Minister S Iswaran: Flexibility & Skills Upgrading Key to Low Unemployment

The Division of Economics, HSS, hosted the 6th Annual MTI (Ministry of Trade and Industry, Singapore) Economic Dialogue at NTU on 29 August. The occasion was graced by Guest-of-Honour, Mr S. Iswaran, Minister, Prime Minister’s Office and Second Minister for Home Affairs and Trade & Industry.

Addressing a 300-strong crowd of junior college students and undergraduates from NUS, NTU and SMU, Mr Iswaran commented on global labour market developments and assessed their potential impact on Singapore.

He highlighted, in particular, three important trends.

“The first relates to rising youth unemployment alongside an ageing workforce in developed economies. Across the European Union, almost a quarter of all youths under the age of 25 are unemployed,” said Mr Iswaran.

Calling this “a problem with a long tail”, Mr Iswaran stressed that these youths would be vulnerable to future unemployment because they had missed out on crucial early job-training and experience.

“The second trend pertains to the impact of technological changes on the nature of jobs and their skills requirements,” he added, citing automation, 3D printers, computer algorithms and online platforms like freelancer.com as innovations which have made certain jobs obsolete.

The third trend was the rising income inequality caused by globalisation, with competition from workers located abroad and technological improvements leading to a lowering of the wages of less-skilled workers.

Outlining the implications of these trends, Mr Iswaran referenced the solutions that Germany had enacted for its aging workforce – for e.g. the use of technology advancement like assistive tools and restructured work processes – as lessons that Singapore needed to learn in order to better tap the expertise and experience of older workers.

To meet these challenges, Mr Iswaran reiterated the need for the government to be nimble in identifying high-growth sectors that can offer good jobs, and also to transform the economy to create jobs suitable for an increasingly educated workforce. Local businesses needed to be willing to
restructure and to use technology to tap new growth opportunities in order to remain competitive. Workers also needed to continually upgrade their skills in order to respond to changes in the job market.

Mr Iswaran also joined a discussion panel with Mr Richard Payne, CEO Southeast Asia at Aon Hewitt and Professor Ng Yew Kwang, Albert Winsemius Chair Professor from the Division of Economics to answer questions from students.

Mr Iswaran started the forum by handing out the MTI Book Prize awarded to students with the highest cumulative grade-point-average after three years of study to NTU’s Ms Dang Thi Quynh Trang.

He also gave the MTI Best Thesis Award (given to economics students with the best thesis) to HSS students Lin Yu Min, Wu Pei Yun and Yap Chai Teng for their thesis titled *Beyond GDP: Welfare Across China and Time.*