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Income inequality: Challenges in bridging the gap

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Increase social spending. Fine-tune foreign labour policies. Create more job opportunities.

These were just a few of the suggestions made during a forum organized by the anti-poverty group, ONE (Singapore) and Singapore Management University's [Wee Kim Wee Centre](#) on how to bridge the income inequality gap.

Halimah Yacob, the Minister of State for the Ministry of Social and Family Development, said in the forum that a concern with income inequality is its impact on social mobility, as people need to have

“a sense of hope and optimism that they can aspire to a better life”. How each society deals with the problem depends on its political will and resources.

Singapore's Gini coefficient, which measures income inequality, was 0.473 in 2011 – an increase from 0.454 ten years ago. Singapore took [29th place out of 136 countries](#). In 2011, there were 236,000 Singaporeans and residents (including part-time workers) who earned a gross pay of less than \$1000 a month - an increase from 218,000 a decade ago. Over the same period, the number of individuals earning more than \$10,000 a month tripled to around 140,000.

Halimah noted the importance of looking at the non-income aspects of inequality such as access to education and healthcare — areas in which Singapore is not doing too badly. She cited the government's efforts to develop eldercare facilities around the island and a five-year plan to develop childcare as examples of how resources are channelled to improve these areas.

While the income gap in Singapore is not as “dire” as the situation in other developed countries, Halimah stressed that the government must take action to address the problem. She suggested that efforts should be made to improve policies and create tools like job training, redesign and placement. However, the government cannot do everything and employers, for example, must play a part, said financial consultant Leong Sze Hian. He pointed out that less than 10 per cent of employers had given a one-off special payment, recommended by the National Wages Council last year, to rank and file employees.

Leong, who feels that the wages of Singaporeans have been depressed with increased competition from the influx of foreigners into the Republic, suggested that the government should reduce the size of the foreign workforce in the country.

And while recent government policies such as reducing foreign worker quotas and increasing levies seem to have pushed wages up, Leong cautioned that care must be taken to make sure the higher pay does not come at the cost of longer working hours or less days off.

For instance, SMRT bus drivers were required to work a six-day week instead of a five-day week after receiving a pay increase in May 2012. Some drivers were unhappy with the longer hours and the transport companies later allowed them to return to a five-day schedule— on the condition that they relinquish their pay increase. “So we cannot focus solely on increasing wages. We must also look at the work conditions,” said Leong.

Youth activist Nicole Seah said Singapore needs to “create more hands and feet for the people who are down and out, and who are not able to get up on their own feet”. Singapore, which spends 16 per cent of its Gross Domestic Product on social spending, can afford to up the amount, she felt. She proposed additional spending with a view to build more employment agencies to help the poor find jobs, create more subsidized elder care and childcare centres, and increase health spending.

Seah quoted the old Chinese proverb “Give a man a fish, feed him for a day. Teach him to fish, feed him for a lifetime” to make her point that Singapore needs to be mindful of the way it provides assistance to the poor. It should focus more on giving resources and providing support instead of just giving out money as that is not sustainable, she said.

One of the forum's participants asked if a minimum wage system would work in Singapore. Halimah noted that some countries which had planned to implement a minimum wage policy spent so much time in consultation that by the time an agreement was reached, the proposed wage was no longer suitable to economic conditions.

She added: "Let's not get boxed into this idea that minimum wage is the only way....the real issue is how we help to increase wages. We do need to increase wages of workers with lower income. This is where you should also look at how industries are structured (to customise policies)."

Seah said: "It's (a minimum wage system) easier said than done. It sounds good in theory but in reality, we really don't know how that will pan out...it's not an easy issue."