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SECOND ASEAN LABOUR MINISTERS' MEETING

-- PATTAYA --

26 to 28, May 77

Speech by

MR. ONG PANG BOON  
MINISTER FOR LABOUR  
SINGAPORE.

Once again we meet to discuss what more we can do to promote the welfare of labour in ASEAN. Our objective can only be achieved if there is economic development, accompanied by an equitable share of the GNP for workers, without loss of their dignity as human beings, and rights as citizens. Our primary responsibility, therefore, is to see that labour plays its role in economic growth and gets a fair share of the fruits of success.

What happens in the major industrial nations inevitably affect our economic well-being. They are the main sources of urgently required capital and technology as well as the principal markets for ASEAN raw materials and manufactures. Interdependence is a hard fact of life. Our economic well-being depends on developments in the United States, the LEC, Japan, and, equally important, on the oil-pricing policies of OPEC.

Since we last met in Baguio City in mid-May last year, the world economy has somewhat recovered, but the outlook remains uncertain. The world economy is expected in 1977 to grow at a slower rate. The International Monetary Fund has predicted a growth rate of 4.5% for the industrialised nations, compared to 5.5% last year. Unemployment remains high, especially in OECD countries.

In order to solve these problems, governments have taken refuge in protectionist policies. Labour governments have been shown to be more prone to submit to pressure from trade unions, as they depend more on labour support to achieve political power.

Protective tariffs or quota restrictions are unsatisfactory solutions. Industries of developing countries are based on low-level or middle-level technology, producing high labour-content goods, like textiles, garments, shoes, electronic products and other labour-intensive manufactures. Industrial countries have resorted to quotas or tariffs to bar such goods from developing countries because their wages have become too high and not competitive. Such high labour-content goods, if sound economic principles of comparative costs and division of labour are observed, are best produced in the developing countries where wages are lower.

Protective practices merely transfer hardships from the developed to the developing countries. The developed economies of the industrialised countries make it possible for their governments to provide sufficient unemployment benefits to the unemployed, whereas the developing economies lack the resources for unemployment benefits so that the transferred hardships for the unemployed are several times more severe.

Other devices have also been employed to keep out competition from the developing economies. One such is preventing by various means multi-national corporations from setting up factories in developing countries. Certain developed countries do not overtly practise protectionism in the form of tariffs and quotas. Their economy and style of trading have many built-in features that almost wholly bar the entry of goods and use of services of the developing nations. For instance, developing countries can make no headway in situations where large conglomerate of subsidiaries trade among themselves on nationalistic lines.

Against this background of growing protectionism, it is a relief to the developing countries and ASEAN to learn that in the recent London summit of the major western industrial powers, the seven participating governments unanimously rejected protectionism, and pledged themselves to create more jobs, reduce inflation, and to support the expansion of free trade. Such commitments show statemanship as well as vision.

In world history, trade had expanded most spectacularly in the years of relative free trade in the 100 years before World War I. The inter-war years saw the growth of protectionism, one of the larger indirect causes of World War II, a lesson we should not forget.

The world does not owe us a living. But it has a vested interest to allow us to make a living, for, as the Prime Minister of Singapore has said at the Asian Labour Summit held in Singapore on 5 May 1977,

"the alternative is a world split into blocks, the wealthy, the intermediate and the poor, at odds and in confrontation with each other. Unionists and workers in industrial countries must understand that to transfer unemployment to the less developed to protect labour-intensive industries means more hardship for more workers in developing countries and their families. Over the longer term, it is in everyone's interests to forego short-term selfish interests by shutting out imports. By all means let us seek temporary adjustments by voluntary restraint of levels of exports. But a gradual phasing out of factories producing goods with a high labour-content in countries where wages are high makes economic sense in a world of cheap and reliable transportation. The world is more likely to survive without strife and wars if we recognise and honour our obligations to each other in this one interdependent world. Modern science and technology have made this a more integrated and more inter-related world than ever before. Our interests are in freer trade, more countries becoming developed, exchanging more goods and services to the benefit of all. And there is no way of turning the clock back, without causing unnecessary hardship and bitterness."

The economic conditions of labour in developing countries cannot be wholly blamed on the trade policies of the industrial powers. In these countries, governments must provide both the moral and political leadership to harness and discipline their people for economic development.

What we can do for ourselves we can do with better results through ASEAN. We must make greater efforts to make the region conducive to continuous inflow of foreign investment and technological knowhow. Making ASEAN a stabilising force will make member nations strong, and provide the necessary conditions for greater outside investment. Since the Bali Summit, we have made greater strides towards the fulfilment of regional economic co-operation.

Among the concrete measures taken, we can first mention the Agreement on ASEAN Preferential Trading Arrangements. Since the settlement of the question of equity participation, we have also made progress in the five ASEAN projects: the urea plant for Indonesia and Malaysia, soda ash for Thailand, superphosphate plant for the Philippines, and diesel engines for Singapore. Modest steps have also been taken on a bilateral basis towards freer trade within ASEAN. These are the Thailand-Singapore and Philippines-Singapore agreements to a 10% across-the-board reduction in tariffs on bilateral trade items.

A major step has been taken to deal collectively on economic matters with the outside world, namely, the first ASEAN-EEC dialogue in Brussels, a minor success, followed by the ASEAN-JAPAN conversations, with less results.

Informal discussions are underway for an ASEAN-US dialogue on questions of free trade, American-ASEAN co-operation in economic development, and tax deferral for foreign income of American companies operating overseas.

Success in these areas will promote economic development in ASEAN, and multiply job opportunities. But trade unions also have a role to play. In the developed countries, trade unions see themselves as confronting management for a larger share of the profits. In developing countries, such combative roles will not promote investment, both domestic and foreign. In Singapore, we have learnt this lesson from the bitter experiences of the 1950's and early 1960's. Trade unions should see themselves as partners of economic progress, sharing the fruits of progress according to their productivity. Within this broad framework, unions have legitimate and essential roles to play - to bargain for better terms and conditions of work, basic fringe benefits, and, as progress in the economy permits, to widen the range of activities into education, co-operatives, and recreation.

Trade unions can also play their part in educating their counterparts in developed countries on the need to liberalise international trade, to promote the transfer of technology, and to permit the free flow of capital.

What can be achieved has been shown at Singapore, in the recent Asian Labour Summit of the International Confederation of Free Trade Unions - Asian Regional Organisations. In this conference, the Japanese trade union leaders have pledged themselves to put pressure on their government to increase the transfer of technology and to liberalise trade policies. ASEAN trade unions can open dialogue on such problems with their counterparts in the USA and the EEC.

Chairman, Sir, this meeting has provided us opportunities to exchange views on matters of mutual interest. We have realised that social and economic programmes are interlinked. Without sustained economic development, there can be no social development at improving the well-being of the people, particularly the low income group. Continuous inflow of foreign investments accompanied by transfer of technological know-how would provide for the expansion of opportunities for productive employment and make it possible for a fair distribution of income. In their dialogues with developed countries, ASEAN countries should firmly press for better access for ASEAN manufactures and produce as well as for increased flow of investments into our regions. At the same time, the external economic situation should provide us with a greater sense of urgency to implement our various agreements



on industrial development and preferential trading arrangements. We should remind ourselves of the need to act on time, so aptly and beautifully said by William Shakespeare,

"There is a tide in the affairs of men,  
Which, taken at the flood, leads on to fortune;  
Omitted, all the voyage of their life  
Is bound in shallows and in miseries.  
On such a full sea are we now afloat,  
And we must take the current when it serves,  
Or lose our ventures."