

Tharman urges cautious approach to foreign labour issue

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DEPUTY Prime Minister Tharman Shanmugaratnam yesterday urged a cautious approach to resolving the foreign labour issue, as Singapore faces slow growth in the near future.

The slower growth in foreign worker numbers will have to be matched in-sync with the improved capabilities of the local workforce, he said at a panel discussion at the Institute of Policy Studies.

Answering a question on the issue of the 'open door' policy for migrant workers, DPM Tharman said: 'It is part of the source of our difficulties and also part of our strength as an economy.'

He referred to the trend of rising (absolute) local wages in the last five years even as labour supply increased.

It seemed 'counter intuitive' but the rise in local wages was brought on by an increase in demand for local labour during the same period, he said.

For businesses to keep and upgrade their workers while seeing that wages go up over time, part of the answer involves making sure that companies continue to have a certain number of foreign workers with the right skills.

This is to allow for enterprises to be competitive with enterprises around the world, particularly in Asia, said Mr Tharman, who is also Minister for Finance and Minister for Manpower.

The wish for higher wages and less dependence on foreign labour will bring about correspondingly higher costs for businesses and locals.

He said that the real challenge is in helping the working class to obtain higher wages to offset the higher costs.

He admitted that while there has been an over-reliance on a large pool of relatively unskilled foreign workers in recent years, the situation has improved and should continue to do so.

Singapore's requirement for a relatively diversified economic structure to survive as an independent city state cannot be fully met with a relatively small domestic workforce and must be met with some varying amount of foreign workers in each sector, said Mr Tharman.

While there is no swift solution, he urged the gradual tightening of hiring foreign workers and improving the quality of local workers at the same time.

'You can't shift to the end of the spectrum where you simply rely on local workers,' he said.