

SUMMARY OF SPEECH BY THE PRIME MINISTER
AT THE SECOND INTERNATIONAL ALUMNI NIGHT
HEAD AT THE SHANGRI-LA HOTEL
ON 11TH SEPTEMBER, 1971

You ask for government support so that undiscovered or unrecognised talent can find fulfilment. You are unlikely to find another government in Asia more prepared to try out young talent than this Singapore Government. We have made Permanent Secretaries of young officers in their early 30's. Under other governments, they could not have expected to reach the top for at least another decade.

In the private sector, any enlightened management in modern-run enterprises and industries would do likewise. It is in their interests to provide opportunities for those who have enough experience and who have demonstrated their ability to rise to higher and more responsible positions. Singapore needs men of high calibre to make it tick.

Apart from the British and perhaps the Japanese, no management wants to carry more expatriate professional staff than necessary. It adds to the cost.

One reliable yardstick of development and the wealth a society can generate, is the percentage of the population that has more than 12 years of education. Sir Solly Zuckerman, former chief scientific adviser to the British Government, in the SUNDAY TIMES, in February 1966, contrasted the wealth per capita between the developed and less developed countries. In the U.S.A. those who have more than 12 years of education was around 300 in every thousand i.e. 30%. He went down the scale and cited Nigeria, the largest African State which had one in a thousand i.e. 0.01%.

In Singapore the percentage, including both citizens and non-citizens with more than 12 years of education, is just above 1.3 per cent, according to the 1970 census. The total is 26,850 in a population of about 2 million. 17,600 had university qualifications; 9,250 had diplomas from post-secondary institutions.

Next the statistics of the number of students who were first admitted to Primary One, and those who, after 12 years, made the university or other post-secondary institutions. The breakdown figures for 1953-1965 and for 1958-1970 are as follows:

1953: Out of Primary One entrants of 58,800, 5,300 made tertiary institution i.e. 9.6 per cent.

1958: Out of 59,700 Primary One entrants, 8,700 made tertiary institutions i.e. 14.5 per cent, an increase of 64 per cent in five years from 1965 to 1970.

It is a significant indicator of our "meritocracy" and the determination of parents and children to climb up the cliff to higher levels of achievements. If we keep on increasing the numbers and the quality of those who make the tertiary grade, we will soon reach the percentage of the developed countries.

When Herman Kahn was coming to Singapore earlier this month, I asked Howe Yoon Chong and Sim Kee Boon, who had attended the Kyoto Conference, to send me the working papers. It was fascinating to dip into the verbatim transcripts. Herman Kahn was at his futuristic best, projecting Japanese growth at 12-15% per annum.

National Archives of Singapore

Mr. Fukuda, then the Finance Minister, was a very shrewd man. He had not exactly anticipated the growing weight of America sentiment which led President Nixon to announce his visit to negotiate with China in July, and to announce the 10 per cent surcharge on imports, and the non-convertibility to gold of the dollar, in August. But Fukuda foresaw some danger. He did his best to debunk this fabulous growth thesis.

Now that the blows having fallen, Japan is going through tough bargaining. Now in Washington Fukuda as Foreign Minister is trying to wrest a decent arrangement out of a series of multi-lateral negotiations. The stoical calm with which the Bank of Japan absorbed billions of U.S. dollars in the first 13 days compels admiration. If it comes to the worst, the Japanese can climb over the American 10% surcharge, better than the Western Europeans can. In fact, the Japanese Government has already reduced their corporation tax to make it possible for the corporations to do this and the government will find revenue in some other way.

In the end, the imposition of quotas is what the Japanese must fear. On the other hand these could be the beginning of a fierce tariff war. Tariff blocs would emerge. The U.S.A., whose external trade is only 8 per cent of its GNP, could form a bloc with Canada, Latin America and the Caribbean countries. The EEC enlarged by 4 -- Britain, Ireland, Denmark, Norway -- making 10, could be another bloc. Then, Japan could be left out on a limb, with South Korea, Australia, New Zealand, and Southeast Asia.

There are dangers in this kind of a situation for us. Like the Japanese, every bit of material resource -- even every bit of our food, has to be imported.

We have got to be extremely trim. No fat on us, and no passengers. Nobody carries anybody on his back for free.

When I visited the Rollei Works in Brunswick, Germany, last October, Dr. Heinrich Peesel, Chairman of Rollei Werke, explained why he decided to invest in Singapore. In every camera, labour cost is 60 per cent. German labour cost is twice that of the Japanese. Singapore labour cost is one-third of that of Japanese. The difference in ratio is 6: 3: 1 German, Japan, Singapore. Rollei cannot compete with the Japanese in Europe, or in America at 6 to 3. But at 1 to 3, they will beat the Japanese, provided Singapore labour is as productive, after the requisite training. He took 50 Singaporeans to Brunswick. After 4 months of intensive training, he decided that they would make the grade. It is hard-headed calculation of the risks and rewards.

Our representative in Germany, who is a German trained engineer, told me that at the beginning of their careers our engineers are paid, in money terms, only 70 per cent of the German engineers. The disparity widens somewhat with seniority. Nevertheless in real terms our engineers enjoy nearly as good living as their European counterparts.

In the public sector, our engineers and those in the administrative service, with an Honours degree, start at \$900, on to \$1,850 on the Timescale, reach \$3,000 with non taxable perks at Superscale A. An ordinary pass degree in the executive service starts at \$465, on to \$890 on the Timescale. A teacher with a pass degree, and a diploma in education, starts at \$550, on to \$1,350 on the Timescale. But a teacher with a Honours degree, and a diploma in education, starts from \$700 to \$1,500 on the Timescale. In the private sector, estimates by Inland Revenue are, most Honours degree start between \$600 and \$800, though some firms start at \$1,200.

As for graduates in the public sector, 76 per cent are earning more than \$1,000, and 43 per cent more than \$1,500.

The nub of my message is that there are crucial non-economic factors that make for growth. These factors, unless monitored and prevented from getting out of control, will undermine social stability, which, in turn, will cause a loss in confidence, leading to a drop in investments, setting a chain reaction in motion. This is something which many of you may not be aware of.

Those who are serving us at table here tonight, I am certain are acutely conscious of this. I had a discussion with Mr. Devan Nair, Secretary General,

N.T.U.C., recently on problems of social tensions as a result of unequal earnings. Singapore has been built on free enterprise, with high skills and disciplined brain power rewarded accordingly. Since 1819, our tradition has been open competition. We thrive on the ability of flourish freely. We should never keep out well qualified Malaysians or others who want eventually to become Singaporeans whether they are doctors, engineers, accountants and so on. If we close our doors, they will migrate farther away, probably to Canada, or Britain, Australia, and a top few to America. They may never return. This would constitute a loss for us and Asia.

But the developed countries do not admit even skilled workers from Asia. The EEC countries allow a controlled flow of workers from their associate member countries in Southern Europe where social habits and values are not so dissimilar. Perhaps, they are wise. They are free from the tensions and conflicts now prevail in parts of Britian. Britian imported two million workers from the West Indies, West Africa, India and Pakistan.

We are facing a temporary shortage of skilled, semi-skilled, and even heavy manual workers. This will gradually ease up as the bases run-down comes to a halt by the end of October, and as the call-up and recycling of National Servicemen to productive jobs, levels off by 1973-1975.

Because of this temporary shortage, we have allowed an inflow of workers. It is good for economic growth. But we may have to pay a price later on. For all this creates tensions and strains. The immigrants, both men and women, may marry Singapore citizens. When they have a family, pressures for permanent stay will build up.

Besides this, there are other mounting tensions. Mr. Devan Nair's view is that we can stand this strain for two to two-and-a-half years. He feels pressures from the ground. He related to me, by way of illustration, that when he recently came out from Shangri-La and took a taxi, the taxi driver said to him: "You also?" (Awak juga pergi ini-hotel-ka?) There is resentment. Although they are better off as a result of all the development, others, the professionals and the wealthy are even better off.

National Archives of Singapore

And swank living makes it very hard for the less well trained and well-off to take it. I can understand the economics of it. So can you. But for the girls who serve us food and the men who serve you wines, see an American spend on one dinner for four, what she or he earns in one month, it is a shock to her or his psyche, and blow to their sense of proportions. But they come to accept it after a while, because after all they are Americans with different standards of income

and different styles of living. But when they see their own fellow citizens with swank clothes, together with their wives or girl-friends, six to eight of them, spending in one night what she or he earns in a month they are staggered.

Worse, youngsters, in mod attires and hair-styles, spending their parents' money lavishly, making for social tensions.

We can do something about it. In developed countries, aspiring politicians go "with it" in dress styles. They are appealing to well heeled youthful 18 plus votes .

But that is not for me. If it is not for you also, life will be easier for all of us. When I appeared over T.V., at the National Theatre I put on a tie out of courtesy to the audience in front of me. But when we lined up on National Day, we are in shirts without ties. We know that the majority of our people, about 70 per cent, have only shirts and trousers. Perhaps half of this 70 per cent of them would have a coat and a tie for special occasions.

If you, the better off, do not alienate yourselves from the ground, they and you will be better off. It is not enough for the government alone not to alienate itself. That we shall do anyway as part of our duties.

If you want to see continued rapid growth, these social tensions must not become uncontainable. Do something to identify yourselves with the well-being of the majority. Our graduates, the 20,000 citizens, and 2,620 resident non-citizen who are likely to become citizens, should not cut themselves off by their dress and life-styles. They should make a contribution of the hopes and aspirations of the workers who make your privileged situation possible. In other words, whether it is welfare associations, or in the charitable work, or in fund-raising bazaars, do and be seen to be doing something for the less fortunate. Then there will be communion between you and your fellow citizens.

One of the most frightening projections in our population pyramid, is that it is becoming more like an Eiffel Tower, with a very broad base. You can understand this, if you see the one-room flats in Toa Payoh. You can see families of 8 to 10 children crowded in one room, father a hawker, and mother helps father whilst the children look after each other. Something can be done by doctors and others to educate and convince them that their happiness is in inverse proportion to their family size.

We know the limits beyond which you snap human patience and tolerance. But limits can be much higher, if there is active identification through active participation in the ordinary peoples welfare and the well-being of their children.

We are organising special clinics in various districts for National Servicemen in the reserves and for their immediate families. They are expected to give of their lives for your security. How about giving of your professional competence for free one day a week for the health of their families and themselves? Why not other professionals contribute to the cost of the pharmaceuticals?

Take part in organising community services especially for the young. Give a little help in cash, and kind and time, for their recreation and adventure programmes, in youth clubs and community centres. Whether you are a doctor, lawyer, accountant or engineer the slowing down in the rate of investments means that your turn-over goes down. If we can step on the accelerator for another, not two-and-a-half years, but five or more years, before we ease up, then we can have more wealth to spread as we reach cut-off point for non-citizen workers.

The non-economic factors, the human factors -- the Japanese society -- that has made the Japanese economy what it now is. That will not change. The cohesiveness, the industry, the application, the willingness to take over what somebody has discovered and developed and improve upon it -- is part of the

Japanese make-up. The Japanese will find some way around these difficulties. It is a closely-knit society in which differences in incomes and status are made tolerable by an embracing and equalising patriotism and national pride.

If we show similar cohesiveness, flexibility and sensitivity which is demanded of a country that is reaching out for higher prizes, we too will make it.

National Archives of Singapore

POPULATION BY HIGHEST QUALIFICATION ATTAINED AND CITIZENSHIP

(Census of Population, 1970)

| Citizenship | Total | | Tertiary (University Qualifications) | | Post Secondary (T.T.C., Polytechnic, Ngee Ann College etc) | |
|-------------------|--------|-------|---|-------|--|-------|
| | Number | % | Number | % | Number | % |
| Total | 26,850 | 100.0 | 17,600 | 100.0 | 9,250 | 100.0 |
| Citizens | 20,010 | 74.5 | 11,980 | 68.1 | 8,030 | 86.8 |
| Non-Citizens: | 6,840 | 25.5 | 5,620 | 31.9 | 1,220 | 13.2 |
| I) Residents | 2,620 | 9.8 | 2,080 | 11.8 | 540 | 5.8 |
| ii) Non-Residents | 4,220 | 15.7 | 3,540 | 20.1 | 680 | 7.4 |

Note: Data were obtained from a 10% sample enumeration from the Census of Population, 1970, Singapore.

Primary Admissions making
Institution of Tertiary Education

(In Thousands)

| | <u>1953</u> | <u>1954</u> | <u>1955</u> | <u>1956</u> | <u>1957</u> | <u>1958</u> |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Admissions to | | | | | | |
| Primary I | 58.8 | 56.6 | 54.4 | 58.5 | 57.5 | 59.7 |
| No. In all * | | | | | | |
| institutions | | | | | | |
| of tertiary | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> |
| education | | | | | | |
| Local | 4.8 (8.2%) | 4.1 (7.3%) | 6.3 (11.6) | 6.3 (10.8%) | 6.5 (11.2%) | 8.0 (13.4%) |

| | | | | | | |
|------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| Overseas** | <u>.45</u> (0.8%) | <u>.5</u> (0.9%) | <u>.55</u> (1.0%) | <u>.6</u> (1.0%) | <u>.65</u> (1.1%) | <u>.7</u> (1.2%) |
| | 5.25 (9.0%) | 4.6 (8.2%) | 6.85 (12.6%) | 6.9 (11.8%) | 7.15 (12.3%) | 8.7 (14.6%) |
| | === | === | === | === | === | === |

Tertiary

institutional

excluding

Poly, Ngee

| | | | | | | |
|--------------|-------------|------------|-------------|------------|-------------|------------|
| Ann & TTC*** | 1.95 (3.3%) | 1.9 (3.3%) | 2.25 (4.1%) | 2.5 (4.3%) | 2.55 (4.5%) | 2.7 (4.6%) |
|--------------|-------------|------------|-------------|------------|-------------|------------|

National Archives of Singapore

* All institutions of tertiary education would include University of Singapore, Nanang, Poly, Ngee Ann, University of Malaya, & TTC.

** Exact figures not available from P.S.C. A base of 450 in 1953 and increase by approx. 10% each year, have been estimated to be studying in overseas universities, after consultation with PSC.

*** Figures related to those who are in universities only, and includes the element estimated to be in overseas universities.

National Archives of Singapore