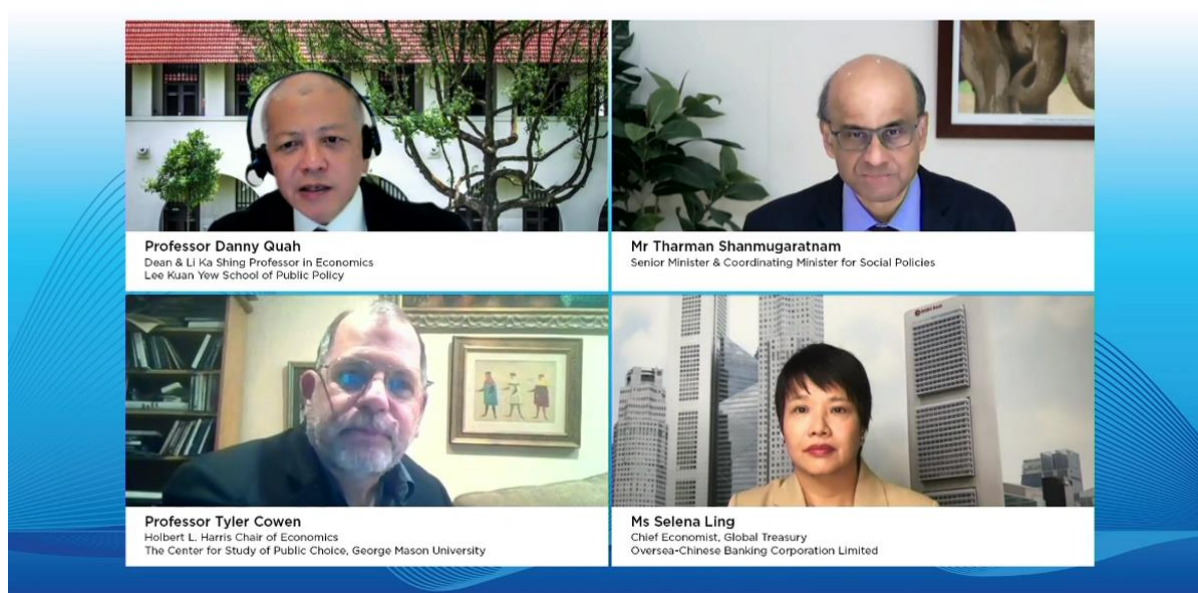


## Singapore Perspectives Conference 2021: Reset Jobs and Skills

By Damien HUANG

SINGAPORE  
PERSPECTIVES2021  
Reset



*Caption for photo: Professor Danny Quah (top, left) opened the session on “Jobs and Skills”*

The Singapore Perspectives opening forum on [“Jobs and Skills”](#), moderated by Professor Danny Quah, Dean of the LKY School of Public Policy, featured Singapore’s Senior Minister Tharman Shanmugaratnam and Professor Tyler Cowen of the George Mason University as speakers, and Ms Selina Ling of OCBC as a discussant.

### Opening Remarks

Senior Minister Tharman began his remarks by focusing on the government’s response to the COVID-19 pandemic, not only for the short term but also what is being done for COVID-19 has to outlast the pandemic. In recovering from the crisis, he argued for the need to go beyond individuals to communities, anticipate changes brought about by the pandemic, and coordinate better to help those affected. The government’s support schemes have gone beyond supporting employment in weaker firms to those at risk of shutting down in a prolonged crisis. These are businesses that may never recover even when the pandemic is over. Supporting continued employment together with the skills training grants and SGUnited traineeships would help keep people employed and their skills current.

However, the Senior Minister also cautioned against the risk of neglecting specific groups like those in the lower income group, who saw higher real income grow at 40 per cent in the last decade, as compared to the middle income group who saw a 65 per cent increase in the past two decades. The Progressive Wage Model (PWM) and the Workfare Income Supplement Scheme are two key policies that help those in the bottom quintile. Senior Minister Tharman argued that the PWM acted as a “minimum wage plus”, providing a job ladder that workers could aspire towards, while Workfare acted as a negative income tax to supplement lower incomes. He was also wary of calls for broad-based minimum wages, saying that the academic consensus on the impact on unemployment was not conclusive, and the design of policies had to be tailored to country specific contexts.

Looking forward, he urged people to stay optimistic and keep building human capital. He said that the economic shock from COVID-19 will pass but constant upskilling is an imperative even when the pandemic is over. There is a need to do this with private-public partnership, as imperfect information in the labour markets makes any one party blind to certain information. He emphasised that the group most at risk are blue-collar workers in the Merdeka and Pioneer Generations who, out of need, had entered the labour force with less education. He closed by saying that the government has put in place many policies to help these workers and reskill the workforce; developed broader economic strategies to create ecosystems where a mix of high- and low-skilled labour working in tandem; and focused on Singapore’s advantage as a logistics hub to prevent companies from moving to other countries. He added that competition is regional for low-skilled labour and global for higher-skilled workers, and that creating externalities for firms to stay in Singapore is key to our continued success.

Professor Cowen started by sharing an anecdote about how his university colleagues were more effective when the COVID-19 pandemic began, being able to work from home and save time from commuting and other miscellaneous activities. He called these types of workers who have benefitted from the pandemic “self-organisers”, workers whose jobs can be broken down and work schedules are flexible. Such jobs tended to be white-collar jobs, which the Singapore education system is already geared for. Describing how the world is split into those who self-organise and those who do not, he believed Singapore’s workforce is already made up of self-organisers. He argued that the recipe of Singapore’s success is not that we need to produce an Elon Musk or Mark Zuckerberg to be successful, but that our success comes from developing teams who can work together for the greater purpose.

Professor Cowen commented on the recent developments in the US, expressing how he felt more bullish about Singapore and bearish about the US situation. He believed that the protestors who stormed the Capitol in Washington D.C. were not unintelligent, but had lost a sense of belonging as the middle class has been stagnating, which echoed an earlier point made by Senior Minister Tharman about growing the middle class for prosperity.

Ms Selina Ling, discussant for the session, noted that lessons from the COVID-19 pandemic showed the disparity between the haves and have-nots. Even as fiscal support from the government mitigated the fallout, and non-PMETs were cushioned by “on-call” food delivery jobs, there were still a need to deal with feelings of insecurity relating to the ongoing pandemic. She agreed with Senior Minister Tharman that the challenge going forward would be to prepare for “hard” ground thinking and soft skills. She highlighted a report by the World Economic Forum, which listed hard and soft skills, complex problem-solving, analytical

thinking, attention to detail, flexibility and social influence. Ms Ling also raised some areas that had unanswered questions, including the impact of AI on jobs; aspirations of youths; raising labour productivity; maintaining workforce productivity in an ageing population; how fiscal and monetary policies would evolve into the future; whether it was the government's role continue supporting businesses; and how the typical man on the street would be able to practically translate lifelong learning. She ended by suggesting the creation of a skills roadmap — similar to the industry transformation maps for businesses — to help workers navigate different career pathways.

### Questions and Answers

Professor Quah opened the Q&A session with a conceptual question on the role of interventionist policies in the labour markets and skills training against what was proposed by Professor Cowen as “self-organising”, where people worked in teams and took control of their own training and career moves. Senior Minister Tharman used the example of the PWM in Singapore to illustrate how we now place emphasis on career and skills coaching. He described how this sectoral PWM approach to improving low wages is the solution to imperfect information in labour markets. For example, monopolistic markets in some industries mean that there is only one employer who is able to set wages, leading to some workers being under-valued. Professor Cowen, when describing separate processes for high- and low-skilled workers, focused on the role of mentors and on the job training in the workplace for the former and having in place proper career structures and ladders for progression for the latter. This was the case in US manufacturing, which for a long time provided many lower- to middle-class workers with job security. He also believed that gig economy jobs were not sustainable in the long term, as they did not offer proper career paths.

In discussing the age divide in the labour market, one of the identified problems that some countries faced was high youth unemployment. Singapore, on the other hand, appeared to have the problem of skills mismatch for older workers, who were generally less educated. The panel largely agreed that there was a skills gap for older workers, but that employers also had to take up responsibility of training their workers through the government's skills training programmes. The younger generations had to get more job experience through internships while older workers needed to show how their experiences could be adapted into different contexts and different jobs. Notably, this was where Professor Cowen raised the concept of “group exceptionalism” for Singapore, in contrast to individual “unicorns” like Elon Musk and Mark Zuckerberg from the US. He cited immigration in the US as the driver of success of these entrepreneurs. For example, Elon Musk originated from South Africa. Professor Cowen argued that Singapore, in comparison, has an efficient civil service, and that startups should be focused on effective teams working together to achieve greater goals instead of individual unicorns.

Summing up, the panel expressed hope in Singapore's future, given that we are not beginning at a zero-starting point. Prosperity was rooted in the political economy of supporting middle-class growth and making sure the bottom quintile of workers did not fall behind. Both economic and social strategies are key to this success, including that of changing mindsets against age and other discrimination.

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