Discussing Poverty in Singapore

By Andrew Yeo
IPS Research Assistant

The Lien Centre for Social Innovation launched *A Handbook on Inequality, Poverty and Unmet Social Needs in Singapore* on 17 March 2015. The 83-page document provides currently available data and analysis of the on-going debates on inequality and poverty in Singapore. It also compiles publicly available information on government social assistance policies.

Dr Gillian Koh, Institute of Policy Studies (IPS) Senior Research Fellow who heads the Politics and Governance research cluster, was among a panel of speakers to discuss the issues that were raised in the handbook. The other speakers were Mr Laurence Lien, Chairman of the Lien Foundation; Mr Tim Oei, Chief Executive Officer of the Asian Women’s Welfare Association (AWWA); and Mr Yeoh Lam Keong, Vice-President of the Economic Society of Singapore. Dr Tan Chi Chiu, Chairman for the Lien Centre for Social Innovation, moderated the session.

Mr Yeoh began the session by saying how difficult it is to discuss poverty in Singapore as the country does not have an official poverty line. Poverty is also a complicated thing to measure as there are both monetary and non-monetary factors to consider. He used the Average Household Expenditure on Basic Needs, a measure of minimum household expenditure on essentials such as food, clothing and shelter for a household in a one- or two-room HDB rental flat, as a conservative estimate of absolute poverty. He concluded that there are approximately 110,000 to 140,000 resident households that find it difficult to meet their basic needs today.

He classified the poor in Singapore into three groups — the working poor, the elderly poor and the unemployed poor. Of these, the working poor form the largest pool. The Workfare Income Supplement (WIS) Scheme as well as the soon-to-be implemented Silver Support Scheme (SSS) are policy measures to help the working and elderly poor respectively but what is missing is a comprehensive unemployment insurance system. The ComCare scheme, which provides both short and longer term financial assistance to families in need, requires navigation through various bureaucratic hoops because it is not an automatic system, he said.

An unemployment insurance system, together with more fiscal support put into both WIS and SSS, would cost the government about $3 billion, or 1% of Singapore’s Gross Domestic Product (GDP), an amount that is more than affordable, he said, pointing to estimates by the International Monetary Fund that listed Singapore’s structural budget surplus as 7% of GDP.
Discussing Poverty in Singapore

He argued that it is the government that is best placed to provide this help as these schemes should be automatic to eliminate the number of people who need the scheme but fail to receive it. In doing this, it would also provide the poor the ability to give attention to longer-term and deeper issues beyond their daily struggle to make a livelihood. This is called a “bandwidth gift”.

Mr Lien referred to poverty as an “underappreciated social problem” since everything is tucked away neatly into the housing estates. More research and data collection into poverty in Singapore is necessary. For instance, it would be useful to know the psychological issues the poor face or their views on social support, which affect their decision-making. His view was that the truly needy sometimes did not apply for help schemes which they would be eligible for. This might suggest the need for automatic enrolment into social assistance schemes, he said. More research and analysis would also allow more citizens to participate in discussions on social issues.

Mr Oei reiterated the need for sound analysis of the deeper and long-term issues that give rise to the social challenges that his organisation and its beneficiaries face. AWWA’s daily operational work and the rush to meet immediate key performance indicators set in contracts with the government mean that there is little bandwidth to deal with things at that level.

Dr Koh, while agreeing that the government could do more, pointed out that the onus to instigate social change lies not with the government alone. For example, social welfare groups could encourage positive behaviour, such as encouraging men to transfer some of their Central Provident Fund savings to provide financial security for their non-working wives rather than resorting to making it compulsory as is currently being proposed. This is among the mindsets that peers in civil society can help to change.

She said that the government on its part seems reluctant to do more as it is governed by the need to manage the risk of moral hazard. This arises when there is a possibility that individuals could indulge in riskier behaviour if they know they do not have to bear the cost of their bad decisions.

She said that civil society has demonstrated that it is able to make a significant impact, citing Dr Mary Ann Tsao of the Tsao Foundation who has successfully advocated for helping the elderly poor, and Member of Parliament Denise Phua’s Autism Resource Centre, which has helped the special needs community in Singapore.

So while “the currency of the government is money and legal power,” she said, “civil society has its own currency often in the form of moral suasion and active service”. She concluded that there has to be more platforms where the different sectors can collaborate effectively to address social challenges.

During the question-and-answer session, audience members asked about the political and fiscal sustainability of welfare measures to address poverty. “It would be political suicide to give increases in welfare and later need to take them back for fiscal reasons,” an individual noted. Another person highlighted Singapore’s ageing demographic, and asked if more expansive welfare measures were sustainable for the long-term. To that, Mr Yeoh replied that this is a reasonable concern but that the nation could afford it given the structural budget...
surpluses he referred to earlier. In wrapping up, Mr Lien said that the handbook is aimed at increasing awareness and information on poverty so that the broader public can also participate in conversations on what more can be done to help Singapore’s poor.

A Handbook on Inequality, Poverty and Unmet Social Needs in Singapore is published by the Lien Centre for Social Innovation and can be downloaded here.

Andrew Yeo is a Research Assistant (Special Projects) at IPS.

*****

If you have comments or feedback, please email ips.enews@nus.edu.sg

© Copyright 2015 National University of Singapore. All Rights Reserved. You are welcome to reproduce this material for non-commercial purposes and please ensure you cite the source when doing so.