

Professionalise all jobs, do away with PMET categories: MAS chief

Society requires diverse pathways that can lead to different types of excellence, he says

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To professionalise all jobs, start by doing away with the professional, managerial, executive and technical (PMET) job categories, Singapore's central bank chief urged on Thursday.

"If we can't abolish it, then at least drop the 'P' from the category: It suggests other jobs are not professional. We should question the premise that all Singaporeans should aim to take up PMET jobs," said Monetary Authority of Singapore (MAS) managing director Ravi Menon.

He was speaking on the topic of An Inclusive Society at the Institute of Policy Studies (IPS) at the Lee Kuan Yew School of Public Policy. It was the third of four lectures he is giving in his capacity as IPS' ninth S R Nathan Fellow. The fellowship advances research on public policy and governance.

Addressing the persistent stigma and low wages faced by traditional blue-collar workers such as plumbers and cleaners, he said any population requires diverse pathways that can lead to different types of excellence.

"To be an inclusive society, we must value social and vocational skills as much as academic intelligence," he said, citing how skilled trades in European countries provide a middle-class lifestyle for many workers.

He estimated that one out of three low-wage service jobs here are taken up by cheap foreign labour, a situation which "cannot be good" for local wages. One way to resolve this, he said, is to progressively tighten the intake of low-



MAS managing director Ravi Menon (left) debunked the conventional wisdom that wage increases will always push cost structures up at a question and answer session after his lecture at the Institute of Policy Studies on Thursday. The session was moderated by The Straits Times associate editor Chua Mui Hoong (right). PHOTO: INSTITUTE OF POLICY STUDIES

skilled foreign labour.

"The demand for many domestic services like cleaning, maintenance and cooking is inelastic, and wages will have to go up if the number of foreign workers is reduced.

"The increase in wages, coupled with improvements in work conditions and prospects for a meaningful career should gradually attract Singaporeans into these domestic services."

Acknowledging that the transition from a low-wage to high-wage economy will be challenging, he said firms which rely excessively on low-cost labour will have to exit, and there could be local job losses in the initial phase.

Mr Menon had previously sug-

gested raising the minimum qualifying salary for S Pass holders and Employment Pass holders over time, with the minimum qualifying salary for S Pass holders pegged somewhere closer to the median monthly income, or around \$4,500.

He said on Thursday that he is not suggesting S Pass workers should be drastically curtailed.

Rather, when S Pass holders are available in large numbers and paid around 30 per cent less than locals, there are two possible effects: First, local wages are likely being depressed; and second, some Institute of Technical Education and polytechnic graduates may be competed out of these jobs.

"Why not pay S Pass workers closer to the local median and let the market settle the employment profile? In some occupations, we might see an increase in local employment at better wages; in other occupations, which Singaporeans are unable or unwilling to enter, we will continue to employ the S Pass holders," he said.

Education and healthcare in particular, he added, have scope to reclaim local jobs at good wages.

According to MAS estimates, both sectors have an elasticity of substitution of 1.5, the highest among services industries. This means that if the wages of foreign workers in healthcare or education increase by 10 per cent, the de-

mand for local workers as substitutes will increase by 15 per cent.

The key question for Singapore, he said, is whether it wants a dual economy with high inequality, or a more inclusive society with higher wages but also higher costs.

During the question and answer session moderated by The Straits Times associate editor Chua Mui Hoong, Mr Menon debunked the conventional wisdom that wage increases will always push cost structures up: "If we look at the experience of advanced economies elsewhere, they pay their workers well and sell their products at higher prices, but are able to sell them because the quality is high."

He cautioned, however, that the minimum wage should not be set too high as this could put some Singaporeans out of work.

"I would start with something lower. Watch how things are panning out, see if we can manage the dislocations.

"Announce this well in advance so that businesses can adjust – tell them: 'Look, we don't want you to shed your workers, but improve your processes. Consolidate your operations, so that you can pay this minimum wage in a few years.'"

Unemployment support is especially important for mature workers, he said, as they have fixed cash outlays that limit their job mobility and flexibility.

The paradox, he added, is that the Government needs to help people in order for them to become self-reliant, and this is why the old left-right ideological divide in policymaking does not make sense.

"The right says people must be self-reliant – if you take care of them, they will become dependent. The left says 'no, they can't take care of themselves, you have to take care of them'. This is an endless, oversimplified debate... you cannot leave these things entirely to the market."

The ideal, he said, is a work-centred, inclusive model in which people must help themselves, but which also provides safety nets in the form of support from the state, the community and employers.

"That's the kind of synthesis of values of reliance and support (that we need). We cannot ignore inequalities in our society. We cannot look the other way."

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IMPROVE WAGES

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M R RAVI MENON, Monetary Authority of Singapore managing director, on transitioning from a low-wage to high-wage economy.