

Economist calls for a remaking of social safety net

Braema Mathi

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THE President of the Economic Society of Singapore yesterday called for a remaking of the social safety net to focus on the bottom 30 per cent of households by income.

Mr Yeoh Lam Keong also proposed that a basket of goods and services necessary for individuals and families to live decently here be identified.

That could then form the base of an index for a minimum standard of living, which could be used to identify vulnerable groups in need of aid.

The basket should include transport, food, medical needs, school-related expenses, utilities and shelter, he said.

He argued for a review of policies to help low-income earners counter the effects of globalisation.

These include outsourcing, migration of jobs and replacement of people by computers for routine jobs, leading to wage stagnation for lower and middle-income levels.

Speaking during a panel session on People and Social Structure at the IPS Singapore Perspectives Forum, Mr Yeoh warned of a 'growing underclass' and said: 'We need to look for new ways to address this issue.'

He noted that currently, government agencies have different guidelines on what amounts to a subsistence income for a family of four.

The Department of Statistics (DOS) has it as \$1,040 while the Ministry of Community Development Youth and Sports uses the sum of \$1,500.

Mr Yeoh, who is also the Director of Economics and Strategy Development at Government of Singapore Investment Corporation, said that in order for Singapore to better manage the income inequities from globalisation, it needed an 'integrated array of key policies'.

He proposed that it include an expanded Workfare programme to boost the incomes of low-wage earners, unemployment insurance, and more

social risk pooling to address the inadequacy in financing for retirement, health care and further education costs.

He also called for Workfare and welfare schemes to be integrated with the continuing education system for upgrading workers' skills.

Specifically, he suggested that the definition of Absolute Minimum Household Expenditure be expanded to include spending on education and training.

He also proposed refinements to the foreign worker policy to focus more on productivity and 'better quality workers at better wages'.

Participants at the discussion agreed with Mr Yeoh's call for a new approach in identifying the poor. There were also questions on the feasibility of a pension scheme for older Singaporeans, financial schemes for the 'uninsurable' like those who are mentally ill or with permanent disabilities, and whether jobs could be offered to Singaporeans instead of migrant labour.

Mr Yeoh's replies centred on harnessing a spectrum of schemes such as the Medisave, MediShield and CPF, as well as applying an index that would channel help to those in greatest need.

He also expressed optimism in Singapore's ability to find a better way forward.

'We are in a strong fiscal position and if any country in the world can afford to find a better solution in dealing with this growing income-divide, it is Singapore,' he said.