

**IPS POPS (3) – DECEMBER 2009
'RESILIENCE IN THE ECONOMIC CRISIS'**

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REPORT

Re-run of POPS(1)

The Institute of Policy Studies (IPS) conducted a snapshot survey on how citizens were coping with the economic recession in February 2009. It repeated the survey in December 2009 to have a view of how citizens had been riding through the difficult economic conditions since February. This was to assess how resilient they were, and to gather their views on government policies that had been introduced to help the country cope with the downturn and whether it was any different from the findings in February.

2. POPS (3) was conducted between 9 December 2009 and 6 January 2010, with a sample of 2109 Singapore citizens and permanent residents, aged 21 years and above, through telephone interviews.

Context

3. In the second half of 2008, Singapore like many other countries in the Asian region had been affected by what is now termed the 'Great Recession' that has been attributed to the Sub-Prime Mortgage Crisis in the United States. The Singapore government introduced several measures to save jobs, promote re-skilling, provide financial support to those hard done by the downturn, and ensure business credit was still available to keep companies afloat.

4. In the event, the Singapore economy rebounded from year-on-year decline in overall Gross Domestic Product of -9.4% in the first quarter of 2009, and -3.1% in the second quarter, to positive 0.6% in the third quarter and 4% in the fourth quarter. In the same way, after two quarters of decline in employment in 2009, employment grew by 14,000 jobs in the third quarter and 37,500 jobs in the fourth quarter of 2009. In other words, the economic recovery should have been felt by December 2009 when POPS(3) was conducted.

Objectives of POPS (3)

5. IPS decided to conduct a re-run of POPS(1) which was survey of Singaporeans and Permanent Residents, aged 21 and above, with a larger sample and with additional

questions to probe respondents further on the impact of the downturn. The specific objectives of POPS(3) were to establish:

- i. how individuals had been impacted by the economic crisis;
- ii. in what ways and how long they would be able to cope if the situation worsened;
- iii. how the government measures had impacted them;
- iv. how much they depended on the government to help them cope; and,
- v. how different their responses were compared to what we found in POPS(1).

In essence, we wanted to establish how self-sufficient and resilient the resident population was over the period of the downturn given that we had a snapshot of that in February 2009 and another in December 2009 – a full-cycle of a recession.

6. 'Resilience' is defined as the capacity of individuals and families to hold together, body, mind and spirit in the face of adversity, to carry on. This is subject to first, a sense of preparedness for the uncertain; second, the level of resources to cope in difficult times, and third, the willingness, and how proactive one is in adapting to new situations. After nine months since the first survey, which group of people was particularly vulnerable and would require further intervention and how was this different from the situation in February 2009, if at all? The analysis provides a comparative view of how the crisis had affected respondents across different age and income groups, and some suggestion therefore of how this might have played out at the national level.

Methodology

7. The survey instrument was developed by IPS research staff. Additional questions were inserted in the POPS(3) instrument to gather more insights on how people were coping with effects of the recession. The survey was conducted through telephone interviews by the firm Media Research Consultants commissioned by IPS. While POPS(1) was based on a total of 817 responses by Singapore citizens and permanent residents aged 21 years and over, the sample size for POPS(3) was 2109 respondents, randomly selected through the telephone book, with appropriate quotas for gender, age and ethnicity. The result for each item was weighted against the profile of Singapore's resident population i.e., Singapore permanent residents and citizens, on age, gender, ethnicity to obtain adjusted estimates in line with the demographic proportions of the population.

8. As with quota (non-probabilistic) samples, it was sufficient that the differences in average scores were compared at the *prima facie* level. The findings are considered useful indicators of, but not necessarily generalisable to the state of the resident population in Singapore. The data by age and income segmentations in this report are only for the POPS(3) findings. The latter has been amended from the scheme in POPS(1) to offer finer gradations in the categories of household income between the \$2000-\$8000 category of the first survey.

Findings – Highlights

Impact on Livelihood

In POPS(3), slightly reduced proportions said their income and employment status had been affected with those in the 40-49 age band and the lowest household income most affected.

9. The first question focused on how the economic crisis had affected respondents' livelihood. Specifically, they were asked if they were 'worse off', 'better off' or unaffected with regard to their savings, income and employment situation. Respondents could also indicate where the question was 'not applicable' to them. What was important was to ascertain how many were 'worse off' compared to POPS(1), which groups were particularly affected, and if this were any different from the previous survey.

10. In POPS(3), more than half of the respondents said that that recession had no impact on their savings, income or employment situation. When compared with POPS(1), the same proportion – 36% said they were worse off with regard to savings. A reduced proportion, 29% down to 27% said they were worse off with regard to income and 23% down to 18% were worse off with regard to employment. When asked how their livelihoods had been affected specifically *over the six months after March 2009* in a follow-up question, even lower proportions of them compared to the responses to the impact of the whole recession said that they were 'worse off' – 31%, 22%, 17% on savings, income and employment respectively. A small group even said they felt they were 'better off' through the past six months.

11. In POPS(3), the downturn had impacted those in 40s and those in the low income groups the hardest, with increasing proportions from the 21 to 29 group up to the 40-49 group indicating they were 'worse off' on savings and income. This was similar to the situation in POPS(1). On the question about the impact on livelihood *over the past six months*, a slightly larger proportion of those in the 30s said that they were 'worse off' on the basis of employment, at 21% compared to 19% of those in their 40s. The highest proportion of those who were 'worse off' were those with the lowest household incomes. Among the small group that said they were better off through the past six months, the highest proportion of them was found among those in their 20s, and those in the highest household income segment.

Impact on Life Choices

The impact was not as severe in POPS(3) compared with POPS(1), with the greatest impact being on discretionary leisure choices and medical treatment. Those in the 21-29 age group and \$5000-\$7999 income segment reported most adjustments, rather than the 30-39 age and low household income segments in POPS(1).

12. Next, we asked respondents if the crisis had impacted or was likely to impact significant life choices by checking-off a list of ten possible decisions. This would indicate the type of changes that were being made or could be made, and help us infer the medium term impact of the crisis. Respondents could also indicate 'not applicable' where appropriate and these responses were excluded in calculating the findings.

13. Overall, discretionary spending as represented by 'Leisure Choices' topped the decisions that had been affected similar to POPS(1). This was followed by 'Having Medical Treatment' and 'Children's Education Plans' which was different from the ranking from POPS(1) where 'Business or Career Plans', 'Retirement Plans' were the second and third most mentioned areas that had been affected by the recession. There was a higher than average response this time in the 21-29 age category, rather than the 30-39 age bracket, and the \$5000-\$7999 bracket rather than the lowest household income group of the first survey.

14. A greater proportion of those in their 20s indicated they had adjusted plans relating to business or career plans, training, staying in Singapore, having children and marriage, whereas in POPS(1), the key change related to marriage plans. A higher than average proportion of those in their 40s indicated they had adjusted plans for children's education, like in POPS(1), and retirement. Those in their 50s were most likely among the groups to indicate changing plans for medical treatment similar to the first study. What was intriguing was that there were 165 respondents who indicated that they were reviewing whether to leave or stay in Singapore. Of these, 148 were citizens with 59 which is 40% of this group or under 3% of the whole sample that said they were either 'forced to leave' or 'more likely to leave'. There was a small group of 17 permanent residents of which 9, that is 50% of this group, and a negligible section of the whole sample said they were either 'forced to leave' or 'more likely to leave'. More detailed responses to all the changes are available on request.

Coping with Loss of Main Source of Income

In POPS(3), the average length of time respondents could cope decreased to 6.8 months from 8.5 months in POPS(1), but like in POPS(1) the average ability to cope was shortest for those in the 21-29 years and low household income segments.

15. "How long could you cope if you lost your main source of income?" Respondents were asked to indicate the time limit of their resilience. Having endured the downturn and ostensibly, two quarters of recovery, this would be a good indication whether this resilience had eroded.

16. In the larger sample of POPS(3), the average coping time turned out to be 6.8 months, which was lower than the 8.5 months of POPS(1) if they were to lose their main source of income. Those in the youngest age bracket of 21-29 able to cope for the

shortest periods of time among the age categories, at 6 months which was down from 7.6 months in POPS(1). Those in the lowest household income segment in this survey of \$0-\$1999 were able to cope for the shortest time among the income segments, from 5.5 months down from 6.3 months in POPS(1). Again, as in the first survey, it is important to note is that those in the 30-39 bracket would fare only marginally better by coping for only 6.4, down from 7.8 months in POPS(1). This suggests that there may have been some erosion in resilience. There were some in the 21-29 age category and lowest household income segment who had reported that their livelihoods had been negatively affected in the first question of the survey. The slide would be arrested if the recovery has since been felt by these segments. The government has also paid particular attention to uplifting the welfare of low-wage workers and this data suggests that continual effort will be required for this segment of the population.

Sources of Resilience

In POPS(3), an increased proportion of respondents would take a 'survival job' – 39%, with savings and family being important sources of support like in POPS(1). Reliance on the government and welfare agencies remained low.

17. To follow-up, we asked respondents *how* they would cope if they were to lose their main source of income. They had to check off a list of possible sources of help. We wanted to understand the relative importance of personal, social and government resources.

18. Overall, a majority but decreased proportion of respondents indicated that they would rely on savings to cope in POPS(3), at 78% instead of 83% of the sample. This was followed by an increased proportion saying they would rely on the strategy of taking any job regardless of the pay, at 39% up from 31%. A reduced proportion said they would consider starting their own business to cope – 6% from 8% found in POPS(1). Turning to resources beyond the individual, there was no change in the proportion of the sample that indicated that they would also rely on family and friends for help from POPS(1) – 28%.

19. Like in the first survey, more of those in the higher income brackets indicated that they would rely on savings. More than the average proportion of those with household incomes above \$8000 would consider starting their own businesses – 9%. Compared to all other age groups, again it is the younger twenty-somethings who indicated that they would take any other job to cope, with those in the 40-49 age band following closely.

20. Figures for reliance on government and welfare agencies were relatively stable and low, at an average of 8% from 7% in POPS(1) and 3% down from 5% in POPS(1), respectively. It was a slight switch from reliance on welfare agencies to government in

this second survey. The government has targeted its help towards the group of low wage workers and in this survey, the percentage indicating reliance on government was the highest among the neediest at 12%. 4% of this group indicated reliance on welfare agencies, much lower than the 10% in POPS(1).

A Pay-Cut for the Survival Job

On average, respondents said they would need 81.9% of their previous pay in a survival job to cope which was a significant increase from the 58% indicated in POPS(1). Those in the 21-29 age segment and low household income brackets needed a larger percentage of their previous pay in order to cope.

21. To make the question of personal sacrifice and resilience even more pointed, we asked respondents to indicate the greatest pay-cut they could tolerate. Specifically, they were asked what percentage of their previous pay they would accept in their next job if they were to lose their main source of income.

22. The average for the sample was 81.9% of previous pay rather than the more severe 58% of POPS(1). In other words, they could suffer no more than an 18.1% pay-cut to cope rather than the substantial 42% pay-cut of the first survey. Rather than it being the oldest segment that could suffer the lowest average pay-cut in the case of POPS(1), at 37%, it was the 30-39 year old segment that could suffer the least cut in this survey at 16.2% with the 21-29 year old segment at 16.5%. Looking at the household income segments, the average was the lowest for the poorest segment at 16.3% of their previous pay compared to 34% in POPS(1).

Taking Personal Initiative

In POPS(3), a lower proportion of respondents – 77% as compared with 82% - said that people should rely more on personal initiative and sacrifice than to rely on the government to cope with the crisis, with less agreeing from those in the 50+ age segment and the \$0-\$1999 household income segment.

23. As a way to track the values of Singapore residents, we asked respondents to respond to the statement: “In an economic crisis, people should take personal initiative and make sacrifices to cope, rather than rely on government help.” Respondents had to indicate if they strongly disagreed, disagreed, agreed or strongly agreed with the statement.

24. On average, 77% of the respondents agreed with the statement compared to the higher 82% in POPS(1), in other words, one in four respondents disagreed with it and believed that government should do more. The differences in agreement were not large at all among the age segments with the lowest level of agreement among those in the 50+ age segment at 75%. The differences were larger across the household income

segments – from 82% agreeing that personal initiative and sacrifice was more important among those at the highest level, to 70% agreeing among those in the lowest level. The pattern was similar to POPS(1) except that there was a decrease of a few points among these seniors and the poor.

25. To summarise the findings in the last three sections focused on resilience: first, the length of time that respondents could cope with job loss was shorter; second, on average, the pay-cut acceptable had reduced significantly; third, there was an increase in those indicating they were prepared to take the survival job; and fourth, there were also fewer who agreed that personal initiative and sacrifices should precede government action in coping with the downturn. We noted that those in the 40s suffered the heaviest impact to livelihood compared to the other groups, but this was also the segment where the willingness to take a survival job was the highest. The overall picture would suggest that the resilience of Singaporeans had been weathered down by the recession by December 2009, with those in their 40s who were particularly badly hit prepared to take the survival job, but clearly had some limits as to how large a pay-cut they could cope with. Those in the lowest segments by household income were also badly hit and this was not unanticipated, and would tend to feel that the government should do more to help people cope. In the next section, we examine respondents' assessment of government measures introduced to help people cope with the recession.

Government Measures of Most Benefit

In POPS(3), rebates on taxes and government charges, on daily necessities and transportation as well as regulation on cost of living and prices of goods were considered important in helping people cope with the recession. There was an increase in the proportion of those who thought government measures were not important at all.

26. Respondents were asked to indicate which government measures best helped them cope, if at all, with the crisis. They were given a list of eight broad measures, where the three new ones compared to the POPS(1) list of five were 'Rebates on daily necessities/transportation', 'Regulates costs/prices of goods', and 'Education subsidies'.

27. Across all age groups, the rebates on taxes and government charges and direct financial assistance were considered most important of the measures with 22% indicating this. 12% identified that rebates on daily necessities were important and likewise, 12% indicated that efforts to keep prices of goods low were important. 19%, up from 5% felt that no government measures were important in helping citizens cope.

28. Rebates on government charges were most important for those in the 40-49 age group as well as those in the \$2000-\$4999 segment. Like in POPS(1), job training was most popular among the youngest segment, the largest proportions of those who said

that none of the measures were useful was found among the 30-39 year olds, and the 50+ age group. Surprisingly, the rebates on daily necessities and efforts to regulate the costs of goods were most important to those in the \$5000-\$7999 household income group. Financial assistance was most important for the poorest, rebates of government taxes for those in the \$2000-\$4999 segment as mentioned above, and the largest proportion of those who said that none of the measures were important was found among the \$8000 and above segment. Almost a fifth among the eldest and the most well-off did not feel any impact from the government measures.

Overall Impact of Government Measures

A slightly reduced 31% of respondents in POPS(3) compared to 33% in POPS(1) said they were 'better off' personally, but an increased 57% compared with 52% in POPS(1) said the country 'better off' with the government measures, with more in the 21-29 age segment saying they made 'no difference'.

29. We wished to know if respondents felt that they were 'better off' or 'worse off' by the government measures introduced to help Singapore residents cope with the crisis.

30. 31% of the sample said that they were 'better off' while 64% said that the measures had no impact on them personally. This was slightly lower than the 33% who had said they were 'better off' in POPS(1). A higher than average proportion of those in the 30-39 age group said they were better off in contrast to POPS(1) where it was those in the 50+ age segment that were more likely to say they were 'better off'. Again, We note that a much larger than average proportion of respondents in the 21-29 age segment said that they were 'no different', like in the first survey. In line with the responses to the previous question, the largest proportion of those who said they were 'no different' were in the \$8000 and above income segment.

31. However, when the question of whether Singapore as a country benefitted from the government measures was posed, the proportion of those who said the country was 'better off' increased to 57% which was also higher than the response in POPS(1) at 52%. Singapore had experience an early rebound and this may account for such a response. There were more in the 30-39 age range who said the country was better off and there was a significantly large proportion of those in the \$8000 and above household income group that said the country was better off.

Foreigners in Singapore

A slight decrease to 67% of respondents in POPS(3) from 70% in POPS(1) said they were at a personal level, 'no different' with having foreigners in Singapore and a stable 26% said they were 'worse off'. An increase of 39% of respondents in POPS(3) from 34% in POPS(1) felt that the country was 'better off' with foreigners around, with 22% saying it was 'worse off'.

32. Respondents were asked if the presence of foreigners working in Singapore affected them personally, and the country's economic prospects. The government has tried to emphasise how foreigners at all ends of the labour market were important in sustaining economic competitiveness as well as ensuring that there was enough manpower to perform jobs in Singapore.

33. At the personal level, a slightly lower proportion of 67% respondents compared to the 70% in POPS(1) said that they were 'no different' while the same level of 26% said they were 'worse off' personally. Like POPS(1), the largest proportion of those who felt 'worse off' personally was found among the 21-29 year olds at 31%, a slight decrease from the 32% in POPS(1). The largest proportion who felt 'worse off' among the income segments were those who were at the poorest end of the spectrum at 33%. Yet the highest proportions of those who said they were 'better off' were found in the 21-39 segment at 9%, and the highest income segment also at 9%.

34. When taking the national perspective, there was a larger proportion of the sample that agreed that the country was 'better off' with foreigners in the country – 39% said this. It was also an increase from the 34% who recognised foreigners positive contribution to the country's economic prospects in POPS(1). As in the case when taking the personal perspective, the highest proportion of those saying the country was 'better off' was found among 21-39 year olds, and those in the \$8000 and above household income segment.

35. This meant that there were respondents who felt that the country benefitted from government programmes and also the presence of foreigners even if they did not feel they would benefit personally from these.

Cluster Analysis

36. Like in POPS(1), respondents were classified on a range of key resilience dimensions using a statistical technique called cluster analysis. The idea was to categorise individuals on the premise of certain proximal characteristics that would be indicators of resilience. Four clusters were identified in POPS(1) which meant that there were roughly four types of people who responded differently enough from each other to the recession. Once again, the statistical analysis was conducted but this time, the system suggested there were only three clusters, or types of responses in the POPS(3) respondents.

37. Specifically, the following variables were used as the classifying dimensions. They were selected because they each represented a different facet of resilience, with

availability of resources being represented by household income, and the adaptability question represented by the other three variables (see below):

1. Household Income
2. Impact on Livelihood
3. Impact on Life Choices
4. Coping with Loss of Main Source of Income.

We report what their behaviour in coping with economic conditions might have been and their profiles where there was disproportionate representation of a group vis-à-vis the distribution of the sample.

38. There were resonances of three clusters from POPS(1) found in the POPS(3) data – the Resourced, the Resourceful and the Pinched. Given that not only was POPS(3) conducted in December 2009 well after the onset of the recession but also that the economy had rebounded, it was almost intuitive that the four cluster would not emerge in the data for POPS(3), that of the Unprepared. This was previously a cluster of people who had some resources but would cope the worst of all the clusters should they face job loss. More in the POPS(3) sample took on the character of The Resourced, where resilience had improved. More took on the character of The Resourceful as well who unfortunately being among the poorest in the sample saw their general sense of resilience get eroded away through the months. A reduced proportion took on the character of The Pinched, which was now slightly better-off and could cope better in the event of job-loss. What follows are the profiles of the clusters and a description of how they compare with the POPS(1) clusters.

The Resourced (Blue on Slides)

39. This group comprised 618 respondents or 54.1% of the sample. This was much larger than the similar group at 31% in POPS(1). The group was clustered around people with relatively higher household income levels that had indicated having to make fewer adjustments in terms of life choices and lifestyle and would cope the largest number of months compared to the rest of the sample. They would have been very resilient in riding out the downturn. There was a disproportionate number of people in this cluster with these demographic profiles: singles, those in their 20s and 30s, people with at least junior college education, and people living in 5 room flats and better. This cluster included a broader group of people in POPS(3) than in POPS(1) where it was disproportionately represented by people with tertiary education and private housing. The age profile had changed where the oldest 50+ age segment were no longer over-represented.

The Resourceful (Orange on Slides)

40. This group comprised 343 respondents or 30% of the sample. This was a larger than 23% of a similar character in POPS(1). This group was clustered around people from relatively poor households, who had suffered relatively heavy impact on their livelihoods but made some adjustments to their lifestyle and would cope less well with

job loss compared with The Resourced in POPS(3), and when the similar group would have coped as well as The Resourced in even to job-loss in POPS(1). There was a disproportionate number of people in this cluster from the following demographic groups: those with no education up to those with secondary school education only, divorced, separated or widowed and living in 1 to 4 room flats. So this group would have seen its resilience eroded through the months of the recession. It was also a larger group than in POPS(1).

The Pinched (Red on Slides)

41. This group of 182 respondents now comprised 15.9% of the sample whereas the group of a similar character in POPS(1) comprised 18%. It was clustered around people whose livelihoods were most severely affected compared to the others and had similarly made or indicated they would make the most significant changes to their lifestyle and life plans compared to the others. This was in spite of being relatively better-off in terms of household income levels than those in The Resourceful cluster. The people in this cluster in POPS(3) however had improved their ability to stave off crisis should they lose their jobs compared to a similar group in POPS(1). Unlike the previous group, we could infer that people of this profile had improved their resilience. There was a disproportionate number of people in this cluster from the following demographic groups: Married respondents, residents of 5 room HDB flats or better, people with vocational diplomas to university degree holders.

Summary and Conclusions on Resilience

Preparedness and Adaptability

42. While the livelihood of more than half of the respondents had not been adversely affected by the crisis, it was those in their 40s now who were more likely than the rest to have been affected by it. Those in The Resourceful cluster unfortunately had seen their ability to cope with job-loss shrink which would suggest that their resilience had weakened over the period between February and December 2009 even though the economy had reached its nadir and rebounded. They were the poorest in the sample. While the government has targeted the poorest in its existing social support programmes as well as job-training schemes, it would be important to ask if more should or could be done to increase their resilience.

Resources

43. When asked how long they could cope with job-loss, the average length of time shortened between POPS(1) and POPS(3) from 8.5 months to 6.8 months. The respondents in the new household income segment at the bottom of the spectrum at \$0-\$1999 could only cope for 5.5 months with 24% of that group indicating no more than a month and 46%, no more than 3 months. The other vulnerable group seemed to be the young – with 12% in their 20s that said that they could cope for up to a month and 37% of the group indicating they could cope for no more than 3 months. More in POPS(3)

would cope through a survival job but again, the pay-cut that could be tolerated was significantly lower than in POPS(1) – 42% to 18.1% of previous pay. 81% of the poorest would need at least 76% of their previous pay to survive, and as large as 82% of the 30-39 year olds would need 76% of their previous pay to survive. These are the bitter limits of how hard and how long our vulnerable would be able to cope with job-loss. It is hoped that the positive effects of the economic rebound will have reached them since POPS(3) was conducted.

Ethic of Self-Reliance And The Value of Government Schemes

44. A reduced proportion of respondents in the POPS(3) sample – 77% as opposed to 82% said that they felt that personal initiative and sacrifice was more important than any government assistance in trying to tide through an economic crisis. It was however consistent with the first survey that the largest proportions found disagreeing with this were in the 50+ age and the low household income segments. We noted also that in terms of government measures, rebates on government charges, daily necessities regulation of costs and financial assistance were the most important to these groups of people for coping with the impact of the downturn. 31% among the 50+ age segment felt that government measures left them better off, among the highest proportions of assent to them. 36% among those in the \$0-\$1999 segment felt likewise, and again, this was also within the highest average level of assent for government schemes.

The Role of Foreign Workers

45. POPS(1) established the benchmark for sentiment towards the contributions of foreigners to the livelihoods of Singapore residents and the country as a whole. In this survey, there was a slight increase from 4% to 7% of respondents in POPS(3) that said they felt they were personally better off as a result of having foreigners in Singapore. The sentiment towards foreigners improved even further when respondents were asked if the country benefited from their contribution to the economy, from 34% to 39% when respondents said Singapore was indeed better off with them, this as the country went through a downturn.

Cluster Analysis

46. The cluster analysis provided key insights on how the people in the key typologies of resilience had coped. A larger proportion of the sample in POPS(3) fell into resilient The Resourced cluster and those in The Pinched category improved upon their level of resilience. Sadly however, a larger proportion also fell in The Resourceful category, which demonstrated the character of adaptability but on the whole, saw its ability to tide through job-loss weaken.

47. If these findings are indicative of the national population, we would say that even while Singapore enjoyed a rebound in the second half of 2009, there were some vulnerable groups of people who must have felt slightly more threatened, but there were

few surprises about who they were – their resilience had been weathered away. The level of optimism about the economic outlook for Singapore decreased with age and income in the survey.

Further Reflections

48. IPS conducted a focus group discussion with representatives of organisations that implement social welfare programmes as well as credit counseling services to needy individuals and families to provide further insights into the findings. Eleven people attended the session.

49. First, it was agreed that there had been discernible improvement in the financial situation even among the needy compared to the time of the first survey – the growth in the number seeking job and welfare assistance had reduced. What had certainly been important were the schemes to save jobs or ensure that people had jobs. It was felt that measures such as the Job Credit Scheme, skills-training and then job placement programmes were critical in preventing massive retrenchment and economic hardship. Such programmes should be better appreciated, as a lot hinged on a job – keeping a roof over one’s head for instance, as this could be paid through CPF contributions. It was also highlighted however that with the economic downturn, work hours may have been cut, overtime pay and other allowances may have been reduced or removed resulting in far less disposable income. As such, those who had downgraded to rental housing in HDB flats would ironically have found it tougher to cope as rents had to be paid in cash.

50. It was noted however that a lot more effort was also needed firstly to rationalise the schemes available to the poor and needy on the ground such that they could be accessed easily, and on their terms – terms they could understand and in ways that they could see would meet their needs. Secondly, following from the first point, communication of these schemes could then be improved upon. Thirdly, with particular regard to skills-training, the greatest challenge to the take-up rate would be to improve the job-placement rates. Together, these could help to address why government schemes were either considered ‘not used’ or ‘not applicable’ to them.

51. It was also highlighted that it was important to re-double efforts at improving the financial literacy especially among the lower income, or lower-middle income households. This was especially as diverse forms of credit were now being made available - \$500 credit cards, hire-purchase schemes, schemes to help people roll-over their debts. Unfortunately, those people facing debt problems do not appreciate the full weight of their burdens till it was too late.

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21 June 2010.