

Singapore ruling party takes flak over wealth gap

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Singapore's yawning wealth gap is high on the agenda ahead of Friday's general election, with opposition parties accusing the government of failing to tackle growing inequality.

The tiny country, among the world's wealthiest with a higher gross domestic product per person than the US or the UK, is among the most unequal of developed nations - notwithstanding founding father Lee Kuan Yew's 1965 pledge of "a more just and equal society".

The country's own official data show that its Gini coefficient, a measure of income inequality, is 0.412 after taxes and transfers — worse than the OECD's scores for the UK (0.351), Australia (0.325) or Germany (0.290).

"We are not opposed to wealth but wealth inequality," said Chee Soon Juan, leader of the Singapore Democratic party, the country's third-most popular opposition group in the previous election. "Society breaks down, crime rate goes up, education suffers. We've got to guard against that."

Although the ruling People's Action party is virtually certain to retain power in the poll, public dissatisfaction is on the rise and the opposition is growing more vocal, amid strains in the tiny city-state's economic model.

Although Singapore's Gini score is much improved on the 2007 peak of 0.48, "it is still very, very bad compared with other first-world countries", said Leon Perera, a candidate for the Workers' party, the country's main opposition group.

Gillian Koh, senior research fellow at Singapore's Institute of Policy Studies, said: "The opposition is making this an election about ensuring that the PAP government listens harder, is more responsive to voters, and serves all Singaporeans rather than allowing the country to simply become a playground for the rich."

The government, however, highlights the recent improvement, which it says is attributed to its own policies of bolstering the country's social safety net.

"Singapore has followed a different approach [to other developed nations], with a lower tax burden overall...while providing targeted subsidies for those in need," the Ministry of Finance said.

Lee Hsien Loong, prime minister, notes: "For the low income, the disadvantaged, we always make sure that the basics are still in reach".

In its March budget, the People's Action party government increased the top-tier income tax rate for the first time in a decade, by 2 percentage points to 22 per cent, with Tharman Shanmugaratnam, finance minister, noting that the proceeds would subsidise senior citizens and low-income earners.

Singapore this year retained its title as the world's most expensive city, according to an Economist Intelligence Unit survey. Parts of the nation are bastions of conspicuous consumption, with heavily taxed sports cars purring along streets lined with hawkers selling food for a few dollars a plate.

The median full-time salary is about S\$3,800 (US\$2,700) a month including employer pension contributions. However, the country's bottom 10 per cent of earners take home an average of S\$500 a month, according to government data.

The Workers' party wants a minimum wage, initially of S\$1,000 a month then "gradually ramped up over a few years to S\$1,250", said Mr Perera.

The wage disparity extends to politicians. Prime Minister Mr Lee earns the world's highest salary for political leaders. His S\$2.2m a year is more than four times the US\$400,000 paid to US President Barack Obama, for example, and 50 times the US\$30,000 received by India's Narendra Modi.

"There has been such a groundswell of concern about inequalities, and a lack of fairness in the way that Singapore's rapid economic growth has panned out," said Garry Rodan, professor of Southeast Asian politics at Australia's Murdoch university. "The PAP has recognised that this is a problem, but they are struggling with how to respond to it."