TRANSCRIPT OF SPEECH MADE BY THE PRIME MINISTER, MR. LEE KUAN YEW, AT THE DELEGATES' CONFERENCE OF THE NATIONAL TRADE UNION CONGRESS (NTUC), HELD AT THE TRADE UNION HOUSE, SHENTON WAY ON 2ND OF OCTOBER, 1966.

Mr. President, Friends and Fellow-citizens,

On the last occasion that I had the privilege of addressing a gathering such as this, we had just found ourselves in new and novel circumstances and were taking a quick assessment of our prospects of long-term survival. I meet you again after a year of progress and performance enough to give all of us sufficient encouragement to travel along the road we have begun with more confidence about the long-term future.

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Human beings always respond to a challenge. Where there is no challenge, there is very seldom more than ordinary performance. It is true that sometimes, where the challenge is too intense, too sustaining, too enervating, the response can never be equal to the challenge. But the situation in which we have found ourselves and the response that there has been from the people in the past

year shows first, a lively appreciation of the hazards which lie along the road we want to travel and also the capacity to surmount these problems.

There are some who would like to see what we stand for destroyed: a multiracial, a multilingual open society; a competitive society in which the best man comes up to the top; a society in which there are no shrouds of past tradition to tie down the initiative, the drive, the thrustfulness of a young and vigorous society.

I need not elaborate on why there are some who would like to see us destroyed. They construe our being here, our very presence, our success as a threat to the things they would like to see. And this is one of the facts with which we have to live, one of the facts of life which is not likely to change for some while.

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This means that, for us, any stalling in the momentum of our economic progress must have dire consequences for all. Ours is a highly urbanised and a complex money economy. If there is any recession, any trade fall-off, any adverse balance of payments, we must all remember that there is no going back to the land and living off the land.

I do not wish this morning to engage on a dissertation of the virtues of productivity, the techniques of incentives, jobs evaluation, work studies, production improvement, production planning and control, quality control, methods improvement, plant layout and so on. This is not because technical expertise on productivity and incentives based on productivity are not important but that there are others more qualified to discuss these problems. Even more important, it is because all these elaborate techniques of human motivation will not bring out the right performance unless basic attitudes -- the responses of a people to a given situation -- are equal to the challenge of that situation.

In the last 20 or more years since the end of the Second World War, we have seen how the human factor has been one of the most potent factors for economic growth and national recovery as against the natural geographic and mineral resources of a given society. Two nations, Germany and Japan, were both beaten down to their knees. Both lost large tracks of territory: the Germans in the East and in the South; the Japanese in their outer islands, in Manchuria, Formosa and elsewhere. Both found their smaller remaining territories -- in the case of Germany, this was only about two-thirds of what they had before they started the war -- crammed with refugees who came from the territories they lost. So too, with Japan. The territories she had at the time that she started the Second World War were over three times that with which she found herself after she

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signed the surrender. And, in both cases, they were able to recover through an ability to mobilise their human resources. First, there was the basic willingness of the worker to work and pay for what he wants; and second, high standards of technical expertise and American markets and investments. But the latter were not decisive. The decisive factor was the human resources at their disposal. And Germany and Japan have emerged with a strength to be reckoned with in Europe and in Asia.

We all know the problems that successive British Governments have gone through: recurrent balance of payments problems; the inability of British industry, British enterprise to pay in exports for what its people want to consume in imports. And it was a nation that won the last War; not lost it. But, for a diversity of reasons many of which are well-known to quite a number of you who have travelled extensively on trade union and other courses in Britain, they have as yet not been able to bring out the right responses -- the responses that make the people determined to galvanise and gird itself for what is required.

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You cannot be unaware of the new mood which has settled in Singapore. There is a quiet determination that we shall face whatever the difficulties; that we shall never be found wanting; that we will have sufficient resourcefulness to rise up to any new situation with which we can be presented. And it was

therefore, with more than common interest that I went through the document that you so kindly sent me.

Mr. President, I understand that you have not, as yet, discussed these resolutions which have been tabled in your Annual Report. But I would ask you permission, if I may, to make some general observations in passing.

Any organisation must have some primary responsibilities to the members to whom it is directly answerable. And so with any trade union congress. It must inevitably respond to the group and sectional interests of the various unions which it represents. And so it is with governments which are popularly elected. We must respond to the calls that are made upon us not only by a very important sector of our population namely, unionised and organised labour; not only to all labour whether unionised or un-unionised; but to the people at large. This includes unemployed; the young waiting to grow up to take their places in our society; others responsible and deeply interested in the economic direction of our policies.

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I see there has been a robust and healthy approach to comments and criticism from Ministers and others. I would commend this independence of

spirit, of attitudes. This is an open society which can stand up -- and must stand up -- to the validity of any proposition by the sheer test of its applicability.

I will not comment on your first resolution on productivity. That has been a subject of considerable discussion and, as you know, plans are afoot for its implementation.

But your second resolution on overtime and triple pay is one which, I am sure, arouses a certain amount of topical and contemporary interest. But, I would like, before I go into the merits and the wrongs of this vexed question, to put this matter in perspective.

It is not really important. This is a marginal point. What is important are the values and the attitudes which form the basis of the postures which people take on these matters.

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Insofar as overtime -- and a particular form of overtime making people work on public holidays, penalising employers by making them pay treble pay -- insofar as it is, in your own words, “designed to protect the health of workers by imposing enhanced rates as punitive payments from employers who overwork employee,” and that overtime work is “employer directed” -- insofar as that is so,

then of course you are right. But I see that you go on in your proviso to deal with what you concede is a possibility but which, to my mind, is more than a probability: that, in our circumstances, it is not the case of a worker being compelled to seek overtime but of workers deliberately creating overtime!

You go on in your proviso demands A, B and C that if, in fact, employers have overworked their workers in this way because they need overtime to keep themselves alive, then we should conduct an enquiry into the circumstances, compelling workers to risk their health for increased incomes.

Mr. President, you are not unaware that the World Bank recently issued a list of the Asian League in per capita income. And they listed Japan as the first with a per capita income of 1,980 dollar per annum per person; Mongolia second with $1,440 per annum per person; Singapore third, with $1,380 per annum per person; and, at the bottom of the League, Laos with $180 per annum per person.

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First, let us get this point quite clear: who owes us this $1,380 per annum? Nobody. In fact, quite a large number of people in this region are not at all enamoured of our pre-eminence in the field of economics, and will go to great lengths not so much that they will climb up in the League but that we should be brought down in the League.

Let us exorcise any illusions in our minds as to what the world owes us. The world owes us no better a living than we can make for ourselves. And let us be grateful for the fact that we have an economy that offers our people more than what the surrounding regions can offer theirs. But it is our responsibility to see that Singapore remains at the top of that League.

And, in the new circumstances in which we find ourselves, I suggest our first obligation is to re-test the validity of all these axioms we have taken for granted.

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When we have a union in Singapore asking for an award against the employer -- that the employer should give compulsory work on Sundays -- and where it seeks a judgment of the court to make cleansing in Housing Estates compulsory on Sundays with double pay, then obviously something is amiss. The whole basis on which we have been talking -- of the one-day-rest-per-week, of the employee not being exploited to a point where his health gives way -- all these are really no longer applicable.

Roll that in with a wider problem of a working population of about 600,000 people in a total population of two million of which less than one-third is unionised and two-thirds are not unionised, and you have a very dangerous situation arising in which conditions will be created in the one-third unionised sector which are completely unrealistic and irrelevant in the context of economy as a whole.

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You must respond to the pressures of the unions affiliated to you. But I must respond to the wider pressures of unionised and un-unionised labour; of labour seeking an entry into this market; and of the people who demand that this country shall never succumb, come what may.

We all know what the problems are. We have seen it in operation in quite a number of our unionised sectors.

A case in point was the Singapore Harbour Board workers where systematic overtime was being worked by a small sector of the stevedore population whose incentive was not just money for money's sake, but money in order that it could be invested abroad and at black market exchange rates! So, the terms and conditions of service were altered, work schedules re-vamped and shift work established in which no worker had to jeopardise his health in having to work excessive overtime, yet with the total take-home pay of all workers more than what they had under the old system because the employer found it worthwhile, for the long-term establishment of a sensible, rational work system, to put in more money into the kitty for take-home pay. But resistance to this was determined and vicious. For, a small sector of that work force found it worthwhile to create conditions in which they work the first night shift and the second night shift, if possible, in order to earn money to send abroad -- often at black market rates -- for investment in land and other resources for some prospective retirement.

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And, it is going to serve nobody any value to pretend that these things do not happen. In that particular case, the scheme went through because it so happened that the workers interested in working this pernicious schemes were in the minority. They majority had its say and the majority stood to gain.

And so quite a number of these problems will have to be resolved, I hope, along similar ways.

But when I see resolutions put in really by way of form, then I am resigned to having these as perennial conference points. You know, a resolution on disciplinary procedures in the public service; a resolution on indebtedness of public officers.

We have to ask ourselves where it is we want to go. And I have not the slightest doubts in my mind where it is we have to go and how we have to get there and what the people are prepared to pay to make sure that we travel in that direction; that we consolidate our capacity to govern ourselves.

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One of the problems has been discipline, discipline which means supervision, which means efficiency.

The ten to fifteen years before self-government and later, independence were years in which, in a deliberate and calculated way, we had to tear down the fabric of the old society. Division I officers in the Government Service rolled up the whole of the Government services together in one movement with Division II, III and IV to use that movement as a political counter to European domination. In the process, supervisor and supervisees rolled themselves up into one union. It is part of the price one pays when one tears down the fabric of an old society.

That phase having been disposed of, if we allow ourselves to be beguiled and befuddled by slogans and catch-words, then we deserve to have ourselves, in turn, destroyed by those who intend to climb on our body to power.

One of the sad things about decolonisation is that often, even though the European power has been ousted, the techniques that were used to oust that power continue to be operated without modification and without an understanding of what the original purpose was. The result is that there is a general loss of discipline.

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Another point which I think you could usefully find time to discuss is this: whether supervisors and supervisees should ever be allowed to join the same union; what happens when they do; and if, when they do join the same union, a

state of undesirable slackness and inefficiency develops, what we should do to eradicate this manifestation but, at the same time, allow supervisors to organise collectively for their own group interests.

I am not suggesting that we have clear-cut answers for all this. But I do suggest that these problems have been faced in other parts of the world and we can profitably turn our minds to them.

But the resolution which engaged my attention most and with it my good humour was one which calls for legislation to compel the employers to afford overseas treatment to employees whose illness and injury cannot be treated locally. It is submitted by the Race Course General Employees' Union. I think it has a delicious flavour about it.

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Horse racing, a vital industry in any part of the world, especially in a developing country! As people get more and more developed, their capacity to admire, and acquire an interest in, horses grows with a great degree of intensity. So much so that the British Chancellor of the Exchequer is compelled to say that gambling is one of the biggest industries in the Britain of today which is a highly developed society!

But I would say that this is one of the engaging features about Singapore: the desire to throw one's sights higher -- not lower -- and to aim higher .... If you ride a horse and break your spine and the local doctors are not good enough, why not go aborad? As a centre of great concourse, many people come and stimulate thinking and ideas in this place. And it is all to the good.

And so long as the economy can carry this, I am in favour of amending legislation so that the sum of 400 dollars in demand (a) of that resolution should go up to one thousand dollars. But this is provided the GNP, Gross National Product, has correspondingly gone up.

I was not present, Mr. President when you made your speech. But I am grateful to you for sending me a copy. I read it with great interest, particularly because of the emphasis it places on the wider whole: "If Singapore fails in its economic development programme then labour must inevitably be the first casualty." Quite right. And, if it succeeds, then labour must be its first beneficiary. And that is your duty and mine.

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You have cited, with great effectiveness, the figures of our industrial growth over the last few years. Gross domestic product increase by 43.8 percent

between the years 1959 to 1960. Per capita income went up by 25 percent in the period of four years.

If you take 25 percent and divide it by four, you get 7½%, more or less. 7½ percent increase per annum is a rate that is exceeded only by Japan in Asia.

But my problem, reading some parts of your speech, is: have you made allowance for the fact, Mr. President, that perhaps 90 percent of the members of your affiliated unions do not read magazines or newspapers which use phrases like "gross domestic product" or "per capita per annum income"? And, how are we to translate this in simple terms so that all our workers understand us?

I was faced with this problem very recently when I read the draft of the Finance Minister's statement on what he intended to do about currency. And I spent with him the greater part of one afternoon reducing it into language which, we hope, the average hawker and taxi driver could understand.

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I would like to end my brief address to you this morning on this note: what does this mean for us?

A massive decision was taken that we could not, in good conscience, leave our reserves in a position where, if there should be a breach of faith on the part of the other party, we could lose the whole of our reserves to our currency -- which very nearly happened in the case of India and Pakistan.

That decision having been taken and the answer to all the alternatives which we proposed being known, what should we do? Should we also run a central bank -- which we can do -- or should we run a currency which is freely convertible? In other words, anybody can take his money, go to the bank, buy any other currency with it, without restrictions. And we decided, because of the open nature of our economy, that that was in our interest.

But I would like this morning, if I may, to round up by saying what I meant by challenge and response.

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Here is a chellenge -- not one which we sought but one with which we suddenly found ourselves thrust, face-to-face.

If you run such a currency, you have no flexibility. The moment your earnings fall -- exports, the services you render, the payments people make to you either for goods or services -- once these fall, you have immediately to

contract or cut down your expenditure because you have not the money. The money you earn in Foreign Exchange you use to buy the things you want. And when you earn less, you automatically buy less; when you buy less, it affects your economy, and employment must drop.

One of the things which I feel was an advantage for the British Government was that the whole of the trade union movement there -- and indeed, a good number of the workers inside that movement -- understood the A, B, C of balance of payments, rates of interest and employment.

It is very simple. Three successive conservative governments played this on them. Come election year, the year before election, you lower the bank rates .... You can do this only, of course, if you have Foreign Exchange controls. And you can put more money into the domestic economy and try and prevent that money from chasing goods outside from coming in, often not successfully, but nevertheless, they do it for election year ... Come election year, you lower bank rates. So, people borrow from the bank; they build houses, they buy motor-cars, refrigerators, radios, TVs, suits. That generates demand for these goods, so all the motor-car firms expand and employ more workers. All the refrigerator firms, radio firms, television firms do likewise. That money is spreading around in the economy, and people being to import from outside because they like foreign

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cars, foreign washing machines, foreign shirts, foreign goods. You try and curb that by Foreign Exchange controls.

But often, the controls are not enough. So immediately the elections are over, you increase the interest rates. So people cannot borrow money; they cannot afford to pay for cars, washing machines and other things. Demand goes down and unemployment results. So, you create employment in the pre-election months; you deflate, post-election months. And if you repeat this three, four times, then all workers, trade unionists understand what is meant by balance of payments, rates of interest, inflation, deflation, employment figures!

When we decide on a Currency Board and no central banking and free convertibility, we have decided to run a rigorous regime. In other words, whether it is election year or any other year, the moment our productivity goes down, what we get for goods and services sold goes down, consumption must go down; employment must come up. It is as simple as that. It is automatic adjustment.

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I will tell you why we made a very grave political decision which makes my life as much as your life a very difficult one because this is a rigorous system.

We made that decision because we believe that the long-term interests of our open market economy must be preserved; that people must know, when they are quoting from Singapore markets, exactly what are the prices that they have to pay, whether they are buying 'forward' or buying 'immediate spot'. That is something that we cannot afford to lose.

And second, we made that decision because we believe that there is a resolve in the people as a whole which must reflect itself in the trade union movement .... And I think it already is reflected amongst the top leadership. For, from time to time, Mr. President, your colleagues and you have made some courageous statements albeit subsequently, there had to be elaboration in order that the ground shall not believe that you have lost your fervour in pursuing the interests of unionised workers.

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But I believe a mood is settling in which makes it possible for a government which correctly reflects what the people are thinking and feeling to take some very stern measures to achieve what the people want to achieve; namely, a consolidation of their group identity; a resolve never to succumb to economic or other pressures and a willingness to tighten belts rather than to succumb.

And when we succeed -- not "if" but when we succeed as it is our intention that we shall -- then we shall give a new meaning to the open democratic society where there are socialist values of equality of opportunity, of equality of the amenities available to educate oneself to seek the kind of life that gives fulfilment in accordance with one's abilities and talent. Then, we shall create that kind of social security which all trade unionists must try to establish for their members.

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You know that we sympathise with these views. And hence, the pay-roll tax -- which was introduced for a particular purpose -- we have converted for social security insurance. And eventually, we must be able to give the minimum of security in social, health, educational and housing services which reflects the position we occupy in the Asian League. If we keep on top of that League, then

all these services which we offer will reflect our position as a thrustful, striving community.

And may I wish you, in your deliberations, a heart-searching which must go on with every trade unionist -- as it went on with a lot of trade unionists in Britain recently -- on the matter of supporting and pursuing only what is in the immediate interest. All trade union movements have their Frank Cousins, people who are interested only in their group interest; people who say, "I am not interested in what happens to the economy of the country; I am a trade unionist representing a particular section of transport workers and my job is to squeeze the last amount of advantage I can for the transport workers. And my success or failure is judged on that basis." But, if the whole of the British trade union movement consisted only of people who spoke and thought solely in that language, then it would not have been able to respond to the challenge which their country is faced with.

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I am not saying that our country is faced with a similar challenge. Ours is a completely different one. Our hazards lie more in the intermediate future. The immediate future is reasonable in hand.

For a diversity of factors best not enumerated, we have five definitely, and probably ten, years of sustained growth -- if there are no unexpected hazards that can assume unhappy proportions to upset us in the first five.

The problem for us is this: can we conceive of the situation that will arise say, at the end of a decade? Can we conceive now, project our thoughts now and say, what will we do in that situation? And you will have to search your hearts and grapple with your conscience between what you know to be your paramount responsibility to your society without which the whole of the trade union movement which you have built up will come to nought. If your society -- our society -- goes down, then the ruins of the NTUC will be only one of the very relics that will be left behind for historians in some other century to uncover.

It is quite remarkable achievement to create a trade union movement which thinks, argues, reasons and organises in a rational, coherent fashion in a situation which was once completely dominated by Communist terror, effectiveness of organisation and characterized more by postures and slogans than by effective collective action for working-class interests. But I should hate to believe that that working-class movement which has now got launched in the right direction, has not enough foresight to see beyond the immediate future.

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It you, like me, can look beyond the first decade, can try and peer into the mist of the second, then you must have very grave reservations as to what we can do when that awful moment comes unless we prepare our people for the kind of challenge with which they will be faced at the end of the first decade.

Thank you, Mr. President.

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