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PRE-UNIVERSITY SEMINAR, JUNE 20-24, 1983 ON "HOW WE WILL LIVE AND WORK IN THE 1980s" - ADDRESS BY DR WONG KWEI CHEONG, MINISTER OF STATE (LABOUR) AND CHAIRMAN, NATIONAL PRODUCTIVITY BOARD, ON 21 JUNE 83 ON "PRODUCTIVITY OR POVERTY"

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### Introduction

1 The seminar theme this morning is "Productivity or Poverty". This is not an easy topic to deal with, especially at our current stage of economic development when most Singaporeans have good jobs and a relatively high standard of living. Our students, in particular, are well looked after by their parents. Many of you here this morning come from homes that are well equipped with televisions, telephones and refrigerators. You lead comfortable lives. You have not experienced the poverty that some of your parents could have experienced in the 50s. In those days, jobs were scarce, unemployment was high. Many of your parents, upon graduation from schools or from university, would regard a Government job as the fulfilment of a life-long ambition. Today, we have negligible unemployment. Jobs are readily available for everyone. For graduates, there are two new jobs for every applicant.

2 Singapore has achieved remarkable success. Many of you would be wondering why the Ministry of Education has selected this topic "Productivity or Poverty" as one of the seminar themes. To answer this question, may I direct your attention to the lives of people living in some developed countries as well as in some developing countries. Take the case of the United Kingdom. I was a student in London in the 60s. Even in those days, the British were leading comfortable lives. Very few people were unemployed. But today, more than 3 million people or about 13% of the workforce are unemployed. But this unemployment problem is not only to be found in the United Kingdom. In the other OECD countries like France, Germany and even the USA, unemployment is rife. In fact, more than 32 million workers or 11% of the workforce of the OECD countries are unemployed. What do people do when they are unemployed? Many of the students here who have been on holidays to Europe would have already found the answers. They will find people in tattered clothes hanging around in the parks and sleeping in railway stations. They will see despair in their eyes. They will also meet young girls and boys at the roadside cafes, smoking marijuana and yawning their lives away. The crime rate increases. Unemployment leads to social unrest, gambling, drug taking, prostitution and other social evils.

3 Closer to Singapore, we find countries like Kampuchea and South Vietnam that was once flourishing. Today, their economy is shattered. Their people live in abject poverty. In all these countries, where there was affluence 20 years ago, you can find poverty and increasing misery. In Singapore, we have been more fortunate. When we got our independence in 1965, the future was not that rosy. But fortunately, we have strong and pragmatic leaders. Fortunately for Singapore too, you have hardworking parents. Your parents knew what it was like to be poor. Some of them live in the filth that was Chinatown. Today, if you go to some of these Chinatown houses, you will find such living quarters where some of your parents might have lived. It would not be surprising to find families with perhaps 10 children squeezing into a little room in one of these Chinatown homes. They would be sharing communal cooking facilities and toilet facilities with perhaps another 5 - 10 families all living in single rooms in the same house. Families would consider themselves lucky if they had porridge for the day. Many of the children lived on potatoes and other rotten vegetables that they could scavenge from the street hawkers.

4 Fortunately, we have a good government. Jobs were created by attracting foreign investments into Singapore. A massive building programme was launched so that each and every one of our citizens are now able to own their HDB flats. Soon, many parts of Chinatown would be demolished so that more HDB homes could be built. Today, Singapore is a thriving city and its people is full of energy and vitality. However, you must always remember that your HDB homes and your affluent lifestyles could all be destroyed if you do not understand that it is only through hardwork, efficiency and high productivity that Singapore has become what it is today. Singapore has no natural resources. We rely on our workers to produce quality products at competitive prices for the world markets. The moment our workers become less productive, the costs of our goods will become too expensive for the world markets. Our investors would have no choice but to leave Singapore and build their factories in other countries where they can produce goods at more competitive prices.

Productivity Movement

5 You must realise that we have succeeded mainly because we have made sure that foreign investments in Singapore are successful. We have many foreign investors from the OECD countries. Why should these foreign investors continue to remain in Singapore and continue to provide jobs for our citizens while more than 32 million people or 11% of their workforce are unemployed? This is because they find that their investments in Singapore are not only safe but are also earning good returns. They will only remain in Singapore provided our workers are productive and work closely with our foreign investors to ensure the success of their operations in Singapore.

6 How then can we ensure that our workforce continue to be productive? The answer lies in the Productivity Movement. The Productivity Movement was launched in 1981 by the National Productivity Council (NPC). The NPC is an advisory body and consists of senior representatives from the various employer organisations in Singapore as well as trade union representatives and senior government officials. Many of you would have heard of some aspects of the Productivity Movement

either from the newspapers or the radio and television. Last year in November our first Productivity Month was organised. Many of you would have seen the productivity mascot, Teamy. You would also have heard the productivity song, "Good, Better, Best". Teamwork, cooperation, good labour management relationship and other concepts of productivity were promoted through exhibitions, poster competitions, seminars and talks. The objective was to inculcate in every man, woman and child the concepts of productivity so that productivity becomes second nature to Singaporeans.

- 7 Today, we can say that the concepts of productivity have been propagated into every sector of our population. How then do we make sure that our workers will make use of these productivity concepts in order to improve their work performance. This is not an easy task. There are many issues involved, some political and some economic. Let me then spend time on some of these productivity issues for the 80s.
  
- 8 For the purpose of this discussion, let me first define these productivity issues:-

Economic

- (a) A wholly Singaporean workforce;
- (b) A more productive workforce;
- (c) Training;

Political

- (d) Company welfarism
- (e) House unions.

Although many Singaporeans are today aware of productivity concepts, they must also understand how the abovementioned productivity issues will affect their lives in the 80s.

Economic Factors

- 9 First the economic factors as covered under (a), (b) and (c) of paragraph 8. We live in a small island state. Our investment policies have been successfully implemented so that we have multinational corporations from USA, Japan, Britain, Germany and Holland operating in Singapore. For two decades, our economy has grown continuously. Our people have come to expect that each new year would be better than the previous one. We have bred a new generation of young workers who take for granted that there must be annual wage increases and improvements in their standard of living.

(a) A Wholly Singaporean Workforce

- 10 Many workers are contented with simple skills. Work is shoddy. They shun dirty jobs and prefer to work in air-condition comforts. Our companies brought in unskilled foreign labour. They acquired the skills. Thereafter, they lose such skills when these foreign workers returned to their own countries. A good example is that of the construction industry. Walk into any construction sites and you will find that more than 50% of the workers are foreigners. In 1981, there was a boom in the construction industry in Malaysia. Singapore went through a crisis when many of the Malaysian construction workers went back to Malaysia. In 1981, we only built 15,000 HDB flats. The demand was for 48,000 units.
- 11 Our industries cannot depend too much on foreign workers. In addition to the fact that we would lose their skills when these foreign workers return to their countries, they could also create many social problems. The social problems created by Turkish workers in Germany, by African workers in France and by

West Indian workers in Britain were well known. We cannot afford to have such social problems in Singapore. In 1982, our Prime Minister announced that we will build up a wholly Singaporean workforce by 1992. The Ministry of labour is now working towards this objective. About 20,000 workers from the non-traditional sources will be phased out within the next 2 years.

(b) A more productive workforce

- 12 If we cannot rely on foreign workers, then the productivity of the Singaporean workforce must be greatly improved if we are to maintain our economic growth. We therefore need a more productive workforce. This is where the Productivity Movement plays the central role. Although the Productivity Movement was only initiated in 1981, results have been most encouraging. Many employers have initiated QC circles and found good support from the employees. Today, we have more than 1,000 QC circles registered with the NPB. Workers are now coming forward with suggestions on how to increase work performance and efficiency. Unions have given full support to the Productivity Movement. Employers, especially those

from multinational corporations are confident that our Productivity Movement will succeed. It is this confidence that enable our multinationals to continue or even expand their operations in Singapore even though they have to cut down their operations in some other countries.

(c) Training

- 13 One of the problems that the Productivity Movement faces lies in the fact that a vast majority of our workforce is poorly educated. Out of a workforce of 1,144,600 workers, 622,300 (54%) have primary education or less, 468,100 (41%) have secondary education, and only 54,200 (5%) have tertiary education. In order to upgrade the education level of our workers, the NTUC/PAP have initiated a basic education for skills training (BEST) programme to assist the workers. Today, more than 7,000 workers have participated in the BEST programme at about 80 establishments.

14 The NPC also recognises the importance of inculcating concepts of productivity to our workers when they are young, ie, while they are still students. This is why seminars like this are organised for the benefit of our students. More productivity seminars and talks for students would follow. Officials of the NPB have also been working closely with the VITB to improve the syllabus on work attitudes. Topics like Confucian ethics are also being introduced into our education system. It is important that students are inculcated with the right moral values before they join the workforce. When you leave school and join the university, you will find that even at the tertiary level, subjects on good human relationships have already been introduced. The Ministry of Education has also been promoting the activities of uniform groups. They have plans to increase the number of members in secondary schools from 46,400 to 52,000 so that the participating ratio will increase from the present 1 in 4 to 1 in 3.

#### Political Factors

15 We have just discussed how the productivity of our workforce can be affected by the following economic factors:-

- (a) A wholly Singaporean workforce;
- (b) A more productive workforce;
- (c) Training.

Let us see how the productivity of our workers can be affected by the following political factors:-

- (d) Company welfarism;
- (e) House unions.

(d) Company Welfarism

16 I shall first consider company welfarism. Singapore became independent in 1965. We inherited a political system that was similar to the most western democratic political system in the world, namely, the one-man-one vote system of Great Britain. Unfortunately, we did not possess the political, economic and social infrastructures that could bear the stresses and strains of this sudden transformation from colonial rule to a one-man-one-vote parliamentary democratic system.

17 Many countries have gone through such a transformation and ended up with a dictator, or government under martial law. Singapore is one of the few countries

fortunate enough to have good leaders that have seen us through the last two decades, and provided us with the good life that so many of us are taking for granted. Such political leaders are difficult to find. Neither can we change the political system that we have inherited. Much of this system is unsuitable to the progress of Singapore. Why?

- 18 This is because a one-man-one-vote system of parliamentary democracy panders to the weakness of human nature. It is so simple for a clever politician to make wild promises in order to attract votes - promises that they have no intention of keeping. However, there are countries where such politicians are voted into power and state welfarism becomes the norm.
- 19 Britain is a good example. Under a one-man-one-vote parliamentary democratic system, it is almost impossible to take back what the government of the day has already given. Instead of reducing state welfarism, each successive socialist government ended up increasing state subsidies. The British look more and more to the State for goods and welfare services

either for free or at heavily subsidised rates. The Protestant work ethos was gradually replaced by the British disease. This is characterised by a lackadaisical attitude to work, long tea breaks and antagonistic labour-management relationships. Work stoppages and strikes abound. Productivity was low. After all, why should they work hard, or at all. Workers are protected by unemployment benefits.

- 20 Britain was not the only country that suffers the British disease. Since the early 70s, nearly all the advanced nations have fallen, one after another into the so-called syndrome of the advanced nations. Germany, France and the USA are good examples. They struggled under the combined impact of high inflation, low growth and high unemployment.
- 21 Singapore must learn from the lessons of the western world. We cannot afford to suffer from the syndrome of the advanced nations. We must learn from the success of countries like Japan and Korea where workers do not depend on Government welfare programmes. They just work hard. Companies provide pensions, health care and

recreational facilities. Company welfarism is encouraged. There is a direct linkage between reward and performance. Each Singaporean must also try to support himself by his own efforts.

- 22 However, we in Singapore are also constrained by the one-man-one-vote parliamentary democratic system. We cannot change from state welfarism to company welfarism overnight. We shall encourage companies to build up company welfare benefits by making use of part of the CPF contributions made by employers. Company welfarism will be a major productivity issue for the 80s. This may take a generation to be effected.

(e) House Unions

- 23 A further issue that has political implications is the formation of house unions. We shall encourage the formation of house unions in order to bring about better labour management relationships. For us to bring about teamwork, we must first dismantle the "them" and "us" attitude between workers and employers. We must provide the environment whereby both parties can work as a team. We must encourage union leaders and

employers to think of themselves as partners in the production of quality products at competitive prices. This is the surest way to survive in a competitive international market. However, today, most of our workers belong to industrial unions. The formation of house unions will mean that many of these industrial unions would be broken down into smaller components as more house unions are formed from their ranks. This can be a sensitive political issue for the 80s.

#### Conclusion

- 24 We have planned to reach a standard of living equal to present day Japan by 1990. This means that in the 80s, our GDP should grow by about 8 to 10% annually, and our productivity should grow by 6 to 8% annually. So far, the results have been encouraging.
  
- 25 Productivity growth should reach the target of 6-8% as we begin to phase out the foreign workers, especially those from the non-traditional sources. Employers would have no choice but to automate and mechanise. Many Singaporeans who are now economically inactive

will be encouraged to take up part-time work. For example, there are about 400,000 economically inactive females above the ages of 15. Even retired workers should be encouraged to be gainfully employed. The problems of the aged will become more severe as the current 180,000 (55 years and above) swell to 270,000 by 1990. The NTUC may have to set up more creches to cater to the increasing number of children seeking childcare while their parents are working.

26 As we climb up the technological ladder and more high-technology industries are introduced into Singapore, we must be prepared to meet the challenges of the "Age of Technology". For example:-

(a) Robotics and advanced automation will eliminate the need for workers except for a few engineers and supervisors. Some factories in Japan are already implementing fully automated systems of production.

(b) Advanced information technology and communications systems will drastically alter our industrial and commercial organisations. For example, it is possible in America to hold inter-city meetings by switching on a TV set. Interactive TVs will change our way of life.

(c) Microelectronics and computer industries will affect our lives one way or another. Already many homes in Singapore are equipped with home computers.

Our workforce in the eighties must not only learn to be more productive, they also must learn to produce with "zero-defects". Only then can our industries upgrade to such high technology industries. This will be our challenge for the eighties.