

TRANSCRIPT OF SPEECH BY THE PRIME MINISTER,
MR. LEE KUAN YEW, AT THE FOREIGN CORRESPONDENTS
CLUB, SUTHERLAND HOUSE, HONG KONG,
ON 12TH OCTOBER, 1968

Ladies and Gentlemen,

Singapore is indebted to the example of Hong Kong. Three years ago, we were suddenly faced with a future on our own. Correspondents have explained how, through good fortune, hard work or enterprise, these years were about Singapore's best in terms of economic performance. But no one has mentioned an important factor, namely, Singapore's knowledge of the example of Hong Kong.

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It is like the 4-minute mile. Until someone broke the barrier and made the mile in 4 minutes, it was doubted whether anybody could make it. Once broken, others could come and better the performance. Hong Kong has a population density of over 9,000 persons per square mile, no natural resources, negligible agriculture, smallish population. It had made the grade. This knowledge gave Singapore, with a population density of over 8,000 per square

mile, that added confidence. If, however, Hong Kong had been overwhelmed by her teeming refugees, then doubts and hesitations may well have set in, and the result might have been different.

I have watched with admiration the ceaseless bustle of Hong Kong, its resilience, bouncing back after each shock, each riot, each wave of refugees, each setback. I read with interest that Hong Kong's external trade in 1967 went up 9% over 1966, in spite of prolonged political disturbances in the middle of 1967. These disturbances were not dissimilar to the troubles that took place in Singapore in the 1950's and the early 60's. But despite all the difficulties which a few men contrived to put in the way of progress for the community, the Singapore economy surged forward. Now these troubles are part of the forgotten past. I venture to suggest this phenomenon can only occur where there is that capacity for stoical application to the job in hand to the disregard of the

turbulence around.

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The immediate future appears bright for both. The longer term future, no one can foretell. Who could have said, in the autumn of 1949, that Hong Kong could have taken in over a million refugees, expanded its economy, rehoused and resettled its people, and prospered for 20 years.

True, Singapore, placed in different circumstances by geography, is naturally calculating in different terms. Because the hazards are more manageable, people tend to plan for the longer term. Singapore is all freehold, not leasehold, all of it to be held in perpetuity. And given an elected government which has to reflect the mood and aspirations of the electorate, the tendency is to think and build in terms of the next generation.

Singapore started to develop later than Hong Kong in the industrial sector. The deployment of the labour force between the trading and manufacturing sectors reflect this.

57% of Singapore's labour force is in servicing and commerce, as against 41% of Hong Kong's. This is in part reflected by the higher per capita external trade figure for Singapore: S\$4,000 per annum as against Hong Kong's S\$2,500 per annum in 1967.

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But in manufacturing, Hong Kong has 39% of its labour force as against Singapore's 18%. It is an indicator of the ground Singapore has open before it.

And Hong Kong industrialists are playing a valuable role accelerating this growth of industries. Hong Kong investments amount to 5.2% of the total foreign investments in Singapore. There are in Singapore now a total of 50 firms with Hong Kong participation. They are joint ventures with Hong Kong manufacturing expertise and management, producing goods ranging from hairwigs to precision instruments. More are in the pipeline. They have a Hong Kong paid-up capital of S\$15.2 million. The total fixed investment is S\$43 million. They employ 7,250 workers. Naturally, 27 firms, or more than half, have been established in recent months.

But the flow of capital and expertise is not one-way. Singapore capital and management in Hong Kong banking, entertainment, hotels, construction and even manufacture, like shirt making, has been a long established capital export from Singapore, bringing back valuable annual returns in Foreign Exchange.

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There is a similar trend in the recent development of the two economies. Between 1963 and 1967, the rate of average annual increase in bank deposits in Hong Kong was 12.5%, from HK\$5,400 million to HK\$8,200 million. For the same period, the rate in Singapore was 17%, from S\$1,100 million to S\$1,800 million. Bank assets in Hong Kong increased: an average of 11.3% per

annum, from HK\$5,800 million to HK\$8,600 million. In Singapore, the rate was 12% per annum, from S\$1,900 million to S\$2,800 million.

The per capita income for Singapore in 1967 was S\$1,800, roughly twice that of Hong Kong's. But this does not mean, as it used to mean, that the wage rates in Singapore are twice that of Hong Kong's. Over the years, we have watched with admiration how wages in Hong Kong have gone up, until in the skilled grades there is little difference between the Singapore and Hong Kong wage levels.

In short, the performance of Hong Kong shows what is humanly possible, given industry, thrift and enterprise. The response of a people must equal the challenge.

There is much good in Hong Kong's industrial progress for Singapore. Both were first founded in trade, then branched off into servicing and manufacturing. Singapore lost its trade with China in 1841 when Hong Kong was established. Singapore survived. Hong Kong may yet return some benefits to Singapore one of these days. Because in the longer run, there may well be a complementarity in the history and development of these two centres.
