MANUFACTURING HUMAN RESOURCES:
THE ROLE OF THE SOCIAL INVESTMENT STATE

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If social policies are the State’s direct expenditure on its people, then the Singapore government could be categorised as a ‘social investment state’ rather than a welfare state. This is because the Singapore government, in the words of former Deputy Prime Minister and Minister of Finance Goh Keng Swee, has invested financial resources “…to improve and upgrade human resources, mainly by providing mass education and training for all Singaporeans, so that they [would be] ready to enter the industrial workforce” (Goh, 1995: 32). Welfare states, on the other hand, spend mainly on social protection, welfare provision, and even economic redistribution (Esping-Andersen, 1994). The difference between the welfare state and the social investment state is that the latter is characterised by a logic of ‘economism,’ as economic growth is prioritised above all other social and political agendas. As a consequence, social investment states often use social policy for the purposes of manpower management. Critics of the social investment state argue that a ‘growth over welfare’ policy is detrimental to society, as resources are diverted away from social protection and welfare provision towards economic pursuits (e.g. discussion in Midgley, 1999). However, there are others who believe that social investments can have welfare benefits, especially if the investments are made in human resource or human capital development (Giddens, 1998: 99).

This paper will examine the Singapore government’s social investment programmes implemented between 1965 and 2007. It evaluates, whether the main objective—preparing the necessary human resources to support the economy—has been achieved and, in the process, whether there have been welfare benefits. This essay is organised as follows: it begins with a brief theoretical discussion of the social investment state model. This is followed by an analysis of the social investment programmes, especially in the sphere of education and training, implemented during Singapore’s industrial transformation (1965–1980), industrial upgrading (1980–2000), and currently post-industrialisation (2000–present). It concludes with some views on the sustainability of the social investment state in Singapore.
I The Social Investment State

Within any given State’s national budget is a proportion of finances set aside for ‘expenditure on people.’ For the archetypal social investment state, this expenditure is usually targetted at financial investments for the purposes of developing or preparing human resources which are needed to support the economy. (Giddens, 1999) These investments may be necessary due to ‘market failure,’ or where individuals either do not have access to, or are unable to afford, the cost of education or training on their own. With the social investments, the State is essentially providing the necessary education and training, often at little or no cost to the individual, in order to encourage him or her to acquire these skills (Wilding & Holliday, 2003). The ‘problem’ with social investment states is not so much the fact that they are investing in human resources; indeed, any investments in education is always seen as being socially beneficial. The ‘problem’ arises when the social investment state is informed by the logic of ‘economism.’ The term was originally used in Marxist studies of political economy, to describe how private enterprise might have an ideology which placed ‘profits over people,’ or how businesses exploited workers (Bessis, 1995). The term’s scope has since expanded to describe the State’s priorities. If the State is indeed informed by an economistic logic, then it will invest in policies that bring economic growth instead of funding social welfare programmes, especially if the State’s resources are limited. Therefore, the manner in which social investment states approach social policies will be different from those of welfare states, which prioritise ‘welfare’ or put people first. Welfarist social policies generally tend to focus on social protection, provision or redistribution. Social investments, on the other hand:

…involve a major shift in the conventional [welfarist] social policy thinking from the provision of consumption and maintenance-oriented services to interventions that enhance capabilities, invest in people, facilitate economic involvement and contribute positively to economic development. (Midgley & Tang, 2001: 251)

As a direct example, while social investment states and welfare states will both view education as important, the social investment state will view education as being entirely for the purposes of supplying necessary skills to the economy. Welfare states, which have a ‘liberal’ or ‘welfarist’ logic, would view education provision—particularly higher