop; break; pull the money back.” Bank rates go up; money cannot borrowed easily; shops cannot borrow money; private owners cannot borrow money to build houses, to buy cars; hire purchase is more difficult; expenditure contracts; demand goes down; imports go down; unemployment goes up.

Now, we are going to run a Currency system which means that the moment we earn less, we spend less. This is a tough, vigorous regime. And I say we do it or we die because this is a society with an open market, exposed.

If you start fiddling around with currency and you start printing notes and then you have no money really to spend and you start borrowing to cover up, you will end up in penury and bitterness.

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Which leads me to the accusation that have been made; that I have suddenly decided, after spending a life-time trying to bring about a more organised working class movement, with more equal pay, that I have suddenly decided to become anti-labour, anti-treble pay; anti-the-worker.

Is it true? Have I gone mad to abandon a whole life-time of work and objectives? Or, is it that I have become more matter-of-fact and I say, "Look, in this situation, we do this or we die."

I went through Communist countries this time and I brought back all the documents. And in Rumania, they write it down in the Constitution that you will be paid according to the quantity and the quality of your work. It is the first Article in the Constitution. Don't tell me how many hours you work – I am not interested. I am interested in results. What is the quantity and the quality? And then, I will pay you according to that.

What more do you want?

I am not against treble pay. That matter can be argued, debated. But I am in favour of a system now in which you make it worth a man's while to work hard; in which hard work brings good results. That produces an efficient labour force. And an efficient labour force must bring about more industrial development. More industrial development brings about more employment, more productivity, more happiness, more of the good things in life that can be paid for. It is as simple as that.

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So, in other words, we begin to educate ourselves. And I think it is a healthy sign.

I do not want a suppliant, an inert society where people just say, "Yes" to everything I say because that means it is a society with no verve, no vitality. But, at the same time, I expect you to start thinking; not just to mouth old slogans which are no longer relevant. Start thinking.

I am posing you a problem now, a problem which I face because I am in charge, but which you also face because you are part of Singapore. And that problem is: how do you provide a good life for everybody unless this country is based on one solid principle: efficiency of labour, in the goods and services you produce. And you have no efficiency when you count rewards against time, not against output, capacity, productivity. It is as simple as that.

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We begin the debate; we can carry on the debate for one year, two years; but in the end we will do what is right. And, in the process, in the same way as we educated the population on the stupidities of the Communist creed, so we will educate the population on the stupidities of out-dated, out-moded ideas, and we will introduce and inject into our population new, vigorous ideas that will ensure your survival.

I came here tonight in spite of having another engagement in Geylang Serai and to which really, I should already have moved to. But I came because this Union has an old association with me. I used to be its legal adviser for many years since 1952 – which is about 14 years. The leaders have changed. I am just trying to see whether I can see some of the old leaders. Every year, I used to meet them at least once; often more. And, in the 14 years, Singapore has changed.

And, if we face up to our responsibilities now and know what are our problems, then in the 14 years that are to come, we will be the better-equipped to bequeath to our children an enduring future in this part of the world. If we haven't got that, then we deserve to perish, and all this will rot and ruin.

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There are very few countries in the world that can offer its population this standard: two million people, 224 square miles; a group of printing workers meet with orchids, air-conditioning. You show me where else in Asia this can take place. Not even in Peking. Remember that. These things do not come naturally. Never take them for granted.

I am not saying that this is the best for us; it is very far from it. But I say, if we can identify where our interests are and show the capacity to organise ourselves for better effort, and are prepared to sweep away old, out-moded ideas and, if necessary, some old out-moded persons who stand in the way of new ideas – life is that way – then we shall survive. If we haven't got that, I am not prepared to preside over the disintegration of this society.

I am here to make it work. I will listen with humility, patiently; but I will decide with my colleague on what I know to be in the collective interests.

I get no pleasure out of all this. Do you think I want the employers to go richer on the sweated labour of my own fellow human-beings, my own compatriots? Or, do you think it is because I understand a bit more of the mechanics of the thing and that I know that, in spite of the inequalities, that this is perhaps, a better way to get to where we want to get: an equal, affluent society.

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I would like to believe that in this coming year, the trade union movement will join issue with us in Government: test ideas against the circumstances in which we find ourselves.

What are we talking about? Copying British, a British trade union practice that landed up a British economy in the red? Why not copy the Scandinavians, the West Germans where every trade union is on the management committees of every company sharing in the profits and so everybody works hard to share in the profits? Or, let us copy the Communist countries in Eastern Europe where, if a worker works hard, then he gets the ticket; hero worker, picture up plus three weeks by the Black Sea – the incentive for production, not for being clever in getting the same pay and giving very little effort.

This is the challenge: the ability to adjust outlook and methods in a new situation. You know, to deny the employer productivity and to deliberately slow down the machine … In the old days, I was urging you to do this because I had to stop the British regime from continuing with this system … I argued for treble pay and established it. Legally, argumentatively, logically, I am right. But I know, and more and more every year I know, that in many fields, it is wrong. If the employer wants you to work on a public holiday, then I say he pays you treble pay. But when you, to create work in order to earn treble, deliberately malinger to save some work for the public holiday and you say, "I must work; therefore I demand the right to work on a public holiday", and when a lot of people are unemployed, then I say I am a criminal if I allow that to go on just

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because I happened to be the person who did it. I did it – for the Singapore Trade Union Movement, and I am going to undo it because I know this is wrong.

So, you see gentlemen, I am hoping that out of all this, you will educate yourselves and I will educate myself on the methods and techniques of how we can galvanise our society.

And in the end, if we succeed, we will build an enduring future for all of us. If we don't, then all this – the promise of greatness, of what is possible given an active, alert, vigorous people – all this will just go back to ruin. And, a hundred years from now, tourists will come and say, "What an interesting place. It could have been a great civilisation!"

I am not interested in failure. We are here to succeed. And it is on that note that I urge our trade unionists to really start thinking. I am more impressed when you counter my argument than when you threaten or when you shout back at me.

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Let us meet and start thinking. Chew on the problem. Then, we emerge the better for it.

Thank you.

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