

# Labour recovery from Covid-19 needs coordination: Tharman

Singapore's aim is to find a match for people's skills and human capital, he says

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## Singapore

HANDLING the labour market shock wrought by the Covid-19 pandemic requires "high-quality and effective coordination", said Senior Minister and Coordinating Minister for Social Policies Tharman Shanmugaratnam on Tuesday, at the Institute of Policy Studies (IPS) Singapore Perspectives 2021 conference.

Singapore's approach is not just to get people back in jobs as soon as possible, but to find a match for their skills and human capital, he said.

To achieve both speedy matching and good matches, coordination is key: "You can't leave it to the market."

Every modern economy must have this capability, said Mr Tharman, who chairs the National Jobs Council that was formed during the pandemic to identify and develop jobs and training opportunities.

He was speaking in the first of nine online forums, on jobs and skills. Other sessions in the conference are scheduled for Jan 14, 19 and 25.

Singapore has to do two things at the same time, said Mr Tharman: recover from the crisis, and gear the country for a different economic future that is already unfolding.

On the labour front, the objective is to ensure enough jobs, as well as "a broader distribution of good jobs" which pay fairly, provide some security, and give a sense of satisfaction in being able to contribute.

Beyond dealing with the Covid-19 shock, coordination is also needed in the continued push for lifelong learning, he added.

Worldwide, there is a great inequality in participation in lifelong learning, with a much lower rate for blue-collar workers.

Addressing this requires coordination, institutions, and support from the state, Mr Tharman said.

"Employers on their own will typically want to train their workers for today's job... They don't have an incentive to train workers for their next career."

The government thus has to step in and strike a balance between help-

ing firms to have a competitive and skilled workforce for today, and assisting individuals to stay competitive for the future.

Mr Tharman also spoke on the need to raise incomes at the bottom, and Singapore's approach that combines the progressive wage model (PWM), Workfare to top up wages, and economic strategies for job creation.

On the much-debated issue of a minimum wage versus the "minimum wage plus" PWM, he said these were not different philosophically, but in design and application. What matters is the impact on the least skilled and most vulnerable workers.

Unlike many advanced countries where youth unemployment is the concern, the key group here is the older generation who did not have a chance to complete their secondary education, the minister said.

That is why the calibrated PWM approach is needed, to ensure "both a minimum wage and maximum employment".

As for job creation, Mr Tharman noted that in Singapore, the higher-

skilled end of the workforce is essentially competing increasingly on a global scale, but lower-skilled workers have long faced competition from lower-wage labour forces in Asia.

Left purely to the market or labour cost arbitrage, businesses would base headquarters, R&D, marketing and other central functions in the Republic and outsource less-skilled work to the rest of Asia, he said.

Singapore's strategy in countering this, and to ensure jobs across skill levels are "sticky" in the country, is to compete as a whole, rather than in separate segments of the workforce.

"The way to do it is to essentially create for companies the benefits of externalities in Singapore," Mr Tharman said.

This includes ensuring that there are advantages in co-locating higher and lower-skilled jobs, with an ecosystem that provides for reskilling and has first-class logistics.

It also involves creating network benefits when many firms are doing the same, which helps to raise the overall quality of the labour force and of the whole services infrastructure.