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SPEECH BY MR ONG PANG BOON, MINISTER FOR LABOUR,
AT THE OPENING OF THE SILO AND PLEU DELEGATES' CONFERENCE
AND SEMINAR TO BE HELD AT THE SINGAPORE CONFERENCE HALL
ON TUESDAY, 17 JANUARY 1978 AT 10.30 A.M.

We have entered 1978 with considerable uncertainty about world economic recovery. In the 24-member OECD (Organisation for Economic Co-operation & Development) countries, actual economic growth for 1977 was only 3.5%, less than the anticipated performance by 0.5%. A general slowdown in consumer spending had been largely the reason for this shortfall, made worse by an inflationary rate of 7%. Hence, the more cautious and somewhat pessimistic assessment for 1978 made by the OECD in its latest six-monthly report.

Unless the United States, Japan and West Germany adopt quickly measures to remedy their uneven economies, the OECD forecast high unemployment, slow growth and money market upheavals for the industrialised nations in 1978. Unemployment, which at present stands at 15 million people, may surpass the 1975 recession level, peaking at 5.6% or 17 million people in the second half of 1978. This is because the expected growth rate is 3.5%, 1% short of the level of performance needed to contain unemployment levels. The forecast is gloomy enough, without the added fears that the inflationary rate of last year will continue at the same level as wages continue to rise despite the unemployment situation. The OECD forecast also includes warnings that unsettled exchange rates may undermine confidence in many countries. Growth projects are likely to be unfavourably affected.

The forecast of GATT (General Agreement on Tariff & Trade) is no less gloomy than that of OECD. 3.5% growth rate has been predicted for EEC countries in 1978. World trade performance for last year was weak, estimated by GATT to be only 6%.

So, we enter 1978, with uncertainty about the immediate future, leaving behind a year of sluggish and erratic recovery in the world's economy. We cannot insulate ourselves from the consequences of the state of the global economy. Neither can we influence the decisions industrialised nations take to overcome their inflation and unemployment problems. But we are not entirely helpless. What can be done, we have done, with considerable success, to cushion the effects of the world's economic situation. We will continue to find ways and means to overcome the problems ahead.

However, human ingenuity and resolve cannot completely compensate for our lack of natural resources and the open character of our economy. Nations have become interdependent economically. Even the communist nations can no longer not be affected by the economic vagaries of the non-communist world, as the Russians have begun to discover in recent years. Without resources and with our economy so heavily dependent on foreign trade, we are very vulnerable to the shifts and turns of the world economic events.

We must tailor our expectations to the realities of the world. The high-growth rates of the 1960's and 1970's have gone into the dustbin of history, not to return again. Therefore, we must urgently take stock of the actual situation and undertake pragmatic measures to ensure a sustained growth rate that can at least provide the necessary jobs and a reasonable standard of living. We have no choice but to accept and operate within the realities of slow growth, keener competition for export markets, and greater difficulties in attracting foreign investments.

Added to these is the growing menace of protectionism. Three-quarters of what we manufacture are exported, while most of our customers for our service sector are foreigners. With such a pre-dominantly export-orientated economy, we are that much more vulnerable to measures curtailing free trade. Protectionism is now no longer confined to trade relations between developed and developing nations. It is becoming fashionable even between developed countries themselves. We have to cope with an increasingly difficult marketing situation.

Another development as menacing to us as protectionism is the growing tendency of governments of the industrial west to scale down investments overseas as a means to reduce domestic unemployment. These governments are aware that this will result in less job creation and reduced flow of technology to the developing countries. But, in situations where votes count for elections, governments cannot ignore the pressure of their trade unions.

What all this means for us is that we have to compete with the other developing countries for a share of the dwindling sources of foreign investments. This competition is the keener for the reason that these countries have come up with competitive incentives for foreign investors, while, at the same time, improving their efficiency through up-grading their technology and maintaining low wage costs. The solution open to us is to further improve our efficiency in every conceivable way.

We have tried successfully our formula to cope with difficult times; a stable, dedicated and honest government, a literate hard-working population, a diversified economy built on a sound economic infrastructure, and dynamic tripartism. Herein lies our strength. This we can build on with more effort and sacrifice.

These policies that have been tested with success, we should continue to pursue: namely, orderly wage increases, sound industrial relations, and the constant drive towards higher productivity.

Our work ethos must be preserved. The capacity for hardwork, the inculcation of correct values, the development of skill and adaptability to changing circumstances - these, we must maintain.

Our formula and our policies can only be pursued with maximum support and minimum dissatisfaction if we can mobilise our workers to our side. And this can be achieved if the workers are made aware of the difficult economic times Singapore is facing. Therefore, the trade union movement has a vital role to play in educating our workers on the realities of the world economic situation, the measures we must take, and the imperative need to preserve our work ethos. The PIEU and SILO are to be praised for their initiative and effort to launch this action programme to educate their leaders and members on

the current situation. Their members are directly affected by the developments in the industrial nations.

It is appropriate that in this gathering, the PIEU/SILO delegates should concentrate on two important areas. The first is the education programme to acquaint members with the problems highlighted at the recent NTUC Seminar on "Job Creation and Job Loss". In this programme, the 4,000 odd branch officials, as the links between members and union headquarters, have a vital role to play. Without their effective handling of routine branch affairs, the whole union machinery will breakdown. From their ranks must emerge the next generation of non-communist democratic trade union leaders. The second area of discussion is the two Unions' Plans of Action. These plans include the expansion of co-operative projects, social as well as cultural activities, and the establishment of a workers' centre plus a retrenchment fund.

On the kind of decisions taken in this conference and their subsequent implementation will depend the growth of a more enlightened, committed and motivated work force. The nation's economic welfare will be affected by your decisions and actions. This is the importance I attach to this conference. On this note, I declare open the PIEU/SILO Delegates' Conference and Seminar.

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