



By minimising the "bandwidth tax", facilitating social mixing across income class and expanding access to a wide range of reputable enrichment programmes, it is possible to make the playing field more level and encourage young Singaporeans to reach for the stars, says the writer. ST PHOTO: BRIAN TEO

How Singapore can expand opportunities for its 'lost Einsteins'

We need to facilitate more mixing across socio-economic classes and empower the less well-off through new forms of social investment.



Terence Ho

On April 29, I participated in the inaugural International Conference on Societies of Opportunity, organised by the Ministry of Social and Family Development and the Institute of Population Research.

The conference offered food for thought on how Singapore can continue to remain a society of opportunity for all its citizens, drawing on the latest global research in the area of income mobility and social support.

Sustaining social mobility will be crucial in encouraging social mixing as affluent Singaporeans are able to pass on greater tangible and intangible resources to their children than parents who are less well-off.

The Government is doubling down on education and skills training to provide the best opportunities for every citizen, but even this may not be enough.

These efforts can be reinforced in two ways: by encouraging social mixing across socio-economic classes, and by expanding opportunities through new or enhanced forms of social investment.

SOCIAL SUPPORT DILEMMAS

As I shared in a panel discussion at the conference, Singapore's approach to social policy has emphasised self-reliance over state support, with social investment through education and skills training taking precedence over social transfers. The latter are modestly sized and targeted at the minority who need help the most, so that fiscal resources are conserved and taxes can be kept low.

This stance has shifted somewhat in recent years, as the Government has recognised the need to shore up help for the less well-off amid economic volatility and social inequality. Hence, the introduction of permanent support measures such as the Workfare Income Supplement, Silver Support and the GST Voucher scheme. The introduction of Progressive Wages has also helped narrow the income gap between low-wage workers and the median. In 2024, Singapore's income inequality – as reflected in the Gini coefficient after taxes

and transfers – reached its lowest point since measurement began in the year 2000.

Still, many academics and social workers feel that the state can do more. Fellow panelist Irene Ng, a professor at St Louis University, argued that Singapore provides less welfare than most developed countries, including East Asian economies which have expanded state welfare in recent decades. Another panelist, Prof Jin Huang from St Louis University, argued that Singapore's social welfare system is broken, but that Singapore provides less welfare than most developed countries, including East Asian economies which have expanded state welfare in recent decades.

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Some social work professionals have also called for support to be unconditional, that is, not contingent on effort on the part of the individual, such as seeking for a job, improving their skills or making sure their children attend pre-school. They point to research suggesting that unconditional cash transfers can improve mental well-being without blunting the incentives to work for low-income recipients.

Such transfers could relieve the "bandwidth tax" on the poor where the preoccupation with making ends meet impairs the ability to make long-term decisions to improve their circumstances.

Policy makers, however, are likely to be circumspect about this approach. Beside the impact on state finances, there are also concerns that generous, broad-based support could undermine the ethos of self-reliance that makes for a vibrant society.

So the question is whether more can be done to shore up assurance for citizens without surpassing the will to achieve. In particular, is it possible to alleviate the

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"bandwidth tax" on the less well-off, further expand opportunities for young Singaporeans, and shape an environment where they are likely to seize these opportunities?

PEER INFLUENCE AND ASPIRATIONS

The work of Harvard's Professor Raj Chetty, one of the keynote speakers at the conference, is pertinent. By analysing large US datasets on income mobility, residential addresses and social connections, Prof Chetty and his collaborators found that social connections that cross socio-economic class are the strongest determinant of income mobility.

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Another study, authored by Prof Chetty, found that children from high-income (top 1 per cent) families are 10 times as likely to become inventors as those from families with incomes below the median. In fact, the environment plays a key role in influencing the specific types of intellectual investments that are more likely to develop. Had children from lower-income families been given the same opportunities as their more affluent peers, the authors contend that US growth could have been boosted by these "lost Einsteins".

This body of evidence points to the impact of peer influence on young people's inventiveness, education and career aspirations. Singapore has unique advantages in that it is a compact city where the majority of the population live in private housing estates with good amenities. In contrast to cities where the rich and poor are segregated by neighbourhood.

Notwithstanding, more can be done to promote interaction across socio-economic classes, especially among young people. For instance, the chances of gaining admission to a primary school are still affected by parental affiliation with the school and the distance of one's home from school. These criteria could be reviewed so that schools can take in children from more diverse backgrounds, facilitating social mixing.

Activities outside school could

also promote such mixing. If schools are not the most effective social leveller perhaps our young should be given more time and space to take up activities outside school – such as sports and interest groups organised by community or religious organisations. More funding could be given to communities to facilitate regular interaction among children and youth from different socio-economic strata.

FURTHER NARROWING THE GAP

Prof Huang shared research on the benefits of asset-based social policy, an approach to social welfare that focuses on the redistribution of productive assets – whether human capital, property or financial assets – rather than income.

Singapore already has two major asset-based social welfare: home ownership through subsidised public housing, and individual learning or savings accounts in the form of the Child Development Account, Edusave and the Post-Secondary Education Account.

The Child Development Account could be liberalised to cover non-school-based enrichment activities, which could help to narrow the gap in opportunities for children from different socio-economic backgrounds.

Perhaps the Ministry of Education's Edusave account – which supports students from lower-income families for digital device needs, enrichment programmes and overseas learning journeys – could be expanded in size and scope to empower students to pursue their interests in a wide range of activities, both within and beyond school.

Besides cash transfers and subsidies, the state could also consider providing lower-income families with financial assets such as mutual funds that can generate a stream of income, to help them to take on part-time work. This would narrow the gap with the more affluent, many of whom have considerable asset-based income. There could be a vesting period before such assets can be sold in the market.

These assets give lower-income households greater financial autonomy and encourage the habit of asset accumulation. It would also help foster a mindset of ownership rather than reliance on handouts.

A combination of these measures could provide greater assurance and empowerment for lower-income families while simultaneously stoking the drive to excel. By minimising the "bandwidth tax", facilitating social mixing across income class and expanding access to a wide range of reputable enrichment programmes, it is possible to make the playing field more level and encourage young Singaporeans to reach for the stars.

There is good reason to believe that children, whether from rich or poor backgrounds, can be motivated to explore their interests and maximise their potential if given sufficient opportunities and a supportive environment. Even if a minority are content to live off state largesse, the future economy will depend more and more on the potential of "lost Einsteins" to create wealth and jobs than on the few who prefer to lie flat.

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