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S'pore has 'avoided income stagnation'

Those from low-wage families outdid peers abroad in climbing income ladder: DPM Tharman

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Singapore is doing relatively well when it comes to the ability of the next generation to do better than their elders, Deputy Prime Minister Tharman Shanmugaratnam said yesterday.

It has avoided income stagnation for the low- and middle-income groups so far, and low-income families here have outperformed their peers elsewhere, he added.

In Singapore, for instance, 14 per cent of those born in the bottom quintile, in terms of income, made it to the top quintile by their late 20s, according to a 2015 study by the Ministry of Finance. This is double that seen in the United States and slightly higher than the 12 per cent observed in Denmark.

Mr Tharman, also Coordinating Minister for Economic and Social Policies, was delivering the opening speech at an international conference on inter-generational transfer, human capital and inequality held in Singapore for the first time.

At the three-day conference at NUS University Town, attended by 250 academics from over 30 countries, he dwelt on various strategies in education and housing that countries including Singapore – which has adopted many of them – can look at to preserve social movement within society.

Firstly, urban planning matters. Many studies show a profound link between where one lives and how well one moves up in life.

Singapore's fundamental strategy, said Mr Tharman, is integrating people of different socio-economic groups and ethnic backgrounds in the same neighbourhoods.

The problems with ethnic enclaves and segregation are avoided by design through housing quotas and estate planning. Everyone has access to the same leisure and transport facilities as well as schools and, therefore, there is a higher likelihood of equal opportunities.

Aspects like unemployment, for example, are sometimes associated with certain neighbourhoods in other countries.

"The result of all this is that, while we have disadvantaged families and individuals in Singapore, we do not have a single disadvantaged neighbourhood," said Mr Tharman.

The gulf in wealth accumulation is avoided as everyone enjoys roughly the same rate of property price appreciation, from those in the smallest flats to private property-owners. "If you look at it, since 1980, we have had the same rate of property price appreciation across the board – about 5 per cent per annum – in fact, slightly more for the smallest flats," said Mr Tharman.

Education also plays a crucial role in levelling the playing field.

That is why Singapore deploys its best teachers across the whole educational system, so students have access to quality teachers despite being in different schools, he said.

But being egalitarian does not have to mean having a uniform education. Doing so may result in unegalitarian educational outcomes.

He cited how the French belief in equality resulted in every school having the same curriculum and teaching pace. Yet, by age 15, one-third of the students have repeated at least one year of school and, by the time they leave school, one out of five leaves with no qualification.

Thus, there is a need to differentiate learning according to a child's abilities and learning styles, he said.

In general, the state needs to intervene in a way that reinforces individual and civic responsibility, he said. This is not a paradox, he stressed, and this approach informs all of Singapore's social policies.

For example, the state does step in fairly boldly to help the poor through schemes like Workfare for low-wage workers. Government data shows that a low-income couple today in their 20s will receive benefits, through Workfare and housing grants, that add an extra one-third to their lifetime incomes by the time they retire. However, they get benefits such as Workfare only if they continue to work.

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