



The bigger-than-usual crowds at MPs' Meet-the-People sessions, like this group turning up to meet Bishan-Toa Payoh GRC MP Josephine Teo, are a reflection of just how much the economic situation is affecting Singaporeans. ST PHOTO: DESMOND WEE

By LI XUEYING
 POLITICAL CORRESPONDENT

IN A cramped room on the second floor of Block 80, Toa Payoh Lorong 7, two small electric fans whirl valiantly, trying to disperse the smell of desperation.

About 30 people sit on plastic chairs, their flesh pressed close. Some watch the Channel 8 cooking show on the mounted television. Others stare into space. All try to avoid meeting the eyes of their neighbours.

More spill over into the corridor outside the room to wait.

They are all here for one thing: to see the MP - in this case, Bishan-Toa Payoh GRC MP Josephine Teo.

There is Madam Marie, a single mother of two, with her eight-year-old daughter in tow.

She is asking for welfare assistance and help in finding a job.

For the last two months, the 38-year-old has been out of work. In October, she began working as a clinic receptionist with a salary of \$980, expecting to be confirmed after three months. But on Dec 12, her contract was not renewed.

Since then, the N-level holder has sent out 22 resumes, to no avail.

"I've never been so stuck in such a situation in my life," she tells Insight, almost in tears. "I need a job very badly. I'm trying to get back on my feet. And I'm so embarrassed to be asking for help!"

Then there is Mr Zeg M. Rashid, 41, who works as a storeman for a home-grown multinational electronics corporation.

He is asking for help in getting his monthly HDB mortgage payment of \$700 deferred.

His wages, which had amounted to \$2,000, have been cut by a whopping 70 per cent as his employer instituted a shorter work week and no-pay leave in December.

Last month, he worked just 10 days. He remains upbeat. "I'm taking some courses in construction because the Government says it is spending on construction projects, right?"

Since the recession struck, people in situations similar to those of Madam Marie and Mr Zeg have gathered in the room, which has become more crowded.

Mrs Teo estimates that the number of cases she is seeing at her weekly Meet-the-People sessions has spiked by 10 to 15 per cent.

It is a trend mirrored across the island. Insight sent e-mail messages to all 84 elected MPs, from both the ruling People's Action Party and the opposition, to ask how the recession has thus far affected their residents.

This yielded interviews with 10 MPs from various constituencies. The picture is a sobering one: The recession has clearly started biting.

The picture on the ground

OF THE 10 MPs interviewed, nine have seen a discernible rise in the number of residents going to them for help since October or November last year.

The increase ranges from 10 per cent to 30 per cent.

In an indication that the downturn has been brutally democratic in inflicting its pain, there is no pattern to the profile of the constituencies affected.

The highest spike of 30 per cent is seen in Mr Zainul Abidin Rasheed's ward in Eunos where 60 per cent live in four-room or smaller flats, and Dr Lim Wee Kiak's ward in Canberra where 90 per cent live in four- or five-room flats.

The constituencies that saw a 20 per cent increase are: Mr Seah Kian Peng's more middle-class Braddell Heights ward where one-third are private property dwellers, Ms Denise Phua's low-income Kampong Glam ward where 78 per cent live in three-room or smaller flats, and Mr Teo Ser Luck's lower-middle income Punggol South ward.

Slightly lower, at 10 to 15 per cent, are Mrs Teo's Toa Payoh East, Dr Ahmad

WELCOME TO TOUGH TIMES

The bad news just keeps coming: 16,000 people lost their jobs last year, gross domestic product is expected to shrink by 5 per cent this year and retrenchments could exceed the 30,000 record high in 1998. Insight looks beyond the dry statistics for the stories of Singaporeans on the ground, and examines the impact of the recession on the larger society.



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Magad's Pasir Ris East, Dr Teo Ho Pin's Bukit Panjang and Mr Lim Biow Chuan's Mountbatten.

What is unanimous among all the MPs: The view that the worst is yet to come.

Most anticipate that the pain will hit Singaporeans hardest in the second and third quarters of this year.

For now, says Mr Lim, "I don't think the impact of the recession has been fully felt yet".

"I think the impact will hit harder a few months later when the overseas sales orders dry up, or when overseas customers do not pay," he says. "If companies see that their order books for next year are empty, they will have to think about retrenching staff to cut costs."

Adds Dr Ahmad: "When this happens, it is a no-brainer to figure out that more people will lose their jobs, notwithstanding the Jobs Credit scheme or the Spur programme, which clearly have their limits even though they are unprecedented and well-conceived."

Announced during the Budget statement last month, the Jobs Credit scheme

gives employers a cash grant to lower the cost of hiring local workers.

Meanwhile, Spur - the Skills Programme for Upgrading and Resilience - encourages firms to send their workers for skills upgrading.

The people affected

TO DATE, three distinct groups of people have emerged as casualties.

The first group: the chronically jobless, the elderly and contract workers who earn under \$1,000 a month. They, note the MPs, are still reeling from last year's record inflation.

The second group: those with lower-middle income, who run the gamut from administrative clerks to technicians, earning between \$1,000 and \$2,500 a month.

These two groups, say some MPs, are the ones most affected.

Says Dr Ahmad: "Many already have difficulties making ends meet. The disappearance of overtime opportunities, lower or no bonuses, and pay freeze or cut

are factors that have affected their family economics."

In addition, an older, less educated person will find it more difficult to find new work simply "because he finds it harder to adjust to the ever changing world and to keep up with technology", says Mr Lim Biow Chuan.

Dr Teo Ho Pin anticipates, in particular, that those on contract work or ad hoc work arrangements will be hardest hit. A case in point is taxi driver Ibrahim S., who - with much embarrassment - went to his MP, Mr Zainul, for help for the first time in his 10 years of making a livelihood from coasting the roads.

Mr Ibrahim, 49, tells Insight that the recession means that far fewer passengers are hopping into his cab.

Today, his daily collection amounts to between \$70 and \$120 - down from \$170 or so. After deducting the cab rental and fuel costs, his monthly take-home pay is just shy of \$1,000 - down from about \$2,000.

Says the father of two: "I used to have tuition for both my kids, but we now cannot afford it for my elder one in Secondary 2. So we cancelled it."

"My younger one is doing his PSLE this year, so that one, we must continue."

With his wife earning just \$4 an hour as a part-time packer, Mr Ibrahim got some cash from the Com-Care Fund to tide him over. Meanwhile, Mr Zainul is helping him source for a job.

Says Mr Ibrahim: "If I can find a job as a driver, with \$1,500, I will quit my taxi."

The third group are the white-collar PMETs - professionals, managers, executives and technicians.

Some have suffered heavy wage cuts, as a substantial part of their salaries is variable. Others found themselves retrenched.

On the investment and property fronts, they are hurting as well.

For this group, armed with at least a diploma if not a degree and usually in high demand in the workforce, the psychological shock is much higher, say some MPs.

Says Mr Seah: "In a sense, the very poor and needy are relatively less affected than those who are in the sandwich class, the PMETs."

He explains why: PMETs generally have a high level of financial commitments. In short, liabilities.

Against such a backdrop, the loss of personal wealth, and worse still, the loss of one income within what used to be a dual-income household is "a scary and worrisome feeling", he says.

Indeed, PMETs form an unusually large one-third of the increase in cases that Dr Lim Wee Kiak is handling.

In good times, he gets one PMET case in six months. In the last two weeks, he has seen three.

Instead of seeing him at his Meet-the-People sessions, they tend to e-mail him directly, he observes.

"A lot of them were in managerial or supervisory positions in MNCs which have shut down or downsized," he says.

Many ask for explanations on how Spur works as they are "confused because there are so many agencies", he says.

On the upside, this group has "some buffer" because of the retrenchment benefits they receive.

Mr Teo Ser Luck is also worried about the trickle-down effects from this group, many of whom stay in four- or five-room flats. "My fear is that they may end up competing with the lower-income for the lower-end jobs."

Even then, they may not succeed in snaring those jobs.

Graduate Lydia Ong has sent out "a

few hundred resumes" since the third quarter of last year, when she knew that the logistics company she worked for was downsizing. Her last day at work was a week ago.

Some of the resumes went to companies offering jobs paying just \$1,800, says the 26-year-old, who was drawing \$2,600 as an operations and sales executive. Her degree is in hospitality and tourism.

The reply from those companies: She is "over-qualified". From other companies, she has had no response.

"I feel a bit lost," says Ms Ong, adding that she never expected life to throw such a "curve ball" at her.

"Experience-wise, I have a lot for my age. Yet together with my degree cert, it's still not enough!"

From two incomes, her family is learning to live on one - her cost control executive husband's salary of \$4,000.

They have two children - aged three years old and nine months old respectively - and mortgages for a flat and car to pay off.

Impact on income gap

ONE outcome of the current recession is that the income gap, which had been widening steadily since 1997 except for last year, is likely to narrow, say economists and MPs.

This would be a change from the 1998 to 2003 period, when

Singapore suffered from first the Asian financial crisis, and then the ramifications of the 9/11 attacks and Sars.

Then, while the top 20 per cent saw their income grow by 2.2 per cent per annum, the bottom 20 per cent's income fell by 3.3 per cent.

Not so in this recession, at least for employed households, predicts Dr Hui Weng Tat of the Lee Kuan Yew School of Public Policy.

"This time, the majority of high-income categories would be affected," he says. "Those in the top 20 per cent bracket will see a significant reduction in their income - due to bonus cuts, and declining wealth, especially those with lots of investments and equities."

So while the low-income are earning less, the drop in income among the high-income will be even more severe, explains Professor Chew Soon Beng of the Nanyang Technological University.

At the same time, those in the bottom rung are receiving government assistance, such as enhanced Workfare Income supplements, note those interviewed.

They add however that when comparing all households, including unemployed ones, the income gap could still widen.

"If more of the low-skilled lose their jobs, which means that their income shrinks to zero, then the gap widens. So it's a question mark," says Dr Hui.

Dr Lim Wee Kiak also cautions that when the upper rung is affected, there is a trickle-down effect on the lower rungs, "because they cut back on services which the bottom depend on", whether it's the coffee shop assistant or the taxi driver.

In any case, given that the low-income are already living close to the bone and have no fat to trim, the narrowing income gap is of "no comfort to the poor", says Prof Chew.

With the Government having pledged that it will help these in need, it is now up to the grassroots and social institutions, as well as individuals, to identify people in need and make sure help gets to them before their situation gets really dire, says Dr Ahmad.

He stresses: "The emergence of an un-

derclass is what we must prevent at all costs."

Indeed, Singapore Management University law lecturer Eugene Tan warns: "Class politics inevitably weakens social cohesion. The socio-economic system would be implicated and regarded as one in which the odds are stacked against the lower class."

Impact on social cohesion

ONE question is whether Singapore society will crumble under the pressure of the downturn, or if it will hold strong together.

It was an issue that Minister Mentor Lee Kuan Yew alluded to, when he said at his constituency's Chinese New Year dinner last Friday: "This year will test the mettle, the strength of character, of Singaporeans."

One concern, raised by Tampines GRC MP Irene Ng, is whether the downturn could give rise to communal tensions.

NUS sociologist Syed Farid Alatas, however, thinks not - "unless there is a perception of ethnic discrimination".

This is unlikely to arise as all the self-help agencies here are very mindful of the need to extend help to all who need it, regardless of race.

Another fissure that may come under pressure is the "us versus them" divide between Singaporeans and foreigners.

Nominated MP Gautam Banerjee warned in Parliament last week against what he called "dangerous and disingenuous political rhetoric" - including from MPs - for foreign workers to be retrenched ahead of Singaporean workers.

The tendency to be "nationalistic and protectionist" is to be expected in recessionary times, says Mr Tan, warning: "The tendency to scapegoat 'the others' for our woes must be avoided."

Ultimately, whether Singapore pulls through the recession with its social fabric intact will depend on whether it has a strong sense of togetherness and shared aspirations.

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E-mail, SMS your views

WHICH groups of Singaporeans are most affected by the recession? What is the impact on the income gap and social cohesion? How well will Singapore society pull through?

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