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THEY CAN SOMETIMES WORK BETTER THAN MEANS TESTING

Don't write off the benefits of universal social policies



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A universal, nationalised, pre-school sector providing care and education to all children can give children from vulnerable families a chance to do well in the long run.
TODAY FILE PHOTO

The recently-concluded Swiss referendum on universal basic income — a minimum amount of money offered to every citizen — has provoked debate in Singapore. While that proposal was firmly rejected by the Swiss public, universalism is already a guiding principle for many social policies in Europe.

For instance, there are universal pensions for elderly people and child benefits for parents. These do not apply to all citizens, but cover everyone from a certain age group or type of family.

It may be difficult to contemplate a universal basic income for Singapore at this point, when universal social policies of any kind are still not the norm. Rather, there needs to be more discussion about the choice between universalism and the alternative we are used to — means testing.

The argument behind means testing is that resources should be targeted at those who are most vulnerable. This is done by screening people against various criteria of means and needs. Under a governance philosophy that prioritises self-reliance and a strong work ethic, targeted social policies are deemed the best way to even out inequality while keeping costs down.

However, there are strong reasons for universal social policies. First, they avoid the irrationalities of means testing, which relies on cut-offs that are sometimes difficult to justify.

Why is the income limit in assistance schemes set at precisely S$1,500, for instance? The withdrawal of assistance beyond these income thresholds can create a disincentive for poorer families to improve their situations. Social workers know of families on the HDB's public rental scheme who find ways to reduce their household income when their tenancy is up for renewal, for fear of rent increases or even losing their right to stay.

Means testing can also create stigmatisation for beneficiaries by requiring them to demonstrate their need and, even worse, label other applicants undeserving when they just miss the eligibility criteria. So while means-tested policies cost less than universal policies, some of the saving comes from failing to reach the people they are intended to help because of strict thresholds or the fear of shame.

Although universal policies cost much more in absolute terms, they do not incur the administrative costs of means testing. The government does not need to hire staff to screen applicants, while social workers can devote their time to professional interventions instead of verifying documents.

Universal social policies, with their broad constituencies, often receive stronger public support and therefore attract more resources and attention from policymakers.

Take, for example, the hugely popular Pioneer Generation Package (PGP), which goes out to all elderly people regardless of financial means. In addition to generous provisions, the package was launched with an extensive publicity and outreach campaign. It showed how universal polices can muster collective public commitment towards social objectives.

The PGP will not apply to future cohorts. But it suggests that at a time when social spending is growing rapidly — threefold, in fact, in the past 10 years — there is opportunity to reconsider the role of universal schemes within the mix of social policies.

UNIVERSAL PRE-SCHOOL EDUCATION

Pre-school education is one area with huge potential for a universal approach. The current reliance on a regulated private sector has obvious shortcomings, including uneven standards among providers and unequal access across income groups.

Lower-income families have a narrower range of school options. The most generous means-tested fee subsidies require mothers to work, in families that are almost certainly unable to hire help to take over domestic and care work. As subsidies taper off at higher

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income bands, any improvement to the family's financial situation is taxed by the withdrawal of assistance.

The research evidence on the impact of early childhood education on later school performance makes this especially worrying in the context of Singapore's high inequality and sluggish social mobility. A universal, nationalised, pre-school sector providing care and education to all children, with the same levels of subsidy as for primary and secondary education, can give children from vulnerable families a chance to do well in the long run.

In previous debates, there are two main objections to nationalising pre-school education here: A market approach offers choice and government-run schools may emphasise academic preparation over child development.

These are puzzling arguments. Why is choice insisted for pre-school but not primary and secondary education? The government has in fact shown that it is capable of offering choice through schools for the arts, sports, maths and science.

There is no basis to suggest that a public sector that is prepared to provide a rounded education to children across a range of interests, abilities and ages from seven through to the twenties is somehow unable to teach children below seven.

It goes without saying that nationalisation must be done to the highest standards. The logic of universal social policy suggests that if every child has to attend government-run pre-school, public scrutiny will push for high standards. The children will also have been exposed to a shared social experience that cuts across social class by the time they enter primary school.

How might we pay for universal pre-school education?

Universal services are not necessarily free at the point of use, but must be sufficiently subsidised so that fees do not become a barrier to access. One way to meet the cost is reallocation from other areas of spending, including current means-tested schemes and ad hoc handouts. But social spending need not be cannibalistic and we must be prepared to have broader debates about public spending in all domains.

To some extent, universal programmes will also pay for themselves through social returns. Accessible, high-quality early childhood education can reduce the need for downstream services for at-risk children and youths, and free up mothers to work.

Some of Singapore's most well-loved and successful social policies have in fact been universal, such as public housing in the early years and education after pre-school age. Society should not be afraid to embrace the principle of helping the vulnerable by helping everyone.

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