

Lifting wages of essential workers crucial: Tharman

S'pore must tap renewed spirit of solidarity to do better for them and ensure a cohesive society

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Covid-19 has driven home the important role of essential workers, and a key challenge is to raise the incomes of such workers who are at the bottom of the ladder, said Senior Minister Tharman Shanmugaratnam yesterday.

Lifting their wages is in the interest of a cohesive society, and Singapore must tap the spirit of solidarity demonstrated during Covid-19 to push ahead and do better for them, he said.

"It can be done. It requires collective solutions, and it requires economic strategies that ensure we can continue to create jobs up and down the ladder."

Mr Tharman, who is also Coordinating Minister for Social Policies, was speaking at a forum on jobs and skills at the Singapore Perspectives conference organised by the Institute of Policy Studies.

The other panellists were American economics professor Tyler Cowen from George Mason University and OCBC Bank chief economist Selena Ling.

The session was moderated by Lee Kuan Yew School of Public Pol-

WE ARE IN THIS TOGETHER

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SENIOR MINISTER THARMAN SHANMUGARATNAM on the spirit of solidarity.

icy dean Danny Quah.

Mr Tharman pointed out that lower-income Singaporeans at the 20th percentile of the income ladder have seen their real incomes increase by about 40 per cent in the last 10 years.

Part of that, he said, was playing "catch-up" for the preceding decade which saw low-wage workers bear the brunt of the dot.com bust and the severe acute respiratory syndrome crisis, followed by the global financial crisis.

Yet unlike other advanced countries where median wages have stagnated, middle-income Singaporeans have continued to pull ahead.

Median incomes in Singapore have grown by 65 per cent in real terms in the last two decades – "reflecting our economic strategies, and our whole system of education and skills upgrading," he said.

Hence the challenge of helping the lower-income level up is much more pronounced in Singapore, as those in the middle have seen a very significant lift in incomes, he said.

Sustaining income progression for a broad spread of workers requires a combination of approaches and not just a blanket minimum wage, he added.

These include expanding the Progressive Wage Model (PWM), or a "minimum wage-plus"; Workfare – which is effectively a negative income tax to boost the income of low-wage workers; and economic strategies to ensure jobs are being created for all and Singapore stays competitive.

Mr Tharman said the PWM and minimum wage differ not philosophically but in terms of their practical design and application.

"The majority of economists no longer have the presumption that minimum wage leads to unemployment. But the evidence is still disputed among economists, so neither can we make blanket statements that a minimum wage leads to no work loss."

"What matters is the actual level of that minimum rung, and how it affects the least skilled and most vulnerable in our workforce,

rather than aggregate employment or averages," he said.

The context of each labour market hence matters, he said, citing how many countries are mainly concerned with younger workers when they talk about the effects of a minimum wage.

But in Singapore, it is the older generation of Singaporeans who are the group of greatest concern. Half of the bottom 10 per cent of workers are above the age of 55, and of these, two-thirds did not complete secondary school, he said.

They had done simple, lower-paying jobs for much of their lives, and have limited capacity to switch to better jobs if they were displaced.

This is why the Government is working with its tripartite partners to raise their pay through the PWM in a calibrated manner, to ensure they can remain at work.

"We are working on it sector by sector, together with skills upgrading, in a way that ensures that we get not just a minimum wage, but maximum employment," he said.

Mr Tharman noted that a sectoral approach to raising pay, instead of an across-the-board minimum wage, is not unusual internationally.

He pointed out that the PWM also seeks to avoid a situation that some countries face after they implement the minimum wage, which is a flattening of the wage profile within the firm as employers try to save costs.

"People are held at the minimum wage for a long period, which is not ideal from the point of motivation and rewarding those who upgrade their skills."

Mr Tharman added that one of the silver linings of Covid-19 has been the greater recognition of the contributions of essential and blue-collar workers.

"We've got to take advantage of that renewed spirit of solidarity as we go forward. We need more individual exceptionalism, we need more entrepreneurship, we need more innovation in every sector of our society, but we must do this with the strong sense that we are in this together," he said.

"At the end of the day, we are all our brothers' keepers."

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Senior Minister Tharman Shanmugaratnam said the issues faced by mature workers are not limited to a mismatch in skills, and employers should be willing to hire, reskill and upskill such workers, who already have significant skills.

NG SOR LUAN, KELVIN CHNG



Call for employers to shake off bias and hire, train mature workers

Linette Lai
Political Correspondent

Employers in Singapore still harbour a bias against mature workers, Senior Minister Tharman Shanmugaratnam said yesterday.

He called on employers to "take the high road" and make use of government schemes to hire and train such workers.

This will benefit both workers and companies, given the tight

labour market, Mr Tharman said at a forum on jobs and skills at the Singapore Perspectives conference organised by the Institute of Policy Studies.

"We are not going to loosen up our foreign worker policy – quite the opposite," he said.

"So, make the most of our Singapore workforce."

On the panel with Mr Tharman were American economics professor Tyler Cowen and OCBC Bank chief economist Selena Ling.

Asked about the challenges that

younger and older job seekers face when entering the workforce, Mr Tharman said the issues faced by mature workers are not limited to a mismatch in skills.

On their part, employers should be willing to hire, reskill and upskill such workers, who already have significant skills.

"In general, you hire someone, you train them up, and they have to adapt. It can be done."

Singapore has people with experience, a willingness to work hard and a willingness to learn, said Mr

Tharman, who is also Coordinating Minister for Social Policies.

He added that this is why the Government has slanted incentives such as the Jobs Growth Incentive towards mature workers.

The scheme gives higher wage subsidies to companies that hire local workers aged 40 and above.

But such schemes require some change of attitude on the part of employers as well as "some new heart towards our mature workers," he noted.

Ms Ling said older workers will benefit from surrounding themselves with younger colleagues and keeping abreast of the latest developments.

"Being on your toes all the time, trying to learn what is forefront in terms of the winds of change in your industry helps," she added.

For young job seekers, Ms Ling

stressed the importance of internships and real-life experience to help them get a sense of what employers are looking for.

Mr Tharman noted that certain cohorts may enter the workforce at the wrong time – like during a financial crisis – but have managed to bounce back.

The important thing is to have a system in which everyone keeps adapting and learning, he said.

The speakers also briefly addressed the topic of the gig economy. One potential pitfall is that those in the gig economy may not have very good career ladders, Professor Cowen pointed out.

"Who is your mentor? Who is training you on the job?" he asked. "My biggest worry about temporary labour is that our imagined vision of where those jobs lead is too short-term.

"I get that the gig economy is necessary. We need many of those jobs, but I don't think it is actually, by and large, the answer to our labour market problem."

The panellists also spoke on entrepreneurship, and whether Singapore's recipe for talent will ever produce the next Elon Musk or Mark Zuckerberg of Facebook.

For Prof Cowen, this outcome seems unlikely. "He is not your style," he said of the Tesla chief executive.

"I think Singaporean society is in some ways much too conformist to be the land of Mark Zuckerberg, much less Elon Musk."

Instead, Singapore's strength lies in its people's ability to work in teams and boost each other's ability, with plenty of top talent going into government, he said.

"The core Singaporean start-up

is the Singaporean state, which has the most talented, most cohesive civil service in the world," Prof Cowen added.

"No one else has created anything like that. It was a phenomenal and ongoing act of entrepreneurship."

"If you think of it in those terms, you will realise there is no entrepreneurial deficit in Singapore right now."

Responding to Prof Cowen, Mr Tharman voiced his belief that there is scope for more individual exceptionalism in Singapore.

"That individual exceptionalism is needed for the future, to complement that system exceptionalism that we have, that system entrepreneurship that Singapore is well known for," he said.

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