

## The Measurement of Poverty of Low-wage Workers in Developed Countries; The Example of Singapore

Mavis Lim  
Ministry of Manpower Singapore  
[mavis\\_lim@mom.gov.sg](mailto:mavis_lim@mom.gov.sg)

Poverty can be defined and measured in various ways, though there is no one official poverty line to determine when its existence should be recognized on a national or international level. Without a common, shared view on the way poverty is defined and measured, misconceptions are bound to surface, one of which lies in the misconstrued belief that a country of substantial development and wealth would not experience poverty. Singapore is one such country. Yet the fact remains that in spite of her robust economic growth, the living conditions and incomes of the poorest within the population, while not reaching the level of destitution experienced in developing countries, leave adequate room for concern. Such undesirable circumstances highlight the importance of reassessing the way in which poverty is acknowledged and defined.

The most common approach to measuring poverty involves the analysis of monetary income. To establish a fairer and more comprehensive study pertaining to income, Singapore has recently developed new ways to measure and outline income thresholds which focus primarily on lower-wage workers amongst the population. Akin to poverty, there is no one internally accepted definition on low-wage workers. Rather, it is generally considered that low wages refer to wages below a threshold that is socially acceptable. The statistical framework adopted by Singapore's Manpower Research and Statistics Department (MRSD) defines low-wage workers based on two criteria, namely workers earning: up to the 20th percentile income level for full-timers (denoted by P20); or less than two-thirds of median income for full-timers (denoted by 2/3M). The latter is aligned with the definition adopted by the Organisation for Economic Cooperation and Development (OECD).

Over the years, supporting the lower-wage workers has been an important priority for the Singapore Government. Analysing the number and incidence of low-wage workers earning up to the 20th percentile income allows more informed decisions to be made, pertaining to earners at the lower end of the income distribution who tend to be blindsided or overlooked when the nation's healthy economic growth is spotlighted. Identifying who and what constitutes the lower-wage population in the country has enabled the Government to implement relevant policies aimed at uplifting their wages, without affecting the income outcomes of other middle or high income-earners. This is done so by putting in place some form of Progressive Wages in all sectors of the economy through the mandatory Progressive Wage Model (PWM). To improve the living conditions and outcomes of the poorest within the population, the Government must ensure that wage growth for lower-wage workers continues to outpace median wage growth. This can be effectively fulfilled using the P20 income framework which has led to Singapore's stable progress

in raising wages and supporting the livelihoods of lower-wage workers especially in the face of the recent COVID-19 pandemic.

As accentuated at the beginning of this abstract, poverty remains an ambiguous concept interlaced with common misconceptions that it only exists in poor or developing countries, and countries of strong GDP per capita or stable economic growth are free from the reins of poverty. However, poverty, when measured and defined in different ways, is evident in not just third world countries but everywhere. The brutal reality lies in the fact that poverty, due to its lack of recognition in these aforementioned “rich” countries, can be so overlooked to the extent that no policies are conceived to aid this particular population, in turn worsening the living conditions and outcomes of these people. This paper thus seeks to examine how the P20 income framework provides insights on the low-wage worker situation and helps improve the economic, and consequently social, conditions of lower-wage workers in developed countries.