1. Introduction

The Republic of Singapore is a city-State. It is situated in tropical South-East Asia, at the tip of the Malay peninsula. It is 1° 17' (136.8 kilometres) north of the equator. Singapore’s total landmass is 692.1 square kilometres. It is 12.61 per cent larger than at independence due to the steady reclamation of coastal land. Singapore is approximately 3.5 times the area of Washington, DC.

Singapore’s population in 2008 was 4.84 million. There are three main ethnic groups: 74.8 per cent are Chinese, 13.5 per cent Malay and (the fastest-growing) 9 per cent Indian. The population density per square kilometre at 6652 is the third highest (after Monaco and the Special Administrative Region of Macau) of any country in the world. Cities score worse than states: in Delhi it is 9294 although for India as a whole it is no more than 336. In Nigeria the population density is 145. In China it is 137. For the continent of Asia it is 152. For the world as a whole it is only 45. Agriculture has given way to high rise. About 53 per cent of the world’s population lives in rural communities. In Singapore, 100 per cent of the population is urban. In rural Asia only 31 per cent of the population has access to safe water and hygienic sanitation. In Singapore everyone does.

Singapore is made up of one large island and 53 smaller ones. Built-up areas account for 50 per cent of the territory. The rest is given over to parkland, (15) reservoirs, military areas and (4 per cent of the total) forest, mainly secondary. Roads take up 12 per cent of the total land area. The highest peak is Bukit Timah, 164 metres above sea level.

Singapore has virtually no natural resources apart from its human capital and its strategic location on vital shipping lanes. The port of Singapore is the world’s busiest in terms of total shipping tonnage. Changi Airport is the fifth busiest in Asia and the nineteenth busiest in the world by passenger traffic. Exports plus imports as a ratio of GDP were 428 per cent in 2004. This is believed to be the highest ratio in the world. The figure for Luxemburg is 271 per cent, for the UK 53 per cent, for the USA 25 per cent (Heston et al., 2006). A small open economy, Singapore is abnormally exposed to fluctuations in world demand and in foreign direct investment. Its macroeconomics are not its own.

The rate of economic growth in Singapore was 6.4 per cent on average between independence in 1965 and the ‘Asian economic crisis’ in 1997/98.
Singapore recovered quickly from the regional downturn. Growth was 6.6 per cent in 2005, 8.2 per cent in 2006, 7.7 per cent in 2007. A maturing economy, the trend rate in future might be less. The Asian Development Bank calculates that it will probably lie between 4 per cent and 6 per cent per annum. The banking crisis in 2008 and the recession that followed will halve or more than halve that figure in the short term. In the long run, an economy where the fundamentals are sound is likely to return to business as usual.

National income per capita in Singapore in 2007 was S$52,994 (US$35,163). This was higher than Japan (US$33,577), the previous front runner in Asia. It was the seventeenth highest in the world. The GDP per capita in the USA was US$45,814. In the UK it was US$35,134. The standard of living has increased almost tenfold in the four decades since Third World Singapore became an independent nation on 9 August 1965.

The first Prime Minister, from 1965 to 1990, was Lee Kuan Yew. He, together with other founding fathers such as Goh Keng Swee, developed the blueprint that shapes Singapore’s political economics to the present day. It is not a model which has much time for a welfare State. Yet Singapore is ageing fast. This book is about the future of social policy in an evolving Singapore where the young are becoming old and there are not enough children to pick up the burden of dependency.

Singapore is a new country with a young population. By 2030 the blush will have turned to grey. Old people need money. Old people need medical attention. This book, concentrating on the double challenge of the old and the ill, asks if the answer will be the nationalisation and the politicisation of the gift relationship. The founding fathers expected the transfers and the payments to remain the sacred duty of filial children proud to repay their intergenerational debt. This book asks if an ageing population will be the catalyst that shunts social policy on to a new and unexpected track that the founding fathers could not have foreseen.

Chapter 2, ‘Old and ill’, summarises the problem. Health status outcomes are good, health care inputs are on-stream, but still an ageing population will put disproportionate pressure on scarce resources that have alternative uses. The resident birth rate is too low even to reproduce the current stock of Singaporeans. Immigration attenuates the population imbalance but creates new problems as well.

Chapter 3, ‘The Provident Fund’, examines the compulsory savings that Singaporeans put into their retirement accounts. Not all Singaporeans have balances adequate to see them through 20 sunset years and more. Not all Singaporeans are satisfied with the rate of return on the Government bonds in which so much of their money is invested. Not all Singaporeans feel that unfunded balances without fiscal subsidisation are the appropriate
way to pay for life’s final act in a mature democracy where even unknown strangers have a right to be old and ill.

Chapter 4, ‘Affordable health care’, situates health policy in the context of its proximate objectives. Defining good health to be the meta-objective, Singapore has also made five intermediate facilitators into valued end-states in themselves. These are the promotion of good health, the inculcation of responsible attitudes, universal access to basic care, a move to market competition and the containment of cost. Health care policy in Singapore is expected to match up to the subordinate goals that the decision-makers have explicitly made both their health-maximising means and their consensually validated ends along the way.

Chapter 5, ‘Payment for health: Medisave’, continues the discussion of mandatory savings that was begun in Chapter 3. It explains that Singaporeans are required to hold medical savings accounts which can be drawn down to cover the cost of care. Yet the money put aside might not be enough. Deductibles and co-payments mean that much must be paid out of pocket. A number of conditions and treatments are not on the list. Medisave must be complemented by further Ms if the old and the ill are not to die where they fall.

Chapter 6, ‘Payment for health: MediShield and Medifund’, shows that there are two further strings to Singapore’s bow. MediShield is State insurance. The risks are pooled. Major hospital bills are less of a strain. Private top-ups allow for more comfortable stays. Medifund is State charity. In keeping with the promise of basic care for all, the Medifund endowment can be drawn upon to assist the impoverished who have exhausted their means, sold their homes and have no relatives on whom they can rely. The chapter notes that social insurance does not cover all the contingencies and that social assistance is only intended for the desperate and the destitute. It speculates that a major investment in both the second and the third M would nonetheless be a useful policy option where hypothecation is inadequate and the family is not around.

Chapter 6 was about national pooling. Chapter 7 is about the micro-social network. Headed ‘Home and family’, it discusses the living arrangements of senior citizens. It explores the extent to which they can look to their children for cash and care. Singapore is an Asian society. Asian cultures have traditionally assumed that the family would care for its own. Singapore is also a modernising society. Do adult children really welcome the burden of an Alzheimer’s parent when they have children of their own to support? Will singlehood and divorce, significantly amplifying the existing overhang of widowhood, mean that ever more of the old and the ill will be living alone? Will a greater proportion of old people in Singapore need to go into old people’s homes? If so, who then will pay?
Chapter 8, ‘Assets: capital and property’, continues the discussion of the economic constraint. It emphasises that Singaporeans are asset rich even if they are often cash poor. Singaporeans have voluntary savings: the chapter argues that they ought to have more but that deferred gratification is being undermined by the consumer culture of live for today. Singaporeans also have homes: the chapter shows that trading down, renting out and re-mortgaging are all ways in which Singaporeans can monetise their property in order to support themselves when they are old and ill.

Chapter 9, ‘Labour in the retirement years’, turns to the third of the factors of production. Many older Singaporeans cannot afford to stop work. The fact that labour is the bottleneck input means that it is in the national interest for them to carry on. Adding value, they are also earning income which will complement their mandatory savings. Their work will ensure them a better standard of living.

Chapter 10, ‘Older workers: the policy options’, asks what the State can do to unfreeze a frozen resource. Training and retraining subsidies, a later age of retirement, wage supplementation where otherwise older workers would not be worth their keep are all expedients that the Government can explore in its quest to help the more mature to help themselves.

Chapter 11, ‘Conclusion’, draws together the threads. It says that if the family is not there and if the elderly cannot prolong their working life for ever, then State intervention might be the only way to correct a social failure. The Good Samaritan as described by Titmuss cannot easily be invoked in support of a new Singapore that turns generous and open-handed in order to nurture the old and succour the ill. Singaporean political culture will not know what to make of declarations such as the following:

Social gifts and actions carrying no explicit or implicit individual right to a return gift or action are forms of ‘creative altruism’. . . . They are creative in the sense that the self is realised with the help of anonymous others; they allow the biological need to help to express itself. (Titmuss, 1973 [1970]: 239)

The residual supplier as described by Tawney is likely to have a greater appeal in a pragmatic political culture that cost–benefits defined resources in the light of prudently ranked targets: ‘Politics, it may be suggested, is, or ought to be, the art of achieving by collective action ends which cannot be attained with the same measure of success by individual effort, and often cannot be attained by it at all’ (Tawney, 1953: 93). Whether the heart or the mind, whether sentiment or reason, this, however, is clear. Matter in motion bows to no conventional wisdom. The old and the ill may be the catalyst that makes practical Singaporeans reassess what they want their State to do.