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Oxfam finds a way to discredit the economic powerhouse of Singapore. We are not convinced.

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It turns out that the world's leading poverty-fighting NGO knows almost nothing about alleviating poverty.

Oxfam's recently released Commitment to Reducing Inequality Index has issued a blistering attack on Singapore; South-East Asia's biggest economic success story of the past 60 years.

The index ranks Singapore 149th out of 157 countries in terms of its efforts to reduce the gap between the rich and the poor – behind Rwanda, Uganda, Afghanistan and the Democratic Republic of Congo.

The accompanying report set out four reasons for its decision to drop Singapore's ranking below a swathe of corrupt, third world dictatorships: a relatively low top rate of personal income tax (22 per cent); relatively low social spending (39 per cent of public spending is allocated to health, education and social services); no equal pay or non-discrimination laws for women; and no minimum wage, except for cleaners and security guards.

On the face of it, this looks like a list of grievances you'd expect to see on the back of a GetUp! how-to-vote card. But Oxfam insists these policies inflict serious harm on ordinary people quite apart from mobilising class envy.

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The takeout is that unless inequality isn't "urgently addressed" through high taxes on upper income earners and corporations and massive spending increases, countries like Singapore are on the path to becoming a Dickens-esque dystopia, riven by misery and widespread suffering. Hardline redistribution is touted as the only viable solution to this impending catastrophe.

It's a neat theory that certainly suits Oxfam's interests as an NGO relying on millions of dollars a year in government grants. Yet it contradicts the reality in Singapore on literally every possible measure.

Wealth and opportunity

Singapore is a rich country, with the world's third highest GDP per capita. And contrary to Oxfam's hand-wringing, the fruits of this success aren't hoarded by the top end of town. Nine in ten Singaporeans own their own home, and inequality measured by household wealth is smaller than Sweden and Switzerland. Singaporeans from poorer backgrounds are also more likely than Brits and Americans to rise to the top fifth of incomes.

A leading education system

But what about other measures, like health and education, which aren't captured in economic figures but are nonetheless critical to human wellbeing? Singapore's school system has galloped ahead of Scandinavia to be ranked the world's best, according to a study conducted by the OECD. Compared to its neighbours, what stands out about Singapore's school system is its twin emphasis on meritocracy and egalitarianism. A hard-headed focus on academic performance is complemented by a commitment to maintaining the highest quality teaching with the aim of ensuring no child is disadvantaged because of his or her background.

World-class healthcare

Singapore's healthcare system has also been ranked the most efficient in the world. This isn't at the expense of results: The Economist has found that Singapore's healthcare outcomes are the second best in the world, while Bloomberg ranks Singapore as the fourth healthiest country in the world. It also outstrips Britain, the United States, Australia, Canada and France on infant mortality and life expectancy. These stellar outcomes are a credit to Singapore's innovative system of health savings accounts, whereby individuals make compulsory contributions to low-taxed accounts to save for future health costs. The system's success gainsays the conventional wisdom that universal healthcare funded solely by government is the only fair and equitable approach to health policy.

Flat-earth economics

The absence of any evidence that inequality is worsening the lives of Singaporeans exposes the glaring flaws in the methodology behind Oxfam's index. Rather than measuring results, Oxfam has focused squarely on "commitment" – in other words, Government's commitment to spending other people's money. In fact, many of the perks that have made life immeasurably better for the average Singaporean have only been possible because the country did the opposite to Oxfam's prescription for tackling inequality.

When Singapore gained independence from Malaysia in 1965, the young country was poorer than Malaysia. Lacking any source of natural wealth, its visionary leader Lee Kuan Yew focused on making the country an attractive destination for investment and the world's best and brightest. This meant building world-class infrastructure, maintaining a clean and efficient public sector, independent courts that would safeguard property rights and providing a competitive tax system that honed the incentives for growth and investment.

Economic freedom is the key

The virtues of this approach have been recognised by the Cato Institute's Economic Freedom of the World Annual report, which ranked Singapore as economically the second freest country in the world behind Hong Kong. Unlike Oxfam's index, Cato's rankings bear some connection with actual standards of living. The average income of the top quartile of the world's freest countries according to Cato was $40,376 compared to $5,649 for bottom quartile. This goes to show that analysing poverty through the prism of inequality is like using a spoon to change a tyre.

Oxfam has lost its authority

Oxfam is a titan of the global NGO scene, spending hundreds of millions of dollars a year and employing tens of thousands of people. By aligning itself with the economic equivalent of the flat-earth movement, it has forfeited not only its credibility, but its moral authority as a torchbearer for the world's poor.

Oxfam would do well to heed the words of U2's frontman Bono, who in 2012 admitted that aid is just a stop-gap. Commerce, entrepreneurial capitalism takes more people out of poverty than aid. Bono's conversion to the virtues of capitalism and free markets came later in life after decades preaching that foreign aid from the First World was the only cure for privation in the developing world.