ADDRESS BY THE PRIME MINISTER, MR. LEE KUAN YEW, AT THE INAUGURAL DINNER OF NTUC'S SECOND TRIENNIAL DELEGATES CONFERENCE, AT THE SHANGRI-LA HOTEL, ON SUNDAY, 25 APRIL 1976

The prospects and problems Singapore faces in 1976 are very different from those of 1965, after separation, or of 1968 when British military withdrawal started. In '65 and '68, we faced acute crises. People knew our very survival was at stake. This realisation made everyone willing to bear hardship and to make sacrifices which enabled us to overcome our problems.

We survived. Better still, we prospered. From a GDP in 1965 of $2.8 billion, or $1,474 per capita, we grew in 1975 to a GDP of $8.05 billion, or $3,578 per capita. This is not an accurate reflection of the increase in the wages of our workers. Foreign investments, banks and financial institutions meant dividends were remitted for foreign corporations and shareholders. But, nevertheless, per capita incomes, grade for grade, of unskilled and skilled workers, clerical workers, and executives and professionals, show nearly a three-fold increase in the past 10 years in money terms. In real terms, the modal income per worker doubled from $190 to $370 per month.**

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The internal factors were positive. A keen work-force, prepared to learn and work. Unions, management, and government knew what was at stake and went all our to resolve our problems by expanding investments to create jobs. We built factories, offices, hotels, homes, schools, hospitals, roads, flyovers, power stations, reservoirs, parks, gardens, beaches, and all that make the Singapore of today.

The external factors were also favourable. The industrial nations had a most rapid expansion of their economies of 4-6% per annum. World trade increased annually, by 8-9%.

Today, the outlook is completely different. The internal factors are not as good as they were. Rapid economic development has led to increased standards of living, and, unfortunately, to a reluctance to sacrifice personal and group interests for the sake of national interests.

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** MODAL MONTHLY INCOME PER WORKER : 1965 & 1975

				1975 OVER 1965	
		1965	1975	Period	Per Annum
i)	At Current Prices	$190	$570	200%	11.6%
ii)	At 1965 Prices (in real terms)	$190	$370	95%	6.9%

DATA SOURCE: Earnings and Hours Surveys by Ministry of Labour and the National Statistical Commission.

Our economy is more diversified and stronger. Our workforce is better educated and trained in various industrial skills. However, that willingness to take on any job, however tough, heavy or dirty, has gone. A new mood has set in with the better life. At present, we have about 40,000 unemployed, approximately over 4% of the work-force, on the live register, nearly half of whom are looking for jobs for the first time. Sample quarterly surveys show these to be more or less accurate figures. If these 40,000 unemployed were prepared, as their elders were 8-10 years ago, to do heavy jobs, under hard conditions, there would be no unemployment at all in Singapore.

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But to get these jobs done, we have to let in more than 40,000 on work permits. Fewer and fewer Singaporeans are going in for building and construction, and for ship repairing and shipbuilding. Last month, March, as the economy recovered, we had to issue over 2,000 work permits, the majority for building and construction, and over 300 for ship repairing and shipbuilding. These are well-paid jobs. But they demand hard work, often in the sun and rain. Young Singaporeans prefer to remain on the live register, looking for jobs even for less pay, preferably white-collar jobs in offices, otherwise in air-conditioned hotels, shopping complexes and factories.

People complain of the poor quality of workmanship in HDB flats, and rightly so. But how can we expect the HDB to improve the quality of work when over 50% of its labour force are unskilled apprentices on work permits? Many of them, when they become skilled, leave for home, to take jobs with their new skills near their homes. Although the pay is slightly less, they spend less because they live with their families. So we have become a training ground for building and construction workers.

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I recognise that this trend is not peculiar to Singapore. The same pattern has been seen in Europe. As standards of living go up, citizens choose the cleaner and easier jobs, and leave the tougher jobs for guest workers. But let us

remember, Japan has no guest workers. They do their own heavy and dirty jobs. And they are a better society for it.

Fortunately, we do not have the problems of class conflicts as in some older industrial countries of Europe. We must be careful never to allow class divisions to be artificially created. Easy social mobility, the result of common-type schools for all, no special privileges because of the wealth or status of one's parents, a common duty and experience in national service, scholarships and promotions on merit, they have been factors which prevent any class stratifications. Every year, I am struck by the varied background of our scholars. They come from all levels of society. Their fathers range from hawkers, taxi and bus drivers, storekeepers, teachers to executives, and, strangely enough, few professionals. We must keep our society based on equal educational opportunities for all, and jobs, promotions and rewards on merit.

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In Germany, workers and unions participate with executives in management. The German government is prepared to take unpleasant measures to keep inflation down. So they have done much better than Britain. British workers and unions are still embroiled in old class antagonism against the bosses and the upper classes.

But we are starting to have the European problems of citizens avoiding heavy jobs. We have to reverse this preference for clean, preferably white collar, jobs. It has to be fought at every level, in the schools, in the homes, in the mass media. The attitudes of parents must be changed. Everybody expects his or her children to rise in status, and earn more. A transformation has overtaken the whole society, unconsciously affected by rising incomes, television, the glossy advertisements, the tourists from wealthy countries. It is a side-effect of the consumer society.

If we had suffered acute recession and unemployment and accompanied by cuts in pay in 1974 and 1975, as in Hong Kong, it would have jolted our workers and shaken out their complacency. But it was the government's duty to soften the blow of world recession. Through a combination of factors, we got off lightly. As a result, many workers, and some union leaders, believe that all is well, and more miracles can be expected out of the Singapore government. Unfortunately, this may not be possible the next time.

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In June, for the mid-year school holidays, we shall mount a campaign. Ministers and MPs, together with principals, teachers and school students, will use their hands, to improve school playing fields and gardens, and to clean up the buildings. We must hold fast to the tried and trusted virtue of hard work.

Dirtying one's hands, sweating and soiling one's clothes are good for the body and soul, and for our economy.

Our greatest achievement has been in family planning. The number of live births has dropped from nearly 62,500 in 1959 to just under 40,000 in 1975. This drop has been consistent and continuous. So now we can afford to increase the minimum number of years for schooling and industrial training. Eight years of primary education with automatic promotions, with three fruitless attempts at the PSLE, made no sense. We are moving to 9 years of teaching geared to the child's learning ability. And we look forward to the time when teachers will have classes of 30-35 students, not 40-45.

But this is for the intermediate term, the 1980's. Within the next two years, 1976-1977, we have to get some 84,000 jobs for people already born 17-19 years ago. This is a problem, as on present projections we will have 44,000 jobless Singaporeans. And if they shy away from the tougher jobs, even though they are better paid, the unemployment will be bigger. And it will be worse if their parents, brothers and sisters aid and abet them by paying for their keep whilst waiting for the comfortable job to come along.

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We must make a virtue out of more sober rates of growth. Our workers must develop high skills in precision technology. Everyone must realise that as long as we have not established a reputation for ourselves as hardworking and intensely proud workers, whose products are equal in quality and high finish to the Swiss or Japanese, we shall only be slightly better than assembly-line operators. And our products must be sold under the label of the well-established multinational company.

A Japanese industrialist recently discussed this matter with me. He put it aptly when he said that what we must do is what the Japanese have succeeded in doing, a complete turn-around from the "cheap but inferior" image their products had before and just after the war.

When it comes to concentration on skills and high standards, we have shown that we can do it. The problem is with those who cannot achieve these high skills, but shy away from work of lower skills under harder working conditions, even though the pay is good.

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We must change our internal factors for the better, all the more because we know that external factors are now less favourable.

Two events, with momentous long-term consequences, still hang over us. First, the oil crises. With high oil prices, the high growth rates of the 1960s are over. Second, the new communist governments in Cambodia, Vietnam and Laos.

It has taken 2½ years for the industrial world to get out of recession and inflation precipitated by the oil crisis.

Growth rates of the industrial countries are expected to be down by more than half what they were. Increase in world trade will be down, also by a half. Hence, getting exports of technology to Singapore will be more difficult. Before, the situation in the industrialised countries was one of high demand for goods and labour shortage in the industrial countries, leading to export of factories rather than import of guest workers. Now, the conditions are the reverse. Underused manufacturing capacity leads to reluctance to start expansion of manufacturing capacity either at home or abroad.

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Next, the communist victories in Vietnam, Cambodia and Laos one year ago have not helped. Trade with the three countries has gone. Investors are still uncertain and apprehensive over the long-term security and stability of Southeast Asia.

It may take some time for investors to make up their own minds as to the risks in Southeast Asia. It is a Southeast Asia which must resolve its own social and economic discontent and defeat insurgent terrorism on its own with political, economic and social policies to back the police and armed forces. The way we and our neighbours tackle our own economic and political problems, and how well we co-operate to strengthen each other, are critical factors. The five ASEAN governments can, by demonstrating better cooperation in the economic and political fields, re-establish confidence in non-communist Southeast Asia. This is the nub of the matter. We must follow up the promising start made in Bali in February, and the small but practical step forward in Kuala Lumpur on five ASEAN projects. If we gather momentum, all will benefit. But we must proceed expeditiously or the impact of such cooperation will be frittered away.

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