ADDRESS BY THE PRIME MINISTER AT NTUC ANNUAL DELEGATES CONFERENCE AT THE CONFERENCE HALL ON SUNDAY, 5TH MARCH, 1972

The end of 1971 marked the close of an era in our economic history. From chronic high unemployment, we have entered a period of full employment.

For several years, particularly since January 1968, we have been climbing up an escalator that was going down. Yet after the rundown of the British bases, our economic position is immensely stronger. From 1961 to 1970, we trebled our G.D.P. at constant prices. And for 1971, initial figures show a growth of 14% over 1970 at current prices. The live unemployment figure on the books has gone by half from January 1968 of 72,350 to 35,953. But this figure includes under-employed and those employed but seeking better jobs. Meanwhile, work permits have gone up.

National Archives of Singapore

Today, Singapore's position is analogous to that of Germany, or Holland, in the early 1960's. Then their economy was booming, and they began to increase the number of "guest- workers" from other countries.

We have the choice of controlled and steady wage increase and real growth, or of taking quick gains in artificially high and sudden increases in wage rates and bonuses, but thereby jeopardising future growth. Old habits of thinking and working, relevant in the past two decades of chronic unemployment, must be discarded, or they will hinder us from attaining our new goals. Now the opportunity has come to raise the level of skills of our workers and degree of sophistication of our industries. Then better wages to workers will be possible. Unions, management and government together will have to re-think their respective positions and roles, to reframe policies for very different social and employment conditions.

My colleagues, the Ministers for Labour and Finance, and I have been discussing with the National Wages Council some of these problems. We have recommended to the Council that adjustments and rationalisations of wages and bonuses should be taken in two steps, one in 1972 and another in 1973. This will prevent any sudden and frantic scramble for wage hikes and bonus payments. For they will have a bad effect on further industrial investments or expansion in Singapore.

National Archives of Singapore

The government as an employer will practice what it preaches. A new yearly non-pensionable allowance, of a month's salary, will be paid at the end of

March. Those who have worked in government for less than a whole year in 1971 will be paid the proportion thereof. At the same time, provident fund contributions will be raised from 10% to 12% for all non-pensionable government workers. Pensionable workers will pay and be paid the 12% to C.P.F. on this one month non-pensionable allowance. Further, like non-pensionable workers who will pay and receive an additional 2% C.P.F. contribution to their present 10%, pensionable workers will pay and receive a 2% C.P.F. contribution on each of the 12 months of salary in the year. In this way, we will increase the capacity of pensionable workers to own their own H.D.B. flat.

This one month's allowance is not to be confused with a bonus. A bonus is uncertain in amount and it may or may not be paid. This thirteenth annual payment is a different way of giving a wage rise.

National Archives of Singapore

With C.P.F. contributions, the increase amounts to 11.3%. It does not follow that this will be the percentage which the Wages Council may recommend as a guideline for employers in the private sector. However, this percentage will be a guideline for employers in the public sector. Employers in the public sector can take into account such wage and salary revisions they may have made in the

last 2-3 years. The government, including the S.A.F., J.T.C., H.D.B., E.D.B., S.T.B., P.U.B. and P.S.A., together have a present wage bill of $483 million. [+]

At the same time, a Committee, under the chairmanship of Mr. S.R. Nathan, has been reviewing the growing disparity in wages between the private and public sectors for skilled and semi-skilled grades. The government will consider the Committee's recommendations and seek to prevent further losses of skilled workers from the government service. This is a separate exercise.

By next year, 1973, we should be in a position to make final adjustments in our wage rates from Division I to Division IV, so that the differences in rewards between the private and public sectors will be bridged. At present, these differences are most marked for senior and junior middle administrative and professional grades, and amongst technicians and skilled workers.

National Archives of Singapore

[+] See Appendix

For the private sector, the most important issue, apart from wage guidelines, is to settle the problem of the annual bonus. The Wages Council have been deliberating on some proposals which my colleagues and I have put to them.

If management, unions and the government are realistic in their approach to questions of wages and rewards in the context of full employment, and with an economy likely to grow at about 10% plus per annum for the next five years, we should be able to achieve solid gains in this decade, better wages and good returns on capital. There are many projects already in the pipeline. For the time being, industrialists will be allowed to recruit as many skilled and semi-skilled workers they would wish to train, on work permits. But, in five years, by 1976, we will have to decide just how much we want of industrial growth, so that we can have a balanced allocation of our limited land resources. We want industries, but we must have enough reserved for housing, schools, hospitals, leisure and recreation.

National Archives of Singapore

Meanwhile, the government will be mechanising as much and as quickly as possible. Private employers would be wise to plan likewise. As wages go up steadily, in an orderly way, it will become uneconomical not to equip the worker with mechanical aids.

One danger we face with full employment is growing complacency, leading to lower productivity. The Japanese were able to avoid this malaise. The Dutch and the Germans suffered from this disease only marginally, and that only very recently. The British have been suffering from it for many years and now it has become chronic. And the malady persists in spite of high unemployment.

What happens to us will depend, first, on the cultural and work habits of our people; second, the soundness of the social and economic policies we are pursuing; and third, the manner in which management and unions co-operate in a sensible and realistic way in sharing an ever bigger cake.

National Archives of Singapore

APPENDIX

Bodies	Present Wage Bill
Government)) S.A.F.)	$371.2 million
J.T.C.	4.0 million
H.D.B.	15.5 million
E.D.B.	4.7 million
S.T.B.	10.4 million
P.U.B.	34.5 million
P.S.A.	42.9 million
Total	$483.2 million

(Figures on wage bills by each of the above bodies are as at July 1971.)

National Archives of Singapore