

Basic pay: Tommy Koh weighs in
He says minimum wage will help low-income workers and address growing inequality

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Prof Koh says the growing social inequality is one of Singapore's critical challenges.

SENIOR diplomat Tommy Koh yesterday waded into a debate on minimum wage and spoke in favour of such a wage as it would improve the lot of Singaporeans in low-paying jobs.

'The growing disparity and the hardship faced by the lowest 20 per cent of our workers are threats to our social cohesion and inconsistent with our policy of inclusive growth,' he said at a book launch.

'As a Straits Times correspondent recently commented, Singapore is a First World country with a Third World wage structure.'

Professor Koh, special adviser to the Institute of Policy Studies, was referring to an Insight feature in May on how wages of low-income workers in Singapore have not advanced.

He made his case in a speech at the launch of a book of essays, Management Of Success: Singapore Revisited, on Singapore's success story and its challenges.

His remarks come in the wake of a debate between two National University of Singapore economists.

Associate Professor Hui Weng Tat and Professor Lim Chin took opposing views on whether Singapore should consider introducing a minimum wage or fine-tune the existing Workfare scheme, which supplements wages of low-income workers.

On Monday, Minister of State (Trade and Industry, and Manpower) Lee Yi Shyan presented his arguments on the Manpower Ministry's blog, saying the Government's approach was to let market forces decide wages, while helping to lift the earning power of poorer workers.

Yesterday, Prof Koh noted the argument to let the market regulate wages.

'However, is it not true that the market is not infallible? Is it not true that, when there is a market failure, the state should intervene in order to make the world a fairer one?' he asked in his typically persuasive manner.

Every advanced economy, including Japan, South Korea, Taiwan and Hong Kong, has a minimum wage, he said.

'We need not follow the practices of others,' he added. 'However, it is incumbent upon us to innovate and to deliver better governance and inclusiveness.'

The issue of the growing social inequality was highlighted in the 638-page book in an article written by economists Lee Soo Ann and Linda Lim.

They looked at the impact of foreign participation in the Singapore economy.

Prof Koh said he agreed with the two writers that the 'growing social inequality is one of our critical challenges'.

He had prefaced his remarks on minimum wage by saying that the book did not give readers a comprehensive evaluation of Singapore's impressive achievements from 1989 to last year, for instance, that gross domestic product grew from \$56 billion to \$265 billion, or per capita income from \$16,000 to \$48,000.

However, he noted that the Gini coefficient - a measure of income inequality with 0 implying perfect equality and 1 extreme inequality - had regressed from 0.436 to 0.478 over the 20 years.

Prof Koh, who was founding chairman of the National Arts Council (NAC), a director on the Esplanade board and chair of the 1992 Censorship Review Committee, also rebutted an assertion in the book that arts efforts were motivated primarily by a wish to attract foreign talent.

He now chairs the National Heritage Board (NHB).

'Everything I have done, at the NAC, the Esplanade and NHB, and in liberalising our censorship policies and procedures, has been done primarily for Singapore and Singaporeans,' he said.

The new book, edited by Dr Terence Chong of the Institute of Southeast Asian Studies (Iseas), looks at policies and issues that have shaped Singapore since 1989, when an earlier volume was published.

The Iseas book is available at bookstores at \$59.90 for the paperback edition and \$79.90 in hardback, before goods and services tax.