

Looks like the Gini's Back in the Bottle

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Income inequality decreased last year, according to the latest household income trends revealed by the Department of Statistics on Tuesday.

The top 10 per cent of households earned less, while the other households saw an increase in income last year.

The widening income gap has been a concern of late, especially after the real income of the bottom 10 per cent of households saw a 1.2 per cent drop in 2012 while the top 10 per cent of households saw a 5.1 per cent increase.

Economist Song Seng Wun, executive director of CIMB Research, thinks the latest figures imply that the Government's efforts to raise the wages of the lower income are showing "a modest effect".

Recent measures include restricting access to foreign labour, which has long been blamed for depressing wages.

"We can't prevent the top earners from earning more, but we can at least ensure that the low income do not fall behind," said Mr Song.

He thinks selective hiring in the finance industry as a result of the subdued stock market last year could be a reason for the drop in income for the top earners.

An increase in government transfers was also observed across all households last year, with those in smaller types of flats getting a significant increase.

Some examples of the transfers include GST vouchers, workfare bonus and Edusave awards.

National University of Singapore sociologist Tan Ern Ser said he has noticed this trend in recent years, but added that government aid is "not to the extent of discouraging self-reliance and imprudence".

"All things being equal, my sense is that the low-income people will experience steady but not sharp improvement, while the top will also improve, but at a declining rate," said associate professor Tan.

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