

Social safety nets: Some ideas too costly?

The Government is promising to raise social spending in the coming and subsequent Budgets. Yet some policy options recommended by local academics remain firmly off the table. Insight takes a look at some of these alternative social policies - and why they might never come to pass.

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The Straits Times, 17 February 2012

An ageing population puts pressure on the health-care system. Economic restructuring sees workers left behind and bereft of jobs.

What is a government to do?

In the face of such trends, there are two ways the Government might respond, says Dr Gillian Koh of the Institute of Policy Studies.

One is by 'doing more of the same' and expanding current programmes.

The other: trying something new.

From monthly handouts for poor retirees to financial help for the unemployed, local academics have proposed ideas that challenge the policymaking status quo.

They might find a sympathetic ear among Singaporeans, who have shown that they 'have a deep social conscience', says Dr Koh.

More citizens now seem to care about issues of wealth distribution, social mobility, and social protection.

The Government, too, has put a greater emphasis on social spending.

From the National Day Rally speech to a Chinese New Year dinner with constituents, Prime Minister Lee Hsien Loong has taken many an opportunity to stress the Government's commitment to improving social safety nets.

Yet it is likely that improvement will take certain tried-and-tested forms. Despite the ingenuity of academics, social policy in Singapore is unlikely to see a radical shift.

Self-reliance still key

For one thing, the Government continues to stress the importance of self-reliance.

Many alternative proposals seek to reduce this emphasis, by envisioning a greater role for Government or relying on collective social support.

Another worry, vividly illustrated by the Europe debt crisis, is that a bloated welfare system could become an unsustainable drain on public coffers.

In Europe, where welfare systems are entrenched and public spending makes up more than 40 per cent of gross domestic product (GDP) in many countries, this fear is understandable.

In contrast, Singapore's government spending has ranged from about 12 per cent to 15 per cent of GDP in recent years.

Even in the developed Asian countries such as South Korea and Japan, public spending is more than a fifth of GDP.

One might further argue that Singapore is in a position to design social welfare policies from scratch. With careful planning, it could avoid the excesses of other systems.

But to that, the cautious policymaker might reply: if you give Singaporeans an inch, they might take a mile.

The introduction of one handout could get Singaporeans asking for more. Under this assumption about citizen behaviour, one wrong move could see Singapore leap from its current frugality to European levels of spending.

There is also a simple argument against social policy innovations: they may not be what Singapore needs most.

For Dr Irene Ng, improving Singapore's social safety nets is not just about having more or different schemes.

What Singapore needs is 'a more integrated approach of help', says the assistant professor of social work at the National University of Singapore (NUS).

The recent move towards a 'whole of Government' approach to social safety nets is an important step, says Dr Ng.

'But besides talking at the macro-policy level, we need to think carefully at the programme level, from the individual family's perspective, how to make the integration of programmes work.'

For now, it is unlikely that social health insurance or unemployment savings will feature in Budgets to come.

The Government remains wedded to its cautious stance towards welfare.

But as Singapore's population ages, and as economic restructuring boosts the ranks of the unemployed, changing times could call for changing mindsets.

Helping the elderly and unemployed maintain their incomes requires a large fiscal commitment over a long period of time, says Visiting Professor M. Ramesh at the NUS Lee Kuan Yew School of Public Policy.

But a cocktail of measures might well be needed if Singapore is to provide comprehensive social protection, he adds.

Says Prof Ramesh: 'All options - including social insurance, public assistance, and compulsory savings - should be carefully considered and assessed.'

'Nothing should be ruled out prima facie.'