Mr. Chairman, Ladies & Gentlemen,

There are many reasons why regional economic co-operation has been limited and slow. May I enumerate them:

First, the background and the thinking of the first generation independence leaders: the Nehrus, Jinnahs, Aung Sans, Sukarnos. Most were educated in the metropolitan centres of Europe between the two World Wars and some even before the First World War. They absorbed the political thinking and philosophy of the 1920s and the 1930s. Every European metropolitan power wanted to be a self-sufficient unit unto itself. So political and economic autarchy was a goal desirable in itself – whether it was Britain, France or Holland, each wanted and had its empire. Even Mussolini set out to carve out one, though a little late in the day.
Next, modern industrial technology and what it means in massive research and massive markets to justify the massive research, had not become so obvious. The Americans saw it much earlier. They pushed the European countries towards economic integration. Even Britain was not unanimous in 1962, when Harold Macmillan first made a bid to join the Economic Community. The Labour Party was officially against it. Only now is it more or less, not completely, agreed that membership of the EEC will be good for Britain.

The reasons are obvious: if you want to produce a supersonic, you go in with the French. You collaborate in space research. It costs too much, and your people want the good life. So you pull out of E.L.D.O. - European Launcher Development Organisation. The facts of modern technology and mass production for mass markets are just beginning to dawn on the second generation independence leaders.

India was the first colony to obtain its freedom after the war. It was a truncated India, without West and East Pakistan, but nevertheless, a sub-continent and therefore with the potential to go it alone. Many assumed that this huge land mass with a large population would enable them to be a second USSR. There are many reasons why this has not happened. The belief in national self-sufficiency influenced the thinking and the attitudes of a whole generation of
freedom fighters. Now, 23 years after World War II, the second generation leaders, though intellectually convinced of the need for a large base for economies of scale, are emotionally still caught by the thinking of the 1920s and the 1930s, particularly where their populations have been so indoctrinated by first generation leaders like Sukarno.

The thinking and the philosophy which former President Sukarno proselytised for over 20 years are not so easily exercised from Indonesian minds and hearts.

From our own limited experience we have come to the conclusion that it is best to make haste slowly. Logic and reason told us that the way for Singapore to blossom and flourish, as well as for the peoples who comprised one political and administrative unit under the British in Southeast Asia, was to hold it together as one unit. We went into Malaysia, with the promise of a common market. We never got it. Instead we were turned out. The lesson very simply is this: that there are many emotional factors unrelated to the economic realities which are too dominant. As a result of our experience, we are persuaded that our contribution to regional economic co-operation is to make haste slowly.

First of all, this is Southeast Asia. It is tropical and equatorial, and before air-conditioner, it was only a half-working day. This has had its effect
upon the habits of successive generations. One of the habits is not to put something by. People do not save for the winter, because there is no winter. So capital accumulation is slow.

When the Portuguese, Spanish, Dutch, British, French and Americans moved into this region they later brought in people who knew how to save for the winter. So the Indians went with the British into Burma. The Indians came with the British into Singapore and Malaya. The Dutch made use of the Chinese as tax collectors. And Chinese were encouraged to come to Singapore and Malaya. The Spaniards after two successive massacres of the Chinese still brought them back to the Philippines.

Is it a coincidence that throughout East Africa, small shopkeepers and merchants are nearly all Indians. And throughout West Africa they are Lebanese. They ran the little banking and retail businesses. They knew who was a good risk and was sure to bring in the harvest. They knew who was not a good risk because the chances were his harvests would never come to fruition, or he would not bring them in to discharge the immediate credits he sought.

We have in Singapore a fair sample of the various types in Northeast, South and Southeast Asia, and of the wider world beyond. To the untutored eye we were just so many Chinese, Indians and Malays. But not to a
Singaporean. The Chinese could be classified distinctly in the past, though less so now – Hokkiens who were the majority of the labourers and the small shopkeepers; the rice merchants are Teochews because they have organised the rice wholesale trade in Bangkok, and Teochews also do the textile wholesale and retail trade. The Cantonese are goldsmiths; and the Hakkas the jewellers, pawnshops and Chinese medicine shops. The Hainanese originally ran coffee shops but now are in charge of the whole of the catering business. So with the Indians. The Tamil are small shopkeepers and labourers. The Malayalees with high level of education and inadequate opportunities voted in the Communist state government in Kerala. They are clerks and artisans in Singapore. The Punjabis, the Sikhs are a remarkable people. There are only about 10,000 in Singapore. But if you watch a passing out parade of our officer cadets, you might think that Singapore comprised about 15 to 20% of Sikhs, because the people with turbans are distinctive. Anthropologists say it is a myth that created warrior and non-warrior castes in India. But whatever it is, they seem to jump, run and charge better. They were brought in as burly watchmen. They turned to money-lending and at keen rates of interest. They educated their children to be high court judges, surgeons, and to fill the other professions.

We have Singapore Malays. To those not from this part of the world, they are all Malays. But Singaporeans know that there is a big difference
between a Rhio or a Johore Malay, or a Sumatran, and between a Minangkabau and an Achinese or a Batak, all from Sumatra, a Boyanese or a Javanese. We know that the Boyanese are the most thrifty of the Malay groups.

However there has been a great deal of inter-marriage within the ethnic groups. Hokkiens marry Hakkas, Teochews, Cantonese, Hainanese; the Tamils marry Malayalees or Bengalis, or Punjabis. There is much less of those who marry across ethnic groups. But all groups have in common that desire to make good. They are migrants who have left their past behind them. They are determined to make good, and have a passion for education and learning. There is a zealous striving which did not exist in the original societies from whence they sprung.

One of the problems which has worried me is the uneven rate of development within the community, because the Chinese, Indians, Ceylonese and Eurasians progress at a faster rate than our Malays. If we do not correct this imbalance then in another 10 to 20 years, we will have a Harlem, something not to be proud of.

So from politics I have had to go to anthropology and sociology to seek the reasons for this. I am not sure whether this is the final explanation. This is my tentative reading on the subject:- that the cultural-ethnic factors have
a decisive influence on performance. Let me quote a paragraph from a treatise by a Mr. Bryan Parkinson, a Fellow attached to the Centre for Southeast Asian Studies in the University of Hull, in the January, 1967 issue of Modern Asian Studies, p.30, published by the Cambridge University Press.

“The degree and pace of economic development experienced by any society are the consequences of two influences: the influence of man’s environment on man and of man on his environment. Even though man’s ultimate economic potential may be determined by his environment, the present stage of his economic development depends not insignificantly upon his ability and willingness to transform his environment and perhaps more important, upon the strides made in that direction by his forebears. In some instances, an unfavourable economic environment can be converted into one which produces continuing economic development; in other circumstances, a rather more favourable environment may sustain very little economic development.”

On page 33:

“Drawing upon some of the observations made, the evidence suggests, first, that there is a tendency among the rural Malays to
resist change, and secondly, that there are some understandable reasons for it.”

“… For instance, there is still considerable opposition to the government’s appeal for the planting of more than one rice crop per year, even though rice-fields lie fallow for about six months per year under the present system. A reason sometimes given by the farmers for their reluctance to plant a three-month variety of rice in and off season is that its yield is very much lower than the yield of the six-month variety, but that the work entailed in growing the six-month variety remains roughly similar to the work entailed in growing the three-month variety. …”

Further on the same page:
“However, it is the women who seem to be most opposed to changing the location of the seed-bed, and the ones that I spoke to said that, in any event, the old way was more agreeable since planting seedlings on an up-country dry land had become a social occasion which was enjoyed by the entire village.”

In a footnote he explained, “Buat kerja chara dulu.” That means, work in the old way. The footnote adds that planting rice in seed-beds in up-country land is an occasion for a picnic.

In case this was a bias of one particular sociologist, I turned to several others. Let me quote Judith Djamour, a sociologist and wife of a Professor of Anthropology, University of London, who did research on the Malays in Singapore in the late 1940s and in the early 1950s. In MALAY KINSHIP AND MARRIAGE IN SINGAPORE, London School of Economics, Monographs on Social Anthropology, page 10:

“Singapore Malays and Chinese certainly appear to have different cultural values. Singapore Chinese on the whole considered the acquisition of wealth to be one of the most important aims in life, and almost an end in itself;
they were indefatigable workers and keen businessmen. Singapore Malays, on the other hand, attached great importance to easy and graceful living.”

And by way of example on page 11, she recited this anecdote:

“I had a neighbour whose husband was a lorry driver earning $120/- a month. One day she told me cheerfully that she was very happy because her husband had found another job, driving a small van for $80/- a month. It was a better job because it meant shorter hours than driving the lorry and was less tiring. It also meant that her husband came home earlier in the evenings and would have more leisure; this was much better than working until 9 or 10 p.m. on most evenings and earning $120/- per month. What was the use of earning a larger salary if one could not rest and have some leisure? She asked. Moreover, driving the van dirtied his clothes less than driving the lorry and she would not have as much washing to do.”

In case we tend to think this unreasonable or irrational, Bryan Parkinson goes on to explain on page 43 of the first article I cited:

“Neither one is necessarily superior to the other, it is simply that the maximizing postulates of the Chinese are more likely to lead to
economic development in the Western sense than are the maximizing postulates of the Malays.”

And in case “maximizing postulates” is too complicated a phrase, may I just go back to a short sentence on page 42:

“This desire to succeed is no more absent from rural Malay society than it is from any other, but to the Malay success means something different from what it does, for example, to the Malaysian Chinese. The Chinese seem to regard success as being the improvement of their economic position even if this requires some fundamental change or innovation. The Malays seem to regard success as doing what their forebears have approved and practised, but doing it as well as they can. Wealth and economic advancement are desired by the Malays, but not at the expense of renouncing utterly the traditions and the traditional occupations of their forefathers’ to which they have grown accustomed …”

And he ends up by saying this:
“That is not to say that all Chinese succeed. But succeed or fail, the main point is that they are not content to accept, or to follow unquestioningly, a financially unrewarding occupation if it is in their power to change that occupation. It is the fact that so many of them are trying to improve their economic lot, trying to master their economic environment, and are willing to take risks and to innovate, that enables many of them to succeed. And it is upon this type of creative individual that economic growth under capitalism, rightly or wrongly, depends.

“… There is nothing irrational about Malay values, and to criticise them in terms of other values is reprehensible. But if the values of the Malays remain basically unaltered, and there is no reason in Malay terms to explain why they should alter, then it is likely that economic advance for them will remain relatively slow.”

This poses an extremely delicate problem. We tried over the last nine years systematically to provide free education from primary school right up to university, for any Singapore citizen who is a Malay. This is something we don’t give to the majority ethnic group – the Chinese. They pay fees from secondary school onwards. We don’t find it necessary to do it for the other ethnic
minorities, because broadly speaking, they are making similar progress as the Chinese. All are achievement-oriented, striving, acquisitive communities.

The reluctant conclusion that we have come to after a decade of the free education policy is that learning does not begin in school. It starts in the home with the parents and the other members of the family. Certainly the adoption of values comes more from the home, the mother, than from the teacher. This means change will be a slow process. It can be accelerated in some cases by our judicious intermingling of the communities so that, thrown into a more multi-racial milieu we have in our new housing estates, Malay children are becoming more competitive and more striving.

In the next three days or four days in between your conferencing, try and spot out for yourself similarities and contrasts between your own society and this. We have something akin to the American society and Australian society. The cross-fertilisation of cultures, values and habits between ethnic and sub-ethnic groups has produced the ferment which has resulted in more striving, more activated persons or personalities, than they would have been if they remained in their original societies.
I am not sure how much of it is ethnic, how much of it is cultural. I sometimes think of the difference between the Australian and a New Zealander. They both come from one ethnic and cultural stock. For a diversity of reasons – different history, different exposure to outside influences and migration by non Anglo-Saxon groups into Australia more so than to New Zealand – they are more or less two different peoples, two different communities.

What does this kind of Singapore portend for Southeast Asia? Naturally, we would like to play our part, whether like a sparking plug or little dynamo, to help light up the surrounding area. Self-interest tells us that if our neighbours progress, the higher the purchasing power, the greater their economic growth, the better the spin-off for us. But at the same time I make one reservation, that the converse is not necessarily true. We don’t have to go down. This is a fundamental point that must be recognised, and we have not the slightest intention of going down.

You are hard-headed entrepreneurs and executives who have skill, enterprise, and capital. You are not going to screw machinery into the ground just for purposes of charity. If you get this message across that all in this region can modernise their societies, that they can open up their windows and get fresh air to blow through bringing in that verve, vitality and vigour which new ideas
and methods bring, then the future will be that much the more comfortable for them.

Singapore stands as a living example of the brains drain. Brains have flowed in ever since Stamford Raffles founded it in 1819. There are times when my own Singapore-born compatriots do not understand this and have to be overruled. They often ask why their son could not get the job. They are told that there is a better man than their son, and because he is the better man, he will generate that much more economic activity that will provide all the other sons and grandsons with lives that much more meaningful.

May I, in concluding, mention by way of example that of my colleagues, eleven in the Cabinet, only five were born in Singapore. That’s what makes us what we are.