The United Nations mission and the founding of the EDB

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Unemployment and the search for a strategy

When the People's Action Party formed the first fully elected government of self-governing Singapore on 5 June 1959, the city faced conditions that its leaders described as desperate. Nearly 70 per cent of the population lived in slums, the economy relied mainly on trade and the unemployment rate was in double digits.[1] The entrepôt trade described in Part A still dominated the economy. Dependent on the prices of tin and rubber and on the goodwill of neighbouring states, it could not absorb a workforce that was growing every year.

Estimates of the scale of the problem vary. In 1991 Lee Hsien Loong, then Deputy Prime Minister, described the Singapore of 1960 as a poor and underdeveloped country with a per capita gross national product of US$435 and unemployment of 14 per cent. He recalled that 50,000 people were without work when the United Nations experts arrived. The mission itself worked with a figure of 12 per cent of an estimated labour force of 498,000, or about 63,000 people. Winsemius later suggested that real unemployment, including hawkers, unpaid family workers and

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the underemployed, might have reached 30 to 35 per cent.[2] The difference between the figures reflects the difficulty of measuring work in an economy of hawkers, coolies and family shops, which the 1957 census had only partly captured.

The government had already taken first steps. A Singapore Industrial Promotion Board, created in 1957 with capital of $1 million, had been given the task of encouraging new industries. Its means were far too small for the problem. In 1959 the new government also enacted the Pioneer Industries (Relief from Income Tax) Ordinance, which offered tax holidays of up to five years to enterprises in industries declared to be pioneer industries.[3] Both measures assumed that industrial growth would follow once investors received encouragement. What was missing was a plan that identified which industries could succeed in Singapore and an organisation capable of bringing them there.

The Winsemius mission of 1960–1961

In August 1960 Goh Keng Swee, the Minister for Finance, confirmed that the government had asked the United Nations to send a team of experts who had been involved in the industrialisation of their own countries. Winsemius later recalled that the government had rejected two candidates recommended by the United Nations before Goh personally chose him. The Leiden historian F. Stoelinga, who has reconstructed the episode from Dutch, Singaporean and United Nations archives, found that as many as ten candidates were considered. Winsemius had served from 1949 as director-general for industrialisation in the Dutch Ministry of Economic Affairs. The mission began its work in Singapore on 4 October 1960.[4]

The team combined specialists in industrial estates, electrical equipment, shipbuilding and metal engineering from Sweden, Italy and the United States. Its deputy leader, I. F. Tang, was a Chinese-born economist of the United Nations Economic Commission for Asia and the Far East. It examined the prospects of existing engineering firms, metal products, chemicals and plastics, shipbuilding and ship repair and electrical appliances. In mid-December 1960 Winsemius discussed a preliminary report with the British Commission in Singapore. He told British

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officials that significant unemployment could be eliminated by the end of 1965, provided Singapore accepted the recommendations as a whole. On 14 December 1960 he handed the preliminary report to the Prime Minister, Lee Kuan Yew.[5]

Two pieces of advice that accompanied the report have become part of Singapore's political memory. Winsemius later recalled telling Lee that economic development was impossible unless the communists were removed from government, the unions and the streets. He also advised that the statue of Stamford Raffles be left in place, because it would show foreign investors that Singapore accepted its British heritage and welcomed their know-how.[6] The first piece of advice touched the political struggle that Chapter II of this part describes. The second expressed a theme that runs through this book: a small trading city earns its living by reassuring foreigners.

The final report, *A Proposed Industrialisation Programme for the State of Singapore*, was published by the United Nations on 13 June 1961 and became known as the Winsemius Report. It called for the creation of over 200,000 jobs within ten years, a target that Stoelinga breaks down as 214,000 jobs for a labour force expected to grow by half. Winsemius identified industrial relations as the greatest threat to the programme. In a passage quoted by Lee Hsien Loong thirty years later, the report warned that investment in infrastructure would be wasted as long as the existing industrial relations persisted, since the reserves could only be spent once.[7]

The Economic Development Board Ordinance 1961

The report proposed a central agency to implement the programme. The government acted quickly. The Economic Development Ordinance had its first reading in the Legislative Assembly on 26 April 1961 and its second reading on 24 May 1961. It came into force on 1 August 1961, when the new Board took over the functions of the Industrial Promotion Board. The Board received $100 million for the period from 1961 to 1964, a hundred times the capital of its predecessor.[8]

The Act that governs the Board today still describes its mission in broad terms. Under section 6(1)(a) of the Economic Development Board Act 1961, the Board's functions include stimulating "the growth, expansion and development of the

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Singapore economy". Later amendments added tasks such as supporting local enterprises and encouraging key enterprises to establish their international headquarters in Singapore.[9] The breadth of the mandate is deliberate. It allowed the Board to act as promoter, planner, landlord, lender and coordinator at the same time.

The government staffed the Board with some of its ablest officials. Hon Sui Sen, a senior civil servant, served as its first chairman from 1961 to 1968, before becoming chairman of the Development Bank of Singapore and, from 1970 to 1983, Minister for Finance. The first executive head was an Israeli, Eric J. Mayer, whom Goh Keng Swee had met in Israel in 1959. Winsemius praised the choice of a foreigner as proof that the needs of economic development outweighed national prestige. Lee Hsien Loong later named Ngiam Tong Dow, J Y Pillay and S Dhanabalan among the officers sent to the Board, with Goh Keng Swee as "the master architect of the industrialisation programme".[10]

The first years: Jurong and the limits of import substitution

The Board's first task was physical. The government chose the swampy and hilly area of Jurong in the west of the island for an industrial estate of about 9,000 acres, which required land reclamation, resettlement and roads, power and water. Critics called the project "Goh's Folly".[11] Goh himself admitted that the project was an act of faith. National Iron and Steel Mills became the first company to set up a factory on the estate in 1964.[12]

The early factories made garments, toys, wigs, mosquito coils, joss sticks and plastic flowers.[13] They were labour-intensive and served mainly local and regional markets. The strategy of the early 1960s rested on the expectation of a common market with the Federation of Malaya, which the merger of 1963 seemed to deliver with a combined market of about 12 million people. Results fell short of expectations. Manufacturing rose only modestly as a share of real GDP after 1960. About 21,000 manufacturing jobs were created by 1965, while unemployment remained in double

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digits. By the end of 1966 unemployment had risen to 70,000, more than 10 per cent of the labour force, while 25,000 school-leavers entered the labour market every year.[14]

Notes

1. SG101 (Government of Singapore), "1959–1965: Early Economic Strategies" (accessed November 2026): the PAP became "the first full elected government of the self-governing state of Singapore on 5 June 1959"; "Nearly 70% of the population lived in slums"; "unemployment rate was in the double digits". ↩
2. Speech by BG Lee Hsien Loong, Deputy Prime Minister and Minister for Trade and Industry, at the EDB's 30th anniversary dinner, 1 August 1991, National Archives of Singapore, document lhl19910801s, pp. 1 and 3: "50,000 were jobless"; "a Per capita GNP of US$435 and 14 per cent unemployment in 1960"; F. Stoelinga, *Albert Winsemius: De Nederlander achter de BV Singapore*, doctoral thesis, Leiden University, 2020 (hdl.handle.net/1887/138392), pp. 191–192, citing the UN report *A Proposed Industrialization Programme for the State of Singapore*, pp. ii and 6, and the oral history interview with Winsemius in the National Archives of Singapore. ↩
3. Wikipedia, "Economic Development Board" (accessed November 2026): the Singapore Industrial Promotion Board was formed in 1957 and "started with capital of $1 million"; Speech at the sixth International Tax Conference, Singapore, February 1980, National Archives of Singapore, document gct19800204s, p. 3: "The Pioneer Industries (Relief from Income Tax) Ordinance was introduced in 1959 to provide tax holidays of up to five years to pioneer enterprises". ↩
4. F. Stoelinga, *Albert Winsemius*, op. cit., pp. 13 and 188–189, citing Chan Chin Bock (ed.), *Heart Work*, Singapore, 2002, p. 16, United Nations archives S-0175-1798-05 and Desker, *Goh Keng Swee: A Public Career Remembered*, p. 48 (Winsemius: "I was personally chosen by Dr. Goh Keng Swee … after they had rejected two candidates recommended by the United Nations"). ↩

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5. F. Stoelinga, *Albert Winsemius*, op. cit., pp. 190 and 192–195, citing the note of conversations with Winsemius at the UK Commission on 12 and 13 December 1960, transmitted by the Australian Commission in Singapore (memo 121, 25 January 1961): unemployment "could be eliminated by the end of 1965" if Singapore "accepted the U.N.T.A.B. recommendations in toto". ↩

6. F. Stoelinga, *Albert Winsemius*, op. cit., pp. 196 and 198, quoting the oral history interview with Winsemius (National Archives of Singapore, Oral History Centre, reel 2): "You can forget everything, Mr. Prime Minister, unless two preliminary things are being done"; on Raffles: "Let Raffles stand where he stands … It's your presentation to the outside world that you accept the heritage of the British." ↩

7. F. Stoelinga, *Albert Winsemius*, op. cit., p. 207: the final report was published on 13 June 1961 by the UN Bureau of Technical Assistance Operations, Department of Economic and Social Affairs; SG101, "1959–1965: Early Economic Strategies", op. cit.: the report called for "over 200,000 jobs" to be created "within 10 years"; F. Stoelinga, *Albert Winsemius*, op. cit., p. 192: 214,000 jobs, or 412 jobs a week; Speech by BG Lee Hsien Loong, 1 August 1991, op. cit., p. 6, quoting the Winsemius Report, pp. 116–117: "Nothing will be built on it, and the reserves can only be spent once.". ↩

8. Wikipedia, "Economic Development Board" (accessed November 2026): first reading on 26 April 1961, second reading on 24 May 1961; "The ordinance commenced on 1 August 1961, thus taking over the functions of SIPB."; SG101, "1959–1965: Early Economic Strategies", op. cit.: the EDB "was armed with $100 million over the period of 1961 to 1964". ↩

9. Economic Development Board Act 1961, s. 6(1)(a), (e) and (g), as reproduced on lawplayer.com from Singapore Statutes Online (accessed November 2026); s. 6(3) provides that the section imposes no enforceable duty on the Board. ↩

10. Wikipedia, "Hon Sui Sen" (accessed November 2026): first chairman of the EDB from 1961 to 1968; chairman of DBS from 1968 to 1970; Minister for Finance from 1970 until his death on 14 October 1983; F. Stoelinga, *Albert Winsemius*, op. cit., p. 223, quoting A. Winsemius, *Methods of Industrial*

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Development, p. 90: Singapore appointed "a foreigner for a period of two years as executive secretary of the economic development board"; Speech by BG Lee Hsien Loong, 1 August 1991, op. cit., p. 2. ↩

11. Roots.gov.sg (National Heritage Board), "Transforming Landscapes, Improving Lives: 50 Years of Economic Development": critics called Jurong "Goh's Folly". ↩
12. SG101, "Jurong: From Swamp to Suburb" (sg101.gov.sg/economy/case-studies/jurong1, accessed November 2026): a 9,000-acre area to be developed through reclamation, resettlement and infrastructure; "Jurong used to be nothing more than swampland"; Goh "admitted that the Jurong project was 'an act of faith'"; "The first company to set up a factory was the National Iron and Steel Mills in 1964." ↩
13. Roots.gov.sg, "Transforming Landscapes, Improving Lives", op. cit., on the products of the early factories. Lee Hsien Loong, 1 August 1991, op. cit., p. 9, confirms only that the EDB's early pioneer certificates went to companies "making condensed milk and chewing gum". ↩
14. SG101, "1959–1965: Early Economic Strategies", op. cit.: "A combined market of about 12 million people"; manufacturing share of real GDP rising "from 16.9% in 1960" (the 1965 figure is garbled on the page); about 21,000 manufacturing jobs created while unemployment stayed in double digits; Address by the Minister for Labour, Ong Pang Boon, at the NTUC May Day Rally 1972, reproduced in Kim Seah Teck Kim, "Singapore's National Wages Council: Its Influence on Industrial Relations" (1981) 23 Mal LR 52, Appendix 1, at 85. ↩

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