Let's talk about foreign workers and low wages

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EACH time I go to a food centre, I look out for who the cleaners are.

Call me nationalist, but I prefer centres that hire local cleaners. I try to smile with extra warmth to the auntie or ah pak doing the job and say “thank you” as nicely as I can, while edging my body away to avoid getting food scraps flicked onto my clothes by their dirty wash cloths.

Younger foreign cleaners do tend to be more energetic and faster. But as a customer, I’m getting food scraps flicked onto my clothes by their dirty wash cloths. When I see how poorly equipped those cleaners are, I wonder aloud if too liberal a policy on low-skilled foreign workers impedes the restructuring of the economy.

He is certainly not alone in this argument.

Last August, well-known economist Professor Lim Chong Yah, who headed the National Wages Council for 29 years, argued in a conference that Singapore should be careful about allowing “too free flow” of very low value-added labour, very low-wage labour.

Professor Augustine Tan of the Singapore Management University suggested that Singapore “tighten the screws on immigration” to help its workers.

To be sure, such arguments are often refuted by others. At that same conference, Associate Professor Shanoud M. Thangaveedu pointed out that annual wage increases for rank-and-file workers ranged from 6 to 10 per cent from 1990 to 1996 — a period of high growth in foreign manpower levels.

His view was that the foreign-worker inflow was not the key factor in depressing wages. Globalisation was.

A similar argument on this issue was put forward by National University of Singapore economist professor Basant Kapur. He told The Straits Times earlier this year that the inflow of cheaper low-skilled foreign labour may have been a contributing factor, along with technology and globalisation, in depressing wages at the bottom end.

Splice it any which way, and it seems there are scholarly people who think the influx of cheap foreign labour is one factor (but not the only one) that depresses wages for the less-skilled.

Is this going to be the next flashpoint in debate on the ever-contentious foreign-worker policy?

In the 1990s, the debate over “foreign talent” centred on whether foreigners were taking away jobs from locals, and whether Singaporeans would end up being “second-class” in their own country and have to report to ang moh “foreign talent”.

By now, Singaporeans by large accept the premise that foreigners help boost the economy. Back in 1999, a Singapore Press Holdings survey found that nine in 10 Singaporeans supported the move to absorb foreign talent into the economy.

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LOW-TECH: Employers may have little incentive to redesign jobs such as cleaning as long as they have easy access to cheap foreign labour.

Deputy labour chief Lim Swee Say suspects that the easy influx of cheap foreign workers in some sectors has reduced the incentive for employers to raise productivity. This, in turn, keeps wages down.

He argued as much in an interview in August, becoming the latest in a small group of opinion leaders who dare suggest that having too many foreign workers may depress wages of low-skilled workers.

Mr Lim was, of course, no xenophobe; he made clear that he — and the labour movement by extension — was of the view that foreign workers contribute to the economy. He was, however, wondering aloud if too liberal a policy on low-skilled foreign workers impedes the restructuring of the economy.

If things were so straightforward, of the economy, surely more for my chicken rice will guarantee the same quality as an auntie’s job, I would gladly do so. Also, the real world is much more complicated.

Even if prices go up, and consumers are prepared to pay, there is no guarantee that jobs won’t flow out of locals’ hands.

The best solution to the dilemma posed by Dr Ng really is not job protection, or passing costs on to consumers. It’s what the Government has been doing: raising skills levels of workers.

But the other half of the solution is also what Mr Lim alluded to: getting employers to redesign jobs to raise productivity of low-skilled workers.

But there is little incentive for companies to do so as long as they have easy access to cheap foreign labour.

In Australia and Britain, builders are highly skilled and able to remodel entire houses by themselves or with a partner. Why is it that here, an army of construction workers is needed to renovate a flat? Could it be that even with foreign workers, it’s cheaper to hire foreign workers than invest in training and new technology and give the jobs to locals?

And so the labour-intensive, inefficient methods continue, and the restructuring of the economy in the lower-value-added sectors stalls.

Globalisation — one of the factors that cause a widening income gap — is not within the Government’s control. The foreign-worker policy — with its complex formulae of ratios and quotas — is much more complicated.

If there is evidence that the current policy is one factor in keeping wages of the less-skilled down, or is impeding the restructuring of the economy, surely the Manpower Ministry has to examine the issue more carefully and see if the balance between locals and foreign workers in less-skilled jobs should be recalibrated.

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