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SPEECH BY MR ONG PANG BOON, MINISTER FOR LABOUR
AT THE EIGHTH CONFERENCE OF ASIAN AND PACIFIC
LABOUR MINISTERS IN MANILA ON 28 NOVEMBER 1980

Two years have passed since we last met in Wellington. During this period the world political and economic climate has been gravely affected by developments in Asia and the Middle-East. In December 1978, Vietnamese forces backed by the Soviet Union invaded Kampuchea and installed the Heng Samrin regime there. This act was in direct violation of the United Nations Charter. The continued occupation of Kampuchea by Vietnam threatens peace and stability in the South East Asian region. It also economically strains front-line neighbouring countries as they divert much needed resources for economic development to military use and to deal with the problems of the influx of refugees. Pressure must therefore be intensified to see to a withdrawal of all Vietnamese forces and the establishment through self-determination of an independent Kampuchea.

Another serious violation of the UN Charter with grave implications for peace and security of the region and the world at large was the Soviet invasion of Afghanistan in late 1979. Despite Soviet assertion that the

occupation would only be temporary, there have not been any sign of a Soviet withdrawal. Again front-line neighbouring countries there had to increase their military spending. In addition, their economies are being further burdened by the millions of dollars that have to be spent to house, feed and clothe the refugees. The built-up of world tension of such a Soviet action has also led the US and Japan to divert to military expenditure resources which could have been put to economic use or given as foreign aid to the developing countries.

More recently, the Iraq-Iran war disturbed the balance of power in the Middle-East and further aggravated world tension. The destruction of oilfields and the likelihood of a prolonged war is likely to interrupt the flow of oil long enough to create another oil crisis in the rest of the world.

The economic setting in the past two years was equally sombre. The developed countries continued to achieve only sluggish growth. The International Monetary Fund (IMF) in its Annual Report 1980 noted that all

industrial countries only managed a real GNP growth of 3.4% in 1979. Inflation remained high at 7.7%. Unemployment was widespread with protectionism remaining the preferred policy measure to prevent it deteriorating. Aggravating all this was the oil price hike at the end of 1979.

The lot of the non-oil developing countries in Asia did not improve much either. According to the same IMF Report, real growth slowed down from 6.9% in 1978 to 3.5% in 1979 while inflation worsened from 5.9% in 1978 to 10.3% in 1979. Massive problems of poverty, unemployment and underemployment still remain in most of Asia. The ILO in its report "Employment, growth and basic needs : A one-world problem" estimated that in 1972 some 840 million people were living in poverty in market economy developing countries in Asia. 168 million people were underemployed. No visible progress appeared to have been achieved since in reducing these vast numbers of humanity from their misery and depravity.

The world economic outlook in the next two years is not likely to brighten. In fact, the prospects for growth seem gloomier and more bleak as according to IMF in a general survey of the World Economic Outlook, 1980, industrial countries are expected to see economic growth rates of less than 1% in both 1980 and 1981. The survey also projected that inflation would continue to plague these countries and in their efforts to reduce inflation at the expense of growth, unemployment is estimated to rise to 6% in 1980 and 6.5% in 1981.

The poor outlook in the developed countries would have adverse implications for growth in the Asian region. The economic strain on the industrialised countries is likely to reduce their foreign investment and thus limit their transfer of capital and technology to developing countries. As they continue to seek refuge behind the walls of protectionism, non-oil developing countries in Asia whose exports are mainly to the developed West, would find increasing difficulty penetrating their markets. The scope for employment creation which is the principal means of solving the

poverty problem would be very much reduced. Further compounding this problem is the huge influx into Asia's labour market. According to figures quoted by the Director-General of ILO in his report on Asian Development in the 1980's, the labour force in the developing Asian region will increase by 139 million between January 1980 and December 1987. In market economy developing countries of Asia, there will be more than 10 million youths entering the labour market each year. If these developing Asian countries were to reduce the existing backlog of unemployed and underemployed, in addition to absorbing the new entrants, much more than 10 million jobs would have to be created annually.

Part of the solution to this problem lies in the willingness of the developed countries despite their economic difficulties to minimise adverse effects on developing Asian countries. They should increase free trade and lower barriers against exports of particular importance to the developing countries. Liberalisation of trade works to the mutual advantage of both parties.

While it ensures the developing countries' flow of trade to create and maintain employment, it pays off in terms of lower inflation in the importing industrial countries. Pressures for protectionism should be resisted. In this connection, we note that certain international trade union organisations have called on governments in developed countries to introduce selective import restrictions against developing countries which do not practise "fair labour standards". Such action, if allowed to be imposed, will aggravate the already serious problem of unemployment in the developing countries.

For long-term benefits to world economic growth the industrial countries could do much to address themselves immediately to the structural problems they are currently facing. An exercise to reappraise industrial potential and if necessary plan a shift of industries to higher levels of technology would be the first positive step. Only in this way can faster productivity growth be promoted and benefits of international division of labour realised.

The hardship to workers displaced as a result of the shift to more efficient industries could be minimised through a well constructed programme of aid during the transition period. As recommended by the ILO's 1976 Tripartite Conference on Employment, Income Distribution, Social Progress and the International Division of Labour, the programme could include compensation for affected workers, opportunities for retraining and improved

mobility of resources, both capital and human, between industries.

We, the Asian developing countries could also do much to help ourselves weather the economic difficulties ahead. It is imperative for us to promote greater efficiency in the usage of imports, investment and energy. In ensuring that overseas markets are not denied to us exports must continue to be competitive. Internally there is a need to foster within our economies greater self-help through increased savings and higher capital expenditure in agricultural and export-oriented industries.

The social problems must also be solved. Rapid population growth has to be curbed if the benefits of economic progress are to be passed on to the people. Problems of urban slums could be alleviated through balanced growth between urban and rural regions. This would mean the active encouragement of small and medium scale agro-based industries.

Finally, the vast potential of co-operation and trade between developing countries within the region should not be overlooked. Countries must actively seek out areas in which they can reap mutual benefits and enjoy the fruits of their co-operation. In this area, ASEAN has taken concrete steps towards regional co-operation. The preferential trading arrangements between ASEAN countries have helped expand intra-Asean trade and new approaches to the expansion of such trade are being considered. Other forms of ASEAN co-operation included ASEAN industrial projects and ASEAN industrial complementation schemes both of which would foster greater regional self-help.

The development problems of Asian developing countries are massive. Let us hope that when we meet in two years' time, the situation would be better as a result of efforts of developing countries themselves and helpful actions taken by developed countries.