

## **S'pore must ensure upward mobility for every citizen: Tharman**

### **Need to avoid wage stagnation of middle and lower income**

**Eve Yeo**

***The Business Times***, 17 January 2012

INCOME inequality is a common societal phenomenon, and Singapore has to ensure upward mobility for every citizen, said Deputy Prime Minister Tharman Shanmugaratnam yesterday.

'We have a large income inequality because we are an open economy,' said Mr Tharman.

'Income inequality ... becomes a concern when the middle class feels that they don't stand a good chance for upward mobility.'

- Paul Cheung,  
director of the UN  
Statistics Division

'We have to keep social mobility going and avoid wage stagnation of the middle and lower-income groups,' he said.

He was speaking at Singapore Perspectives 2012, the annual flagship event of the Institute of Policy Studies (IPS) that discusses recent trends in Singapore in areas such as economics, social development, politics and governance.

Said Paul Cheung, director of the United Nations Statistics Division: 'There is nothing intrinsically wrong with income inequality but it becomes a concern when the middle class feels that they don't stand a good chance for upward mobility.'

Professor Cheung added that there is a high degree of anxiety among Singaporeans, especially those in the 30 to 39 age group, whether they can 'make it' in society.

'Those in this age group may feel they do not stand a fair chance for upward mobility, even after undergoing training and higher education courses,' he said.

Manu Bhaskaran, an adjunct senior research fellow at IPS, concurred, saying: 'One characteristic of the increasing inequality is the stagnation of income of the lower-income groups,' he said.

Hui Weng Tat of the Lee Kuan Yew School of Public Policy, National University of Singapore, noted that there was an increasing number of the more highly educated among the unemployed.

Associate Professor Hui said there was a need to review the Central Provident Fund (CPF) system and other labour policies to ensure the retirement adequacy of the workforce.

He said the current CPF system will be unable to provide for the retirement needs of the large majority of the local workforce, especially those with above-secondary level education, because of declining real CPF contributions since 1985.

He added that the problem of rising property prices also posed a serious threat to retirement adequacy and wage competitiveness as well as increased pressure on improving productivity.

'The lower-income groups will always be with us but the question is whether they can sustain a reasonable standard of living,' said Associate Professor Hui. 'There is a need to continue to contain and deflate property prices for long-term sustainability.'

'Material accumulation' was also an issue that concerned the speakers.

Professor Cheung said: 'The 'politics of envy' is strong in Singapore, where Singaporeans compete in every single dimension. We need to shift our focus away from career progression.'