

EPISODE

Singapore Society

SUB CATEGORY

Economic

TITLE

Evolving from entrepot trade to a digital economy

EXCERPT

Identify the economic challenges that impede the development of modern Singapore following its 50 years of astounding and rapid advancements.

CONTENT

While none can deny Singapore's economic success, as reflected by its global standings on multiple international assessments and its thriving and vibrant society, Singapore stands at the edge of a precipice - a widening income gap and the increasingly volatile, digitised and globalised economy - that demands urgent action to avert an incoming devastating crisis.

Income Disparity: The Great Economic Divide

While Singapore has certainly benefited greatly from her strong economic growth and remarkable quality of life, it has, however, bred rising income disparity which threatens to tear the vulnerable social fabric of our society. Income disparity underlies the societal fractures in Singapore as the lower- and middle-income groups grow distant from the higher-income populace due to a variety of factors such as differences in housing location, schools and even community outreach.

These differences further widen the existing gap between the upper echelons of the society and the rest because the absence of a common ground for social interaction deprives the differing income groups from socialising with one another.

One useful indicator of income disparity is the Gini coefficient, where 0 represents a state of perfect economic equality, and 1 represents total inequality. According to 2017 statistics from the Ministry of Finance (MOF), Singapore's Gini Coefficient, after accounting for taxes and transfers, stands at 0.356.

To understand the severity of a high Gini Coefficient in Singapore, the United Nations rates coefficients greater than 0.4 to be indicative of dangerous levels of inequality. As such, it can be seen as a sign of social unrest for Singapore as her Gini Coefficient dangerously nears the 0.4 threshold.

Cyber Security Threats

In addition, Singapore's ongoing transformation into a digital economy raises the potential for digital security implications that endangers the Singapore's economic viability as Singapore's economy

increases its reliance on digitalisation. A greater adoption of digitalisation in Singapore can also heighten risk in the form of cybersecurity.

This serves as a challenge for Singapore as the vulnerabilities of Singapore's databases and servers are open to exploitations. Consequently, these cybersecurity issues damage Singapore's reputation as a new digital economy which hinders investments as investors are dissuaded from the threat of cybersecurity problems.

In 2018, Singapore experienced its worst cyber attack when the database of its healthcare institutions were hacked by cyber assailants. More than 1.5 million patients had their personal particulars stolen, which opens up the potential of identity thefts as hackers are able to utilise these data for further misdeeds. Incidents like these may very well harm Singapore's economy and hamper Singapore's initiatives to become a digitalised economy.

In summary, the Singapore economy is faced with challenges like the growing income divide and the increasing prevalence of cyber security dangers. In order to deal with these issues effectively, it is important for the government to formulate appropriate countermeasures and rope in newly-formed and existing agencies. At the same time, careful planning and implementation should be taken into consideration to achieve inclusive and sustainable economic growth.