

## Earnings gap here 'higher than in OECD states'

**Chew Xiang**

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WAGE inequality in Singapore is the highest by far compared with all OECD (Organisation for Economic Cooperation and Development) countries, an associate professor at the Lee Kuan Yew School of Public Policy said yesterday.

Hui Weng Tat emphasised the dramatic growth in the earnings gap between skilled and unskilled workers at a presentation during the Singapore Perspectives 2008 event.

His report, co-authored with Ruby Toh, a research fellow at the same institution, showed that the top 10 per cent in Singapore earned 10.2 times as much as the bottom 10 per cent in 2005. The United States, runner-up in the inequality stakes, had an equivalent ratio of just 4.9. By comparison, most European countries and Japan had ratios ranging from 2 to 4.

Assoc Prof Hui added as an illustration that the relative wage of male doctors to male labourers in Singapore was 9.05 in 2005, up from 7.85 in 1990. In the US, the equivalent ratio was 4.85, from 2.28 in 1990. He said competition from low-skilled foreign workers and continuing high demand for skilled workers were the reasons for the massive inequality here.

The ratio in Singapore is projected to worsen as relative demand for highly skilled workers soars in the coming decade, he added. 'This could require policies that restrict total employment levels, increase employment costs and facilitate the increased mobility of low skilled foreign labour.' Binding workers to specified employers has prevented competition from bidding up wages, he said.

As well, higher wages among the low-skilled will encourage economically inactive residents here to enter the workforce, reducing the need for government wage supplements.