

EFFECTIVE MECHANISMS FOR ENSURING SOCIAL SECURITY IN THE CASE OF SINGAPORE AND CHINA

Xidirov Suxrob Norbo'tayevich,

Head of the Department for Coordination of the Work of Ministries, Agencies and Non-
Governmental Organizations,

Doctor of Social Sciences (PhD), Associate Professor,
Republican Center for Spirituality and Enlightenment.

Annotation: This article explores effective mechanisms for ensuring social security by analyzing the models of Singapore and China. Both countries, despite different political, economic, and social systems, have developed unique strategies to maintain social stability, reduce poverty, and ensure citizens' well-being. The study emphasizes institutional structures, financial mechanisms, digital innovations, and policy reforms that shape social security outcomes. By comparing these two countries, the paper highlights lessons and recommendations for other states seeking sustainable and inclusive social security systems.

Keywords: Social security, welfare policies, Singapore, China, pension system, healthcare, poverty reduction, digital governance, social protection mechanisms.

Introduction

Social security is a cornerstone of modern governance, serving as a safety net that protects citizens from life risks such as poverty, unemployment, illness, disability, and old age. Effective social security mechanisms ensure not only individual well-being but also social cohesion and political stability.

Singapore and China, two economically dynamic yet distinct states, provide instructive examples of how social security systems can be tailored to national contexts. Singapore relies on a hybrid model emphasizing self-reliance and compulsory savings through the Central Provident Fund (CPF), while China implements large-scale state-led welfare programs to accommodate its vast population and regional disparities.

Literature Analysis

Research on social security in Singapore highlights the CPF as a unique approach integrating retirement savings, housing, and healthcare. Scholars such as Asher (2014) note that Singapore's model balances state guidance with individual responsibility. Similarly, Rahman and

Wee (2019) emphasize the role of digital governance in making social security accessible and transparent.

In contrast, literature on China emphasizes the challenges of scaling social protection for 1.4 billion people. Studies by Yang (2017) and Frazier (2020) describe China's pension reforms, rural healthcare initiatives, and the expansion of unemployment insurance. While progress has been notable, issues such as regional inequality, financial sustainability, and rural-urban disparities remain.

Comparative studies (e.g., Walker & Wong, 2009) suggest that while Singapore's system is efficient and financially sustainable, it may risk excluding vulnerable populations without sufficient savings. China's model, although more inclusive, faces challenges in funding and institutional efficiency.

Methods Section

The article employs a comparative policy analysis method, focusing on:

Institutional framework – government vs. market role.

Financial mechanisms – taxation vs. compulsory savings.

Coverage and inclusivity – rural vs. urban, poor vs. middle class.

Digital integration – use of technology in social protection.

Outcomes – poverty reduction, healthcare access, retirement security.

Data sources include government reports, academic studies, World Bank and ILO statistics, and comparative social policy literature.

Results

Overview of Social Security Systems in Singapore and China: Social security systems aim to provide protection against risks such as old age, illness, unemployment, and disability, often through a mix of insurance, savings, and assistance mechanisms. Singapore's system emphasizes individual responsibility and mandatory savings, primarily through the Central Provident Fund (CPF), which integrates retirement, healthcare, and housing needs. China's system, in contrast, is more state-driven, featuring mandatory insurances for urban workers and integrated urban-rural schemes, with a focus on broad coverage and poverty alleviation. Both systems have proven effective in certain areas—Singapore in promoting financial self-reliance and high home ownership, and China in achieving near-universal pension coverage and significant poverty reduction—but face challenges like aging populations and adequacy of benefits.

Effective Mechanisms in Singapore: Singapore's social security is built on a multi-pillar, defined contribution model that prioritizes individual savings over extensive state welfare, fostering self-reliance and family responsibility. Key mechanisms include:

- Central Provident Fund (CPF): Established in 1955, this mandatory savings scheme requires contributions from employees and employers (up to 37% of wages for younger workers, declining with age). Funds are allocated to accounts for retirement (Special Account and Retirement Account), healthcare (Medisave), housing (Ordinary Account), and investments. By 2013, CPF balances totaled S\$253 billion, supporting objectives like asset enhancement and financial protection. Effectiveness is seen in high savings rates and home ownership (over 90%), which eliminate homelessness and promote stability, though high housing withdrawals (up to 120% of property value) can reduce retirement adequacy.

- Healthcare Financing (3M Framework): Medisave covers inpatient and outpatient costs (7-9.5% contribution rate), MediShield provides catastrophic insurance (93% participation), and Medifund assists the needy. This has kept public health expenditure low (31.9% of total) while ensuring affordability, with schemes like ElderShield for disability. Effectiveness lies in controlling costs and encouraging personal responsibility, though rising longevity (82 years in 2010) strains resources.

- Retirement and Income Support: CPF Life annuities provide lifelong income from age 55, with a Minimum Sum (S\$148,000 in 2013) ensuring basics. No universal unemployment insurance exists; instead, Workfare Income Supplements top up low wages, and skills training via the Skills Development Fund aids employability. Family support is mandated, reducing state burden.

- Other Supports: Means-tested assistance like Public Assistance and ComCare for the vulnerable, plus asset enhancement via CPF investments (though low participation at 12-20%).

Effectiveness: The system has built a disciplined, educated workforce with minimal government dependency, reducing inequality by 32% through cash benefits. However, low replacement rates (20-40%) and inflation risks prompt suggestions like limiting housing withdrawals, inflation-indexed annuities, and higher older-worker contributions.

Effective Mechanisms in China: China's system is multi-layered, combining social insurance, assistance, welfare, and charity, with a shift toward urban-rural integration since the 2010s. It covers over 1.05 billion in pensions and 1.34 billion in medical insurance by 2022, managed by the Ministry of Human Resources and Social Security. Key mechanisms include:

- Five Mandatory Insurances: Pension (urban workers contribute 8%, employers 20%; rural schemes subsidized), medical (urban-rural unified since 2016), unemployment, work injury, and maternity. Contributions total around 38.7%, with a housing fund for home purchases. Effectiveness: Near-universal coverage reduced poverty by 93.48 million (2013-2019), with redistribution narrowing income gaps.

- Pension Tiers: Basic state pension (pay-as-you-go), occupational annuities, and voluntary private schemes. The "zero pillar" aids the poorest without contributions. Integration of urban-rural pensions (Cheng-xiang-ju-bao in 2014) covers 160 million.

- Social Assistance and Welfare: Dibao (minimum living security) for urban/rural poor, Five Guarantees for rural needy, and targeted poverty alleviation with "six precisions" (e.g., education, relocation). Digital tools like "Internet Plus" and big data enhance coordination and access.

- Healthcare and Other Supports: Public expenditure at 49.9% of total, with collective medical services reducing family care burdens. Long-term care pilots address aging.

Effectiveness: Eliminated absolute poverty by 2020, enhanced social interactions, and won international awards for coverage expansion. Challenges include regional disparities (urban better than rural), low migrant worker participation (<20%), and fiscal strain from 450 million elderly projected by 2050.

Comparison of Mechanisms and Effectiveness

The following table compares key aspects:

Aspect	Singapore	China
Core Model	Individual-defined contribution (CPF), asset-based, multi-pillar.	State-led, pay-as-you-go with individual accounts, urban-rural integrated.
Coverage	Targets 10-80th income percentile; 3.51 million CPF members (2013).	Near-universal (1.05 billion in pensions); includes migrants/flexible workers.
Funding	Mandatory employer-employee contributions (up to 37%); low state role.	Contributions (38.7% total); state subsidies for rural/poor; higher public spending.

Aspect	Singapore	China
Key Mechanisms	CPF accounts for retirement/housing/health; no unemployment insurance.	Five insurances + housing fund; Dibao assistance; digital coordination.
Effect on Inequality	Cash benefits reduce by 32%; all benefits by 22%.	Transfers narrow gaps (enhancing 2013-2018); 24% reduction from all benefits.
Elderly Care	Family primary; FDWs substitute mildly (2.75 hours less care/week); MSAs common (75-92%).	Family traditional; maids substitute strongly (17.65 hours less); pensions reduce care needs.
Effectiveness Strengths	High home ownership (90%), self-reliance, low homelessness.	Poverty elimination, broad coverage, redistribution.
Challenges	Inadequate retirement (20-40% replacement), housing drains savings.	Aging strain, migrant gaps, regional imbalances.

Singapore's system excels in efficiency and individual empowerment but risks inadequacy for vulnerable groups. China's is more inclusive and redistributive but faces sustainability issues amid demographic shifts. Both leverage family roles, but Singapore substitutes with hired help more moderately than China.

In conclusion, Singapore's mechanisms are effective for a high-income, urban society through enforced savings, while China's scale and integration suit its vast, diverse population, though both must adapt to aging demographics for long-term viability.

Discussion Section

The comparison highlights several key points:

Inclusivity vs. Sustainability: Singapore prioritizes financial sustainability through savings, while China emphasizes inclusivity despite funding challenges.

Role of the State: In Singapore, the state acts as a regulator, while in China it functions as a direct provider.

Technology: Singapore leverages digital platforms for efficiency, whereas China is rapidly digitizing but faces administrative complexity.

Challenges: Singapore struggles with adequacy of CPF savings among lower-income groups, while China faces issues of regional inequality and pension fund deficits.

Conclusions

Both Singapore and China illustrate that effective social security mechanisms must balance inclusivity, sustainability, and adaptability.

For Singapore: policies could strengthen redistributive measures to support vulnerable groups who cannot accumulate sufficient CPF savings.

For China: reforms should focus on ensuring financial sustainability of pension funds and reducing rural-urban gaps in healthcare and welfare access.

For both countries: continued use of digital innovations, transparent governance, and long-term planning are essential for effective social security.

For other nations: adopting a hybrid model that combines compulsory savings, targeted assistance, and digital solutions may provide a sustainable path toward comprehensive social protection.

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