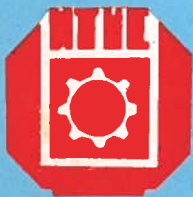
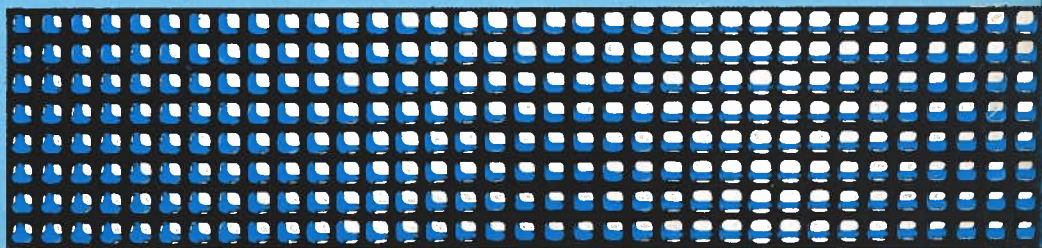
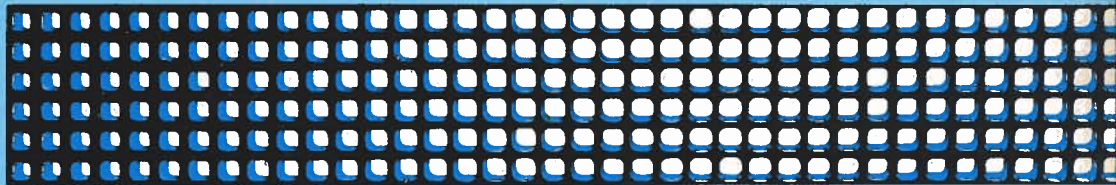
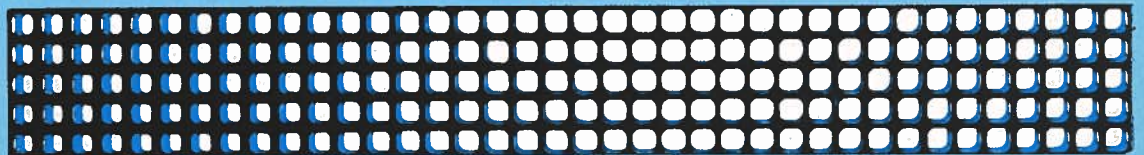
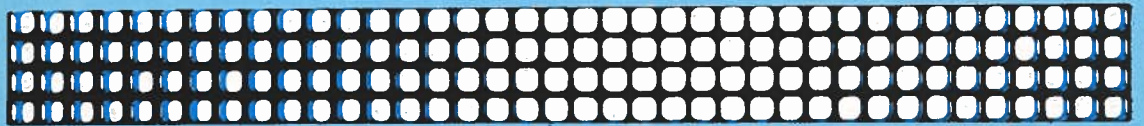
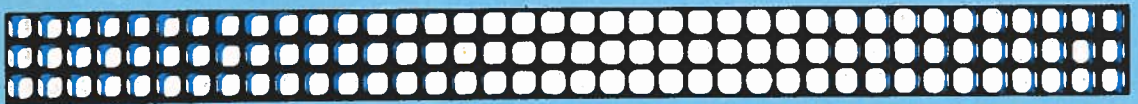


PROGRESS INTO THE 80's



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NTUC Plan of Action for the 80's by Mr Lee Chee Chee,
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Message of Appreciation from the Trade Union Movement
by Mr Lee Chee Chee, Secretary-General, NTUC

Papers Presented At The NTUC Seminar on Progress into the 80's 6-10 November 1979



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INTO THE 80's

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Options For Labour:
How And Why We Should Respond

“Singaporeans can be justly proud of many things. But one of the penalties of success is to take things for granted, and to forget the road we had to travel, in order to arrive at where we are today. It is a road we must continue to travel if we are to maintain what we have already created, and to build a future of expanded opportunities and of deeper individual and collective fulfilment.”

C V DEVAN NAIR
PRESIDENT, NTUC

Options For Labour: How And Why We Should Respond



Mr. Lim Chee Onn
Secretary-General
NTUC

On behalf of NTUC and our delegates, I would like to welcome the Prime Minister and our distinguished guests to tonight's dinner which is held to inaugurate the NTUC Seminar on "Progress into the '80s" and the Adjourned 3rd Triennial Delegates Conference. The presence of the Prime Minister and other distinguished friends of labour has added much significance to this important event of our trade union movement. What is even more remarkable is the atmosphere and setting for the event.

It was not that long ago, 20 or even 15 years perhaps, that it would have been considered sacrilege to hold a union meeting in a posh hotel, not to mention holding a dinner there even before the meeting began. I understand that when the NTUC was first established, a conference was held in an old building in Queen Street. There was no tea served, and even water was difficult to obtain in that building.

There is no doubt that NTUC and its affiliates at present operate in a milieu very different from that of the past. This point came across to me starkly when I asked for possible venues for tonight's dinner, as I was concerned about the cost. The reply I received was quite startling: Anywhere less than a leading hotel would be considered a let down by the rank and file.

Our Plan of Action for the '80s has taken into account this dramatic change in our workers — their attitudes, perceptions and expectations. In the riotous days of the '50s and the early '60s, the workers' bill of fare included unemployment, hunger, poverty and misery. Today it is not uncommon for our workers to enjoy the items we have on our menu tonight. Our labour movement has come a long way.

Compared to his predecessor, our present day trade unionist not only enjoys a better life, but is also better treated at his workplace. He maintains his union membership without fear of employer reprisal and the union now gives him a greater feeling of security than before.

What of the future? All of you by now will have some idea of the rationale behind the restructuring of our economy. The options before you have also been touched upon but in the minds of many, two questions remain unanswered.

Firstly, what should our response be, especially when the tight labour situation and rising wages make it so tempting for us to sit tight and do nothing other than what we have been paid to do. Should we not use our spare time and leisure to enjoy our new-found wealth rather than bother ourselves with acquiring new skills and sweating it out in some union or VITB classes?

The second doubt which you may be nursing is why we should be doing anything about it. The decisions appear so difficult for us to make. Why do we, the workers, want to get involved. Let somebody else decide for us and we, in turn, shall decide whether it was the right choice. We can then direct our

criticisms at the decision-makers later on.

Let me try to answer the first question concerning the nature of our response by illustrating the conflicting decisions we are confronted with. Our economic success over the last 10 years and present prosperity can be compared to a first rice harvest. After this first harvest there is always a choice — whether to eat our fill of rice at once and leave the future to chance, or to take just one bowl first, knowing that at the next harvest more will follow if we have taken care to plant the remaining grains. The decision is a painful one but with a little reflection, investment in the future becomes an obvious course of action.

We made the right decision in the past. The success of our economic development over the past 10 years reflects the ability of our political and trade union leadership to reconcile such a trade-off. What will be our response as we face similar decisions in the foreseeable future? NTUC and our affiliates will have the opportunity, as well as the responsibility, to influence this decision.

Our members have used their opportunities to advantage in contributing to our national development over the past decade. It is up to us to continue shouldering this responsibility to create a better way of life for ourselves and for our families.

We shall be discussing these opportunities and responsibilities over the next 3 days during our seminar, and thereafter during our delegates conference when we debate on the NTUC Plan of Action for the '80s. At the end of it all, the options open to us should be clearer and we will know what our response is going to be.

The second message I wish to leave with you to take into the seminar is simply this. We have the opportunity to determine and shape our future through the way we respond to national needs and personal expectations. Let us not throw away this opportunity to determine our future by refusing to see the reasons why we should respond.

Most of us live in HDB flats and we have had to consider the important question of furniture arrangement in our homes. If you are a visitor to a HDB flat, you will be seated at the place where the host thinks you will be most comfortable. Despite his concern, you may well not like the way he has arranged his tables, chairs and sofa. However you are not inclined to do anything about it since you are just a visitor passing through. You will probably enjoy his hospitality to the fullest and perhaps leave feeling a little smug. On the other hand, if you were the occupier of the flat and the owner of the furniture, you would want to do something about the arrangement to improve it, and would not hesitate to move the furniture around. In fact you would go to great lengths to arrange it in the best possible way, taking great pride in your efforts. In most cases you would even try to learn from others, to find out how they have done it and what the advantages of their arrangements were.

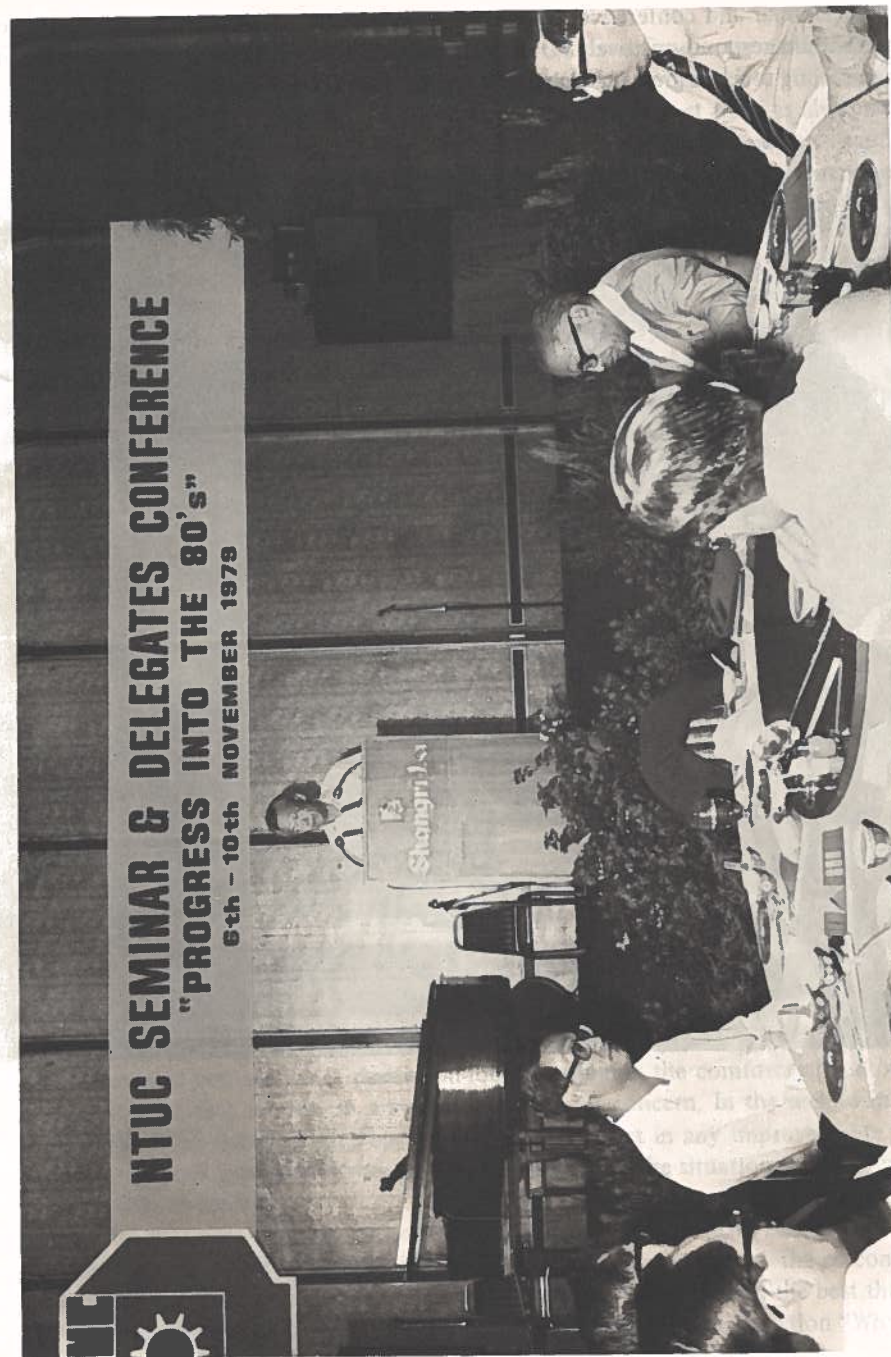
In the first instance, you are just a passive on-looker, enjoying the comforts of the moment and with no more than a passing interest in a matter outside your concern. In the second instance, you are directly involved from the start and have a long-term interest in any improvements that can be made. Because it is in your power to do something positive about the situation, you will take pride in the results you are able to achieve.

The question we therefore ought to ask ourselves is — Are we visitors just passing through, without any concern whatsoever as to what lies in store for us in the future; or are we the co-contributors to and co-owners of our national development, ever eager to secure for ourselves the best the future can promise? If the answer is the latter, then we already have the answer to our question "Why respond?"

After the seminar and conference, we will all have a better understanding of what the options are and why we should respond positively. Our labour movement will then become that much more sure-footed when scaling towards greater heights of achievement and prosperity.



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Inaugural Address

Mr. Lee Kuan Yew
Prime Minister

In the 1980's, the NTUC will have a more difficult role in an economy grown more complex and sophisticated, and with organising a workforce which is better educated, better trained, and with higher expectations. To do this, more talent must be inducted into the leadership, men with ability and dedication, men who can work closely and patiently with grass-root union leaders to bring the Singaporean worker up to world standards of skills and professionalism. For Singapore, the 1960's was the decade when unemployment was solved; the 1970's was the decade of near-full employment and the acquisition of simple skills; the 1980's must be the decade of maturity as our workers seek to perfect their skills and raise their productivity.

The progress of the last 20 years was made possible because of the close, almost inseparable, ties between the leaders of the PAP and the NTUC. In fact, they are one leadership: a group of men had launched a movement to oust the British; they ran into and surmounted communist dominance in mass organisation; the leadership which emerged was balanced and stable. They were one leadership, or they would not have beaten the communists. If the PAP government did not beat the communists and their front organisations in the political arena, there would have been no NTUC. Because of this history, it is natural that the political leadership should play the dominant, if not the decisive, role in solving unemployment, and in setting the framework within which Singapore unions have worked to improve the lot of our workers.

Now, however, in the nature of union organisations, as compared to that of political parties, a curious contradiction has arisen between the PAP and the NTUC; it is one which has the seeds of potential conflict if the present PAP-NTUC relationship is not institutionalised and made durable before a younger generation of leaders has taken over charge of both organisations. Because of the check-off system the PAP in government allowed since 1970, the NTUC is growing stronger financially every year: because of full-time staff which stronger finances enable it to recruit, the NTUC is also growing stronger organisationally every year. This is the case in several industrial countries. Unions are wealthier and stronger than political parties. And because union objectives appeal directly to the pockets of workers, plus the grouping of members in offices and factories, it is easier for union leaders to rally and mobilise their supporters, than for political party leaders to mobilise theirs. In Singapore, only the overriding authority of the political leadership saves the country from unnecessary conflict; for if challenged, the union leadership knows it must face the consequences of a collision of wills; few union leaders can doubt the outcome of such a clash. This circumstance will prevail so long as the

present leaders are in office; after all the present PAP leaders themselves have helped to build the foundations of the NTUC, shaping it as the instrument to counter the ground swell of communist agitation, and in the process transformed Singapore's social and economic landscape, with new factories with NTUC union branches, new towns with NTUC cooperatives in supermarkets, and a self-owning taxi fleet plying the streets of Singapore.

The crucial question is how to ensure that the PAP-NTUC symbiotic relationship will endure between younger leaders in the PAP and NTUC. Put simply, who will educate a younger generation of union leaders to recognise their strengths and their limits: namely that if the union leadership challenges the political leadership, political leaders must triumph, if necessary, by changing the ground rules to thwart the challenge, using legislative and administrative powers, and, when necessary, backed by the mandate of the electorate. If this axiom is put to the test, severe damage will result; but given strong political leaders the outcome cannot be in doubt.

To avoid such unnecessary misunderstanding and the risk of collision, the PAP and the NTUC have adopted a strategy of cross-fertilisation, to bind personal ties, to increase understanding between the government leaders and the union leaders. Able union leaders have been co-opted into the PAP leadership, fielded as Members of Parliament, and when found able, appointed to office, PAP MP's have been made to work in the unions to get to know union leaders and members, and their problems. Some have taken on full-time duties in the NTUC. The younger NTUC leaders must continue to play a critical role in the PAP leadership. These cross ties must be firmly established to ensure that good sense will prevail amongst both union and government leaders; otherwise cooperation and coordination cannot be taken for granted in the late 1980's, which would be a pity. You know what has happened to developed industrial economies, as Britain's, where the unions have repeatedly challenged the government, and got away with it because the electorate had been reluctant to back the government in strong counter action. Hence the continuing problems of the British economy, with their interminable conflicts between unions and any government, whether Labour or Conservative. Hence also the less creditable performance of the Italian economy, with strong communist influence in the unions.

In countries where union leaders are men with a sense of perspective, a sense of proportion of their importance, men who place the interests of their country above that of their unions, there has been dynamic economic growth. There are two examples: first, Japan, where the unions have never shared in political power; second, Germany, where for the last ten years of Social Democratic government the unions have shared in decision making at the highest level. In both countries, the governments have successfully implemented their policies to control inflation and maintain steady growth, because of the supportive role of their unions.

We should have to work out our own style and structure of party-union cooperation. We can learn from both the Japanese and German models. Otherwise I fear my successors will have to pinion the wings of unruly or boisterous union leaders; for it will be their duty to Singapore, as it is mine, to ensure that union leaders do not transgress the limits of legitimate union activities.

From time to time, I have asked myself and Devan Nair, whether we would have been better off in the longer run not to have strengthened the union organisations with a check-off system. Three countries in East Asia that have industrialised successfully – Korea, Taiwan, and Hongkong are without strong unions to impede or hinder management. Indeed, many American MNC's in Singapore do not allow unions in their own factories in America and they have expressed their strong preference not to

have unions in their Singapore operations. In order to persuade several of them to invest here, the government, through the EDB, have given some of them grace periods of between three to five years when we have promised that no unions will be organised. In two cases, the MNC's were so successful in their personnel relations that when SILO or PIEU officers sought recognition, the majority of the workers voted against having a union. Of course, if there were no unions threatening to organise their workers to press for their rights, these companies may not have put in the same effort in good personnel relations nor ensured such good working conditions and wages.

Whatever it might have been, we have made our choice. We have built up a strong and, so far, a responsible trade union movement. Now we have to ensure that the unions will continue to be self-disciplined, aware of their responsibilities. Union leaders at branch levels must grow up. The NTUC must seek out and train those who can mature into balanced men and competent leaders; union leaders must learn to win support of their members with less bluster and posturing, with less exploitation of petty grievances, and without protecting errant or misbehaving workers.

As we move into middle technology and higher skills, union leaders will not have to vex over higher wages; that will be looked after by the National Wages Council in which the unions are a partner. What union leaders must press for are better and more training and retraining facilities and opportunities for their members.

We are a multi-racial, immigrant society of willing and quick learners. Unfortunately most of us expect quick results and even quicker returns. The Singaporean places great emphasis on certificates, on his legal rights and his legal obligations. There is no great pride in the job, nor that self-esteem which makes a German or a Japanese excel in whatever he has to do. If we are to succeed in our second industrial revolution we must give our workers this self-esteem, pride in themselves and their work. Worker attitudes must be different. They must be positive.

A Japanese brick-layer is a proud and an expert brick-layer. A Singaporean brick-layer is not. The results are obvious in our HDB new towns and even in our shopping complexes and office blocks. I was struck by the excellence of the finish of a small resort hotel I stayed in at Nikko ten days ago. I needed reassuring by the manager that Nikko workers had built it four years ago, and not highly skilled workers brought in from Tokyo. Every tile was neatly in position. Every piece of wood was evenly planed and slotted in. I was equally impressed by the quality of the finish of our new chancery in Tokyo. I believe our workers can achieve this level of perfection if we can change their attitudes. The objective must be a job well done and to be well paid for a job well done; it must not be to do a job which the contractor cannot withhold payment from because it has not been too badly done. This change in attitudes will have to start in our schools; it will have to be reinforced in our workshops and construction sites by new social pressures and social mores. The NTUC must play a positive role in reshaping attitudes and objectives, supporting management and the government in a joint effort to realise our full potential.

I discussed a performance of a Japanese worker with our Ambassador in Tokyo recently. On my return I asked him to list out the strengths and weaknesses of the Singapore worker as compared to the Japanese. Allow me to read you his reply:— (see Appendix 1)

I sent this note to EDB for their comments. At least one EDB officer is in continuing touch with our investors to monitor their problems and to help resolve them. The EDB officer's reply was a considered and a balanced one:— (see Appendix 2 & 2A)

We have to start with the Singaporean worker as he is; his present values and ethics. If he wants a certificate, let him have it. If he reaches perfection only after ten years, then test him every two years and give him a further certificate each time, together with recognition of his increased worth. If he has to be judged by consistent daily performance and continuous output of quality products, then management must grade or certify their workers, and reward them differently.

The most important, and perhaps the most difficult habit to inculcate, is cooperative endeavour: what the Japanese workers do on his own, forming groups called "zero defect circle" – I had to ask our ambassador to explain "zero defect circle" to me. "Ambitious workers", he said, "would voluntarily form a circle to study and work harder on a specific work thereby ensuring no defect, similar to no-accident driver. Usually a factory has several groups of circles to compete for the scores."

I do not doubt that we can make the next stage of our industrial revolution. It will require creative selection and adaptation and not mindless copying of other people's methods. I believe most union leaders know what makes the Singapore worker strive to get on; now we want him to strive to reach perfection; we have to work out changes to the system of incentives and disincentives to give him adequate training and supervision, but most of all to be proud of his excellence. If he has not got that life-long loyalty of the Japanese worker to his company, then before the Singaporean goes on training at the company's expense, whether in Japan or Germany, he signs a bond for three, five, or seven years to serve the company or to pay a penalty in default.

The objective of a higher level of skills is relatively easy. To achieve constant high levels of perfection, with less supervision, that is difficult. What foreign managers and foreign supervisors do not understand is the Singaporean work ethic. Union leaders do. NTUC in partnership with the government and management must achieve this. We shall succeed if we deploy enough dedicated talent in the NTUC, enough to match the talent in the government. Most managements can well look after themselves. That's what the next decade is about: either we strive by ourselves or we do not make it.

"Generally speaking, Japanese industrialists consider the learning ability and performance of our trainees as good.

However, there are obvious differences or even contrasts in the working ethics and life philosophy between our trainees and the Japanese workers.

Listed hereunder are comparisons on some basic standards with glaring examples:—

1) Loyalty vs Job-Hopping

In Japan, job-hopping is a disgrace, like a woman who marries more than once. The attitude of our trainees appears to be just the opposite.

Example: Last December, my senior Economic Affairs Officer (from EDB) made a routine visit of 25 trainees in Japan steel works in Hachiozi, a suburb of Tokyo (specialized in making plastic injection mould machines), and asked them for "any requests or problems". One trainee put up the question: "Are we going to get a certificate after 6-month training?"

"Why do you need the certificate?"

My officer was shocked by the answer: "When I go to other company, I have something to prove my qualification".

My officer had a quick look at the face of the factory manager and other instructors. They all looked straight down on the floor.

What an anti-climax. There is a bride inquiring about procedures of divorce in the course of a wedding ceremony.

Evidence: Okamoto of Singapore trained 15 persons, now only 4 are left with them.

2) Professionalism vs "Quick Bucks"

The Japanese workers are very proud of their skills. Some carpenters and porcelain ware makers are even honoured by the Emperor as "Living National Treasures", and their simple products are sold at price of antique masterpiece. Hence all their time and energy are devoted for maximum attainment of highest standard. To a machine, they learn diligently from its characteristics, methods of starting and running to causes of breakdown and best way of repairs in order to qualify for "Zero Defect Circle".

Singapore trainees gave their Japanese tutors an impression of "Always preoccupied with money". Their working attitude are basically as follows:—

- a) Accept training only within scheduled hours, thereafter must ask for overtime. (The Japanese think it is rather the teacher, not the students, who are entitled to overtime.)
- b) After training, Japanese learners used to clean the tools, sweep the floor or even ask the tutor more questions for in-depth discussions. Our trainees are very precious about their time. They do the above within the scheduled hours only.
- c) Quite apart from optimum improvement of skills, their sole concern used to be: "How much can I get after this training?"

Example: Recently, the embassy received a "S.O.S." letter from the leader of a group of trainees in Chiba Prefecture, in which, inter alia, was the following request:-

"According to our factory calendar, we are supposed to have a off day on Saturday, and we are requested to work on that particular day without any overtime payment.
Please advise us on this matter as soon as possible.

3) **Sense of responsibility vs self-interest/convenience**

As already mentioned to you verbally, several months ago I found our Japanese clerk/typist still working alone after 8.00 pm in the chancery, and obtained a moving answer from her for working so late: "I have not finished my work". To a good Japanese worker, he is paid "to do a day's work". He does not "sell his time from 9 to 5 only".

Japanese unions are quite powerful. But they never rock the boat. According to the statistics of the Ministry of Labour, there were 6600 cases of industrial disputes in 1977, but only 35 cases suffered from "Sabotage", meaning go slow, or careless handling of tools etc. In 1978, it was 50 out of 5416 cases.

Clock-watching and wild-cat strikes are exceptional in Japan.

4) **Determination to excel vs "Better than Housing Board"**

In pre-war days, "Made in Japan" was synonymous to lousy goods; but now it is the Hallmark of quality. The secret: The determination to excel, to surpass. They bought many technical knowhow from the West, copied them and asked just one extra question: "How can I surpass it?"

Result: Export of computers to U.S.A. by Fujitsu.

On the other hand, when Minister Ong Teng Cheong complained to his contractor about the unsatisfactory construction: "Why complain, Sir, is the house not better than Housing Board ones?"

Though there are different social and educational background, such as life employment and factory union system, to foster the good working ethics of the Japanese workers, I am confident that the aforesaid virtues could also be instilled in the minds of our workers in order to enable us to go for further industrialisation"

EDB'S ASSESSMENTS OF PROBLEMS MNC'S HAVE BROUGHT TO THEIR NOTICE

1 **Attitudes of Workers**

The best testimony for the Singapore workforce is that our foreign investors continue to expand and to introduce new investments notwithstanding the long list of complaints. The following should be interpreted in this light.

Positive Attributes

The Singapore worker is:

- (1) keen to learn and to undergo training
- (2) hardworking, but keeps to the limits of his terms and conditions of employment
- (3) picks up knowledge and work routines fast
- (4) polite and well-behaved generally.

Generally, on simple repetitive routine, the Singapore workforce is rated highly even when compared to Japan. The problems begins when changes due to exigencies of production, fashion and models are introduced. A common observation is that there is a greater inertia to change.

Adverse Attributes

(1) **Reluctance to travel long distances**

The Japanese workers travel 40-80 km to work. Singapore workers regard more than a few miles as far. Although the criticism is valid, much can be done in the way of proper transportation and congestion-free travel. There is a difference between travelling on a high speed Japanese suburban train and on the uncovered lorries which are commonly used by our factories. Rapid transit free of congestion and traffic pollution will go a long way to resolve this observation. Additionally, the cost of transportation over long distance can amount to 25% of a worker's take home pay if this is not provided. When it is provided by company's transportation, the first few workers to be picked up normally endure a travelling time of about 1½ hours.

(2) **Reluctance to work second shift and overtime**

US companies report that American workers are prepared to put in extra efforts for the extra earnings whereas the Singapore workers prefer to change jobs. The Japanese report that their workers have a commitment to accomplish a full day's work including free overtime whereas the Singaporeans sell his time from 9 am - 5 pm. The reluctance to work overtime is probably due to the lower marginal utility of the extra earning.

(3) **Individualistic and not co-operative**

The Singapore workers are still not used to working in groups and do not cooperate well. For example, they tend to harbour their tools, keep to themselves or to their own

department. This is possibly due to the fear of losing their tools since theft is still a profitable venture and to the fact that they prefer not to hurt the feelings of others or other departments. This diffidence influences the next factor.

(4) **Lack initiative**

The Singapore worker does not bother to ask even if he does not fully understand. He does not give much thought to the work/project before embarking on it. This diffident trait can be traced backwards to behaviour in schools.

(5) **Choosy – Reluctance to undertake menial and unpleasant jobs**

Many other societies manifest similar symptoms. The only solution is to either import workers from poorer countries or to rapidly increase the wages for this type of work.

(6) **Impatience**

The Singapore worker tends to regard a certificate or a diploma as a testimony to his competence. He tends to regard an organised period of training as the basis on which he lays claims to his skills.

(7) **Does not take criticism easily**

The Singapore worker will change job when reprimanded. This is a manifestation of an overheated labour market.

(8) **Lacks sense of responsibility**

Although he observes his basic duties and responsibilities well, the Singapore worker neglects housekeeping and other duties which are not normally well specified.

(9) **Malingering**

This is due to a small minority.

(10) **Lacks loyalty**

The Singapore worker changes job rapidly when under pressure, criticism, or for some extra financial gain.

2 **Additional Comments On Professionalism**

To upgrade and achieve higher levels of technology, the Singapore worker must adopt a more professional approach to his work. Certificates, diplomas and training courses are not sufficient testimonial to his competence, capability and skill. This can only be judged by consistent daily performance and a continual output of quality products and services. The criticism of our workers of being impatient is therefore a fair one.

On Sense of Responsibility and Commitment

Although the Singapore worker can execute repetitive simple jobs well, the execution of more complex tasks cannot be so clearly specified. He therefore must be prepared to undertake peripheral duties for which good housekeeping is only one without demanding for extra allowance.

He should be prepared to undertake more intensive training without immediately expecting a reward to follow. Such rewards will come through higher pay in the longer term.

On Loyalty and Job Hopping

The excessive job hopping is a symptom of an over heated labour market similar to feverish speculation in commodity markets when supply is short. Recognising this, government action is now designed to free the labour market and to equilibrate supply with demand. Singapore workers should take note of this and should begin to acquire a deeper sense of responsibility and loyalty which is necessary for meaningful development and growth.

Managers, both expatriate and local, should recognise that when they embark on new ventures within the first few years and until the various common routines are well understood, a higher degree of instability due to frustrated working relations is inevitable. More enlightened management will avoid the excessive instability which they will otherwise face.

On Cooperation and Individualism

The process of upgrading will require more sophisticated and more complex cooperative endeavours. The Singapore worker must mature more rapidly and learn to work and relate with each other.

3 **The actions of trade unions**

Despite the rapid growth and transition of the Singapore economy, there has been a creditable low rate of strikes and disputes. The trade unions should be commended for participating well with the government and management in achieving this situation.

There have been cases of union disciplining its own ranks and not pressing for wage increases in cases where companies are facing difficulties. The cooperation of trade unions has been vital in past development and will be crucial in the future. Notwithstanding this, there have been problems relating to individual disputes which can potentially damage industrial relations in Singapore and investors' confidence in our economy. From time to time, individual branch unions have supported workers who:-

- (1) frequently come late
- (2) do not undertake extra duties within their responsibilities
- (3) quarrel with supervisors

Some branch unions resort to asking for extra allowances:-

- (1) for changes in duties, and
- (2) for transfers from one department to another

These actions by unions collaborate and condone the bad attitudes of a small minority of workers to the detriment of the majority. While in the short term, it appears that the union is performing its function, in the long term, it is damaging to the interests of the total workforce and the national economy.

The trade unions during their campaigns have resorted to abusive languages (vampires, blood suckers, exploiters). They resort all too freely to threats of taking industrial action, taking the

company to the Arbitration Court and accusing management of being anti-union and therefore liable under the law.

The above activities of the unions are due to:-

- (1) immature leadership at the lower levels due to constant turnover
- (2) a lack of experience

Perhaps one of the major causes has been the restricted functions of unions in Singapore now that NWC stipulates the basic wage guidelines and restricts fringe benefits terms.



ATTITUDES AND ATTRIBUTES OF SINGAPORE WORKERS – FURTHER EXPLANATORY NOTES & EXAMPLES

2 Inertia to Changes

The most vivid example of the phlegmaticism of our production on lines is cited by our garments industry where model changes are dictated by fashion. It is reported that in Hong Kong, normal productivity levels are reached within a day or two, whereas in Singapore similiar changes require more than a week, sometimes two weeks, to achieve the usual productivity level (cited by "A" Company)

The same observation has also been made by the General Manager of "B" Company. With reference to changes in design of radio and cassette radio models.

3 On Overtime Work

This observation is cited by our rig building and ship repair yards. Generally, workers finish their day at 4.30 pm. Because of the nature of shipyard work, overtime is frequently required up to 12.00 pm at the rate of 1½ times normal pay. Given a daily rate of \$16 to \$18 per day, a 4-hour overtime means an extra \$12. This is not sufficient to entice the younger workers to work. Older workers are much more prepared to do so because of their greater commitment and family responsibilities. Younger workers excuse themselves by saying that they have a date or they are going to see a kung fu film, or perhaps just to spite the supervisors. The lower marginal utility of the extra earnings refers to the greater preference of our workers for their own free time and to the fact that the extra income does not contribute significantly to the workers' needs.

The reluctance to work overtime should also be attributed to the fact that normal transportation is not provided even if a transport allowance is given. With most factories in remote locations and the poor transportation available at inconvenient times, a 2 to 4 hour overtime does mean that the workers take an even longer time to reach home. Part of the extra earning is also offsetted by having to purchase meals where this is not provided. Under normal circumstances, workers tend to take their meals at home. Quite often too, management is to be blamed for the poor response to overtime. Managers excuse themselves by saying they cannot give advance notice for overtime. Some companies practise overtime as a regular feature without an effort to manage it on an organised basis.

In the case of shipyards, supervisors resort to offering the whole shift as overtime. For work beyond 12 o'clock, workers are entitled to stop at 2.00 am in the morning, after which they may rest within the shipyard up to 7.00 am in the morning. Our workers respond well to this since the rate is 2 times and for a longer period. There is even a racket in certain yards to force the supervisors' hands to freely grant this especially by the older workers.

4 On Team Spirit, Sense of Commitment, Responsibility & Professionalism

The comment on the fear of hurting the feelings of others is related to the tendency of the workers to keep to themselves or their own department, and not to the issue of tools. There are no vivid illustrations, but it is a common complaint that the Singaporean tends to keep to himself, not to report when he sees that something is wrong, and that he lacks a team spirit. One shipyard cites a few instances where for example an engine part (a valve) was taken out. The repair had to be done by another department. The fitter did not take the trouble to point out that something was wrong, so he replaced the original part without any work being done on it. The error was subsequently detected. This action illustrates an attitude ranging from carelessness, irresponsibility, to lack of professionalism and initiative. It may also be attributed to poor training or careless supervision.

On tools, it is a common observation that the Singapore worker is very careless with their use. The use of proper tools for specific jobs is a pride of craftsmanship. In many workshops, workers may be found using large spanners as hammers simply because they cannot take the trouble to walk to the toolroom to obtain a proper hammer. Spanners are precision-forged instruments meant to tighten certain nut sizes. Used as a hammer, the spanner will lose its precision. Damaged spanners when used on nuts will damage the hexagon heads of the nuts as well as being a danger to the worker himself since the application of force may lead to the spanner slipping and the hands inadvertently being smashed against other parts of the machine. When workers lose their tools or damage their tool issued, the tendency is to steal from their fellow workmen. This is a common plight in our shipyards and workshops. There is also a second hand market for stolen tools in Sungei Road. Because of these instances, workmen tend to lock up their tools and not to co-operate with each other. Workshop managers now take to controlling tools within tool cribs. In Western countries, tools are conveniently displayed on boards and are commonly accessible to all workers without the fear of their being lost.

With regard to the Singapore worker not bothering to ask even if he does not fully understand, this is because of the fear of displaying his ignorance. The Japanese communicate well by having regular meetings at all levels from the shop floor onwards. They will discuss routine functions repeatedly. The German approach is to provide very meticulous instructions, well prepared on worksheets. Singaporeans, on the other hand, tend to be too much in a hurry. If certain routines are repeated more than once, their attitude appears to be "Do you think I am stupid?" or they become bored. Our level of literacy does not permit excessive written instructions. The keenness for details of the Germans and the high tolerance for repetition of the Japanese is not present in the Singapore worker. The Singaporean is very inquisitive and is very interested when something is new. He will ask a lot of questions and will be very enthusiastic, but he lacks depth. Shortly after the novelty value diminishes, there is no further attempt to go deeper into the matter and to acquire the sort of in-depth knowledge and understanding which makes for the proper execution of complex or very precise functions. This observation is valid for Singaporean managers as well.

Some years ago, a group of workers was despatched to a ball-bearing factory in Japan. To attain the high level of precision required in ball bearings, the workers had to repeat the functions repeatedly. The Japanese regard this as training, and Singaporeans called it work. Although productivity and quality levels were not reached, the Singapore workers demanded to be paid as

workers, and not as trainees. The Japanese industrial managers felt that the company was paying for the training because of the reduced productivity and the damaged materials expected during training.

A further complaint of the Japanese managers is that Singapore workers are quick to do a job without attempting to ensure a quality service or product. For instance, in "C" Company, they employ six quality inspectors for the operational workforce of 141 to manufacture electrical indicating instruments. In Japan, the workers inspect their own output. There could be other reasons beyond the attitude although their first manager made this complaint about our workers. In the home plant, the workers are stable and skilled. In Singapore, the workers are new and the workforce subject to continuous turnover. Hence the need for quality assurance inspectors.

The Philips Machine Factory cites an instance where a worker was required to machine a very accurate hole to house a shaft in a plastic mould. This particular worker machined the hole slightly too large. Instead of reporting the mistake, he rather ingeniously hammered the side of the hole so that it look on a slightly oval shape. When the shaft was fitted, it appeared to be correct. But when the mould was tested with plastic material flowing around the shaft, the plastic flowed into the extended crevices and seized up the entire mould thereby requiring extensive repair work.

5 Housekeeping and other Duties

The housekeeping duties in industries refer to sweeping and keeping the machineries clean after the day's work is done. Swiss, Japanese, and German workers do this very well not just for the purpose of tidiness, but also for the purpose of safety and good maintenance. Leaving the immediate work environment of the machines in a state of untidiness with oil spills and metal chips unswept results in cuts, bruises and falls, apart from being unsightly. Good housekeeping also mean that machines have to be properly oiled and greased before they are left to stand idle until the following day. Accessories and tools have to be properly kept so as not to expose them to rust and pilferage. Other responsibilities and duties refer to the personal discipline; reporting to work on time, refraining from malingering, slow and sloppy work, receiving and taking orders well and generally contributing to the productivity and efficiency of the enterprise. Instances of malingering continue to be reported although an EDB survey showed that this is not a serious problem. Constant complaints refer mainly to going to work late and taking unwarranted sick leave. Reporting late for work, to a considerable extent, is weather dependent since our transport system functions badly under inclement weather. Taking unwarranted sick leave can be attributed to only a minority of our workforce. Many cases are reported when company doctors do not certify a person sick whereas government clinics do. In this regard, the unions champion the rights of workers to take sick leave using the favourable sick leave certificate as a basis. On occasions during disputes on other issues, the unions have also been known to resort to encouraging members to take sick leave on a group basis. There is, of course, no evidence for this since the unions disclaimed any responsibility for it.

6 Further Instances on the Actions of Trade Unions: "X" Company/"Y" Union

One positive case when the union was most helpful occurred shortly after the "X" Company was unionised. A factory hand, Mr "S" was elected as Branch Secretary. After election, he made

approaches to the management for promotion to become a machine trainee. "X" Company acceded to this request and emplaced him as a machine trainee starting at \$220 a month, \$12 more than his then existing salary. Mr "S" felt he was underpaid and asked for \$320 a month. This was rejected. Having failed to advance his personal interest, he lied to "Y" union that he was shabbily treated and began creating trouble using his union connection. When a complaint was made directly to Mr "C", the union leader, Mr "S" was taken out of the Committee.

"D" Company/"B" Union

This incident occurred more than a year ago and had been settled. A new foreman recently demobilised quarrelled with a branch official of "B" union on a personal basis. The union official alleged that the foreman had been rude. The company was asked to take disciplinary action against the foreman. This was not an industrial issue and the company refused to accept the complaint. "B" Union then took action against the company when the matter was referred to the Ministry of Labour. A go-slow lasting 1½ days was organised. Finally the matter was resolved when the foreman apologised to the union.

"B" union should not have taken up this issue. Having taken it up, they should not have been so hasty in taking industrial action. Finally, issues of this nature directed at individuals subvert the confidence of the supervisory ranks.

"E" Company/"B" Union

A supervisor caught a worker sleeping on paper cartons during the night shift. The union contended that the worker was sleeping during his tea break, and not during working time. A disciplinary note was given to the worker. Subsequently, the union found that the supervisor did not sign in according to company's regulations. They complained to the management demanding that the supervisor be disciplined. When the management ignored the complaint, the union served notice under Section 17 of the Industrial Relations Act inviting the management to negotiate on the issue. The management was perturbed on the grounds that time and manpower will be wasted in negotiations on matters which do not concern the union. The action of the union was a vindictive one, intended to intimidate the supervisor because of his reporting a union member. The supervisor himself is also a union member.

Generally, any investigations into industrial relations in Singapore meet with a disconcerting refusal of managers and junior executive ranks to be more candid. Personnel managers especially are excessively over-concerned with their rice bowl fearing vindictive actions by the unions. This is especially so in industries where personnel managers wherever they go will have to face either PIEU or SILO. We are not able to cite specific instances, but it is known that this does occur. Ex-employees of the unions who are taken on as personnel managers do face non co-operative actions from their previous colleagues.



"Prospects Of The Labour Movement In Singapore In The 1980s"

Dr. Goh Keng Swee
1st. Deputy Prime Minister

This NTUC Seminar "Progress into the 1980s" requires of participants some ability to foresee the future. The trouble is that we are not astrologers or fortune-tellers. Man in the course of his long progress from barbarism to civilisation has tried many systems of reading the future, from the inspection of sheeps' entrails used by the Romans to the reading of tea leaves by Gypsy fortune tellers. In Singapore, I am told, fortune-telling is a flourishing, if small, business using a wide range of apparatus, bamb oo sticks, cards and even birds.

In an age in which science and technology reign supreme, enlightened people are naturally contemptuous of such old fashioned methods. They prefer to feed data into a computer programmed with sophisticated mathematical models. Unfortunately, so far as economic forecasting is concerned, the outcome of scientific methods is not always superior to those used in astrology or witchcraft. One economic forecaster, an irrepressible optimist, said that if you cannot forecast correctly, forecast frequently.

These introductory remarks will serve to remind participants of this seminar of how fragile is the basis of economic forecasts. I am not going to make any forecasts about how the Singapore economy is going to perform in the 1980s. This task I leave to economists who are more adventurous than I am.

Instead, I propose to review the performance of our economy over the last ten years, paying special attention to workers and trade unions. Next, I will discuss the present problems of the industrial nations — the USA, Western Europe, and Japan. The progress we make is greatly influenced by economic conditions in these countries. They are the source of much of our capital investment in the manufacturing and service industries and they are the markets of most of our products. Finally, on the basis of the study of these two subjects, I will outline some of the problems the labour movement is likely to face in the 1980s.

In table 1 below, I show the membership of trade unions between 1960 and 1978.

TABLE 1 MEMBERSHIP OF TRADE UNIONS, 1960-78

<u>Year</u>	<u>No. of Members</u>
1960	146,579
1961	144,770
1962	164,462
1963	189,032
1964	157,050
1965	154,052
1966	141,925
1967	130,053
1968	125,518
1969	120,053
1970	112,488
1971	124,350
1972	166,988
1973	191,481
1974	203,561
1975	208,561
1976	221,936
1977	229,056
1978	236,907

This period can be divided into three phases:—

- (i) The first phase covers 1960 to 1963. During this period, union membership increased from 146,579 to 189,032.
- (ii) The second phase covers the period 1964 to 1971. This period saw a decline from the 1963 peak of 189 thousand to 124 thousand in 1971.
- (iii) The third period covers 1972 to present. The union membership increased from 1971 figure 124 thousand to 237 thousand.

How do we explain these fluctuations in union membership? The growth in the first period has a simple explanation. It was the result of the open fight between the PAP and the Communist United Front. Both sides made strenuous efforts to mobilise workers to its cause. I have to confess that the

Communist United Front was much more successful than we were and most of the increase during this period were achieved by the so called "Middle-Road Unions". These unions were an important arm of the Communist United Front.

When the Communist United Front was decisively defeated in a referendum of October 1963, the fortunes of the Unions declined as shown by the decline in membership from 1964 onwards.

When we joined Malaysia on 16 September, 1963, security became a responsibility of the Federal Government in Kuala Lumpur. Needless to say, there was little love lost between the Malaysian Government who has been fighting Communist guerilla insurgency for more than 15 years. Security action deprived the pro-communist trade unions of their most militant and able leaders.

When we left Malaysia in 1965, union membership had declined by some 35,000 or 18.5% of its 1963 peak. This decline continued over the next 5 years when union membership reached a low figure of 112,488 in 1970. This decline in membership was a continuation of past trends, as more and more workers lost confidence in the efficiency of pro-communist union leaders. It was during this period that the NTUC began to consolidate its position. The NTUC began to provide workers and their unions with expertise and know how in support of their negotiations with employers. NTUC staff helped to represent unions in conflicts with employers which was brought to the arbitration court. Though the 1970 figure of 112,488 is small compared with the 1963 figure, what mattered was that the great majority of union members belonged to unions affiliated to the NTUC. They did so because they could secure better conditions of work by operating the legal processes open to them through negotiations, conciliation and arbitration. Previously the strike weapon was considered indispensable. The NTUC showed that there were other ways by which union members were able to enjoy a fair share of the rapid economic growth.

How do we account for the fast increase of union membership in the third period, 1972 onwards. Here again, I think the explanation is a simple one. It was the establishment of the National Wages Council (NWC), consisting of representatives from government, employers and employees. The NWC made its first recommendation in 1972 for a flat 6% increase in wages. As you know, the NWC makes a recommendation for a wage increase each year after studying the economic performance of Singapore during the previous year and expected trends during the coming year. One reason why the government established the NWC was to ensure that workers get their fair share of Singapore's economic growth up to an amount that would not jeopardise growth. We also want to ensure that benefits would spread to workers outside organised labour. Those who belonged to Trade Unions could look after themselves given their ability to take collective action and their access to the expertise developed by the NTUC. The first NTUC award in 1972 applied only to the private sector. Since then, the public sector has followed a general line of the NWC recommendation with suitable modifications because of differences in service conditions and salary structures.

There is little doubt that the establishment of the NWC had a direct effect on union membership. This is because the NWC recommendations do not have the force of law. They are only guidelines to employers who are free to accept, reject, or modify the recommendations. Employees in firms who were reluctant to follow the NWC guidelines found it advantageous to join a union or to organise themselves into one. They then achieved a superior negotiating position and they were able to get benefits to NWC wage recommendations. So in three short years, we saw a spectacular increase in union membership from 124,350 to 203,561.

TABLE 2 ANNUAL NWC RECOMMENDATIONS
表二—全國薪金理事會常年加薪建議

YEAR 年度	NWC RECOMMENDATIONS 全國薪金理事會常年加薪建議	
	Private Sector 私人機構	Public Sector 政府機構
1972	6% flat for all without offsetting. 6% 加薪，沒有扣除	N.A. 不適用者
1973	9% with varying rates. 9% 加薪，惟具有不同加薪率	9% flat without offsetting 9% 加薪，沒有扣除
1974	\$40 + 6% without offsetting, \$40 + 10% of those without annual increment. \$40 + 6% 加薪，沒有扣除 沒有常年加薪者可獲得 \$40 + 10% 加薪	\$40 + 6% for those who earn less than \$1,000, 10% for those who earn \$1,000 or more 薪金不超過一千元者可獲得 \$40 + 6% 加薪 薪金一千元或以上者可獲得 10% 加薪
1975	6% for all with full offsetting on annual increment subject to a minimum of 3%, 3% for those who reach maximum in the scale. 6% 加薪，扣除常年加薪，唯最少有 3% 加薪 薪金已達到頂點者可獲得 3% 加薪	Same as private sector. 與私人機構相同
1976	7% with full offsetting on a group basis (on annual increment only) 7% 加薪，扣除整體加薪（常年加薪而已）	Same as private sector. 與私人機構相同
1977	6% with full offsetting on all forms of increments or remunerations on a group basis. 6% 加薪，扣除各種加薪或整體薪酬	Same as private sector. 與私人機構相同
1978	\$12 + 6% with full offsetting on all forms of increments + all remunerations on a group basis. \$12 + 2% 加薪，扣除各種加薪和所有整體薪酬	Same as private sector. 與私人機構相同
1979	\$32 + 7% with full offsetting on all forms of increments + all remunerations on a group basis. \$32 + 7% 加薪，扣除各種加薪和所有整體薪酬	Same as private sector. 與私人機構相同

Table 2 shows the NWC annual awards made each year from 1972 to this year. In most years, the award takes a flat percentage increase, bearing between 6 to 9%. Those who are on salary scales with fixed annual increments are subject to off-setting to an amount of the annual increment except for 1972 where there was no off-setting. In 1974, 78 and 79, the award takes the form of a fixed sum plus a percentage. As you know, the awards for 1974 and 79 were very substantial for those in the lower income brackets. In 1974, a worker on a pay of \$200 a month would in effect get a pay rise of 26%. In 1979, the effective increase for lower income groups would be in the region of 20%.

In 1974, the reason for the large pay increase for the lower income groups was the very high rise in the consumer price index as a result of a four-fold increase in the price of oil and a substantial increase in food prices coming together. This year, the reasons were different. Because of labour shortages and the need to encourage skilled intensive industries, the policy was to make labour expensive, thereby providing employers with an incentive to economise on labour.

The result of these wage increases was a continuous improvement in the standard of living of workers. Such improvements are made possible by the very fast economic growth Singapore has enjoyed in the last ten years. Table 3 shows a growth of Singapore's gross domestic product given at current and constant prices for the years 1968-78. The GDP at constant prices means that the figures had been adjusted for inflation. In 1968, Singapore GDP at current prices was \$4,315 million. By 1978, this had been increased to \$17,563 million. However, a dollar in 1978 is worth less than in 1968 and if we take this into account, that is to say, if we allowed for the effects of inflation, the 1978 GDP would be \$11,092 million. This represents an increase of 157%, ie just over 2½ times.

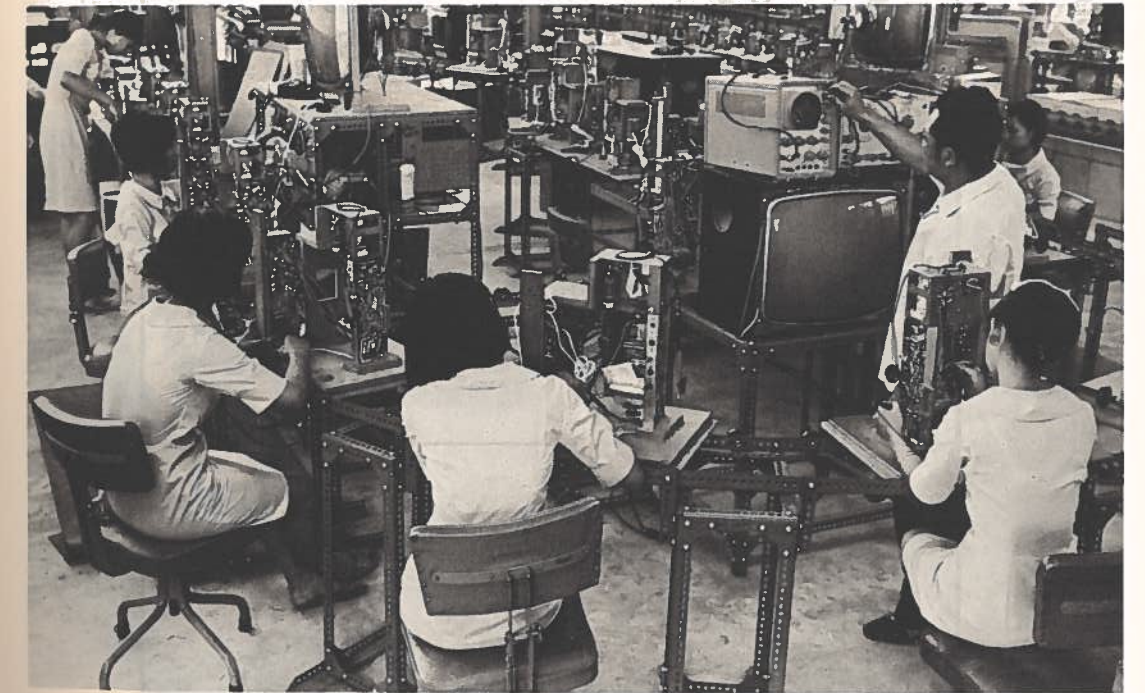


TABLE 3 - GROSS DOMESTIC PRODUCT OF SINGAPORE, 1968 TO 1978
 表三—從一九六八年至一九七八年新加坡國內總生產

Year 年度	Gross Domestic Product (\$ Millions) 國內總生產 (百萬元)		% Increase of B 的增加率
	A At Current Prices 時價	B At Constant Prices (1968) 常價 (一九六八年)	
1968	\$ 4,315	4,315	-
1969	5,020	4,906	13.7
1970	5,805	5,579	13.7
1971	6,823	6,277	12.5
1972	8,156	7,120	13.4
1973	10,205	7,941	11.5
1974	12,543	8,445	6.3
1975	13,373	8,790	4.1
1976	14,575	9,447	7.5
1977	15,974	10,210	8.1
1978*	17,563	11,092	8.6

* Preliminary
 初步數字

We notice that the period 1968 to 73 saw very fast economic growth, between 11.5% to 13.7% annual increase in the GDP. After the oil crisis of 1973/74, growth rates slowed down considerably. 1975 saw an increase of only 4.1%. This was the time when there was a major world recession. Since then annual growth rates have increased but have not reached previous double digit growth rates. Considering the troubled state of the world economy during the last two or three years, Singapore's economic performance can be considered as excellent.

How do these growth rates compare with previous performance? Between 1959, when we first took office, till 1963 when we entered Malaysia, the annual growth rate was around 6%. In the two years when we were in Malaysia, this declined to 4%. Our departure from Malaysia, contrary to the expectations of all experts saw greatly improved performance. The closing down of the British military bases, which accounted for 15% of our GDP, proved a blessing in disguise as it prepared our citizens for great exertions to overcome what then appeared insuperable difficulties. This shows that with sound economic policies and firm political leadership, Singapore can succeed in the face of great odds. Growth rates of around 12%, which we achieved after 1968 are exceptional in the world. Only Japan in the 1960s and early 1970s and South Korea and Taiwan were able to reach such heights. Even the 6 to 8% growth rates which we now register are respectable.

How was it possible for a small island state with no natural resources able to achieve such an economic performance? A detailed answer would have to describe many complicated economic as well as political and social issues. Here I want briefly to discuss one crucial element in our recent economic progress to which inadequate attention had been paid in the past. This is the role of domestic savings.

There is no real secret about the way in which most nations and individuals grow rich. They must save a good part of their incomes and invest their savings profitably. The more you save and the more wisely you invest, the faster you get rich.

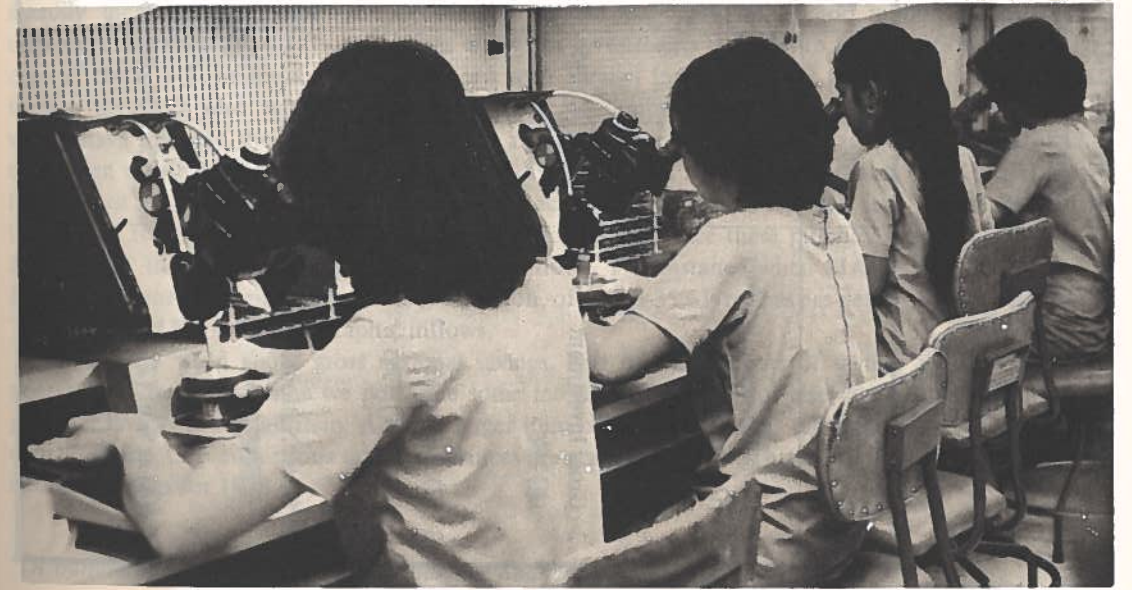


TABLE 4 SAVINGS, INVESTMENT AND GROSS DOMESTIC PRODUCT, 1979-78;
AT CURRENT PRICES IN \$ MILLION

表四—從一九六九年至一九七八年的存款投資及國內總生產
以市價百萬元計

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
1 Gross Domestic Product (Current Prices) 國內總生產 (市價)	\$5,020	5,805	6,823	8,156	10,205	12,543	13,373	14,575	15,974	17,563
2 Gross Investment 總投資	1,437	2,245	2,744	3,354	4,000	5,592	5,035	5,492	5,315	6,256
3 (2) as % of (1) (2) 對 (1) 的百分率	28.6%	38.7%	40.2%	41.1%	39.2%	44.6%	37.7%	37.7%	33.3%	35.6%
4 Gross National Savings 全國總存款	973	1,130	1,253	1,916	2,595	2,893	3,602	3,747	4,164	4,566
5 (4) as % of (2) (4) 對 (2) 的百分率	67.7%	50.3%	45.7%	57.1%	64.9%	51.7%	71.5%	68.2%	78.4%	73.0%

In table 4 I show the value of gross investments in 1969 to 1978, and compare it with gross domestic product at current prices. I also show figures of gross national savings and compare it with gross investments. The figures show a very high rate of gross investments throughout the decade. Each year, total investments in Singapore amounted to between 28.7 to 44.6% of the GDP, averaging 37.7%. This is one of the highest investment rates in the world. In 1959 when we took over, less than 10% of the GDP was invested. Figures for other countries are as follows: Japan takes the lead 30.9% (1978). The figures for Western industrialised countries are as follows:—

USA	17.4%
UK	18.2%
Italy	18.8%
W Germany	21.6%
France	21.5%
Canada	22.0%

Our Asean neighbours invest the following percentages of their GDP:—

Indonesia	18.9%
Malaysia	24.9%
Philippines	23.0%
Thailand	27.1%

The high rates of gross investments which Singapore has achieved would not have been possible if we spent most of our income. Table 4 shows that the volume of gross national savings each year is substantial and increasing. In 1969, gross national savings amounted to \$973 million and this has steadily increased throughout the decade till we had the figure of \$4,566 million in 1978. The difference between gross national savings and gross investments is made up for by inflows of foreign capital. Such inflows must not be confused with foreign investments by multi-nationals and other foreign investors who establish enterprises here. No doubt investments made by these enterprises would have financed the gap between savings and investments. But a good part of it is due to the fact that when a firm located in Singapore makes a big investment such as the purchase of industrial plant, it does not pay cash for it. The full cost of machinery and equipment goes into the value of total investment for the year in which it arrives in Singapore but since these purchases are not totally paid for in cash, the difference appears as capital inflows. For instance when SIA takes a delivery of a Boeing 747, costing approximately US\$55 million, of which 35% is paid as pre-delivery down payment.* The rest would be recorded in capital inflows.

One more word about gross national savings. Part of this consists of savings by individuals, ie people like you and I, when we put aside some money in the POSB or elsewhere. But such a form of personal savings is a small item. A much larger item of personal savings takes the form of CPF annual contributions. CPF collections and net balances are given in Table 5. This is less than a quarter of gross national savings for 1978.

*(A minimum of 15% in cash and the balance financed by loans).

TABLE 5 - CPF ANNUAL CONTRIBUTIONS AND YEAR-END BALANCES

表五—常年公積金額與年底結存

Year End 年度	\$ million Annual Contributions 百萬元 常年公積金額	\$ million Balance at End of Year 百萬元 年底結存
1969	107	632
1970	156	777
1971	224	988
1972	331	1,316
1973	475	1,771
1974	687	2,414
1975	887	3,235
1976	1,008	4,066
1977	1,115	4,954
1978	1,352	5,981

In 1978, annual contribution amounted to \$1,352 million. However during the year, there were payments out of the fund to those who have retired and the net increase in the CPF balance was just under \$1,000 million. The main part of gross national savings consists of undistributed profits of business enterprises which are available for investment. One word of caution of these figures on savings. They are estimated as residuals, ie the difference between total of expenditure and total income. Because of errors inevitable in the calculation of expenditure and income, the margin of error of savings estimate is large. They should only be taken as very rough approximations.

What lessons do we draw from the experience of the past ten years? The first is that a high rate of savings must be maintained in the 1980s if we want to make progress comparable to what we have achieved in the last decade. Second, the high rate of personal savings in the last ten years was achieved as a deliberate policy of the government. When the PAP won the general elections in 1959, the rate of contribution to the CPF was 5% for the employer and 5% for the employee, those earning \$200 a month, or less being exempted. In 1968, we decided that these rates are totally inadequate to finance the much larger volume of investment we need for rapid economic growth. Over the next 7 years, rates had been steadily increased until it was 15% each side of 1974. The rates of increase took into account NWC wage increases so that the take home pay of the workers goes up while his savings rate also goes up. In recent years, there had been further increases but the intention was to return part of the employer's contribution to take home pay during times when economic conditions become less favourable.

The third lesson is that since the bulk of savings comes from undistributed profits of business enterprises, it is necessary that workers, especially trade union leaders should take a positive attitude towards business profits. In some industrialised countries, profits have become a dirty word. They are regarded as something taken out of the workers' pockets by surreptitious means.

Should ever such an unfortunate attitude take hold in the labour movement in Singapore, we shall see the end of the fast rates of economic growth which we enjoyed in the last decade, even during the period that the world economy was in big trouble. Business enterprises are not philanthropic organisations. Their main purpose is to make money. If they make money and see further opportunities for making money, they will increase their investments in Singapore.

We should note that since the bulk of our output of goods and services is marketed overseas, profits are not made at the expense of consumers in Singapore. They are made because the cost of production in Singapore is competitive. The trade union movement should therefore welcome business profits — the bigger the better. Workers' share or progress is secured by annual NWC wage increments. So long as the economy is growing, workers will continue to get rising income. So long as business corporations made profits, the economy will grow. There is an identity of interests between business and the labour movement on this point.

I now turn to the world situation, especially the condition of the largest seven richest countries — the USA, Japan, West Germany, Britain, France, Italy and Canada. As I have said earlier, the prosperity of these countries is of importance to us because they are the main markets of what we produce and they are the principal source of investment in new enterprises.

The economies of the modern industrialised nations are not in a healthy state. They are faced with four severe problems:—

- i) Energy
- ii) Inflation
- iii) Unemployment
- iv) Slow economic growth.

Let me comment briefly on each of these.

As regards energy, the price of crude oil has increased from US\$5 a barrel in 1973 to more than \$20 today. This has three bad effects. First, the increase in the price of oil represents a withdrawal of purchasing power from oil importing countries, which is transferred to the OPEC countries. In effect, oil importers are paying a substantial annual tribute to OPEC countries. Second, important industrial raw materials such as cement, aluminium and steel become more expensive because they use large quantities of energy in their manufacture. Third, physical shortages of energy will reduce the growth of industries most of which are energy-intensive.

Although these countries are trying to find other energy sources such as coal, nuclear power, sunshine and so on, actual progress has been small. Political action groups have been formed to oppose the use of nuclear power and environmentalists are concerned over the widespread use of coal because of pollution. So the energy problems will stay with the industrialised countries throughout the 1980s. One easy way out is the early discovery of new large oil deposits outside the OPEC countries. Few expect this to happen.

As regards inflation, four of the seven rich countries have inflation rates of more than 10%. Inflation has become the number one problem in most of the industrial nations. Much has been promised by Governments but little has been achieved. The prospects of a quick reduction of rates of inflation to something more reasonable, say 3% a year or less, is virtually zero. Those who believe otherwise are well advised to read the 1979 Per Jacobsson lecture by Dr Arthur Burns delivered on

30th September 1979 in Belgrade to a gathering of central bankers attending the IMF-World Bank Annual Meeting. The title of the lecture was "The Anguish of Central Banking".

Arthur Burns had a distinguished academic career, building his reputation on his studies of the business cycle, on which he is a recognised authority. He has also been one of the outstanding Chairmen of the US Federal Reserve Board in recent history. Briefly, Dr Burns argues that inflation can be brought under control only by fairly drastic action, and not by gradual adjustment. However, such drastic action is not politically feasible. One reason why this is so is that with the growing affluence of the post-war years and under the influence of Keynesian economics and ideas of the welfare state, people have come to regard governments as some kind of Father Christmas. The old virtues of self-reliance are being eroded. Because of generous welfare benefits, large numbers of people prefer to remain unemployed.

In industrial democracies, government action is constrained by prevailing beliefs and elected political leaders cannot carry out remedies which the majority of people regard as not only harsh but also unnecessary. Despite their theoretical status of independence and the great powers at their command, Central Bankers cannot resist the tide of public opinion, legislative power and executive pressure. Because Central Bankers have to confirm Dr Burns' conclusion that inflation will stay with us until the general public and political leaders have been re-educated. This will take a long time and we can expect inflation to remain a major problem throughout the 1980s.

There is of course the possibility that inflation may lead to a big crash of the monetary and banking system. This would lead to a world wide depression and kill inflation.

In fact, last month the Americans celebrated — if this is the right word — the 50th Anniversary of the great Wall Street crash of October, 1929. This crash was followed by a great world-wide depression which saw unemployment in industrial countries ranging from 25% to more than 50% of the work force. Could a calamity of this kind be re-enacted? The opinion of experts is that it is possible but the chances are slim. If you are a pessimist, you can find many reasons for expecting a financial crash. The huge Euro-dollar market is one of them. It is an enormous system, the net balance being \$520 billion at the last count. The market is beyond the control of any government. Economists are not even sure how and to what extent the Euro-dollar market can get into a self-generating credit expansion process.

In Singapore, these are matters beyond our control. If it happens, it is going to be very unpleasant. But we should avoid the conduct of the man from the ancient Chinese state of Chi who worried so much about the possibility of the sky falling down on earth that he was reduced to total inactivity. The Chinese idiom has embodied this in four characters: 杞人憂天. The only trouble is that unlike the man from Chi, we cannot say for sure that the financial sky will not fall down.

As regards unemployment, not only is it high in most of the seven countries (Japan excepting) but it is likely to get worse. The seven countries have a total registered unemployment of 12.8 millions at the last count in July this year. It is likely to exceed 15 millions by early next year.

At one time, when the industrial nations saw the long economic boom from the mid 1950s till the end of the 1960s, many economists thought that they had permanently solved the problem of unemployment. During those happy years, the problem was shortage of labour. The Keynesian economists took credit for this wonderful achievement. But now their medicine no longer works. Some suspect it never had. Their favourite prescription, deficit financing, reduces unemployment very slightly

but it greatly strengthens inflation and inflationary expectations. Nobody knows why the Keynesian medicine has not worked. Nor have economists been able to discover ways of combating both inflation and unemployment. So far as practical measures are concerned, the record has been dismal. The OECD Secretariat, in its publication "Economic Outlook", July 1979 concluded as follows:— "Recent trends and indicators suggest that the chances of achieving reasonable price stability and restoring sustainable growth and full employment by the middle of the next decade are not good". I will end my brief account of the industrial nations on this depressing note.

I now come to the problems the labour movement is likely to face in the 1980s and what response it should make in order to secure the well being of workers and the general prosperity of the Republic. The first problem we have to face is that both internal and external conditions in the 1980s are not likely to be favourable to fast economic growth of the kind we saw during 1968-73. You will remember that during this period, our GDP increased at around 12% to 14% each year. We are unlikely to repeat this performance in the 1980s.

There are two reasons. Within Singapore, we have a tight labour market. This is unlike the position in 1968. Not only was unemployment substantial at that time, but there was also the prospect of the lay-off of large numbers of the 50,000 workers employed in British military bases. The supply of labour was then abundant. In subsequent years, as economic growth absorbed unemployed workers, we imported guest workers, mainly from Malaysia, allowing them to work here on work permits. The rapid expansion of the labour force in those years was one explanation why double digit economic growth was possible then and unlikely in the 1980s.

Secondly the condition of the industrial economies in the 1980s is likely to be less healthy than what it was before the oil crisis. This means that Governments of rich countries would be strongly tempted to protect their own market by import duties and by other means such as quotas. We have already seen many examples of such protectionist policies adopted by rich countries. If their problem of unemployment gets worse, we are likely to receive more doses of protectionism.

We hope that what we are already producing for the export markets will be spared. But this depends to a large extent on whether the rich countries succeed in solving their own unemployment problems without resorting to shutting out imports.

There is likely to be keen competition in export markets and curiously, this may provide us with some growth opportunities, provided we are willing to make the exertions needed to seize these opportunities. Keen international competition of this kind often results in some manufacturers getting into trouble because of high production cost. These industries in distress can survive and retain their export markets only if they can lower their cost of production. If we in Singapore can help them to do so, we may attract them to start operations here. Rollei of Germany established a large plant in Singapore because they were unable to meet Japanese competition given the high level of German wages.

But to be helpful to such industries in distress, workers will have to perform better than they had done in the past. In particular, their work attitudes must improve. Last night you heard what the Prime Minister had said on this subject, and I hope that all trade union leaders will not only remember what he had said but pass on his words to the rank and file. Better work attitudes and higher skills are a prerequisite for progress in the difficult times we expect in the 1980s.

If the labour movement responds to the challenge by paying heed to what the Prime Minister said last night, then there is every hope that we should do moderately well in the 1980s. Our experience

between 1974 - 79 gives us hope that we can overcome the problems created by unfavourable external conditions. But to register the 6% to 8% annual growth rates in the 1980s, Singapore must make greater effort.

There are several reasons why this greater effort must be mounted, particularly by industrial workers. First, our wages are already high compared with those in Malaysia, Philippines and Indonesia and with regular annual NWC wage increases, the disparity is likely to increase. This means that industries in Singapore depending on large numbers of low-skilled workers will lose out to our lower cost Asean neighbours. There is no reason for regret; in fact, this is one of the objectives of the substantial wage increase, the NWC recommended this year.

Higher wages will not make Singapore unattractive to foreign investment if skills and productivity increase in step. If they do not, then we will cease to be attractive as an investment centre and it will not be possible to continue with our policy of high rates of wage increases. The determining factor, as I explained earlier, is whether or not business enterprises can make profits. Wage increases matched by superior work performance will enable such profits to be maintained.

As this is a delegates conference of trade union officials, some of you may ask why the responsibility should be placed on workers and not on management. The answer is that while in theory, it is a joint responsibility, in practice, the managements of firms on which we depend for industrial expansion are mainly branches of foreign enterprises - American, Japanese, British, German, Dutch and so on. So far as production techniques and management skills are concerned, they have little to learn from us. In fact, it is the other way round. Even in the sphere of research and development, about which there has been much discussions in recent months, the main effort is made in the head offices of these enterprises.

We must remember that research and development (R & D) is not an abstract activity. It is related to a product and the manufacturing processes under which it is made. It concerns the design of the product, improvements to design, the building of prototypes, the testing of prototypes and such like activities.

Where the product involves technology at the frontiers of knowledge, R & D effort is possible only in large enterprises equipped with a large pool of scientists and engineers having access to specialised equipment and laboratories. The big multinationals spend hundreds of millions of dollars on R & D each year. For advanced military weapons systems, R & D costs run into thousands of millions of dollars. Activity of this kind is not within our scope.

But it is within our capacity to train our workers and technicians to higher level of skills and over a broader spectrum of occupations. Part of this training is special-to-type and is best performed in the enterprises concerned. But before specialised skills of this kind can be acquired, there is need for the acquisition of basic skills in general training institutions, whether it is through the VITB, the Polytechnic or Ngee Ann or other training institutions.

One advantage the Singapore worker has over others is that he has the intelligence and the ability to acquire this skill. But all too often, he does not reach the highest level he is capable of. In this respect, he falls short of the Japanese worker, the German worker and the Swiss worker. In the 1980s, we will not meet the demands arising from the restructuring of our industry from labour-intensive to skill-intensive processes if we neglect this aspect of our economic performance. That is why what the Prime Minister told you last night is so important.

One final word. This is on the need to be thrifty. In the account I gave earlier about our economic

progress, a continuing high rate of saving was seen as one crucial element of economic growth. The large and increasing annual contributions to the CPF made an important contribution to national saving.

In recent years, as incomes and wages increased, people tend to spend more lavishly and become less thrifty. Especially is this so of those in the middle and higher salary brackets. There has been a feeling of restlessness about money put into the Central Provident Fund. It was quite proper that these balances should be released for the purchase of Housing Board and HUDC flats. In future, it is conceivable that some of our citizens want to use these funds for other kinds of expenditure. If we can buy a house with it, why not a car? If a car, why not colour TV? I hope that Singaporeans will never be so thoughtless as to voice such demands. It will be a sign of the beginning of the end.

My generation was brought up in the hard school of adversity. We reached adulthood during the Japanese occupation. We have seen people dying of hunger in the streets of Singapore during that time. We came across scores of them each day. They were unfortunate Indonesian workers brought over by the Japanese for reasons nobody understood.

We have gone through more than three tumultuous post-war decades. In the first half of this period, there was much misery, widespread unemployment, over-crowding and generally poor social conditions. In the 1950s, a semi-revolutionary situation developed and was skillfully exploited by the Communists. Rioting and general strikes were regular occurrences.

We fought the Communists in open struggle between 1961-63. We managed to beat them in the end, but as the Duke of Wellington said of his victory at Waterloo, "it was a close-run thing".

We have seen how Singaporeans through thrift and hard work overcome many seemingly insuperable obstacles to emerge as a thriving and prosperous nation. The younger generation has not gone through our early experience and one hopes that they never will have to. And they will not if they remember that what we have achieved at great cost can be maintained and improved upon by continuous intelligent and unremitting effort.



The Evolution Of A Work Ethic – A Non-Simplistic Approach

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With the papers before you, and the addresses you have heard – the economic, social, educational and organisational imperatives of the Second Industrial Revolution are already well-beaten tracks. There is no need for me to go over the same ground already so ably covered by the Secretary General and others. I propose to get off the beaten track, ask some unasked questions, and attempt some answers to them.

The need for a strong work ethic has often been talked about. But this is easier said than done, unless we also go into the “why” and the “how” of developing a sound work ethic. Exhortation alone, or passing resolutions on the subject, will get us nowhere.

The existence of Paradise becomes irrelevant, unless you are also told how to get there. Getting to Hell, on the other hand, presents no problem. All that is necessary is to do nothing. And if we want to get to Hell faster, we might pity ourselves, beat our breasts in hopelessness, complain about everything and everybody else except ourselves – and continue to do nothing!

Let us begin by asking why some societies succeed while others fail. A number of societies have failed in history, because of what may be called Acts of God, like general war, natural calamities, poor natural resources, and the like. We might leave such failures out of account, for the simple reason that it is not possible to catch hold of God and ask Him for an explanation. That leaves us with the generality of societies which have failed, not because of Acts of God, but because of the failures of men, both of the leaders and the led.

The major failure would appear to be psychological, cultural and moral shortcomings, which result in a poverty of social consciousness, and a lack of achievement-oriented motivation. Some people just do not seem able to understand that you cannot, for example, remain personally clean and healthy, unless your physical and social environments are also clean. Smallpox, cholera, typhoid, malaria and the like, will carry off the cleanest Brahmin or mandarin in the village, together with the meanest outcast. Viruses and bacteria do not respect class and caste barriers.

Then there are incorrigibly selfish persons, who simply cannot get it into their heads that prosperity, like peace, is indivisible. You cannot accumulate wealth and keep it for long, if the majority of your fellow citizens are unemployed, ill-housed, ill-clothed and ill-fed. This kind of situation must ultimately exact a ghastly social revenge, in the shape of bloody revolutions, which generally end up by eating their own children. Witness Vietnam, Kampuchea, and other totalitarian countries. The individual's progress and prosperity is truly protected, only in the context of general progress and prosperity.

Most important, there are societies in which both leaders and followers fail to see that general social and economic progress does not come about by waving magic wands, or mindlessly repeating cant words and braggart dogmas. General and individual progress is only possible on the basis of careful and intelligent planning, hard work all round, and an achievement-oriented way of life and attitude of mind.

The societies in the Third World which show promise of survival in the modern world of science and technology are precisely those which place a high value on pragmatic achievement-oriented economic and social programmes, as the necessary basis of general progress. Singapore is one of them.

But it would be dangerous to rest on our laurels. Going up the technological ladder will call, among other things, for high precision skills and zero defect work. These can only be achieved as a result of patient and diligent application. Which brings us to the paramount need to develop what has come to be known as a strong work ethic, and a sound system of industrial relations.

Now let us see whether we know what we are talking about. The first fallacy to nail is that the work ethic is applicable only to workers. This is so for the good reason that the work ethic is not a formalised code of conduct, but even more a state of mind and spirit which must be concretely manifested in job performance. An employer, a political leader, or a professional man, without a work ethic, is at once an individual failure and a social disaster.

The old saying that "A labourer must be worthy of his hire" is only partial wisdom. A labourer must certainly be worthy of his hire, but a completer wisdom would also add the corollary that, at the same time, "The master must be worthy of his servant, and the leader of his followers". One suspects, for instance, that to a fair extent at least, job-hopping is caused by workers who genuinely feel that their employers are not worthy of them.

A poor or strong work ethic would appear, in large part, to depend on the individual and social attitude to work, and the definition of work itself.

A narrow and quite untrue definition of work would be to regard only manual labour as work, when in fact it is only one of the many forms of work. We also work with our minds, our hearts, and our spirits. The mathematician working with abstract figures in his head, the banker or businessman examining his accounts, the politician thinking problems through and preparing a speech; the surgeon cutting up a patient on the operating table; the teacher teaching a class, the sculptor chiselling stone, or the poet or writer chiselling words, are all working. But the quality of the results they achieve depends on the skill, dedication and motivation they bring to their work. Poor skill and poor motivation must mean poor results in any field of endeavour whatsoever.

The work of an unenterprising entrepreneur will result in a company or factory which collapses. A dishonest politician will mess up the life of his nation, if there are enough fools to vote for him. A poor dentist will pull out the wrong tooth. An uninspired poet will produce trash. An engineer who makes mathematical mistakes will build a bridge which will collapse. A careless pilot will crash his plane, kill himself and kill his passengers. And a slipshod worker who produces shoddy goods will lose the export market for his company, lose his job as well as the jobs of his fellow workers, and bring the rest of Singapore industry a bad reputation into the bargain.

It is clear, therefore, that there is a precise equation between the quality of the work and the quality of the result. We can now begin to home in on our target — how to enhance the skill and motivation of the worker, no matter what his field may be.

We might begin with the attitude to work — whether it is positive, or negative. The notion that work is a punishment, and not a source of creative pleasure and pride, can be traced to the slave-owning civilisations of the past. Work was equated with tedium and drudgery. For example, the word "labour" derives from a Latin word signifying trouble, distress, difficulty. The French word "travail" is also of Latin origin. It originally referred to the "tripalium", a three-pronged instrument of torture used by Roman soldiers. In Greek, "work" and "trouble" are synonymous. In biblical Hebrew, work and slavery are identical. And the Sanskrit word for work "karma" brings to mind the ordeals imposed on men by capricious Fate. And freedom in Sanskrit meant "getting out of the wheel of karma or the wheel of works". Evidently, work had unpleasant connotations for the people of classical times.

Medical and popular vocabulary also distort the word "labour", when it describes the process of birth. A woman giving birth is described as "being in labour", although wages, conditions of employment, and so on are not involved. And now it would seem that men also have begun to suffer from labour pains, for some western trade unions have demanded paternity leave.

It is interesting to note that the unpleasant connotations of work did not exist in even earlier times. For we learn that the earliest nomadic or hunting families, tribes and clans grouped together for survival, and worked quite unselfishly for each other. This is what historians refer to as "primitive communism".

Neither was work equated with punishment in the Medieval Age in Europe, nor in ancient China and India, when free men and not slaves were artisans, craftsmen, weavers, carpenters and tailors. They produced articles of utility which were at the same time consummate works of art. And you cannot produce a work of art unless you take pride and pleasure in what you do, and give the best of yourself. Many of the vases, utensils, furniture, etc. made by unknown craftsmen, grace today the shelves of the great museums of the world, as examples of timeless art.

Students of social history have often observed that men tend very often to conceive of the Deity in their own image. Thus, we hear God described in various ways. There is the "God of Wrath", the "Lord of the Dance", the "God of Love", "The Divine Shepherd", "The Divine Flute Player", and so on. A unique description of Deity occurs in one of the most ancient Sanskrit works, in which God is described as "The Master of all works and results" — a kind of omniscient and infallible foreman presiding over all the works of all the worlds in space and time. It was to this "Divine Craftsman" that the craftsmen and artisans of the ancient East prayed before they commenced any labour of production and creation.

The truth is that without labour there can be no life. Our bodies are constantly working to keep us alive. If the heart, liver, kidneys and the various glands ceased to work, we die.

Whether we want to or not, we are constantly at work. To do something consciously and well is positive work, with positive results. To do something unconsciously or indifferently, is negative work, with negative results. This would seem to be the chief difference.

There is also a difference in the quality of work motivation. In metaphysical or religious language, they talk about works divine and works diabolical. In other words, the gods work for divine ends, while the devils counter by working for undivine ends. Similarly, work motivation can be worthy or unworthy, in a whole variety of ways.

From the evolutionary perspective, the human being has been described by some philosophers, as a transitional animal — an uneasy compromise between the beast and the god. Sometimes the god is

preponderant, in which case you get the man or woman engaged in creative, productive and therefore individually and socially rewarding work. Sometimes, the beast is in control, in which case you get the criminal, the indisciplined or opportunist types, who expend their energies in socially harmful, wasteful, and counter-productive ways.

In Singapore we must take pains to ensure that the balance is always tilted in favour of the gods. This we can do by encouraging the growth and strengthening, in our population, of a set of attitudes and habits of mind which make for what is called a sound work ethic. This is not something which has to be new-created, as it were. On the contrary, Singapore as we know it today, would not exist if we had not inherited from our ancestors a very healthy work ethic.

The men and women who emigrated from South China, South India and elsewhere, to end up on the shores of Singapore, were the products of culture systems which placed a high value on a strong work ethic. In addition, our migrant ancestors had the advantage of having been the more adventurous types in their own societies, who ventured to leave their own less hospitable soils and climes, and seek a better life and the proverbial pot of gold at the end of the rainbow, in a foreign region.

By and large, they found the better life all right. We, their descendants, have certainly found it, thanks to the work ethic we inherited from them. What threatens us today is not the absence of any work ethic, which is nonsense, but the steady erosion of our inherited work ethic, as a consequence of our increased affluence and our openness to the less savoury values of the Western world.

This does not mean that we should throw the baby out with the bath-water. There is much of considerable value that we can acquire from the Western world, in particular their learning, their literary and cultural riches, their science and technology, and so on. But we could do without their fads, their modern pop culture, and the licence and permissiveness associated with these things.

The great country which saw the birth of the Industrial Revolution, and on whose vast world-sprawling empire it was claimed that the sun never set, today finds itself almost at the bottom of the Western industrial ladder, with about the lowest industrial productivity in the West. The stark truth about the British decline is the erosion of the work ethic.

It is pointless to blame only the trade unions. The British employers have deserved the kind of trade unions they have got. Some of our own employers display the same negative traits of British employers. If they do not change their ways, they may find themselves having to deal, one of these days, with mindless musclemen, instead of with a rational labour movement like the NTUC.

The lesson we have to learn from Britain is that acute class conflicts do not make for a strong work ethic. We have achieved a high degree of social mobility, based upon equality of educational opportunity for everybody, no matter what his class, race, creed or colour may be. We need to maintain and enhance this social mobility. For it is not possible to successfully preach the work ethic to a citizen who has been made to feel that he has been denied an equal opportunity to move up the educational, social or economic ladders. That way you breed revolutionaries, out to bring the whole system down, and not workers by hand and brain, who strive for excellence in performance and achievement.

To prevent the erosion of the work ethic of Singaporeans, and to enhance it — for only an enhanced work ethic can successfully see us through the Second Industrial Revolution — requires a combination of educational and motivational measures.

In the educational process, both parents and the home, on the one hand, and schools and teachers on the other, are involved. For both the home and school environments must complement each other

in the complex process of producing the rounded and complete citizen.

Catechisms and codes of conduct have, in my opinion, only a limited value. I cannot imagine a strong moral sense, for example, emerging from a study of school text-books. I can concede, at most, only a minimal value, to the drill-sergeant approach of mindlessly repeating a catechism, swearing oaths of allegiance, saluting the flag, and so on. The Shah of Iran employed such gimmicks galore, but it is the Ayatollah Khomeiny who took over, because more serious things elsewhere went seriously wrong.

In the educational process, in both school and home, personal experiences and discoveries, must take precedence over drill sergeants. Most of us remember with gratitude some of our teachers, not because of the text-book information they imparted to us, but because of the way in which they selflessly gave of themselves, and the examples which they set, quite unconsciously, of personal conduct, rectitude and integrity. It is such memories which one recalls with benefit, in times of stress and crisis.

No matter what their special aptitudes and interests might be, whether academic or non-academic, our young people must be encouraged to go beyond their text-books, in a search for greater awareness, and for excellence in conception and in execution. EVERYTHING IS WORK. Obtaining knowledge, acquiring skills of hand and brain, cultivating a sense for order and beauty, disciplining oneself in order to live a full, rounded and healthy life, getting on well with one's fellow workers and fellowmen, exploring one's own personality and being in order to reject mean, petty and base elements in oneself, aspiring for the best possible in oneself and in one's surroundings, making marriage a success, raising a family — all involve work. But work that is not seen as an affliction and a curse, but as the joy and immense satisfaction of achieving understanding and mastery of one's self and one's circumstances. It is inertia, laziness, a refusal to reach out to the best that one is capable of, which is an affliction and a curse, and need to be rejected out of hand.

On the motivational side, the strengthening of the work ethic involves the recognition of three aspects. In many fields, the satisfaction and joy of achievement is its own reward. The athlete who runs a mile in less than a minute does not expect a monetary reward, for he derives a priceless satisfaction in his achievement. Nor does a successful parent who raises a good family expect a monetary reward from the state. His achievement is sufficient unto itself.

However, there is a monetary aspect when it comes to the field of economic production. For here we enter a field of measurable and quantifiable tangibles, where we will neglect monetary and social incentives only at grave peril. The highly skilled worker, responsible for well-finished and high value added products, must be seen to receive a higher monetary reward and greater social recognition. If he does not, there is no incentive for those below him to catch up with him.

There is another good economic reason why the highly skilled worker should receive more. He deserves more, because in terms of value added and wealth created, he has contributed more. Egalitarian societies have visibly harmed themselves by forcing high performers to the same monetary and social level as the low performers and, worse still, to the same level as the non-performers.

The latest experiment in egalitarianism was that conducted by the ill-fated Pol Pot Khmer Rouge regime in Kampuchea. Among the first things they did was to violently uproot all the entrepreneurs, professionals, members of the intelligentsia, and practically everybody else from Phnom Penh, and send them to the countryside to grow cabbages and kangkong. The tragic disaster which has since overtaken Kampuchea should come as no surprise.

Any rational society must provide monetary and social incentives, to encourage everybody to aim for the highest common factor, instead of forcing everybody down to the lowest common measure. The progressive evolutionary move is towards ever-newer heights of achievement — not to lower depths of non-achievement.

The third aspect of the motivational process is the equation between the job environment and job output. For example, the introduction of modern technology, and modern methods of work organisation, offers the possibility of the liberation of work from tedium and drudgery. Given a little imagination, a good-humoured and co-operative atmosphere in the work place, and opportunities for creative and constructive involvement by workers in the work process, working hours need not be the boring chores they often are, from which workers escape at the end of the day with relief. The repetitious nature of some assembly line jobs can also be rendered less dull. Indeed, the liberation of work from dullness is increasingly seen by enlightened modern managements as a major means of achieving higher and better output by workers.

I have taken some pains to show that the cultivation of a strong work ethic in Singapore does not lend itself to simplistic generalisations. It is a many-faceted subject, and deserves in the coming years to be approached in some depth by politicians, employers, trade unionists, social scientists and others. I hope that my paper will serve as a tentative working basis for a more positive and comprehensive approach to work ethics on the part of all concerned.



Mr. Howe Yoon Chong
Minister of Defence

"Industrialisation In The 1980s"

I INTRODUCTION

We are on the threshold of a new phase in our industrialization programme. The Government has decided on a policy to restructure our industries by compelling them to pay higher wages each year for the next few years. This policy will have far-reaching effects in encouraging economy in the use of labour, upgrading of workers' skills, rapid introduction of higher technology, and more efficient methods of manufacturing. Every worthwhile revolution brings with it hazards as well as opportunities. Employers have no choice but to pay more. Our workers must now accept training and respond to the challenges ahead by putting extra effort to upgrade their own skills or learn new skills. Those industries which cannot survive without cheap labour will be transferred nearer to their source of raw materials in neighbouring countries. Some workers may be displaced. Alternative jobs will have to be found for them. Others who cannot be re-trained will have to be revocationalised. To reduce the effects of dislocation, close cooperation between the unions, the Government, and the employers will be necessary. There may be some initial difficulties in the first few years. No insurmountable problems are likely to be encountered provided the world economy and the regional political situation do not change drastically for the worse.

As we prepare for this new phase of industrialization in the 1980's, it is useful to review our experience over the last two decades to learn some lessons from our short history of industrialization. It may then not be surprising that as we solve one set of problems we are creating a new set for ourselves during the next phase of our social, economic, and political development. This process is likely to continue indefinitely and we have to live with it. Such then is the dynamics of change. The earlier we understand the nature of change the easier it will be for us to make adjustments. Without change there may be no progress; without progress our society will decline and wither away. We should be ready to make the best use of the opportunities to achieve social and economic progress while taking care to minimise the effects and the hazards of change.

II UPHEAVALS IN THE 1970's

Singapore entered the decade of the 1970's with a tight labour situation. Unemployment had fallen from over 10% in the early 1960's to only 4% in 1972, so much so that a liberal work permit policy was adopted. Last year, there was an unprecedented increase of some 23,000 guest

workers. This dependence on foreign workers could only be a stop-gap measure. The continued success of our industrial efforts must not depend on increasing the number of foreign workers. Too many social and political problems would then be generated. The alternative was to slow down our economic growth. But this would not meet with the rising expectations of the young population. Social and political pressures dictated the necessity for continued industrial expansion. The Government had to consider carefully the long-term implications. It was already clear that we must be less dependent on foreign labour. Two major developments in the international scene, however, delayed the adoption of a new industrial strategy: the international monetary upheavals since August 1971 and the oil shock of October 1973.

In August 1971, the pressures of inflation and mounting balance-of-payment problems forced the United States to abandon the convertibility of the US dollar into gold. The era of fixed exchange rates came to an end. The monetary stability of the 1960's gave way to uncertainty in the 1970's. Dramatic price changes in commodities and manufactured products between 1972 and early 1974 upset the international economic balance. In October 1973, the OPEC countries decided to raise the price of oil four-fold. The period 1972 to 1974 was made more difficult by the turmoil in the Middle East which culminated in the Israeli-Arab War of 1973 followed by the OPEC decision to use oil as a political weapon. The oil shock of October 1973 caught both the industrialized and the developing countries alike by surprise. From then on the world would not be the same again.

III RATIONALE FOR UPGRADING OF WORKERS' SKILLS

Dramatic changes have also taken place in the structure of our economy over the last two decades. Different economic sectors performed differently in contributing to our well-being. The numbers of workers in each economic sector have increased at different rates, so have the average wages earned by these workers. By studying the four sets of figures (at Annexes I to IV) we can obtain a clearer picture of some of the root causes of our present problems and of the directions our industrialization should take in the years ahead.

These four Tables clearly illustrate how over the period 1960 to 1978 the major significant expansion in the numbers of people employed and in the contributions to the Gross Domestic Product (GDP) occurred in the three sectors, i.e. "Manufacturing", "Construction", and "Transport and Communications".

From 1960 to 1978, these three economic activity sectors increased in importance from employing 31.5% of the work force and contributing 30.1% to the total GDP in 1960 to employing 45% and contributing 40.7% to the GDP in 1978.

The "Construction" sector will probably not expand much further and in the decade of the 1980's any significant growth will take place in the two sectors of "Manufacturing" and "Transport and Communications".

"In "Manufacturing" the increase in numbers employed was high, but the increase in wages was relatively low, generally attesting to low skills in most of our labour-intensive industries. Workers in manufacturing industries earned average wages which were almost the lowest in the whole range of economic activities that contributed to our GDP. In 1978, for instance, the average earnings of manufacturing workers was after those in "Agriculture and Fishing", the lowest in the

economy. While "Manufacturing" employed 28.2% of the total work force and contributed only 22.5% to the total GDP, the "Transport and Communications" sector which employed 11.4% of the work force contributed 13.1% to the total GDP. The average weekly earnings of the workers in "Transport and Communications" was much higher, i.e. \$145.8 as against \$109.5 in "Manufacturing". There is thus much room for improvement in skills for manufacturing workers. There is good reason to force the employers to economise on the use of labour by requiring the payment of higher wages to compel them to introduce higher technology or more efficient production methods and processes to increase labour productivity.

Over the years 1972 to 1978 (See TABLE III) workers in "Manufacturing" consistently earned low wages. Efforts to raise the status of the blue collar worker produced no marked results. White collar workers consistently performed better due probably to increasing standards of education. In earlier years a youth could get a clerical job with only Secondary II or Secondary III education. With more school leavers each year seeking employment, today many office boys and messengers possess Secondary IV education. Many who dropped out from primary or secondary schools gravitated towards manual and technical work or joined the ranks of the unskilled and unemployed.

Manufacturing workers earned less than other categories because, for the vast majority, their skills did not increase over the years. Why was it so? With industrial expansion jobs were plentiful. Employers were too hard pressed to be choosy. Any worker who could just manage to do the work could obtain employment. The operation of the NWC guidelines meant that with no effort on his part, the worker could get regular annual increments. To obtain more than NWC supplements, he simply hopped to another job that paid better. There is no incentive for him to improve his skills but considerable inducements to hop from job to job. Many workers were able to improve their earnings in this way to the despair of employers. Though the worker gained more take home pay and worldly experience, his skill and work competence did not improve. There was no genuine improvement in technical ability which in many cases remained basic and superficial. Human nature being such, very few workers would show any keenness or enthusiasm to learn more skills. They did the minimum necessary for the job and tried to get the maximum out of it. They hopped from job to job for more pay. In the process they would probably have learnt many tricks including how to shirk work, to do the least to get the most, or to take hazardous short cuts that could be a menace to others.

On the other side of the coin, to maintain the quality and consistency of their products, the employers resorted to simplification of the production process and better quality control. This again would mean less skills would be required of the workers. Under such a situation any plans to improve the skills of the workers would have been dismissed by most employers.

The reasons why in the last decade or so the productivity of the average Singapore worker showed no improvement and why our industries came to depend more and more on cheap imported labour are therefore clear. Soon our industries gravitated more and more towards the labour-intensive assembly type using more workers but simple processes. Now that the employers are being forced to pay higher wages to economise on the use of labour, they must insist on increased skills and productivity. For the workers the recent warning of the Finance Minister that the practice of job hopping should stop is timely. Soon the poorly trained worker will have no more

jobs to hop to. The days when any worker, skilled or semi-skilled, can walk from one job to another may be over. Unless the worker can increase his skills through on-the-job training or taking up specialized courses, the prospects for advancement will be limited and he will soon be left far behind by those who acquire greater skills.

"Transport and Communications" cover a whole host of industries including shipbuilding, ship-repairs, oil-rig construction, and the supply of oil field equipment. It also includes air-craft repair and maintenance, manufacture of telecommunication equipment, etc. Singapore has the reputation of being a very efficient transport and communications centre. We should take advantage of this to build up sophisticated manufacturing and servicing industries related to transport and communications. This can only succeed if the work done is of excellent quality, the costs are kept competitive, and the service is speedy and efficient. The upgrading of workers in these fields is of paramount importance. Either we keep constantly ahead of competition or we will be surpassed by our competitors. Many of our competitors are as good as we are and have keener and leaner workers in greater numbers, like Hong Kong, Taiwan, and South Korea. High technology industries in transport and communications can engage in manufactures, metal fabrication, or provide technical services. In all these areas skills must be augmented by practical experience. Workers who remain on the job to gain experience will achieve higher productivity. They will gain greater depth of knowledge about the intricacies of the job. Only experienced workers appreciate the hazards of the work environment and the risks inherent in certain jobs to realize the importance of complying with safety measures. The average earnings of workers in "Transport and Communications" is relatively high. There is every promise that with higher skills and more experience, the earnings of these workers can go much higher.

IV INDUSTRIAL STRATEGY

The Economic Development Board in acquiescing to the recommendations of the National Wages Council for 1979 acknowledged that for the next two or three years there would be no serious set-backs to our industrial development. It has already a number of firm commitments to establish the right type of industries. As conditions stand, the next three or four years will see our economy progressing at a modest growth rate of 6%. EDB will continue its efforts to attract the high-technology and skill-intensive manufacturing industries. Such industries include extensions to our petroleum refining capacity, petro-chemicals and related down-stream products, chemicals, and plastics. Other new industries include manufactures of rubber and non-metallic mineral products, food, toys, machine tools, industrial machinery, medical equipment, office equipment, photographic and optical equipment, automotive spare parts, electronic components and electronic products, electrical components and electrical products and appliances.

Specialized training or re-training of our workers in new skills will necessarily involve tripartite efforts between Government, industry, and the unions. Training institutions will be set up. Special training and apprenticeship schemes can be financed by the Skills Development Fund. New skill-intensive and high-technology industries can improve labour productivity and pay higher wages. With improved product design, modern production methods, skilled management, and efficient distribution organization, these new industries can still be located in Singapore and compete successfully in the international markets. By adopting capital-intensive methods, employers can

reduce the wage bill and yet obtain increased labour productivity with the use of the latest production techniques, sophisticated equipment, and even computerized or automated processes.

Foreign investments constitute almost 88% of our industrial effort. The new investments to be attracted to Singapore will continue to come from foreign sources. They come to Singapore to exploit advantages like our central geographical position, rational government policies for industries, efficient administration, modern facilities in banking, finance, insurance, transport and communications, and reasonably cheap well-educated and easily trained workers. The dramatic increases in energy and transportation costs since October 1973 have eroded our advantageous geographical position. Many industries importing large volumes of raw materials and exporting their finished products to distant markets will be badly affected. Balance-of-payment difficulties, inflation, sluggish or even negative economic growth, have adversely affected many industrialized countries which now face economic and internal social problems. Unions in these countries will clamour for protection. They will prevent their industries from making investments abroad and raise obstacles against imports from developing countries. Our export-oriented industries will face increasingly difficult obstacles and trade barriers.

Foreign high-technology and skill-intensive industries are much needed in their own countries. Many are in great demand by our competitors like Hong Kong, Taiwan, and South Korea. These industries are mobile and can be transferred from one location to another without much difficulty. In the application of the NWC guidelines to these industries, the wage levels will not be set automatically each year. Wage levels will depend on the demand and supply of the types of skills required. Annual wage negotiations between the unions and these industries must thus take into account the productivity and capability of the individual worker. While the industries may accept the NWC guidelines in principle, they unlike the public sector, will object to uniform across-the-board annual increases in wages. These high-technology skill-intensive industries are not likely to pay more because of trade union action. There is a limit to what trade union pressure can achieve when such industries are mobile, foot loose, and fancy free. When profits are adequate they will stay; once their profitability is threatened, they can pack up and go.

Singapore should aim at producing skilled workers who can attain the standards of master craftsmen in their chosen field and who are proud of their work and their skills. Every worker must achieve versatility so that the introduction of new technology, equipment, or sophisticated machinery will cause him little concern. He can accept any change with confidence and equanimity. Confident in the knowledge that whatever the new machinery or method of production or manufacturing process, his skills will be adequate for the new job. Self-assured in the fact that whatever the changes, his skills will be much needed in the new situation. The employer need not preserve the obsolete production methods for his sake. The introduction of new technology will not put him out of job.

With more sophisticated and technologically advanced industries, we will produce a new generation of workers who are better educated, better trained in skills, and hopefully better motivated. Many will work as much with their brains as with their hands. Union leaders themselves will have to be as well educated and trained as the workers they represent. They will then understand that there are many more functions and responsibilities which unions should do for their members besides negotiating for more pay or perquisites and for shorter hours of work.

Such functions as training, upgrading of skills, continuing education of members are but a few which unions can do. They can also work with members and employers to find ways and means to improve labour productivity so that more wages can be paid. Union leaders must now exercise their minds and seek intellectual inputs on the history and origins of trade unions in Singapore to determine the relevancy or otherwise of many acts of faith that the movement holds sacred. Singapore trade unions must not be the blind followers of alien ideologies of class hatred or political tools to be manipulated by the Communist United Front. Otherwise any success that is achieved will either lead the country into bankruptcy or what is worse cause the trade union movement itself to be totally liquidated.

V OCCUPATIONAL HEALTH AND SAFETY

Our efforts to raise the skills and earnings of our workers will result in improvements to the general environment and working conditions in every industry. A better educated and skilled work force will demand and be provided with more pleasant and efficient working conditions in a safer work environment. Employers are interested to increase the productivity of the highly skilled worker. He will prefer to safeguard the occupational health and safety of every worker rather than to economise and risk low productivity. No employer in the more sophisticated industries will try to stinge on safety provisions. They will support measures that can enhance the work environment.

Occupational health and safety are emotional matters best dealt with by the application of cold logic. Making hypothetical assumptions will probably generate more heat than throw light on the subject. Too much stress on these factors will lead to worker alienation. The relationship between the worker and the employer and between the management and the union may be affected. Air, water, noise pollution, vibrations, chemicals, fumes, and other occupational hazards are another matter. There should be adequate legislation based on expert advice for compulsory measures to protect every worker from occupational hazards. The Ministry of Labour with the advice of experts can enact adequate legislative measures and lay down administrative directions that will ensure that no occupational hazards or work related dangers can threaten the health, life or limb of any worker. Employers must comply with and implement every legislative requirement or administrative direction. On the advice of the Labour Inspectorate some employers even have to provide more preventive safeguards than legally required. Many employers go one step further to incorporate safety measures into the production process even though this means added capital costs. We have progressed a long way from the harsh and inhuman times that were so vividly described by Charles Dickens during the bad old days of the Industrial Revolution.

For the more sophisticated high-technology industries the worker-employer relationship should be established on the basis of partnership and cooperation rather than on conflict and confrontation. Constant struggles whatever their merits are seldom conducive to increased productivity and industrial harmony. The two sides should work in collaboration for improvement and mutual benefit rather than engage in constant contests for advantages or ceaseless arguments to establish dominance. The more sophisticated and better organised the industries, the more enlightened and progressive will they be in fostering harmonious management-union relationship. They understand the need for harmony. But their reasonableness should not be mistaken for weakness.

The unions should rather respond by being constructive and positive in their efforts to improve the worker-employer relationship. Occupational health and safety should not, therefore, be a problem in the 1980's. The higher-technology industries will bring with them vastly improved occupational health standards to safeguard the personal well-being of the workers.

In the final analysis every legislative provision on occupational health and safety, every safety measure or accident prevention procedure will be of no avail when ignored by the workers themselves. When the worker flouts simple safety instructions and gets hurt, there is very little that legislation can do to help. Such a worker is not only a menace to himself but can be of immense danger to his colleagues. Safety consciousness must be instilled in every worker so that it becomes second nature to him. He must be attentive at all times and mindful of the safety of others. He must automatically take all necessary safety precautions before doing any hazardous work. In this respect it is the worker who has remained longer in the job and gained more practical experience who will be the safer worker. There is no place in our industries, new or old, for workers who are negligent, lazy, slipshod, and ignorant.

Trade unions have a very important role to play in the education of the workers in occupational health and safety. They must agitate for improved legislation to safeguard workers from occupational hazards and from various forms of pollution. Unions should give full support to employers when disciplinary action is taken against any worker who contravened safety regulations or disobeyed safety procedures. The importance of occupational health and safety cannot be over-emphasised. The number of man-days lost in 1978 due to accidents in the work place was 106% more than in 1977, i.e. 894,361 man-days lost in 1978 against 434,628 man-days in 1977. This is quite appalling, apart from the pain and anguish that each accident must have caused.

VI INCREASING PRODUCTIVITY

Labour productivity is a very complicated matter which involves both management and workers. We can exhort the worker to do more but his contribution to increased productivity will be limited. We need not have to teach the employer how to increase productivity. He is profit conscious and will want to increase productivity especially now that he must pay higher wages. In the more sophisticated industries of the 1980's the burden will fall more on the management who can increase productivity in many ways. It is in the worker's interest to cooperate with the employer rather than to obstruct him. Unions must realize that any change in methods of production may not easily meet with the approval of all the workers. On the other hand any objections to new technology or methods to increase productivity may put the employer off. He may then choose to continue in the same old way or refrain from making changes to avoid having labour troubles on his hands. In this sense productivity increases are more likely to result where there is cordial worker-employer relationship. Since labour productivity is likely to be more important in determining the wages of our workers in the future and increasing it depends more on the employer, a modus vivendi based on cooperation and understanding becomes more essential between worker and employer.

Operational productivity can be increased when workers are better trained, better skilled, and better motivated. In other respects, productivity can be increased when the environment of the work place is improved, e.g. better lighted, cleaner and more pleasant work surroundings or where

the workers are not subject to unnecessary stresses and strains or where there is no noise, air or vibratory pollution. Both operational and environmental improvements to productivity have their limits. For a really dramatic productivity increase there must be technological or scientific breakthroughs, either in terms of new product design, new manufacturing technique, or in the form of more efficient organization of work. In the years ahead management and unions will have to pay closer attention to labour productivity. Unless the productivity per worker is correspondingly improved, it will not be possible to insist on increased wages each year. Our industries cannot remain competitive unless there is constant effort on the part of the employer to increase productivity. The employer cannot succeed unless he can get the positive and active support of the workers.

VII CONSTRUCTIVE INDUSTRIAL PARTNERSHIP

Active cooperation and positive union leadership in working with high-technology and sophisticated industries will produce mutual benefits. Protectionist or obstructionist efforts to preserve or perpetuate obsolete and inefficient working methods on the other hand can upset the tripartite arrangements between unions, employers, and Government and will benefit no one. Union leaders have obligations to their members to make the transition to a skill-intensive and high-technology era a smooth and easy one. The old methods of bargaining whereby the employers can be forced to accept union demands on the basis of their ability to pay will no longer work. The industry can easily move elsewhere. This will not in the long term be in the interest of the workers or the economy.

Antagonistic or confrontational attitudes that have so vehemently been promoted and encouraged by those who make use of trade unions for political ends will no longer have their place in the union-management negotiations of the future. The diatribe, the slogan shouting and the invectives that characterized the class struggles of the past must now give way to reason and logic, to open arguments instead of the veiled threats. Unions in the 1980's may need to adopt a more cooperative and constructive policy towards employers as they too have contributions to make in upgrading our industries. Workers should accept changes which initially may be against their interest, but in the long run will benefit both them and the employers. The products of the new sophisticated industries are often subject to the whims and fancies of consumers, or are dictated by high fashion, or have to change with constant developments in science and technology. Manufacturing processes will also change continually, and working methods will be totally overhauled from time to time. Every change will trigger off a series of consequential adjustments right down the line from the design and the manufacturing stage down to packaging and distribution. At each stage, the workers will be affected. Our new generation workers must therefore be versatile and adaptable to accommodate such changes. Since they cannot be cushioned or isolated from change, the workers' learning process must keep on improving so that he can be prepared for change.

As a young nation we must not permit the historical hang-ups and enmities of real or imaginary class struggles to blind us to the need for change. Our forefathers came here as one class immigrants. There are no deep-rooted class hatreds in our society, however much the ideologies may

preach about these evils in trying to use labour unions for their nefarious ends. Much of the historical enmities are of little relevance to our society. No fairy godfather has conquered vast chunks of empire to store up enormous quantities of treasure for us to squander. Our forefathers toiled with their hands and built Singapore by the sweat of their brows. We must continue in their hardworking and industrious traditions. We are unlikely to strike oil or discover minerals like gold and silver to make us rich and prosperous. We can do without all these lucky breaks. Our manpower cannot however be without adequate skills. Better skilled workers can assist employers to achieve greater productivity and lower production costs. Singapore can then continue to have its place under the sun.

In the area of employer-employee relations we can learn by negative example. From the record of those industrialized countries that have declined rapidly after World War II we can draw conclusions as to what we should do and what we should not do. Should we be so imperceptive as to believe that only confrontation can achieve improvements for the workers, then we may be aping the disastrous examples of labour movements in some countries where the unions' only aim is to struggle against the employer. They may have good reasons to do this because of past injustices and wickedness on the part of their upper classes. But we do not have such historical enmities. Our unions, therefore, should not follow the bad example of only wanting to go against the employer, to go on strike at the least provocation or even without provocation and to keep on demanding more and more pay and perquisites in return for less and less work. We should turn away from the examples of those countries with perpetual union-employer quarrels which have brought their countries nothing but intellectual and moral decay and to the brink of total bankruptcy. We can follow the good examples of those countries which have been successful in achieving higher standards for their people through hard work and harmonious cooperation between workers and employers. We should try, for example, to emulate the worker-employer cooperation of countries like Japan and the Federal Republic of Germany. The decade of the 1980's will probably witness a return to old values and hard realities. The decadence and superficiality of a world in turmoil will soon disappear. People will learn to accept as a fact of life that one cannot get something for nothing. They will then realize the virtue of hard work and move away from the waste and profligacy of conspicuous consumption and the mistaken belief that the world and everybody else owe them a living.

The 1980's will see world economic conditions in a really poor state. Singapore's own industrialization programme is confronted with contradictions of its own making. The problem of labour shortage and relatively low wages with possibilities of fierce competition from newly industrializing countries must now be tackled boldly and courageously. Hence even when both internal and external problems are looming large on the horizon, Singapore must look ten or more years ahead, and plan for the restructuring of its industries on a long-term basis. The question is whether the timing for the implementation of our new strategy to restructure the industries is right. Are we not taking this hazardous major step when world conditions are far from auspicious?

We had the courage of our convictions to industrialize against all odds in the 1960's. We progressed in spite of the many world crises in the 1970's. We should now have the strength of purpose and confidence in ourselves to embark on the new strategy to restructure our industries. The world economic conditions may not be favourable, but on the credit side, our economy is

healthy. There is practically no unemployment, and we have 20 years of industrial experience during which manufacturing skills, industrial infrastructures, and the critical mass of industrial support facilities have been built up. Singapore is ready for the more sophisticated and high-technology industries of the 1980's. There will be some loss of jobs and dislocations as the labour-intensive industries are phased out. These inconveniences will be temporary. It is a small price to pay for long-term improvements. The hazards and perils must be faced. We should be prepared to take advantage of the opportunities to realize the promise of a better future.

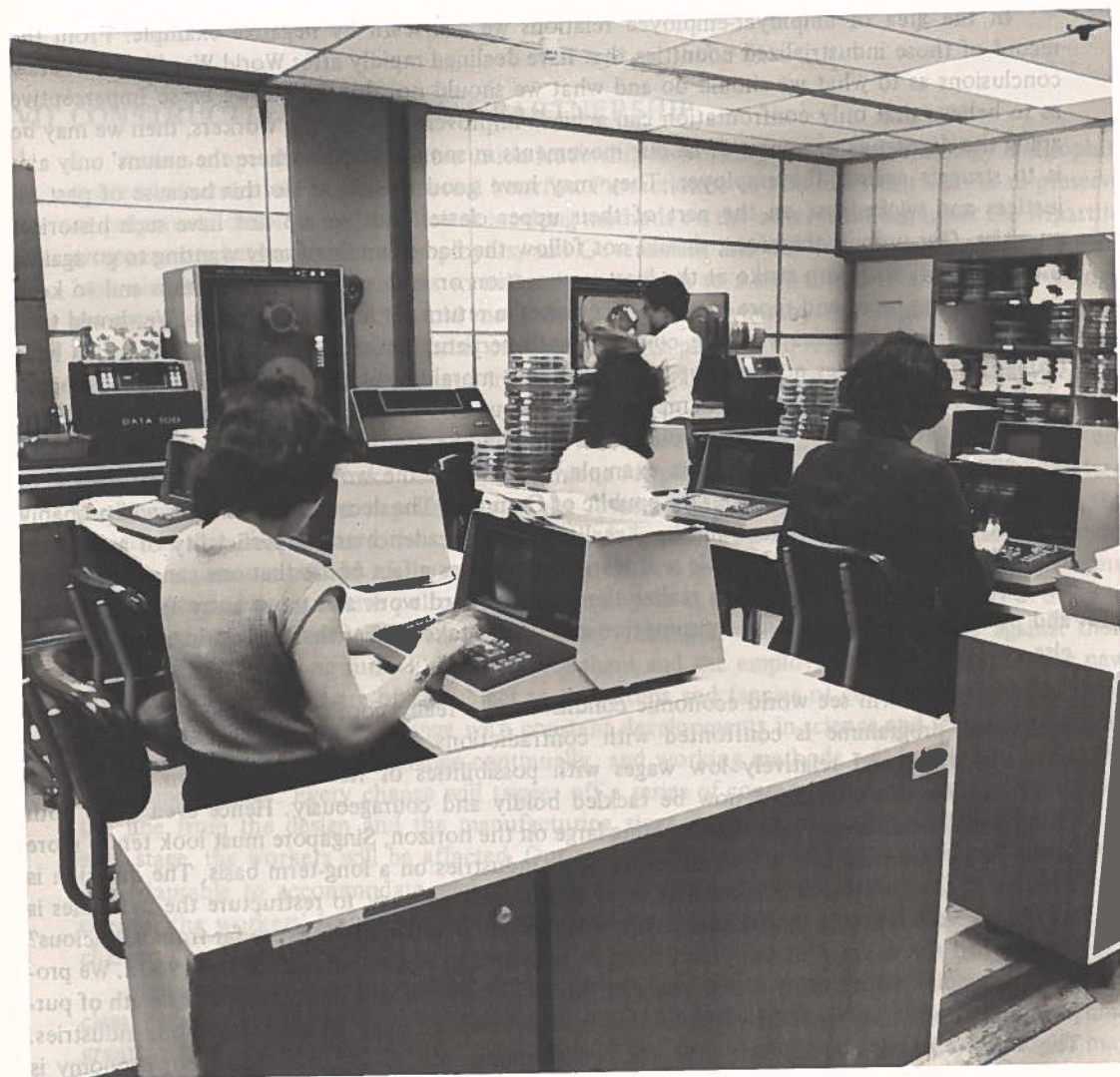


TABLE I

GROSS DOMESTIC PRODUCT BY INDUSTRY ORIGIN - 1960, 1965, 1970, 1975 - 1978
(At 1968 Factor Cost)

(\$ million)

ECONOMIC SECTOR	1960	1965	1970	1975	1976	1977	1978P
Gross Domestic Product	2122.3	2780.3	5107.0	8043.5	8621.2	9290.3	10093.8
Agriculture and Fishing	87.7	92.7	128.5	136.4	149.9	152.3	149.1
Quarrying	7.5	9.3	19.2	38.4	42.1	41.1	35.5
Manufacturing	279.7	432.7	1007.0	1664.3	1859.5	2032.7	2271.5
Electricity, Gas and Water	53.4	68.5	144.9	221.6	240.7	265.7	300.6
Construction	79.3	189.7	343.0	512.2	569.3	557.8	511.5
Wholesale and Retail Trade, Restaurants and Hotels	713.4	821.0	1538.1	2302.0	2362.7	2558.8	2742.2
Transport and Communications	297.6	321.8	593.1	1163.4	1327.3	1533.3	1783.4
Finance, Insurance, Real Estates and Business Services	160.7	265.0	492.7	909.7	971.7	1018.2	1116.2
Ownership of Dwellings	86.8	121.2	223.7	327.1	348.6	368.8	386.0
Public Administration and Defence	61.5	79.5	193.6	324.8	343.5	354.0	382.0
Community, Social and Personal Services	330.4	427.9	530.0	711.8	734.6	756.7	810.6
Less: Imputed Bank Service Charge	35.7	49.0	106.8	268.2	328.7	349.1	394.8

TABLE II

ANNEX II

EMPLOYED PERSONS BY INDUSTRY, 1957, 1966, 1970, 1975 - 1978

INDUSTRY	*1957	*1966	Number				
			1970	1975	1976	1977	1978
TOTAL	471,800	542,900	650,892	833,525	870,442	903,935	958,948
Agriculture and Fishing	33,026	19,002	22,458	17,372	19,686	19,777	17,788
Quarrying	1,415	1,629	2,168	3,139	1,857	1,637	1,124
Manufacturing	73,600	104,780	143,100	218,096	233,954	245,492	270,596
Utilities	5,662	7,600	7,615	8,929	11,249	11,397	9,732
Construction	24,534	34,203	43,126	39,181	42,026	41,967	51,520
Trade	121,724	128,667	152,910	191,686	201,002	212,702	224,991
Transport and Communications	50,483	52,661	79,041	97,899	101,615	105,629	109,231
Financial and Business Services	()	()	23,071	50,654	56,512	59,676	64,368
Other Services	()	()	177,022	204,025	200,630	204,343	207,818
Activities Not Adequately Defined	()	()	381	2,544	1,910	1,314	1,781

* These series are not exactly comparable to those in the 1970's.

Source: Report on the Census of Population, 1957 Department of Statistics

TABLE III
AVERAGE WEEKLY EARNINGS BY INDUSTRY

INDUSTRY	Dollars							
	1972 Jul	1973 Jul	1974 Jul	1975 Aug	1976 Aug	1977 Aug	1978 Aug	
ALL INDUSTRIES	75.6	82.9	97.6	111.1	116.3	124.3	131.3	
Agriculture and Fishing	55.4	75.2	92.9	103.3	96.6	104.8	107.7	
Quarrying	69.1	93.4	105.6	157.4	156.0	172.0	195.7	
Manufacturing	63.2	68.1	78.9	92.5	96.2	102.9	109.5	
Utilities	80.5	92.6	109.5	120.5	127.9	138.5	152.1	
Construction	77.6	87.2	91.1	101.9	108.4	119.3	128.5	
Trade	68.5	74.8	87.5	99.4	107.5	114.2	122.4	
Transport and Communications	84.7	94.3	110.6	124.0	127.6	138.1	145.8	
Financial and Business Services	108.9	115.7	141.0	147.5	156.4	170.0	178.9	
Other Services	86.8	96.9	122.2	128.8	135.1	141.5	151.0	

Source: Department of Statistics

ANNEX IV
TABLE IV
NUMBER AND PERCENTAGE OF WORKERS AND THEIR GROSS DOMESTIC PRODUCT CONTRIBUTIONS (AT 1968 FACTOR COST) FOR THE YEARS 1960, 1965, 1970, 1975 AND 1978

	1960		1965		1970		1975		1978	
	No. of workers	%	No. of workers	%	No. of workers	%	No. of workers	%	No. of workers	%
TOTAL										
No. of workers	471,800 (1957)	100%	542,900 (1966)	100%	650,892	100%	833,525	100%	958,948	100%
GDP (\$m)	2122.3	100%	2780.3	100%	5107.0	100%	8043.5	100%	10093.8	100%
A. Manufacturing										
No. of workers	73,600	15.6%	104,780	19.3%	143,100	22.0%	218,096	26.2%	270,596	28.2%
GDP (\$m)	279.7	13.2%	432.7	15.6%	1007.0	19.7%	1664.3	20.7%	2271.5	22.5%
B. Construction										
No. of workers	24,534	5.2%	34,203	6.3%	43,126	6.6%	39,181	4.7%	51,520	5.4%
GDP (\$m)	79.3	3.7%	189.7	6.8%	343.0	6.7%	512.2	6.4%	511.5	5.1%
C. Transport & Communications										
No. of workers	50,483	10.7%	52,661	9.7%	79,041	12.1%	97,899	11.7%	109,231	11.4%
GDP (\$m)	279.6	13.2%	321.8	11.6%	593.1	11.6%	1163.4	14.4%	1327.3	13.1%
A + B + C										
No. of workers	148,617	31.5%	191,644	35.3%	265,267	40.7%	355,176	42.6%	431,347	45.0%
GDP (\$m)	638.6	30.1%	944.2	34.0%	1943.1	38.0%	3339.9	41.5%	4110.3	40.7%



Mr. Goh Chok Tong
Minister for Trade and Industry

"The Singapore Economy – Progress Into The 80s"

I LONG-RANGE 10-YEAR PLAN FOR NEXT DECADE

Caveat

In the midst of preparing a 10-Year Economic and Social Development Plan. Plan not finalised yet, hence points raised today should be regarded more as tentative thoughts of myself and my Ministry than as approved Plan of the Government.

1 Main Targets of Plan

- i Economy to grow at 8% per annum.

Emphasis on growth because people expect improvement in standards of living. Standard of living of people as measured by per capita income has been increasing since 1959, when PAP took over the Government of Singapore.

For one whole decade before PAP took over, the per capita income was stagnating at about \$1200.

Per capita (Real terms)

1959	\$ 1290
1965	\$ 1470
1970	\$ 2690
1978	\$ 4750
1990	\$10180

Growth in next decade will be lower than growth in this and last decade because of less favourable world economic climate.

Nevertheless, 8% growth rate in GDP will enable Singapore to attain a per capita income in 1989 equal to Japan's today.

- ii To maintain full and better paid employment

We have attained full or near-full employment in 1973, when unemployment rate was 4.5%. Have maintained this full employment situation since – 1978 : 3.6%.

If we achieve growth rate of 8 per cent, then not only full employment will be maintained, workers will be better paid. In fact, our worry is that we may not be able to

attain this growth target because of insufficient labour. Manpower studies show that to sustain economic growth of 8% p.a. with prevailing rate of labour productivity increases, 41,000 workers per year will be required. Anticipated net labour supply is only 20,000 in next decade (this decade 32,000), hence potential shortfall of 21,000 p.a.

- iii To maintain low inflation rate to ensure that monetary improvements accruing to workers will not be eaten away by pernicious inflation.

Inflation is mainly imported. Internally, we will ensure that inflation is minimised by:

- ensuring competition among producers,
- avoiding unduly expansionary monetary and fiscal policies, and
- lowering or even removing tariffs, where they exist, on imported essential goods.

- iv Improving labour productivity.

This is as much a strategy as a target, and will be discussed later.

- v Improving quality of life.

Difficult concept to define as it could mean different things to different people. But generally, it would mean more time for population to engage in pursuits not directly related with the earning of income, eg cultural pursuits, sports.

This is possible only if economy is sound, growth is assured and income levels high enough to permit more time off for leisure activities.

II ECONOMIC STRATEGY TO ACHIEVE TARGETS

Manpower

Manpower is our only resource, but addition to this resource is diminishing in quantitative terms. Indiscriminate labour force increase, however, is not the solution to problem because of:

- Limits of our land;
- Quantity is no substitute for quality of population.

In 1979, labour force will expand by 3% or 30,000. After that, the net increase decreases by about 2,000 per year so much so that by 1990, only an additional 11,000 workers will join the labour force. The projected sharp decline in labour force inflows is the consequence of our rapidly declining birth rates that began in the late sixties. Therefore, unless productivity can be raised, or we allow free import of guest workers, Singapore will not be able to achieve its target rate of economic growth of 8%.

The objective before us is to achieve a high rate of economic growth through increased productivity rather than through more and more labour inputs - from foreign sources.

Definition of Productivity

Since productivity is some sort of panacea for achieving our macro-targets for next decade, it is essential we understand its meaning thoroughly, and how to increase it.

The broadest definition of productivity is the ratio between output and the total input of factors required to achieve it. In this sense, productivity is "the end result of a complex social process including: science, research and development, education, technology, management, production facilities, workers and labour organisations." Productivity in this sense means "total factor productivity" or "overall productivity or efficiency" and is not easy to measure.

Our interest is in labour productivity which is the ratio between a given measure of output and a given measure of labour input.

Productivity can be calculated in either of two ways: as average productivity and as marginal productivity. Average productivity is the ratio between labour output and labour input while marginal productivity measures the change in output per additional unit of labour input.

Strictly speaking, in measuring changes in labour productivity we should hold other factors of production constant and measure only the change in output that is attributable to a change in the skills of workers or in the intensity of worker effort. In real life, however, it is not possible to always compartmentalize causes of labour productivity increases so neatly; also, it is not so necessary so long as overall productivity increases.

Productivity Growth

Experience of productivity changes (real terms)

	1967-70	1971-73	1974-78	(% change p.a.) 1967-78
National rate	7.9	5.0	3.4	5.2
Manufacturing	9.6	3.9	1.7	4.9

Observation

While our labour productivity has been increasing, the rate of growth has been slowing down. If productivity growth remains at 3% p.a., we would not be able to achieve our target growth of 8% p.a. To achieve this we must raise our productivity growth per year to 6%.

How do we accelerate productivity?

- 1 Invest more capital, attract higher skilled, higher technological industries.
- 2 Upgrade manpower skill.
- 3 Intensify labour application, or in simple terms, work harder.
- 4 Improve organisational methods or managerial skills.

III SPECIFIC POLICY INSTRUMENT TO INCREASE LABOUR PRODUCTIVITY

Higher wage policy adopted for this and next three or four years to:

- 1 compel more efficient utilization of labour;
 - 2 increase the relative price of labour to capital, thus biasing use of capital for labour.
- This subject, however, will not be dealt here as it has been discussed at length elsewhere.

IV SECTORAL PLANS

1 Manufacturing Sector

Manufacturing will continue to be the favoured economic growth sector. Objective will be to bring it up one rung up the technological ladder so that it will:

- lead the rest of the economy;
- provide jobs which can pay higher wages to our better educated and trained school leavers and exploit their capability fully;
- provide opportunities for local entrepreneurs.

2 Services Sector

Comprises:

- a) Commerce (wholesale and retail trade, restaurants and hotels);
- b) Transport;
- c) Finance.

All three have undergone important structural changes in the last two decades:

- a) Commerce - type of goods dealt with different, sector more modernized with emphasis on quality, comfort.
- b) Transport - airport, airline, telecoms, containerization.
- c) Finance - Asian Dollar market grew from US\$30 million in 1968 to US\$27 billion in 1978. Financial Centre.

Strategy in Next Decade

Broad strategy is to build on the existing foundation and infrastructure and develop Singapore into a "super international junction", and "financial supermarket".

3 Tourism

1977 - world tourism estimated at 220 million persons, generating a revenue of US\$42.5 billion. Singapore's 1.7 million persons for that year equals 0.8% of the world total.

If world tourism continues to grow at a modest rate of 5% in the 1980's, by 1990, there will be 436 million tourist arrivals world-wide. A modest 1% of this world total is the equivalent of 4.4 million tourists.

Tourism is a desirable industry for Singapore:

- growth activity less prone to vagaries of world demand;
- pollution free;
- earns foreign exchange;
- most of the value-added is locally retained by Singaporean interests.

V CAN WE ACHIEVE OUR TARGETS?

Main problems are external

1. Slow growth in world economy.

2. High oil prices.
3. Protectionism.
4. Political events in Indo-China.

Internal

Can we extrapolate present political stability and industrial peace into the future?

These are daunting problems, but if we bunch ourselves tightly, decide to make a go of this place, the way we have done this decade, we can shoot a few balls on target in the Eighties.





NTUC Plan Of Action For The '80s

By
Mr. Lim Chee Onn
Secretary-General
NTUC

Report Of The Secretary General
To The Adjourned
Third Triennial Delegates' Conference
Of The NTUC



REVIEW OF THE PAST DECADE

PREAMBLE

Recorded history serves two main purposes. Firstly, it provides a factual account of the events that helped to shape societies, communities and nations, and the social, economic and political outlook of their citizens. Such records contribute to the wealth of information being accumulated for the benefit of posterity.

Secondly, it provides an excellent basis on which to establish objectives for the future, as well as to chart the direction for further progress and prosperity. Past achievements and triumphs help the new leadership set their sights for the future. They also become the criteria to gauge further successes. Failures, mistakes and less laudable achievements of the past become valuable lessons for the future, not popular topics for disparaging remarks or derogatory criticisms. **It is because of this willingness and ability to examine both its successes and failures with equal intensity and objectivity that our labour movement has been able to achieve so much in so short a period of time.**

Our readiness to snap out of the complacency that often accompanies successes, and our determination to pull ourselves up by our own bootstraps in times of difficulties and heavy odds, were two important factors that enabled us to surmount the problems encountered during the last ten years. Our achievements however, were attained not without sacrifices and casualties. But our approach of "the maximum good for the maximum number" has served us well, and will continue to be a guiding principle.

NTUC IN THE '70S

The NTUC was established in the early 1960s, amidst an atmosphere of trade union militancy and acrimonious labour disputes. It was not possible for mass-based organizations such as trade unions to be unaffected by the birth pangs of nationhood. In fact it was incumbent upon labour to provide the necessary input to help shape the future of our nation. The formal record of these tumultuous beginnings must be left to the historian. However, a review of our hopes and aspirations, and our achievements and failures is necessary if we are to draw up a blueprint for progress into the '80s.

The turning point for the modernisation of our trade union movement began with the historic seminar held in November 1969. It was then that we planned, argued, considered and finally adopted the strategy which helped us to overcome the many trials and tribulations we encountered in the

1970s. It was faithful adherence to the precept of industrial peace with justice that enabled us to contribute significantly to the rapid pace of socio-economic and political progress over the past decade. It was putting nation before self that assured our members and indeed all Singapore workers, of employment and a better life for themselves and their families. After all the excitement and flurry of speeches, rallies, conferences, campaigns and elections have died down what really matters are the results. In the final analysis, what the worker wants is not mere talk and promises or short term benefits and long term despair. What he looks for is a firm and clear set of plans to guide him in his contributions towards the making of a larger national cake in which he and members of his family will have a share.

Another crucial turning point in the labour movement has been recorded in 1979. Our workers' concern is what lies ahead for them and their families. What are the employment opportunities, prospects for an even better livelihood, contributions and responsibilities expected of them, and the likely pitfalls they will encounter? To meet this concern in part, NTUC will implement a Plan of Action for the '80s, to better equip our members to face the challenges ahead and to help them achieve further progress and prosperity over the next decade.

The woes of the '80s will not be very similar to those of the '70s, though we will no doubt meet some of them in different forms. New strategies will have to be formulated to meet the challenges of the '80s. We need however to take stock of our position in order to plan for the future. Radical changes were made to our strategy and in our approaches after the 1969 Modernisation seminar. The first section of this Plan will therefore be devoted to a review of the major facets of our trade union movement today.

ECONOMIC GROWTH AND EMPLOYMENT OPPORTUNITIES

Singapore's economic growth in the past decade is a clear indication of our workers ability to discern immediate short-term benefits from real long-term interests. They are able to perceive that employment opportunities abound only with long term economic growth. They are not in any doubt about the difference between verbal productivity and rousing rhetoric and industrial output and rising incomes.

From 1970 to 1978, our Gross Domestic Product (GDP) doubled in real terms from S\$5,100 million to S\$10,100 million (at 1968 prices). The GNP per capita income at current market price correspondingly rose by 2.7 times from S\$2,831 to S\$7,565. The unemployment rate in Singapore dipped from 6% in 1970 to a mere 3.6% in 1978 which practically means full employment. In fact, we have had to import large numbers of guest workers from other countries in recent years to sustain our rapid economic growth. The availability of job opportunities has enabled a considerable number of female workers to obtain employment thus contributing to significant increases in family incomes.

In 1970, out of the 1,200,300 persons aged 15 years and above, 693,000 representing 58% were in the workforce. Of these, 140,000 or 20.2% were female workers.

In 1978, out of the 1,558,100 persons of 15 years and above, 975,000 representing 63% were in the workforce. Of these, 315,000 or 32.3% were female workers.

During this period, 1970-78, the manufacturing sector overtook the trading sector as the major employer. Manufacturing industries in 1978 employed over 270,000 workers compared with an employment figure of 143,000 in 1970. Over these nine years, employment in the trade sector increased from 152,910 workers to only 225,000 workers. This trend will continue and our emphasis on the blue collar worker is thus not misplaced.

At least 300,000 new jobs need to be created over the next ten years if we are to provide employment to new entrants into the labour market. To achieve this target, Singapore's economy needs to grow at a rate of 6% to 8% per year. We have to work together that much harder because of the many adverse factors that can move this target beyond our reach.

History and current precedents in other countries show us that our success in raising our workers from the quagmire they were in would certainly have not been possible had there not been an enlightened trade union movement which puts the survival of the nation before everything else. **The people of a nation will only prosper collectively if the nation prospers.** This is the fundamental thinking of NTUC and its affiliates. Our experience so far has proven beyond any doubt that we have chosen the correct path. Given our determination not to stray from our objective, we shall be able to meet our target of continuing to ensure all our workers that all those willing and able to work will find jobs.

INDUSTRIAL RELATIONS

One of the many factors that determine whether a country will be successful in its strive to achieve economic take-off and industrialize is the state of industrial relations prevailing there. A country such as Singapore which depends on a continuous stream of foreign investments for job opportunities will do well to ensure that industrial peace prevails, though not at the expense of justice.

Over the past ten years, we have successfully moved from a militant environment to one where consultation is the order of the day. While there will still be some recalcitrant employers who only understand the language of industrial action, it is now an accepted practice for differences to be resolved across the conference table, with both employers and employees guided by the will to come to an early settlement for the benefit of both parties.

Between 1955 and 1963, an average of 77 strikes involving some 18,500 workers and a loss of 300,000 man-days occurred each year. Extensive damage was inflicted on the economic and social fabric of the nation as a result of industrial unrest of such magnitude. From 1969 to 1978, however, an average of less than 4 strikes involving some 1,200 workers and the loss of 3,900 man-days were recorded. In fact, only one strike precipitated by 406 workers who were not members of NTUC affiliates, occurred in 1977. From 1978 to the present, there was complete industrial peace without a strike or major work-stoppage.

This healthy industrial relations environment in Singapore is the result of the rational and pragmatic decision by NTUC to work in close collaboration with government and employers so as to create an atmosphere conducive to rapid economic growth and development. It bears testimony to the major part played by the labour movement in ensuring the phenomenal improvement in the standard of living of the population of Singapore during the 70s.

In order to provide its affiliates with a more effective backup service, the NTUC Industrial Affairs Council was established in 1975 in place of the former Industrial Disputes Committee. Its terms of reference were further revised in 1977 so that the labour movement under the aegis of NTUC could prepare itself for the demands of the industrial situation ahead.

WAGE INCREASES

Economic growth would be meaningless if workers who have toiled for it do not share in the fruits of their labour. Moreover, if workers were denied of their rightful share, it is unlikely that they would want to continue maintaining the level of their contribution to the national output.

Through collective bargaining at the company level and representation on the National Wages Council (NWC), the NTUC has played a significant part in safeguarding and promoting the interests of its members by helping them to secure a substantial share in the expanding economic cake. This is shown clearly by the figures on wages. The average income of workers increased by over three-fold from 1965 to 1979 in monetary terms. In real terms, the modal income per worker more than doubled from \$190 per month to over \$400 per month during the same period.

The establishment of the NWC has helped to ensure that workers receive their due share without jeopardising our economic future and hence their job prospects. The NWC takes into account the general performance of the economy, the future investment prospects, the inflationary rate and other factors which affect the living standard of our workers. Since 1972, all the NWC recommendations on wage increases have been accepted by the government departments and the statutory boards, which employ some 14% of the labour force in Singapore. An increasing number of employers in the private sectors have also followed suit. It has been estimated that in 1978 approximately 70% of them applied the NWC guidelines either in part or in full.

In line with the government's new economic policies to replace the labour intensive industries with high technology and high value-added operations, the NWC recommended for 1979 a substantial increase in wages for the workers especially for the lower-income group. Since our inflation rate this year is likely to remain at the single digit level, this means that the living standard of our workers will improve substantially. It is pertinent to note that workers in many countries including some developed ones, had to suffer wage cuts and fairly extensive retrenchments as a result of the slower growth in the world economy and run-away inflation since the oil crisis in 1973. The fact that our workers have secured substantial real wage increases and have enjoyed an increase in their standard of living over the last ten years, shows that we have all benefitted from the enlightened attitude of the unions, the government and the employers.

UNION MEMBERSHIP

The Modernisation Seminar in 1969 recognised the alarming fact that despite there being a large pool of unorganised labour in Singapore, membership in NTUC was declining. It called on NTUC and its affiliates to draw up plans to attract more members into their fold. A massive campaign was mounted

and its success is evident from the following table:

Growth of Trade Unions in Singapore (1969 - 1979)

Year	Unions	Total Union Membership	NTUC Membership	Percentage of NTUC Membership to total organised labour %
1969	112	120,053	88,558	71.3
1970	102	112,488	85,422	76.0
1971	100	124,350	96,227	77.4
1972	97	166,988	142,162	85.1
1973	92	191,481	168,090	87.8
1974	90	203,561	189,214	93.0
1975	89	208,561	197,510	94.7
1976	91	221,936	211,956	95.5
1977	90	229,056	215,522	94.1
1978	89	236,907	226,257	95.5
1979 (May)	86	242,014	229,932	95.0

The total employed labour force in Singapore increased by 57% from 610,000 in 1969 to 960,000 in 1978, whereas NTUC membership expanded by 155% during this period as a result of our effective recruitment drive.

Trade union membership must continue to be promoted with vigour because trade union solidarity and strength go hand in hand with membership strength. When we represent the majority of our workers, our collective strength will be improved and we will be better placed to obtain social and economic fair play, dignity and self-respect for a greater number of our workers.

FINANCE

No modernisation of a labour movement is possible without adequate financial resources. The NTUC has therefore been seeking relentlessly ways and means to build up its funds in order to be able to implement its various programmes to benefit its rank and file. The 1969 Modernisation Seminar decided that union fees and affiliation fees to the NTUC be increased. It also proposed that trade

unions affiliated to the NTUC should standardise their monthly subscription rates on the following basis:

Salary Range (Gross)	Rates Per month
\$150 and below	\$1.00
\$151 to \$250	\$2.00
\$251 to \$350	\$3.00
\$351 to \$450	\$4.00
\$451 to \$550	\$5.00
\$551 and above	\$6.00

These rates have been implemented faithfully by union members. Moreover, affiliation fees to the NTUC had correspondingly been revised to 25% of the total subscription collected each month by affiliated unions (including Annual Bonus and Ex-Gratia payments).

The Modernisation Seminar also saw the introduction of the check-off system which simplified the payment of union fees by individual members and reduced considerably the administrative costs to unions.

The recommendation by the 1969 Seminar for unions to make available loans at favourable terms to the NTUC to fund special projects like housing for workers was not implemented because it was deemed unnecessary to duplicate and compete with the services provided by HDB and HUDC in satisfying the demand for public housing in Singapore.

The Seminar further recommended that entrance fees to unions be increased, but this was not implemented as such a move could jeopardise attempts by unions in the recruitment of members.

Total accumulated funds in NTUC swelled from \$27,838 in 1970 to \$7,651,529 in 1979, reflecting strengthening of financial resources in the trade union movement over this period. The national centre has found it unnecessary to increase affiliation fees despite escalating costs and the wider range of services provided. This happy state of affairs was made possible by the judicious application of funds by the NTUC Central Committee. With further increases in operating costs, NTUC may not be able to make ends meet much longer, although the establishment of the Singapore Labour Foundation has helped to defer the date of an increase in affiliation fees.

NTUC will continue to streamline its administrative organization in order to be more effective and to reduce operating costs. At the same time, the urgent need to inject professionalism into the movement to upgrade the effectiveness of the national centre will require more funds. A judicious balance will be struck so that savings in operating costs will not be at the expense of efficacy.

CO-OPERATIVES AND BUSINESS VENTURES

In 1969, the Co-operative movement in its broader sense was at its infancy particularly in NTUC with only conceptual outlines being formulated. The Seminar attempted to give shape to the Movement by calling specifically for the following action:

- a) that the NTUC should embark upon co-operative ventures initially through the establishment of a life insurance co-operative;

- b) that Co-operative ventures should be competitive and therefore they should only be established in where there are built-in advantages
- c) that a Consumer Co-operative be established as soon as sufficient capital and expertise were available and that the Consumer Co-operative be run on standard business principles, with no credit facilities allowed initially;
- d) that the feasibility of embarking on industrial co-operatives for the following enterprises be assessed:

- i) servicing of motor vehicles;
- ii) holiday tours
- iii) co-operative transport
- iv) co-operative school bus and
- v) co-operative school book-shops

- e) that assistance be sought from trade union organisations overseas which have developed successful co-operative ventures and that the services of international co-operative organizations be sought;
- f) the establishment of a Special Committee of Experts to study areas in which the NTUC Development Fund could be invested and to examine the co-operative projects most suited for implementation;
- g) that all co-operative ventures be operated through the NTUC and be run on business lines and that a proportion of the profits be channelled to the NTUC Development Fund;
- h) that a Co-operative bank be established only after funds have been built up and experience developed;
- i) that the NTUC examine the possibility of establishing a health service in Jurong and other industrial estates for the benefit of workers, particularly after office hours;
- j) that a feasibility study be undertaken on the provision of canteen services for army, navy and airforce establishments. These co-operatives could also deal in durable goods;
- k) that the NTUC set up a Committee to look into the possibility of establishing a printing press to cater for the needs of affiliated unions; the printing rates ought to be more attractive than those offered by commercial houses;
- l) that subsequently industrial co-operatives be set up to encompass activities like tailoring, book-binding, spray-printing, shoe-making etc.

Before venturing into an assessment of the extent to which NTUC and its affiliates have fulfilled or failed to fulfil the 1969 Seminar recommendations, it must be stressed that NTUC entered into the co-operative movement with the following main objectives:

- a) to provide services to members of the unions
- b) to generate revenue for the trade union movement so that NTUC could be financially independent and strong to play a positive part in representing its workers
- c) to fulfil a useful social role to the population of Singapore as a whole.

In practice, the three objectives may appear to pull the Co-operative movement in diverse directions at times but ultimately it is the desire to serve the collective good of the public that determines the direction of the movement. The assessment of the Co-operative movement so fervently launched by NTUC after the 1969 Modernisation Seminar must be viewed in the light of these objectives. In addition, it must also be borne in mind that the ventures undertaken by the Co-operatives should be commercially viable.

The inauguration of NTUC INCOME and NTUC WELCOME in 1970 and 1973 respectively brought to fruition recommendations (a), (b) and (c). The setting up of NTUC COMFORT in 1971 as a Transport Co-operative which now operates 4,500 taxis, 350 minibuses and 38 larger City Shuttle Services (CSS) buses, COMFORT WORKSHOP (PTE) LTD in 1977 as a motor servicing centre; NTUC Travel Services (Pte) Ltd in 1973 as a travel and tour agent; and NTUC Fairdeal in 1974 as a book co-operative to help reduce the cost of school books to students, have all been undertaken in fulfilment of recommendation (d).

The NTUC has obtained and will continue to obtain expertise from organisations like the ILO, Histadrut and Folksam for its various co-operative ventures.

In 1979, the Central Committee of the NTUC commissioned the NTUC Investments and Co-operatives Committee to look into all our co-operatives and business ventures and to advise NTUC and its affiliates how to increase the operational efficiency of these activities. Co-operatives and business ventures run by NTUC's affiliates have transcended recommendation (g) and proceeded along slightly different lines. Many unions in the past decade have established their own ventures, operating them independently without any administrative and financial support from NTUC. It is only through investments in union co-operatives that NTUC will acquire a proportion of the profits in the form of dividends.

The business ventures established by NTUC affiliates range from restaurants to recreational centres and consumer clubs with widespread impact on our workers. Both NTUC and SILO also run creches for the children of working parents. With improved financial resources, the labour movement has also been able to carry out other social programmes such as the provision of scholarships, bursaries and study loans for members' children and the provision of sports and recreational facilities for members and their families.

Over and above what the 1969 Modernisation Seminar recommended, the NTUC has also set up the Consumers Association of Singapore (CASE) to protect consumers against profiteering and other unscrupulous activities. NTUC Denticare was established in 1972 to make available low-cost dental services to workers earning between \$200 to \$750 per month.

Although the idea of a Co-operative Bank was mooted in 1969, the Bank has yet to be established. The Bank will involve a major commitment of union funds and deserves closer scrutiny before a decision can be made. The ever-increasing number and range of co-operatives and business ventures taken on by NTUC and its affiliates may however, necessitate a co-operative bank to oversee the financial positions of all these operations.

The NTUC has not embarked on the provision of canteen services pending a more detailed feasibility study of the project. As for the printing press, SILO has set up a printing division among its co-operatives and the United Workers of Petroleum Industry (UWPI) plans to establish a printing workshop. The NTUC has also decided that it would only enter the field of industrial co-operatives at a later stage when it can command entrepreneurial and technical skills to compete on equal terms with established employers.

Within the short spell of a decade, the NTUC and its affiliates have achieved in building up a labour-operated and viable sector in the national economy to provide a variety of services to the working population. Net assets of all NTUC and union co-operatives stood at \$59m as at December 1978. There were over 50,000 shareholders in the thirteen major co-operatives. This is, however, only the beginning and, given more time and better finances, this sector will continue to grow into a formidable force for the benefit of all workers in Singapore.

WORKERS' REPRESENTATION

One of the significant developments of the Singapore labour movement is the participation of workers' representatives in the policy making process of the various major statutory boards whose decisions would have a profound influence on the welfare of the workers and on national development. Tripartism of this nature enables the workers, through their union representatives, to present labour's views on major policies. To-date, trade unions' representatives sit on the following key statutory boards and government bodies:

- a) Central Provident Fund Board
- b) Economic Development Board
- c) Housing and Development Board
- d) Junior Trainees Scheme Advisory Council
- e) Jurong Town Corporation
- f) National Productivity Board
- g) National Maritime Board
- h) National Safety First Council
- i) Port of Singapore Authority
- j) Public Utilities Board
- k) Singapore Family Planning & Population Board
- l) Singapore Tourist Promotion Board
- m) Singapore Metrication Board
- n) Singapore Sports Council
- o) Telecommunications Authority of Singapore
- p) Vocational and Industrial Training Board

The spirit of tripartism has further been developed by the establishment of the National Wages Council (NWC) in 1972. The NWC is another tripartite institution where trade unions, employers and the government have equal representation.

Workers' representation in the policy making process of key statutory boards (which employ a total of more than 50,000 employees) and other national institutions has contributed significantly towards industrial democracy in Singapore. This is an area where our labour movement can be proud of, as there is hardly any parallel situation in the other developing countries where workers' representation and tripartism have been so successfully carried out.

TRAINING AND UNION LEADERSHIP

For the modernisation process to succeed, trade unions will have to develop a core of dedicated and able unionists at all levels, both for the execution of policies as well as to provide the leadership in the organisation. The training of union leaders at grass-root level to provide the leadership to our rank and file is a matter of great importance. It will also be necessary to develop professional skills, within the movement to take on the increasingly sophisticated managements.

The Seminar in 1969 identified the need for expertise and leadership in the trade union movement to be provided by people who were available on a full-time basis, if unions were to play their roles effectively. In the selection of able and highly educated leaders, careful consideration should be given not only to intellectual ability, but also to the loyalty of those professional officers to be recruited. The Seminar felt that a reasonable fee should be levied on unions for the utilisation of services of officers from the NTUC Research Unit, except in cases where the unions concerned were in no position to meet this liability.

It was further recommended that the NTUC appoint a committee to look into the possibility of investing the Workers' Education Fund so that scholarships to members' children at secondary and tertiary levels could be granted. These scholarship holders should, on completion of their tertiary education, be bonded to serve the labour movement for a period of five years as in the case of recipients of Government scholarships. Also, the idea of a Workers' College to further trade union education was mooted.

As a result of these recommendations, the Education Committee under the chairmanship of the Secretary for Education was established. The Secretariat has been organising various residential courses for members of affiliated unions as well as branch officials. For Industrial Relations Officers (IROs), the residential training programmes lasting for one to two months are more comprehensive. Subjects taught range from labour laws and grievance handling to various socio-economic dimensions of labour.

Union officials and IROs have been sent to training courses and seminars overseas to increase their exposure and widen their outlook on trade union development.

A major trade union seminar 'The Next Ten Years: Job Creation Or Job Loss' was held in October 1977. The discussion on a simplified but comprehensive booklet (published in conjunction with the seminar) formed the basis of our training programme on productivity and economic education for both workers and students who were entering the labour force.

The NTUC and its affiliates have increasingly recruited graduates and professionals into the labour movement to enhance the quality of services offered to workers. At the beginning of 1979, about 60 university graduates were employed by the NTUC, its affiliates and co-operatives. As recommended by the Modernisation Seminar, unions and co-operatives to which NTUC officers are seconded bear the cost, partially or wholly depending upon their financial circumstances.

The Singapore Labour Foundation in 1979 offered scholarships to children of union members. The desirability of establishing a Labour College is under study at present.

Having gone that far in our Education Programme, and with the labour force poised at the threshold of the Second Industrial Revolution in Singapore, emphasis will continually be placed on workers' training and retraining to fit them into new jobs which demand higher and more comprehensive skills. The optimal use of our limited human resources will continue to be given priority in our training and education programmes. The training of union officials in order that they may acquire the necessary

expertise to perform their enlarged role will continue to receive close attention.

At the Extra-Ordinary Delegates' Conference held in November 1978, the delegates approved amendments to the NTUC Constitution empowering the elected members of the NTUC Central Committee to appoint a number of Cadre Delegates who possess not only good professional qualifications but also a sense of vocation and commitment to the cause of labour. These persons will be chosen either on the basis of having made contributions or having the potential of making contributions to the labour movement.

By offering appropriate incentives, the NTUC will strive to draw into the service of the labour movement highly qualified persons to sustain its progress and to continue to deal with the Government and the employers on an equal footing and as equal partners in the tripartite framework.

INDUSTRIAL OCCUPATIONAL HEALTH AND SAFETY

We have taken cognizance of the fact that our environment as well as the safety and health of our workers could be adversely affected by the rapid rate of industrialisation in Singapore and have called for the establishment of Joint Health and Safety Councils in both the public and private sectors. These Councils, comprising equal representation of management and labour with possibly co-opted experts from outside, should establish a Code of Safety Norms which would take into account air and water pollution, occupational and environmental hazards, industrial dangers and the need for regular inspection and supervision.

The NTUC established a Secretariat for Occupational Health and Safety Committee soon after the Modernisation Seminar. Through its representation to the Government on legislation relating to Occupational Health and Safety, some of which are listed in the section on 'Labour Legislation', we have managed to achieve a standard of control on our environment and safety which is more stringent than what the Seminar envisaged. In the promotion of occupational health and safety, the Secretariat has organised talks, seminars, courses and factory visits. Education of our workers in this important area will continue, supplemented by constant reminders to employers to play their part.

The number of factory accidents over the period 1970 to 1978 shows that much remains to be done to improve the working environment. There were 1,525 industrial accidents in 1970. This figure increased to 4,554 accidents in 1978. This is alarming notwithstanding the higher degree of industrial activity. The manufacturing and construction industries remained the major areas of industrial accidents. Noise-induced-deafness and industrial dermatitis are the main industrial diseases.

While we have been successful in developing our industries to provide more employment opportunities, we must not overlook the need to develop a safe and healthy environment in work places to enable our workers to enjoy the benefits of employment. The Occupational Health and Safety Committee will press ahead with its programme to achieve the objective of reducing unnecessary hardships and losses through industrial accidents.

PRODUCTIVITY

Noting the Prime Minister's opening address to the 1969 Modernisation Seminar that developing the economy and increasing productivity made sense only when fair play and fair shares made it worth everyone's while to put in his share of effort for group survival and group prosperity, the Seminar con-

cluded that Joint Productivity Councils, on which unions and employers were equally represented, should be set up immediately. The Council would undertake the following tasks:

- a) the stimulation of Productivity;
- b) the measurement of Productivity; and
- c) ensuring the equitable distribution of the fruits of such productivity between employers and employees.

The Seminar further urged that Work Councils be established at all places of work. Members of the Joint Consultative Committee should have full powers from their nominating bodies to make recommendations and decisions. NTUC was also asked to formulate a programme to train and educate members on the concepts and operation of Consultative Committees.

At the National Industrial Relations Council's (NIRC's) Meeting held at the National Productivity Board (NPB) in 1975, the NTUC assisted in drawing up a tripartite model constitution for Works Councils and Productivity Committees. To ensure that the fruits of higher productivity are equitably distributed, various merit and demerit schemes have been introduced in industries and worksites.

To date, there are only 34 Works Councils (WCs)/Productivity Committees (PCs), despite the fact that as early as January 1965, the NTUC jointly subscribed to the "Charter for Industrial Progress and the Productivity Code of Practice" together with the Singapore Manufacturers' Association (SMA) and the Singapore Employers' Federation (SEF). The reasons for the comparatively few WCs and PCs are fear, confusion and suspicion on the part of managements over the real aims of these joint consultative bodies. The NPB is at present heavily involved in monitoring the progress of WCs and PCs.

The NTUC set up Productivity Services Unit in April 1976 to promote productivity. The Unit also undertakes research work on relevant issues and conducts courses to educate unionists on the concepts and practices of stimulating as well as measuring productivity. So far, some 100 IROs and branch officials have undergone a series of productivity courses. It publishes its findings through papers presented at forums, seminars and conferences at branch, national and international levels.

WOMEN'S PROGRAMMES

With a tight labour market existing in Singapore today, it is imperative that every member of our population is put to productive use in contributing towards economic and social progress. Although the 1969 Modernisation Seminar did not put up specific women's programmes, the NTUC established a Secretariat for Women's Programme in 1976 to plan and co-ordinate activities organised by affiliated unions for women members. The Secretariat's role includes dissemination of information and advice on problems of working women in Singapore, promotion of women's participation in union activities, and fostering solidarity among working women in Singapore and overseas.

The tight labour market has attracted more women into the workforce. Increasing attention has therefore been given to the provision of day-care centres and creches for children to help working mothers. This will encourage a higher participation rate amongst mothers, but not at the expense of family upbringing. NTUC presently operates ten creches and their services are well appreciated by those they serve. The question we now have to address ourselves to is how to improve further our child care facilities in the standard of service as well as in the variety of schemes to meet the requirements of working mothers.

YOUTH, SOCIAL AND CULTURAL PROGRAMMES

To cater for the socio-cultural needs of our youths, the NTUC established in 1976 a Secretariat for Youth, Social and Cultural Programmes. Apart from co-ordinating and assisting in the planning of programmes to promote youth activities in the various unions, the main objectives of the Secretariat are to develop leadership talent among youth as well as to inculcate in young workers proper work ethics, motivation to work hard and acceptance of responsibility, the value placed on personal contribution to society and avoidance of the tendency to equate material possessions with success. The Secretariat has held various functions and activities for youths to promote such qualities.

Ours is a young population as evidenced by the fact that 60% of our population is under the age of 30 years. Out of the total work force of over 975,000 persons, 53% are between the ages of 15 and 30. Our union membership is also young — 70% of our members are between the ages of 18 and 30 years.

We should endeavour to identify and cultivate from amongst them those with the inclination, competence and dedication to serve as future leaders in the movement.

LABOUR LEGISLATION

Anomalies that existed in our industrial relations legislation in 1969 were reviewed and the following deficiencies have since been corrected:

- a) The terms 'managerial', 'executive' and 'confidential position' which were not defined precisely in the Employment Act have now been rectified.
- b) Under Section 37(4) of the Employment Act, to prevent possible abuse, if a worker's day-off earned is not given within the specific period of seven days, he shall be paid for the work performed on that rest day in accordance with Section 37(3) of the Employment Act. Similarly, an employee who works on any holiday under Section 41(4) would be paid as provided for under Section 41(3).
- c) The Factories and Workmen's Compensation Acts have been amended on recommendations by the NTUC. The Factories Act has been amended to provide for the compulsory establishment of Safety Committees in all worksites employing more than 50 workers. Through the Ministry of Environment, control of pollution in factories has also been implemented.
- d) Section 43(1) of the Employment Act (1968) was amended to provide that if any employee meets with an accident arising out of, or in the performance of his duties which necessitates hospitalisation, he shall be eligible for paid sick leave, and such sick leave shall not be deducted from the 60 days' sick leave entitlement provided under Section 43(1)(b) of the Act.
- e) The Central Provident Fund Act was tightened to prevent abuse by employers. Such abuses included the deduction from their contributions to private or company run retirement benefit funds.
- f) The NTUC also brought to light certain outmoded legislations that govern cooperatives' operations and invited Government to review those clauses which were inhibiting the healthy growth of the cooperative movement. As a result, the Co-operative Societies Act was passed in 1979 to promote an active and efficient cooperative movement in Singapore. The Act incorporated such significant provisions like the setting up of an apex organisation to reap the benefits of synergy in the cooperative movement.

A recommendation of the Modernisation Seminar was a request that Government amend the Industrial Relations Act by placing the onus of proof on the employer in cases of victimisation of employees. This was not acceptable to the Authorities and, as such, the onus of proof is still on the employee to show that he has been victimised. Our unions and NTUC would have to monitor closely such malpractices and bring to task all those recalcitrant employers found to be abusing their responsibilities.

SOCIAL ROLE

In September 1977, the Singapore Labour Foundation was established by an Act of Parliament. It marks the culmination of efforts by the NTUC in not only playing the traditional role of trade unions as a collective bargaining body but also in contributing towards the well-being of the population in Singapore in making it a better place to live in. The social role of the trade union movement will undoubtedly continue to take on a new and enlarged dimension.

The Foundation is examining projects and hopes:

- a) to establish a Labour Education Centre to train cadres for unions and co-operative societies;
- b) to set up study centres in the HDB estates, providing tuition facilities for children from poorer homes;
- c) to provide workers and their family members with more social and recreational facilities. It has already purchased two holiday bungalows at Pasir Ris to supplement the three at Changi currently operated by NTUC;
- d) to establish a holiday resort either on one of the islands off Singapore or on the mainland itself;
- e) to work with government and employers in the establishment of a Vocational Rehabilitation Centre for injured workers.

The Foundation has donated \$30,000 to the Ministry of Health for the purchase of an advanced kidney-testing machine.

UNION RE-ORGANISATION

The 1969 Modernisation Seminar called explicitly on the NTUC to set up a committee to amalgamate all small unions into BIG, EFFECTIVE UNIONS; and that only in exceptional cases should the Registrar of Trade Unions register unions of less than a thousand. The NTUC should also set up a committee to look into the position of unionising unorganised workers in Singapore.

Riding on the momentum generated by the Seminar, the Singapore Industrial Labour Organisation (SILO) was founded to unionise industrial workers as only 10% of industrial workers were organised at that time. NTUC also studied the amalgamation of the various Public Daily Rated Unions into larger ones representing the workers in the same field of work. The Public Utilities Board Daily Rated Workers Union was formed in 1979 to serve the members of the previous four unions representing electricity, gas, water, and utility transport workers.

The attempt to implement the Seminar's recommendation that unions be re-organised on an industry-wide basis thus eliminating splinter unions, and increasing the centralisation, co-ordination and impetus of the movement as a whole, has however not produced much result. In the 1970s, there

was little pressure for such re-organisation as the big omnibus unions were performing their roles effectively in catering for different types of workers. Moreover, re-organising unions on an industry-wide basis required tremendous resources such as trained and experienced manpower which the NTUC did not possess adequately then. In the 1980s, however, the unions will have little choice but to re-structure themselves in order to specialise in their respective industries so as to meet the demands of a highly skilled and high-technology economy. IROs will need to possess specialised knowledge of how a particular industry works and its different constraints. This will require unions to dispense with cumbersome and omnibus structures and form instead specialised and trim industry-unions.

FROM THE '70S INTO THE '80S

There are many lessons to be drawn from the decade of experience following the Modernisation Seminar in 1969. Failure to learn will mean that the same mistakes will be made again. Improvements will not be forthcoming and the labour movement will decline through complacency and inertia.

We have not allowed ourselves to be caught in such a bind. We must now brace ourselves to meet the challenges ahead – challenges which will test the mettle of the most able unionists in our midst. There is no guarantee of success. To give such an undertaking will be pure folly. Nonetheless, given the hard-earned experience of the past ten years and our determination to overcome all obstacles and move up our economic ladder, the NTUC and its affiliates will strive to continue to make progress. Our Plan of Action for the 1980s will provide us with the framework and the guidelines to charter our course as we embark on the second decade of the modernization of the labour movement in Singapore.



the same direction, namely, towards higher skilled jobs, including in the tertiary sector, and higher technological industries. We have to at least keep pace with them. Better still if we can move ahead in some respects. There is no reason why we cannot do so given the will and the discipline.

National Perspective

Coming to home base, and as already so widely publicised, Singapore has embarked on her Second Industrial Revolution. It is fundamentally a restructuring of our economy from labour-intensive to capital-intensive, high value-added industries; from low-wage to middle-wage levels; and from a mono- or dual-skill to a multiple-skill workforce. In industrial relations, the sentiments are towards greater consultation and joint-efforts between labour and management.

The reasons for the restructuring of our economy are:—

- (a) To break the low wage — labour intensive industries bind. The combination of labour-intensive industries and a large proportion of guest workers will keep wages down. Only capital-intensive industries can increase our workers productivity and improve prospects for higher wages;
- (b) To improve the skill and technological content of our industries. In order that workers are able to participate fully in these new industries, we have to give greater emphasis to greater skill development. This is also essential if prospects for wage-increases are to be sustained;
- (c) To reduce the proportion of guest workers in our workforce. We will continue to need them, but, we hope, on a reduced scale. In large numbers, especially from non-traditional sources, they can be a source of socio-political problems; and
- (d) To be prepared for the emergence of countries like China as newly industrialising nations. These countries have a large labour force who earn relatively low wages. It will be very difficult for us to compete with them in labour-intensive industries. We have to move on to a higher league.

The structural changes will bring adjustment pains to both employers and workers. Hopefully, with careful implementation, it will not be widespread and will be shortlived. There will be industries and companies which will no longer be able to hold their own unless they mechanise quickly. As for labour, certain degrees of skills obsolescence can be expected. Skill development and retraining will be a feature in our working life. This is an area which is expected to occupy a fair deal of trade union time and efforts.

Plan of Action

Although all available indicators seem to point to ominous clouds in the horizons of the '80s, it is more positive to view them as challenges and opportunities for further growth and development. The 1980s promises to be another watershed in our history, and we will be participating in the making of a new era. In the 1970s, we left our mark on the progress of Singapore. In the next decade, we will do more to reach greater heights of accomplishments. But first, we have to be prepared. We must know the objectives and what we plan to do. Thus, this Plan of Action.

I. ORGANISATION & ADMINISTRATION

Organisation

- (a) We will have to take a long, critical look at our organisational structure to ensure that we are well-placed to respond to changing demands in the milieu in which we operate. The economy is being restructured. Similarly, trade union organisations have to undergo some modifications if we are to stay in tandem with our nation's development. Thus, as we brace ourselves to venture into the '80s, it is also an opportune time for us to trim our unions and our co-operatives of any cumbersome policies, procedures and practices which hamper efficiency and optimum manpower utilisation. Every activity in the unions must be for a clear purpose. Where necessary, we ought to review our priorities and objectives. We need a trim management team to be able to do this. We will subsequently set up a management services unit in the NTUC to help unions and co-operatives modernise their operations.
- (b) We believe the organisation of unions on industry-wide basis has many advantages. For instance, the trade unions will be able to develop an intimate understanding and knowledge of the industry they represent. This will put them on a more equal footing with management. Moreover, such expertise will enable them to serve the members better and more expeditiously. Industry-wide unions will make possible a uniform set of wage rates for all occupational grades in the same industry. This system will bring to a closer reality the nexus between performance and wages, for a person will be paid according to the contributions he makes to his enterprise. It will reduce greatly the movement of personnel from one firm to another in the same industry for wage reasons. If they move at all, it must be for fairly good reasons, in which case their right to change jobs should be respected.

Membership

- (a) We must ensure that membership strength is further increased as it is the foundation of our legitimacy, influence and standing. At the moment, we represent 28.7% of the total organisable workforce. We should strive to attain 50 — 60% by end 1989. It is not an impossible target if every member brings another into the movement. In membership recruitment, we have to realise that our task is made easier or harder by the status of our credibility in the eyes of the workers — whether we are able to guide them effectively to higher standards of living and meet their long-term aspirations. We also plan to extend membership to members' families. Although this would mean the undertaking of a broader range of activities, it will be well worth it as this will augment members' bond with the unions.
- (b) We respect a worker's right not to join the union. By the same token, we expect managements to respect a worker's right to join the union. We will make strong representation to the Labour Ministry to seek protection against victimisation of union organisers in non-unionised companies, and to bring recalcitrant employers to task for such high-handed attitudes.
- (c) We have all this while accepted with silent fortitude the practice by managements of extending union negotiated benefits to non-union workers. In view of the tremendous investments which the trade unions are making to further workers' welfare in Singapore through the Singapore Labour Foundation, we feel that non-unionised workers should also be asked to

make some form of contribution as well. This deserves serious study by the Government and the employers.

Supervisors' Union

We note the identity crisis which supervisors in our industries by and large suffer from. Neither management nor labour has accepted them as part of themselves. This has resulted in many supervisors being ineffective in their work. This is undesirable as in most enterprises the supervisors are in critical positions being responsible for regulating the quality and quantity of work. We will initiate action to form a national association of supervisors. This will give them identity, status, a base to make their needs felt, and a centre for their own leadership and professional development. We believe too that such a development would result in better supervisor-worker relationship, a matter of basic importance when it comes to productivity and effectiveness. This action is made that more critical as more of our workers take up the call to acquire more skills and eventually find themselves as supervisors.

Finance

(a) We must bolster further the financial resources of the unions, particularly that of the national centre. Increasing operating costs arising from the expansion of our activities and their ever-advancing sophistication, and the upgrading and enlarging of our manpower establishment are putting considerable strains on our resources. It is important that a union has a sound financial footing at all times. Otherwise, it will dissipate its energy trying to make ends meet. All these will be at the expense of service to members. The endowment fund of the Singapore Labour Foundation has also to be supported if it is to have a self-generating source of funds for its projects. All this means that our investment and fund-raising activities will have to be increased. Union dues may have to be adjusted upwards, but hopefully this eventuality can be deferred as the SLF is expected to meet the costs of the major labour projects.

Training & Development

An organisation's effectiveness is ultimately dependent on the quality of the people who serve in it. Are they competent, trained for the job, and committed to the cause the union represents? These are traits which our leaders and officers should possess. However, no one comes fully made for the job. They have to be moulded to some extent. Unions thus should step up their staff training and development programmes. This is particularly crucial as we move into the '80s. The national centre will launch after this Conference a comprehensive orientation programme for all union leaders and IROs to equip them to tackle intelligently the issues of the '80s. The programme was designed with the assistance of the National Productivity Board. It has five modules, each running for about 35 hours. Resource persons from the universities, technical colleges, Governmental ministries and statutory boards will be conducting the modules. The same programme, suitably modified, will be made available to the branch union leaders.

Research & Information System

(a) We see the need for a comprehensive information system at the national centre to collect, analyse, store and provide information essential to trade union function. As our society becomes more sophisticated and developed, the qualitative aspect of our work increases in importance as well. There will be greater reliance on timely feedback and data for planning, decision-making, and collective bargaining. We will convert the Library in the NTUC to a resource centre, and together with the Research Department, we will establish a labour study data bank. Generally, information requirements can be quite extensive. This, coupled with others like the desire for greater control of cost and expenditure, the wider spectrum of services to be provided by the unions, and the operational needs of our co-operatives, will gradually necessitate the establishment of a centralised electronic data processing centre which will incorporate the data bank. But, for the moment, we will focus on developing the data bank.

Labour News

We are very much aware that no organisation exists in a vacuum, aloof from the society which nurtures them. To do so would be irresponsible and, in the long run, self-defeating. For this reason, therefore, the trade unions have to keep the public informed about their work and aspirations. There is an obligation to keep the general membership informed too. They have every right to know what they are supporting. It is envisaged that the Labour News would be one of our leading vehicles in this communication process. We will bring the paper up to a standard which enjoys wide readership, support and influence. It is our aim that it will become a respectable and self-sustaining weekly.

II. INDUSTRIAL RELATIONS

Tripartism

We realise that one of the pillars of Singapore's economic success and the improvement of the people's living standards is the policy of Tripartism pursued by the Government. Tripartism refers to the collaboration of Government, Labour and Management in national socio-economic planning. This policy recognises the fact that no matter how the people are grouped together — whether it is by management, labour or others — all are ultimately co-owners of our society, and therefore, co-determinants of her welfare and destiny. It also underscores the indispensability of Government, Labour and Management working together in the pursuit of national development and in the advancement of each sector's respective interests.

The understanding, trust and co-operation generated by this principle of Tripartism among the three parties help to set the tone for the conduct of industrial relations at enterprise level. Despite this, however, the adversary type of labour-management relationship still prevails in some areas. The co-operation process in industries will take time to evolve, and if all the parties concerned do their part, it will definitely come to pass. In the meanwhile, we will continue to give our full support to Tripartism.

Joint-Consultation

- (a) We believe that apart from the intelligence, drive and discipline of the people, Singapore's success so far is due in no small way to our ability to work as a cohesive whole. In any enterprise, labour-management co-operation is vital to its welfare and, in the long run, that of the employees as well. It is only when our industries are strong that our workers can hope to live well. By the same token, it is only when our workers bring their best to bear in their jobs that our industries can hope to flourish and grow. Thus, both should realise their mutual interdependence. The economic situation facing us in the '80s will be of a different hue and character from that of today. We have seen some glimpses of it earlier. The point being arrived at is this: new strategies are required to deal with it, the foremost of which must be labour-management co-operation.

A congenial labour-management relationship is the most fundamental pre-requisite before programmes like improving productivity, increasing employees' job commitment, and gaining employees' acceptance of innovations can be effectively implemented. In other words, both can better adjust to the requirements of a new economic era if there is industrial peace and harmony. We in the unions will work towards greater consultation and co-operation. We call on management to respond in like spirit.

- (b) We are keen to see greater dialogue and communication between executives, supervisors and their workers. The dialogue should take the form of consulting one another in matters concerning planning of work, the improvement of operations and productivity, and the monitoring of progress. There is great value in consultation. It bridges the executive — shop floor gap. It enables smoother introduction of changes. It builds tolerance on both sides. All of these are important in minimising work disruptions, misunderstandings and conflicts. Consultation enhances performance as well for it tells the workers that the company recognises and values their talents, knowledge and capabilities. However, consultation has to be sincere and genuine, and has to be sustained, once it is started. It cannot be switched on and off at random. Properly harnessed, it can reap rich rewards for all concerned.
- (c) We take the view that consultation does not mean that conflicts and differences between labour and management will automatically cease. They are inevitable in the best of relationships. We have to accept this reality. Conflicts need not always be destructive. There are times when through them deep-seated discontent and other adverse undercurrents among employees are brought to light. Their emergence will enable us to defuse them off before they escalate and reach explosive proportions. Moreover, sometimes they are useful to shake intransigent attitudes in industrial relations. This does not mean that we condone conflicts. We simply believe that if they are justified, they should receive appropriate attention and be resolved.
- (d) We are totally committed to improving national productivity in general and that of the industries in particular. We still uphold the principle that wages and wage increases should ultimately be linked with productivity achievement. At the same time, let it be clearly understood that raising productivity is everybody's business — executives, foremen as well as workers. It will be fallacious to assume that only workers need to heed the productivity message. And it is equally wrong to assume that raising productivity means getting the workers to work

harder or for longer hours.

We are aware that seeking higher productivity is always easier said than done. There are always constraints and resistance to overcome. Nevertheless, we are prepared to jointly undertake productivity improvement programme with any enterprise. All we ask in return are, one, that our members' interests must not be jeopardised and, two, that when substantial productivity gains are established, some means are found to give workers their due share.

- (e) We like to see more joint-consultative bodies like the Works Councils and Productivity Committees being established in our industries. Talk about increasing productivity and generating a congenial industrial relations climate will be of no avail if a group of people does not exist within each enterprise to spearhead the movement. Works Councils and Productivity Committees are useful vehicles to provide the thrust. They have proven their worth in a number of corporations. We believe in their potential and we will continue to promote them and give them our active support. We are prepared to avail our expertise and experience in this matter to industries.

Industrial Relations & Collective Bargaining

- (a) We have in Singapore, as a result of the diverse mix of foreign investments here and the varied human relations values they represent, a potpourri of industrial relations and personnel management practices which quite often result in confusion and impasse in collective bargaining. It is a particularly difficult situation for us in the trade unions as we have to deal with them all. Quite often, minor misunderstandings erupt into large scale conflicts requiring extensive conciliation, if not arbitration, to resolve them. We have to develop a uniform industrial relations system to scale down the complexities. It has to incorporate the principles of justice, fair play and human decency. It also has to create confidence in foreign investors as well as local entrepreneurs. We are ready to work in concert with the Government and the employers' organisations to bring this about.
- (b) We anticipate that in the '80s, because of rapid developments in production methods, administrative techniques, and management styles, collective bargaining will become progressively complex. Consequently, we are trying to inject greater professionalism in our approaches. The days of winning by sheer advantage of numbers and a more truculent disposition are over. Issues will be increasingly dealt with on both sides by shrewdness, steadiness of nerves, and superiority of knowledge and experience. We are confident that we can match up to the demands. We have well qualified leaders and front-line negotiators, and we are constantly training them to be more effective. We will continue to upgrade the quality of our manpower complement. We want to attract the best brains into the movement.

Training & Retraining

We know that the Second Industrial Revolution will result in some upheavals in industries. Some will contract or dissolve, others will expand and grow, and new ones will emerge. The trend will be towards greater mechanisation, high value-added and more electronically controlled production methods. The type of skills required by industries will change as well, in an upward direc-

tion. There are many whose skills will become obsolete. Others will require upgrading. All this portends the need for training and retraining among our work force. It has to be quickly met as a shortage of skilled workers will put a brake to economic growth. The Skills Development Fund, therefore, has to ensure that every worker who wants a new skill or to improve on his existing one is given the opportunity to do so. We will work closely with industries to identify those workers who will require retraining. We will help to place them in trade courses which will give them a new lease of work life. Our plan is to work with employers' organisations, relevant bodies such as the National Productivity Board, and the VITB and other training institutes on this.

Work Values & Work Attitude

We know that the '80s will make great demands on the tripartite partners, particularly labour and management, as we move to middle-wage and high-wage levels. Among other things, managements have to innovate and adapt to the new economic structure. On their part the unions have to gear themselves to deal with a more informed and articulate membership as well as measuring up to more complex collective bargaining, while the workers have to exercise greater discipline and efficiency in their work. As a first step, we will have to ensure that we do not lose the work ethos and value system which we inherited from our elders and fore-fathers whose courage, diligence and discipline helped to build modern Singapore. Indeed, we should strengthen our work values with new and positive ones. We must not lose our pride in work. We must be prepared to go the extra mile. Unions are expected to play a more regulatory role in workers' performance in industries and we will. We are confident that our people and our workers will respond and measure up to expectations, as they have done so remarkably well in the past.

III SOCIAL ROLE

This Section covers a wide spectrum of the social services rendered to union members and the public by the NTUC and its affiliates. The list includes the Co-operative Movement, Workers' Education, Occupational Health and Safety, Workers' Recreation and Welfare, Youth, Social and Cultural Programmes and Woman Workers. In recognising and meeting their social obligations, the NTUC and its affiliates have the following objectives in mind:—

1. To ensure that the trade union movement does not become an anachronism in society, but instead that it grows in significance as a constructive force in the overall developmental efforts of Singapore; and
2. To ensure that the trade union movement remains meaningful to both members and their families. Our collective bargaining role is insufficient for this purpose. We realised that workers have personal needs other than their job-oriented ones. Their dependents too have needs of their own. We want to be associated with the meeting of these needs, and with improving their quality of life.

In the pursuance of these objectives, it is important that the various Secretariat units work in close co-ordination and harmony with each other. This should extend beyond making arrangements

to share physical facilities and preventing programmes from taking place simultaneously as much as possible. It is essential that the programmes themselves dovetail one another so that one complements and reinforces the other. It is only in this way that we can ensure the effectiveness of our activities, and obtain maximum returns for our efforts.

The Singapore Labour Foundation is expected to be a major sponsor for the major social projects. The Foundation was launched in September 1977 by an Act of Parliament. It has the expressed objectives of further developing the trade union movement, and promoting the welfare of the union members and their families.

The Foundation is at the moment augmenting its financial base so that it will have a self-generating source of funds for its projects. As at 31 March this year, the NTUC, its Affiliates and the NTUC Co-operatives, particularly NTUC COMFORT & NTUC INCOME, have collectively made financial contributions totalling almost \$2 million to the SLF. This includes physical assets. Each affiliated union of the NTUC is also an affiliate of the SLF. As affiliation fee to the SLF, they have to pay \$1.00 per member per year plus the whole union subscription collected from the AWS or 13th month wages of their members. This is over and above whatever other donations they may wish to make in any one year. It is anticipated that the NTUC and its affiliates, including our various co-operative ventures, will be the major contributors to the SLF Fund. However, the SLF being community-oriented deserves the active support of the public and employers as well. Public donations so far amounted to around \$59,000.00.

Trade unions cannot be expected to shoulder the social responsibilities outlined above alone. The Government and the employers should undertake their share. Employers in particular have to play a bigger role than what they are doing at present. There could be joint endeavours among the Tripartite partners, or between union and management.

For many workers, the work place is the most meaningful centre of their community life outside the family. A worker spends half his waking hours in his job. This does not include the 2-3 hours commuting time that he daily incurs between his home and his place of work. His work place should therefore be made more meaningful, enjoyable and satisfying for him. The quality of his personal life and that of his family should also be of concern to his employer. In the case of employees' dependents, the employers should be prepared to help underwrite the cost of running creches, child-care centres, self-study facilities for employees' children, and other family recreation opportunities. Employers should view their employees as partners in progress, and not as mere digits in production. There is a world of difference between the two, which means a world of difference in the results too.

Our co-operative ventures should be the standard bearer for fair-price policy, for quality consumer service, and for efficient management. We are aware that this is not easily attained. Nonetheless, it is the direction we have to work towards.

We recognise the fact that despite our ten years or so of experience in running co-operative businesses, there are still many areas where further development and improvement could be made. The NTUC will set up a Management Services Unit to service all our co-operatives, including those of our affiliates. The primary objective of this Unit will be to examine ways and means of assisting our co-operatives to function more efficiently and to co-ordinate the services of all these co-operatives. One possibility is to centralise the purchasing function of the supermarkets and the

accounting function of all the co-operatives. This central control is not intended for the NTUC to regulate the purse strings of the affiliates. This arrangement is partly for purpose of internal audit to ensure that our policies and modus operandi do not contravene any of the statutes. Other reasons for this centralised functions include:—

1. To prevent unnecessary competition among our co-operatives of the same type;
2. To take advantage of economies of scale, whether it is in production or purchasing; and
3. To streamline and standardise the accounting system for easier monitoring of costs, expenditure and revenue, and for comparative studies.

Co-operatives

(a) We have in the past decade started a co-operative movement which involves both the NTUC and affiliated unions. The fundamental objectives in founding them are:—

1. to provide a range of social services to the public in general and to the workers in particular. This includes helping to curtail profiteering and containing inflation;
2. to ensure that labour capital is put to good, constructive use and that it yields the highest possible returns; and
3. to give the workers, through share-ownership of the co-operatives, a stake in the growth, progress and development of the country. We believe this will generate a sense of belonging and concern for the country's well being.

(b) We have made positive impact with our co-operative, and as a result, they have acquired a position of eminence in our society. The returns generated are partly ploughed back to the co-operatives to enable them to expand their range of services and partly used by the unions concerned to provide a wider spectrum of services to members and their dependents.

(c) We will continue to identify areas where the co-operative system could make positive contributions. It is not our intention to stifle any trade or business. Our main concern is the welfare of workers. We want to improve their standard of living and to prevent it from being eroded by unscrupulous entrepreneurs and by the inefficiency of some businesses as a result of which customers have to pay higher prices or receive poorer services or both.

While we are prepared to set up more co-operatives if necessary, at the same time, we do not believe that we should do so unless they are needed. Unions should start co-operatives only if they are financially viable, and if they have the expertise needed for the type of co-operatives they plan to have. The expertise could be from outside the trade union movement. The NTUC, for instance, did not hesitate to involve available expertise from the Government, the private sector, and the academia in the management of co-operatives. The results which we have achieved attest to the soundness of this policy. But this is not to imply that there are no ready talents from within the trade union movement. Indeed there is a vast pool of expertise present in our membership. Unions should encourage them to come forth to avail their skills, not only to their own unions, but to others as well.

(d) We note that many co-operatives in Singapore, including those of the unions, use conservative management methods. This is largely because of the lack of training to equip the personnel concerned with the basic know-how of modern management techniques. The modernisation

of co-operatives in Singapore is essential if they are to yield maximum results. Perhaps it is not economic and productive for a single co-operative body to go it alone in training and education. However, if the effort is a collective one, the proposition becomes more feasible. In the other areas too, the collective endeavour will yield results that will be far greater than the sum of their individual efforts. That there is a need for a centralised organisation of all the co-operatives in Singapore is quite self-evident. Besides, such a body will give impetus to the co-operative movement in Singapore, a development which will further restrain inflation and profiteering. We will support the establishment of an Apex Organisation of Co-operative Societies. We are also prepared to participate in its operation. It is our hope that the other co-operative bodies outside the trade union movement will give this matter their active support.

Workers' Education

(a) We appreciate the importance of a well-informed membership: Workers' Education has therefore been an indispensable component of trade union functions. If policies pursued are not understood, there can be little hope of co-operation from members especially where short-term sacrifices are required from the workers and the effectiveness of the union movement will be undermined.

Workers' Education involves basically the following:—

1. Enlightening members about national and trade union policies. This is an exercise in political awareness; it is important that our workers understand the imperatives involved in our socio-economic and political development;
2. Inculcating a sense of identification among union members. To achieve this we will have to help them appreciate the efforts made by the unions for them and their dependents;
3. Imparting to trade union leaders and industrial relations officers in-depth knowledge of subjects and techniques that are of relevance to collective bargaining. This takes on special importance now in view of the new economic policy of the Government;
4. Educating the public about trade unionism, what we stand for and what we strive to do. Awareness of the movement will help us to attract good calibre and committed persons into our ranks; and
5. Operating as an avenue for feedback from members concerning their perception and attitude to trade union related matters, national policies, their expectations from society, and their place in the national scene.

We have been concentrating on general leadership development programmes. It is time to broaden the scope of subjects covered and to provide more specialised, in-depth courses. Teaching standards will be raised and the contents of training programmes improved.

(b) We fully subscribe to the Government's call to be fluent in at least two languages, English and one other. It makes for easier communication among our people and this in turn promotes national solidarity and harmony. Among our membership there are many who are proficient in only one language. If communication is poor, then what ought to be done is not done because what is said is not what is meant. This leads to all manner of confusion which serves no one any good. The upgrading of the workers' language proficiency should therefore be a

task of all unions. The organising of language classes and the setting up of language laboratories will be given serious consideration. Language promotion, particularly English, will be given priority in the '80s.

Occupational Health & Safety

- (a) We will continue to be vigilant against the exposure of workers to safety and health hazards in the places of work, particularly in those industries which have had bad records of industrial mishaps. No industry should be allowed to operate at the expense of the limbs and lives of the workers. Safe Production should always be their guiding rule. We should also uphold the workers' right to know and be informed of the hazards they are exposed to in their jobs. Unions would be urged to employ suitably qualified staff to look after Occupational Health & Safety matters. Collectively, we can minimise the number of industrial accidents.
- (b) We appreciate that education is the key element in the containment of industrial accidents and health impairing dangers. Our workers should be continuously reminded that to a large extent their safety depends on their own manner of working. The taking of unnecessary risks and the always fatal indifference to safety regulations and practices should be discarded immediately. Those who persistently flout safety rules and regulations should be taken to task. Managements which wilfully expose employees to health and industrial hazards will be taken to task. It must be made clear to all concerned – painfully if need be – that when it comes to industrial health and safety, there can be no compromises. We will bring this point home to our workers through our Workers' Education programmes, public talks and such like. We are prepared to work with the Government and the employers' organisations on this matter. Efforts to make the working place safe should be a tripartite effort.
- (c) We view with concern the rehabilitation needs of injured, disabled workers and those incapacitated by industrial diseases. They should be given a new lease of worklife and a new hope for the future. There are skills which these people could be trained to be proficient in. But the task is too massive for us to tackle alone. This is not a matter which should only concern the unions. We hope that the Singapore Labour Foundation will seriously study the feasibility of the proposition, and, if possible, work out a modus operandi for its implementation which will involve the Government and the employers as well.

Workers' Recreation & Welfare

- (a) We believe that a worker should not only work hard, but should also have time and opportunity for rest and recreation. The stress and strain of work must not be allowed to accumulate to a point where he suffers a breakdown. Sometimes costly mistakes are made because of inalertness arising from fatigue. Recreation is an important component of work life. The physical loosening of the tensed body affords a person renewed vigour to perform his tasks. We would also like to help our members make constructive use of their leisure. As it is, too many people are wasting it away on meaningless pastimes like TV watching and window shopping. However, there is a dearth of facilities for sports and recreation like hobby crafts. One of the possibilities to resolve this problem is for each union to set up a sports-cum-

recreation centre. For the smaller unions, the NTUC can help provide them. Those centres should also cater to members' families. Of course we will have to do a feasibility study to determine demand and viability. In the meanwhile, we will attempt to acquire more bungalows for use by members and their families for holiday purpose.

- (b) We have always held the view that the trade unions must have meaning for the loved ones and dependents of the members as well. In the planning of welfare programmes for members, we often include the interests of their families. In this respect, the needs of the children are specially evident. Those who live in one-room, two-room and three-room type HDB flats have difficulties in doing their study and school homework properly. The congested home environment and the constant noise along the common corridors are among the disturbing factors. There is a need to provide facilities conducive to study. The void decks in HDB housing blocks can possibly be converted into study and resource centres. In addition to rooms for study, reference materials can be made available. These centres can further double-up as tuition centres. We will consult the appropriate authority about the matter.
- (c) We have not forgotten our senior citizens, those who have retired from active work. They have made their contributions to our national development, and it will be an indictment on us as members of this society if we neglect them, especially the less fortunate ones with little resources to draw from for their needs. We as a trade union movement will continue to inculcate in our members their responsibility to their parents and the need for filial piety. We would however stress that the Government has a major role to play in providing facilities for ameliorating the lot of our senior citizens. We as a trade union can only play a supplementary role in fostering the sense of togetherness and underscoring the advantages of a closer relationship between the younger and older generations.

In the areas of social activities for senior citizens, Senior Citizens Clubs could be organised in each constituency to encourage closer fellowship and to enable them to participate in recreational activities. Another possible proposition is the setting-up of a Senior Citizens Opportunity Bureau through which those senior citizens who are still in good health and would like to be gainfully employed could find jobs, either part-time or full-time.

In addition, there are the elderly workers who live on their own. They can feel very forsaken when they are at home. Something has to be done to ease their loneliness. The facilities of the Senior Citizens Clubs can be extended to them. What is more important is that we find opportunities to tap their vast experience and know-how for purpose of community service. This in turn will make their lives more meaningful and satisfying.

Youth, Social & Cultural Affairs

- (a) We are very conscious of the following: that over 60% of our population are under the age of 30 years old; that out of the total workforce of 975,000 persons, 53% are between the ages of 15 and 30; and that among union membership, 70% are between the ages of 18 and 30. This data underscores the importance of youth programmes in the trade unions. Youths basically seek assurance that their lives will be meaningful and purposeful. They want to do something they can believe in. We in the unions should thus work towards helping them to achieve this

objective in their work life. We want also to gear them to comprehend the world and society around them, and the rationale for the actions that we take. More importantly, we want them to develop to the full whatever talents they may have, and to channel them to constructive purposes. From amongst them must come our future leaders, and we have to start nurturing them for that role right from this moment.

- (b) We believe that in the next decade, the kind and quality of youth programmes we provide will have a bearing on the progress of our membership strength. The younger workers must see the relevance of trade unions to their welfare and aspirations. It is desirable that each trade union should set up a Youth Centre within its fold. Alternatively, there could be a national centre at the NTUC with sub-bodies in each of the affiliated unions to cater for younger workers' needs and encourage a better appreciation of the philosophies and responsibilities of the trade union movement in countries like Singapore.

Woman Workers

- (a) We notice with concern the problems encountered by woman workers as more enter the employment market with improved levels of education, not only because of the changing social and cultural patterns in Singapore but also because of the tight labour situation.

The increasing impact of female participation in Singapore work force has come about silently, almost unnoticed and quite unappreciated. The number of women in the work force has risen both in proportion and in absolute terms during the last ten years. In 1970 out of 693,000 employed persons, 140,000 representing 20% were female workers, whereas in 1978 out of a work force of 975,000, about 315,000 or 32.3% were female workers.

A large number of woman workers, who are in the main young persons, are engaged in low wage-level labour intensive industries requiring minimal skills. There is therefore a tendency for some of them to drop out of the labour market when they are over-burdened with domestic responsibilities that follow marriage and the raising of a family. Additional facilities and inducement must therefore be provided to enable them to remain in the work force.

One obvious step will be the provision of more creches and child-care centres to enable working mothers to be free for employment. The trade union movement has set the pattern in this direction by the operation of ten creches/child-care centres. Our ten centres have demonstrated the social and economic advantages of such facilities for married women to continue in employment. Trade unions alone however cannot provide such services on a national basis and it devolves upon the Government and employers to play their role and share in this responsibility. We are prepared to set up more such child-care centres and kindergartens near industrial estates provided that the operational costs are shared by the Government and the employers.

- (b) We believe that an increase in the restructuring of manufacturing and industrial operations so as to provide more woman workers with opportunities for work especially in the afternoons and evenings when domestic commitments for the day have been completed may help alleviate the situation. For those women who chose to stay at home, we urge them to provide 'fostering' service to the working mothers. Unions can help working mothers to locate such foster parents.

Some form of scheme can be worked out either at factory level or at housing estate level. Retired parents should also help. Other measures will also have to be evolved and adopted and as these are of concern to Government, employers and workers particularly, suitable solutions may be found by tripartite discussions on the subject.

The need for such arrangements will be underscored in the 80s, during the transitional stages in the switch to higher technology which will necessitate a large number of low skill employees, a period of retraining. In such circumstances the marginal incentives for low skill and low wage woman workers will decrease and unless countered by positive measures by the provision of other inducements and facilities, it may be difficult to retrain these woman workers in the work force.

The NTUC has always operated on the principle of equal status and opportunities for women. Singapore needs the labour input of its woman workers and it is important that we break away from the traditional and outmoded concept of women's role in society and provide the conditions necessary to enable them to make their contributions as equal partners to meet the increasing labour demands of our economy.

IV. EXTERNAL RELATIONSHIPS

Relationship With Government

- (a) We greatly value our close working relationship with the Government in the past two decades. We will continue to work closely with the Government in improving the social and economic well-being of Singaporeans. We hope to continue participating in the policy decision affecting social justice and standards of living of our people. We have every confidence that the Government will continue to hear our views and take into account the aspirations of our workers and that mutual respect and goodwill will continue to prevail.

On our part, we must be able to convince the Government that we effectively represent the workers of Singapore and that our views are representative, cogent and valid. To this end, we will increase our efforts to unionise a larger number and a greater cross-section of the work force and to bring about among the members and other workers a better understanding of the policies of the Government. Those union officials who are also Members of Parliament have served well and will continue to make our views better known to the Government. We thus welcome the arrangement whereby other Members of Parliament now advise or serve the trade union movement in different capacities. It is important we should be able to freely convey to the Government the aspirations and legitimate grievances of workers. Our workers' views must be taken into account in decision-making if we are to be able to co-operate with the Government fully and effectively.

- (b) We reaffirm the objective of NTUC to promote, among other things, a democratic, non-communist and patriotic trade union movement. We therefore support the policy of the Government to strive for the greatest good for the greatest number of Singaporeans. Workers and their dependents who form the majority of the population stand to benefit from this policy. The NTUC and its affiliates were convinced of the ultimate benefit of the industrial

legislation introduced in 1968 and gave it our support. Our conviction proved to be correct. We are confident that legislative changes in the field of employment and industrial relations in the 80's will be mindful of workers interests and assure the workers a proportionate reward for their honest efforts. The right of workers to share in the success must be founded on the merit and extent of their contributions to such success. There will always be differences of approaches used to attain what are common objectives, but the differences are not insurmountable. We are in full agreement with the Government that the maintenance of conditions conducive to the creation of sufficient employment opportunities to keep pace with population growth is a matter of the utmost importance. The interest of workers is best served by providing them with jobs. We will do our part to ensure workers do their jobs and are adequately paid.

- (c) We are mindful of our responsibility to union members and other workers outside their work place and working hours. We appreciate the wide range of social services the Government provides to the public and the difficulty the Government may encounter in seeking to improve any aspect of these services, because of the constraints of finance and personnel. The NTUC and its affiliates have reiterated their determination to cater to the social needs of workers and we will supplement, for the benefit of union members, some of the social services provided by the Government. We have in the past two years taken over the running of several creches from the Government. We have undertaken to train workers displaced by any change in employment structure. We intend to participate fully in every campaign and effort of the Government to make Singaporeans more aware of their civic and social obligations to one another and to the state.

Relationship With Employers

- (a) We are aware that traditionally trade unions face employers across the picket line, the negotiation table or the well of the court. In the past decade we have, however, increasingly worked with employers in a spirit of friendly and mutual co-operation, either directly or on a tripartite basis. The good relations NTUC and its affiliates enjoyed and still enjoy with the Government and the employers have made it possible for the concept of tripartism to be developed in Singapore with great success. We fully concur with the Government and employers on the importance of being able to work in close and harmonious co-operation in the national interest. The tripartite basis of co-operation is manifestly expressed in the constitution of the boards of various statutory and public organisations. We have always supported the establishment and operation of the tripartite National Wages Council, which has been responsible for recommending orderly and regular wage increases in Singapore for almost one decade. We believe that continued co-operation, but on the basis of equality, with employers, whether within the framework of tripartism or outside, is vital for the promotion and protection of our mutual interest in the 80's. Good industrial relations is not possible if we cannot agree with employers to disagree in an amicable manner.
- (b) We do not view it healthy for relationships between the trade union movement and employers to be conducted only at the top-most level. Individual affiliates have separate and direct

dealings with individual employers at different levels. We believe friendly and mutual co-operation between the trade union movement and the employers' organisations should extend from the top-most to the lowest levels. Our affiliates will be actively encouraged to promote co-operation and consultation between workers and individual employers at every place of work. We hope the employers' organisations have the will and the means to ensure that individual employers reciprocate our co-operation. Harmonious and effective co-operation between individual affiliates and individual employers will promote goodwill as well as industrial peace between the parties. With the shifting of emphasis from industrial relations to work safety and occupational health, the goodwill of employers is important for affiliates to be able to look after the interest of workers effectively in this new area of responsibility. With goodwill, affiliates will be able to persuade the employers to join in the operation of various social services for the benefit of workers. Union members do not benefit if their unions are perpetually at war with their employers.

Relationship With Public

- (a) We have always believed that a good relationship with public should be maintained at all times. We must promote a better understanding by the public of trade unions and their objectives and activities. Emphasis on public relations must be increased as we no longer concentrate on collective bargaining activities, but increasingly include social services in our programmes of activities.

We need to impress upon the public our increasing aim to serve not only trade union members and their dependents but also the other workers and the rest of the public. NTUC and its affiliated unions have in the last decade set up various co-operatives and other business enterprises for the benefit of all consumers, regardless of whether they are union members or not. We will give the public no reason ever to doubt that we place their interest before ours, as we had proudly done so in relation to the 1968 industrial legislation. We are confident that the public will reciprocate with their goodwill and support, which is vital for our future membership growth and the future expansion of our activities.

- (b) We intend to develop good relations with the public by making it better known that NTUC and its affiliates are not only concerned with union members and their dependents but also with the disadvantaged members of the public. A start has been made in this direction by the Singapore Labour Foundation. The donations of a kidney machine to the General Hospital and \$100,000/- to the fund for the victims of industrial accidents speak for themselves. We will also actively encourage our affiliates to examine seriously the possibility of extending their social services to or performing works of charity for the benefit of disadvantaged persons, even if they are not union members. We intend to show the public that the trade unions also care for the convenience of the public when they are engaged in collective bargaining activities. Our efforts must thus not be undone by any untoward conduct of individual members. We will therefore seek to promote greater consciousness among members of affiliated trade unions and co-operatives of their social and civic obligations and responsibilities to the public. We need to show a human face to rid the public of any false impression of a malevolent and self-centred movement.

Regional & International Relations

- (a) We are aware of the strictly limited role we can play outside Singapore because of the various constraints of politics, national sensitivities and finance. We believe, however, we should make friends, whenever possible. On issues of principle, we will not hesitate to take a stand. But whatever stand we take, including our support for a policy or policies of our Government, we will set forth our grounds for so doing. We will give weight to our views, not in terms of sheer numbers which we do not have, nor by means of handouts for which we have not the inclination nor the capacity to do so, but by the cogency and validity of our views. Wherever possible, we will give due consideration and our support to the views of other labour movements friendly to us. We also need the support of others if our views are to be effective. Our policy of friendship with all labour movements whose objectives are compatible with ours should help us to muster support from among them for our views. But we will not discard any of our views or policies merely because of criticism by other labour movements. We owe apology to no one for saying or doing what we believe to be correct and proper.
- (b) We seek to strengthen our relations with other fraternal organisations in Asia. Our aspirations and activities may differ because of dissimilar conditions obtaining in our respective countries, but they are not incompatible. As Asean is our immediate region, we intend to participate fully in the Asean Consultative Council of Trade Unions, when it takes more definite shape and form. Farther afield, we have in the past few years played a key role in the affairs of the ICFTU-ARO and we intend to continue to do so. We have made readily available our experience and expertise in the field of co-operative and business enterprises to fraternal organisations in Asia in so far as our financial and personnel resources will permit it. While we intend to continue to consider every reasonable request for whatever assistance we can afford to give, we fear some fraternal organisations need more assistance than we can give. The International Labour Organisation and the fraternal organisations in the OECD countries should be able to help out here. We are convinced that the general sharing of experience and expertise through participation at conferences, seminars and training courses is more economical in terms of finance, personnel and time than a direct exchange of experience and expertise between two parties at a time. We have in Singapore the requisite facilities, and we intend to promote their use, for the conduct of conferences, seminars and training courses by or with the support of any international or national fraternal organisation for the purpose of sharing our experience and expertise. Mutual assistance by way of so sharing is more useful than any mere exchange of pledges of fraternal solidarity.
- (c) We will continue to participate actively in the affairs of ICFTU, and its affiliates, and in the affairs of their respective international trade secretariats, so long as our objectives and principles are not compromised. We need to participate in every international forum where we can freely express our views and reasonably expect acceptance of, if not support for, our views. We are prepared to accept that our views may differ from those of the fraternal organisations representing workers in the OECD countries. But we do not accept that the difference is irreconcilable, even in relation to the burning issue of the day, that is, protectionism. We understand the natural concern of the workers in the OECD countries over the loss of jobs

as a result of any restructuring of employment in their countries. We also understand their instinctive response to press for import restrictions. But we believe that any restriction of trade will ultimately reduce and not increase or even preserve employment opportunities. We also believe that the long-term solution to structural unemployment in OECD countries is a greater emphasis on more technologically sophisticated industries and the retraining of workers. More trade, and not less trade, is needed to facilitate such shift of emphasis. More trade also helps the developing countries in their efforts to help themselves. We in Singapore believe in self-help for our own self-respect. Our efforts will, therefore, be directed to developing our relations with fraternal organisations on a mutually beneficial basis.



Economic Restructuring & The Trade Union Movement In Singapore

Prof. Lim Chong Yah

I have divided this paper into two parts. Part I covers, very briefly, the concept of economic restructuring in Singapore, the need for economic restructuring and some of the major problems that are likely to arise from it. Two of my previous articles on the subject are attached as supplements to Part I. Part II discusses, also briefly, the role of the trade union movement in economic restructuring in Singapore. In a way I am in danger here to use a colloquial expression of, "teaching grand-papas to suck eggs", but I think I can console myself with the thought that some may wish to hear my piece with forbearance. Obviously, I shall be stating only my personal view, which may or may not coincide with the collective position of the National Wages Council (NWC).

PART I

(1) Concept of Restructuring

The economic restructuring concept is not the same in all countries. In most developing countries, it means, in a word, industrialisation. It means to restructure the economy from one that is predominantly agricultural to one that is basically industrial. In Malaysia, restructuring means the seeking of what is considered a more equitable economic balance between the "Bumiputras" on the one hand and the "Non-Bumiputras" on the other.

In Singapore, as in South Korea and Japan, restructuring means the easing out of the highly labour intensive, low value-added, low technological content and low productivity economic activities. This restructuring is thus, by definition and of necessity, national in scope. It cannot be confined to the manufacturing sector only. Different sectors of the economy are closely linked to one another. The productivity of one sector affects the productivity of another. If, for example, the productivity of the sea-ports is low, this would adversely affect our exports, and therefore our production for export. Moreover, in a free enterprise economy such as ours, labour can flow from one sector to the other sectors and vice-versa, so that if one sector is restructured, it is bound to have an impact on other sectors.

It is obvious, therefore, that restructuring too should not, and is not, confined to the private sector only. It is also meant for the public sector. Here, in fact, lies the rationale of the 1979 NWC recommendations which are applicable to the public sector as well, not only for the wage increase guideline, but also the additional 4% CPF contribution by employers only and the 2% special economic levy on employers for the Skills Development Fund.

Indeed, for the private sector, the impact of a wage increase is not always the same as for the public sector. If the pay of civil servants is substantially increased, this action in itself does not lead to the need to save labour, to mechanize or to computerise. It may even be argued that in the public sector, the easing out of labour-intensive, low-productivity activities can be achieved even without the need for a pay rise. This can be done through Government direction. However, to maintain the balance and equity in remuneration between the public and the private sectors, a wage rise in the private sector should normally be accompanied by a corresponding rise in the public sector, especially if this is done through a tripartite national body like the National Wages Council.

Restructuring in Singapore means, essentially, the increasing substitution of machinery for labour, with the implied acquisition of new skills. It is thus also a labour-saving campaign basically the same in concept as the energy saving and water saving campaigns. For all three are scarce resources. The only difference is that labour is a very special resource. We are dealing with human beings here. Labour is a productive factor and it also consumes resources. This means it is doubly important, and at the same time, a policy on labour utilisation linked to a wage policy is thus more complicated. In short, the aim of saving labour is to have more work done with the same quantum of labour input, and at the same time, to raise the standards of living of those who supply that labour input.

Economic history and experience have shown that this higher labour productivity can be best achieved through the increasing substitution of capital or machinery for labour. This is upgrading within an industry. It can also be achieved by shifting scarce labour resources from low technology industries to high technology industries. This is a shift across industries. True, high labour productivity can also result from resource discovery, such as the discovery of oil or gold, but, this is unfortunately, out for us in Singapore.

Higher labour productivity can also be achieved through other means such as the opening up of new markets, the introduction of new products, and new methods of organisation of production and of marketing. But the fact remains that we need labour to carry out these activities which economists call "innovations". And to have more labour, we have to mechanize, to "automise" and to computerise. In short, we have to increasingly substitute machine or capital for labour in all lines of production and marketing.

The most effective direct method of pushing this restructuring drive is through an appropriate wage policy. With higher wages, employers in the private sector, at least, would be induced to mechanize and rationalize in the use of labour. But this cannot be applied, in fairness, to selected industries only. Not all labour-intensive activities to begin with are low-productivity activities. Some establishments in a labour-intensive industry might have the potential to pay higher wages than others in the same industry or in some more capital-intensive industries. Hence, a national general wage policy is used. It is least discriminatory. It is non-directional. It allows the operation of market forces for all industries and all establishments in the same industry.

(2) Need for Restructuring

But why is there a need for restructuring now? Cannot this be postponed?

Very briefly, the need arises because we are now running a labour-deficit economy. We cannot expand further without either the import of additional labour from outside or the release of more labour domestically through the substitution of capital and machinery for labour and through better organisation and better management.

Obviously, we cannot import guest workers ad infinitum. For a small country and with a small land size such as ours, we can reach our limits to the import of guest workers very quickly. What then is the alternative? Clearly, we must take the road of mechanization and better organisation.

However, if wages are low, the need and the pressure to mechanize is not strong. Conversely, when wages are high, the pressure to mechanize and to rationalize would be stronger.

We have now full-employment. More job-opportunities will become available in the next few years. The Sumitomo petro-chemical complex, the Marina centre, the Raffles' centre and the Changi airport, to name but four well-known projects alone, would in themselves generate directly and indirectly abundant job opportunities.

In short, we are no longer interested in any particular job. We have for some years now been interested in jobs that have a good pay potential for our workers.

Many developing countries are industrializing. Most of them have labour-surplus economies. Their labour is cheap. If we compete with them in labour-intensive exports, we would not stand much of a chance for long. Thus, before we are driven out, we might as well restructure our economy to compete in the non-labour intensive league. Moreover, in this higher technology field, our workers are likely to be paid better.

If some unemployment results because of restructuring, this can be easily absorbed in an expanding economy such as ours, with an increasing demand for labour.

The NWC has also recommended, and the Government has accepted, the setting up of a Skills Development Fund. This would provide us with a special fund to retrain retrenched workers, if necessary, for new alternative jobs.

Many countries cannot restructure as we have set out to do, because they have, firstly, serious unemployment secondly, serious inflation and thirdly, serious balance of payments problem. This is apart from the more serious non-economic problem of lacking political cohesion and unity for a successful restructuring to take place. It is much more difficult, if not impossible to restructure, if there is confrontation between the Government on the one hand and the trade unions on the other. Thank goodness, we do not have this problem of internal division or confrontation that plagues some nations. Great Britain and Australia are unfortunately conspicuous examples.

(3) Problems in Restructuring

One problem that is likely to emerge is redundancy and retrenchment. Since we are not used to this kind of problem, if it comes, some people will naturally get nervous. But really from the national view-point, there is no serious fear on this score for a labour-deficit economy. There is a cushioning effect in available job opportunities, though they may not be of the same type.

Another possible problem is the generation of inflationary pressure. This is unlikely to be

serious in a very open economy such as ours. The result likely is an increase in the imports of more goods and services from abroad. Fortunately, our foreign exchange reserves are very strong. According to figures published by the World Bank, our foreign exchange reserves even exceed those of Thailand and the Philippines combined.

Another possible problem is the raising of wage increase expectations. This is the dilemma we have to face. If employers are not told that wages would rise fairly significantly in the next few years, their incentive to mechanize and to rationalize would be blunted. They would wait and see. If they have been told that wage rates would go up, some of our workers could become permissive in spending, in anticipation of further wage rises.

My purpose here is not to throw cold water over any worker's take home wage increase expectations. My only comment is that, in all probability, those who expect a big increase in take-home pay as they have received for 1979 would have their hope somewhat dented, if not dashed to pieces. It is important therefore that we should not go on a spending spree. We should spend within our means. It is wise to save for a rainy day.

On the other hand, for employers, if they still harbour the thought of depending on cheap labour in Singapore in order to be viable or profitable, they too would most likely similarly face disappointment.

For sure, the NWC would push for restructuring with the minimum of inflation and the maximum of effectiveness. Restructuring can and would be done with minimum cost and with sufficient safeguards.

Role of Trade Unions

The most important role of the trade union movement in Singapore in the restructuring of the Singaporean economy is undoubtedly, in my view, firstly, in ensuring not only that the restructuring is carried out effectively, but also in an orderly manner with the minimum of disruption and inconvenience. In particular, the wage adjustment must continue to be orderly, and the maintenance of industrial peace and harmony must continue to be uppermost in the priority schedule of trade union leaders.

Secondly, some marginal firms might be forced to retrench workers. Other workers might find themselves redundant. How to find suitable alternative jobs for these redundant and retrenched workers with and without further training must also be given the highest priority by all concerned, including the trade union movement.

Thirdly, trade union leaders should, in my view, continue to convince employers of the advantages of having a Joint Productivity Council for each establishment with the sole purpose of finding ways and means of promoting productivity in these establishments. This joint consultative body, involving employers and employees in the establishments concerned, operates very successfully in West Germany, for example. The terms and conditions of work, including remuneration, and management prerogatives should clearly be outside the terms of reference of the JPC. The body can also play a useful and timely role of working out an orderly system of redundancy and retrenchment procedure where applicable.

Fourthly, the continued upgrading and acquisition of new skills is no doubt a concomitant part of restructuring. The trade union movement should continue to encourage and persuade employees to move in this direction of skill development.

Fifthly, restructuring can also result in some inflation. This can take the form of demand-pull or cost-push inflation or both. Inflation can be demand-pulled because, with a higher wage income, there would certainly be more spending. Too much spending can lead to higher prices. As for cost-push inflation, when the wage costs go up, some employers can successfully pass the full or a part of the cost to consumers. What is the role of trade unions, here, in fighting against inflation?

The obvious answer is to explore ways and means of encouraging workers to save. The other obvious measure is to explore ways and means, such as through the Consumers' Association, to fight against profiteering and protest against other unjustifiable price increases. Pressures can be built up against such unjustifiable increases. The real problem here is to find out what are justifiable and what are not. That, however, is a separate though related issue. The operation of trade union co-operative super-markets such as Welcome Supermarkets, SILO Supermarkets and PIEU Supermarkets, in fact, already acts as a deterrent to unjustifiable increases of prices of consumer goods.

Sixthly, another role which depends heavily on the trade union leaders is how to help to implement a system whereby the sheep and the goats, the wheat and the chaff, and the high-flyers and the non-flyers can be separated. If everyone gets NWC awards, irrespective of work, the incentive to work may be blunted. We must therefore ensure that only the deserving get the award. No general rule can be satisfactorily made on the percentage of deserving employees in an establishment. Some firm may have 100% deserving employees. It would be surprising, however, to have no non-deserving employees in all firms in an industry. The public sector appears to be much more successful in this matter than the

private sector.

In other words, the trade union movement, in my view, must stand up more clearly on the side of the ordinary hard-working deserving employees. They should continue to declare openly their support for not granting NWC awards to non-deserving employees. Employers, particularly in the private sector too, must have the courage to do this. And if the workers and their employers work and stand together, they will without doubt have a more efficient organisation. This will give more meaning to the restructuring ideal – those who pull their weight will benefit from it, not the malingerers and the shirkers.

Seventhly, despite the commendable efforts of NTUC and its affiliates, a large section of our workers are still non-unionised. Most of these non-unionised establishments, particularly the smaller ones, do not pay their workers according to NWC recommendations. They therefore act as a counter-vailing force against NWC wage increases. Employees working for such firms remain by and large poorly paid. The restructuring policy is unable to reach them, since NWC recommendations on wage adjustments are guidelines only. The policy of the NTUC and its affiliates to actively launch membership drives should be continued and spread to such employees.

The only way to make such employers pay is through the raising of the CPF rates. This the NWC recommended in the 1979 recommendations – 4% to be paid for by employers only and an additional 2% also by employers only for the Skills Development Fund.

If the employees had been asked to pay 2% and the employers 2%, this would have the obvious good effect of dampening excessive spending, but it also means that employees who do not get any NWC increase would in fact have their take-home pay cut by 2%. Moreover, should the combined 6% be suspended or removed one day for any reason, such as after the successful restructuring programme, the employees' take-home pay would not be cut, whilst the employers' production costs would be correspondingly reduced by 6%. Meanwhile, the employees benefit directly from the 4% increase in employers' contribution and some employers and employees would benefit from the operation of the Skills Development Fund.

Eighthly, true enough without doubt, without the support, whole-hearted support in fact, of the trade union movement, our national economic restructuring programme cannot succeed. Without the symbiotic relationship between our trade union leaders and our political leadership, the economic restructuring programme too cannot succeed. Really, it can succeed only if we believe in tripartism, if we share the common belief and common aim of having a more productive, a more efficient economy for the benefit of all – our Government, our workers, and last but not least, our entrepreneurs, be they local or foreign.

Lastly, restructuring is not the responsibility of the employers only. It is a national effort. It is a tripartite effort. Employees and their unions can and must also contribute their share to make restructuring a success. All of us must play our role in minimising the disruptive effects of restructuring and bear the inconvenience with real understanding as partners, not as bystanders, and worst still, as beneficiaries and critics only. The employers and their associations, the various Government Ministries, the workers and their unions, the Consumers' Association and the National Productivity Board and others all have a vital role to play if economic restructuring, affecting directly or indirectly everyone in Singapore is to be successfully carried out and with minimum cost. Without doubt, with a combined determined tripartite effort, we will succeed. Our pre-conditions for success are there.

RESTRUCTURING THE SINGAPORE ECONOMY*

BY

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Of late in particular there has been a great deal of talk in Singapore on the restructuring of the Singapore economy. What really is meant by economic restructuring? Before we answer that, let us first have a look at a typical economic structure of a Third World country.

A typical Third World country is characterised by the preponderance of the agricultural sector. Normally 80 percent of the working population are found in this sector. The other two sectors – the manufacturing and the service sectors together constitute the balance of the 20 percent. Generally speaking, the more backward the economy is, the more is the predominance of the agricultural sector.

Economic development in such a typical Third World country means the enlargement of the manufacturing and service sectors and the shrinkage of the agricultural sector. This means that less and less people in the agricultural sector must be made able to produce the same or more of the agricultural products. Thus, in the USA, for example, 4 percent of the working population can produce not only enough food for its 220 million people, but also for exports. Indeed, the USA is the largest food exporting country in the world.

In contrast, a country like Bangladesh, for example, has 86 percent of its working population engaged in agriculture. And yet the country is always faced with food shortage and receives considerable food and other aid from abroad.

In other words, economic restructuring normally means industrialisation in a Third World country. It also means the enlargement of the modern service or tertiary sector. This sector refers to services like education, medical, housing, transportation, communication, commerce and entertainment. Indeed, generally speaking, the more highly developed a country is economically, the larger is the modern service sector.

Even in household expenditure, the poorer family normally spends a larger percentage of its income on food, particularly rice. As the family becomes richer, the percentage of its expenditure on food declines. The percentage of its expenditure on services such as education, medical services, housing, transportation and entertainment increases. The national economic structure also reflects the sum total of family expenditures of the country.

In Singapore even in 1959 when we became a self-governing state, the agricultural sector was already a very small one, either in terms of the percentage of working population or as a percentage of

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the Gross Domestic Product. Thus, restructuring even then could not be the relative shrinkage of the agricultural sector from 80 percent to, say 20 percent.

Restructuring then also meant, in a word, industrialisation. This was because at that time, the industrial sector in Singapore was very small. Singapore was essentially a trading centre, with entrepot trade as its main trading activities. Singapore too was a British military base to protect British interests in the Far East. With increasing direct trading between our neighbours and industrial countries, the prospect of further expansion of our entrepot trade was bleak. Soon after separation from Malaysia in 1965, the British started to shut down her military installations in Singapore. This military withdrawal added to the urgency to industrialise. In other words, restructuring then essentially meant industrialisation, particularly with fighting against chronic mass unemployment in mind. Since self-government in 1959 up to now, the following new structure have thus been added to the Singapore traditional trading economic framework:

One, and the most important one of all, is the progressive adding of an industrial structure.

Two is the adding of the tourist sector. Tourism in 1959 was very underdeveloped indeed.

Three is the emergence of Singapore as a regional financial centre, particularly as a centre for the Asian dollar.

Four is the substitution of local national service in place of British military commitment.

Indeed, with the successful transformation of our economy from that of an essentially trading economy to that of a manufacturing and trading economy supported by tourism and financial centre activities as well, our per capita income has increased most impressively. Today we become in danger of being classified as a developed economy. Today, not only we have not been plagued with the mass unemployment of the 1950's and of a large part of the 1960's, we have become on the contrary, so dependent on foreign labour. Though a small country, our foreign exchange reserves have exceeded those of our two neighbours Indonesia and the Philippines combined.

We have also surpassed London, the centre of the British Empire and the present Commonwealth, as the largest port in the Commonwealth and the third largest port in the world. Our country handles more international trade than any of our Asean partners. Indeed, she even handles more foreign trade than China or India.

We have also become one of the most important oil refinery centres in the world. And our national carrier SIA is also one of the largest and certainly the most profitable in Asia.

We have much to be proud of. We can also be proud of our clean and green environment, our most impressive public housing programme, and our very unique way of ensuring that the increase in the wealth of the country is distributed equitably through the National Wages Council to all layers of our society. Hardly any significant group can deny that they have directly or indirectly benefitted from Singapore's economic success.

Our people live longer. Our children have among the best chances of survival in the world. Our infant mortality rate is even lower than those of many developed nations, including Australia, Belgium, West Germany and the USA. Our people also eat better and dress better. Our standard of education remains high, very high in my view, compared with the educational standards of many countries, including many developed countries, such as the USA, Canada, Australia and New Zealand.

Since we have done so well, then why must we talk about economic restructuring again? This is a very valid question. If we are satisfied with our present levels of achievement, then why should we

not just let the present momentum move, rather than increasing it or directing it to a different course? Indeed, many, particularly those of our more successful entrepreneurs and our more highly paid persons, would prefer the continuation of the same direction of changes.

There are others, however, who want to ensure that our economy can remain competitive in future. Rightly, they want to seize the opportunity to make our economy more productive and more competitive in the long run. Rightly, they want our entrepreneurs and our managers both in the public and in the private sectors to make better use of modern invention, modern technology and modern organisation and management to see us successfully through the 1980's and beyond.

They have thus advocated another economic upgrading, now commonly referred to as economic restructuring. It has also been referred to as the second industrial revolution in Singapore. The term second industrial revolution is not meant to be that restrictive, to confine only or solely to the manufacturing sector. It is meant to embrace all economic sectors in Singapore. It is meant, in my view, the second economic revolution in Singapore.

The first economic revolution has left us with a large pool of lowly-paid, low value-added economic activities. If we continue to have such low value-added activities, a large part of our population, particularly our workers, would remain poor. In order to ensure that our workers have a brighter future, we must therefore move towards higher and higher value-added activities. To do that, we have to raise our productivity. One best way of raising productivity is through mechanisation, automation and computerisation. We must keep ahead of our competitors. Being a small country, we do not have the labour resources of countries like China, India or Indonesia. We are in no position to compete in the low wage, labour intensive league, just like we cannot compete in land extensive agricultural activities, such as rubber growing or rice farming.

But who is going to introduce mechanisation, automation and computerisation as long as wages are very low. Indeed, if wages are very low, it would be more profitable not to mechanise. It would be more profitable to depend on very low wages. Pressures thus must be exerted to import cheap labour from abroad, if such labour supply is used up locally. Thus, pressures, some rather successfully, have been used to employ Thais, Bangladeshians and Sri Lankans to work here. Can we proceed along this path forever? Obviously not. There is a limit to this cheap labour importation.

But if we raise wages, some factories and companies that cannot pay such increased wages would go bankrupt. Can such retrenched workers get jobs? In Singapore fortunately jobs are plentiful. Because jobs are plentiful, that is why we often hear about complaints of job-hopping. One can only hop from job to job, if a lot of jobs are available. Not many companies, factories and other establishments would retrench workers or go bankrupt. With higher wages, there would be greater demand, and with greater demand, they would make more money. They cannot therefore go bankrupt, unless they are the firms that sooner or later would go bankrupt at any rate. In that case, it would be better for them to go bankrupt now when we still have lots of jobs available, when we can cope up with the situation.

A large volume of foreign investment too, according to the Economic Development Board, would be flowing into Singapore. They have already made plans to come here. More jobs would again be available. We cannot tie down our workers to lowly paid jobs. We must look after them, their welfare, particularly their long-term welfare, as much as we must look after the welfare of our entrepreneurs.

Economic restructuring in the present context in Singapore thus means the phasing out of cheap labour, the phasing out of low-wage, low-value added economic activities. This is applicable to the

public sector as well as to the private sector. There are measures and there will be more measures in the public sector to make sure that we make full use of our limited labour supply, which is after all, really the only natural resource we have.

However, restructuring does not necessarily mean only mechanisation, automation and computerisation. It also means better organisation and better management. If 20 workers can be used to do the work of 200 workers through re-organisation, then that management is superb. If, for example, all water and electricity meters can be centralised at a convenient place at HDB flats, then really 20 meter readers could take the place of 200. This is but just one example. If we achieve such efficiency all round, our workers, particularly our more lowly paid workers, can thus look forward to a higher standard of living.

Can we succeed to bring about this transformation? If we succeed, we would be the only Third World country to succeed. Indeed, many of them cannot even create enough work for their people. We are on a different wave-length. We are travelling along a different route. We want to uplift the standards of living of our very lowly paid workers. We cannot do this by keeping their wages low. We must also compete in the production of goods and services which the other labour resource surplus countries would find it very difficult to compete. We must thus compete in a different league.

I for one, have no doubt that we will succeed. The fruits would be seen in the 1980's. Meanwhile, it is important that we all work together to make sure that we succeed, to achieve yet a better quality of life for all our people.



ECONOMIC RESTRUCTURING IN SINGAPORE*

BY

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In this article I shall try to set out very briefly my view, firstly, on the nature of economic restructuring in Singapore, secondly, on the case for it, and thirdly, on some of the problems associated with it or likely to arise from it. My view here, of course, does not necessarily reflect the collective view of the National Wages Council.

(1) Concept of Restructuring

Restructuring does not mean the restructuring of the manufacturing sector only. This restructuring is intended to apply to the services sector as well. By services sector here, it is meant to include the all-important transportation industry, the hotel industry, restaurants and retailing activities. Restructuring is meant for the entire economy. It is meant to ease out highly labour intensive, low wage, low productivity economic activities.

Restructuring too is not intended to be confined to the private sector only. It is meant to cover the public sector as well. The public sector here refers to the civil service proper and to all statutory boards including the all-important Public Utilities Board and the Housing Development Board. Indeed, in the public sector in Singapore, direction from the Government to economise in the use of labour, to mechanise and to have better organization can be quite effective even without the support of a policy of fairly high wage increase. But in the private sector, for obvious reasons, Government direction is out. Only persuasion and exhortation can be used. In the final analysis, for the private sector, a suitable wage policy would have to be employed to be effective.

(2) Case for Restructuring

Why must Singapore go for higher value-added, higher productivity economic activities? The answer is that, firstly, unless Singapore takes this road, she will be faced with increasing competition from labour-surplus economies, as they too move ahead along the road of industrialization which many of them are certainly doing, and with increasing rapidity. Having cheap and abundant labour supply, they are in a much better position to compete in labour-intensive activities, including labour-intensive exports. Being a labour-deficit country, we

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would therefore have to compete in a different league, in middle wage, medium and high-technology economic pursuits.

Our comparative advantage does not lie in labour-intensive economic pursuits, just like our comparative advantage does not lie in land-extensive activities such as rice-growing and natural-rubber cultivation.

Secondly, protectionism in developed countries is on the increase. These protectionistic measures are often aimed at the imports of labour-intensive manufactured consumer goods from developing countries. In many developed countries, however, under pressure from UNCTAD, they at the same time give some tariff preferences to developing countries under the Generalised System of Preferences (GSP) for a limited number of products. Singapore is still classified as a developing country and thus still enjoys GSP privileges. But for the 1980's and beyond, the removal of GSP privileges for Newly Industrialized Countries (NICs) like Singapore cannot be ruled out. Singapore must thus be prepared not only for increasing protectionism directed at labour-intensive goods but also for the possible exclusion from GSP privileges. This means that Singapore would have to move to less sensitive areas to higher productivity, higher technology exports, where protectionism is least or non-existent and where the GSP privileges are not important.

Thirdly, our real productivity growth rate per worker in recent years has been unsatisfactory. It is distinctly lower than that of Korea, Hong Kong or Taiwan. The reason is due to the fact that our economy has expanded quantitatively rather than qualitatively. That is, more and more labour input has been used to produce the expanded output. It is not due to productivity improvement, whether that improvement comes from mechanization, better organization and better management or the opening up of new markets. Obviously, we cannot travel along this path for long, depending largely on additional labour for our GDP expansion. We have to attempt to switch to a higher gear, to upgrade our national productive capacity, and exhortation alone in this move is not enough and has not proved to be adequate.

Fourthly, much of the additional labour has come from abroad. When there are difficulties in getting enough guest workers from Malaysia, our entrepreneurs have resorted to importing workers from other countries such as Thailand, India and Bangladesh. Singapore, having limited land area and not having a huge population, would soon find that she would have to take on other more serious problems if she allows the inflow of guest workers in larger and larger numbers. Our entrepreneurs, therefore, would have to be psychologically oriented so that the viability and profitability of their enterprises cannot continue to be based on cheap labour supply, particularly cheap imported labour supply.

Fifthly, if labour import is restricted, then with increasing demand for labour, wage costs would go up. This would show up strikingly, and most probably also in a disorderly manner, without the operation and moderation of the National Wages Council.

If wage rates are allowed to go up significantly, this would make at least some of our marginal economic activities uncompetitive. It might lead to some retrenchment. But since we are running a labour-deficit economy, this should not be a serious problem. Retrenched workers, some with retraining, would soon be able to find some other suitable jobs. Alternatively, if wages are allowed to remain low and when we are ousted from competition in

labour intensive activities in due course, and if we do not then have the favourable investment climate and labour-deficit situation that we now have, we would be really in for serious trouble. Our retrenched workers would then have to face prolonged unemployment. As it is, however, many employment opportunities are there and better and more job opportunities are in the pipeline.

Without the moderating role of the NWC and with a free test of strength between unions and employees on the one hand and employers on the other, the effect would be extremely damaging to the whole investment climate of Singapore. The hitherto existed co-operation syndrome should not be allowed to give way to that of confrontation and strength-testing. The Government has a duty to see that this disorderly and disruptive adjustment does not happen. Everyone in Singapore, except the anti-national elements, has a stake in continuance of industrial peace in Singapore. Everyone in Singapore, except the rash and the irrational, has a stake in the orderly wage adjustment system that we have uniquely developed in this country.

Sixthly, the NWC too, being a tripartite body, has to look after not only the interests of our entrepreneurs, be they foreign or local entrepreneurs, but also the fair claims of the employees. If one studies the comparative general wage levels of our workers with those of Hong Kong and South Korea, one would be surprised to discover that our general wage rates are still significantly lower than those of Hong Kong and South Korea though our per capita income is much higher. Indeed, their wage rates in the last five years or so have gone up much faster than ours. We cannot, in all fairness, allow our labour to be under-priced, just like we cannot allow our labour to be over-priced.

Seventhly, true enough, there are many ways of raising productivity whilst keeping wages low. Even if we can totally ignore the important equity aspect, which we should not, we can still, through better management and through mechanization, save labour use and raise labour productivity. But facts have to be faced squarely. When employers have cheap labour supply, it is only natural that they would, by and large, depend and continue to depend on cheap labour supply. When cheap labour supply is no longer available, as reflected positively by a significant rise in wage rates, either through the NWC or through the mere interplay of the market forces of supply and demand, hesitant employers would be induced to mechanize and rationalize in the use of labour. As long as wage costs remain low and are expected to remain low, the inducement to mechanize and rationalize is not there.

Thus, as we move into the 1980's, we are likely to see a more efficient Singapore, a society based much more on modern science and modern technology and modern methods of management, since the alternative of dependence on cheap labour is clearly on the way out. When the writing on the wall is clear, employers would opt for more mechanization, automation and computerization as well as for better organization and management, for the alternative is either to have the profit margin cut or to cease to be profitable to operate. The employers who can remain viable and the vast majority can, and we must make sure through our wage policy etc. that the vast majority can, without delay or lack of firmness in restructuring, we would move into a more productive, higher-technology economy in the 1980's and beyond. An important preparatory step has been taken with this year's NWC

recommendations for the emergence and development of the more productive and more efficient economy of the future. For various reasons, Singapore cannot and should not protect its inefficient firms, be they in the manufacturing or other sectors through a low wage policy or through other measures like tariff and non-tariff protection.

(3) Pitfalls in Restructuring

Is there a danger of the restructuring policy failing? When something worthwhile is attempted, such as passing an important examination, there is bound to be some uncertainty that things might turn out differently from what we expect. The examination standard, however, must be set in such a way that the vast majority, with adequate preparation, would pass the test and upgrade to a higher class, whilst the small minority of weaker brethren rusticated or fallen by the wayside.

One danger we must guard against is over-killing, that is, pushing wage rates too high to make many of our export industries uncompetitive. The Government and the NWC can be expected to monitor the situation very closely. This, however, does not mean that they should change course for a different destination once there is some inclement weather and the fastening seat-belt sign is on. Those who think they can frighten the Government or the NWC to change course would and should be made to end up in disappointment.

Another danger is that of cost-push and demand-pull domestic inflation, as the economy moves from a low-wage to a medium wage position at an accelerated rate. Cost-push comes from employers pressured by higher wage costs and passing such costs or at least a part of them to the consumers. But this shifting can be successfully done only under certain conditions. With increase in demand at the same time, it would be less difficult for such employers to raise prices. That is the reason why the NWC has not recommended a \$32 + 13% formula, preferring a \$32 + 7% formula with 4% CPF contribution and 2% special contribution to the Skills Development Fund instead. The NWC is fully aware of the need not to raise wage expectations too high and not to increase too much money wages whilst pursuing the policy of restructuring.

In Singapore, the bulk of the commodities we consume and use in production as factor input comes from abroad. We import them, whether these be rice, wheat or fuel, and consequently, such prices should not be affected by increase in consumers' demand per se. An increase in demand would result in more imports, and this alone, if other factors remain the same, would put pressure on our balance of payments.

In other words, in such an open economy like Singapore, an increase in wage income is likely to have an adverse impact more on the balance of trade and balance of payments rather than on domestic prices. Its impact on domestic inflation is much less than in closed or more or less closed economies. Ours, however, is an open economy and a very open economy. Our balance of payments position is strong and is likely to remain strong. As has been pointed by me elsewhere, our foreign exchange reserves even exceed those of Thailand and the Philippines combined, and they are both bigger nations than ours. We do not therefore have to fear a deterioration in our external balance.

A rise in wage income also does not mean that there would automatically be more mechanization, more automation and more computerization. It does not necessarily mean that there would be better management and more rationalization in the use of labour. However, higher per unit wage costs do provide signals, sure signals to those marginal firms depending on cheap labour for survival that if they do not mechanize and rationalize in labour use, their profit margin would be eroded. Uneconomic activities would feel the pressure much more, and if they are forced to retrench by this wage policy, the time is by no means not that opportune, since we do have a situation of excessive demand for labour over supply. If we have large scale unemployment or expect to have a significant volume of unemployment, or have balance of payments problem, then the timing of our restructuring operation would be questionable.

We should also bear in mind that not all employers in Singapore pay their employees accordingly to the recommendations of the NWC. If the NWC had recommended a 2% increase in CPF contribution for employees and 2% for employers, that would result in a 2% pay cut in take-home pay for those numerous employees who do not receive NWC wage increases. Besides, this would weaken the move for employers to move out of cheap labour economic activities.

We must also remember too that we in Singapore are very lucky that with imported inflation from abroad, particularly from higher fuel prices, our workers in general can have an orderly and significant increase in wages. The workers in many countries the world over have to face inflation without any wage increase.

Our local employers too should remember that with higher wage income, there would be more demand for their goods. Their profit margin should go up, and in fact herein lies the danger that, in the circumstance, their inducement to rationalise in labour usage and to mechanize is thus blunted.

In conclusion, to restructure an economy is by no means a child's play. It is difficult. It is tough. But our productivity must go up. We must remain competitive in the short run as well as in the long run. We cannot wait to be forced out in world competition. We have full employment. We have a united country. We have an adaptable labour force. We can therefore restructure our economy now for a surer and sounder foundation for our future. Besides, if we keep wages low, it means the majority of our people will have a low standard of living. Singapore must prosper for the benefit of all, employers as well as employees. After all, the ultimate aim of economic development must be to benefit, and be seen to benefit, all our citizens. Restructuring too, like public housing and urban renewal, has this broad aim in view.



"Law & Consensus In Industrial Relations"

Mr. Choo Eng Khoon

System of industrial relations

Comparison of one system of industrial relations with another may be just as of absorbing interest to workers as the comparison of one collective agreement with another. Such comparisons, however, often begs the question whether the system or agreement is satisfactory in itself.

A collective agreement, for instance, is rated from the point of view of workers as good or bad in terms of whether it contains more favourable provisions for workers in comparison with another agreement. A system of industrial relations is rated as excellent or poor in terms of whether it is structured to favour more the workers in comparison with another system.

Evaluation of an agreement or a system on the basis of comparison is convenient but may be very misleading. The agreement used in comparison may be for an establishment or industry where entirely different considerations are applicable. Likewise, the system used in comparison may be one whose prevailing conditions and circumstances are entirely different.

Evaluation by comparison shows rather the relative extent to which the workers/trade unions under an agreement or in a system are prepared to wield their collective bargaining strength to place themselves in a more favourable position vis-a-vis employers. A more objective and proper evaluation should be on the basis whether the conflicting interests of workers/trade unions and employers are reconciled in an agreement or a system in a manner that is most compatible with the viability of the establishment, industry or country, as the case may be.

In the absence of other motives or consideration, it seems a rather futile exercise for workers/trade unions to secure a generous collective agreement which serves as the last straw to break the back of a gasping establishment or industry. It seems equally pointless for workers/trade unions to succeed in fashioning a system of industrial relations very much to their liking at the price of having a steadily decreasing number of employers to bargain with.

Industrial Law

The very real impact a system of industrial relations has on an economy is a cogent reason for any government to involve itself in the conduct of relations between workers/trade unions and employers. Any system of industrial relations is thus based on the mutual recognition by the government, employers and workers/trade unions of the need for consensus in the conduct of relations among themselves. As between individual employers and individual workers/trade unions, the consensus is largely

crystallised into a collective agreement. In the same way, the consensus underlying a system of industrial relations is substantially given expression by industrial legislation. This residual consensus comes into play when a dispute arises over a matter outside the scope of agreement or legislation.

Industrial legislation is made by government to define and regulate the relations between employers and workers/trade unions. In seeking to maintain a proper balance of conflicting interests between employers and workers/trade unions through industrial legislation, the government considers not only the relative bargaining strength between employers and workers but also the government's own scheme of values and priorities for the development of the national economy. Thus the industrial legislation of one country is most unlikely to be identical to that of another because the views of governments on the relations between employers and workers/trade unions and other relevant circumstances cannot possibly be identical.

Moreover, in a common law country like Singapore, industrial legislation is but only the main source of industrial law. The other significant source of non-statutory law in Singapore is the decisions of the courts of law. While the decisions of courts are extensions or refinements of the principles of the prevailing law, they contribute towards a different course of development of the law of a country relative to that of another country.

The industrial law of one country should not, therefore be rated on the basis of whether it is more favourable to workers than those of another, when the attendant conditions and circumstances are not known. Some aspects of a country's industrial law may be favourable, others may not be so. An explanation lies in the difference of emphasis placed by, and the difference of social attitude prevailing in, various countries regarding various aspects of industrial legislation.

It would not be entirely correct for Singapore workers to form the impression that the industrial laws of the industrially advanced countries of the world as well as some other countries are entirely more favourable to workers than the industrial law of Singapore. Whatever may be the basis of the impression, it is not always borne out by the actual situation.

A popular grievance, for instance, is the restriction in Singapore on the right to strike or the exercise of such right, particularly in the public sector and in the essential services. In Japan, a similar restriction is more severe. A total ban on strikes is applied to workers employed in the national or public services such as those dealing with telecommunications, railways, post and forestry. A Committee of members of public appointed by the Japanese Government to look into the matter, also recommended in June 1978 the continuation of such ban.¹ Previously, in May, 1977, the Japanese supreme court ruled that the ban did not contradict another article of the constitution guaranteeing the right to organise and bargain collectively.²

In the private sector of Japan, there is a similar ban on industrial action if such action stops or affects the maintenance work or the normal operation of safety measures. In any event, 10 days' notice is required to be given of any industrial action to the competent authority. But for workers engaged in services of a public welfare nature, which correspond to the "essential services" of Singapore, 50 days' notice is required.³

In Canada, the definition of strike incorporates both the definitions of "strike" and "industrial action" as contained in the Trade Union Act of Singapore.⁴ Such definition may be logical but hardly favours the workers. Singapore workers in an essential service would not relish the idea of having to give 14 days' notice of a ban on overtime work.

Evaluation of Industrial Law

But the fact that one aspect of industrial law in Japan or Canada is less favourable to workers than a corresponding aspect of industrial law in Singapore does not necessarily mean that that aspect of Japanese or Canadian industrial law is bad or undesirable in an objective sense of the word. Likewise, Singapore's industrial law should not be adjudged good or bad by comparison with any other country's industrial law. The pertinent question is whether does Singapore's industrial law satisfactorily serve the purpose for which it is intended in the context of the conditions and circumstances obtainable here.

Industrial law is not a magic formula by whose mere incantation a desired change can be effortlessly and suddenly brought about in industrial relations. Industrial law is intended to serve as a framework for industrial relations and to regulate the interaction of the rights and duties of employers and workers/trade unions. It is principally through the agency of statutory enactments that the government imparts to the system of industrial relations the sense of direction and purpose the government desires. What the government desires is very much dependent on the state of the country's economic health.

In an industrially advanced country the government may deem it desirable to legislate for a progressively shorter week. A 40-hour week is now a norm in the industrially advanced countries, with suggestions of reducing to a 35-hour or even 30-hour working week. There are cogent reasons for the introduction of progressively shorter working week where the reduction in working hours is not expected to result in any decrease in production or productivity.

But if a country without comparable technology and expertise and comparable record of efficient production seeks to legislate for a progressively shorter working week merely on the ground that it is enlightened to do so, such legislation is unlikely to bring about a satisfactory conclusion. A shorter working week might probably result in three persons being required to do the work previously done by two persons in order to maintain production at the same level. While such a shorter working week might have helped to solve an unemployment problem, it would certainly raise the cost of production without a corresponding increase in productivity. Even if the mint could keep churning out money quickly enough to maintain an illusion of well-being, a short working week would not in these circumstances benefit workers, unless it had been intended as a questionable job-sharing scheme to alleviate unemployment.⁵

Basis of Law

Industrial law or, for that matter, any law, in Singapore or elsewhere to be useful must reflect the conditions and the circumstances prevailing in the country. By the same token, any proposal to amend the prevailing industrial law must be justified by a change in the prevailing conditions and circumstances. But a change is unlikely to be adopted unless the need for such change is perceived by the government. Therefore, if workers/trade unions desire to initiate a change in the industrial law, they have to be able to influence the perception of the government as to the need for such change.

With a government that prides itself on its pragmatic outlook, it would not be easy to influence its perception as to a need to amend the prevailing industrial law; least of all is the government likely to be swayed by specious arguments along the line that the proposed amendment is in keeping with modern trends. If any change in the perception of the government is to be effected, it is only by con-

vincing the government with the factual findings of empirical studies of the net positive benefit that is likely to result from the desired amendment. Workers/trade unions may have to set the pace by financing and conducting such empirical studies. Ideally, such studies should be financed and conducted on a tripartite basis.

The government may be presumed to have the means to finance and conduct empirical studies on the probable effect of any proposed law. Workers/trade unions and employers for that matter, have not approached the subject of amending industrial law with the same degree of care, skill and critical attitude they show in preparing and analysing proposals and counter-proposals for collective agreements. It is always easier to submit proposals for an agreement or amendments to the law than to justify or substantiate them.

In the absence of any empirical study on any matter for which there is a need to legislate, the resultant legislation represents guess-work on the part of the government which enacts the legislation and the employers and trade unions which make representation to the government on it. Industrial legislation on the basis of exchange of views and opinions of interested and concerned persons does reflect to a great extent the prevailing conditions and circumstances of the country. But in an age of demand for and expectation of precision whenever possible, it may seem strange that industrial legislation should be largely dependent on subjective views and opinions and not the objective findings of empirical studies. Occasionally, empirical study may show that subjective views and opinions do not constitute a reliable basis for industrial legislation.

Take, for instance, the question of a 5-day working week of 44 hours. To many workers in Singapore the proposal of a 5-day working week may seem eminently desirable and sensible. In a number of countries in the world the 5-day working week is a reality. In Japan, a Ministry of Labour's Survey in 1977 showed that 72% of the workforce and 23% of a total number of companies were on a 5-day week. In Israel, a tripartite committee was set up to look into the matter of a compressed working week.

The findings of this tripartite committee showed that out of 261 establishments which had adopted a 5-day week, 43 reverted to a 6-day week and that out of 422 establishments which had made a cost benefit analysis of a 5-day week, 260 conceded that the 5-day week was not feasible. While the committee found there were no clear benefits and advantages for workers or employers resulting from a 5-day week, it was generally profitable for labour-intensive establishments and firms using sophisticated technology, but otherwise for capital-intensive firms and firms involved in shift work. The findings also showed no gain or loss in productivity except that the compressed working week had no effect on the level of absenteeism.⁶

If a similar study is carried out in Singapore, the findings may or may not tally with those in Israel. But such findings should form a more reliable basis for a decision to be taken on whether to legislate for a 5-day week of 44 hours in Singapore. In the absence of any objective findings, any debate on a compressed working week is bound to be attended by a lot of wishful thinking.

There are other matters of which more factual information will be useful to those who propose as well as those who oppose legislation to govern them. Absenteeism, for instance, is a problem which plagues the industrially advanced countries of the West. French experience is that absenteeism averages 21 working days per worker per year. In Singapore, the Employment Act disqualifies a worker who is so absent for more than twenty percent of a working year from any entitlement to paid annual leave

under the Act. Contrary to what this provision seems to suggest, absenteeism is not a chronic problem in Singapore to that extent. Long before a worker has absented himself more than twenty percent of his working year, his employer would have summarily dismissed him. As the German experience confirms, a real fear of losing employment permanently is a better incentive to be punctual and regular in attendance than any scheme of financial reward.

To job-hoppers, losing and gaining employment regularly is a way of life. If job-hopping is a serious problem, as employers stoutly maintain, there is a need for an objective study to be conducted on it. Factual information on job-hopping would be useful to trade unions as well as to the government and employers. If, apart from the obvious desire of job-hoppers for fatter wage-packets, other contributing factors are clearly shown to be also significant, trade unions should then know what they can do to eradicate, at least among their members, the habit of job-hopping.

Acceptance by workers/trade unions

If a trade union cannot be relied upon to try to ensure its members keep their part of the bargain, it is a defect in the system of industrial relations which cannot be remedied by any industrial law, however contrived. Industrial law may sanction employers to dismiss or otherwise penalise workers for breach of contract or agreement but cannot effectively make workers do what they do not want to. Trade unions may be able to persuade workers to do so but in the end the workers themselves have to decide whether they want to act in a responsible manner.

With the development of industrial relations increasingly in the direction of work safety and occupational health, there is a correspondingly increasing need for workers to show they are able to behave in a responsible manner. A trend is the recognition of the right of workers to stop working but continue in service when a dangerous situation arises. Work is resumed only when the danger passes.⁷ This is a further refinement of the right to break a contract of service when a similar situation arises unexpectedly, as contained in Singapore's Employment Act and in many other countries' industrial legislation.

If workers are wont to stop work or absent themselves from work whenever they like, the suspicion of employers is that such right of work-stoppage would serve as a further legitimate excuse for stopping work. The vesting of the right of work-stoppage in a few safety representatives or trade union officials may help to allay the anxiety of employers. Even then, during the first seven months of the operation of such statutory right of work-stoppage in Sweden, the labour inspectorate found 14 out of 32 stoppages could not be justified.⁸

This might only be a teething problem but it is the kind of problem that underlines the need for industrial law to provide a framework for preventing the problem. Up to a point, an understanding between employers and workers and their trade unions may help to establish their respective rights and duties. But when a right of one party is in direct conflict with a corresponding duty of the other party, the fine line of distinction between such right and duty has to be precisely and consistently drawn so as to minimise the conflict. This is the function of the industrial law.

But the law itself is not constant, being subject to a government's perception of what the purpose of the law should be. Changes in law are necessary to reflect changes in conditions and circumstances in which the law is to operate. But when any change in law is not understood and accepted by those affected by it, the function of law to provide a framework for and to impart a definitive order to indus-

trial relations is impaired. In Britain, for instance, the adoption of the Industrial Relations Act in 1971 nullified a body of law developed since the Trade Disputes Act of 1906 or earlier. The 1971 Act, among other things, abolished the closed shop and required trade unions to be registered and secret ballot for strikes and introduced compulsory arbitration for disputes. The Trade Union and Labour Relations Acts of 1974 and 1976, however, restored the position to somewhat as prior to 1971.

The rather sudden change of direction in British industrial legislation came with the replacement of the Conservative Government by the Labour Government during this period. It may not be a bad idea not to change but to require a piece of legislation to undergo a probationary period before it is confirmed as part of the law of the land. Alternatively, every piece of legislation should be reviewed periodically so that the need for a particular statute will have to be debated afresh in and outside the Parliament. An example is the Criminal Law (Temporary Provisions) Act enacted in 1955 to lapse in 1964 but was subsequently extended to 1974 and then 1979 and, now, 1984, though without debate. The requirement of periodical renewal would at least ensure that a law is not left languishing in the statute book long after it has served or outlived its purpose.

Acceptance by Employers

While a law remains in the statute book, it will be enforced by the government and has to be observed by, among others, employers and workers/trade unions. Similarly, a collective agreement, once concluded, certified and registered, will be enforced by a duly competent authority and has to be observed by the employer and workers/trade union who are party to it. A pertinent question, however, is how effective will a piece of industrial legislation or a collective agreement be if employers and workers do not accept it?

Non-acceptance here is meant to be not in the sense or to the extent of breaking a law or an agreement. No self-respecting government is likely to let law-breakers, howsoever many or influential they may be, get away with it; nor can any competent authority afford to ignore any breach of agreement brought to its notice. If employers or workers/trade unions do not accept a law or agreement, they make sure they honour it to its last letter, while abusing its spirit.

This was the Norwegian experience of its industrial law when relations between employers and workers became strained in the 1920's. The statutory provisions designed to prevent disputes from deteriorating into strikes and lock-outs by means of mediation and arbitration failed to fulfil their purpose, because employers and workers were both not prepared to accept mediation and arbitration as means of resolving disputes. This was despite the fact that the relevant statutory provisions were based on the experience of and were agreed to by the employers and workers since 1900.⁹

The acceptance of the principle underlying a piece of legislation is essential for its successful operation. The 1968 industrial legislation of Singapore was able to act as a catalyst in the subsequent expansion of the economy because the workers/trade unions were prepared to accept its rationale, even though its operation was not evenly favourable to them. It is conceivable that if the workers/trade unions had been misled or ill-advised into opposing it for whatever reasons, the consequences for Singapore would have been unpleasant, if not catastrophic.

Non-acceptance by an employer or workers/trade union of a collective agreement will similarly result in the agreement not being worth the paper on which it is written, with predictably disastrous effects on the industrial relations between the employer and the workers/trade union. Every attempt

by the employer and the workers/trade union to exercise their respective rights under the agreement is bound to be frustrated and obstructed at every turn. The delaying or non-acceptance ploy adopted by one party is not calculated to make the other party feel better disposed towards it. Non-acceptance of a collective agreement may then possibly culminate in an industrial action, if not during its currency, upon its expiry.

The consequent breakdown in industrial relations will manifest itself not only in the refusal to accept conciliation and arbitration in the spirit intended under the law or by agreement, but also in the rejection of industrial practices previously agreed to and accepted by employers and workers/trade unions. One such practice is the non-representation of confidential staff by trade unions of workers, although there is no legal requirement for the exclusion. Another practice is that of employers allowing paid time-off to their workers for union duties which do not involve industrial relations concerning the employers. The basis for these practices is the mutual acceptance by employers and workers/trade unions of the need to define and conduct their relations in a manner best suited to themselves. Thus practices are adopted which do not strictly conform to nor significantly distort the framework provided by industrial law.

Any system of industrial relations is more than framework of industrial law which gives it shape, form and cohesion. Patterns of relations between individual employers and their workers/trade unions collectively make up a composite system rather than that each of these patterns represents a deviation from a national pattern of industrial relations. The orderly and effective functioning of a system of industrial relations presupposes all or the majority of employers have orderly and effective relations with their workers and their trade unions. There must be general acceptance of the need for industrial peace before a system of industrial relations can function at all. Industrial law helps a system of industrial relations to function in an orderly and effective manner only if there is an underlying basis of acceptance by employers and workers.

Acceptance by Government

As stated earlier, however, any system of industrial relations involves not only employers and workers and their trade unions but also the government, even if its participation be by way of a referee holding the ring. The role of the government is crucial because the government alone has the power to make industrial laws and the means to provide and run the machinery of conciliation and arbitration. But the kind of industrial law and system of industrial relations that a government perceives to be what is needed is also largely what the employers and workers/trade unions accept to be needed.

If a government establishes a system of industrial relations without some form of consultation with both employers and workers/trade unions, it is possible that the system will not be workable because it is defective. The defect is that it is designed to function from the point of view and to cater to the interest of either the employers or the workers/trade unions.

An illustration is the enactment of the British Industrial Relations Act of 1971 which sought to redefine and revamp the British system of industrial relations. The workers/trade unions did not accept the new system of industrial relations because the new system was devised to reflect the need of the employers rather than with them. To a Singapore observer, however, the change in the system of industrial relations effected by the 1971 Act is not all that drastic or unreasonable. Features of the Act such as secret ballot for strike, that were violently condemned by British trade unionists are accepted

in Singapore as normal and necessary requirements for an orderly system of industrial relations. The non-acceptance of the 1971 Act by British workers and their trade unions might be a case of exaggerated reaction indicative of their centuries-old tradition of distrust and suspicion of employers rather than of the quality of the 1971 Act.

The British workers/trade unions are hardly likely to accept any change in the prevailing system of industrial relations which they perceive as derogatory to their interest. They are more likely to press for a change that further tilts the balance in their favour. One of the features of the 1974 and 1976 Acts, which repealed the 1971 Act, is the refinement of the industrial action of picketing. Premises of employers who are not parties to or even involved in any manner in a trade dispute are liable to be subject to secondary picketing. The paralysis of road transportation of goods in and around London during the 1978-9 winter exemplifies the defect of an industrial relations system geared to the promotion of the interest of one party.

The British workers/trade unionists are, however, unlikely to view a lop-sided system of industrial relations, which is slanted in their favour, as being defective. Nor are they likely to think too highly of the Singapore approach to industrial relations. In this they are correct as each system of industrial relations has been evolved or moulded to suit the needs of the employers and the workers/trade unions governed by the respective system. It would be absurd, therefore, for Singapore workers/trade unions to yearn for the British or any other system of industrial relations which apparently favours the workers/trade unions.

In the Singapore system of industrial relations, the government has not hesitated to adjust the balance between employers and workers/trade unions to rectify any lop-sidedness as perceived by it. While the grievance of Singapore workers/trade unions may be that the balance is unnecessarily tilted against them, they should not make the mistake of disdaining the durian for its smell or prickly skin. As stated earlier, the system of industrial relations operating in Singapore must be rated not by comparison with other systems but by reference to the conditions and circumstances prevailing in Singapore. By the criteria of any objective test such as the general well-being of the populace, the system of industrial relations in Singapore has been able to deliver the goods most satisfactorily up to now.

If the grievance of Singapore workers/trade unions as to the balance being unnecessarily tilted against them has any basis, their efforts should be directed at changing, not the system, but rather the government's perception of what should be the proper balance between the conflicting interests of employers and workers/trade unions. Whatever it may be the quality of the government's perception affects the direction and purpose of the system of industrial relations through the government's control of legislation.

Importance of Industrial Relations

In 1960, for instance, the perception of the government was the need for industrial disputes to be resolved by conciliation and arbitration rather than by strikes or work-stoppages, which are economically wasteful as well as socially divisive. It is a perception which Singapore employers and workers/trade unions wholeheartedly concurred. The new system of conciliation and arbitration is just as effective, though less melodramatic, a safety valve as the traditional recourse to strikes. If the perception of the government is ever to change to the view that such safety valve may be reduced by restricting the scope of conciliation and arbitration, the workers/trade unions may have trouble adjusting them-

selves to the new system of industrial relations.

It is not suggested here, however, that workers/trade unions should by hook or by crook ensure the government's perception of the proper balance between employers and workers/trade unions always favours the latter. For the healthy development of a system of industrial relations, the government's perception of the correct direction and purpose of the system must be reflective of the prevailing conditions and circumstances of Singapore.

But as the government's perception is in relation to a system of industrial relations, the basic premise of the need for a system of relations between employers and workers/trade unions must be accepted by the government as well as by the parties themselves. Such premise will serve as the focal point of the government's perception as well as being fundamental to the organisation of workers into trade unions and the recognition of trade unions by employers.

If the need for a system of industrial relations is not acceptable to the government, the government's perception of a proper balance between employers and workers and their trade unions may be that between masters and servants in the classical sense of the words, without any intervening role for trade unions. The masters pay wages and fix working conditions as they think proper and fair according to the market pricing and the workers do what they are paid and told to do.

It is a scenario that has occurred in the past economic development of many countries and still occurs in communist and other countries. In countries with a parliamentary form of government like Singapore, the scenario is unlikely without being first preceded by a radical change in the prevailing form of parliamentary government.

The basis of relations between employers and workers for the foreseeable future will then continue to be that of free bargaining, subject to the constraint of industrial law. Bargaining between individual employers and individual workers is obviously loaded in favour of the former unless there are exceptional circumstances. The need for trade unions to conduct collective bargaining on behalf of individual workers is axiomatic in the context of normal industrial relations.

Trade unions in Singapore have, however, shifted emphasis in the past decade from being mere bargaining agencies to being social institutions catering to the welfare of workers both during and outside their working hours. The course of such development is not the concern of this paper. What is a matter for concern is the expression of a view that trade unions have served or outlived their purpose. The view is probably founded on the fact that in some unorganised establishments employers have willingly accorded their workers better wages and benefits than are obtainable by trade unions for their members.

It is a plausible argument for damning trade unions for all eternity except for the omission of some considerations. One is that few, if any, such enlightened employers were born before the advent of trade unionism. Another is that it is unlikely many such enlightened employers would survive long after the passing of trade unionism. A final consideration is that such enlightened employers would have no criterion of union-fixed level of wages and benefits to serve as a measurement of their generosity.

If the level of wages and benefits is what it is in Singapore, the workers and their trade unions can be proud of their contributions to it. The organisation of workers into trade unions, first, has been instrumental in raising the level of wages and benefits through the process of collective bargaining and, secondly, now facilitates the process of consultation between the government and employers and workers on any matter. It may be possible for the government to consult individual employers, even

if there are no organisations to speak or act on their behalf, as they are relatively fewer in number than workers. Consultation with individual workers would be obviously out of the question even if the government is so minded to do it. Trade unions then have a vital function to perform. Without a trade union movement in Singapore, the National Wages Council and other tripartite bodies might not function as effectively as they do, since whoever might have been representing the workers in these bodies could not have validly claimed to speak on behalf of workers other than themselves.

The Next Decade

In the 80's tripartism may reasonably be expected to feature more prominently in a system of industrial relations where the government, employers and workers/trade unions are partners for progress. Collective agreements will continue to define and govern relations between employers and workers/trade unions just as industrial law will continue to define and regulate the system of industrial relations.

A better understanding and appreciation of one another's conflicting interests, a stronger determination to reconcile their different interests, and a greater willingness to work in close co-operation to achieve mutual objectives should help to promote the consensus which both gives rise to and is promoted by collective agreements and a system of industrial relations. Differences of opinions and viewpoints do not disappear with greater consensus, but the goodwill that will result from consensus between the parties to a collective agreement should serve to prevent such differences from deteriorating into ugly confrontations.

Greater consensus may also serve to promote a tripartite approach to industrial law, even though the government alone will continue to possess and exercise its power to legislate. A more objective basis of legislation, as stated earlier, may be feasible with tripartite co-operation, whether it be a question of funding or ensuring the comprehensive coverage of a survey or research project.

A pertinent topic for tripartite inquiry with a view to amending the prevailing legislation is the adaptation of the prevailing system of industrial relations to reflect the reality and trend of industrial development. The Employment Act of Singapore does contain a provision which so reflects the new conditions and circumstances of Singapore.

When the Employment Act was enacted in 1968, one avowed aim was to do away with the previous provisions discriminating against blue-collar workers in favour of white-collar workers, so as to facilitate industrial development. The Act did not pursue such rationale to its logical conclusion. A result is that the calendar day of twenty-four hours from midnight to midnight continues to be used as a unit of time-measurement for all workers.

A calendar day basis of measurement is meant and is appropriate for office work which, even if involving shift duty, hardly ever stretches without a break from one day to another. For non-office work, particularly industrial work, of which shift duty is a basic feature, the calendar day basis of measurement does not allow for the possibility of a night shift straddling over two calendar days.

The Employment Act presently provides that a rest day for workers on shift duty is a continuous period of thirty hours, and not a calendar day as in the case of non-shift workers. But for other aspects of service conditions the Act does not make similar provisions for shift workers. Employers may require and have required workers to do a full shift of eight to nine hours up to midnight and then, without a break, another shift or extensive overtime work. Unless the urgency or exigency of work is such as to override normal considerations of health and safety, shift workers should be required to rest for, say at least four hours in-between periods of shift duty, as in Japan.¹⁰

The calendar day also does not fit in with the medical leave needs of shift workers. Any period of duly certified medical leave is deemed to commence from the midnight of the first day and end on the mid-night of the last day. If the leave ends on the midnight of a day when a worker is scheduled to be on shift duty extending beyond midnight, a problem arises. Is the worker still on paid leave for the remainder of the shift period or is the employer entitled to deduct for absence from work? The problem would be resolved only when the medical leave is computed on the basis of shift periods rather than calendar days.

The need for industrial law in Singapore to be oriented to the conditions and circumstances of an industrial society, which Singapore increasingly is, seems obvious. The extent and form of change in the law should be decided on the basis of an objective investigation and assessment, as stated earlier. It is possible that an objective study may establish either an abuse of medical leave or a high rate of absenteeism in relation to the graveyard shift.

Workers/trade unions in the 80's have to face up to the need to keep their side of the bargain if the system of industrial relations in Singapore is to operate evenly on a tripartite basis. Self-discipline or imposed discipline for all parties is essential if the system is to remain workable in spite of breaches or provocations by one party.

Principles of industrial relations which are reasonable and which are acceptable to workers/trade unions even in industrially advanced countries should be seriously considered for acceptance by workers/trade unions in Singapore. One is the voluntary ban of all strikes, lock-outs and industrial actions during the currency of collective agreements. Another is that the use of illegal means by one party does not give the other party a similar right to use illegal means. (Incidentally, Singapore's Trade Disputes Act is more lax on this point). Finally, one that is appropriate to Singapore's industrial aspirations is that it is bad policy to allow a factory to stand idle in order to solve an industrial dispute.¹¹ In any realistic system of industrial relations, the law must apply to all in accordance with their consensus.

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ANNEXURE ON INDUSTRIAL LEGISLATION

PART I PAST DECADE

(1) Employment Act

Enacted in 1968, the Employment Act re-incorporated most of the provisions of the Labour Ordinance, the Clerk's Employment Ordinance and the Shop Assistants Employment Ordinance, which were repealed by it. The Act, beside fixing a ceiling for annual bonus, standardised working hours, public holidays and annual leave entitlement for all workers, whether clerical or manual, and clarified the right of workers to retrenchment and retirement benefits.

Since then, the Act has been amended several times to provide, for example, a monthly limit on overtime work and the protection of a scheme of retrenchment or retirement benefit when a Company is wound up or an employer becomes bankrupt.

To the worker, however, the most significant amendments of the Act took place in 1972 and 1975. The concept of Annual Wage Supplement and Annual Wage increases as an alternative to annual bonus was introduced. Maximum bonus or wage supplement payable is 3 months' wages. Employers are strictly banned from paying, and employees and their trade unions from asking, more than the prescribed quantum howsoever the payment may be described or disguised. In exceptional cases, the Minister for Finance, may at the request of employers, permit payment over the respective limit for each employer. Annual wage increases are to be recommended by a tripartite National Wages Council.

(2) Industrial Relations Act

The Industrial Relations Act, which was enacted in 1960, regulates the settlement of trade disputes by conciliation and arbitration and, since 1966, also the recognition of trade unions by employers. In 1968 the Act was amended to sanction the rights of management to hire or fire, to transfer within the employer's organisation, to assign duties which are compatible with the employee's conditions of service, to promote and to retrench an employee on the ground of redundancy or reorganisation. The exercise of such rights is not subject to negotiations except in specified circumstances. The 1968 amending Act had, in that sense, far reaching effects on the scope and pattern of collective bargaining as accepted by employers and workers in Singapore up to that date.

(3) Central Provident Fund Act

The Central Provident Fund Act was enacted in 1955 to establish a retirement fund from the monthly contributions of employers and workers. Up to 1968 the rate of contributions was limited to 5% of basic remuneration or a maximum of \$25 for both employers and workers. The rate of contributions has been progressively increased during the past decade and now stand at 20½% for employers and 16½% for workers since July 1979. Contributions are also made payable on gross remunerations. Moreover, the Act has been amended to include new categories of employees, including the self-employed. Members of the Fund can now also use their contributions to buy houses or flats or S.B.S. shares.

(4) Factories Act

The Factories Act was enacted in 1958 to protect workers from undue danger from machinery or explosive materials or working environment. The Act was repealed and re-enacted in 1973 on the basis of experience obtained in Singapore from its own industrial development. The new Act provides for more stringent measures to be observed by the employers for the health, safety and welfare of employees in their workplace. Workers are also expected to observe the measures intended for their protection and benefit.

(5) Workmen's Compensation Act

The Workmen's Compensation Act of 1955 does not provide for adequate compensation to industrial workers injured in the course of their employment. This Act was repealed by and re-enacted in the Workmen's Compensation Act 1971, whose main feature was a three-fold increase in the level of compensation payable. The Act of 1971 was in turn repealed and replaced by the new Act of 1975. A simplified system of administration and enforcement and quicker payment of greater compensation were provided in the new Act.

The Workmen's Compensation payable in fatal cases was increased from \$21,600 to \$35,000. The maximum for permanent total incapacity cases was also increased from \$28,000 to \$45,000. This amount does not include an additional 25% for any totally incapacitated worker requiring personal nursing attention.

The problem of determining the status of dependents under the old Act was settled by disregarding whether they are fully or partially dependent for the purpose of compensation.

(6) Trade Union Act

The Trade Union Act, first enacted in 1940, affects workers as members of trade unions. The Act, together with the Trade Disputes Act and the Criminal Law (Temporary Provisions) Act, also governs the conduct of industrial action. In 1973, the Act was amended to enable trade unions to buy or lease, with the Minister's approval, more than one acre of land. In 1977, the Act was significantly amended to enable the funds of trade unions to be frozen for investigative purposes and to clarify the procedure for industrial action by trade unions and their members and the minimum age limit for membership.

PART II

SUGGESTED AMENDMENTS IN THE NEXT DECADE

In the course of the next decade the prevailing legislation may have to be amended to keep pace with or to initiate changes in industrial relations. But as to the manner or form of likely amendments, it is a matter of agreement between the Government, employers and workers.

Proposals by workers to amend the prevailing legislation are more likely to be acceptable to government if they are not unduly adverse to the interest of others. If workers and trade unions have accepted the need to work hard, it would be inconsistent on their part to oppose legislation which is framed on the basis of their willingness to work hard.

The Employment Act and the provisions of the Industrial Relations Act sanctioning certain management prerogatives were, among other things, adopted in 1968 with the acceptance of trade unions. Amendments to these provisions are justified only if we can show the need for them has ceased or changed or some of their aspects are anomalous. But what we consider to be anomalous may not seem necessarily so to others.

Removal of Anomalies

1. A day is defined in section 2 of the Employment Act as a period of 24 hours from midnight to midnight. It is not appropriate for shift workers, particularly if they have to work at night. For shift workers, a day should be a period of 24 hours either commencing with the start of a shift or ending with the completion of a shift.
2. Section 10 of the Employment Act, which permits either an employer or a worker to terminate service with notice or payment in lieu of notice, may be used by employers as a loophole in relation to section 14 of the Employment Act or section 35 of the Industrial Relations Act. If employment is terminated under section 10, there is no appeal to the Minister for reinstatement or compensation. It may help if employers are made to understand that termination under section 10 does not preclude payment of retrenchment benefit.
3. Workers in the private sector propose the holiday work pay under section 41 of the Employment Act should be one and a half times in addition to the statutory holiday pay. Workers in the public sector propose that all workers should be paid and not given a substituted rest day under section 37 or a substituted public holiday under section 41 of the Employment Act, irrespective of whether they are essential service workers. It may help if it is clarified whether the intention is to deter the employer from so working their employees or to give reasonable compensation to employees for so working.
4. The qualifying period of 12 months before a worker is entitled to paid sick leave under section 46 of the Employment Act is too long. Sick leave strikes at persons regardless of age or length of employment. A worker should be entitled to paid sick leave as soon as he is confirmed in service.

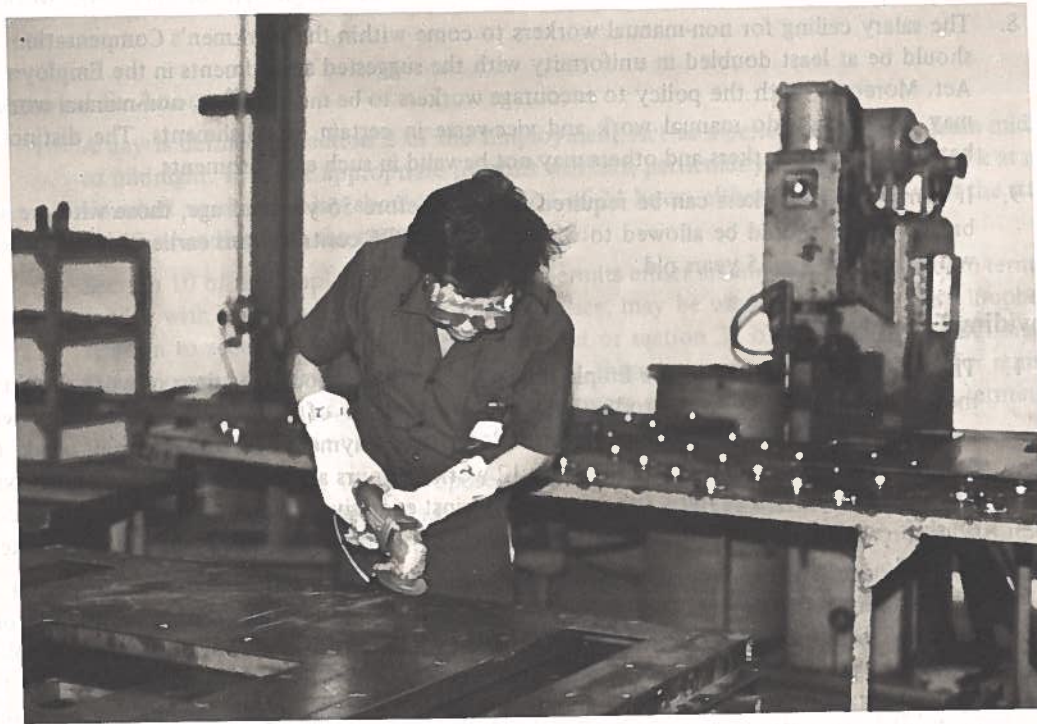
5. Employers in non-unionised establishments may pay their workers more than the frozen quantum of AWS they are entitled to. But when unions subsequently organise the workers, they are prohibited from claiming more than the frozen quantum of AWS. If the employers are hostile to unions, the workers will have to sacrifice part of their AWS for their union membership. The payment of AWS should not be implemented in such a manner as to penalise workers for becoming union members.
6. In relation to Part XVI of the Employment Act (Labour Court) as well as in relation to the other parts of the Employment Act workers feel that the salary ceiling of \$750/- should be at least doubled to keep pace with the rising wage level.
7. (a) The regulations under section 16 of the Industrial Relations Act governing recognition of trade unions should balance the interest of employers and workers more evenly. At present, the procedure is loaded in favour of employers because voting is not mandatory and, consequently, employers, if they are so minded, can easily identify the union supporters. (b) Disputes over whether employees are within the scope of representation should be minimised by including more comprehensive definitions of bargainable staff. (c) Mode of recognition for maritime workers should be different from the mode of recognition for land-based workers.
8. The salary ceiling for non-manual workers to come within the Workmen's Compensation Act should be at least doubled in uniformity with the suggested amendments in the Employment Act. Moreover, with the policy to encourage workers to be multi-skilled, non-manual workers may increasingly do manual work and vice-versa in certain establishments. The distinction between manual workers and others may not be valid in such establishments.
9. If some female workers can be required to retire before 55 years of age, those who are sole bread-winners should be allowed to withdraw their CPF contributions earlier and not have to wait until they are 55 years old.

Providing for new needs

1. The provisions in Part IV of the Employment Act governing hours and days of work should be modified to facilitate (a) introduction of five-day week of 44 hours in conformity with energy-saving measures; (b) computation of overtime payment for such five-day week; (c) more stringent enforcement of maximum 12 working hours a normal day in conformity with the policy to promote safety; (d) safeguards against excessive fragmentation of working hours of shift workers in conformity with the policy to promote the quality of life for workers.
2. The provision for ex parte application to the Industrial Arbitration Court under section 31 of the Industrial Relations Act should not be confined to matters relating to NWC recommendations but also be extended to other industrial matters in conformity with the policy to obviate the need for industrial action. At present, reference of a matter to court by the Minister is a cumbersome method and if one party declines to join the making of a joint application, the other party may have no choice but to strike or lock-out.
3. Since section 35(1) of the Industrial Relations Act is to enable the Industrial Arbitration Court to intervene in victimisation cases, reference should be by ex parte application direct

to the court. Any processing to be done can be done by the Registrar.

4. The absolute right of an employer to fire or retrench under section 17 of the Industrial Relations Act should be reviewed in conformity with the policy to discourage job-hopping. Job-hoppers as distinguished from retrenched workers are deprived of NWC recommended wage increases in their first year of service with new employers. But employers are not precluded from granting sufficiently high starting pay to compensate for such deprivation and, thus, encourage job-hopping.
5. There is a need to relate the Industrial Relations Act to other statutes. For example, many foreign companies maintain an office in Singapore with a local director resident in Singapore. Under company law, a director cannot be held responsible for the obligations of a company. But a union may enforce through the Industrial Arbitration Court the rights of its members only against such local director resident in Singapore, as the other directors are outside the jurisdiction of the Industrial Arbitration Court. As it is at present, it may be a futile exercise for a union to seek recognition from or negotiate with such a company.



"Future Direction Of The Singapore Labour Movement"

Mr. Ong Yen Her

INTRODUCTION

The growth of the labour movement depends very much on the ability of trade unions to safeguard and promote the interests of the workers. However, the ability to fulfil these objectives in the long run is closely connected with the overall economic development of the country in which the labour movement has an important role to play. If there is economic stagnation or insufficient economic growth, trade unions may find that many of their members will be out of jobs and their ability to safeguard and enhance the interests of their members will be greatly reduced. This is particularly true for developing countries many of which have yet to overcome their serious problems of unemployment and underemployment.

Singapore is an island State and apart from its people, has no natural resources. This means that we have to depend on our human resources and foreign investment if our industrialization programmes are to be successfully carried out. Trade unions in Singapore therefore need to accept the fact that they are operating under conditions which are very much different from those in the developed countries and those countries with very rich natural resources. As a matter of priority, unions need to play a constructive role in the strive for rapid industrialization and to ensure that economic progress is justly shared by the workers.

The National Trades Union Congress (NTUC) accepts the fact that Singapore's industrialization programmes must depend on foreign investors especially the multinational corporations for their capital, managerial skills, technical know-how and their access to foreign markets. It also believes that the successful implementation of our industrialization programmes will promote rapid economic growth, high levels of employment and high standards of living for the workers. In line with this thinking, the NTUC has adopted a rational approach to help promote industrial peace with justice so that our industrialization programmes can be smoothly carried out and the fruits of economic advancement can be shared by all. This requires trade unions, employers and the government to cooperate with each other as equal social partners in the spirit of tripartism.

In late 1969, the NTUC organised a Seminar on the Modernization of the Labour Movement to examine the political and socio-economic conditions under which organised labour was to function and to find ways and means which would enable the labour movement to play a more active role in the

process of nation-building. The Seminar made several important recommendations which included the following:—

- (a) The establishment of workers' cooperatives so as to give labour a stake in the national economy.
- (b) The recruitment of full-time professional staff to the labour movement for more effective leadership.
- (c) The increase of union subscription so that the finances of the labour movement would be strengthened.
- (d) The promotion of tripartism involving the government, the employers and labour for the purpose of achieving higher productivity, higher efficiency and faster economic growth.

All these recommendations were accepted by the NTUC and their implementation in the last 10 years had directly or indirectly helped to contribute to the following results:—

- (1) Unprecedented economic growth and significant increase in our GNP (see Appendix I)
- (2) High levels of employment (see Appendix I)
- (3) Harmonious industrial relations (see Appendix II)
- (4) Higher wages and higher standard of living for our workers (see Appendices III and IV)
- (5) Higher status of workers in society
- (6) Almost 3-fold increase in union membership under the NTUC (see Appendix V)
- (7) Workers representation in all major statutory boards and the National Wages Council (NWC) (see Appendix VI)
- (8) Better working environment and working conditions
- (9) Successful development of workers' cooperatives which aim at fulfilling important social objectives such as lower cost of basic commodities for workers through Welcome and other supermarkets owned by NTUC affiliates, insurance scheme for workers and their families through Income, taxi ownership through Comfort for thousands of operators who otherwise could not afford to purchase their own taxis, etc (see Appendix VII)
- (10) Almost 8-fold increase in total gross assets of the NTUC and its affiliates (from \$3.8 million in 1970 to \$29.1 million in 1978)
- (11) The establishment of the Singapore Labour Foundation for the benefit of all workers.

FUTURE CHALLENGES

Our success in industrialization in the last 15 years is closely connected with the responsible and constructive role played by the trade unions. Trade unions have also played a significant role in helping the workers obtain a fair share in our expanding economy. However, this does not mean that our continued economic growth can be taken for granted. On the contrary, a high rate of economic growth can only be something of the past if we do not prepare ourselves to meet the new challenges ahead.

The need to strive for economic growth and to ensure that our industrialization is moving to a higher stage must be recognised by all Singaporeans if we wish to maintain our high levels of employment and to improve our social and economic conditions. To achieve these objectives, unions, employers and the government must be ready to meet major problems arising from political and economic uncertainties in the next decade. Firstly, the political and military development in Indochina may lead to political instability in other parts of Southeast Asia. Political instability in our region will have

adverse effects on our efforts to attract foreign investments which are important to our island Republic. The joint effort of Asean in which Singapore is a member to maintain political stability in our region is therefore vital. Secondly, there is a threat of increasing protectionism against our goods and services from the developed countries. This can be seen from the current International Civil Aviation Policy (ICAP) adopted by the Australian government and a series of unfraternal actions taken by the International Transport-Workers Federation (ITF) against flag-of-convenience ships registered in the developing countries. The threat of protectionism also comes from our competitors in the developing world who wish to protect their own products and services. In addition, our goods and services in the international markets will also be facing increasing competition from the less developed countries, in particular China. Thirdly, there is a serious problem of oil shortage and the tremendous increase in prices of oil and other raw materials for our industries. Currently, we are also facing the problem of a labour shortage. Unless we can use our manpower more productively in the next decade, our reliance on foreign workers will continue and this may have adverse effects on our social and economic environment.

To meet these challenges, the government has recently adopted new economic strategies to upgrade the technology of our industries so that we would be in a better position to improve the social and economic well-being of the people. However, the success of our new economic policy depends very much on our ability to attract high technology and high value-added industries. Our experience in the last 1½ decade shows that we still have to accept the economic fact that foreign investment, especially those of capital intensive and high technology will only be attracted if we have all the favourable conditions for investment. This means that we must have political and industrial stability and a workforce with high skills, good discipline and high productivity. In the face of these challenges, the role of the labour movement in the 1980s is vital.

Basic Objectives and Strategies of the Labour Movement in the Next 10 Years

To ensure that the labour movement will continue to play a responsible and constructive role in helping the workers and the nation to meet the new challenges, the NTUC must strive for the fulfilment of two primary objectives, i.e. the attainment of rapid economic growth and the improvement of the social and economic well-being of our workers.

A sufficient rate of economic growth which is a pre-condition for maintaining a high level of employment must be the basic objective of the NTUC in the next 10 years if the unions are to play a responsible and constructive role. Unless we can attain sufficient economic growth and create enough jobs for thousands of our school leavers in the next decade, we may have to face the bitter experience of serious unemployment and underemployment of the 1950s and the early 1960s. Mass unemployment and underemployment in many developing countries have brought additional hardship to the working population and aggravated social injustice in the society. The NTUC, as the National Centre of organised labour in Singapore, must therefore work towards achieving the objectives of economic growth and maintenance of high levels of employment. Another basic objective of the NTUC must be the strive for a fair share of the growing economic cake for the workers whom it represents. To achieve

these two primary objectives, the NTUC need to identify the important strategies which would serve as policy guidelines to the entire labour movement. ⁽¹⁾

(a) Promotion of Tripartism as an Important Basis for Economic Growth and Social Justice

One of the most important contributing factors of our past economic success was the existence of a general consensus amongst the government, the employers and the trade unions that cooperation instead of confrontation would ensure a better future for all. Without such a consensus it is doubtful that tripartism can effectively be promoted and Singapore could achieve its present level of economic development. At the Inaugural Dinner organised by the Singapore Labour Foundation on 3 February 1979, Dr Goh Keng Swee pointed out that an important element of Singapore's success was that the labour movement, business corporations and government had established a cooperative and not an antagonistic relationship with one another. According to him, "we have achieved this not because we are intellectually, morally or in other ways superior to other societies where the three parties find themselves in conflict more often than in harmony. In Singapore, government, business and labour just have to work together; otherwise we cannot survive. It is this common recognition among the three groups, borne out of experience, that had made it possible for an over-crowded city state with no natural resources to have achieved the economic successes of recent years".

Tripartism has been effectively extended to the key statutory boards where trade union representatives have a say in the major policy-making process of these organisations. Tripartism which has been manifested in the form of the NWC has also ensured that cooperation between the three parties will bring them more benefits in the long run. It should be strengthened and extended to other areas such as the training, retraining and upgrading of skills of workers jointly undertaken by the three parties concerned. In line with the fact that the government, business and labour need to work together for survival and for a better future, tripartism should also be extended to the highest level in the form of a national tripartite convention where leaders from trade unions, employers associations and government can meet regularly to consult each other on matters of vital interest to the nation. This national convention is essential because it will not only bring about a better understanding of the views of the three parties concerned on major national issues but it can also help to promote a higher degree of consensus in the country.

(b) Promotion of Harmonious Industrial Relations

The importance of industrial stability to our economic progress in the last 10-15 years has been proven. The promotion of harmonious industrial relations as an important condition for attracting foreign investment must continue to be the basic strategy of the labour movement if we are to ensure economic growth and maintain a high level of employment. Its importance to Singapore, a small island which does not possess any natural resources, must be fully recognised by the trade unions and the workers. However, industrial peace must be achieved with justice and this must necessarily involve the continued cooperation and imple-

(1) This paper will not include labour legislation and workers cooperatives as these subjects will be covered by other Seminar papers.

mentation of enlightened policies on the part of the employers and the government. It is therefore important for the three parties concerned as equal social partners in the society to make special efforts to ensure a high degree of consensus and a total commitment on the need to promote harmonious industrial relations with justice. A rational approach to the settlement of industrial disputes should be adopted by the three actors of industrial relations (government, employers and unions). This means that industrial disputes should be settled by means of mature negotiation and consultation between the disputing parties. The improvement of bargaining techniques and the acquisition of relevant knowledge by union leaders and industrial relations officers are therefore essential. Similarly, industrial relations staff from the management as well as conciliation and arbitration officers of industrial disputes from the government are expected to do likewise for the same purpose.

(c) Collective Bargaining

Since 1972, collective bargaining relating to wage increases has been governed by the NWC guidelines. While such an income policy has helped to improve the competitiveness of our goods and services in the international markets in the last few years, it has also resulted in keeping low technology and low value-added industries in Singapore. Such industries will not be viable in the long run, especially when other developing countries will also develop the same industries. This is also an important reason why the government has decided to take drastic measures to upgrade the technology of our industries.

The government's decision to change its basic economic strategies to attract high technology and high value-added industries in place of our existing low technology industries will have important effects on the role of the NWC and the system of collective bargaining in Singapore. In response to this change in economic strategy, the NWC has already recommended for 1979 a very high percentage of wage increases which aims at forcing existing labour intensive industries to upgrade their technology. Since such a change will have important repercussions on the industries and our system of collective bargaining, it is time for the government, employers and the unions to review the future role of the NWC in the light of the new economic policies.

As far as collective bargaining is concerned, the present NWC guidelines will not be sufficient to meet the requirements of each industry as the performance and prospects of one industry will be different from another. It would therefore be more appropriate for the NWC to recommend its wage guidelines on an industry-wide basis. In this respect, the proposed industrial union structure in paragraph (d) below is most relevant. If our unions can be organised along industrial lines and the NWC can also make its recommendations according to the conditions of each industry, industry-wide bargaining in Singapore will be possible. This will also help to successfully implement the new economic policy.

(d) Establishment of a Rational Union Structure

The establishment of a rational union structure to facilitate the fulfilment of union objectives is of paramount importance to the labour movement. Unless a proper structure is established, the effectiveness of the union in carrying out its functions would be adversely affected.

Industrial and economic developments in the last 15 years have brought about major changes to the Singapore economy which requires suitable structural adjustments by various social and economic institutions. If unions are to grow and function effectively in the next decade, their organisational units and the distribution of authority need to be related to our industrial environment. Therefore, with changes in industries, the structure of unions must be adjusted accordingly so that unions can play a more effective role in improving the well-being of their members.

The present structure of the NTUC affiliated unions has been developed from the earlier period when industrialization was almost non-existent or at its infant stage. Different types of trade unions comprising individual enterprise house unions, civil service unions, industrial unions, general unions, statutory boards employees' unions, and unions based on common occupations or professions were formed and affiliated to the NTUC. Although the labour movement is now operating in an entirely different environment, the abovementioned organisational structures have remained basically unchanged since their establishment. Over the years, some of the affiliates, particularly the general unions which recruit their members from different industries and occupations have expanded beyond recognition. On the other hand, the majority of the house unions and unions based on common occupations continue to remain small. The uneven distribution of membership of the NTUC affiliates can be seen from Appendices VIII and IX.

It is significant to note from Appendix VIII that 27 (or 52.8%) out of a total of 51 affiliates of the NTUC have membership of less than 1,000. Of these 27, sixteen of them have membership of less than 500. In terms of total membership strength (see Appendix IX), general unions occupy 47.1% of the total membership whereas the house unions and unions based on common occupations only comprise 2.8% and 8.3% respectively although the latter consist of 20 (or 39.2%) (see Appendix VIII) of the total number of affiliates of NTUC. From the overall viewpoint of the labour movement, the uneven distribution of the union membership is undesirable because the effectiveness of the small unions are often affected by the lack of manpower and financial resources. The present structure often gives no clear cut division as to which particular group of employees should be represented by a particular union. As a result, multi-unionism and jurisdictional conflicts between NTUC affiliated unions cannot be avoided. Examples can be seen from the existence of more than one NTUC affiliate representing employees in a single establishment and the conflict of representation between the industrial unions and the general unions under the NTUC.

Another problem is connected with the expansion of the general unions which represent workers from a variety of industries. When industries were few and simple, the general unions had little difficulty in carrying out their roles effectively. However, as industries grow and become more complex, the practice of industrial relations also becomes more complex and demanding. Unlike unions in the 1950s and the early 1960s where the settlement of disputes was often decided by the test of strength, union leaders and industrial relations officers (IROs) must now possess good knowledge of various factors and conditions affecting the development of an industry if they are to be effective in helping their members of that industry. They must also be fully aware of the problems and aspirations of their members. This

means that union leaders and IROs should acquire specialised knowledge of a particular industry and of the needs and aspirations of their members in that industry.

Unlike industrial unions where union leaders and IROs specialise on the industry their union is representing, generally unions tend to deploy their leaders and IROs to meet immediate demands of workers from the various industries. As a result, their leaders and IROs cannot concentrate on serving workers in a particular industry. This situation is often aggravated by the high turnover rate amongst the IROs. Since general unions are more inclined to train generalists rather than specialists, the knowledge of generalists on any single industry and problems of workers in a particular industry will not be thorough. This will put them in an unfavourable position when they deal with management's professional staff and specialists in their respective industries.

If trade unions were to be effective, they must be able to closely monitor the development of each industry so that appropriate action can be taken to safeguard the interests of their members. However, with the expansion of the general unions which represent workers from a variety of industries, it would be difficult for the unions to do so.

General unions will also have great difficulty in meeting the demands of their members from different industries as the conditions and prospects vary from industries to industries. The industrial problems that are important for one industry may be of no consequence to another. On the other hand, the continuation of house unions which tend to emphasize parochialism will deter the National Centre from giving effective service to the members at large. It is therefore important for the leaders and the rank and file of the trade unions to realise that structural change is necessary and that a new union structure must be evolved to meet the new challenges.

The shortcomings of house unions, general unions and unions based on common occupations or professions can largely be avoided if our unions are organised on industry-wide basis. Such a structure means that workers working in a particular industry would be represented by a particular industrial union. Industrial unions will enable their leaders and IROs to concentrate on the needs of their members and matters relating to the industry concerned.

Due to the specialisation of their duties in a single industry, trade union leaders and IROs would be in a better position to acquire sufficient knowledge of the industry to deal with personnel and industrial relations specialists from the management side. The industrial union structure will also enable the NWC to recommend wage increases according to the performance and prospects of each industry and make it possible for collective bargaining to be carried out at the industry-wide level. An important condition for the NWC to recommend wage increases according to industry is the replacement of other types of unions with industrial unions.

If workers from a particular industry could be represented by an industrial union, multi-unionism and inter-union rivalries and conflicts as well as membership overlapping would be greatly reduced. Industrial unions may also be in a better position to help strengthen the identity of the workers with their respective industries.

(e) Better Coordination and Closer Rapport within the Labour Movement

While a primary objective of the affiliates is to protect and improve the interests of their respective members, their decisions and activities to pursue this objective may have adverse effects on other affiliates or the labour movement as a whole. It is therefore important that good coordination and close rapport are established within the labour movement. At present, there is a lack of coordination and rapport between the NTUC and its affiliates and also among the affiliates themselves. One way of improving the situation is to hold regular meetings or consultations involving affiliates with common problems. This can be achieved through the setting up of a permanent committee consisting of top affiliated union leaders from the same sector (e.g. banking, insurance and commercial sector, public and statutory boards sector, manufacturing sector, etc.). At the national level, the Industrial Affairs Council of the NTUC can play a more active role in this area.

(f) Union Leadership

There is an urgent need for the NTUC and its affiliates to recruit and groom second generation leaders who are dedicated to the labour movement and are accepted by the rank and file. They must also be persons who are fully aware of the political and economic challenges facing Singapore and can respond rationally and positively to such challenges with the interest of the workers and the nation at heart. An important reason why some capable and experienced union leaders and industrial relations officers do not remain in the labour movement is that their salaries are very much lower than their counterparts working for the management. While the importance of monetary remuneration should not be over emphasized, the labour movement must take positive steps to provide realistic terms and conditions of service for union leaders and officers. This will help to recruit and retain a core of capable and experienced officers who can play an important role in the labour movement.

(g) Establishment of a Labour Institute

If trade unions are to be effective in improving the social and economic well-being of its members in the 1980s, there must be a permanent institution which can provide systematic training for union leaders and IROs who can carry out their duties effectively. The existing educational and training facilities and programmes for union officials will not be sufficient to meet this need. To ensure that proper training be given to existing and future union leaders and IROs, the setting up of a labour institute for this purpose should be considered. In this aspect, the labour institute can be a meaningful project for the Singapore Labour Foundation. Since the training of union leaders and IROs can be considered as part of our national manpower training, the labour movement may consider seeking financial support from the Skills Development Fund for the proposed labour institute.

(h) Training, Retraining and Upgrading of Skills of Workers

Low labour cost was an important factor that attracted foreign investors to Singapore in the early stages of our industrial development. Many of our existing manufacturing industries are labour-intensive rather than capital intensive. However, due to shortage of workers and the

increase in labour cost, it may no longer be viable for foreign investors to set up such industries in Singapore. In fact, some of our existing labour-intensive and low skill industries have already extended their operation to other countries where the supply of labour is plentiful and labour cost is low.

In response to these developments, the government has moved to encourage the development of industries with high technology or high value-added products so that our workers will have better prospect for employment and higher standards of living. It has therefore been decided to gradually phase out our existing labour-intensive industries. However, by doing so, we must ensure that we can replace them with skill intensive, high technology industries. Among other factors, our success in attracting these industries will depend on our ability to supply sufficient skilled personnel who can meet the requirements of these new industries.

While training of skilled personnel in the past has been conducted at the various vocational institutes and through some joint training schemes, such training in terms of quantity and quality will not be sufficient to meet future requirements of the new industries which we hope to attract. Besides training school leavers, one important area which has not received sufficient attention is the retraining and upgrading of skill among our existing workers. A thorough study of skilled manpower supply and demand should be carried out so that a more comprehensive training scheme, providing effective training, retraining and upgrading of skills can be accordingly drawn up for implementation.

Since industrial training of this nature is important to all the three parties concerned, it is unrealistic that such a major task should be left to the government, employers or the trade unions alone. The three parties concerned should therefore be involved in ensuring that the Skills Development Fund currently administered by the EDB can be meaningfully used for the abovementioned purposes.

(i) Increase in Productivity

It is important for all workers and union leaders to be fully aware that the competitiveness of our goods and services is closely connected with our wages and productivity. Unless the increase in productivity of our workers match with or is higher than our wage increases, it would be difficult for us to maintain the competitiveness of our products and services in the international markets.

The increase in productivity must therefore not only be the concern of the management, it must also be the concern of the workers and trade unions. In this respect, it is relevant to refer to a study on productivity in Singapore recently carried out by the Asia Research News Analysis Team. The study disclosed that the productivity of Singapore workers is below that of Korean workers and is very much lower than those in Japan and the United States. More alarmingly is that the study showed that average productivity per worker from 1974 - 78 has also declined. (2) On the other hand, we should also learn how Japan had successfully achieved the balance between real wage increases and increases in productivity from 1955 - 1972.

(2) The Straits Times, October 1 and 2, 1979

**Comparison of Rising Employee Income with Rising
National Productivity (Annual Rate) ⁽³⁾**

	1955-1972	1955-1960	1960-1965	1965-1972
Employee per Capita Income (%)				
Nominal	11.5	6.8	12.8	14.1
Real	6.6	4.9	6.2	8.1
National Productivity (%)				
Nominal	13.5	11.0	13.7	15.2
Real	8.7	7.4	8.4	9.9

It can be noted from the above that during the period 1955-1972, real increases in national productivity were higher than real wage increases thus making Japanese products and services more competitive in the international markets than those of other countries. Due to the substantial increase in productivity, Japan had been able to achieve faster growth rate than other developed countries. Increase in productivity and economic growth also enabled the workers to have substantial real wage increases as shown in the Table.

It is thus vital for the workers, trade unions and management to ensure high productivity so that our products and services would not be priced out of international markets. Unless the productivity of our workers can be higher than wage increases, our economic growth and eventually the standard of living of our workers will be adversely affected.

For this purpose, greater efforts must be made by government, trade unions and employers to set up productivity committees. The Ministry of Labour and the National Productivity Board should make a special effort to activate the setting up of more productivity committees in companies. As a first step, productivity committees can be set up in the statutory boards such as PSA, PUB, HDB, etc. and the big enterprises in the private sector. At the later stage, they can be extended to cover other establishments. Perhaps, the unions can also take the initiative to set up productivity committees in some of its enterprises.

(j) Wage Structure

There are many different wage payment systems in Singapore — salary scale, salary range, short-time scale and rate for the job. The salary scale is the most commonly adopted in Singapore especially for white collar workers. Rate for the job and short-time scale are more common in the manufacturing sector. While there are pros and cons of each salary system, there may be a need for Singapore to consider the wider implementation of the rate for the job system or short-time scale in view of the fact that our society is based on meritocracy. Further, our new economic policy which emphasizes on the learning and upgrading of skills as well as

⁽³⁾ Katsumi Yakabe (ed), Labour Relations in Japan, International Society for Education Information, Japan 1974

high productivity means that workers who are more skilled and more productive must be rewarded accordingly. The time scale salary system therefore may not be desirable as advancement of an employee is largely governed by his length of service or seniority rather than his actual output. Long service workers may lose their drive to upgrade their skills as their advancement is basically guaranteed by the long salary scale. On the other hand, young enthusiastic and productive workers may become disillusioned in that their advancement opportunity is restricted by their limited years of service.

If our wage system is to encourage our workers to constantly upgrade their skills, a system giving rewards to workers according to his actual output or performance may be more appropriate. Rate for the job system will be more suitable for those working in the manufacturing and related sectors where the performance or output of an employee can be quantified. However, it may not be suitable for white collars jobs where the performance of an employee is difficult to measure. In such cases, a shorter time scale or salary range system can be introduced. To ensure that such salary systems provide fair and just assessment of the work performance of the workers, objective job evaluations for the purpose of evaluating the job according to its worth should be regularly carried out.

(k) Collection and Analysis of Information

As industrial relations in Singapore is becoming more and more sophisticated, it is essential for the trade unions to collect and analyse data which are required for policy making and for effective day-to-day operation. Lack of information has often affected the effective functioning of the trade unions. Unlike industrial relations in the 1950s and the early 1960s when collective bargaining was mainly based on threat and intimidation, the practice of industrial relations to-day requires rational negotiations together with facts and figures. Trade unions, like other modern organisations must therefore set up or strengthen their respective research unit to collect and analyse relevant data so that they can carry out their functions more effectively. It is relevant to point out that research is an important activity of the Japanese, Swedish and West German trade unions. Their research activities have contributed significantly to the effective functioning of their unions.

(l) Direct Membership

Under our existing system, a worker must join one of the NTUC affiliates if he wishes to become a union member. His subscriptions are paid to the affiliate concerned which in turn allocates 25% of the fees collected to the National Centre. If the labour movement is to build up a strong labour economy so that more services can be provided by the National Centre, a higher percentage of the subscriptions collected should be allocated to the National Centre.

There are two alternative ways in which this objective can be attained. The first one is to let the present membership system continue but only increase the percentage of affiliation fees. Alternatively, a system of direct membership to the NTUC can be introduced. The second alternative means that a worker will directly join the National Centre as an NTUC member. He will also be a member of an affiliated union. If such a system is adopted, a member may have to pay his subscription directly to the National Centre which in turn will

allocate a portion of its resources to the affiliated union concerned. In fact, direct membership can also be open to all those who wish to enjoy the various benefits provided by the National Centre but do not want to be members of any affiliated union or cannot join a trade union due to the nature of their employments. One of the advantages of having such a system is that the National Centre will have sufficient financial resources to provide more services for members. Strong financial position will thus enable the National Centre to embark on major projects which individual affiliates are incapable of doing. It will also greatly help the labour movement to build up a strong labour economy in the Republic.

CONCLUSION

In the final analysis, the successful implementation of the abovementioned policy guidelines for the purpose of fulfilling the two primary objectives of the NTUC (ie the promotion of economical and industrial development and the improvement of the social and economic well-being of the workers) depends primarily on two main conditions. Firstly, it depends on the support of its affiliates and their members in implementing such guidelines. Secondly, the promotion of tripartism in Singapore as a basis for economic progress and social justice must necessarily depend on the cooperation and total commitment on the part of the government, employers and workers.



UNEMPLOYMENT RATES, PER CAPITA INDIGENOUS GNP AND GROSS DOMESTIC PRODUCT (1966 - 1978)

YEAR	UNEMPLOYMENT RATE	PER CAPITA INDIGENOUS GNP AT CURRENT MARKET PRICE (S\$)	GDP AT CURRENT MARKET PRICE	GDP AT 1968 MARKET PRICE
1966	8.9%	-	-	-
1967	8.1%	1,819	-	-
1968	7.3%	1,949	4,315.0	4,315.0
1969	6.7%	2,189	5,019.9	4,906.1
1970	6.0%	2,404	5,804.9	5,579.3
1971	4.8%	2,761	6,823.3	6,276.7
1972	4.7%	3,206	8,155.8	7,119.7
1973	4.5%	3,849	10,205.1	7,941.3
1974	4.0%	4,491	12,543.2	8,445.2
1975	4.5%	4,798	13,373.0	8,790.3
1976	4.5%	5,087	14,575.2	9,447.4
1977	3.9%	5,525	15,974.3	10,210.2
1978	3.6%	5,982	17,562.9	11,091.7

**INDUSTRIAL STOPPAGES, WORKERS INVOLVED AND MAN-DAYS LOST
(1955 - 1979)**

PERIOD	INDUSTRIAL STOPPAGES	WORKERS INVOLVED	MAN-DAYS LOST
1955	275	57,433	946,354
1956	29	12,373	454,455
1957	227	8,233	109,349½
1958	22	2,679	78,166
1959	40	1,939	26,587½
1960	45	5,939	152,005½
1961	116	43,584	410,889
1962	88	6,647	165,124
1963	47	33,004	388,219
1964	39	2,535	35,908
1965	30	3,374	45,800
1966	14	1,288	44,762
1967	10	4,491	41,322
1968	4	172	11,447
1969	0	0	8,512*
1970	5	1,749	2,514
1971	2	1,380	5,449
1972	10	3,168	18,233
1973	5	1,312	2,295
1974	10	1,901	5,380
1975	7	1,865	4,853
1976	4	1,576	3,193
1977	1	406	1,011
1978	0	0	0
1979(Sept)	0	0	0

*Man-days lost carried forward from 1968.

MODAL MONTHLY INCOME PER WORKER : 1965 & 1975

	1965	1975	1975 over 1965	
			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: 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

Average Absolute and Real Monthly Income of Workers, 1975 - 78

Period	Consumer Price Index (Nov 72 = 100)	Absolute Income (For all workers)	Real Income (For all workers)
1975 (Aug)	148.2	\$481.30	\$324.76
1976 (Aug)	143.8	\$503.88	\$350.40
1977 (Aug)	151.5	\$538.55	\$355.48
1978 (Aug)	157.7	\$568.88	\$360.74
Increase between 1975-78	9.5 or 6.41%	\$87.58 or 18.20%	\$35.98 or 11.08%

Data Source: 1978 Singapore Yearbook of Labour Statistics, Ministry of Labour, May 1979 and Yearbook of Statistics Singapore 1977/78, Department of Statistics, Singapore

Appendix IV

IMPROVEMENT IN SINGAPORE'S LIVING STANDARDS BY SELECTED INDICATORS, 1965 & 1978

Indicator	1965	1978
1. Per Capita Indigenuous GNP (at current prices)	\$1,567	\$5,982
2. Unemployment rate	9%	3.6%
3. TV set ownership	1 TV set for every 29 persons	1 TV set for every 6-7 persons
4. Telephone ownership	1 phone for every 22 persons	1 phone for every 4 persons
5. Private car ownership	1 car for every 18 persons	1 car for every 17 persons
6. Bus services	1 bus for every 1,166 persons	1 bus for every 397 persons
7. Taxi services	3,200 taxis	7,600 taxis
8. Percentage of population living in HDB flats	23%	64%
9. Percentage of population with modern sanitation facilities	50%	75% (1977)
10. Annual per capita expenditure on furnishings and household appliances	\$ 157.00	\$ 256.00 (1977)
11. Annual per capita expenditure on cultural pursuits, recreation, entertainment & education	\$ 126.00	\$ 367.00 (1977)
12. Per capita savings (fixed and savings deposits)	\$ 405.00	\$2,770.00 (1977)

Sources: The Mirror, August 16, 1976, and March 13, 1978; Yearbook of Statistics Singapore 1978/79.

GROWTH OF TRADE UNIONS (1946 - 1979) & PERCENTAGE OF NTUC MEMBERSHIP TO TOTAL ORGANISED LABOUR

Year	Union	Total Union Membership	NTUC Membership	Percentage of NTUC membership to total organised labour
1946	8	18,673	—	—
1947	126	96,060	—	—
1948	118	74,367	—	—
1949	93	47,301	—	—
1950	91	48,595	—	—
1951	107	58,322	—	—
1952	122	63,831	—	—
1953	133	73,566	—	—
1954	136	76,452	—	—
1955	187	139,317	—	—
1956	205	157,216	—	—
1957	216	140,710	—	—
1958	218	129,159	—	—
1959	176	146,579	—	—
1960	130	144,770	—	—
1961	124	164,462	—	—
1962	122	189,032	—	—
1963	112	142,936	—	—
1964	106	157,050	101,824	64.8%
1965	108	154,054	112,635	73.1%
1966	108	141,925	104,526	73.6%
1967	108	130,053	92,936	71.5%
1968	112	125,518	88,401	70.4%
1969	112	120,053	85,558	71.3%
1970	102	112,488	85,422	76.0%
1971	100	124,350	96,227	77.4%
1972	97	166,988	142,162	85.1%
1973	92	191,481	168,090	87.8%
1974	90	203,561	189,214	93.0%
1975	89	208,561	197,510	94.7%
1976	91	221,936	211,956	95.5%
1977	90	229,056	215,522	94.1%
1978	89	236,907	226,257	95.5%
1979 (July)	86	242,253	231,268	95.5%

Source: Compiled from Ministry of Labour Reports Government of Singapore

Workers' Representation in Key Statutory Boards in Singapore

- a) The Port of Singapore Authority
- b) The Economic Development Board
- c) The Housing and Development Board
- d) The Public Utilities Board
- e) The Telecommunications Authority of Singapore
- f) The Vocational and Industrial Training Board
- g) The Central Provident Fund Board
- h) The Singapore Tourist Promotion Board
- i) The National Productivity Board
- j) The National Maritime Board
- k) Jurong Town Corporation
- l) National Wages Council
- m) Singapore Family Planning and Population Board
- n) Singapore Metrication Board
- o) National Safety First Council
- p) Junior Trainee Scheme Advisory Council

NTUC AND ITS AFFILIATES' COOPERATIVES

(A) NTUC Co-operatives

- 1) NTUC Workers' Cooperative Commonwealth for Transport Ltd (COMFORT)
 - a) 4,500 taxis
 - b) 350 mini buses
 - c) 38 City Shuttle buses
- 2) NTUC Co-operative Insurance Commonwealth Enterprise Ltd (INCOME)
 - a) Individual life insurance policies – 55,000 policies issued involving \$325 millions sums assured and 1 out of every 3 life insurance policies sold in Singapore.
 - b) INCOME also underwrites various portfolios of general insurance policies.
- 3) NTUC Welcome Consumers' Cooperative Ltd (WELCOME) – 12 supermarkets
- 4) NTUC Co-operative Dental Care Society Ltd (DENTICARE)
- 5) NTUC Fairdeal Book Cooperative Ltd (FAIRDEAL)
 - a) 2 retail centres
 - b) 28 bookshops in schools

(B) Affiliates' Cooperatives

- 1) SILO Multipurpose Cooperative Society Ltd
 - a) 15 supermarkets
 - b) 7 canteens
 - c) 1 home appliances centre
 - d) 1 printing press
- 2) PIEU Multipurpose Cooperative Society Ltd
 - a) 3 supermarkets
 - b) 1 restaurant
- 3) SATU Multipurpose Cooperative Society Ltd – 2 canteens
- 4) SILO/PIEU/SATU Joint Venture – The Big Splash – an aquatic sports complex to provide recreational and sports facilities for members.
- 5) SMMWU Multipurpose Cooperative Society Ltd
 - a) 3 supermarkets
 - b) 1 home appliances centre

- 6) AUPE Multipurpose Cooperative Society Ltd
 - a) 1 Thrift and Loan Cooperative
 - b) 1 consumers' cooperative
- 7) SPWU Multipurpose Cooperative Society Ltd
 - a) 1 restaurant
 - b) 1 consumers' cooperative
- 8) FDAWU Multipurpose Cooperative Society Ltd – 1 restaurant
- 9) Keppel Shipyard Employees Multipurpose Cooperative Society Ltd
2 consumers' cooperatives
- 10) Public Daily Rated Workers' Union Consumers Distribution Centre
1 consumers cooperative



TYPES OF UNIONS AND THEIR MEMBERSHIP STRENGTH AS AT MAY 1979

Types of Unions	Size of Membership										Total No of Union	
	Less than 100	100-499	500-999	1000-2999	3000-4999	5000-7499	7500-9999	10000-19999	20000-29999	30000-49999		50000-75000
House Unions	1	2	2	2	-	-	-	-	-	-	-	7 (13.7%)
Unions based on common occupation or profession	2	5	3	1	1	-	-	1	-	-	-	13 (25.5%)
Civil Service Unions (including certain employees from statutory boards)	-	4	3	2	1	1	-	-	-	1	-	12 (23.5%)
Statutory Boards Employees' Unions	-	2	2	2	3	1	-	-	-	-	-	10 (19.6%)
Industrial Unions	-	-	1	2	1	1	-	1	-	-	-	6 (11.8%)
General Unions	-	-	-	-	-	-	1	1	1	-	1	3 (5.9%)
Total	3 (5.9%)	13 (25.4%)	11 (21.5%)	9 (17.6%)	6 (11.8%)	3 (5.9%)	-	3 (5.9%)	1 (2.9%)	1 (2%)	1 (2%)	51 (100%)

TYPES OF UNIONS AND THEIR TOTAL MEMBERSHIP STRENGTH AS AT MAY 1979

Types of Union	Total Membership
General Unions	107,616 (47.1%)
Industrial Unions	22,450 (9.8%)
Civil Service Unions including public daily-rated employees' unions	48,119 (21%)
Statutory Boards Employees' Unions	25,110 (11%)
House Unions	6,378 (2.8%)
Unions based on common occupation or profession	9,024 (8.3%)
Total	228,697 (100%)



"Developing The Singapore Worker In The 80s"

Dr. Ahmad Mattar
Ag Minister for Social Affairs

We have long realised that our greatest resources are our own people. In the past it has been the adaptability, trainability and willingness to work hard of our people that has translated the vision of our planners into the achievements of modern Singapore. But gone are the days of cheap and plentiful labour. The success of our family planning promotional efforts will increasingly manifest itself in lower rates of entry into the labour market. The deliberate restructuring of our economy in the new industrial era will put a premium on the careful use of labour. This means that human resource development will figure much more importantly than it already does.

The development of human resources has many aspects. As this seminar concerns itself with the worker level, it is the development of workers that I would now like to focus on.

For a developing country, Singapore undoubtedly demands a great deal of her workers. They are exhorted not only to develop a high degree of skills and improve their productivity, but also to exhibit all the possible good attitudes to work. They are urged to attain levels of skill and productivity comparable to those prevalent in the most advanced industrialised nations which have had a settled people for generations and a much longer industrial development. To add to the load of our workers, while these job skills are being developed, they are simultaneously expected to improve their bilingual skills and build up the qualities that would make them good citizens – for we are a young nation still in the process of carving out a sense of national identity. When we remember that it was only a little over a decade ago, in 1968, that technical education and vocational training were given the impetus of intensive development in the national plan, it becomes all the more remarkable that we should in this short space have built up such high expectations of the Singapore worker.

Yet for the next decade we demand still more. We expect to further accelerate the rate of skills development. And to this is added a further element – the personal development of each worker, each citizen, to realise, as far as possible, his maximum potential. These are ambitious goals we have set ourselves – goals which countries with far greater experience and resources than we possess, have long struggled to attain. Must we then fail?

By no means. Success or failure in this is not a matter of absolutes, judged by whether or not we attain our final goals, for that is humanly impossible. Rather, we measure it by the distance we have travelled from our starting point, along the path we have charted. In the final analysis, do we enjoy a better life that we did before? That is the acid test.

So, in striving towards our goals for the second industrial revolution, I have no doubt that we shall

make headway, barring unforeseen world events that may have adverse repercussions on us. But the degree of success we achieve will depend on the participation of every sector – the Government policy-makers and administrators, the schools and institutions that provide education and training, the employers and the workers themselves.

The recent establishment of the Skills Development Fund is a major step towards our objectives, providing the financial incentive for the future development of our workers. The possibilities for its use are challenging. Used with imagination the fund could be a key tool of economic planning. It could be applied selectively and flexibly to stimulate priority areas of growth where skills need urgently to be developed.

I suggest that a worthwhile area of manpower investment is in continuing education programmes. The priority here should be in areas that enhance job-effectiveness such as in languages and work-related skills and knowledge. The aim is to enable workers to maximise their contribution in a tight labour situation.

At present there are many able workers who have displayed the potential for development even to professional level. They may have been denied the chance of tertiary education because they lost out to others in academic results. Perhaps the tertiary institutions should re-think the whole basis on which they conduct courses, so as not to run counter to the policy of encouraging workers to upgrade themselves through further education. At present admission is based on academic results. Perhaps for certain courses, skill attainment might be an acceptable alternative criterion. The courses themselves may need to be re-structured in modules and offered on a part-time basis to enable workers to enrol. The practical aspects of the curricula may need to be expanded. Programmes should be mounted to expose the academic staff to relevant working conditions in the commercial and industrial world, so that they would be able to teach more effectively the practical applications of their disciplines.

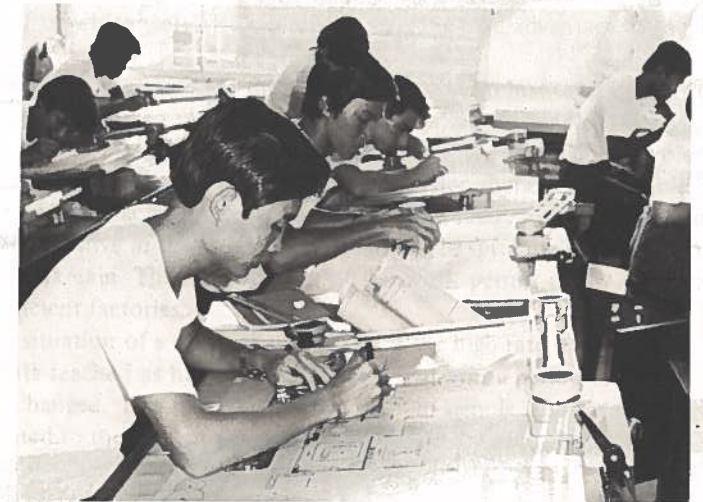
On the Vocational and Industrial Training Board, as both the major trainer in vocational skills and provider of continuing education programmes, will fall a significant share of the enlarged responsibility in human resource development. The Board must work towards fuller simulation of the real working environment in its training institutes, so as to provide the trainees with better preparation of their jobs. There will be more emphasis on higher skill courses. Training equipment will have to be upgraded accordingly. Greater commitment will be demanded of the training staff. They will be expected to set the tone so that trainees may learn by their example the right attitudes to work. Stress will be laid on the development of the training staff themselves through further training and inplant attachments to gain practical experience and widen their knowledge. Apprenticeship will continue to be intensively promoted as the VITB fully recognises the need for on-the-job training to supplement basic institutional training in the development of the skilled worker. As workers with high skills are needed also in the commercial sector, the development of commercial education will be an increasing preoccupation of the Board.

Management too must step up its contribution. The manpower development policies of the 80's will need the employers' full support. They must provide on-the-job training opportunities for workers to attain higher skills. Management should create incentives for workers to upgrade themselves, for example through sponsorship for further education and training; allowing some flexibility in working hours to accommodate training schedules; and giving adequate recognition to courses completed, such as better promotional prospects or re-deployment to better utilise the skills developed. There is no

point having a well-educated and skilled, but frustrated and therefore less-productive workforce. Trade associations that have promised support in developing the manpower needed by their own members must be prepared to put their words into practice. Employers should shoulder their fair share of the responsibility for training on a voluntary basis.

In all this, have the unions a role to play? Or, to put it another way, can a responsible union movement afford not to do its bit? What policies should the unions pursue, what programmes to educate their leaders and membership to the challenges and the opportunities? These are questions I would like to pose the workshop. Our Labour Movement is long past the age of infancy. Seminars like this mark the stages of growth and testify to a welcome weaning away from a sole preoccupation with the bread-and-butter issues. Union leaders must raise their sights to the wider perspective of national, not just individual, progress so that their vision could in turn be transmitted throughout the whole body of members.

Unions stand for unity. Our workers are our greatest force. United they can be harnessed to spur on national development in the way it should go. And in the growth of the nation will be found room for the individual member to prosper and find fulfilment. Ultimately, it is the response of the workers themselves which must largely determine the success of all these plans and measures. What should the unions do to help ensure that the workers will be worth the higher wages and better terms and conditions of employment that they will negotiate in the years ahead? On the basis that change for the better begins most effectively in changing our ourselves, I would like to direct the workshop today to examine the union's role in developing the Singapore Worker in the 80's.





"Some Observations On Upgrading Of Skills, Working Environment, Occupational Health, Safety And Productivity"

Mr. Fong Sip Chee
Sr Parliamentary Secretary (Labour)

The 1980's offer immense opportunities for Singapore to revamp our economic structure, elevate the industrial sector to a higher technological plane, and to upgrade the level of skills and wages of the workers. However, these opportunities may not be available to us if we allow the residual problems of the 70s to spill over to the next decade.

Singapore has gone through two decades of industrial development. The high unemployment rate in 1959 when the Government first took office made it prudent for the Government to place the emphasis on labour-intensive industries in the 1960s. In any case, we were then not prepared for anything higher than that level. Factories were set up rapidly, some with refurbished machinery and were soon in production, turning out low technology products. The accelerated British withdrawal of its military personnel further compounded the problem and more labour-intensive industries were injected into the manufacturing sector to absorb the unemployed.

This trend continued into the 70s, with the addition of the electronics and other middle technology industries, most of which were also labour intensive, to take advantage of the comparatively cheaper labour cost here.

These industries took root and set the pattern for more industries which were dependent on labour. With every expansion, even more workers were required to handle newer, but similar machines. Hitherto, expansion in the manufacturing sector has been sheer expansion in volume, but not accompanied by improvement of production methods and better deployment of available manpower.

The reluctance of manufacturers to change is understandable. For as long as these low value added goods still remain competitive in the international markets, in spite the increased labour costs, the resistance to upgrade will remain. The liberalisation of the work permit policy, in a way abets the continuation of the less efficient factories.

One result in a situation of a shortage of workers is the high rate of job-hopping. Turn-over rate in certain establishments reached as high as 60% per year and over a period of 2 to 3 years, nearly the entire workforce was changed. This is a conservative random sample. Job-hopping in turn jacks up wages to a level hardly related to the level of the skill and productivity of a worker.

Productivity and Wages

Productivity is not the same as production; unfortunately the former can be hidden by the latter. Employers are quite happy with increases in production volume achieved by proportionate increase in the number of workers.

It is interesting to note that during the peak of the world recession in 1973 to 1975, when Singapore adopted a high wage policy to cushion off the effects of escalating inflation a higher percentage of productivity was actually achieved as compared to Hong Kong, Taiwan and South Korea — our traditional competitors who were then having a wage level much lower than Singapore. The table was turned when wage levels in Hong Kong, Taiwan and South Korea gradually overtook Singapore and at the same time recorded a growth in productivity averaging 3 times that of Singapore.

Singapore will have to pay a high price if she continues to maintain its labour-intensive industries. It is like running-on-the-spot with ever increasing tempo, eventually the runner collapses out of exhaustion without making any headway.

In short, a vicious circle is being perpetuated: More labour = low wage = low productivity = more workers required = more foreign workers to be imported = more concomitant social and political problems.

More low skilled workers on low wages only mean an increase in production volume and marginal increase in profit. In the process, neither skill nor production method is improved. It also means that more people are deployed to do proportionately the same amount of work — unproductive use of manpower resources.

Industries should therefore re-examine their production methods and discard obsolete processes. Skills cannot and will never be able to upgrade if the industries themselves do not modernise and get away from labour dependency.

The NWC recommendations are not intended to reward the unproductive workers nor are they a punitive measure against the unproductive or inefficient industries. It must be taken as an inducement for accelerated process in modernisation. For the immediate future, the policy will result in more influx of foreign workers, but in 3 to 4 year's time, dependence on guest workers should see a decline when the higher labour costs will compel those labour dependent industries either to improve their production techniques or to reinvest elsewhere.

It is pertinent to take note of Hong Kong's textile industry, which is heavily labour-intensive. It commands a major position in the economy of the colony, and is highly prone to the protectionist policy of the developed countries. Stringent quotas will cause the industry to collapse and badly hurt the colony's economy.

Singapore must therefore get out of this trap, and quick. The low value added industries must be gradually phased out and the limited manpower and land resources diverted to service the technology-base industries, producing higher value-added goods which are less prone to protectionists' pressure.

Job Satisfaction

Job hopping must be reduced to an acceptable rate in the 80s. Whilst it may be true that a fair proportion of job hopping has been due to population movement in Singapore, the crux of the matter still lies in supply and demand and the low skills required. Higher or specialised skills will command higher wages and help reduce labour mobility, which, even if it takes place, will confine the circulation to industries requiring that particular skill.

Employers however must provide the system and the work environment which will attract and absorb the graduates from the VITB Vocational and Technical Institutes. A paradoxical situation now exists. Take for instance the construction industry. Some VITB trainees have expressed reluctance to

enter the construction industry as they find much to their dismay, that the industry is still operating the obsolete back-handed building method, while they have been trained in the modern method of construction. One glaring example is the question of safety. The trainees have been taught all the safety rules only to find that no anchorage points are provided on the site for their safety belts and life-lines.

Trainees in other vocations are not much better off. From the neat and disciplined training workshop environment, they are exposed later to factories with poor house keeping, badly maintained, unsafe machines and tools; from the instructors' insistence on proper working apparel and personal safety equipment, to factories without even the foggiest idea of workers' safety and health. These new generation workers will soon be disillusioned, but nevertheless carry on, as they have to make a living. Pride of work and of his acquired skill soon fade away. They either leave their jobs, leave their trade behind and look for other easier employment, or accept the situation and soon join the indiscipline. This situation is often aggravated by poor personnel management.

Company loyalty, so often talked about, is a two-way affair. Whilst it is true that a good number of workers will change jobs for a marginal increase in pay, there must be something in a certain company which deserves the loyalty of its employees.

Company loyalty is not something strange in Singapore. There are a number of older establishments both in the commercial and industrial sectors which enjoy and value the services of employees who have been with them for twenty years or more, although most of these employees have at least changed their residences once. There is something in them which the others do not have.

Company Loyalty

The frequent reference to the Japanese model of company loyalty is fallacious. The Japanese situation is vastly different from our experience and even then, there are signs that it is breaking down over there.

Let us compare the differences. In Japan, the capital, skills and technology are indigenous, although she did live on borrowed or copied technology for quite a while. The labour force is homogeneous, with the same language, culture, social value and way of life. Singapore, on the other hand, depends on foreign investment capital, borrowed technology and the higher skills, and a mixed workforce of different language groupings, community, cultures, way of life and values of work. Added to these are an equally diversified guest workforce. In Japan, the larger and better established industrial giants are located in rural and suburban areas where the local population depends on them for their livelihood. Mobility therefore is on a very much lesser scale, and it is not uncommon that workers serve the same establishment for generations. This kind of company loyalty is more dictated by circumstances than by choice.

Whatever the reasons for this unique Japanese phenomena, it does help the Japanese a great deal. With a highly skilled and dependable workforce, the Japanese have that much more competitive edge over the others.

Singapore must find its own brand of company loyalty. It is not blind loyalty for the employers' benefit only. There must evolve something more than just employer-employee relationship and the pride of association with the company. There is however no miracle solution or no instant company loyalty. Unions and Employers will find it worthwhile to probe further into this human factor in an industrial cosmopolitan country like Singapore.

Labour Standards and Protection

The 1980s will see a better educated, higher skilled workforce enjoying higher wages and standard of living. Labour standards and protection of the workers must correspondingly be upgraded to meet with the changed environment.

By the mid 1980s, at least 75% of the population will be living in HDB apartments. The number of HDB property-owner-workers among Singapore's workforce will be proportionately the same percentage. A higher wage and property-owning worker means a heavier commitment in maintaining his standard of living and that of his family. We must see to it that in the event of a worker retiring or being permanently incapacitated due to injury at work, or worse still death, either due to natural causes or work accident, everything will not be lost for him and his family.

Such a worker has more to lose. It may even be this sub-conscious thought of his that makes him earn as much as he can or to make a quick buck to pay off his many instalments on his HDB apartment, that contributes to his job-hopping. He needs more protection for himself and his family.

Better and more realistic protection by statute will certainly help relieve him of his anxiety. With these haunting thoughts removed from his mind, he can concentrate on his work and find satisfaction that he is an useful citizen and a responsible head of his family.

Safety and Health

Safety and Health enforcement will have to be even more stringent. Appropriate amendments will have to be legislated to enforce strict adherence of Safety and Health Rules and a better working environment. Employers will be required to undertake their own safety and health training programme for their workers and penalties for the offender, be he employer or employee, will be enhanced to bring home the message that safety is everybody's responsibility.

Training for safety and health personnel will be undertaken by the proposed Institute of Occupational Safety and Health (provisional title). The Institute will provide training at different levels and consultancy services. It will have research facilities to cater for the new production techniques and processes.

Planning for the Institute is progressing according to schedule. When established, the Institute will be geared towards meeting the needs of the 80s.

More Realistic Workmen Compensation

The quantum for compensation will be periodically reviewed as the Ministry of Labour has been doing, to ensure that it is commensurate with the cost of living and inflation.

Indeed such a move will invariably hurt the labour-intensive industries which refuse to change. For those establishments which can successfully do away with unproductive and inefficient use of manpower, this periodic increase will be negligible.

Higher quantum of computation against loss of earnings due to incapacity as a result of work injury is not only necessary, but will also at the same time provide an added impetus to the modernisation process through increased costs arising from the use of unnecessary manpower.

Retirement and other protection

Other forms of protection against loss of income of a family either due to retirement or death resulting from whatever cause of its working member, are being examined by the Ministry.

The Ministry is currently looking into a number of schemes to indemnify CPF contributors against such eventualities.



"The Second Phase Of Industrialisation And Its Implications On Productivity For Workers And Managers"

Dr. Lee Chiaw Meng

1. The Second Phase of Industrialisation

The First Phase of Industrialisation in Singapore in the 1960s aimed to solve the problem of rampant unemployment owing to the large number of school leavers entering into the job market, a consequence of the post-war population explosion. This was aggravated by the British withdrawal of their Military bases in Singapore. The industrialisation programme in the 60s concentrated on import substitution and the export of low-wage products.

By the beginning of 1970, Singapore firmly established herself as a manufacturing-service-trading economy. With the problem of unemployment under control, a sophisticated and modern industrial infrastructure established, and as the young population became more educated, Singapore geared herself for the next phase of her Industrialisation Programme.

The Economic Plan of Singapore for the 70s aimed to increase skills of the labour force, raise wages, and upgrade the economy with higher value-added products. Economic growth during the early seventies, between 1970 and 1973, was impressive with GDP growing at more than 11% annually. Then came the oil crisis and the world economic recession in 1973 stretching into 1976. The Economic Plan had to be temporarily suspended while moderate wage increases were allowed in order to keep Singapore attractive to foreign investors who came in search of low-wage labour. We weathered the storm without serious damage. Between 1976 and 1979, the economy picked up again but this time with a slower growth rate. The main reasons were the over-cautious wait-and-see type business attitude and the continuation of the low-wage policy. The results were low-mechanisation, more immigrant labour and low productivity.

With the rising tide of protectionism, increasing freight rates, the Iranian oil crisis, and the emerging industrialising countries in the Asia-Pacific region and China with their tremendous low-wage labour resources capable of producing labour-intensive products at much lower labour costs, Singapore has to move up the industrialisation ladder rapidly. Hence, the Second Phase of the Industrialisation Programme.

Singapore is now set to move from the "Third Division League" of low-skilled, low mechanisation and low-wage countries to be "Second Division League" of medium mechanisation and medium wage countries.

In the years to come, the influx of cheap foreign workers from Malaysia, Thailand, Sri Lanka and other neighbouring countries will be reduced. Industries such as plywood and textile, which

hitherto have a large proportion of foreign workers must set out to recruit more Singapore workers into their workforce. This is not going to be an easy task as Singapore workers are reluctant to work in these industries where conditions are not as comfortable and cosy as in the banks or air-conditioned factories of higher technology products. Faced with a shortage of workers, these firms may have to move to other more conducive countries where certain categories of workers are more easily available.

As Singapore moves away from the low-wage, low-skilled industries to the higher wage, higher skilled industries, it must be recognised that the smaller firms will be in a less favourable situation than larger firms in securing new workers, especially as the new workers will be more technically skilled and sophisticated. The implication of this is that small and medium-sized firms must move towards labour-saving devices, or offer specialised high skilled services.

More skill-intensive, high technology, and high value-added industries such as machine tools, precision engineering, sophisticated electronics, petro-chemicals, and modern office equipment and machinery will mean higher wages and a consequent higher standard of living. Existing labour-intensive industries such as plywood and textiles will be at a disadvantage in a high-wage environment unless they increase their productivity to a competitive level by means of mechanisation and skill upgrading, and concentrate on producing high quality products. Mechanisation in these industries may have already reached a plateau. In which case, it will be necessary to turn to social factors if productivity in these industries are to be enhanced. Inculcating better work ethics may be more effective than skills upgrading.

Skill-intensive and high technology products are essentially export-oriented. In fact, their main advantage is that they are less likely to be subject to the restrictive policies of importing countries. An export-orientated economy must therefore have an effective export promotion infrastructure to secure foreign markets. Industrialists, especially local entrepreneurs, must put more effort in this area because this is a decisive factor for the success of a company. We need now to identify the sources of higher productivity that will launch us on our "Second Industrial Revolution".

2. Sources of Higher Productivity

For Singapore, there are three sources of higher productivity when we can tap to achieve the ends we have in mind. These sources are: labour, capital, and technology. Each of these three will have its part to play in Singapore in the 80s. One may have a bigger role than the others, but all three are of vital importance.

2.1 Labour

There will be higher productivity and hence greater economic growth if there is a better quality of labour. Better quality of labour in this context means an increase in the skills and efficiency of the workers.

As we move towards an era of higher-skilled and higher-wage jobs, we need to embark on an extensive education and training programme to equip our workforce with the necessary skills and knowledge. Singapore will have to accelerate its supply of skilled workers, technicians, engineers and technocrats, as there will be a greater demand for these people in the future.

It is important to realise the connection between economic growth and human resource development. As technology changes and develops, a country needs the manpower capable of applying this knowledge as well as teaching it to others. This means a large number of technically competent engineers, technicians and other specialists and managers will be required.

Changes in technology will in turn alter the content of jobs and the skills, responsibilities and tasks required of workers. This means persons better able to adjust to change and learn new tasks will have an advantage in the labour market.

We are fortunate in that two-thirds of our workforce are below 45 years of age. Slightly less than half of the workforce is single. This means that we have a young workforce, whose attitudes have not been hardened. They will be easier to train and retrain in the acquisition of new skills and better work ethics.

If a worker is better able to learn and relearn, and thus more able to adapt to new methods, machines, materials, and processes, he will be a better worker. This is crucial. If workers are not willing to learn and relearn, the restructuring policy of the government will not bear fruit.

A worker need also to be multi-skilled. In this age of rapidly changing technology, where obsolescence comes upon us with alarming rapidity, a worker who is multi-skilled will be more flexible and durable.

There is another area in which corporations may find it worthwhile to pay some attention in the wake of the Second Phase of Industrialisation. This is the question of the quality of working life in particular and quality of life in general. Rapid industrialisation must be accompanied by an equally rapid development of a social organisation and framework to support and complement the industrialisation process. The concept of the hourly worker as a variable expense rather than an asset will have to go. As Singapore moves up the industrialisation ladder, it will become more necessary to improve the quality of working life. A higher paid and more educated workforce will some day clamour for a better quality of working life, career development and self-actualisation in the jobs they do. This would be one of the major preoccupations of Singapore managers in the 80s.

What this means is that we must look seriously into ways and means of:

- a) allowing workers at all levels to have greater involvement in decision-making;
- b) increasing the opportunity for workers to exercise judgement and initiative on the job;
- c) substituting individual responsibility for rigid rules and discipline;
- d) giving workers greater identity and recognition;
- e) taking jobs that have become fragmented, regimented and mechanical, and rebuilding them into new jobs with more coherence and meaning.

This is important, as the new breed of better educated, higher-skilled workforce will be more socially and economically aware, and will be more capable of flexibly adapting themselves to the new working environment.

It might be timely to strike a note of caution here regarding the effect of a policy of high technological progress resulting in widespread automation and mechanisation. True, there will

be a need to have high-skilled labour. But, the demand for workers doing simple and repetitive work may also increase. This may be true not only for factory work, but also for work in offices. Simple key-punching operations.

For this type of work, there may be increased demand for female workers. Thus, ways will have to be found to increase the female participation rate to man the more routine and repetitive jobs resulting from automation and mechanisation.

At present, most manufacturing enterprises in Singapore are plagued by a high rate of labour turnover. Job-hopping is fast becoming an accepted way of life. But this state of affairs cannot be allowed to continue if we aspire to a better life and higher economic growth through industrialisation. High labour turnover of skilled and semi-skilled labour causes serious disruption of the manufacturing process and loss of efficiency. Moreover, job-hopping is not conducive to the long-term technical upgrading of workers. Perhaps, some sort of punitive measures should be introduced against firms who crib job-hoppers. In the short-term, job-hopping may benefit the individual worker, but the social costs will be enormous.

In general then, workers in Singapore must be politically and socially conscious and appreciate their role and importance in economic development. It is a truism that everybody works for himself. The problem is how to make everybody work for the company or for the economic development of the country and at the same time work for himself. While management is responsible for providing the leadership and infrastructure, workers must be prepared to accept change and adapt to new conditions. They must be an active factor of production, constantly contributing new and efficient work methods, and assisting management in innovation to enable all to meet the challenge ahead.

Every worker must be a professional worker, proud of what he is and of his role in the organisation as well as in the society. A new work ethics of quality consciousness, commitment to work, longer-term employment and willingness to learn and self-develop must emerge to fit the industries in the Second Phase of our Industrialisation programme.

2.2 Employers

We cannot talk about improving the quality of the workforce without a discussion of the role and responsibility of the employers in this aim.

Employers should ensure that there is no labour wastage through under-utilisation or mis-utilisation. This is best done by having constant reviews to streamline production processes and systems.

Mechanisation, automation and computerisation should be seriously and boldly considered as ways to cut down on manpower. However, there is one point of caution. More machines and higher technology do not automatically imply higher productivity. The experience of the mechanisation of coal-mining in England in the 50s would testify to this.

Before the 50s, coal was mined in small groups of 5 to 6. Each group worked independently of the others and they each mined a short portion of the coal face. This is the traditional short-wall method. Then came mechanisation and the long-wall method of coal mining. Powerful machines were used to cut a long stretch of the coal face. The workers were divided into large specialised groups. There were problems of strikes and work-to-rule. Productivity de-

creased despite mechanisation. This was because the people were not matched to the tasks.

Technology and mechanisation impose a demand on the type of work system or organisation to fit the technology but the work system or organisation has social, cultural and psychological properties that are quite independent of the technology. Productivity can only improve if there is a good fit between the technology and the work organisation. Management must be aware of the interactive forces in a social-technical system in his organisation. Those who mechanise and go into high technology and get the workforce to merely fit the technology without considering the social and psychological needs of the workers are pursuing a dangerous course. On the other hand, those who are to mechanise or upgrade technology arguing that the workforce is not sufficiently sophisticated or of a high enough level to cope with the technology will be facing insurmountable problems of low productivity. Hence the importance of a social-technical approach to make the best use of technology, as well as the workforce.

Top management should look upon human resources planning and development as a matter of great importance, in fact, just as important as a decision involving capital or machinery investment. Upgrading skill and training of employees at all levels of the organisation should be regarded as a matter of company policy.

To gain significant foot-holds in the world market, management, especially local entrepreneurs, must put more effort and investment into the adaptive type of Research and Development. This is what the Japanese and the Koreans are doing successfully at the moment. We need to emulate them, otherwise we would not make any head-way in the "Second Division League".

The Second Phase of Industrialisation calls for a new business management philosophy. Employers must take Singapore in their long-term investment plans. Higher skills imply a longer training time and hence higher investment cost per worker in terms of training. Employers should take full advantage of the young, versatile and trainable workforce, as only then can the move to higher-skilled and higher value-added industries succeed.

The 1980s will offer the Singapore managers a substantial challenge to adjust to a rapidly changing industrial scene. More and more managers will be required to have technical skills in addition to their administrative skills; they should also develop communications and social skills to facilitate intergroup relationships and cooperation; they should be able to identify particular skills, help in learning and training the individuals in their organisations, and to relate the individuals to the tasks and the organisation.

In the western industrialised countries, management has found it necessary to reduce its control over employee behaviour in the years since the Second World War. More and more, the autocratic, directive and non-participative styles of management have been found to be counter-productive and conflict-building. There appears to be no reason why the same trend will not occur in Singapore. More participative and democratic forms of management will have to be the order of the day. This is inevitable in view of the social-economic changes that are taking place. Organisations cannot be divorced from society. They are part of it.

2.3 Capital

The other major cause of higher productivity is increased capital. Capital here is taken to mean machines and equipment. It is no use having a highly trained and highly skilled workforce if there are not enough machines and equipment for them to work with. But we must realise that the addition of more and better machines and equipment together with the upgrading of the skill and efficiency of the workers is subject to the law of diminishing returns. There will come a time when each additional machine will bring a marginal increase in productivity and hence economic growth.

2.4 Technology

It is generally recognised that the best way to higher productivity is by increasing our technological knowledge. It is not technological knowledge per se, but useful technological knowledge, as this knowledge must be applied to production.

Labour, capital and technological change complement one another. It is dangerous to treat them separately. The way to higher productivity is to develop all three components of higher productivity simultaneously — trained labour enables the use of better machines and equipment more efficiently, which in turn makes it possible to use more skilled labour efficiently. More machines and equipment and more skilled labour make it possible to apply advanced technology, which in turn allows machines and equipment to be used more effectively.

In the short to medium term, the transfer of technology from the more advanced industrialised countries of the world will play a greater role in productivity improvement and economic growth than any home-grown R & D work. There is very little point in going to the tremendous expense and time of designing a new machine in order to upgrade technology if all that is needed is to look up a manufacturer's catalogue to purchase a similar machine which somebody else has designed.

3. Some Thoughts on the Second Phase of Industrialisation

Higher wages do not necessarily induce a higher level of technology. In fact, the relationship between wages and technology is not a simple one but depends on many factors such as the type of production process, technology hardware, level of skill and management policy. In the last few months, some labour-intensive and low-technology companies are able to increase wages because, in the past, wages have been artificially kept low by employing foreign workers and also labour cost does not take up a large portion of production cost.

Higher wages need not also attract higher technology industries from abroad to Singapore. The very nature of high technology industries means that these industries have proportionately more high-skilled workers. Surely, the industrialised societies of Europe, United States, and Japan will be more conducive locations for such industries. Those companies that have located their operations in Singapore have done so because of the low wages prevailing, the incentives we offer and our excellent infrastructure. They will be more reluctant to bear the inconvenience and cost of dislocation to set up operations here if wages are going to be high and they do not see any advantage in terms of skilled labour as compared with their home countries.

Singapore would also like to attract those industries that do not pollute the environment. But

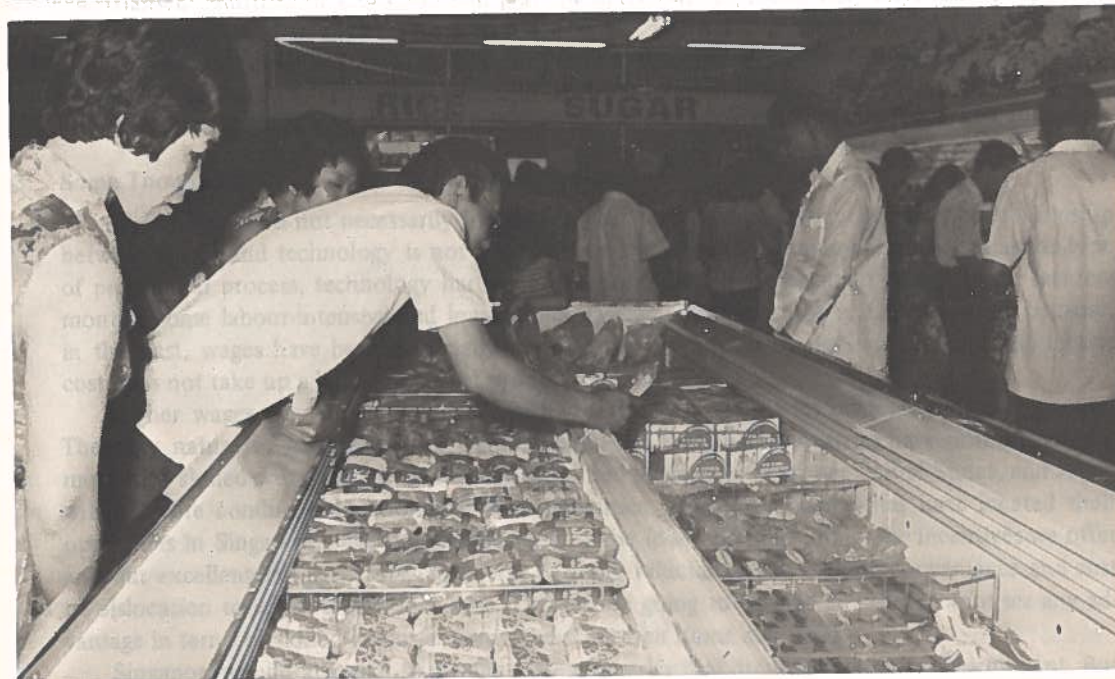
these are the very industries which the industrialised countries want to retain, given the current worldwide concern about the pollution of the environment by industries. It will need strong economic incentives indeed for Singapore to counter the costs of dislocation for these industries.

The NWC guidelines were announced in July this year. It may be a little too early to see the full effects on employers and workers to the government's high-wage policy. This policy aims to compel labour-intensive industries and establishments to rationalise on the use of labour, thus releasing labour from less efficient sectors to more efficient sectors. Many companies have sales orders to keep them busy till the end of the year when they will decide what to do. Some companies, especially the labour-intensive ones, are already beginning to show signs of strain. Others had the foresight and have begun to mechanise and automate their production processes. Workers adopt a wait-and-see attitude and are ready to make the best out of the situation, especially in terms of wages. In fact, we know of firms which in the past had problems recruiting and retaining workers but are now able to get workers without too much difficulty, after increasing the pay scale.

Whether the present high wage policy achieves the expected results remains to be seen. But one thing is certain. The small and medium sized local firms which are in the main labour-intensive and hence relatively inefficient, will be more badly affected than the large firms, especially the large foreign firms. Being large, they are better able to pass the wage cost increases on to the prices of their products. In an inflationary world, price increases are a fact of life.

For Singapore to stay competitive then, productivity improvement is a must. For only through higher productivity can all interested parties in Singapore's prosperity gain. Employers will gain in higher profits, workers will gain in high wages; and the government will realise its goal of greater economic growth.

We must ensure that the three main causes of productivity growth — labour, capital, and technology — are fully utilised not in isolation, but collectively. Ultimately, the success or failure of the new economic policy will depend on the response of all key groups in the economy.



Union's Economic Enterprises And Investments

Mr. Bernard Chen
Minister of State (Defence)

1. Introduction

1.1 In his speech to the delegates at the historic NTUC Seminar on "Modernisation of the Labour Movement" in November, 1969, Dr Goh Keng Swee focussed on the feasibility of unions organising co-operatives to develop the Labour Movement as well as serve the interests of the nation. He announced the following 4 major principles under which the Movement would have to operate:-

- i) Co-operatives must be fully competitive with private enterprises;
- ii) The Labour Movement should engage in co-operative enterprises in areas where they have built-in advantages;
- iii) Co-operatives must maintain the highest standards of integrity; and
- iv) The co-operatives must have effective management.

In the decade following the momentous decision to venture into business, the Labour Movement has scrupulously adhered to these four fundamental principles in establishing and running its economic enterprises and managing the investments made possible by surpluses generated by these enterprises. The extent to which the Labour Movement has succeeded in gaining a strong foothold in the business world is best illustrated by several key indicators.

2. Types of Investments

2.1 The first major investment embarked upon by the unions was in the highly competitive insurance industry. When the NTUC Co-operative Insurance Commonwealth Enterprise Ltd (NTUC INCOME) was set up in 1970, the insurance industry was already relatively well developed.

However, there was one segment of the population that remained untapped. This consisted of lower income workers whose modest insurance requirements did not warrant the substantial sales expenditure by the large insurance companies which were interested mainly in more hefty insurance policies. The unions provided the large numbers required to reduce per capita selling expenses. The close links amongst the unions also ensured that the sales efforts were correctly channelled to the prospective clients with minimal wastage. With the introduction of check-offs, premium collections became much less costly. With these built-in advantages, INCOME was able to develop its business rapidly. The development itself was made possible

by the appointment of a board of directors comprising both unionists, civil servants and academics also who possess the experience needed to guide INCOME safely through the industry. A complete team of full-time officers and workers was assembled to implement the decisions of the Board. A distinct feature of the Co-operative was the total absence of subsidy from the Government or any other organisation. The initial capital required to start the co-operative going came in the form of share capital subscribed by the unions and for which dividends have been regularly declared.

- 2.2 Following closely behind INCOME was the establishment of the NTUC Workers' Co-operative Commonwealth for Transport Ltd (NTUC COMFORT) in 1971. The stated objectives of the Co-operative were to promote and popularise the practice of co-operative enterprises in all fields of public road transport and to encourage thrift, co-operation, mutual savings and self-help among its members. The Co-operative commenced business with a fleet of 1,000 taxis and 200 minibuses with all the vehicles owned by its members. From the smaller Morris Ox-fords and Marinas, COMFORT has moved on to the larger Datsuns which since 1978, have incorporated air-conditioners. The Co-operative has also ventured into a variety of public transport services ranging from shuttle bus services, transport for school children, factory and office workers and taxis to serve the Central Business District. In almost all these ventures, COMFORT has taken the lead to provide the services to support the Government's policy to improve public transport services.

The Co-operative managed to maintain its edge against a host of competitors. More important, it has succeeded in breaking away from the traditional system of syndicates which lease out their taxis and buses at exorbitant rates by having members eventually fully owning their own vehicles.

- 2.3 In 1973, when inflationary pressures mounted because of sky-rocketing prices in food grains, and when there were grave dangers of profiteering, NTUC embarked on yet another major co-operative venture. The NTUC Welcome Consumers' Co-operative Ltd (NTUC WELCOME) was established to go into the retailing business, primarily to offer consumers an alternative chain from which to buy their goods. Welcome's supermarkets served to stabilise prices of essential commodities especially food grains such as rice and sugar. The retailing business, a long established trade in Singapore, is fiercely competitive with low profit margins. Above all, innovation and adaptability were essential to ensure success. Welcome was able to safely sail through the stormy years of high inflation, fanned by oil price increases in 1973/1974 and recession years in 1975 and 1976. The Co-operative was able to make its contribution to stabilise prices.

- 2.4 Apart from these major co-operative ventures, NTUC also made its way to 2 other highly competitive areas, although on a much smaller scale. The NTUC Fairdeal Book Co-operative Ltd started operation in October, 1974 to promote and popularise the buying and selling of books, working material and stationery items. The Co-operative was able to sell its school textbooks and stationery at prices 10 - 15% cheaper than its competitors. Members of the Co-operative get another 5% discount. The NTUC Co-operative Dental Care Society Ltd (DENTICARE) was another venture set up in 1972 to serve primarily members of the NTUC

affiliated unions in their dental health needs. Through the help of the unions which incorporated dental care benefits in negotiating collective agreements with employers, NTUC Denticare was able to provide group dental care schemes to its members.

- 2.5 NTUC, however, was not the only union organisation to venture into business. Major unions which have accumulated sufficient funds over the years also began to start businesses of their own. In the forefront was the Singapore Industrial Labour Organisation (SILO) which started the SILO Multi-purpose Co-operative Society Ltd which now operates supermarkets, canteens and a printing house. The Pioneer Industries Employees' Union operate the PIEU Multi-purpose Co-operative Society Ltd running supermarkets, restaurant and cafeteria. Other unions, such as the Singapore Air Transport Workers' Union, the Singapore Manual & Mercantile Workers' Union and the Singapore Port Workers' Union have their own supermarkets, canteens and home appliance centres.

3. Assets and Business Turnover

- 3.1 Given the highly competitive environment and the relatively short span of operation, most of the co-operatives have been able to develop their business much beyond the targets they have set for themselves. Each co-operative has on its own exploited its potential to the full, the extent of which was only limited by external constraints imposed on them. Table I shows the progress, in terms of assets accumulated and business done of the major NTUC Co-operatives while Table II gives the details of the assets owned by co-operatives managed by NTUC's affiliated unions.

4. Union Participation

- 4.1 The more significant factor is the extent of participation by the unions at all levels in these co-operatives, ranging from members to shareholders to management at the Board of Directors level as shown in Tables IIIA and IIIB. In their past decade of development, the Union co-operatives were able to involve virtually all unions to participate in one way or another in their operations. Were they able to obtain satisfactory returns on their investment?

5. Returns on Investment

- 5.1 At the outset, it was made crystal clear that all co-operatives and other economic enterprises must operate as commercial concerns thus requiring them to offer a return on investment to shareholders comparable if not better than alternative opportunities of investment.

This the co-operatives have been able to accomplish and in some cases, their ability of declaring of higher return on investments was constrained only by provisions in the previous Co-operative Societies Act which imposed a ceiling on the declaration of dividends. Table IV shows the return on investment achieved by the various NTUC Co-operatives.

6. Disposition of Surplus Investment Funds

- 6.1 Over the years, the co-operatives have each on their own accumulated funds which could be used for further investments. NTUC INCOME's investment policies were confined by provisions of the Insurance Act and the Co-operative Societies Act and its funds were invested in

Government and approved securities. A fair amount of the funds were put in fixed deposits. For the consumer co-operatives as well as COMFORT, the main consideration was the expansion of business outlets. More taxis were acquired and more supermarkets were opened. As a result, a large portion of the surplus funds were channelled to capital expenditure. Table V shows the disposition of the surplus investments fund by the various co-operatives.

6.2 The investment picture would not be complete if we exclude the participation of the Unions and the NTUC themselves in investment activities. All unions source their revenue from subscriptions by members. The amount of revenue has grown in step with the growth in union membership. Gross assets of the unions have increased from \$3.8 million in 1970 to \$29.1 million in 1978. Funds thus generated were effectively utilised in a wide range of investments including shareholdings in co-operatives and business projects such as the operations of canteens, mini-supermarkets and consumer clubs. In particular, unions' participation as shareholders in the Co-operatives have enabled the Co-operatives to get off to a good start and obviated the need to seek subsidy of any form from the Government or other agencies. The co-operatives were for all intents and purposes, products of the Labour Movement.

7. Lessons from the Past

7.1 The Labour Movement, in the decade since it entered into the world of business, has chalked up successes that were much beyond the expectation of those who have started the ball rolling. It has also its fair share of mistakes and heartaches in seeing some enterprises fail to take off or others unable to sustain the momentum that has been built up. There is also a nagging doubt on whether investment decisions have been made in the best possible way and resources optimised to yield the maximum return. It is useful to draw a few lessons from the experience of the past years so that the new problems in the coming decade can be viewed in a better and clearer perspective. Pitfalls can thus be avoided and new avenues opened for new ventures.

7.2 The first lesson is that unions should only move into areas where there are demands for their services and in which they have some built-in advantages. The insurance, transport and consumer co-operatives are fine examples of this judicious choice of investment. All three co-operatives were in a keenly competitive environment but all of them depend on mass support from the unions which help to cut costs and provide the membership required to sustain business. They were introduced at the right time when demands for their services were high. The temptation to go into smaller businesses especially in the producer co-operatives must have been tremendous in the early days of economic modernisation. It was just as well that constraints have been imposed on time to prevent entry into small business which could not be sustained in the long run.

7.3 To operate large businesses effectively and efficiently in a competitive environment requires strict adherence to sound commercial practice with no soft padding whatsoever. Subsidy of any form would likely lead to grave problems later on when management has to pick up the pieces. Here, there is no compromise on employing the best men for the job. Commercial enterprises are radically different from either public or union ventures. Special skills are required to man the business.

Although most of the boards of trustees and boards of directors of the Co-operatives have appropriate representation by private businessmen who could contribute useful ideas, the managements of the co-operatives themselves must alone be run on completely commercial lines to remain competitive. The economic enterprise must not become family concerns in which employment is based on relationship rather than merit.

7.4 The experience of the consumer co-operatives also bear out a significant point. There must be economy of scale in their operations. Large consumer co-operatives are able to cut their unit cost of overheads because of larger business volumes. They could also afford to innovate and introduce new concepts without having to worry about the costs of such innovation as they are spread over a large business base. On the other hand, smaller consumer co-operatives are confined to their traditional clients because they cannot afford to offer sufficient attractions to the public. With their relatively larger overheads, they are hard pressed to maintain their current business levels, much less venture into new areas which would not only be costly but also disastrous should they prove themselves wrong. This economy of scale requirement is not peculiar to union consumer co-operatives but applies equally well to all supermarket chains. One could well compare the small consumer co-operatives to the traditional provision shops. In the face of competition from large modern supermarkets, it is obvious who should emerge the winner.

7.5 Finally, the co-operative under the Labour Movement would not have achieved the high degree of success if not for the excellent links developed between them and the unions. The union's initial financial support have enabled the co-operatives to start off. Their members have helped to build up the business base and sustain the momentum until the co-operatives were able to tap the non-union market. Under the aegis and guidance of NTUC, the affiliated unions were mobilised to put their shoulders behind the economic machine to keep it going at full speed. The vital linkages between unions and economic enterprises, whether they are NTUC Co-operatives or union sponsored concerns have served to achieve the 'critical mass' to enable the enterprises to reach self-sustaining levels in a short span of less than a decade.

8. Moving into the 1980s

8.1 An Exercise in Consolidation and Modernisation

8.1.1 It is tempting in an overall review of this nature to consider venturing into new business areas and exploring new frontiers. Apart from the adventurous spirit that will be generated, there is also the possibility of reaping bonanzas and hopefully at minimum risk. Given the highly competitive environment in which economic enterprises, whether public or private, have to operate, a cautious approach is preferred, especially since there is no safety net provided by way of subsidies from the parent organisation. In so far as the economic enterprises in the Labour Movement are concerned, there is ample opportunity to improve their operations and numerous avenues through which additional investment funds can be channelled.

8.1.2 In the last decade, a firm base has been laid for all the union co-operatives to the extent that these co-operatives can now be self-sustained. However, many of them are

still trapped by the limited vision and scope set out at the beginning of their operations. The consumer co-operatives, for example, have yet to match the first rate supermarket chains in terms of product range, style of operation and the ability to innovate attractive product lines. Many of the smaller co-operatives, operated by individual unions are constrained by their small scale of operation and are unable to improve their business. With their competition in the private sector investing heavily to modernise their businesses, there is a real danger that union co-operatives, will not be able to keep up with the competition and have their own positions deteriorating to mere provision shops. To retain the competitive edge, union co-operatives must modernise. A two pronged approach will be necessary.

8.1.3 Firstly, the co-operatives must expand their respective businesses to reduce the impact of overhead costs, thereby reducing the unit cost of modernisation. Small co-operatives which find it difficult to expand because of financial constraints may have to think of merging with other small co-operatives to establish a larger base. Secondly, the co-operatives must introduce more modern concepts of operations, including the latest advances made in their respective business areas. For instance, the air-conditioning of taxis and equipping them with radio telephones was not only necessitated by demand of the public but also meant to provide better services. Supermarket chains and consumer clubs, in particular, have to keep pace with the numerous competitors to retain their share clientele. With the freeplay of market forces, it means that union supermarkets must convince the customers that their services are superior. There could still be an element of truth in the old thinking that union co-operatives are meant to cater to the lower income groups. However, with the substantial rise in the standard of living of the people, it will not be long before most members of the public will demand better services. Better services can be provided without making them costly if the expansion costs can be spread over a larger business base. Hence, it is essential that modernisation must be accompanied by enlarging the scale of operation through either expansion of the existing business or merger of smaller business to form larger concerns.

8.1.4 The process of modernisation will require substantial funds. Co-operatives which have generated sufficient surpluses from their own operation, will have little difficulties in expanding their operations. Consumer co-operatives may face a more uphill task since their profit margins are generally low and their need to have many retail outlets also means that much of the surplus generated will have to go to increasing the number of outlets, leaving little to upgrade the operation itself. Here, the Labour Movement with its unions and union co-operatives can play a significant role in providing financial resources. Co-operatives which have surplus funds beyond their own requirements can participate in the expansion of smaller co-operatives by way of acquiring more shareholding in the co-operatives or extending loans at reasonable rates. Unions can also siphon off some of their funds tied up in fixed deposits to purchase shares in these co-operatives. To a certain extent, this practice is already in

hand. INCOME, for instance, extends loans to COMFORT to finance their additional purchases of taxis. Unions have also responded well to INCOME's call up of additional capital. However, much more has to be done if the modernisation programmes of the co-operatives are to be adequately financed.

8.1.5 In keeping with the expansion and modernisation programmes of the co-operatives, there must be also an injection of new skills and experience into the management at both the decision making and executive levels. New ideas and innovation do not just appear out of nowhere. To maintain the high level of sophistication in operations, there must be more professionalism in the management who will be able to react quickly to changing circumstances and possess the expertise to bring about improvements quickly. Such expertise can be acquired either through recruitment from the private sector or the training of existing staff who have the potential of becoming capable managers if they are given additional training. It should be noted that such expertise have high market values and their services are keenly sought after.

Enterprises will have to pay the going rate or else do without them. Investments made in training in-house staff will, therefore, likely to pay handsome dividends in having the business better managed and yielding higher returns. Equally important is the need for more business inputs at the decision making (Board of Directors) level. The inclusion of experienced businessmen with the requisite experience will result in correct policy decisions made to guide the management. Financial and investment matters can also be dealt with more prudently. Above all, the presence of a business-like environment will ensure that the enterprise is run along strictly commercial lines. This requirement has been a key cornerstone of the success achieved by the union economic enterprises.

8.2. New Ventures

8.2.1 The consolidation and modernisation of union economic enterprises both point to a genuine need for an effective mobilisation of funds available in the Labour Movement. The numerous investment decisions which need to be made in diverse fields of interest also dictate that a pool of experts be gathered to provide consultancy services to the enterprises at minimal costs. Moreover, the surplus funds generated by the various economic enterprises, apart from the amounts needed to finance their expansions and modernisation projects, have to be judiciously invested to yield greater returns, not merely in the form of fixed deposits. In the interim, the Investment Committee established under the aegis of the NTUC to look after investment matters for NTUC co-operatives, represents a necessary step in the right direction. However, in the medium term, there seems to be no escape for more formal institution which will handle and co-ordinate investments not only for the NTUC enterprises but for the Labour Movement as a whole.

8.2.2 The appropriate institution best geared to perform the functions is a co-operative investment bank. This concept is not new and was in fact broached by Dr Goh Keng Swee in his address to the Seminar on Modernisation of the Labour Movement, 10 years ago. At that time, he was of the view that a co-operative bank was an essential element in the later stage of co-operative development. The bank should be considered only after the Co-operative Movement has established itself on a sound basis, accumulated sufficient funds, and won the confidence of the public by running major co-operatives successfully. It would appear that the basic conditions have been fulfilled and time is ripe for the Labour Movement to seriously consider the proposal to set up a co-operative bank. It needs hardly be stressed that the four guiding principles under which all union co-operatives have operated successfully must be strictly adhered to if the co-operative bank is to be a viable and successful concern. In this respect, financial prudence and a hard-headed business approach is even more important for the simple reason that the bank will be entrusted with the hard earned financial resources of the Labour Movement and the responsibility to make sure that these resources are properly and efficiently utilised. On the bank, too, will depend the extent to which the Labour Movement can succeed in modernising its economic enterprises and reach out to new horizons. The tasks will be an onerous one but it will be one that must be done.

8.2.3 With the union economic enterprises committed to consolidate and modernise, and the creation of an agency to guide them in using their resources judiciously and prudently, it remains for the Labour Movement to mobilise its members to give their full unreserved support to ensure that the various programmes will achieve the objectives set out for them. The success of the union enterprises would not have been realised if not for the overwhelming and unstinting support of the union members, both physically and financially. The progress of the unions' economic enterprises into the 1980s will depend critically on the continued support of the entire Labour Movement. The extent to which they can succeed will be governed by the degree to which this support can be given.

TABLE I
ASSETS & BUSINESS TURNOVER OF NTUC CO-OPERATIVES

Co-operatives (Year established)	No of Enterprises	Assets*		Business Done		
		1st yr of operation	1978	Measurement	1st yr of operation	1978
INCOME (1970)	1 Life and General Insurance Co- operative	\$1,260,000	\$40,550,000	Policies Issued Premiums received	3,724 \$ 400,000	50,012+ \$16,100,000
COMFORT (1971)	1 Road Transport Co-operative	\$4,490,000	\$ 8,133,000	No of taxi, mini buses and Shuttle buses	1,200	4,711+
WELCOME (1973)	12 Supermarkets 1 Import Division 1,026 Fair Price Shops	\$1,730,000	\$ 5,180,000	Total Sales	\$9,070,000	\$39,880,000
FAIRDEAL (1976)	28 Bookshops in Schools 2 Bookshops for general public	\$ 310,000	\$ 441,000	Total Sales	\$1,258,000	\$ 1,730,000
DENTICARE (1972)	1 Dental service Co-operative	\$ 100,000	\$ 235,000	No of patients treated	4,720	8,200

Notes: *Assets consists of Fixed Assets plus Current Assets less Total Liabilities.
+Cumulative Number

TABLE II

ASSETS & BUSINESS TURNOVER OF CO-OPERATIVES
MANAGED BY NTUC'S AFFILIATED UNIONS

Co-operative (Year established)	No. of Enterprises	Assets		Business Done (Total Sales)		
		1st yr of operation	1978	1st yr of operation	1978	
SILO Multi-purpose (1971)	13 Supermarkets 4 Minimarkets 4 Canteens 10 Bus Canteens 1 Printing House	3 Home Appliance Showrooms 1 Import & Export Division 30,000 shares in INCOME	\$ 29,000	\$1,650,000	\$114,000	\$32,280,000
PIEU Multi-Purpose (1972)	4 Supermarkets 1 Restaurant 1 Cafeteria	1 Wet Market 1 Home Appliance Showroom 10,000 shares in INCOME	35,000	500,000	104,000	10,670,000
AUPE Multi-Pur- pose (1965)	1 Thrift & Loan Society 1 Consumers Club 1000 shares in INCOME		4,000	1,699,000	-	600,000
Keppel Shipyard Employees (1975)	1 Supermarket 1 Mini supermarket		32,000	20,000	282,000	397,000
FDAWU (1977)	1 Restaurant		239,000	239,000	Has not commenced operation	
SMMWU (1978)	3 Supermarkets 1 Home Appliance Centre		115,000	115,000	63,000	63,000
SATU (1977)	1 Canteen		34,000	34,000	236,000	236,000
SPWU (1977)	1 Restaurant Business projects jointly run with PSA: 3 Canteens 5 Mobile Canteens	1 Consumers' Club 1 Workers' hostel	24,000	24,000	NA	861,000

TABLE IIIA

MONETARY PARTICIPATION BY UNIONS IN CO-OPERATIVES

Co-operatives	Total In 1978			Owned By Unions		
	No. of shareholders	No. of shares	Total share value	No. of shareholders	No. of shares	Total share value
INCOME	98	302,665	\$3,030,000	51	300,890	\$3,009,000
COMFORT	4,415	4,415	647,000	18	46	23,000
WELCOME	21,031	49,500	2,475,000	38	9,870	493,000
FAIRDEAL	212	66,346	332,000	27	65,900	330,000
DENTICARE	14	4,830	121,000	14	4,830	121,000
SILO	12,926	758,528	759,000	2	614,000	614,000
PIEU	5,000	137,432	137,000	2	NA	NA
AUPE	5,304	19,994	1,532,000	3	12,000	60,000
KEPPEL	76	3,124	16,000	1	3,000	15,000
FDAWU	NA	NA	239,000	NA	NA	NA
SMMWU	1,740	123,110	123,000	1	50,000	50,000
SPWU	67	23,695	24,000	2	20,000	20,000
SATU	100	32,510	33,000	1	30,000	30,000
TOTAL	50,983	1,526,149	9,468,000	160	1,110,536	4,765,000

Note: NA - Not Available

TABLE IIIB

MANAGEMENT PARTICIPATION BY UNIONS IN CO-OPERATIVES

Co-operatives	Board of Trustees		Board of Directors		Management Committee	
	Union Members/ Unionists	Non-Union Members	Union Members/ Unionists	Non-Union Members	Union Members/ Unionists	Non-Union Members
INCOME	4	5	5	7	0	9
COMFORT	2	5	4	7	0	4
WELCOME	6	4	7	7	0	7
FAIRDEAL	7	5	5	5	0	0
DENTICARE	4	4	2	5	0	0
SILO	4	0	0	0	21	0
PIEU	5	0	0	0	20	0
AUPE	0	0	18	0	0	0
KEPPEL	0	0	0	0	14	0
FDAWU	6	1	0	0	7	7
SMMWU	5	0	0	0	8	2
SPWU	6	1	0	0	14	1
SATU	5	0	0	0	9	0

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TABLE IV

RETURN OF VENTURES OF CO-OPERATIVES 1977 & 1978

S/No	Co-operatives	Paid Up Capital And Accumulated Reserve Funds		Net Profit/(Loss)		Average Annual Dividend Declared Over The Last 3 Yrs.
		1977	1978	1977	1978	(Percentage)
1	INCOME	\$28,257,000	\$40,547,000	\$7,750,000*	\$10,255,000*	6% p.a.
2	COMFORT	5,717,000	8,133,000	1,292,000	2,530,000	6% p.a. (Dividend first declared in 1978)
3	WELCOME	3,678,000	5,180,000	982,000	1,822,000	6% p.a.
4	FAIRDEAL	400,000	441,000	26,000	36,000	No dividend declared
5	DENTICARE	184,000	235,000	57,000	58,000	6% p.a.
6	SILO	798,000	1,646,000	200,000	567,000	6% p.a.
7	PIEU	325,000	488,000	116,000	157,000	6% p.a.
8	AUPE	1,446,000	1,699,000	84,000	113,000	3.5% p.a.
9	Keppel Shipyard Employees	25,000	20,000	(7,000)	6,000	No dividend declared
10	FDAWU	NA	239,000	NA	(10,000)	Has not commenced operation
11	SPWU	NA	24,000	NA	(35,000)	No dividend declared
12	SMMWU	NA	115,000	NA	(8,000)	No dividend declared
13	SATU	NA	34,000	NA	1,000	No dividend declared

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Notes: 1. NA - Not applicable

2. *This consists of net life insurance premiums collected plus profit from general insurance.

TABLE V
DISPOSITION OF ASSETS OF ALL CO-OPERATIVES AS AT END OF 1978

Disposition of Assets	Amount (\$'000)	% of Total
Capital Expenditure	26,401	44.9
Government securities	4,292	7.3
Approved Securities	2,234	3.8
Property	2,999	5.1
Fixed Deposits	10,055	17.1
Stocks	4,586	7.8
Trade Debtors	2,058	3.5
Loans to other co-operatives/institutions	3,469	5.9
Others	2,706	4.6
TOTAL	\$58.800	100.0



Mr. S R. Nathan

Union Organisation For The 1980's



Dr. Lee Soon Ann

- Following separation in 1965, we accepted social responsibility and adjusted ourselves to the more important objective of work discipline and wage restraint. This was not without consequence. Union membership fell steadily from 114,000 in 1965 to 93,000 in 1968.

Development since 1969

- At the time of the NTUC modernisation seminar, trade union membership was declining. This applied equally to both book membership and paid-up membership. The percentage of paid-up membership against book membership stood at 43%. The following table, drawn up with figures available from the Ministry of Labour, shows this decline in trade union membership during 1967-69.

Year	Book Membership	Paid-up Membership	Percentage of Paid-up Membership
1967	130,053	73,091	56
1968	125,518	62,084	49
1969	121,808	51,896	43

Disappointment over the roles and functions of our trade unions could have been one of the reasons for the decline.

- The Modernisation Seminar marked one phase of our history. We faced this challenge and embarked on developing new programmes. We decided to chart a new courses and define new roles and functions for the movement as a whole and affiliates in particular. The outcome of this seminar is now well-known and needs no repeating. For there is abundant evidence of what has been achieved. The Singapore economy experienced an unprecedented period of double digit growth and even when most of the developing economies were in recession, our growth was well above average. The workers contribution to this growth was by no means small. For the NTUC, trade union membership rose dramatically, surpassing the peak of the 1950s. In 1976, total membership exceeded 200,000 or about a quarter of Singapore's workforce.

4. The following changes also took place:—
- (a) Trade union membership grew from 112,398 to 229,056 with those in the manufacturing sector growing from 10,218 in 1970 to 35,543 in 1977. Similar increases were seen in such sectors as commerce and transport and storage and community service. (Schedule I)
 - (b) By March 1979 the percentage of organised workers stood at 35% of the total 650,000 possible membership. (Schedule II)
 - (c) In 1970 there were 50 unions with membership of less than 250. In 1977 there were only 31 of them, with their total membership falling from 6,983 in 1970 to 3,576 in 1977. Today they just constitute 1.5% of total union membership.
 - (d) While in 1970, unions with membership of between 250 to 5,000 accounted for 47% of the total trade union membership, in 1977 it was unions with 20,000 or more members which accounted for 49.8% of total membership. (Schedule III)
 - (e) NTUC membership grew from 88,558 or 17.7% of total work-force in 1969 to 228,433 or 39.7% in 1979. 96.2% of unionised workers were in NTUC affiliated unions.
 - (f) The gross assets of NTUC unions grew from S\$3.8 million in 1970 to S\$29.1 million in 1978.
 - (g) NTUC affiliate unions had a paid-up membership of 226,306 or 95.5% of total union membership in 1978 as compared with 85,423 or 76% in 1970.
 - (h) We recognise that without economic growth, the aspirations of our members for a better life cannot be realised.

5. As we move into the 1980s we have left behind the problems of the past and we are no longer in a situation of limited opportunities. We need no longer fear losing our livelihood for choosing to join a trade union, against the wishes of our employer. We are no longer pre-occupied with having to demonstrate our revolutionary or anti-colonial zeal in order to wrest leadership from anti-national elements, though vigilance against these forces are still necessary. We accept that for the good of Singapore and our own future, it is important to promote harmony of interest between ourselves and good employers. Today our concern is as much on how to make the cake grow even larger as how to obtain a greater share of it for our members.

Problems of the 1980s

6. What is it that trade unions and their leaders in Singapore must accept as likely features of the 1980s, in so far as they will affect the workers of Singapore? The following are some of the factors that we will have to take into account:—
- (a) Singapore being plugged into a global economy will be vulnerable to the effects of greater competition and protectionism. Recessionary trends in countries where our markets are loca-

ted are liable to affect our economic prospects. If we do not maintain a competitive edge it will not be possible to sustain our present rate of economic growth.

- (b) With Singapore increasingly vulnerable to market forces abroad, the working population will have to be able to respond and adjust to adverse market conditions. Retraining of workers in industry to meet changing labour needs will become more necessary. Trade Unions will find that they have to accept certain responsibilities in this respect, ie by promoting work ethics and helping to provide workers with new skills as dictated by the prevailing job market at a given time.
- (c) There will be expansion of the industrial work force as contrasted to non-industrial occupational categories and these industrial workers will be more directly affected by changes in market conditions abroad.
- (d) The shift in emphasis to blue collar jobs against soft jobs in commerce and the service sector, will mean that more trainable workers with a high tolerance for factory discipline will have to enter the labour market.
- (e) With our development strategy emphasising high technology and skills, trade unions will have to mobilise workers to enhance productivity and cut down job-hopping, if we are to maintain the competitive edge.
- (f) As our working population becomes older, trade union members are liable to be more pre-occupied with long-term job security and social security schemes.
- (g) In the next 5 years, the 40,000 odd school leavers entering the labour market each year will have to be equipped with the skills required in high-technology industries.
- (h) There will be an increased inflow of women among the working population. Besides more part-time women workers, many with better education and a sense of career will join the work force.

Role of Trade Unions

7. In the 1980s there will be greater pressures to link wage increases with productivity and profits. Our stress will have to be on education and training or re-training programmes to encourage and motivate workers to continuously upgrade industrial and professional skills and discipline. Collective bargaining may have to be done on a sectoral basis, as the present NWC approach may become less equitable in the future. Perhaps a sectoral basis of NWC recommendations for each industrial sector may have to be attempted.
8. The NTUC role will not only be to coordinate and control unions but also to promote the growth of employment by training the unemployed or those changing jobs. In a high-wage economy, with no unemployment insurance, the NTUC has to ensure, with management and government, that there is sufficient employment growth to match entry into the labour market annually. In the labour shortage situation that will persist in the eighties, the real problems however will not be aggregate employment growth but the matching of available skills to available jobs. In high-wage economies there is always a core of unemployables or below average workers who are nei-

ther so desperate as to deserve welfare assistance nor too old to qualify for VITB retraining. Once a member of a union loses his job because of inadequate skills, the NTUC could come in to help him retrain. In this way, full employment could be ensured both in the economy as well as over a person's productive lifetime; if he is a union member from the day he starts work. The value of union membership should be seen from that light and not from the perspective of just getting wage increases because this will not be possible in Singapore without higher productivity at the same time.

9. If NTUC unions are to attain these objectives, it goes without saying that we need to re-examine our organisation and reassess the leadership requirements of the future.

Union Leadership

10. As we enter the 1980s, the labour environment will be very different from what it is today. We will move into an era of higher wages, with demands for higher skills. There will be other broad forces at work. There will be shifts away from traditional lower-skill industries to petrochemicals, electronics, telecommunications and industrial machinery/equipment and such like industries. The export pattern of our products will likewise be susceptible to changes as our products go to new markets. In the manufacturing sector, trade unionists will have to deal with multinationals equipped with considerable expertise and sophistication in collective bargaining and industrial relations. Trade union leaders must be able to match this capacity, if they are to be able to secure benefits for their members.
11. The attitude of workers to working life will vary, depending on their educational levels. Material comforts, besides job security will be the expectation of all. Qualitative improvement of working life will be expected and trade unions will have to temper expectations to what is attainable and justifiable, depending on the state of the national economy. Workers will want their interest as consumers to be protected and advanced. Trade unions will have to enlighten and educate workers in this respect. To prevent unemployment because of recession or transformations in the industrial structure, vocational reconversion and improvement in workers' capacity to adapt will have to be attained through training and education. Changes in industry whether they are organisational or due to technological changes, will have an effect on the industrial relations climate, especially when workers are going to be more questioning and impersonal. Trade union leaders will have to anticipate and recognise these and other changes, and provide regulatory machinery for dealing with areas of industrial strife, especially in times of moderate rates of economic growth or recession.
12. Trade union leaders of the 1980s must therefore expect to be called upon to cope with new realities. To be successful they must be able to ascertain workers' needs correctly and find ways of achieving consensus on complex problems, where there will be conflicting interests to be reconciled. All this calls for a trade union leadership that can perceive, among others, the national interest in industrial relations and reconcile the conflict between wage increase and the stability of industry. Trade union leaders must be able to take a pragmatic outlook. They will have to acknowledge that economic growth and survival depends on improvements in the work ethics, skills and

adaptability of workers. While they support orderly wage increases they should be able to exhort workers and call for higher productivity. This will mean that they should enjoy sufficient confidence of their members to be able to undertake collective bargaining, linking demands for wage increase to productivity and profit. They should be able to resort to rational discussions in order to remedy industrial disputes.

13. To be effective in this respect, a new corps of leaders will have to be nurtured and trained. They must possess the level of education that will enable them to understand the complex problems of different industries and rationally discuss with management such matters as wages, productivity payments, and terms and conditions. At a time when there are unlimited opportunities of employment, the trade union movement needs to attract able young men and women with leadership qualities, and good educational qualifications, but above all those who have an interest in trade unionism and the ability to win the trust and confidence of the workers. It will not be easy to attract such talent to the movement, especially when there is no established and promising career structure, even for trade union workers at lower levels. For the immediate future the movement may therefore have to look for its leaders from among those who are now active in various NTUC affiliate unions and enterprises as well. Given the need for trade union professionals, to serve the movement in such matters as collective bargaining, representation at the Industrial Arbitration Court and generally match the expertise of management in these processes, NTUC may have to take on the role of helping to develop this corps of future leaders. Perhaps at this stage, the movement may have to consider attracting both active unionists who show promise and career trade union workers from among HSC and University graduates to take up full time vocation with the movement. Through making available challenging positions or opportunities, with commensurate remuneration, it might be possible to attract the right people. Those selected could be exposed to different aspects of trade union practice, with experienced trade union leaders at the national level serving as their mentors. In time to come, the better of them could then be nurtured to take on greater responsibilities in the movement.
14. Serious consideration should therefore be given towards developing trade union training, with the assistance of local institution of higher learning. Grass roots leaders, who show promise, could be offered further training to equip them for the responsibilities of higher office in the unions and the movement. The training programme should extend beyond pure industrial relations questions and should cover such subjects as company finance, management of economic ventures, productivity measurement and national economic problems and policies, among others. There should be a scheme to prepare union officials to sit special entrance exam of the University of Singapore as what the Ministry of Education is now doing with selected non-graduate teachers. The Seminar should perhaps address itself to this question of trade union leadership for the 1980s and search for ways and means of building up this leadership. Ultimately the quality of leadership in the movement will depend on commitment and vision.

Organisation

15. Another element that needs review is the organisation of our trade unions. Since the 1960s the pattern has been somewhat similar. The bulk of our unions are organised on the basis of all

employees in a given establishment being represented by a union or branch of a union.

16. There has been a rise of what we shall call "OMNIBUS" Unions, with larger membership. These Unions serve workers in different types of establishments and under different employers. In recent years these unions cater for almost 50% of the Trade Union membership affiliated to the NTUC. By way of illustration, if we examined unions like the PIEU and SILO, we can see at a glance the categories of companies which their members serve. Likewise the SMMWU. The AUPE is another union in this category, except that it serves workers employed in Government departments and under one single employer. The remaining unions are generally much smaller in size, but they are enterprise oriented.
17. As Singapore becomes more industrialised and heavily dependent upon world markets, changes in the global economic environment are liable to affect and dictate the pace of our economic growth. The 1980s may well require joint problem-solving, i.e. Industry Unions and Government. In that eventuality, tripartism will have to extend beyond NWC questions. Since individual industries have different characteristics and will be vulnerable to different market forces, it may be necessary to examine whether our Union organisations should continue to develop along present lines. Will the centralised nature of the larger unions serve the interest of workers engaged in the varied sections of the manufacturing sector, particularly industries that are highly competitive in world markets and more susceptible to global market conditions? Need we not consider the organisation of unions on a sector basis, catering for particular groups of Industries?
18. Since trade unions will be expected to play broader than pure collective bargaining roles, the smaller house unions catering for particular enterprises and establishments may be better suited to play certain roles. For instance, in the matter of enriching the living circumstances of workers or their working life or promoting their consumer interest, should not our reorganisation be related to the geographical location of enterprises where the members are employed? For instance, should workers in electronic factories in Jurong be grouped under one Union and another be established for those in another Industrial area? While such a grouping may facilitate co-ordination, what are the other consequential problems that will make such an idea impractical?
19. In industries that are susceptible to global economic changes, it may be appropriate to organise workers on an Industry basis, in the longer run. However, where there are house unions or a branch of a larger union represented on an enterprise basis, it may be desirable for the National Centre to get the unions concerned to set up Policy Councils for particular groups of industries. This Council could perhaps discuss wage increase proposals for the industry as a whole, (as opposed to the particular establishment or enterprise) productivity and other incentive payments, social services or facilities to improve working life and even price stabilization for the industry to remain competitive. Together with Government and an organisation representing these enterprises, NTUC Policy Councils could look into and settle periodic wage negotiations on salary ranges for different grades of employees in the Industry as a whole, based on the level of skills, without disrupting the industry's competitive edge. Over a period such tripartite gathering could develop into a bipartite sounding board for the Industry, which both employers and workers organisations use it with confidence as a clearing house for their Union Industry problems.

20. The Singapore economy will be a more highly differentiated economy in the eighties (transportation-communication-trade-manufacturing-finance-government make it a six-pillared economy rather than just an entrepot port as in the past) and for each sector to be highly productive, the workers in that sector must be organised to advance their skills above all else. In this and other ways, unions can become more productivity oriented, and flexible enough to adjust to the economic circumstances which Singapore and its industries will face in the coming years. How can this be done? This is what the Seminar needs to be seized with.



SCHEDULE I

EMPLOYEE TRADE UNIONS MEMBERSHIP BY INDUSTRY
1970 - 1977

Sectors	YEAR							
	1970	1971	1972	1973	1974	1975	1976	1977
Agriculture, Hunting, Forestry and Fishing	231	316	397	372	416	376	393	381
Mining and Quarrying	481	450	429	292	292	291	251	251
Manufacturing	10,218	19,157	24,849	31,111	33,808	30,591	33,999	35,543
Electricity, Gas, Water, and Sanitary Services	4,044	6,807	8,209	11,061	12,088	14,208	15,628	16,444
Construction	1,723	668	969	1,619	1,845	1,341	1,395	1,464
Commerce	7,799	12,232	13,140	12,547	16,061	16,256	16,102	16,682
Transport, Storage and Communications	12,015	12,078	15,856	20,059	19,892	21,894	24,254	26,531
Financing, Insurance, * Real Estate and Business Services	-	4,850	5,286	5,803	6,599	7,277	7,600	7,698
Community, social and Personal services	48,481	41,002	47,272	43,460	47,630	49,530	49,656	51,957
Others	27,496	26,790	50,581	65,157	64,930	66,797	72,658	72,105
TOTAL	112,398	124,350	166,988	191,481	203,561	208,561	221,936	229,056

Source: Ministry of Labour Annual Reports, Various issues.
* There is no separate classification for this item before 1971

SCHEDULE II

PERCENTAGE OF UNIONIZED WORKERS, MARCH 1979

Sectors	Total Possible Membership	Organised Workers	Percentage Organised
Manufacturing	220,000	64,613	29.4
Public	110,000	73,514	67.0
Commerce, Service and Finance	180,000	39,186	22.0
Others	140,000	51,120	37.0
TOTAL	650,000	228,433	35.1

Source: NTUC Triennial Delegates Conference 1979 Report.

SCHEDULE III

UNIONS GROUPED BY NUMBER OF MEMBERS, 1970, 1977

	No of Unions		As % of Total		Total Membership		As % of Total	
	1970	1977	1970	1977	1970	1977	1970	1977
50 and below	5	7	4.90	7.8	187	257	0.17	0.1
50 - 249	45	24	44.12	26.7	6,796	3,319	6.04	1.4
250 - 999	29	29	28.43	32.2	15,939	14,423	14.17	6.3
1,000 - 4,999	18	21	17.65	23.3	40,258	42,984	35.79	18.8
5,000 - 9,999	4	4	3.92	4.5	27,496	28,289	24.44	12.4
10,000 - 19,999	1	2	0.98	2.2	21,812	25,726	19.39	11.2
20,000 or more *	-	3	-	3.3	-	114,058	-	49.8
	102	90	100	100	112,488	229,056	100	100

* This classification not used in 1970
Source : Ministry of Labour Annual Reports, 1970 & 1977

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SCHEDULE IV

COMPANIES REPRESENTED IN SILO AND PIEU
(July 1979)

Category	A	B	C	D	E	F	G	H	I
	Food Drugs, Drinks & Tobacco	Textile, Jewellery Hair & Feather	Wood Paper And Printing	Petroleum Chemicals & Oils	Building materials Glass & Ceramics	Metal Mechanical and Engineering	Rubber Plastics, Leather & Footwear	Electri- cal Elec- tronic Toys, Musical Instru- ments & Indus. Services	Others
No. of Branches (PIEU)	19	20	15	8	16	40	8	16	94
No. of Branches (SILO)	9	17	15	5	10	26	13	48	192

Sources: Singapore Manufacturers' Association Directory 1979

Note: Classification (A to H) refers to Companies which are members of Singapore Manufacturers' Association

(I) represents companies not in SMA

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The Singapore Industrial Development Strategy—The Whys And Wherefores

Mr. Lim Chee Onn
Secretary-General
NTUC

Most of you present in this seminar are concerned one way or another either with implementing the NWC directly or, because of your positions in the unions, with the impact which the NWC recommendations will have on your members. Hence your interest in this seminar. The purpose of this seminar is as straightforward as it is important. It is straightforward in the sense that our objective is to ensure that our union leaders and rank and file understand the thinking behind the 1979 NWC recommendations, and our economic strategy over the next decade.

Now that the excitement and flurry over the latest set of NWC guidelines have died down, I propose, in the cool light of day, to examine as carefully and as clearly as possible the rationale for wanting to restructure our economy, and outline the imperatives that determine whether we succeed in doing so. The question at the back of some people's minds is — why are we rocking the boat when everything seems to be going on well for us? We have full employment. Every year we expect a reasonable wage increase of 6 to 10%, and although this is nothing to shout about it is not to be sneezed at either. So why should we embark on this new strategy and venture into the unknown with all the attendant risks and uncertainties? Are we courting trouble?

Let me begin by stating that Singapore has survived because we have always planned for the longer term, anticipating problems and thereafter preparing ourselves to meet them squarely, instead of doing nothing and hoping that the problems will either simply not materialise or will disappear. It has always been clear thinking, bold plans and disciplined execution that have brought us to where we are today. It will be this same approach that will take us further along the path of prosperity and progress.

The thinking behind this year's NWC recommendations has been discussed at some length. Newspapers have given this subject quite a lot of coverage. I think the *Straits Times* and some of the Chinese newspapers ran articles on the economic rationale for the change in the industrial strategy which we are embarking on in 1979. I do not propose to repeat the points already made, but, at the same, I feel that, for us to engage in any meaningful dialogue with the panel of experts this afternoon, it will be useful for me to recapitulate the main reasons why Singapore should change her course. All of us must understand why we should not continue with the strategy of attracting labour-intensive industries into Singapore with the hope of ensuring that the full employment situation will continue. We must all be made aware of the reasons for embarking on a high-productivity and high-technology industrial strategy today, when there is so much political and economic uncertainty both in the world and the region. You will be right in asking why we should force wage costs to go up so rapidly as to result possibly in

retrenchments, when prospects for new investments in Singapore may be bleak.

I shall also run through, very briefly, what I see to be the consequences behind what appears to be at first glance a very favourable recommendation of a 14% wage increase for our workers. Behind this 14% increase lies many pitfalls, and I shall be discussing some of them, so that everyone of us will have a clear picture of what the industrial scene will be like in the 1980s.

The fundamental question is why we should not continue with the promotion of labour-intensive industries to ensure high employment opportunities for present workers and new entrants to the labour market. After all, our workers are very happy. They get a regular 6% to 8% NWC increase. On the average, those in the industrial sector get up to between 10% and 11%. There is full employment; unemployment dropped down to 3.6% last year and I think in the first quarter of this year it went down to 3.2%. Everyone who is willing to work can get a job: that is the main thing. Why should we not continue like this? I can see a few reasons why we should not languish in what appears to be a relatively secure position.

We started on our industrialisation programme over 15 years ago. We attracted labour-intensive industries, primarily to provide employment for our workers. We have succeeded to the extent that it has now become necessary to attract guest workers into our factories because our own labour supply is insufficient to meet industry's manpower needs. Why should we change now?

Comparative Advantage for Labour-intensive Economies

One of the reasons for changing is that there are other countries which have embarked on, or will soon be implementing, the type of industrial programmes which we began over 15 years ago. China has been mentioned, time and again, by many people. There are other countries too. Some of the South American countries — Brazil, Mexico and Venezuela, for example, are already well on the road to industrialisation. If the Africans succeed in getting going, given their natural and massive labour resources, they will also be able to join this group of up-and-coming industrialising countries. At the same time our main competitors — South Korea and Taiwan, for example — will streak ahead if we remain where we are. In fact, South Korea, Taiwan and Hongkong have, to some extent, gone ahead of us in terms of productivity. I will return to this point later. But our potential competitors are China, Brazil, Mexico and all those heavily-populated countries which are now just beginning to get started on their industrialisation programmes. Just as we did over 15 years ago, they, in turn, will try to attract and develop labour-intensive industries. They will be producing the same items which we produced and in some cases are producing right now — items such as transistor radios, textiles, underwear, shoes and other mass-consumer goods manufactured best in labour-intensive economies.

Now over the past 15 years, because of our success in industrialisation, wages of workers have increased not only to offset cost of living increases, but real increases have also been made. The NTUC Research Unit did a study and found that the real wages of workers went up over the years, to varying extents, depending on the sector and workers' skills. When real wages increase, the cost of production will also increase, unless this is accompanied by higher productivity so that the unit cost of production is not raised.

Unfortunately, for physical, technical or management reasons, there is a limit to productivity increases. For example, despite high technology, skilled workers and sound management, the Japanese found that the production cost for certain goods would be lower if production were located in coun-

tries where labour costs are cheaper than in Japan. This shows very clearly that productivity increase to offset rising wages is possible only up to a certain level. Beyond that, a higher unit production cost will accompany each wage increase.

When that happens, the net effect will be that our products will be unable to compete with those produced in countries where the cost of labour is lower. So if we choose to continue making transistor radios, shoes and underwear, there will come a time when we will not be able to find a market for our products, no matter how productive we are, because we just cannot compete on unit cost of production. So that is one very good and compelling reason to move away from these products.

We may have full employment today, but in 3 years' time or 5 years' time, despite an all-out effort to increase productivity, our labour-intensive products will not be able to compete with those produced elsewhere. And when that time comes, factories will have to be closed and our workers will become unemployed. So it is an unsound argument to say that we should carry on doing the same thing just because at present by doing so we have full employment and all appears to be well. It does not mean that the present state of affairs will continue indefinitely if we do nothing to change the status quo.

Looked at in another way, the issue is that Singapore will gradually lose, and in fact in some instances has already lost, our comparative advantage in the manufacture of labour-intensive products to other countries where labour is cheap and plentiful, and which are on the road to industrialisation. In fact these were the same conditions which prevailed in Singapore 15 years ago and which helped our industrialisation programme to get off the ground. It will be unwise for us to continue operating in this league now that we are likely to lose our comparative advantage for labour-intensive and low-technology products. The answer lies in moving upwards to higher value-added products which require higher skills and higher technology for their production.

Wage Distortion and Prospects

The second reason relates to the interests of workers. Because of the tight employment situation, we have to recruit and allow foreign workers to come in and man our industries. When these guest workers come in, they do so obviously because opportunities here are better. Wages and other conditions of employment here are better than those they can get in their own countries. Hence what they are prepared to accept here may not even appeal to our own workers because of our different social conditions, standard of living and life style.

For example, if our daily rate is, say \$20, for a certain type of job and the daily rate for the same type of job in Bangladesh say, is \$8 or \$10, then if you offer workers from Bangladesh \$15 or even \$12, they will be only too happy to come to Singapore and take up the offer. The moment such a worker lands in Singapore he only demands \$12 to \$15, which is already a vast improvement for him, but our local worker requires at least \$20 because of different living standards and social conditions. So you can see that the moment you allow workers from different social environments to come in, the wage potential for our workers is depressed. Thus, no matter how productive our local workers become, their potential wage increase is limited.

For this reason we should not allow a large influx of guest workers. But, at the same time, if we do not allow this large influx of guest workers, our factories will find that they cannot get workers. Production will be adversely affected and they may even close down. So we are caught in a vicious

circle. We have to think of a way out of this vicious circle. **The logical way is to encourage a more efficient use of labour in production.**

There is another facet to this problem. Since 1972, the NWC through its recommendations have given workers real increases in wages. It is fair to say that as a result, workers expect to continue receiving increases annually to realise their aspirations of improving their standard of living. However if we continue to increase wages, we will eventually price ourselves out of the world markets as we will become unable to compete with labour-surplus economies. I have already explained this earlier. Hence the only way we can assure ourselves that wages will continue to increase in real terms in order to give our workers a higher standard of living, is to move up the production league, and that is to be engaged in capital-intensive industries which produce higher-value added goods. **If we do not restructure our economy then our workers cannot expect their wages to go up annually, and prospects for higher wages will be really dim.** The corollary is that our workers' standard of living will stagnate and may even, if our factories have to close because we have priced our goods out of the world markets, revert to the difficult times of the past.

Social Problems of Guest Workers

The third reason, which is linked with the second one, is that the more guests workers we allow to come in, the more social problems will be created. This seems a very obvious statement, but it is a fact often overlooked. There were not many problems when guest workers came from neighbouring countries. Their way of life, social behaviour and standard of living are quite similar to that of Singaporeans. But when you take in people from Thailand, Bangladesh, and from countries even further afield, they will find that the Singapore way of life is quite different from what they are used to in their home countries. There will be cultural, linguistic and social problems, and they will find it difficult to mesh in with our pattern of living. This creates tension in society.

At the same time, when more and more guest workers come to Singapore, they will, quite naturally, want to bring their families and their children with them. They will require our social services such as our health facilities, schools and accommodation. If this demand is on a large scale, it will stretch our facilities too tautly. It is all very well to say that the rate of our population increase has gone down, but when you have a large influx of people from outside, there is a total increase in the population of Singapore, of both citizens and non-citizens. This creates additional demands on our infrastructure, and thereby causes inadequacy.

So, unless we review our overall economic strategy, more and more people will have to be allowed to come in, and greater demands will be made on our social services. Since we have a limited land area and our people expect that our infrastructure will be further improved rather than to have more of the same kind of standard, it is obvious that we cannot allow the number of guest workers to increase indefinitely.

Trade Preferences to Developing Countries

There is a fourth reason which is becoming more compelling. As a result of our progress and development, there is pressure within international communities such as the EEC, OECD and the IMF, as well as the United States, Japan and other developed countries to declassify Singapore as a developing

country. This immediately introduces many problems. Least of all will be the fact that we will not be able to obtain cheap loans or expect any form of financial assistance. We have the funds and the reserves to overcome this problem. We are also sufficiently creditworthy to obtain funds from the international capital market. But what will be a problem once Singapore is no longer classified as a developing country is that we will not receive any preferences — or if at all, only very limited ones — for access into the markets of the EEC, the United States or Japan under the GSP, the Generalised System of Preferences, arrangements.

When this happens our products will be subjected to the importing countries' import duties and to other forms of import control: ie tariff preferences and other GSP privileges will no longer be accorded to Singapore. **This means that no matter how efficient we are, our products will become that much less competitive as a result of the import duty levied on Singapore goods.** For example, transistor radio sets manufactured in another developing country and exported to the US, not only will not be taxed but will also probably receive some concessions not available to Singapore-made transistor radios. So, coupled with the fact that our wage-rates and hence production costs are already higher, it will be very difficult for our products to compete with those manufactured in other developing countries. This applies to textiles, shoes or any other labour-intensive products which other developing countries are, or will soon be, manufacturing.

This pressure to reclassify Singapore as a developed country clearly points to the fact that we have to move away from manufacturing the traditional products produced by other developing countries, because their products will be cheaper in third countries, — not necessarily because they are more efficient, but cheaper because their labour cost is lower and because they at the same time enjoy the benefits of special trading arrangements which will become unavailable to us. **The lesson is that unless we move away to the less sensitive products we will find it increasingly difficult to market our goods.**

Associated with this is another reason. Now, Singapore is a member of a group of developing countries known as the Group of 77. It is so called because way back in the early Sixties, 77 countries were classified as LDCs (Less Developed Countries) by the United Nations. Today, although it is still known as the Group of 77, there are 126 such countries. The developed countries for a variety of reasons have drawn up certain arrangements amongst themselves to grant special trade concessions to this Group of 77. However, with an increase in the number of countries clamouring for more concessions and faced with pressure from their own unions and unemployed citizens, **the developed countries have become increasingly selective in granting such concessions.** They will not need much prompting to want to identify those in this Group of 77 which should not be granted any assistance or special trade privileges because of these countries' relatively well developed economies.

In other words, the developed countries want to graduate some of these 77 countries — and Singapore is one of them. They want to graduate us. They say, "Look, you are now fully grown and able to subsist without any privileges. You are no longer an LDC. I now graduate you to a developed country." They have even coined a new name for such countries. They call them a Newly Industrialised Country, or NIC. So we are to be classified a NIC. We don't want to be a NIC not because we do not want to graduate, but because we are not ready for graduation. The criterion used is probably the country's per capita gross domestic product. On this basis Singapore's ranking appears impressive, but our wealth and prosperity can be misleading. We do not have any natural resources to fall back on. All our prosperity can vanish just overnight. In fact quite a lot of the output we generate is profits repatriated.

Our position is quite simple. While statistics may point Singapore out as having made the grade, structurally our economy is still immature, not sufficiently strong or technologically advanced and capable of re-generating our own productive capacity. Give us 7 or 10 years, then we will be only too happy to receive our diploma, but not now. In short we are an LDC at least for the next 7 to 10 years but it is becoming increasingly difficult to convince the developed countries of the peculiar situation we are in.

We may succeed in convincing the developed countries of our true situation and so obtain some time. We need to make good use of this time to prepare ourselves for graduation. The only way is to restructure our economy, prepare our workers and reorganise all our economic activities. But such restructuring cannot be done in a short time, yet time is short. Graduation day draws near. Restructuring in fact began some 7 to 10 years ago when we stepped up our efforts to attract the technologically advanced and capital intensive industries. We have been successful to some extent, but progress is too slow. We must speed up or we will be in trouble. There are other reasons too for speeding up, reasons which I shall elaborate now.

Prospects for Further Prosperity

Our GDP has grown, relatively steadily, over the past 10 years at an annual rate of 6 to 8%. As a result, our people's standard of living has gone up, job opportunities have increased, workers' incomes have improved and our population's welfare has been enhanced. In order that we can continue to progress and prosper, we will need to ensure that we create more wealth. In economic terms, this means ensuring that our GDP or output will continue to grow at a healthy rate.

There are two main ways of increasing our economic output. The first is to increase our labour force — in other words our population. With more people engaged in productive work, more will be produced and total output will increase. There is however a limit to this approach of increasing total output. Firstly, our population is limited and hence our labour force is also limited. In fact the physical limitation of our island state precludes the use of an increase in population, or an increase in labour force through guest workers to raise total output. Moreover, even if physical size is not a limitation, this way of increasing output, ie by increasing our population, is not desirable unless there is a net increase in productivity. In other words, if every worker produces the same amount as before, increasing the workforce does not result in any increase in output per worker. More workers producing a proportionately higher output means the output per worker remains the same. This means that our workers will either receive the same amount of wages, etc. commensurate with their output or, worse still, with a greater population demanding the limited social services and other requisities for daily living, there is bound to be an increase in prices caused by demand outstripping supply.

This clearly points to the other means of increasing total output, and that is through an increase in productivity and by engaging in higher-value added activities. Given the same number of workers, but with each worker producing more or higher value-added products, say 10%, then total output will increase by 10%. In addition, all things being equal, i.e. if there is no increase in population or in other cost factors, workers will be able to increase their wages by 10% without affecting the marketability of our products. Looked at from the workers' point of view as well as from the national interest, **higher productivity and producing higher value added goods is the only answer to ensuring GDP growth and more for each member of our society.**

The pertinent question which we workers ought to ask therefore is how do we increase productivity and total output. **The answer is through the use of a more efficient production system, whether it is in an assembly line, or on the shopfloor, or in a bank or hotel — in other words better management and administration, better organisation and improved skills all round, of both the managers and the managed.** This will generally call for mechanisation, automated systems and a streamlined production process. This means, for workers, better skills and job enlargement. This is really the crux of the Second Industrial Revolution. For, unless this whole process is followed through, we will not only fail in our attempt to improve our workers' lot, but we may also end up worse than before.

The Timing of Implementation

So the decision was made. We accelerate our economic restructuring this year. You may ask "Why this year? You have a fuel crisis, inflation in the advanced countries, unemployment in the advanced countries. Isn't this a bad time to do this?" The answer is both yes and no. Yes, in the sense that it is not the ideal time to embark on an economic restructuring. So should we wait for a more conducive time to embark on our plan? If we did, it may turn out that we will have a terribly long wait. Worse still, the situation may not improve in the developed countries — it could get worse. Meanwhile the day of graduation draws near. The poorer the situation in the developed countries is, the more anxious they will be to graduate us.

So, it is not a question of whether this is the best time, but it is really a question of whether there will be a better time, and the sooner we restructure successfully, the better placed we will be to weather the hard times. At present, our workforce is relatively young. Therefore, they are in a better position to adapt. The longer you wait the older the workforce becomes and, when that happens, it becomes that much more difficult to change. So, in that respect, **the quicker we change, the less painful it will be for some. The longer we wait, the more we will be affected adversely.**

Our labour shortage position for the past 1½ to 2 years has also made it imperative for us to accelerate the restructuring process. This labour shortage situation, if it is allowed to continue, will discourage new investors. You cannot operate a factory without workers. New investors will therefore be reluctant to come in. Without a continuous flow of new investments, our future entrants to the labour market will find that job opportunities will be limited. Moreover, the range of jobs available will be restrictive, limited to the traditional low value-added types. Obviously such a situation will not augur well for our future.

What is more critical is that as our wage rates increase without any change in production methods, it will not be long before our goods become uncompetitive. When that happens, our factories, having no markets, will close and production will stop. This will result in prolonged and massive unemployment, if our economy is not restructured in readiness for this eventuality, and newer investments do not continue to flow in.

Apart from the probable social repercussions if we let in more guest workers which I mentioned earlier, there is another aspect which is relevant. If labour is cheap, there is no incentive for employers to raise productivity and output through mechanisation and automation. Employers will be reluctant to employ more workers with higher skills. This in turn means that future wage increases are limited. Alternatively, if we keep on pushing wages up, there will come a time when our factories become non-competitive and the inevitable I described earlier will take place. And when the crunch comes, we will

be caught stranded with old production methods, inefficient machinery, antiquated management systems and out-of-date organisations.

It is therefore clear that it is not in the workers' interests to protect inefficient firms by deliberate underpricing of labour and by encouraging the inefficient use of our limited labour resources. For if we did this it will be only a matter of time before these establishments become non-viable, a situation which will be followed by retrenchment and unemployment.

We have to give advance notice of our intentions to investors. Our message to them has to be loud and clear. Those establishments which are going to manufacture underwear or low-grade shoes – "don't bother to come". They will have a better chance of viability if they set up their factories in countries which require such establishments. But those who will be engaged in the relatively high-technology type of industries, such as petro-chemicals, pharmaceuticals, precision engineering, they will have to be told in no uncertain terms that Singapore is now embarking on a new strategy. We are going to put more emphasis on the skills of workers and higher productivity. In turn we expect to be paid our market rates. They will then pay attention to us, instead of just looking at South Korea or Taiwan. Unless they do this and invest in Singapore, before long Taiwan and South Korea will be way ahead of us. We will then have to do a lot of catching up. So, the longer we wait, the more difficult it will be for us to catch up. This is another reason why we must make the move now.

The Pitfalls To Look Out For

Obviously, the strategy is not without its dangers. These are minimised by not asking too much too soon. It is for this reason that the impact of the strategy is spread over 3 to 4 years. This will give employers and employees time to adjust. There will be factories and workers who will not be able to make it despite being given this time. This cannot be helped. However our present tight labour situation will to some extent ease the adverse effects of possible retrenchments. This in fact is another reason why we ought to embark on this strategy now.

The question that has often been asked is what happens if the global economic recession worsens to the extent that foreign investors whom we are trying to attract are not forthcoming? What do we do then? Well, the NWC recommendation for 1979 has catered for this eventuality. Gross wages or take home pay will increase on the average by 14%. But wage-cost increase to the employer will go up by 20%. The 6% margin is intended to absorb the unexpected so that wage-costs can be cut back by up to 6% without affecting workers' wages. This will enable our industries to ride any short-term shortcomings.

How about inflation? Will our strategy push inflation and affect our cost of living adversely? The answer is that it will to a slight extent, but workers will, by and large, enjoy real wage increases. What has confused the picture, really, is the increase in the cost of living caused by oil price increases which are beyond our control and have nothing to do with our strategy. These increases would have taken place even if we had deferred the implementation of this strategy. At the same time, being an open market economy, free competition will to some extent minimise the effects of inflation.

Effects on our Industries

What are the possible outcomes on our industries of this second industrial revolution? I shall describe briefly the possible scenarios.

Now, the net effect depends on the type of industry. I can classify industries into 3 categories. **Firstly, we have an industry or a company which has potential for growth.** For this category of industry what the employer is likely to do is to stop recruitment of new staff for the time being. He will keep his present workforce, say, of 1,000 workers. He knows that his products will be able to sell over the next 5 years. Therefore, he will want to expand his plant. In his expansion plans he will put in more modern machinery and revise his production processes so that the present pool of workforce can be re-deployed to run his bigger plant. When that happens, the existing 1,000 workers will have to be retrained and given wider job functions. Workers' wages will consequently continue to go up.

So, for this type of industry or for workers in this category of company, the strategy of upgrading is both logical and correct. It is the best approach to a higher standard of living. But unfortunately, not all companies are in this category. If all companies are like this, we would not have any problems.

Now, the second category of industries will be those which have limited room for expansion. They can survive this present increase of wages through some adjustments in their production processes so that the productivity goes up and unit cost either goes down or remains constant. Hence they will be able to absorb the increase in wage cost without affecting the marketability of their products. So what they are likely to do is to ensure that their workers get the additional skill to run the improved production processes. Those who cannot do so will have to be retrenched, so that the workforce that remains in that industry will be skilled, and able and willing to be further trained if necessary, in order to be absorbed into the new type of production processes. Workers retrenched from such industries will not be too many and are likely to be absorbed by other existing industries which do not require highly-skilled workers.

Now there is a third type of industry. **This will be the industries that have no plan, nor capability to expand.** What is worse, they have no capacity to absorb wage increases, either because they are already operating at the highest possible productive level, or because the nature of their goods is such that the production requires quite a lot of labour and, as a result, they cannot absorb such costs. For such industries, the only logical solution is for them to close down.

Now when such an industry closes down, workers will be retrenched. Some of these workers will change jobs, but there will be others who cannot find alternative employment in the new industries. They will be caught out on a limb. And these are the workers who, I think, unions should be on the lookout for.

What can we do about these workers? Perhaps in the present tight labour situation they can find alternative employment in existing industries. They can, as far as possible, try to acquire new or additional skills. In this regard, the NTUC, employers and the government will have an important role to play. Here, the Skills Development Fund will be drawn upon to assist them. It is in this area that the NTUC, with its affiliates, are working closely with VITB to organise suitable union inhouse training courses, if institutional training is either unsuitable or not available.

Pre-requisites For Success

What are the pre-requisites for success in this strategy of restructuring our economy? Very simply put, it requires two basic ingredients. **Firstly, we need enlightened employers** who understand the purpose of this strategy, and the role they can play and the contributions they can make. On the other hand, **workers are expected to respond with enlightened self interest** and not to take wage increases

for granted. The danger lies in thinking that since future wage increases have been assured, we need not do anything further. If you think in this manner, you have not fully understood the implications of this strategy.

The common misconception amongst some employees and employers is that economic restructuring will come about merely by increasing wages. They cannot be more wrong — wage-increase is just one part of an overall plan to encourage the efficient use of labour, thereby ensuring the supply of labour for the new investments we want to attract, and the upgrading of skills for our workers, and of technology in our production lines. It is also a clear signal to the potential investors in capital-intensive industries of our change in industrial strategy.

If we are blind to the real facts, it will be a tragedy, not only for us workers, but for Singapore as a whole. For we are in this instance playing for the highest possible stakes — our national survival and continued prosperity. When we play for such stakes, everyone is required to put in his share, employee, employer and government alike, for failure knows no bounds and affects everyone with equal adversity.



Mr. Lim Chee Onn
Secretary-General
NTUC

Summing Up Of Seminar

1. The Seminar over the past 3 days has given labour leaders and workers representatives the opportunity to cast their eyes over the horizon. This preview into the future has enabled them to understand and appreciate the social, political and economic environment in which workers will find themselves over the next 10 years.
2. A forecast of what the future has in store for us is always a risky business. Our comrades from the banking and insurance sectors who are experts in money and interest rate matters will be able to confirm this. Uncertainty and surprises abound; for example, in October 1973 the four fold increase in oil price was unexpected and unprecedented. It put our industrialisation programme back by a few years. This points clearly to the fact that unless we are prepared for unforeseen circumstances, we will be caught on a wrong footing.
3. Despite the state of uncertainty prevailing, we have no option but to take a bold step forward and restructure our economy. To wait with the hope for an ideal time to undertake this restructuring can prove to be futile. At the same time, the longer we wait to take this crucial step, the more painful the changes will be for our workers. I have already explained why this is so in my address on the reasons for our economic restructuring.
4. There are no guarantees for success. It will be foolish for anyone to believe that success is assured. What we can have confidence in is the sound judgement of experienced hands in the business of economic planning and national development. While we may lack industrial resources, we have in our possession pragmatic and far-sighted leaders to guide us in our task. We can therefore be reasonably confident that we will be able to at least identify the pre-requisites for uplifting our workers' living standards and well-being to a higher level. Having identified them, the question we will have to ask ourselves is how are we going to meet these pre-conditions.
5. Our goal is clear but the way to it is not strewn with roses. It will be an uphill struggle especially during the initial stages. No one has promised that it will be easy to make the quantum jump from a labour-intensive, low-wage economy to a high-technology, high-skilled one. Worthwhile targets are seldom within easy reach. But one thing is certain — the end result when we get there will be full of opportunities.

6. There will be many obstacles in our path, ranging from obstinate employers, old fashioned concepts, out-dated processes and unmarketable products, to bad management and short-sighted workers. These difficulties can be overcome through perseverance, wisdom and patience.
7. Some will need help along the way and this will be the role for NTUC and our affiliates. We should therefore close ranks and work together to ensure that everybody can make the grade although to different levels.
8. We must be quick-footed to capitalise on opportunities and favourable situations if we wish to secure for ourselves the prospects we seek. The slow and the complacent will not make it. The unwilling and the indifferent will lose out in the long run. The prospects are there. It is up to us to make the effort.
9. During the past 2½ days, the seminar workshops have dealt with the full range of issues which can affect our future. Arising from the discussions and debate, the 3 workshops have drawn up a set of recommendations. These recommendations can be summarised into 3 main areas:
 - (i) Unions, employers and the government should direct their efforts in ensuring that we succeed in the restructuring of our economy which must continue to grow at 6 to 8% if our workers are to enjoy brighter promotion prospects, better job opportunities and enhanced living standards in the future.
 - (ii) NTUC and its affiliates should review the organisation, structure and staffing of unions and cooperatives so that the labour movement is better placed to serve our workers and deal with complex industries and sophisticated managements, and give special emphasis to the training and development of union officials, industrial relations officers and branch leaders.
 - (iii) The Government, employers, and employees should work together to develop a skilled, disciplined and productive workforce which can compete with the best in the world in terms of skill and professionalism; this is to be achieved through the improvement of the industrial relations framework, upgrading the skills of workers and retraining them for higher-grade jobs, promotion of occupational health and safety requirements, creation in our workers an excellent work ethos and pride in their work, introduction of modern machinery and equipments by employers, and revision of the wage system and other terms and conditions of employment.
10. I shall elaborate on some of these points and recommendations. First let me re-state this seminar's objectives which I have outlined to you during the orientation session.
11. We set out to help our workers to understand the reasons for our industrial development strategy and the problems and opportunities which accompany it. In addition we want to establish the contributions which our workers and trade unions can make, in cooperation with the Government and employers, to ensure that we succeed in restructuring our economy, creating a responsible, skilled, productive and professional work force, and raising the quality of life for our workers and their families.

12. I must stress that the importance of this crucial seminar has not been detracted in any way by the petty and irrelevant issues which were raised by some participants but which ought to have been raised in some other forum. But since courtesy requires a response to be given, I shall first put them out of the way.

13. Shortcomings and Deficiencies of Past NTUC Programmes

- 13.1 We will be amongst the first to recognise that not all programmes we implemented during the past 3 years, since the last Triennial Delegates Conference, were perfect. As workers' expectations increase, we will need to strive for higher standards in all our activities, whether they are educational courses, recreational activities or welfare schemes. In fact we are particularly concerned that our programmes should meet the needs and aspirations of our members.
- 13.2 It was for this reason that in January this year, we wrote to all General Secretaries and Presidents of our 53 affiliates requesting them to give us their views on the shortcomings and strong points of NTUC programmes and their recommendations on how we can improve these programmes to cater to the needs of our rank and file.
- 13.3 Subsequently, meetings were held with our affiliates, first in groups and later individually when specific issues were discussed. Many excellent points were raised and the majority have been incorporated in the NTUC Plan of Action. While on this point, I would like to take this opportunity to thank those who have given us their frank and constructive criticisms. The NTUC Secretariat is able to respond to our members' needs that much better because of your contributions as responsible and mature union leaders.
- 13.4 However, there were a few delegates who raised some of these points during the workshop discussions. Perhaps they did not get the message from their respective General Secretaries about the NTUC request for feedback. Anyway, for those who missed the chance to give us their feedback, there will be another opportunity for them during the Delegates Conference. The respective NTUC Secretaries will be on hand in the workshops to clarify their doubts.

14. NTUC Cooperatives

- 14.1 I am sure that all those who voiced their concern about the operations of NTUC cooperatives, whether it is about WELCOME Supermarkets' pricing policies or INCOME insurance policies, are shareholders themselves or at least they represent unions which are shareholders of these Cooperatives. May I suggest that you attend the next AGM of these Cooperatives and exercise your rights and privileges as shareholders. The Managements of these Cooperatives will, I think, only be too glad to explain their policies to shareholders. Alternatively, they should attend Workshop C at our Delegates Conference.

15. Review of Union Administration and Organisation

- 15.1 It was generally agreed that NTUC's affiliates should review their organisational structures and administrative procedures so that they become better placed to respond to the changing demands of the labour movement in the '80s. The advantages of the various types of union organisations will be the subject of a deeper study in order to establish the types

most suited to serve our members effectively over the next decade.

- 15.2 It must be stressed that an organisational review of our unions should not in any way be construed as their inability to meet the needs of our members, either in the past or at present. The objective of the review is to establish what changes need to be made to the present structure in order that our unions can be more effective and efficient in meeting our objectives in the next decade. NTUC will set up a Committee to carry out this review.

16. Training and Career Development of Unionists

- 16.1 Union leaders, branch officials and industrial relations officers will be given every opportunity to improve their skills through advanced and professional courses so that they can effectively deal with the issues of the '80s. Proper career development will be introduced for union leaders, so that they in turn are in a better position to develop a highly skilled and professional workforce. For the longer term, NTUC will consider the establishment of a Labour Educational Centre to provide proper structured courses on a wider range of subjects for our members who will be helped to realise the importance of a high level of perfection in their work.

17. Skills Development Fund

- 17.1 We will endeavour to provide our workers with the skills necessary for them to participate fully in our restructured economy so that they can realise the full benefits of a high-technology, high-skilled and high-wage industry. In the process of training our workers for this purpose, we will attempt to inculcate in them a strong spirit of cooperation amongst themselves, a sense of pride and achievement in their work, and a drive to achieve perfection in their tasks. For those who require retraining, they will be assisted in getting a new lease of work-life. In order to achieve these objectives, we will make full use of the Skills Development Fund. We call upon the Government and employers to supplement our efforts so that there will be no shortage of skilled and dedicated workers to put a brake to our economic growth.

18. Employers' Responsibilities

- 18.1 We call upon employers to meet their responsibilities towards their employees. We detest those who through their intransigence or indifference hamper the restructuring of our economy. Through a variety of untenable attitudes and actions, some employers have encouraged workers to job-hop and behave in other unsavoury manner, but at the same time they claim that our workers are disloyal, irresponsible and money-minded. Employers should wake up, and by working with the unions such as through Productivity Councils, help to increase our workers' skills and productivity. Perhaps the employers should also hold a seminar to educate themselves on the finer points of cooperation so that our relationship with them can become more fruitful.

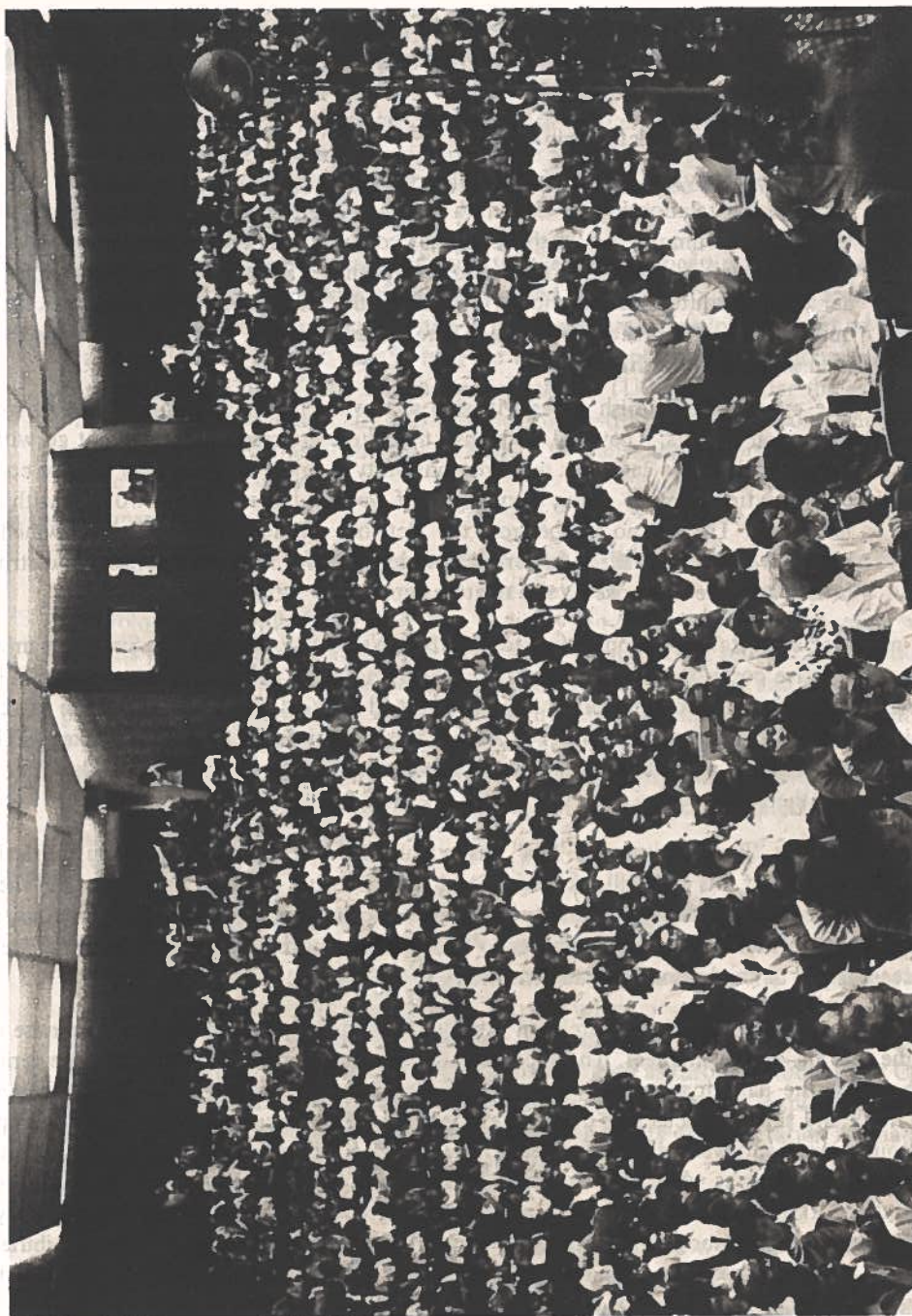
19. Union Membership

- 19.1 Unions will strive to organise the 70% or so of unorganised workers in our workforce in order that more of our fellow workers are able to enjoy the services we provide. In the meantime, those workers and their families who are not eligible to join any unions will

be encouraged to join the Singapore Labour Foundation to enjoy the social and recreational services provided by it. This will enable the Foundation's projects to reach out to more workers.

20. Political-Union Symbiotic Relationship

- 20.1 There are 2 ways of looking at this relationship. The objective way is to view the 2 members in this relationship as sharing a common interest and wanting to work together to attain a common goal. In this case, our common goal is to secure for our workers and fellow citizens the best that the future can promise. Support by one member for the other through mutual cooperation will result in the realisation of this objective that much quicker and with greater certainty. There is consequently every reason for us to strengthen such a relationship.
- 20.2 The cynics and churlish types will choose to view this relationship as one of foregoing the union's rights. They fail to realise that there are responsibilities that go with these rights. And in this case, our main responsibility is to our workers who are also co-owners of our nation. Are we giving anything up if we seek to provide our workers with a brighter future? There is no escape from the fact that political stability is intertwined with a better livelihood for all. A better social order does not flow from conflict and strife. This is the basic rule that governs this relationship.
21. Let me close by restating our objectives for the '80s. We want to develop the Singaporean workers into an effective contributor to our industrial development. We will endeavour to give him his self-esteem and a sense of professionalism in his trade; and to inculcate in him the desire to excel and achieve perfection in his work. In order to achieve this objective, the Singapore worker will have to strive increasingly to perfect his skills, raise his productivity and adopt a work ethic that will be the envy of others.
22. This Seminar on "Progress into the '80s" has examined the best ways to go about achieving this goal. Some parts of this goal will take longer to achieve because of their complexity and the milieu in which we operate. Changes will have to be made to our present mode of operations, perceptions, and priorities if we want to succeed. We shall have to respond positively, for if we fail to succeed, it will be the beginning of the end.
23. This Seminar has not been an exercise in futility nor has it been just an academic exercise to satisfy the craving of the intellect. The recommendations and conclusions illustrate the seriousness with which the participants have viewed the seminar, and its usefulness has been augmented by the frank and sincere discussions during the workshops. This success would not have been possible had our friends and well-wishers not generously sacrificed their time and effort. In particular, the three eminent persons who delivered the 3 keynote addresses, the authors of the background papers, the Workshop Chairmen, resource persons, rapporteurs, and many others slogging away in the background have all laboured mightily. Most important of all, our delegates have contributed significantly and they should be proud of their efforts and willingness to help shape the future for ourselves and our children. To all of them, the NTUC expresses its deep gratitude.



Seminar Conclusions & Recommendations

PREAMBLE

Ten years ago, in this same hall, over 400 union leaders met for 4 days to chart a new course and to define the new roles and functions for the labour movement in the face of rampant unemployment problems of the 60's, the unsettling prospects of the British withdrawal and the problems of disunity and ineffectiveness of unions steeped with the habits of militancy and narrow interests.

That gathering marked one important phase in the history of the Singapore labour movement. From it emerged policies and programmes that made the Singapore trade unions the dynamic and progressive movement it is today.

Era of Construction

The last 10 years was an era of construction. Much has been done to strengthen trade unions and to make them effective in fulfilling the task of protecting the welfare and interests of workers, and, at the same time, ensuring the successful creation of employment for our workers and growth of our living standards.

Era of Consolidation

The next 10 years must be a period of our consolidation and refinement as the next decade will be a period of greater challenge and complex problems. As the Prime Minister has put it: "The problems ahead will be entirely different, qualitatively, from what they were".

We understand what this means and we are resolved to ensure that trade unions will continue to be capable of responding effectively and responsibly through the maximum use of the best of our resources for the economic and social well-being of our workers and our country.

Lessons of the Past

We know the present achievements and triumphs are evidence of what we have done, and how we have fared in solving past problems. We also acknowledge the importance of working closely with the political leadership so that our mutual interests will be promoted and realised for the benefit of all Singaporeans who desire to see a progressive and dynamic nation.

We also acknowledge the important contribution that healthy tripartism has made which will continue to provide the economic and social progress of Singapore and we reiterate our commitment to

continue pursuing a responsible approach in the management of industrial relations, collective bargaining and union organisations so that industrial harmony will prevail in Singapore in the interest of our economy.

Our experience in the past decade and a deep understanding of the future will help us to prepare for the future. We must realise the limitation of our economy, and the deficiencies of our social mores. We realise our dependence on foreign investment, and the stresses of the geo-political and economic forces prevailing in the international economy and the South East Asian region.

Our Strength

Our strength is our willingness to squarely face the problems of the future and to examine objectively both our success and failures, our strengths and weaknesses.

It is for this reason that we, 600 trade union leaders representing over 230,000 of our members, have gathered here since 7 November 1979 in this Seminar on "Progress into the 80's". As our senior colleagues had done 10 years ago, we have considered the future problems and prospects and have charted out the plan of action for the labour movement in the next decade.

SEMINAR DELIBERATIONS & CONCLUSIONS

ECONOMIC AND POLITICAL SCENARIO

We accept that geo-political and economic forces are over-riding factors in determining the scope of our success and the gravity of our problems. Our reliance on oil makes us vulnerable to the continued rising of oil prices which will affect our competitive position.

On the political front, the outcome of the Sino-Soviet Conflict, the Middle East Conflict as well as the political upheavals in Indo-China will affect the security and stability of the ASEAN region, and, therefore, Singapore.

The rapid growth of our economic competitors — Hongkong, South Korea, Taiwan — and the emerging economies of China, Brazil and some African countries with large populations will pose greater challenges to our economy.

SUPPORT FOR ECONOMIC RESTRUCTURING

We appreciate that there is a limit to our economic growth unless we restructure and upgrade from a labour-intensive to a capital-intensive economy manufacturing higher value-added products which require workers with higher skills and positive work ethics. This change should be governed by an equitable system of higher wages linked to higher productivity.

Having considered the rationale for the restructuring of our economy as has been presented in the Seminar papers and addresses, we accept the national policy of economic restructuring. We endorse the Prime Minister's call to the workers of Singapore to strive for perfection and professionalism in their work.

RECOMMENDATIONS

Recognising the critical conditions for determining the successful upgrading of the Singapore economy and the creation of greater social and economic growth of the workers, we now make the following recommendations:

ECONOMIC RESTRUCTURING

- (1) While we emphasise that the success of the economic restructuring will depend upon the joint efforts of all — Management, Government and Labour — the NTUC and its affiliated unions should take the lead and motivate their members to work collectively to ensure that our economic restructuring will succeed.
- (2) In this effort the NTUC and its affiliates should give top priority to 3 areas:—
 - i) the upgrading of skills;
 - ii) the inculcation in our workers of sound work ethics and the commitment to the pursuit of perfection and professionalism in work; and
 - iii) the further development of union's programmes to meet the demands of our workers in the 80's.
- (3) The policy of encouraging a more efficient use of our labour resources through the NWC recommendations should continue to apply to all sectors of the economy.

SKILLS DEVELOPMENT

- (4) The NTUC and its affiliated unions should monitor the training needs of members and identify those who need to acquire new skills and whose skills have or are likely to become redundant.
- (5) Trade union members should continue to respond positively to skill development, job enlargement and changes in work organisation to equip the workforce for the wider and more complex range of economic activities where high wages will accompany higher productivity and higher technology in production.
- (6) Workers in the restructured economy should be urged and motivated to be flexible, adaptable, hardworking, to acquire higher skills and to cultivate a stronger sense of work ethics as a basis for achieving higher productivity and higher remuneration.
- (7) The NTUC and its affiliates should support and promote the prudent use of the Skills Development Fund and should endeavour jointly with the employers and the government to operate schemes for the upgrading of existing skills and the acquisition of new ones.
- (8) The Economic Development Board, Ministry of Trade and Industry, Ministry of Labour, the VITB, employers and other appropriate institutions should co-operate with the unions in providing appropriate training programmes for workers. Industries should be asked to inform the EDB of their skill requirements and the number of redundant workers from upgrading and restructuring.
- (9) The SDF should also be used for:—
 - (a) the upgrading of trainers and instructors; and
 - (b) the recruitment of experts from abroad where necessary to improve our training programmes.

- (10) The SDF should also be used for the development of training institutions on an industry basis.
- (11) No undue weight should be given to academic and paper qualifications when determining the eligibility for admission to training courses.
- (12) Training Schemes should be appropriately scheduled and designed in modular form, if necessary, for shift workers.
- (13) Employers should grant paid leave to employees to attend skill development courses which are relevant to their work.
- (14) Employers and unions should jointly develop a system of wages and other terms and conditions of employment to encourage skill development, job enlargement and company loyalty.
- (15) Employers in consultation with the union should make every effort to re-deploy or retrain redundant employees and resort to retrenchment only if there are no other alternatives.
- (16) Management should not, under the guise of restructuring, retrench older workers on higher salary points and replace them with younger ones at lower wage levels as this will not promote company loyalty.

WORK ATTITUDE

- (17) Workers are urged to take greater pride in their work and strive for perfection and professionalism.
- (18) The NTUC and its affiliates should impress on all union members that they will not condone any acts on their part which are detrimental to good work ethics and the overall performance, productivity and discipline of the workforce.
- (19) Management and their supervisory staff should, through their exemplary conduct, motivate workers to cultivate good work ethics.

PRODUCTIVITY

- (20) Employers are urged to be more committed to promote the establishment of Joint Consultative Productivity Councils to encourage greater cooperation and the exchange of ideas and suggestions.
- (21) Management should pay more attention to the design and application of staff appraisal schemes to ensure greater objectivity and fairness in the assessment of workers' productivity.

INDUSTRIAL LEGISLATION

- (22) The NTUC, its affiliates and the government should review the industrial legislation to accommodate the changes resulting from the new economic restructuring policies and to consolidate the harmonious industrial relations environment.

OCCUPATIONAL HEALTH AND SAFETY

- (23) Amendments should be made to existing legislations to:—
 - (a) improve occupational health and safety standards;
 - (b) increase the quantum of Workmen's Compensation;

- (c) remove the income criterion for non-manual workers on the eligibility for workmen's compensation;
- (d) include statutory medical examinations for those exposed to dangerous occupations and materials;
- (e) seek representation of trade unions in safety committees of work establishments; and
- (f) allow the use of CPF contributions for insurance purposes, if possible on a voluntary basis.

(24) The Government, being the single largest employer, should set the lead to provide its employees with a safe and healthy working environment.

(25) The Government should give more serious attention to the need to increase the number of factory inspectors and the efficiency of the Inspectorate to ensure effective supervision and implementation of occupational safety and health laws.

(26) Public recognition should be given to establishments which have successfully undertaken training programmes in occupational health and safety.

CONTRIBUTIONS OF PROFESSIONALS

- (27) The NTUC and its affiliated unions should approach professional bodies to urge their respective members to be more involved in the task of attaining and developing better standards and practices of occupational health and safety.

REVIEW OF UNIONS' ORGANISATIONS

- (28) Trade Unions should review their organisations so that they will be better placed to respond to the changing demands of the 80's.
- (29) The NTUC should establish a top level committee with representatives from the relevant affiliates to study in greater detail how existing trade union organisations could be made more effective and efficient.

MANAGEMENT SERVICES UNIT

- (30) The NTUC should set up a Management Services Unit to inject greater professionalism and expertise into the management and administration of unions and cooperatives.

COOPERATIVES

- (31) The NTUC and its affiliates should consolidate and modernise their cooperatives. Where possible, union cooperatives should amalgamate to take advantage of economies of scale. NTUC and its affiliates should promote greater cooperation and co-ordination amongst their cooperatives.
- (32) NTUC and its affiliated unions should ensure that surplus funds generated by their cooperatives are prudently invested.

LEADERSHIP TRAINING

(33) The existing education and training programmes for union leaders and IROs should be improved and the following matters should be taken into consideration:

- (a) training of union leaders, branch officials and IROs should be stepped up and should cover a more specialized and a wider range of topics so that they can better serve the members and deal with the more complex problems of the 80s;
- (b) systematic follow-up actions should be instituted after each training course; and
- (c) development of a Workers Training Centre which will serve as a hub for more comprehensive trade union and workers education and training programmes.

SINGAPORE LABOUR FOUNDATION

(34) Persons who cannot be unionised should also be given the opportunity to enjoy the social and recreational amenities provided by the Foundation.

(35) Non-unionised workers who enjoy the benefits of collective agreement should be asked to make contributions equivalent to the union members' subscriptions to the SLF.

