Wage-fix proposal too much of a shock?

Can a radical idea being floated to narrow Singapore’s income gap work, or does it pose too much of a risk? Insight takes a closer look at economist Lim Chong Yah’s proposal.

By Leon Kiong

WAGE-FIX: PAIN OR GAIN?

The idea of fixing minimum wages has been around for some time, but the recent move by Professor Lim Chong Yah to propose such a step has put it back on the policy agenda.

Lim, a professor at the National University of Singapore, has suggested introducing a wage floor of $15,000 for all workers earning less than that amount. The move has been met with mixed reactions, with some experts and commentators expressing concerns about its feasibility and potential impact.

Proponents argue that a wage floor would help to address income inequality and promote social cohesion, while opponents warn of potential economic risks and unintended consequences.

The debate highlights the complexity of the issue and the need for careful consideration before implementing any policy changes. It also underscores the importance of ongoing dialogue and engagement with stakeholders to ensure that any proposals are well-informed and effective.

**The Shock, in Short**

- **We only have two choices:**
  - Keep productivity constant.
  - Increase productivity.

- **We need shock therapy:**
  - Find a shock therapy.

- **Raise wages at the bottom by 50 per cent, freeze wages at the top for three years:**
  - Too risky. Businessmen will close. People will lose their jobs.

- **Workers can only engage in part-time work:**
  - Even if you raise their productivity, they’ll find it attractive.

- **Singaporeans are clean and safe:**
  - We’ll have to go overseas for better services.

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**Debate may lay foundation for new consensus**

In recent years, the issue of income inequality has become a pressing concern in Singapore and other countries. The debate around implementing a minimum wage floor has gained momentum, with proponents and opponents engaging in a lively exchange.

According to economists and policymakers, setting a wage floor could help to address the problem of low wages and ensure that all workers are adequately compensated for their efforts. However, there are also concerns about the potential negative effects on businesses, employment, and the overall economy.

In the wake of the recent proposal by economist Lim Chong Yah, the debate has intensified, with various stakeholders expressing their views. While some support the idea, others are more cautious, emphasizing the need for careful consideration and analysis.

The discussion has also allowed for a more participatory and inclusive political discourse, as seen in the recent exchange between Lim and policymakers. This has provided an opportunity for a new consensus to emerge, with a focus on finding balanced solutions that address the underlying issues.

**Assess idea seriously**

While the debate has been intense, it has also been productive, prompting a more serious assessment of the idea. The desire for a new consensus to emerge suggests that policymakers and stakeholders are recognizing the importance of cooperation and mutual understanding.

As the debate continues, it is hoped that the exchange will lead to a more informed and inclusive approach, with the ultimate goal of finding effective solutions to reduce income inequality and promote social cohesion.