

Explainer: Calculating the Cost of Living in Singapore

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Singapore's PAP government is gambling that unrestrained economic growth can outpace the rising cost of living. Its policy is thus to subsidise incomes in the short term while waiting for prices to stabilise. But this strategy rests on flawed assumptions, exacerbated by its questionable calculation of the Consumer Price Index, creating a self-reinforcing blind spot.

The cost of living in Singapore has risen significantly in the last 20 years. In the Citizens' Agenda 2022, Singaporeans identified it, and the inability of wages to keep pace, as the [single biggest issue facing Singapore](#). The governing People's Action Party (PAP) has acknowledged this problem and is attempting to deal with this via a series of measures aimed at supporting the population's lower- and middle-income classes. In its 2022 and 2023 Budgets, it announced [measures to tackle inflation which combined a total of SGD 9.6 billion \(USD 7.11 billion\)](#), to be implemented between 2022 and 2026.

However, the PAP government does not do everything it can to tackle the cost of living in Singapore. In some cases, such as raising the regressive Goods and Services Tax (GST), its policies worsen the cost of living. This is because it does not want to undermine Singapore's economic competitiveness. As such, it does not guarantee any form of social welfare or impose price controls beyond what it believes necessary to maintain social stability. Instead, it focuses on simply subsidising the cost of living in the short term through grants, rebates, and cash transfers.

In the medium to long term, it is betting that the prices of commodities will stabilise and that its relentless focus on economic growth will enable a rise in incomes to outpace the rise in prices. However, its assumptions are flawed. First, economic growth does not automatically translate to higher incomes. Second, it is untrue that social welfare or structural reforms that shield Singaporeans from unrestrained market forces automatically undermine economic competitiveness. Third, there is no guarantee that prices will stabilise, especially since one major driver of the rise in costs is the climate crisis, which shows no sign of abating.

To understand the issue of the cost of living in Singapore, it is also important to understand how the PAP government conceives of and defines "living".

Experts believe that a minimum standard of living should include some choice and self-fulfilment and generally calculate the cost of living based on what people commonly buy, including discretionary purchases. The PAP government argues that "living" should be defined as merely meeting basic needs.

Its cost of living index is accordingly one that focuses on basic items regularly bought by Singaporean citizens. This distinction may appear small, but is crucial to understanding how we understand the cost of living in Singapore.

What is “cost of living”?

Cost of living refers to the overall expenses an individual or a family incurs in order to maintain a certain standard of living in a specific location. It usually includes essential expenditures such as housing, groceries, utilities, healthcare, transportation, and taxes, but what is included and how it is measured differs from country to country. For the average person, one way of understanding the cost of living is a measure of how much money they need to cover their daily needs and maintain their desired lifestyle.

To fully understand what “cost of living” entails and implies, we need to understand how experts measure it. From a technical perspective, the cost of living refers to a quantitative measure that compares the relative price levels of a **basket of goods and services** over time.

The basket of goods and services typically includes a representative sample of consumption categories, such as housing, food, transportation, healthcare, education, utilities, and taxes. These categories are **weighted** according to their relative importance in consumer spending. The cost of living index, called the [Consumer Price Index](#) (CPI), is then calculated by aggregating the price levels of each category and comparing them to the base location or time period, which is assigned a value of 100.

Singapore’s CPI, for example, currently assigns 2019 as the base year (the period with which all the other periods are compared). This index allows experts and academics to analyse and compare the **purchasing power** and **affordability** of Singapore or the impact of inflation over time and is used by economists, policymakers, and researchers to study and analyse economic trends, regional disparities, and the impact of policy changes on living standards.

Thus, what we include in the basket of goods and services, how we weigh the relative importance of each item in the basket, and the purchasing power of people, are all crucial.

How much has the cost of living in Singapore increased?

The CPI compiled by Singapore’s Department of Statistics shows that for April 2023, the rise in prices in the last year was 5.7%. In other words, prices were 5.7% higher than in April 2022.

Over the past year, the year-on-year inflation rate (the rate compared with the same month a year ago) has varied from 5.5% (March 2023) to 7.5% (August and September 2022). No matter how you look at it, inflation is high.

Inflation seems particularly acute because prices remained stable for five years before the pandemic (figure 1). During this period, prices rose and fell but never varied by more than 2% from the year before. After a decline during the first year of the pandemic, prices have been sharply rising from 2021 to the present. It is thus a combination of a long period of price stability followed immediately by a dramatic spike in prices that makes the current spike in prices appear acute in people’s minds.

What are the most important factors driving the increase of the cost of living in Singapore?

The steep rise in the cost of living in Singapore in the last two decades is mostly due to the rise in the price of land, which is very detrimental to the cost of housing in general terms. Singapore is a city-state, and the main island, where the 5.43 million resident population is almost entirely concentrated, has an area of approximately 733 km². The land is scarce, and most constructions are directed towards the richest segment of the population.

The price of housing fell between 2013-2018, mostly as a result of the efforts of the Singaporean

government. Taxes were imposed to cool down prices and deter foreign investors from buying property in a very tight and land-scarce market. However, in recent years, the price of housing has jumped again.

One reason for this is that Singapore continues to attract many foreign capitalist investors and residents, thanks to its rather generous residence laws. When more people move to a country, the demand for housing increases.

As the supply of housing is constrained in land-scarce Singapore, this has driven up rental and housing prices. It also increases demand for goods and services, which can lead to price increases, especially for commodities that are in limited supply.

As the price of socialised housing is calculated at a discount to the prevailing market value of equivalent private housing, the increased price of land and demand for housing has a real impact even on socialised housing that far exceeds the cost of building. As Figure 2 clearly shows, the growth in the price of Housing and Development Board (HDB) resale flats has tracked the price of equivalent non-landed private property. The available data is only until 2020 and thus does not reflect the steep CPI rise since 2021, and thus the prices are likely much higher now.

According to the Household Expenditure Survey, housing and utilities, food, and transport account for the top three areas of expenditure for households. The rise in housing prices, then, has a particularly acute impact on Singaporeans.

As the PAP government, directly and indirectly, controls 85% of the land in Singapore and the HDB is by far the largest landlord in Singapore, it can control prices and introduce price caps. However, it chooses to peg HDB prices to market rates because a) it believes that HDB flat ownership allows Singaporeans to accumulate equity and wealth as the value of the flats rises; b) it claims this will discourage speculative buying and selling, which could destabilise the housing market; and c) it claims that it will ensure the sustainability of the public housing programme, where revenue from the sale of flats helps fund the construction of new flats. (The accuracy of these claims, and Singapore's socialised housing programme, in general, will be examined in a future Explainer.)

Other factors impacting the rising cost of living in Singapore include supply chain disruptions caused by the COVID-19 pandemic, the war in Ukraine, and other global events. These have led to disruptions in supply chains, causing shortages in goods and materials, which in turn can drive up prices. For example, Ukraine is a major global supplier of grains, sunflower oil, steel, coal, and minerals.

The effects of climate change, such as extreme weather events and natural disasters, have also impacted agricultural production and disrupted supply chains, contributing to higher food prices and increased costs of living. The [impact of the climate crisis in Malaysia](#), for example, has severely impacted agricultural production and driven commodity prices higher. Higher energy prices have also driven up food production and transport costs. As climate change has accelerated, its impact on the cost of living has accordingly grown. Climate change is a factor [the PAP government itself has identified as a major influence on food supply and prices](#).

These two factors are important for Singapore as we import over 90% of our food, and it is the second largest item in household budgets. The [significant rise in food prices](#), particularly since the onset of the COVID-19 global pandemic, has also contributed to a rise in the cost of living in Singapore. There have been significant increases in the prices of electricity and food, although this has been, to a certain extent, assuaged by subsidies introduced by the PAP government, including grants, rebates, and direct cash transfers, to address the rising cost of daily living.

What are the most important local factors (i.e. those within the control of Singapore's government) affecting the cost of living in Singapore?

The chief way the government can influence the cost of living in Singapore is through fiscal policy, i.e. taxation and government spending, which is particularly influential given the wealth and strength of the Singapore state. In Singapore, this includes a wide range of taxes, including import taxes, road and petrol taxes, stamp duties, income tax, and most notoriously, the Goods and Services Tax, which is being raised by 1% a year from 2023-25 (up to 9%). The government aims to lower the cost of living by spending on social welfare, infrastructure, or other public services; subsidies for the main items of expenditure (housing, food, transport, education, etc.), or simply transferring money to the public (see below).

In particular, Singapore's high rate of savings (all Singaporeans are required to make compulsory pension contributions to the Central Provident Fund) and property ownership (77.8% of Singaporean households live in Housing and Development Board socialised housing, or over 80% of Singaporeans) means that inflation is more restrained than in other countries of the rich world because the Singaporean government uses those non-liquid savings to subsidise higher costs of living directly to the lower and middle classes.

Another way is monetary policy. The rise of the Singapore dollar against other major currencies has also prevented an overwhelming rise in prices because the rise in the cost of goods in other countries is not imported to Singapore. For example, if the price of rice rises in Thailand, but the Singapore dollar rises against the Thai baht, then the rise in the dollar partially balances out the rise in the cost of buying rice from Thailand.

Thus, the rise in the Singapore dollar means Singapore is not importing inflation from other countries. However, if the dollar rises too high, it becomes too expensive, making Singapore more expensive. Thus the dollar will not be permitted to rise too high. Singapore's highly diversified economy also helps ameliorate the increase in prices since it is not held hostage by the rise in costs in any single industry or commodity.

Conversely, the PAP government deliberately suppresses the working classes' power to negotiate for fairer salaries collectively, does not have a minimum wage law, and has generally weak laws protecting labour rights. This leads to lower wages for the working classes.

How does the PAP government plan to deal with the rise in the cost of living in Singapore?

The PAP government acknowledges that there has been a significant increase in the cost of living in Singapore. It is attempting to deal with this via a series of measures aimed at supporting the lower and middle-income classes of the population. In its 2023 Budget, it announced an [SG\\$9.6 billion \(US\\$7.14 billion\) package of measures aimed at containing the effects of the inflation rate increase](#).

These are targeted chiefly at the main household expenditures in Singapore. Examples include:

- **Housing:** HDB Service & Conservancy Charges Rebates.
- **Food and daily expenses:** Community Development Council vouchers (to help with daily essentials), U-Save rebates on GST.
- **Healthcare:** Seniors' Bonus Cash expenditure and Medi-Save handouts of SG\$150 (US\$111.69).
- **Education:** to Edusave Account, and Post-Secondary Education Account (PSEA) of SG\$300 (US\$223.38).
- **Childcare:** SG\$400 (US\$297.85) to the Child Development Account.

- SG\$22 million (US\$16.38 million) in **grants** to the racially-based “Self-Help Groups” (the Chinese Development Assistance Council (CDAC), Eurasian Association (EA), Yayasan MENDAKI, and the Singapore Indian Development Association (SINDA).)
- **Direct cash transfers** to citizens of between SG\$700 and SG\$2,250 (US\$521.23 and US\$1,675.45) over five years, plus other one-off cash payments and incentives.

What is crucial is that these policies are all palliative. In other words, they deal with the symptom (the rising cost of living) but not the underlying causes (why the cost of living is rising). None of them deals with the inherent structural issues that underpin the rising cost of living in Singapore, including the skyrocketing price of land and how the cost of socialised housing is calculated, the lack of negotiating power of workers to collectively bargain for fairer wages, or the regressive nature of taxation. These policies are therefore unlikely to deal with the problems that are generated in the economy and that impact on citizens in a palpable manner.

What does the PAP government’s approach to tackling the cost of living in Singapore tell us about their fundamental assumptions?

Fundamentally, the PAP government’s approach to the cost of living in Singapore is to focus on driving economic growth as much as possible, betting that unrestrained economic growth will lead to rising incomes outpacing the rise in living costs. This is a flawed assumption, as economic growth does not automatically translate to higher incomes for all. The PAP, recognising this, does engage in redistribution, but [as previously discussed](#), the 30th-90th percentile of households have been the main beneficiary of redistribution, while the lowest 20% of households are being left behind.

Ideologically, the PAP government prioritises economic growth. Since the 1980s, the city-state has been renowned for being a beacon of economic neoliberalism, wherein the role of the state is to support market competition instead of people. Politically, the main measure of its [performance legitimacy](#), through which it justifies its authoritarianism and its retention of power, is economic growth.

Its previous attempt to restructure Singapore’s economy, [the disaster of Singapore’s Second Industrial Revolution](#), not just led to a plunge in foreign direct investment but saw it lose its monopoly of Parliament. Thus, the PAP government is ideologically and politically unwilling to intervene in any way that might restrain Singapore’s economic growth. On the contrary, its general practice is to facilitate capitalist profitability as much as possible and then use the gains from that growth to intervene in society.

Its package of measures demonstrates this approach. Notably, it does not aim to contain the effect of market forces or make any structural changes to protect Singaporeans from capitalist exploitation. For example, there are no proposals for a minimum wage to strengthen the ability of workers to negotiate for better wages (e.g. by strengthening unions) or price caps or controls on housing costs.

Instead, the measures apply a palliative approach directed towards providing help to the people that are most in need, with periodic revision to ensure that the subsidies are going to the neediest, with the possibility of the measures being withdrawn if inflation comes down or salaries increase. Therefore, the short-term approach is a limited-time subsidy on the cost of living in Singapore.

This also explains why the government is choosing to increase the Goods and Services Tax (GST), a regressive tax, by 1% per year over three years. It is spreading out the implementation to increase to minimise the shock, but ultimately still chooses a regressive tax that impacts the poorer segments of society over more equitable progressive taxation where people are taxed based on their income and wealth.

Progressive taxation is not an option that the Singaporean government would favour, as it believes that higher income taxes would make Singapore less attractive to foreign capitalist investment (Singapore has [significantly lower income tax rates](#) than other similar economies), which would lower the high levels of foreign investment that are currently responsible for producing sustained economic growth.

Again, in the short term, the impact of the GST raise can be ameliorated by using it to fund social welfare. However, The rise in GST will remain even after the current crisis has passed. Thus the system will become more regressive overall.

A desire for economic competitiveness also explains why the Budget 2023 has many incentives and subsidies for retraining and upskilling. Another way of increasing economic competitiveness is for the population to have the necessary skills to seize the opportunities presented by the global economy—or, to put it another way, for its population to have the necessary skills desired by global capital for exploitation to increase capitalist productivity.

The chief exception to the rule of not undermining economic growth is to preserve social stability. The PAP government prioritises social stability as only second to economic growth and thus will intervene to preserve it. Its interventions generally take the form of preserving social stability and reinforcing existing government-prescribed social structures.

For example, the grants are distributed to existing racially based “Self-Help Groups” which reinforce the PAP’s “CMIO” (Chinese-Malay-Indian-Other) racial structure, to people living in government-controlled HDB flats, to the government’s grassroots organisations such as the Citizens’ Consultative Committee or the Community Development Council, or to programmes that meet the PAP’s social aims, such as education and child-rearing.

In the medium term, the PAP government prefers to apply monetary policy for dealing with the effects of inflation, allowing the Singaporean dollar to increase against major currencies. This increases the purchasing power of average Singaporeans by making foreign goods and services cheaper. However, allowing the Singapore dollar to appreciate too far would undermine Singapore’s competitiveness, as it would make Singapore too expensive. So the PAP will not let the Singapore dollar rise too far. Thus, the global price rise will still likely affect prices in Singapore, necessitating the other palliative measures discussed above.

In the medium to long term, the PAP government believes that this crisis is temporary and, at some point, the international prices of foodstuffs and other basic commodities will stabilise. This would then lead to the moderation of prices. This is a gamble, as there are no guarantees as to what will happen in the future.

The climate crisis is still worsening, likely exacerbating food insecurity, increasing competition for scarce resources, causing migration and displacement, and worsening existing instability and conflict. However, this gamble explains why the government is subsidising costs to lessen the cost of living in Singapore, even though this strategy will also lead to a rise in inflation rates.

To a large extent, the rationale driving the Singaporean government is based on letting economic events unfolding in the wider world take its course, tide things over, and deal with the current situation by subsidising the costs of living for the lower population segment.

One of the main problems arising from these policies is that they are bound to increase the level of economic inequality in Singapore. In the short term, the palliative measures will mitigate this, but once those measures are complete, the GST raise will remain, aggravating inequality. Consequently,

this could lead to a significant increase in the unpopularity of the PAP and hinder the efforts to maintain the social stability that Singapore is known for.

A deeper flawed assumption is that structural changes which contain the impact of market forces will undermine Singapore's economic competitiveness. Examples include progressive taxation (in particular, Singapore lacks either a capital gains tax or an inheritance tax), raising the income tax for higher earners, increasing the strength of workers to negotiate for fairer wages, or instituting a minimum wage. This is partly due to [the disaster of Singapore's Second Industrial Revolution](#), which attempted [to raise Singaporean wages via legislative fiat and led to a massive collapse in foreign investment](#).

Returns on capital are easily increased through worker exploitation, but investment also is drawn to places with high productivity, good infrastructure, high levels of innovation and skills, good governance and strong institutions, stability, economic and personal freedom, and a sound financial system. Singapore scores well on most of those measures, and structural changes can improve those areas where we are lacking. For example, structural changes that restrain and regulate market forces can improve productivity, innovation, skills, and stability by freeing workers from predatory capitalism, which traps them in debt.

More progressive taxation not just increases the ability of the government to support social welfare programmes and redistribute wealth but [can combat inequality which corrodes national identity and a sense of belonging](#).

Redistributive policies thus not just allow citizens more time to participate as citizens in the politics of their country but can also contribute to greater social cohesion and stability.

Increasing personal freedoms to encourage innovation and creativity would be as simple as repealing Singapore's wide range of repressive laws.

It is far too simplistic to simply compete on labour cost and taxation—after all, plenty of companies still flock to New York, London, Paris, or San Francisco, even though taxation and labour costs are high in all those places.

How do we measure the cost of living in Singapore, and why does that matter?

How we understand "living" is crucial to measuring its cost, and because of this value judgement, the PAP government measures the Consumer Price Index (CPI) differently from many other developed countries. In particular, there are three issues with how the PAP government measures the cost of living: a) who is included; b) the definition of "living" and, correspondingly, what items are included; and c) the relative weights of the items. This then has an impact on the PAP's policy-making.

Who is included?

Singapore's CPI only measures the changes in prices of the goods and services that are consumed by resident **households** (this is defined as "a household where the household reference person is a Singapore citizen or permanent resident"), not individuals. As with [inequality](#), it does not include goods and services consumed by foreigners working in Singapore (i.e. on an Employment Pass, S Pass, or Work Permit) and people who are travelling in Singapore (on business or tourism). Those foreigners are not considered to be "living" in Singapore. But their actions do influence prices in Singapore.

The definition of “living” and, correspondingly, what items are included

The PAP government conceives of “living” differently from experts and from the public. This belief is then reflected in how the PAP measures the cost of living: Instead of focusing on a range of items that is representative of what people actually buy, the PAP’s cost of living index focuses chiefly on items it believes are needed to maintain a basic standard of living.

This distinction between these items can be understood by a debate between academics at the National University of Singapore and Nanyang Technological University studying Minimum Income Standards in Singapore (whatsenough.sg) and the PAP government. The academics arrived at their items through [public focus group discussions designed to be representative of the general public](#). Their final report was [criticised by the Ministry of Finance](#) (MOF), which criticised the inclusion of “discretionary expenditure items such as private enrichment classes [tuition], jewellery, perfumes, and overseas holidays” being included in the estimates of what people needed to buy to have a minimum standard of living.

However, in their response, the academics noted that participants felt that small amounts of jewellery (earrings, hair clips, brooches) and perfume were compulsory for being considered presentable at work. Participants agreed that tuition was unavoidable in the Singapore educational system if their children were able to compete. Participants also pointed out that overseas holidays were inevitable for leisure as Singapore is a tiny city-state with no reasonable domestic alternatives. A short trip across the border to Malaysia or Indonesia was hardly unreasonable but also counted as “overseas holidays”. If such travel was not included, then it would mean a Singaporean never left the city in their entire lifetime, which is hardly a tenable proposition.

Yet the government’s definition does account for similar items. The CPI includes “Holiday Expenses”, but this only includes “Package Tours” and “Hotels & Other Expenses”. The CPI includes “Enrichment & Supplementary Courses” under “Education”, but given the MOF’s response, we can conclude that this does not include Singapore’s infamous tuition.

Finally, the CPI also includes “Jewellery & Watches” under “Personal Effects”. What might this tell us about the PAP’s definition of “living” and, correspondingly, its own values and priorities? Perhaps that holidays should not be self-directed but should either be local and, if overseas, be efficient and directed? Jewellery should not be merely ornamental but must have a practical purpose, like telling time? Education should only be received as directed by the government?

We know that the PAP government [argues that this is “more representative” of Singaporeans’ spending habits](#). We may summarise the PAP government’s conception of living as one that meets basic human needs for survival within the PAP’s own parameters for Singapore’s society. Either way, the CPI thus measures the cost of living in Singapore according to the PAP’s criteria of “living”, looking at goods and services needed to maintain a basic standard of living that are acquired on a regular basis rather than the more common practice of basing the CPI on commonly purchased items (which would include overseas travel and tuition fees, for example).

The upshot of this value judgement is that the CPI produced by the PAP government does not register prices as high as they might otherwise be. If it accounted for the purchase of goods and services that many Singaporeans buy but are considered “luxuries” by the government, such as a self-directed road trip to Port Dickson, or tuition for your children, the prices would be much higher. This focus on the basic items acquired by Singaporean citizens on a regular basis is one of the reasons why the CPI has not registered increases that are overwhelmingly high.

The relative weights of the items

After items are included, they also need to be weighted, i.e. what is their relative importance? To do this, the government uses data from the Household Expenditure Survey, which collects data every five years on the population's spending habits. The most recent survey was conducted between October 2017 and September 2018. This long period is not just due to the size of the survey but also ensures that there is enough data on consumer durables (consumer products that do not have to be purchased frequently because they last for an extended period of time, such as refrigerators or televisions).

The Household Expenditure Survey is undertaken over one year in order to make sure that there is enough information regarding the goods and services owned by the Singaporean population. This is then matched up with data compiled in the CPI. The Household Expenditure Survey also measures the lifestyle habits of the Singaporean population over a long period of time and how it impacts the inflation rate.

The impact on policy

Private and public organisations use the CPI and Household Expenditure Survey to make informed decisions about the best way to tackle the increase in the cost of living. This is fairly typical: governments worldwide routinely monitor the rise in prices to tame the effects of inflation and the cost of living for average citizens.

However, who and what are included in the CPI, and the relative weights of the items heavily influence what the CPI tells us. To create a CPI, every country follows the same general principle of trying to measure the cost of living in the country. Naturally, because every country is different, the exact basket and weights vary from country to country (for examples of how other countries calculate CPI, please see below). There is no single right way to calculate CPI as the local circumstances are all different. However, if the point of the CPI is to understand how the change in the cost of living impacts the residents of the country, then it is crucial that it accurately reflects how people live and their perception of the cost of living.

Accurate information is critical to understanding and addressing problems. The CPI influences policy-making and political debates. However, because the PAP government chooses to measure the cost of living in Singapore in a way which is arguably not representative of what people are spending on, this raises the question of whether the PAP government's policies genuinely reflect how Singaporeans live. An inaccurate index may also create a self-reinforcing blind spot. If the goal of the PAP government is to try to keep the cost of living affordable for average citizens, but it judges its success via a CPI that only measures basic goods and services, then does it then miss out on the rise of prices for goods and services which are often consumed by Singaporeans but are not included in the CPI?

How do other countries/organisations measure the cost of living, and how does this compare with Singapore?

Generally speaking, countries seek to understand how the cost of living impacts their population. In general, they measure CPI by looking at the cost of commonly purchased goods and services against the population's purchasing power. However, as every country is different, the exact things they measure will differ from country to country.

For example, one important variable is whether items are domestically produced or imported. The United States of America does not include the price of petrol in a direct manner in their CPI assessments because the USA can purchase energy resources from internal sources, but the European Union measures increases in petrol prices under the transportation category. But this

distinction does not even matter for the USA.

The USA does not need to consider whether items are imported because even when it purchases items from overseas sources, those items are denominated in U.S. dollars. Singapore cannot do that since the country's currency is not freely traded internationally.

Another is the relative importance of the goods (weightage) within the index. Not all the items are equal in the index. For example, the Singaporean government does not have to factor in changes in food prices in the same ways as poorer countries because the country has higher levels of income, and so the relative amounts spent on food are less than in the countries of the Global South.

Another distinction is that in some countries, such as the USA, the CPI only includes items that people pay out-of-pocket for, which means it does not consider goods and services that may have been provided to consumers by, for example, the nonprofit sector and the government.

This may include some healthcare and education costs. The Singaporean CPI, on the other hand, includes items such as "Education" and "Health Care" when appraising the CPI, both of which are dominated by government providers (and, as noted above, explicitly exclude private tuition). This means that in the USA and EU countries, there is more of an emphasis on assessing prices for a wide variety of typically purchased items rather than concentrating on items that the PAP decides are important for the people's needs. Again, this has the impact of lowering the overall rise in prices. Overall, the Singaporean CPI is far more based on items that are a) consumed internally and b) not likely to register major changes over a long period of time.

One attempt to create a global standard is the [Worldwide Cost of Living \(WCOL\) survey](#) by the Economist Intelligence Unit (EIU), which shows that Singapore is tied with New York City as the most expensive city in the world. It looks at the prices of a common set of products and services in various cities around the world. However, the PAP government argues that the [EIU's basket of goods and services is not representative of Singaporeans' spending habits](#). The PAP government also argues the strength of the Singapore dollar makes costs higher for expatriates and business travellers, and hence raises Singapore's costs in the EIU index but lowers costs for Singaporeans.

As with any form of statistics, how we define "cost of living" and the measures we use to make a massive difference to our results.

What are some other proposals for tackling the rising cost of living in Singapore?

The [Singapore Democratic Party \(SDP\) proposals to manage the cost of living](#) include:

- Reduce ministerial salaries to fund assistance schemes for the poor, with the PM's salary going from \$2.2 million to \$0.67 million a year, potentially saving \$10 to \$12 million annually to aid the elderly and poor.
- Increase the income tax rate for the top 1% of earners from 20% to 28%, potentially generating an additional \$300 million in tax revenue to help low-income families.
- Implement revenue-neutral budgets, only collecting in taxes what is needed, thus not raising taxes, fees, and other charges if not necessary.
- Eliminate the GST for essential items and increase it for luxury goods to protect poorer households from regressive taxation.
- Legislate a minimum wage to ensure low-income workers are not exploited, reduce income inequality, and decrease the demand for foreign workers.
- Reinstating the estate duty tax abolished in 2008.
- Reduce healthcare costs by replacing the current Medisave, MediShield, and Medifund

schemes with a single-payer system providing universal care.

- Lower HDB flat prices by selling Non-Open Market (NOM) flats at cost (minus land cost). As they cannot be sold on the open market, this would effectively halve flat prices.
- Return CPF savings to Singaporeans at the age of 55 by abolishing the Retirement Sum Scheme, and introducing an “opt-in” clause for members wishing to have their CPF funds retained and returned in instalments.
- Stop unnecessary public spending and hold the government accountable for tax expenditures.

The Progress Singapore Party (PSP) has outlined guiding principles for economic policy, including:

1. The economy should serve Singaporeans, not vice versa.
2. Economic growth should improve the quality of life and should not compromise it for the sake of growth.
3. Aiming to raise real wages gradually to improve the livelihoods of individuals and families and to increase the wage share of GDP to OECD standards over time.
4. Ensuring that anyone who works an honest day’s job can earn enough to live in dignity.
5. While free market forces should generally govern economic activities, the government should set standards, ensure fair competition, and prioritise local workforce and businesses in job and public sector procurement opportunities.
6. Creating a conducive environment for local SMEs to grow and become significant contributors to the economy locally, regionally, and globally.
7. Striking a balance between economic development and environmental protection for future generations.
8. Preparing the economy to leverage the opportunities of the 4th Industrial Revolution.
9. Reducing business costs to rejuvenate the industry and lower the cost of living.

Specific suggestions include more assistance for local SMEs, CPF withdrawal of up to \$50,000 at age 55, the government paying for Medishield Life premiums, freezing tax and fee increases for the next five years, exempting basic necessities from GST, pegging new flat prices to median income levels, and a living wage “after the economy stabilises”.

The [Workers’ Party’s proposals for managing the cost of living](#) include:

1. Opposing the GST hike, proposing alternative revenue sources like tapping a fraction of land sales or increasing Net Investment Returns Contribution instead.
2. Controlling HDB Build-to-Order (BTO) prices by pegging them to household incomes and basing prices on a 20-year mortgage. They propose offering discounts to lower-income applicants.
3. Making medicines more affordable by channelling purchases through a central buying agency, conducting comparative studies of drug prices, and promoting the use of generic drugs.
4. Removing MediShield Life annual claim limits and replacing them with a lifetime claim limit. They propose that the state should bear the cost of these changes.
5. Lowering the cost of Intermediate and Long-Term Care (ILTC) by increasing subsidies, especially for patients with a monthly household per capita income below \$3,200.
6. Widening the use of Medisave for those over 60 to cover all medical expenses not already covered by other schemes.
7. Strengthening hawker centres and HDB shops by making the NEA the direct manager, setting rent at a reasonable rate, and prioritising retail diversity and use of healthier ingredients. They also suggest offering low-rental schemes for small businesses and micro-enterprises.
8. Boosting retirement adequacy for unpaid workers by relaxing rules on the transfer of CPF funds, allowing transfers to older relatives in one’s extended family once the Minimum Sum has been met.

Finally, Red Dot United's proposals may be discerned from [their response to the PAP government's 2023 budget](#). Some of the policy suggestions from their manifesto from the last General Election were adopted, including protections for gig economy workers, improvements to Medifund, pathways for SMEs to venture overseas, and increased parental leave.

Nonetheless, RDU believed the budget did not do enough to improve the lives of Singaporeans or help small businesses. They cited rising rental costs and the GST increase as factors hurting local businesses and called on the Government to moderate rental costs through policy initiatives. They opposed the GST increase and suggested using other revenue streams. Their priorities include lowering the cost of living, healthcare costs, improving education, creating stable jobs, increasing employee income, and helping reduce business costs.

Conclusion

How the PAP tackles the current crisis of the cost of living in Singapore is revealing of its conception of society and its broader economic assumptions. It is deeply wedded to its current neoliberal economic model, pursuing ever greater economic growth even as that model exposes Singaporeans to global exploitation and raises prices. Knowing this, it aims to subsidise Singaporeans' cost of living, betting that prices will stabilise and that incomes will rise faster than the cost of living over the medium to long term.

These policies rest on three flawed assumptions, that economic growth automatically leads to rising incomes for everyone; that social welfare or structural reforms that shield Singaporeans from unrestrained market forces automatically undermine economic competitiveness; and that prices will eventually stabilise. These assumptions are grounded in the PAP government's neoliberal ideology and its own historical failures in the past to change Singapore's economic model.

How it calculates the Consumer Price Index is also questionable. Most importantly, the PAP government assumes that, first, its own priorities for society are the best way to understand how Singaporeans live; second, that it should be closely shaping how Singaporeans live; and third, that their choices are superior to people's own choices for their lives (or perhaps that Singaporeans are not to be trusted with their own lives). This is reflected in how it calculates the cost of living and how it distributes the subsidies to tackle the cost of living issues.

Ultimately, the PAP's approach to subsidising the cost of living in the short term may or may not work, but it has two important consequences. The first is that, in insisting so deeply on its own definition and conception of society, it is in a position to pick winners. Its definitions and categorisations for race, education, community, or the family will all be buttressed by the largesse and patronage being distributed via organisations whose role is to support those definitions, forcing Singaporeans to conform to access the subsidies.

Second, the trend of its taxation policies is regressive (particularly the decision to raise GST) and, in the long run, will increase Singaporeans' dependence on government subsidies and welfare and increase prices. Even if incomes rise faster than prices, the poorest Singaporeans will still find it harder and harder to survive without handouts. As it is, the government's own statistics show that [the bottom 20% of households are being left behind as government redistribution has chiefly benefited households in the 3rd to 9th decile of income](#). In the long term, these policies increase dependency.

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