Think About It

- What was living through the pandemic in 2020 like for you (especially Circuit Breaker/FHBL)?

  - Particular challenges/difficulties you faced

  - Things you were grateful for

Socioeconomic Status

- Typically defined by

  - **Income** and **wealth**

  - **Occupational prestige** (how well-regarded job is)

  - **Educational attainment** (highest qualifications)

- Distinguished by **social classes**

  - Upper, middle, lower/working

Income vs. Wealth

- Income

  - **Earnings** from work

  - Can include income from other sources e.g. rent

- Wealth

  - Income **accumulated over time** (e.g. savings)

  - Includes **assets** in the form of property, stocks and inheritances

Think About It

- How does your level of income and/or wealth affect your **quality of life**?

  - What **choices** are you able to make with a high SES that you cannot with a lower SES?

  - How are the **concerns** of higher SES groups different from those of lower SES?

Inequality in Singapore

- Gini coefficient: **0.452** (0.375 after taxes and transfers; 0.398 in 2019)

- Average Monthly Household Income From Work Per Household Member (Including Employer CPF Contributions):

  - 91-100th percentile: **$13,400** ($13,737 in 2019)

  - 1-10th percentile: **$560** ($597 in 2019)

- Median Monthly Household Income From Work Per Household Member (Including Employer CPF Contributions): **$2,886** (from $2,925 in 2019)

(SingStat, 2020)

KEY HOUSEHOLD INCOME TRENDS 2020

Median Household Income from Work Fell in 2020 but Increased Over Last 5 Years

Real Change Over the Years

Per Household
▼ -2.4% in 2020
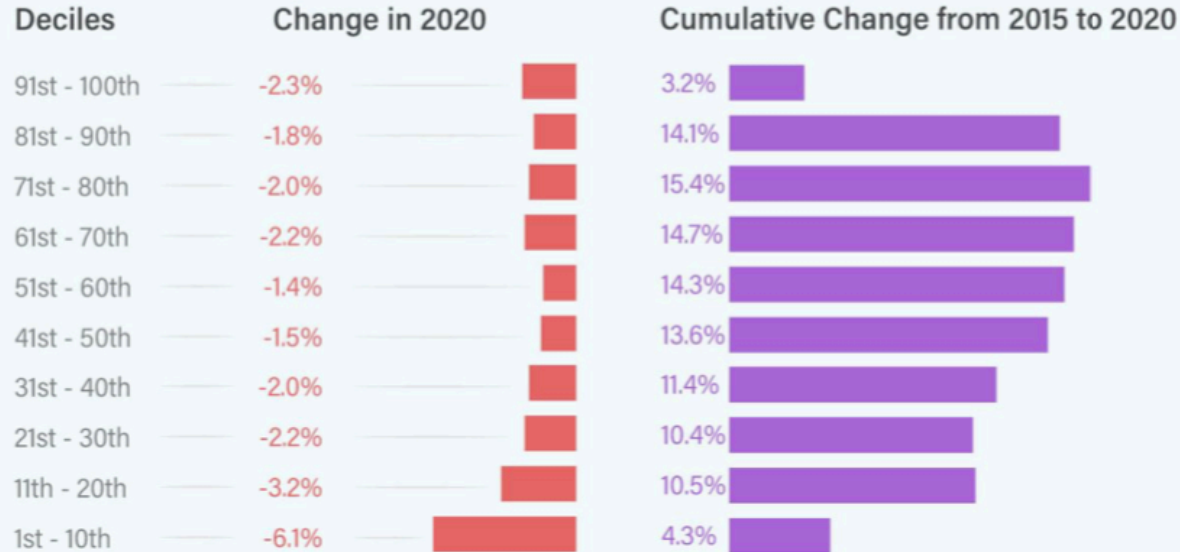▲ 5.2% (1.0% p.a.) from 2015 to 2020

Per Household Member
▼ -1.2% in 2020
▲ 14.6% (2.8% p.a.) from 2015 to 2020

Per Household: $8,666 (2015), $8,846 (2016), $9,023 (2017), $9,293 (2018), $9,425 (2019), $9,189 (2020)

Per Household Member: $2,500 (2015), $2,584 (2016), $2,699 (2017), $2,792 (2018), $2,925 (2019), $2,886 (2020)

Note: The dollar values in the chart are in nominal terms. Data are based on resident employed households (i.e. with at least one working person)

(Dept. of Statistics, 2020)

Households in All Income Deciles Saw Real Declines in Average Household Income from Work Per Household Member in 2020 but Experienced Increases Over Last 5 Years

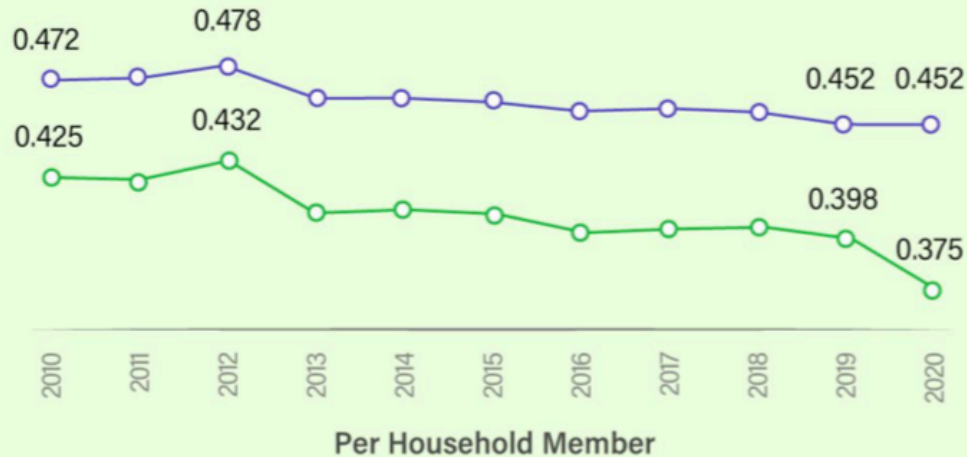| Deciles	Change in 2020		Cumulative Change from 2015 to 2020	
91st - 100th	-2.3%	▮	3.2%	▮
81st - 90th	-1.8%	▮	14.1%	▮
71st - 80th	-2.0%	▮	15.4%	▮
61st - 70th	-2.2%	▮	14.7%	▮
51st - 60th	-1.4%	▮	14.3%	▮
41st - 50th	-1.5%	▮	13.6%	▮
31st - 40th	-2.0%	▮	11.4%	▮
21st - 30th	-2.2%	▮	10.4%	▮
11th - 20th	-3.2%	▮	10.5%	▮
1st - 10th	-6.1%	▮	4.3%	▮

It is notable, for example, that some resident employed households in the lowest 10% owned a car (13.9%), employed a maid (13.5%), lived in private property (7.6%) or were with household reference persons aged 65 years and over (30.0%) in 2020. It is also important to recognise that not all households are consistently in the same decile group from one year to the next. For example, a household may move down from a higher decile in a particular year due to the temporary unemployment of a household member, before moving up the deciles when the member resumes work in the subsequent year. In comparing the performance of any particular decile group over time, it is therefore relevant to note that the comparison may not pertain to the same group of households.

(Dept. of Statistics, 2020)

Higher Government Transfers for Households in Smaller HDB Flats Reduced the Gini Coefficient More in 2020 Compared to Previous Years
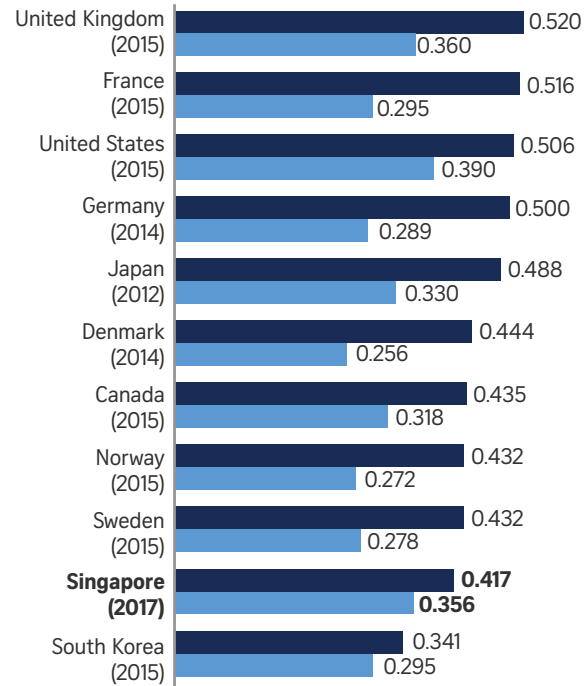
○ Before accounting for Government transfers and taxes   ○ After accounting for Government transfers and taxes

Per Household Member

(Dept. of Statistics, 2020)

International comparison of Gini coefficients

■ Before accounting for taxes and transfers
■ After accounting for taxes and transfers

Country (Year)	Before accounting for taxes and transfers	After accounting for taxes and transfers
United Kingdom (2015)	0.520	0.360
France (2015)	0.516	0.295
United States (2015)	0.506	0.390
Germany (2014)	0.500	0.289
Japan (2012)	0.488	0.330
Denmark (2014)	0.444	0.256
Canada (2015)	0.435	0.318
Norway (2015)	0.432	0.272
Sweden (2015)	0.432	0.278
Singapore (2017)	**0.417**	**0.356**
South Korea (2015)	0.341	0.295

NOTE: Data is for the latest available year and is adjusted for household size using the square root scale.

Source: MINISTRY OF FINANCE
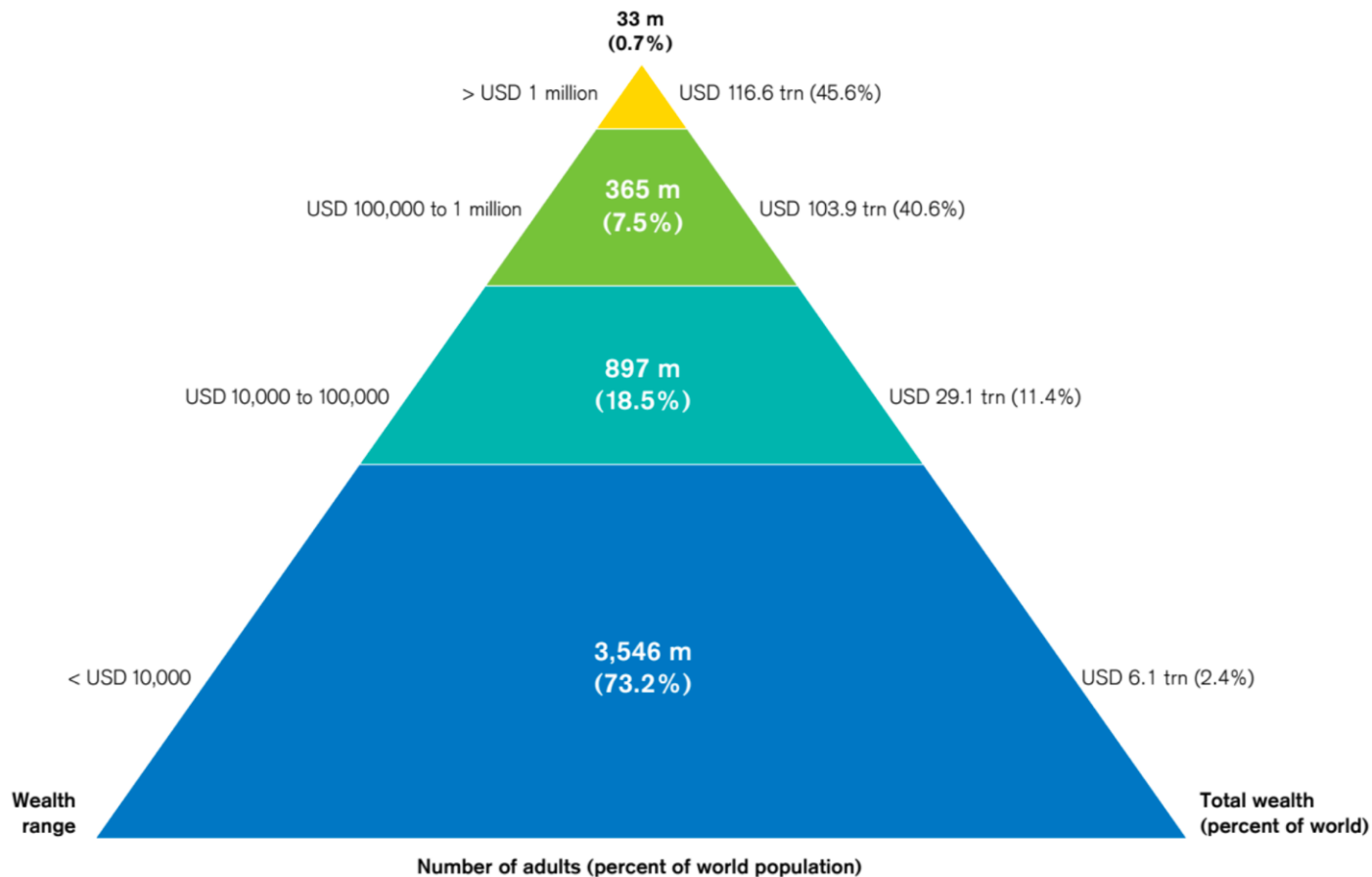STRAITS TIMES GRAPHICS

Inequality in Singapore

- Household net wealth in SG grew from $700b in 2005 to >$1,500b in 2015 mostly due to housing boom and rising property prices

- 2015 mean wealth $380k, median $140k; **wealth gap ratio 1:2.72**

- Bottom 20% owns 1% overall wealth; top 20% owns 73% overall wealth; wealth distribution not changed much from 2011-2015 – top 1% share of total wealth increased

- Social mobility still exists: 14% from poorest 10% moved into top 20%

(CNA, 2016)

In 2012, about 1 in 30 Singaporean residents were dollar millionaires -

The global wealth pyramid

33 m (0.7%)

> USD 1 million — USD 116.6 trn (45.6%)

USD 100,000 to 1 million — **365 m (7.5%)** — USD 103.9 trn (40.6%)

USD 10,000 to 100,000 — **897 m (18.5%)** — USD 29.1 trn (11.4%)

< USD 10,000 — **3,546 m (73.2%)** — USD 6.1 trn (2.4%)

Wealth range

Total wealth (percent of world)

Number of adults (percent of world population)

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2016

The Problem with Inequality

- Built-up wealth can be **entrenched** over time and be **harder to redistribute**

- Has an impact on **social mobility**

  - Difficult for nonwealthy to accumulate wealth

  - Increase in wealth may not be due to work and hence **undermines principle of meritocracy**

(ST, 2014)

The Problem with Inequality

- Read the comic On a Plate by The Pencilsword

- Discussion question:

  - What **advantages** does accumulated wealth confer on a person?

Think About It

- How much does it **cost to live** in Singapore?

  - What do you spend on every month?

  - What are the main categories of things you have to pay for?

  - Which are necessities and luxuries?

  - What are some possible expenses you might not have planned for?

- Can you live on $5 a day in Singapore?

$5 Challenge Turns Class Project Into S'pore Poverty Awareness Campaign

Liang Hwei
6 years ago

0

Poverty in Singapore

- Poverty difficult to define; 3 measures:

  - **Absolute**: fixed level of income based on cost of minimum food diet

  - **Relative**: pegged to % of median household income (usually 50-66%)

  - **Subjective**: considers cultural and societal attitudes to and experiences of being "poor", using multi-dimensional measures including health, education, and disempowerment

Poverty in Singapore

- Average household expenditure on basic needs for 4 pax: **$1,250 in 2011**; 10% of SG resident households (~3.5 pax) earn avg. $1,644 in 2011

- On average, the bottom 20 per cent of households are each spending **$2,570** a month while having a monthly income of **$2,235**, which include regular government transfers such as Workfare – a shortfall of S**$335** on average each month

(TODAY, 2019)

Poverty in Singapore

- Poverty in SG **largely hidden**; main reasons:

  - Rapid economic growth and social segregation; effects of globalisation on income gap and lowest wages

  - **Working poor**: low-income earners and elderly poor

  - Housing policy that ensures **even the poorest have (rental) housing**

  - **Reluctance to talk about poverty**: seen as admitting failure

(ST, 2013)

Poverty in Singapore

- Poverty has obvious impact on **quality of life** and **health**/physical & mental **well-being**

- Poor can be **trapped in a poverty cycle** (are unable to achieve social mobility) and fall further behind the rest of society
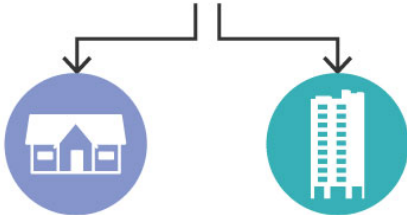
Class Divide in Singapore

- SES (class) shapes **concerns**, **priorities** and **worldviews** - what is important in life, how they can be attained/achieved, etc.

- Also shapes **social networks –** who one knows and interacts with – and hence determines **social capital** ("who you know")

Diversity of Social Networks in Singapore

Someone who lives in

Private housing

Public housing

Has ties to an average of

Has ties to an average of

3.05 people who live in private housing

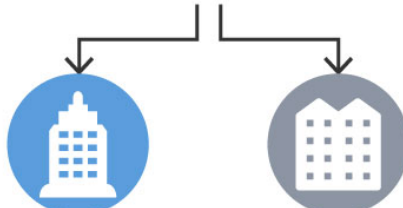**4.3** people who live in public housing

2.6 people who live in public housing

0.8 people who live in private housing

Someone who went to

An elite school

A non-elite school

Has ties to an average of

Has ties to an average of

2.7 people who went to an elite school

3.9 people who went to a non-elite school

2.1 people who went to a non-elite school

0.4 people who went to an elite school

"Respondents were asked about the **people in their social networks**, including who they discussed important matters with, or confided in when they were feeling down… who they played sports with, got help from for household matters such as collecting mail, and who they spent the most time with on social activities.

They were then asked to give details about the people they named, such as age, race, and whether they considered them to have attended an "elite" school.

… while people were able to easily name a friend of a different gender or age, and even race or religion, **they more rarely named someone from another class**."

(IPS, 2017; infographic by ST)

Class Divide in Singapore

- Resulting **class bubbles** limit **shared experiences** and understanding of others

- Also affects **sense of belonging**, **pride in country**, and **attitudes** of different groups towards each other (scorn/condescension vs. envy/resentment)

- Thus has implications on **social cohesion** – sense of unity/togetherness