

## 'Raise wages in domestic service industries'

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Singapore needs to complete the wage revolution that began in the 1980s if it has any hope of closing the widening income gap, said Banyan Tree's executive chairman Ho Kwon Ping.

Mr Ho told the conference that while manufacturing moved to higher value-added industries such as life sciences and pharmaceuticals, domestic services such as construction, retail and hospitality remained untouched.

'The strategy worked,' he noted.

'It is no accident that the IPS (Institute of Policy Studies) wage data for the past 10 years show that while wages actually declined in real terms for construction workers, plumbers, waiters, cleaners, they rose substantially for technical workers in the life sciences and electronics industries.

'We have a dual-income economy: an internationally competitive and well-paid economy, and a low-cost, low-skilled domestic economy.'

Mr Ho added that while in the 1980s, there was a 'do-or-die imperative' that the export-oriented industries had to be radically restructured, there was no sense of urgency to do the same for local sectors.

'At the same time, you could also argue that not restructuring (the local industries) then, was actually quite beneficial because it helped to have lower cost of operations for Singaporeans and the export-oriented platforms,' he noted.

'The incomplete wage revolution made some sense at that time. It was benign neglect.'

However, the drawbacks to this incomplete wage revolution - suppressed pay for low-income jobs and little incentive for domestic industries to improve productivity or professionalism - are fast becoming unsustainable.

The solution is to move towards a more equal and self-reliant society, by 'gradually but relentlessly' increasing wages in the domestic service industries and reducing the influx of low-cost foreign labour.



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-- PHOTO: COURTESY OF HO KWON PING

This must be combined with a culture which respects quality plumbers, builders and food service staff, said Mr Ho.

'We need to create a social ethos... where self-reliance and equality are not only widely respected, but actually practised, within a free market economy.'