14. Singapore's Social Safety Net and Human Service Provisions

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Whatever model of human service provision they subscribe to, governments around the world face the dual challenges of an ageing population and rising expectations from their citizens. Globalisation has added a new twist to this challenge. In many parts of the world, free trade and open markets are blamed for widening income inequality and median wage stagnation. In more recent years, inflation of five per cent has negated any productivity gains and created a widening income gap.

Amidst this contemporary context, Singapore continues to pursue a policy of self-reliance-driven social inclusion. In Singapore, self-reliance is deemed to be the basis for a healthy work ethic; it allegedly drives private initiative and enterprise. Singapore's historical emphasis on economic development as a form of nation-building, coupled with a lack of government resources, has traditionally resulted in mutual help and a tendency to voluntarily contribute to the nation's development. This historically contributed to self-reliance, an attribute which is now considered a core Singaporean value to be preserved. (Not all will agree that the growth of the welfare state has been associated with an eroding work ethic, a deteriorating fiscal position and a growing entitlement mentality.)

So as needs and demand grow, and as Singapore is faced with the aforementioned contemporary challenges, how do we foster social inclusion while safeguarding the culture of self-reliance? This chapter is dedicated to answering this question. But first, consider the three pillars of Singapore's principle of social inclusion.

1. Subsidy in education

Subsidised education is a key component of the Singaporean approach to social inclusion. As it is well known that education promotes social mobility, the Singaporean state creates equal opportunity through subsidising education, in the process attempting to avoid wide differences in educational opportunities according to socio-economic status. Singapore spends SGD\$7000 (AUD\$5300) per primary school student to ensure a high quality of education across the social spectrum and across all income groups, with generous subsidies also

afforded to high school students. In this way Singapore's education system is the vehicle for a 'levelling up' effect. Ensuring social mobility, however, does not translate to ensuring equal outcomes because students are inherently different.

2. Home ownership

A second pillar of Singaporean social inclusion is the provision of housing that is affordable to the vast majority of the population. This is achieved through the Central Provident Fund (CPF), a centrally managed, compulsory pay-as-you-earn scheme. In addition to this, low-income families receive a state-sponsored grant to buy public housing flats, which themselves are subsidised and are purchased under the terms of a subsidised loan. These policies have been pursued in Singapore with the belief that housing is an appreciating asset that promotes social mobility, financial security and a sense of pride and belonging. In the 1960s, for example, a flat in the satellite town of Queenstown or Toa Payoh cost SGD\$6200 (AUD\$4700). By 1990, almost 90 per cent of Queenstown households owned their homes compared to 30 per cent in 1970. Moreover, the percentage of Queenstown households in one-to-three-room flats fell from 80 per cent in 1970 to 25 per cent in 2010. These figures indicate a gradual rise in the affordability of Singaporean housing.

3. Wage supplement to low-income workers

Faced with growing income inequality, Singapore has adopted a 'workfare' model instead of the traditional 'welfare' model. Under a traditional welfare approach, the state insures citizens against a range of risks, especially unemployment and illness. But, under a workfare approach, benefits are targeted at low-wage workers.¹ Tying government transfers to work avoids the moral hazard problems associated with unconditional transfers to the poor. The reason for this approach is that workfare could work better at redistributing incomes, while preserving the work ethic and promoting self-reliance. It covers nearly 20 per cent of the workforce, providing wage supplements of up to 20 per cent of the incomes of older, low-wage workers.

1 The Workfare Income Supplement scheme is adapted from the model originally introduced in Wisconsin, United States. See Jacqueline Poh, 'Workfare: The Fourth Pillar of Social Security in Singapore', in *Ethos*, 3 October 2007.

Challenges and trade-offs

The next part of this chapter will outline current challenges to Singapore's system of social inclusion. Some argue this model is too heavily geared towards housing, meaning less cash savings are allocated for retirement. Workfare payments, critics argue, can also result in reduced productivity by retaining more lower-skilled workers in the workforce than might otherwise have been the case. Another criticism is that Singapore's social safety nets are not sufficient — especially for the disabled, the aged destitute and the unemployable. Singapore is still seeking solutions to this issue that minimise the risk of unintended consequences. Moreover, if inflation is factored in and government aid factored out, how can we help vulnerable families advance to a lower-risk state of functioning? The challenge is to help these families to achieve progress.

A widening income disparity, an ageing population and the integration of foreigners (who are still viewed by some Singaporeans as a threat to their livelihood) are obvious issues with which Singaporean social policymakers have to deal. And, at the heart of the myriad challenges, is Singapore's unique approach to the social safety net — one woven out of the principles of personal and family responsibility. But, in an age when the institution of the family is under increasing stress, how long can Singapore hold on to the tenet that 'family is the first line of support'? The issues of what constitutes 'family' in the domain of human services continue to challenge those who administer assistance schemes; there is increasing pressure in Singapore to expand the definition of family to more accurately reflect contemporary social and demographic realities.

And what if some Singaporeans just cannot find work, even if they are able and willing to? The volatility of the new economy has led some experts to conclude that more workers could be unemployed for longer periods due to economic dislocation.

Workfare, an income supplement scheme, was introduced in 2007 and soon turned into a permanent social safety net. Other forms of relief range from housing grants to training and education subsidies. These schemes have helped make life a little easier for low-wage workers, by giving them more cash in hand, or opportunities to upgrade their skills for better jobs. Such a system would be rendered redundant if a growing number of Singaporeans cannot find work.

The impact of Singapore's pro-family policies and programs lies in the partnerships among state, private and community agencies, business and educational institutions and a network of social, cultural and religious organisations, in addressing the needs of families. The underlying social values, which may not be particularly 'Asian', such as the value of the family and community — the need to get one's house in order starting with the family and

then the nation — provide the positive base for the social policy and programs. This model emphasises prevention and development, and provides a long-range perspective in dealing with problems which beset the family. It is an integrative approach rather than welfare or remedial in nature. It is empowering to the individual and the family and, in turn, instrumental in strengthening the social fabric of society.

Conclusion

Looking to the future, the main concern to the sustainability of the Singaporean approach is whether low-income earners or the unemployed perceive that they are advancing or improving their circumstances. In the longer term, we should be concerned whether inter-generational mobility can be improved, especially to ensure that low-income families do not remain in the 'poverty trap'. Singapore will continue to emphasise the education of its children and the upgrading of skills by its breadwinners as long-term strategies for the nation's families to achieve a better quality of life.

We in Singapore know that we cannot exclusively rely on market mechanisms. We need both good social policy and the market to work in tandem and in collaboration — a challenge that calls for calibration. As economist Amartya Sen puts it: 'the invisible hand of the market has often relied on the visible hand of government.'

Singapore's experience is that market principles are necessary to help government work better, and good government is necessary to help markets work better. This is not to suggest that Singapore has got the balance right; far from it — pragmatism and experimentation must continue.

The role of government is to work with the market. In order to effectively do this, the responsibilities of government may have to expand — to enable, regulate, stabilise and legitimise markets so that they can work better. Getting the balance right between markets and government will ultimately be the key to improving the standard of living and welfare of Singaporean citizens.

Appendix: Timeline of the development of Singapore's model of 'social inclusion'

1960s — Origins of social welfare and public assistance schemes; from 1968 workers were allowed to use their CPF savings to buy public housing. (Today, Singapore has one of the highest rates of home ownership among developed countries).

1970s — Focus on public housing and multiculturalism; government support for human services through provision of grants.

1980s — Focus on subsidised education as a vehicle for social mobility. From 1987 Singaporeans required to set aside a portion of their income in CPF until the age of 55 to provide them with a basic monthly income when they retire.

1990s — The 'Many Helping Hands' approach is initiated, whereby social services are provided by charities in a piecemeal manner. This decade also sees the start of the purchase of service or corporatist model of delivering human services, characterised by private and community partnerships.

2000s — Focus on governance and accountability; moving towards assistance for lowest 20 per cent of income-earners.

2010 — Reviews, re-engagement and renegotiation of the conditions of the social inclusion model.