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LABOUR ABSORPTION IN HONG KONG AND SINGAPORE SINCE 1970

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Based on census data, this paper traces the labour absorption pattern in the city-economies of Hong Kong and Singapore since the early 1970s to the early 1980s. Among the similarities highlighted are the export-led growth in the 1970s, the shift towards higher valued activities, the simultaneous expansion of the labor force and employment, an unprecedented increase in female labor force inflow, the more efficient use of manpower due to rapid output growth, and the preponderance of the more export-oriented manufacturing industries contributing the bulk of new jobs.

On the other hand, one significant difference in this sectoral patterns of labor absorption is that, compared to Singapore, Hong Kong's ratio of employment growth to output was higher in commerce and lower in manufacturing due to the greater supply-induced employment-creation. The higher labor absorption rate in Singapore manufacturing relative to that of Hong Kong is most likely because of the greater influence of the former's government on the labor market as well as the influx of labor intensive foreign manufacturing firms.

The paper notes the increasing similarity in the early 1980s between the the two economies as well as the increasing convergence of government perception of its role in both city-economies.

1. Introduction

Two studies (Chau, 1976; Koh and Clark, 1976) have analysed labour absorption in Hong Kong and Singapore from the 1950s to the early 1970s, a period during which both city-economies grew rapidly and reached full employment as a result of successful export-led labour-intensive industrialisation. Hong Kong, which began industrialising in the early 1950s with capital, skills and entrepreneurship that refugees brought with them from China, first experienced rising wages and labour scarcity in the early 1960s. Starting a decade after Hong Kong on a similar export-oriented industrialisation path, independent Singapore achieved full employment in the early 1970s despite the British military pullout in 1968 which intensified the unemployment problem caused by a stagnating entrepot and rapid population growth. Singapore's manufacturing expansion, unlike that

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of Hong Kong, was led by foreign firms and the state, and not by local entrepreneurs. In both cities, initial conditions — a small domestic market, abundant labour (and industrial skills in the case of Hong Kong), the availability of supporting port, banking and telecommunication services — favoured the shift from entrepot and domestically-oriented activities to labour-intensive export-oriented manufacturing. But these conditions would not have brought about rapid industrialisation had internal policies that promoted stability and efficiency, and favourable external circumstances including a liberal international trading system in the 1960s not also been present. The policies and circumstances that contributed to the economic transformation of both cities from labour-surplus to labour-scarce economies are well documented (Chau, 1976; Youngson, 1983; Lee, 1984; Pang and Tsao, 1984). However, the pattern of labour absorption in both city-economies since the early 1970s has not received the same attention. Drawing on mainly census data, this paper seeks to fill this gap — it updates the story of labour absorption in both cities to the early 1980s, highlighting important similarities and differences between the two city-economies.

2. Singapore: Labour Force, Employment and Unemployment Trends Since 1970

2.1. Population and Labour Force Changes

After rapid declines in the 1960s and early 1970s, Singapore's population growth rate stabilized at around 1.2 per cent in the late 1970s (Table 1). The island's labour force in the age group 15-64, however, grew much more rapidly, averaging 4.4 per cent a year between census year 1970 and census year 1980. The influx of non-permanent immigrant workers (of which there were nearly 80,000 in 1980 compared with 20,000 in 1970), and the entry of large numbers of increasingly better-educated young women into the labour market in response to job opportunities created by rapid economic growth were the two key factors that accounted for the high rate of labour force growth. In 1980, women represented over a third of the labour force compared with just over a quarter in 1970; their participation rate rose nearly 16 percentage points to 47.2 per cent between 1970 and 1980, raising the aggregate participation rate from 57.7 per cent in 1970 to 66.2 per cent in 1980. Unlike the participation rate for women, that for men rose only marginally from 84.2 per cent to 84.7 per cent during the intercensal period. Several factors account for the relative stability of the participation rate of men during a period of rapid change. The rate for men was high to begin

Table 1 — Singapore: Population, Labour Force and Unemployment, 1970, 1973-1980

	1970	1973	1974	1975	1976	1977	1978	1979	1890	1970-80
Population ('000)	2,074.5	2,193.0	2,229.8	2,262.6	2,293.3	2,325.3	2,353.6	2,283.5	2,413.9	n.a.
Male	1,062.1	1,121.4	1,139.7	1,156.1	1,171.3 1	1,187.3	1,201.4	1,216.3	1,231.7	n.a.
Female	1,012.4	1,071.6	1,090.1	1,106.5	1,122.0	1,138.0	1,152.2	1,167.2	1,182.2	n.a.
Rate of Growth		1.9	1.8	1.6	1.4	1.4	1.3	1.2	1.3	1.4
Population 15-64 Years ('000)	1,200.3	1,350.2	1,389.6	1,427.7	1,473.0	1,502.2	1,558.1	1,614.8	1,646.9	n.a.
Rate of Growth		4.0	4.5	2.7	3.2	2.0	3.7	3.6	1.9	3.2
Labour Force Aged 15-64 Years ('000)	723.3	817.4	835.9	852.0	885.1	919.3	975.1	1,035.0	1,093.4	n.a.
Rate of Growth		4.2	2.3	1.9	3.9	3.9	6.1	6.1	5.6	4.3
% Female	27.6	30.0	32.3	30.3	31.6	32.4	33.5	34.1	34.7	n.a.
Labour Force Participation Rate	57.7	61.5	60.2	59.7	60.1	61.2	62.6	64.1	66.2	n.a.
Male Participation Rate	84.2	82.5	80.8	81.9	81.3	81.5	82.6	83.6	84.7	n.a.
Female Participation Rate	29.7	37.3	39.2	36.7	38.4	40.3	42.3	44.2	47.2	n.a.
Unemployment Rate	10.4	4.5	3.9	4.6	4.5	3.9	3.6	3.4	3.5	n.a.

Sources: Singapore, Department of Statistics, *Report on the Census of Population 1970*, vol. I (Singapore: Singapore Government Printing Office, 1973); idem, *Census of Population 1980*, release no. 4 (Singapore: Singapore National Printers, 1981); idem, *Economic & Social Statistics Singapore 1960-1962* (Singapore: Singapore National Printers, 1983), p. 32.

Note: n.a. — not applicable.

with, and in consequence, the scope for significant increases was much less compared with that for women. Rising living standards and increased life expectancy mean more men can afford to retire — a trend that lowers the participation rate of older men. Also helping to decrease the male participation rate is the trend towards more years of full-time schooling for young men, a trend that was facilitated by increased availability of schooling opportunities and reinforced by rising demand for educational qualifications.

Reflecting the expansion in educational and training opportunities since the early 1960s, Singapore's labour force became increasingly better educated in the 1970s. As Table 2 shows, the proportion of the labour force with less than secondary schooling fell nearly 11 percentage points to 72.6 per cent between 1970 and 1980 while the proportion with secondary education rose from 13.8 per cent to 23.8 per cent in the same period. Women in the labour force are on the average better educated than men in the labour force — nearly a third of the economically active women have at least secondary schooling compared to less than a quarter among men. This difference arises because better-educated women are more likely to seek market work than women with little or no education, a fact that raises the average level of education among economically active women relative to that of the general female working-age population. In contrast to women, working-age men with few exceptions and regardless of their educational attainment must enter the job market. Consequently, the average educational level of economically active men does not differ much from that of all working-age men.

Table 2 — Singapore: Economically Active Persons by Highest Qualification and Sex, 1970 and 1980 (in percentage terms)

	1970 Census			1980 Census		
Highest Qualification	Total	Male	Female	Total	Male	Female
Total (Persons)	68,313	50,776	17,537	1,115,958	730,606	385,352
(%)	100.0	100.0	100.0	100.0	100.0	100.0
Below Secondary	83.5	85.8	76.9	72.6	75.3	67.6
Secondary/Upper	13.8	11.4	21.0	23.8	20.8	29.6
Tertiary	2.3	2.4	1.8	3.6	3.9	2.8
Not Stated	0.4	0.4	0.3	—	—	—

Source: Singapore, Department of Statistics, *Economic & Social Statistics Singapore 1960-1982* (Singapore: Singapore National Printers, 1983), p. 36.

2.2. Unemployment Patterns

Despite rapid labour force growth in the 1970s, unemployment did not worsen. On the contrary, the fast-growing economy created enough jobs to reduce the unemployment rate from a high of 10.4 per cent in 1970 to 3.5 per cent in 1980. The decline in unemployment rate is, however, not as sharp as the figures suggest; the 1970 count of unemployed workers includes 31,000 persons who did not take active steps to look for work. If these persons were treated as economically inactive, the adjusted unemployment rate for 1970 would be 6 per cent (Koh and Clark, p. 320). By 1974, sustained expansion of the labour-intensive manufacturing and services sectors had brought the unemployment rate below 4 per cent. The world recession in the mid-1970s broke Singapore's growth path and raised unemployment to 4.6 per cent in 1976. In the late 1970s, as a result of quickening economic growth, the unemployment rate fell steadily, reaching a low of 3.4 per cent in 1979. The decline in unemployment rate has continued in the 1980s. In 1984, the rate was 2.6 per cent.

The large increase in job opportunities in the 1970s greatly changed the structure of unemployment. In 1970, unemployment was concentrated among the young: half of the unemployed were new labour market entrants below 20 years of age and less than half had previous work experience (Table 3).

In 1980, less than a quarter of the job-seekers were below 20 years of age, and most of them were women entering the job market for the first time. Over four-fifths had previous work experience compared with less than half in 1970. Unemployed men were concentrated in the 20-24 age group which included many newly discharged national servicemen looking for civilian jobs, and in the over-30 age group which included mostly workers looking for better jobs. In contrast to 1970 when over half the unemployed had at least secondary education, most of the unemployed in 1980 had no formal schooling or only primary education, a fact that suggests that workers with little education have not benefited as much as those with at least secondary education from sustained growth in the 1970s.

In 1970, unemployed workers depended largely on friends and relatives for information on job openings. Only about a third of them used formal channels, even though half of them had secondary education. Almost half of the unemployed men and two-fifths of the women who had previous work experience had not worked within

Table 3 — Singapore: Unemployment by Age, Educational Qualification, and Action Taken to Find Job, 1970 and 1980

	1970						1980					
	Persons		Male		Female		Persons		Male		Female	
Unemployed	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Age Group (Years)	75,784	100.0	41,943	100.0	33,841	100.0	38,868	100.0	24,089	100.0	14,779	100.0
10-14	2,745	3.6	1,287	3.1	1,458	4.3	139	0.4	80	0.3	59	0.4
15-19	35,517	46.9	17,227	41.1	18,290	54.0	8,198	21.1	1,681	7.0	6,517	44.1
20-24	19,590	25.8	9,288	22.1	10,302	30.4	14,556	37.4	9,624	40.0	4,932	33.4
25-29	5,189	6.8	3,261	7.8	1,928	5.7	6,664	17.1	4,797	19.9	1,867	12.6
30 & Over	12,743	16.8	10,880	25.9	1,863	5.5	9,311	24.0	7,907	32.8	1,404	9.5
Educational Qualification	5,647*	100.0	3,302*	100.0	2,345*	100.0	38,868	100.0	24,089	100.0	14,779	100.0
No Qualification	665	11.8	418	12.7	247	10.6	7,129	18.3	5,473	22.7	1,656	11.2
Primary	1,965	34.9	1,275	38.8	690	29.5	22,518	57.9	14,610	60.7	7,908	53.5
Secondary	2,748	48.8	1,466	44.5	1,282	54.8	5,952	15.3	2,527	10.5	3,425	23.2
Upper Secondary	195	3.5	99	3.0	96	4.1	2,049	5.3	882	3.7	1,167	7.9
Tertiary	55	1.0	32	1.0	23	1.0	1,220	3.1	597	2.5	623	4.2
With Work Experience	33,441	44.1	23,520	56.1	9,921	29.3	31,959	82.2	21,526	89.4	10,433	70.6
Action Taken To Look for Work	5,647*	100.0	3,302*	100.0	2,345*	100.0	38,868	100.0	24,089	100.0	14,779	100.0
Registered With Employment Agency	368	6.6	239	7.2	129	5.5	1,232	3.2	804	3.3	428	2.9
Answered/Placed Advertisements	1,040	18.4	449	13.6	591	25.2	21,183	54.5	11,278	46.8	9,905	67.0
Asked Friends/Relatives	3,717	65.8	2,213	67.0	1,504	64.1	15,073	38.8	11,000	45.7	4,073	27.6
Applied Direct to Employers	198	3.5	112	3.4	86	3.7	708	1.8	454	1.9	254	1.7
Others	324	5.7	289	8.8	35	1.5	672	1.7	553	2.3	119	0.8

Sources: Singapore, Department of Statistics, *Report on the Census of Population 1970,* vols. I & II (Singapore: Government Printing Office, 1973), pp. 145, 127, 152, 202; idem, *Census of Population 1980,* release no. 4 (Singapore: Singapore National Printers, 1981), pp. 244, 245, 252.

NOTE: *Sample figures.

the last year (Koh and Clark, p. 321). This fact, together with the heavy reliance on informal search channels for job information, suggests that the labour market attachment of many unemployed workers in 1970 was weak, in sharp contrast to 1980 when two-thirds of the unemployed workers used formal search channels and most had held a job within the last year. Thus in addition to creating job opportunities in excess of the increase in labour supply, rapid growth in the 1970s strengthened worker attachment to the labour market.

Other data support the picture of an increasingly tight labour market in the 1970s painted by unemployment statistics. The number of persons registered with the Employment Service (which helps workers to find jobs and employers to find workers) fell sharply from 43,000 in 1970 to 6,300 in 1980. In 1980, the Service notified registrants of 25,700 job openings of which it was able to fill only 5,600 — a ratio of over four to one compared to a ratio of one to one in 1970 (Singapore, Department of Statistics, p. 40).

Another piece of evidence pointing to domestic labour shortages is the increased importation of foreign workers. In 1970, there were 20,000 non-resident foreign workers, imported mostly from Peninsular Malaysia. Their number increased rapidly in the early 1970s, stabilized in the mid-1970s when recession slowed growth, and rose sharply in the late 1970s when the government eased regulations on the recruitment of unskilled workers not only from Malaysia but also from other "non-traditional" sources. In 1980, non-resident foreign workers numbered nearly 80,000 or 7.2 per cent of the labour force of 1.1 million persons.

Despite the large influx of foreign workers and growth in domestic labour supply, real earnings did not fall because the expansion in labour demand outstripped the total increase in labour supply. Nominal average weekly earnings more than doubled from S$75.6 in 1972 to $161.4 in 1980, a real increase of 2 per cent a year, after adjusting for the rise of 6 per cent a year in the consumer price index (Table 4).

2.3. Employment Patterns

Between 1970 and 1980, the fast-growing Singapore economy created over 427,000 new jobs, an increase of 5.2 per cent a year.

Table 4 — Singapore: Average Weekly Earnings, 1972-80[1]

Year	Nominal	Real, Using as Deflator CPI June 1977 to May 1978 = 100	
	$	$	% Change
1972	75.6	118.13	—
1973	82.9	108.37	-8.3
1974	97.6	104.27	-3.8
1975	111.1	115.73	11.0
1976	116.3	123.46	6.7
1977	124.3	127.88	3.6
1978	131.3	128.85	0.8
1979	142.8	134.72	4.6
1980	161.4	140.35	4.2

Source: Singapore, Department of Statistics, *Economic & Social Statistics Singapore 1960-1982* (Singapore: Singapore National Printers, 1983), pp. 39 & 214.
[1]The figures refer to a week in July for 1972-74, and August for 1975-80.

Unlike in the 1950s and early 1960s, most of the new jobs created in the 1970s were in manufacturing and modern services — sectors where job creation is largely demand-induced, rather than supply-created as, for example, is often the case with jobs in farming, fishing and many types of personal services. In 1980, agriculture and quarrying, retail trade, personal services, and miscellaneous services — four areas where there are many opportunities for self-employment or low value-added, time-absorbing work — accounted for 21.2 per cent of the workforce compared with 32.1 per cent in 1970 (Table 5). Another indication of the improved use of manpower resources is the decline in the proportion of self-employed and unpaid family workers in the labour force: in 1980, self-employed and unpaid family workers comprised 17.2 per cent of the workforce, 6.3 percentage points less than in 1970.

Rapid growth has transformed the sectoral pattern of employment in Singapore. In 1970, reflecting the island's entrepot origins, the service sectors — wholesale and retail trade, financial and business services, and services (excluding government services) — provided employment for 47.0 per cent of the workforce. A decade later,

Table 5 — Singapore: Employed Persons by Industry, Sex and Employment Status, 1970 and 1980
(All in per cent except columns I and II)

	Overall Employment				Sex				Employment Status					
					Male		Female		Self-Employed		Family Worker		Employed	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
All Industries	650,892	1,077,090	100.0	100.0	76.4	65.6	23.6	34.4	19.9	14.7	3.6	2.5	76.5	82.8
Agriculture & Quarrying	22,458	18,101	3.5	1.7	78.6	82.3	21.4	17.7	57.2	52.1	30.0	24.8	12.8	23.1
Manufacturing	145,268	324,121	22.3	30.1	66.7	53.7	33.3	46.3	10.8	6.3	1.8	0.7	87.4	92.9
Construction, Utilities & Transport	129,782	200,727	19.9	18.6	94.4	87.4	5.6	12.6	19.5	19.2	0.4	0.4	80.1	80.4
Service Industries	353,003	533,725	54.2	49.6	73.6	63.9	26.4	36.1	21.3	24.0	3.9	6.0	74.8	70.0
Wholesale & Retail Trade	152,910	229,759	23.5	21.3	81.0	65.8	19.0	34.2	39.0	29.6	8.2	8.0	52.8	62.4
Wholesale Trade	30,708	62,288	4.7	5.8	84.9	71.6	15.1	28.2	18.2	20.8	1.7	1.6	80.1	77.6
Retail Trade	122,202	167,471	18.8	15.5	80.1	63.6	19.9	36.4	44.2	32.8	9.9	10.4	45.9	56.8
Financial & Business Services	23,071	79,412	3.6	7.4	77.0	58.4	23.0	41.6	9.1	8.1	0.4	0.2	90.5	91.7
Services	129,336	121,325	19.9	11.3	58.2	47.7	41.8	52.3	10.4	12.6	0.9	0.7	88.7	86.7
Personal Services	36,643	28,235	5.6	2.6	33.0	28.3	67.0	71.7	20.1	26.0	1.8	1.5	78.0	72.5
Repair Services	9,337	12,231	1.4	1.1	97.8	93.9	2.2	6.1	34.5	28.3	3.6	2.2	61.9	69.5
Medical & Social Services	26,573	29,102	4.1	2.7	60.7	43.4	39.3	56.6	5.2	5.5	0.3	0.3	94.5	94.5
Educational Services	29,514	36,473	4.5	3.4	51.7	44.0	48.3	56.0	2.4	5.4	0.1	0.1	97.5	94.5
Miscellaneous Services	27,269	15,284	4.2	1.4	79.8	63.4	20.2	36.6	2.7	6.0	0.2	0.2	97.1	93.8
Government	47,686	103,229	7.2	9.6	90.0	83.5	10.0	16.5	—	—	—	—	100.0	100.0
Activities, n.e.c.	381	416	0.1	0.0	83.5	84.1	16.5	15.9	28.3	28.4	5.0	0.4	66.7	71.2

Sources: K.F. Yin and D.H. Clark, "Labor Absorption and Economic Growth in Singapore," *The Philippine Economic Journal* XV, nos. 1 & 2, 1976, p. 326; Singapore, Department of Statistics, *Census of Population 1980,* release no. 4 (Singapore: Singapore National Printers, 1981), pp. 88-94.

though these sectors still accounted for two-fifths of total employment, their employment shares had changed; trade's share of employment had fallen from 23.5 per cent to 21.3 per cent and that of services (excluding government services) sharply from 19.9 per cent to 11.3 per cent while that of financial and business services had jumped from 3.6 per cent to 7.4 per cent, an increase that reflected the island's emergence as an international financial centre. Unlike that of the financial and business services sector, the employment shares of the construction, utilities, and transport sectors did not change much between 1970 and 1980. The most striking change in employment mix in the 1970s was in manufacturing which created over 179,000 new jobs — more than one-third of all new jobs created in the 1970s — and raised its employment share from 22.3 per cent in 1970 to 30.1 per cent in 1980. Within manufacturing, the two industry groups that generated over 10,000 new jobs in the 1970s were fabricated metal products, machinery and equipment (which includes electronic components and generated 134,000 new jobs), and textiles, wearing apparel and leather (22,000 new jobs).

Rapid industrialisation has not only changed the employment structure but also skill requirements. It raised the demand for high-level manpower — professional, technical, managerial and administrative workers — faster than that for other types of workers. The employment share of such workers rose from 11.0 per cent in 1970 to 14.3 per cent in 1980. In contrast, the share of service workers dropped 3.5 per cent points to 12.3 per cent during the same period, a decline that reflected the continuing shrinking of low-productivity employment (own account and unpaid family work) in the trade and personal services sectors. Despite the large expansion in manufacturing employment, the employment share of production workers remained stable at around 39 per cent between 1970 and 1980. This stability arises because employment growth in financial and business services and in transport and communications (which created many clerical jobs) kept pace with that in the manufacturing sector.

3. Hong Kong: Labour Force, Employment and Unemployment Trends since 1971

3.1 Population and Labour Force Changes

Between the census years 1971 and 1981, Hong Kong's population grew by 2.4 per cent a year to reach 5 million (Table 6). Although the 1970s continued the declining fertility trend of the 1960s, population growth in the 1970s was marginally greater than

Table 6 — Hong Kong: Population, Labour Force, and Unemployment, 1961, 1971, and 1976-1981

	1961	1971	1976+	1977@	1978@	1979@	1980@	1981	1971-81
Population ('000)	3,129.6	3,936.6	4,443.8	4,509.8	4,597.0	4,878.6	5,038.5	5,154.1	—
Male	1,607.8	2,000.6	2,273.6	2,307.5	2,352.9	2,522.2	2,626.5	2,693.3	—
Female	1,521.9	1,936.0	2,170.2	2,202.3	2,244.1	2,356.4	2,412.0	2,460.8	—
Rate of Growth (%)		2.3	2.5	1.5	1.9	6.1	3.3	2.3	2.4
Population 15-64 Years ('000)	1,764.7	2,351.1	2,854.9	2,939.1	3,032.6	3,270.6	3,428.1	3,538.6	—
Rate of Growth		2.9	3.9	2.9	3.2	7.8	4.8	3.2	4.2
Labour Force 15-64 Years ('000)	1,187.6*	1,619.0*	1,913.8	1,939.0	2,011.9	2,156.1	2,310.2	2,427.5	—
Rate of Growth		3.1	3.4	1.3	3.8	7.2	7.1	5.1	4.1
% Female	28.2	33.0	31.0	30.8	31.2	30.3	30.3	35.3	—
Labour Force Participation Rate	66.3	67.2	68.6	66.4	66.7	66.7	68.1	71.1	—
Male Participation Rate	91.7	86.9	86.6	83.1	82.8	83.2	84.2	86.2	—
Female Participation Rate	38.8	46.0	48.9	47.9	49.0	48.2	49.6	53.6	—
Unemployment Rate (%)	1.8	4.5	5.1	4.2	2.8	2.9	3.8	4.0	—

Source: Hong Kong, Census and Statistics Department, *Hong Kong Annual Digest of Statistics* (Hong Kong, Government Printer), 1982 Edition, pp. 34, 37-38; idem, *Hong Kong 1981 Census: Main Report*, vol. 2: Tables (Hong Kong: Government Printer), p. 33; L.C. Chau "Industrial Growth and Employment in Hong Kong," The *Philippine Economic Journal* XV, nos. 1 & 2 (1976): 90.

NOTES: +Revised estimates based on the 1976 By-census.

@Revised estimates based on the 1981 Census.

*Persons aged 15 and over.

that in the 1960s because of increased immigration which consisted largely of young persons from China in the late 1970s. Immigrants accounted for 46 per cent of the 1.1 million increase in population between 1971 and 1981 (compared with 13.2 per cent of the 0.9 million increase in between 1961 and 1971). The large number of young immigrants together with the postwar baby boom raised the proportion of working-age (15-64) persons in the population from 56 per cent in 1961 to 60 per cent in 1971 and 69 per cent in 1981. In consequence, Hong Kong's labour force expanded faster than its population in the 1960s and 1970s. Between 1971 and 1981, the colony's labour force grew by 4.5 per cent a year, twice as fast as its population growth. Besides the rise in the proportion of working-age persons in the population, the other factor that contributed to the rapid expansion of the labour force in the 1970s was the significant rise in the labour force participation of women which rose from 46.0 per cent in 1971 to 53.6 per cent in 1981. As in Singapore, expanding employment opportunities for women in the export-led manufacturing sector and in services, accompanied by socioeconomic changes, particularly the spread of education and the trend towards smaller families, were the key factors that sustained the rise in the labour force participation rate of women. In 1981, women accounted for 35.3 per cent of the labour force aged 15-64, slightly higher than the proportion (34.7 per cent) in Singapore. In contrast to that of women and as in Singapore in the 1970s, the labour force participation rate of men in Hong Kong declined marginally in the 1970s, largely because more young males were in full-time education.

The rapid expansion of Hong Kong's labour force in the 1970s did not lead to increased unemployment. In fact, the unemployment fell from 4.5 per cent in 1971 to 3.9 per cent in 1981. Except in the mid-1970s when the world recession hit Hong Kong hard and caused the unemployment rate to rise, Hong Kong's economy was able to create jobs at a faster rate than its labour force was expanding. The ability of the Hong Kong economy to absorb new workers is particularly remarkable as a large proportion of the workers that entered the Hong Kong job market were refugees, with almost no work experience or training relevant to a modern manufacturing-service economy.

Hong Kong's economic growth in the 1960s did not only generate enough jobs for new labour force entrants, it also created better and more productive jobs (Chau, 1976, p. 95). In the 1970s, however, the picture was mixed. The proportion of self-employed and unpaid workers in the workforce aged 15 and above fell from

10.2 per cent in 1971 to 7.4 per cent in 1981 — a decline that suggests a relative fall in the number of low-productivity jobs (Hong Kong 1981 Census: *Main Report*, vol 1. p. 33). But during the same period, the employment share of commerce (a sector that provides considerable scope for supply-induced employment) rose sharply from 13.2 per cent to 19.1 per cent. This rise is the result of the large increase in the number of small service enterprises that came into existence in the late 1970s, partly to take advantage of new opportunities in the commerce sector, and partly in response to a slack in manufacturing and public sector employment growth.

3.2. Unemployment Patterns

The pattern of unemployment in Hong Kong, as in Singapore, fell as unemployment declined. In 1981, less than one-fifth of Hong Kong's job-seekers had no previous work experience compared with a third a decade earlier (Table 7). In 1981, as in 1971, unemployment rate correlated with education level, an association which suggests that industrialization in Hong Kong, as in Singapore, strengthens the demand for educated workers. In 1981, as in 1971, the relationship between unemployment and age was U-shaped: the young and old experienced higher than average unemployment rates but prime-age workers enjoyed lower than average unemployment rates. Young workers typically have no work experience and so encounter greater difficulties finding work, while older workers, though they have work experience, are for various reasons (for example, they have higher wage expectations and/or are perceived to be less adaptable and trainable, etc.) not as employable as prime-age workers.

3.3 Employment Patterns

Hong Kong, like Singapore, experienced a significant shift in its sectoral employment pattern in the 1970s, a shift that reversed to some extent the change that took place in the 1960s. In the 1960s, employment grew fastest in commerce (broadly defined in Table 8 to include finance and business services) followed by manufacturing. Thanks to a great expansion of jobs in labour-intensive industries such as textiles and garments, and light engineering in the 1960s, the employment share of manufacturing rose from 43.4 per cent in 1961 to 48.2 per cent in 1971 (Table 8). The employment share of commerce rose 2.2 percentage points to 13.2 per cent between 1961 and 1971 but the employment shares of both agriculture and community services fell.

Table 7 — Hong Kong: Unemployment and Unemployment Rate by Education, Age and Industry, 1961, 1971, and 1981

	1961	1971	1981
Number of Unemployed	20,900	72,058	99,737
With Previous Jobs	15,802	48,061	82,669
With No Previous Jobs	5,098	23,997	17,068
Unemployment Rate (%)	1.72	4.35	3.98
Unemployment Rate by Educational Attainment			
No Schooling and Kindergarten	1.55	5.77	5.22
Private Tutor and Primary	1.66	4.49	4.56
Secondary	2.17	4.32	3.50
Post-Secondary and University	1.68	2.48	2.27
Unemployment Rate By Age			
15-19	3.69	6.89	6.51
20-24	2.15	5.31	3.99
25-54	1.46	3.30	3.40
55-64	2.66	8.77	6.39
Unemployment Rate By Last Industry[a]			
Agriculture and Fishing	0.24	2.79	2.63
Manufacturing	0.73	1.19	3.38
Construction		2.73	5.82
Mining and Utilities	0.47	1.40	2.12
Transportation and Communication	1.15	4.05	4.14
Commerce	0.94	1.45	3.07
Services	0.33	0.62	1.61
Unclassified	40.97	88.99	12.78

Sources: Laurence C. Chau, "Industrial Growth and Employment in Hong Kong," *The Philippine Economic Journal* XV, nos. 1 & 2 (1976): 96; Hong Kong, Census and Statistics Department, *Hong Kong 1981 Census, Main Report*, Volume 2: Tables (Hong Kong: The Government Printer, 1982), pp. 59-63.

NOTE: [a]This rate is calculated based on the working population. All other rates use the economically active population as base.

Table 8 — Hong Kong: Working Population by Industry, 1961-1981

	1961		1971		1981		Average Demand Growth Rate (%)	
	Number	%	Number	%	Number	%	1961-1971	1971-1981
Agriculture & Fishing	87,581	7.4	62,975	4.0	48,273	1.9	-3.2	-2.6
Industry	683,927	57.4	974,381	61.5	1,428,280	57.4	3.6	3.9
Quarrying	8,869	0.7	4,518	0.3	1,644	0.1	-6.5	-9.6
Manufacturing	517,492	43.4	763,113	48.2	1,025,009	41.2	4.0	3.0
Textiles & Wearing Apparel	195,702	16.4	334,985	21.2	417,058	16.8	5.5	2.2
Engineering	41,972	3.5	85,615	5.4	185,946	7.5	7.4	8.1
Others	279,818	23.5	342,513	21.6	422,005	16.9	2.0	21.
Utilities	12,617	1.1	8,870	0.6	14,932	0.6	-3.5	5.3
Construction	58,209	4.9	83,158	5.2	197,490	7.9	3.6	9.0
Transport & Communication	86,740	7.3	114,722	7.2	189,205	7.6	2.8	5.1
Services	402,963	33.8	520,777	32.9	975,736	39.2	2.6	6.5
Commerce, Financial & Business Services	131,279	11.0	208,604	13.2	476,098	19.1	4.7	8.6
Community Services	265,323	22.3	312,173	19.7	499,638	20.1	1.6	4.8
Others Not Classifiable	16,628	1.4	24,716	1.6	34,447	1.4	4.8	3.4
Total	1,191,099	100.0	1,582,849	100.0	2,486,736	100.0	2.9	4.6

Sources: Laurence C. Chau, "Industrial Growth and Employment in Hong Kong," *The Philippine Economic Journal* XV, nos. 1 & 2 (1976): 100; Hong Kong, Census and Statistics Department, *Hong Kong 1981 Census, Main Report,* Volume 2: Tables (Hong Kong: The Government Printer, 1982), pp. 78-79.

In the 1970s, employment growth quickened. Job opportunities increased by 4.6 per cent a year compared with 2.9 per cent a year in the 1960s. Employment opportunities in the commerce sector expanded most rapidly, as a result of which the sector's share of total employment jumped from 13.2 per cent in 1971 to 19.1 per cent in 1981. In contrast, manufacturing employment expanded only 3 per cent a year, 1.6 percentage points below the average of 4.6 per cent for all sectors, in the 1970s. As a consequence, its employment share dropped to 41.2 per cent which is below its 1961 share of 43.4 per cent. The fall in manufacturing employment share was due to the slow employment growth in textiles and garments, the largest employer of manufacturing workers. In fact, employment in textiles shrank from 144,000 to 107,000. Were it not for rapid employment expansion in basic metals (which created an additional 55,000 new jobs), and machinery and electronic products (111,000 new jobs), manufacturing employment growth would have been even lower.

Besides commerce, whose rapid growth eroded the employment share of manufacturing, two other sectors — construction, and transport and communication — registered increases in employment shares. The other sectors — agriculture and fishing, quarrying, community services, and others, n.e.c. — either had stable employment shares or continued the decline that began in 1961.

In the 1970s, Hong Kong, like Singapore, shifted towards a more balanced manufacturing-service economy. In both cities, structural shifts within manufacturing towards less labour-intensive industries were paralleled by faster-than-average expansion in traded services. In Hong Kong's case, the surge in demand for financial and business services and telecommunication services was largely the result of China's modernisation programme, while in Singapore's case, it was the consequence of the island's growing role as the financial and business hub of Southeast Asia.

4. Hong Kong Compared With Singapore

4.1. Employment and Output Growth in the 1970s

Both Hong Kong and Singapore experienced rapid output and employment growth in the 1970s, but their sectoral pattern of labour absorption differs. As Table 9 shows, the labour absorption ratio (defined as the ratio of employment change to real output change which may be interpreted loosely as the employment elasticity of output growth), is slightly higher for Hong Kong than for

Table 9 — Employment and Output Changes, Singapore, 1970-80, and Hong Kong, 1971-81

	Singapore			Hong Kong		
	Growth Rate of Employment (Gn) 1970-80	Growth Rate of GDP[a] (Gy) 1970-80	Gn/Gy 1970-80	Growth Rate of Employment (Gn) 1971-81	Growth Rate of GDP[b] (Gy) 1971-81	Gn/Gy 1971-81
Total	5.2	9.1	0.57	4.6	7.6	0.60
Agriculture & Fishing	-2.7	2.4	-1.13	-2.6	2.8	-0.93
Quarrying	-6.7	8.7	-0.77	-9.6	7.0	-1.37
Manufacturing	8.5	10.9	0.78	3.0	5.8	0.52
Utilities	1.1	10.1	0.11	5.3	6.0	0.88
Construction	5.3	6.0	0.88	9.0	14.5	0.62
Transport & Communication	4.3	14.6	0.29	5.0	8.4	0.59
Commerce	4.2	7.6	0.55	6.3	7.1	0.89
Financial & Business Services	11.9	12.0	0.99	11.0	11.1	0.99
Other Services	2.6	6.9	0.38	4.9	6.5	0.75

Source: Hong Kong, Census and Statistics Department, *Estimates of Gross Domestic Product, 1966-1983* (Hong Kong: The Government Printer, 1984), p. 22.

[a] At 1968 market prices.

[b] At 1973 constant prices.

Singapore in the 1970s. Excluding the two small sectors that registered negative employment growth, the sectors that showed higher-than-average labour absorption ratios are, in the case of Singapore, manufacturing (0.78 compared with the average of 0.57), construction (0.88), and financial and business services (0.99). For Hong Kong, the sectors with above-average ratios are commerce (0.89 compared with the average of 0.60), construction (0.62), financial and business services (0.99), and other services (0.75). The two common sectors showing higher-than-average absorption ratios in Hong Kong and Singapore are construction, and financial and business services.

In contrast to Singapore, manufacturing output growth in Hong Kong in the 1970s was less labour-intensive, partly because of the severe market-induced employment shrinkage in textiles and garments. One explanation for the higher-than-average labour absorption ratio of Singapore manufacturing is the government policy of wage restraint (instituted through the tripartite National Wages Council whose annual wage guidelines most employers adopted) following the 1973 oil crisis. The policy, designed to create jobs and prolong Singapore's competitiveness in labour-intensive manufacturing, slowed industrial restructuring and encouraged the influx of labour-intensive foreign investments, especially in electronics and metal engineering (Pang, 1983). It was abandoned in 1979 when the government initiated a wage correction policy as part of its policy package to restructure the economy toward higher value-added activities.

In comparison with Singapore, Hong Kong's commerce and transport and communication sectors are much more labour-absorbing. One possible explanation for the high labour absorption ratio in Hong Kong's commerce sector is the slow growth of employment opportunities in manufacturing which together with the influx of immigrants from China forced many new job-seekers to take up service occupations or self-employment. In Singapore, these pressures were weak, because of tight government control over immigration and abundant demand-created employment opportunities in other sectors of the economy. As for the difference between Singapore's and Hong Kong's absorption ratio for transport and communication, it reflects Singapore's greater capital investment and faster growth output in that sector.

4.2. Manufacturing Output and Employment Growth Rates

During the 1960s, manufacturing value-added and employ-

ment in Singapore expanded annually at double-digit rates. In the 1970s, manufacturing value-added continued to expand strongly but employment growth slackened. Consequently, the ratio of the growth rate of manufacturing employment (*Gn*) to the growth rate of manufacturing value-added (*Gy*) fell from 0.71 for 1960-70 to 0.39 in 1970-1980 (Table 10). The drop in *Gn/Gy* was particularly sharp in the major labour-absorbing industries such as wearing apparel, fabricated metal products, electrical machinery, and transport equipment. The shift towards higher value-added products accompanied by capital-deepening and more efficient use of labour explains the decline in the labour absorption ratio in most industries.

Table 11 compares Hong Kong manufacturing with Singapore manufacturing for the period 1976-79 — the only period for which comparable data are readily available for the two cities. It shows that Singapore manufacturing in the late 1960s is almost twice as labour-absorbing than Hong Kong manufacturing — *Gn/Gy* of 0.51 for Singapore compared with 0.24 for Hong Kong. Except for the aggregated industry group, basic metals, fabricated metal products, and machinery and equipment, and the residual industry group, other industries, all Singapore industries recorded higher *Gn/Gy* ratios than their Hong Kong counterparts. Singapore's cautious wage policy in the 1970s which retarded industrial restructuring while encouraging labour-intensive industries provides one explanation for the difference. In contrast to Singapore where there have been extensive state interventions in the labour market, the labour market in Hong Kong is relatively free of regulations. As a consequence, it is more flexible and more responsive to economic changes and so more efficient in using labour than the less-than-free Singapore labour market.

Table 11 also provides an estimate of the rate of capital accumulation (*Gk*) in Hong Kong and Singapore manufacturing industries. The rate is computed as the ratio of the average annual gross investment over the average capital stock during the period adjusted for depreciation. The capital stock is estimated as a product of the industry's average output over the period and its *incremental* capital-output ratio or ICOR for the period 1977-1979. This method overestimates (underestimates) the growth rate of capital stock in so far as the ICOR is less (more) than the average capital-output ratio. The figures in the last two columns of Table 11 compare labour productivity (*Gy-Gn-Gk*) in different industries in the two cities. They suggest that labour productivity is higher in most industries in Hong Kong than in Singapore.

Table 10 — Singapore: Manufacturing Employment and Value-Added, 1960, 1970, and 1980

	No. of Employed (n)			Value-Added (S$m) (y)			Growth Rate (Gn)		Growth Rate (Gy)		Labour Intensity (n/y)			Labour Intensity (Gn/Gy)	
	1960	1970	1980	1960	1970	1980	1960-70	1960-70	1970-80	1970-80	1960	1970	1980	1970-70	1970-80
Food	3,664	9,062	10,053	16.7	76.4	261.6	9.5	16.4	1.0	13.1	219.4	118.6	38.4	0.58	0.08
Beverage	1,667	2,348	2,650	19.7	34.9	109.0	3.5	5.9	1.2	12.1	84.6	67.3	24.3	0.59	0.10
Tobacco	965	1,048	1,277	7.7	24.8	52.6	0.8	12.4	2.0	7.8	125.3	42.3	24.3	0.06	0.26
Textiles		7,051	9,710		23.5	157.6			3.3	21.0		300.0	61.6		0.16
Wearing Apparel Except Footwear		9,987	27,188	4.4	23.8	266.4	31.3	29.0	10.5	27.3		419.6	102.1		0.38
Leather & Leather Products		713	1,244		2.6	13.4			5.7	17.8		274.2	92.8		0.32
		2,005	1,524		6.4	19.2			-2.7	11.6		313.3	79.4		-0.23
Wood Products Except Furniture	2,512	9,200	10,376	10.1	60.5	180.7	13.9	19.6	1.2	11.6	248.7	152.1	57.4	0.71	0.10
Furniture & Fixtures	431	1,795	6,145	1.4	10.7	84.3	15.3	22.6	13.1	22.9	307.9	167.8	72.9	0.68	0.57
Paper & Paper Products	439	2,563	4,294	1.9	12.5	94.5	19.3	20.7	5.3	22.4	231.1	205.0	45.4	0.93	0.24
Printing & Publishing	4,061	7,015	12,101	24.5	51.1	277.9	5.6	7.6	5.6	18.5	165.8	137.3	43.5	0.74	0.30
Industrial Chemicals & Other Chemical Products	1,437	3,873	6,438	9.7	49.5	413.5	10.4	17.7	5.2	23.6	148.1	78.2	15.6	0.59	0.22
Petroleum	—	2,199	3,342	—	210.3	1,470.4	—	—	4.3	21.5	—	10.5	2.3	—	0.20
Processing Jelutong & Gum Damar	—	243	145	—	1.6	2.9	—	—	-5.0	6.1	—	151.9	50.0	—	-0.82
Rubber Products Except Footwear & Toys	877*	1,635	1,941	3.3*	18.9	39.2	6.4	19.1	1.7	7.6	265.8	86.5	49.5	0.34	0.22
Plastic Products	—	2,186	9,225	—	11.6	173.8	—	—	15.5	31.1	—	188.4	53.1	—	0.50
Non-metallic Mineral Products	2,374	4,838	4,663	5.5	33.3	198.9	7.4	19.7	-0.4	19.6	431.6	145.3	23.4	0.38	-0.02
Iron & Steel	471	1,078	1,878	1.9	17.1	131.9	8.6	24.6	5.7	22.7	247.9	63.0	14.2	0.35	0.25
Non-ferrous Metal	—	414	459	—	5.1	21.8	—	—	1.0	15.6	—	81.2	21.1	—	0.06
Fabricated Metal Products	1,724	8,691	17,669	10.9	71.9	416.3	17.6	20.8	7.4	19.2	158.2	120.9	42.4	0.85	0.39
Machinery	1,448	3,809	20,274	6.5	28.3	744.8	10.2	15.8	18.2	38.7	222.8	134.6	27.2	0.65	0.47
Electrical Machinery	1,252	13,586	15,933	7.9	127.4	356.8	26.9	32.1	1.6	10.8	158.5	106.6	44.7	0.84	0.15
Electronic Products & Components	—	—	71,727	—	—	1,668.8	—	—	—	—	—	—	43.0	—	—

Transport Equipment	2,270	16,213	27,420	8.3	159.4	1,060.2	21.7	34.4	5.4	20.9	273.5	101.7	25.9	0.63	0.26
Instrumentation Equipment, Photographic & Optical Goods	—	886	10,456	—	3.5	172.4	—	—	28.0	47.7	—	253.1	60.6	—	0.59
Other Manufacturing Industries	522	8,071	7,118	1.8	28.9	132.5	31.5	32.0	-1.2	16.4	290.0	279.3	53.7	0.98	-0.07
Total	27,416	120,509	285,250	142.1	1,093.7	8,521.9	16.0	22.6	9.0	22.8	192.9	110.2	33.5	0.71	0.39

Sources: Singapore, Department of Statistics, *Report on the Census of Industrial Production 1960/61* (Singapore: Government Printing Office, 1964) p. 36; idem, *Report on the Census of Industrial Production, 1970* (Singapore: Government Printing Office, 1972), pp. 10-11; idem. *Report on the Census of Industrial Production, 1980* (Singapore: Photoplates Pte. Ltd. 1981), pp. 16-17.

*Includes footwear.

Table 11 — Growth Rates of Manufacturing Output, Employment, and Capital Stock in Hong Kong and Singapore, 1976-1979

	Employment n		Employment n		Output y (S$m)		Output y (HK$m)		Growth Rates of Output		Growth Rates of Employment		Capital*		$\frac{Gn}{Gy}$	$\frac{Gn}{Gy}$	$Gy-Gn$ $-Gk$	$Gy-Gn$ $-Gk$
	1976	1979	1976	1979	1976	1979	1976	1979	Gy	Gy	Gn	Gn	Gk	Gk				
	Singapore		Hong Kong		Singapore		Hong Kong		S	H	S	H	S	H	S	H	S	H
Food, Beverages & Tobacco	12,666	14,159	18,951	20,775	259.1	369.9	636.6	1,103.0	12.6	20.2	3.8	3.1	0.5	5.6	0.30	0.15	8.3	11.5
Textiles	11,620	10,087	137,315	124,868	117.2	137.0	2,517.5	3,598.8	5.4	12.6	-4.6	-3.1	-5.2	3.2	-0.85	-0.25	4.8	12.5
Wearing Apparel, Except Knitwear & Footwear	20,673	29,274	244,510	264,734	135.9	230.2	3,748.9	5,875.2	19.3	16.0	12.3	2.7	5.6	6.4	0.64	0.17	1.4	6.1
Leather, Wood & Cork Products	14,425	20,013	23,520	29,920	176.4	310.2	370.0	669.7	20.7	21.9	11.5	8.4	6.1	6.9	0.56	0.38	3.1	6.6
Paper Products, Printing & Publishing	12,699	15,549	31,355	39,131	185.8	290.3	592.4	1,206.4	16.0	26.9	6.9	7.7	1.9	9.4	0.43	0.29	7.1	10.0
Chemical, Rubber & Non-metallic Mineral Products	17,620	17,376	15,793	17,073	1,112.5	1,519.5	374.2	781.9	10.9	27.9	-0.5	2.6	23.3	12.3	-0.05	0.09	11.9	13.0
Plastic Products	5,346	8,374	76,994	85,135	50.1	134.2	1,162.2	1,985.5	38.8	19.6	16.2	3.4	17.6	6.3	0.42	0.17	5.0	10.1
Basic Metals, Fabricated Metal Products, Machinery & Equipment	61,149	72,558	115,818	155,047	1,181.3	1,915.5	2,135.1	4,095.8	17.5	24.2	5.9	10.2	4.6	8.0	0.34	0.42	7.0	6.2
Electrical & Electronic Products	49,420	77,929	88,057	122,254	741.3	1,487.6	1,449.9	3,387.2	26.1	32.6	16.3	11.5	10.3	14.3	0.62	0.35	-0.5	6.8
Other Industries	5,505	6,598	21,415	31,936	81.4	129.8	508.9	744.4	16.8	13.5	6.2	14.3	2.2	30.6	0.37	1.06	8.4	-38.6
Total	210,822	271,917	773,746	890,877	4,041.1	6,523.9	13,495.9	23,484.4	17.3	20.3	8.8	4.8	3.4	6.8	0.51	0.24	5.1	8.7

Sources: Singapore, Department of Statistics, *Economic Social Statistics of Singapore 1960-1982* (Singapore: Singapore National Printers, 1983); Hong Kong, Census and Statistics Department, *Hong Kong Annual Digest of Statistics* (Hong Kong: The Government Printer), 1982 Edition.

4.3. Real Wages and Manufacturing

In efficient labour markets, labour productivity growth strongly influences the behaviour of real wages. The difference between Hong Kong's and Singapore's manufacturing productivity growth therefore would be revealed by a difference in real wage growth. This is confirmed by Table 12 which shows that, adjusted for consumer price increases, the weekly earnings of production workers in Singapore rose an average of 3.2 per cent a year between 1972 and 1982, and the daily earnings (excluding fringe benefits) of manufacturing workers in Hong Kong improved by 4.6 per cent a year between 1974 and 1981.

Exchange rate changes also affect the behaviour of real wages, particularly in Singapore and Hong Kong which are highly import-dependent. In both cities, a large portion of the real wage is imported, and consequently a rise (fall) in the exchange rate of their currency would raise (lower) the real wage, because the money wage in the domestic currency is not likely to compensate fully for the change in the exchange rate. During the 1970s, the Singapore dollar appreciated and the Hong Kong dollar depreciated against the U.S. dollar. In theory, change in the exchange rate of the Hong Kong and Singapore currencies should have an impact on their real wages. But it appears that the effect was small at best. In large part, it is because both cities import most of their food (which weighs heavily in the basket of goods included in the consumer price index of both cities) from neighbouring areas — Hong Kong from China, and Singapore from China as well as from its neighbours.

5. Conclusion

During the 1970s, both Hong Kong and Singapore continued to enjoy export-led economic success, despite the oil crisis in the mid 1970s and slow growth in their major export markets. Both cities shifted toward higher value-added activities and emerged at the end of the 1970s with more balanced manufacturing-service economies. In both economies, employment expansion, though not as rapid as in the 1960s, kept pace with labour force expansion, and real wages rose as sustained labour demand outstripped labour supply, resulting in widespread shortages. There was in both economies an unprecedented increase in female labour force inflow, an increase facilitated by the abundance of job opportunities in manufacturing and services, and reinforced by the rise in female educational level and changing social attitudes towards the role of women. Rapid output

Table 12 — Real Wages in Singapore and Hong Kong Manufacturing, 1972-1982 and 1974-1981

	Singapore			Hong Kong		
	Nominal (S$)	Real, Using as Deflator CPI June 1977 to May 1978 = 100 Average Weekly Earnings		Nominal (HK$)	Real, Using as Deflator CPI July 1973 to June 1974 = 100 Average Daily Earnings*	
Year		(S$)	% Change		(HK$)	% Change
1972	63	98	—	n.a.	n.a.	n.a.
1973	68	89	-9.2	n.a.	n.a.	n.a.
1974	79	84	-5.6	102	95	—
1975	93	97	15.5	106	99	4.2
1976	96	102	5.2	124	112	13.1
1977	103	106	3.9	137	161	3.6
1978	110	108	1.9	156	125	7.8
1979	119	112	3.7	181	130	4.0
1980	134	117	4.5	208	129	-0.8
1981	156	125	6.8	242	130	0.8
1982	173	134	7.2	n.a.	n.a.	n.a.
Rate of Growth		1972–1982 = 3.2			1974–1981 = 4.6	

Sources: Singapore, Department of Statistics, *Economic & Social Statistics Singapore 1960-1982* (Singapore, Singapore National Printers, 1983), pp. 39 & 214; Hong Kong: Census and Statistics Department, *Hong Kong Annual Digest of Statistics* (Hong Kong: The Government Printer, 1982), pp. 57 & 118.

*Excluding fringe benefits.

n.a. — not available.

growth in both cities also led to more efficient manpower use; there is evidence of reduced supply-induced employment creation and a drift of the working population towards higher value-added sectors and jobs in both Hong Kong and Singapore. In Hong Kong, commerce and finance generated most of the new jobs, while in Singapore, manufacturing employment grew the fastest. In both cities, the manufacturing industries that accounted for the bulk of the new jobs were also the most export-oriented; they include industries such as clothing, metal products, electronic components and products, and machinery and equipment whose survival depended crucially on continued access to developed country markets.

But there are also significant differences in the sectoral pattern of labour absorption of Hong Kong and Singapore. Compared with Singapore, Hong Kong's ratio of employment growth to output was higher in commerce, and lower in manufacturing. The higher labour absorption ratio in Singapore manufacturing relative to that of Hong Kong results probably from the greater influence the Singapore government has on the labour market (through such measures as annual wage guidelines, administrative rules allowing manufacturing employers to recruit foreign labour, and increased intake into technical and vocational training institutions) as well as on the influx of labour-intensive foreign manufacturing firms. In contrast to Singapore, Hong Kong left the labour market largely to itself, and did not through tax or other policies, influence the type of industries that established themselves in Hong Kong. As a consequence, Hong Kong manufacturing employers, a much greater proportion of whom were of local origin, were more flexible in adjusting to rapid changes in the world markets, and more efficient in deploying their workforce. Hong Kong's higher labour absorption ratio in commerce is likely the result of greater supply-induced employment creation. In contrast to Hong Kong, Singapore had a commerce sector that was relatively efficient in terms of labour absorption, largely because the sector received few incentives and was not allowed easy access to foreign labour supply. The sector therefore had to adjust more rapidly to the increasingly tight labour market that developed in Singapore in the late 1970s.

In the early 1980s, the economies of both cities, despite the set back caused by the world recession, have continued to adjust well. Unemployment in both places remains low as labour demand has kept pace with labour supply which is slowing, especially in Singapore. The employment mix is improving, with more workers moving into higher value-added sectors, especially financial and busines

services. Both economies are restructuring: Hong Kong, though increasingly inclined to greater state involvement in the economy, continues to rely mainly on market forces to set the pace while Singapore, which is rethinking its extensive role in the economy, continues to show much greater willingness to provide incentives and assistance to quicken industrial restructuring. There is thus increasing convergence in government perception of its role in the economy in both cities. Together with the fact that the broad structure of their economies is becoming more similar, this convergence makes it likely that labour absorption in the two cities will continue to share many similar characteristics.

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Appendix Table 1 — Singapore: Age-Sex Specific Labour Force Participation Rates, 1957, 1970, and 1980 (In Per Cent)

	1957			1970			1980		
Age Group	Persons	Males	Females	Persons	Males	Females	Persons	Males	Females
Total	49.8	76.6	19.2	46.6	67.6	24.6	55.9	72.0	39.3
10-14	6.3	7.5	5.2	3.3	3.7	2.8	1.6	1.6	1.7
15-19	42.0	59.4	23.4	49.5	55.7	43.0	49.1	47.5	50.7
20-24	58.9	92.3	23.0	73.5	92.9	53.6	86.1	93.4	78.4
25-29	60.1	98.0	16.5	64.5	98.0	30.8	78.3	97.2	58.7
30-34	62.6	98.6	17.3	60.6	98.3	22.7	71.5	97.9	44.2
35-39	64.5	98.5	20.8	60.2	98.4	19.3	68.0	98.0	37.1
40-44	66.8	98.0	26.3	60.8	98.1	17.8	65.8	97.6	33.2
45-49	67.9	97.0	30.1	60.0	96.2	17.5	61.8	95.7	26.5
50-54	65.4	94.0	28.8	55.0	88.1	17.5	56.3	89.6	20.4
55-59	57.9	85.1	24.7	46.2	73.9	16.2	43.6	70.7	14.5
60-64	42.0	67.0	17.1	35.0	55.6	13.4	31.9	52.5	11.3
65 & Over	19.5	38.9	6.3	17.7	31.9	6.5	16.4	28.6	6.4

Source: Singapore, Department of Statistics, *Report on the Census of Population 1957*, (Singapore: Government Printer, 1964), p. 175; idem, *Census of Population 1980*, release no. 4 (Singapore: Singapore National Printers, 1981), p. 7.

Appendix Table 2 — Hong Kong: Growth in Manufacturing Employment 1971-1981

Industry	Employment		Growth (%)
	1971	1981	1971-1981
Food, Beverages & Tobacco	40,905	30,510	-2.9
Textiles	144,165	106,578	-2.9
Wearing Apparel	190,820	294,398	4.4
Footwear, Leather, Rubber & Plastic Products	103,933	118,330	1.3
Wood & Wood Products	28,046	31,282	1.1
Paper Products, Printing & Publishing	26,329	47,224	6.0
Basic Metal Industries, Metal Products, Scientific Equipment & Optical Goods	74,971	129,693	5.6
Machinery & Electronic Products	69,298	180,157	10.0
Other Manufacturing	27,989	52,193	6.4
Total	706,456	990,365	3.4

Sources: Laurence C. Chau, "Industrial Growth and Employment in Hong Kong," *The Philippine Economic Journal* XV, nos. 1 & 2 (1976): 104-5; Hong Kong Census and Statistics Department, *Hong Kong Annual Digest of Statistics* (Hong Kong: The Government Printer, 1982), p. 44.