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2009

### A Rising Tide Lifts No Sunken Boat

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#### Citation

Ng, Irene and Rothwell, David. A Rising Tide Lifts No Sunken Boat. (2009). *Social Space*. 92-98.  
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# A Rising Tide Lifts **NO SUNKEN BOAT**

In these times of an economic downturn, several stressors impact more stiffly on vulnerable groups in Singapore. Irene Ng and David Rothwell point out these stressors at multiple levels and suggest ways social policy can continue to respond.



The current economic realities are introducing a wide range of new demands and economic pressures into the family system that will challenge the unit's ability to adapt.

'A rising tide lifts all boats'. Often attributed to John F. Kennedy, this quote is used to describe how macroeconomic growth will benefit all groups along the income distribution. In fact, it is axiomatic to many policymakers that economic growth is sufficient to reduce poverty. But in our opinion, this assumption does not hold for boats that are sunken and unexposed during high tides.

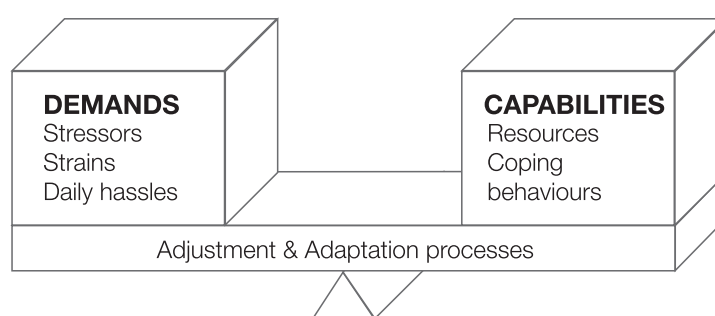
The economic tide is low now, in Singapore and worldwide. It has revealed a previously hidden class and exposed some filthy dregs that have pulled the vulnerable down – greedy and criminal acts of financial executives as well as lax government regulation. The resulting economic crisis has prompted not just the slashing of salaries in the financial sector, but has also cut jobs of poor factory workers from Siem Reap to Sao Paulo.

This article presents the possible vulnerabilities of a 'sunken class', defined as families with low-wage and low-skilled earners. We describe why these families are vulnerable based on a model of family stress and response. We also highlight economic stressors that are experienced by Singaporean families during downturns and review those that persist after the tide lifts. More importantly, four vulnerable groups – characterised by marginal status in family, residence and life course – whose needs are going unmet will be identified. We will conclude by highlighting gaps in the responses of social policy and social services to the non-profit community.

### Economic Hardship and Family Stress

The Family Adjustment and Adaptation Response (FAAR) model illustrates how general stresses affect the family system. Family functioning is at optimal performance when there is equilibrium or balance between demands and capabilities (see Figure 1).<sup>1</sup> However, stressors are introduced to the family system throughout the life course (we focus here on economic stressors). When demands outweigh capabilities over a sustained period of time, a crisis occurs. Families then go through a process of adaptation to restore balance between capabilities and demands.<sup>2</sup>

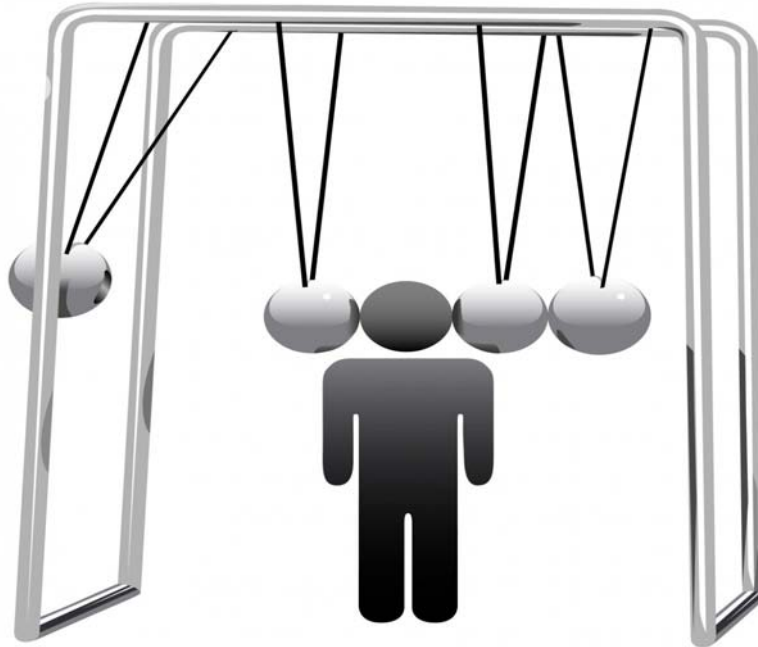
**Figure 1. The Family Adjustment and Adaptation Response Model (FAAR)**  
*Note: Simplified from Patterson, J.M, 1988*



The current economic realities are introducing a wide range of new demands and economic pressures into the family system that will challenge the unit's ability to adapt. In modern capitalist economies, unemployment becomes a crucial source of economic hardship introduced to the family system. With the loss of employment comes a host of psychosocial consequences, in addition to the obvious economic ramifications. A job loss, with accompanying loss of status might involve some form of reduced self-esteem.<sup>3</sup> More severe consequences include anxiety, depression, reduced social competency and social isolation.<sup>4-5</sup>

Demands on a family's ability to manage stress often occur in compounding fashion, where one demand leads to another, and so on. Some refer to this as a 'pile-up' of family demands.<sup>6</sup> It will not be uncommon for economic stresses to pile up in the current economic crisis. For example, one parent may be laid off while another is forced to take a pay reduction. Furthermore, an economic stress may combine with other psychological or social stresses. The recent H1N1 flu pandemic is an extreme example of how multiple stressors can have devastating impacts on families, communities and even nations.

Economic stress affects not only the stessee, but also spills over from the stessee to other members of the family unit, both directly and indirectly. In a direct manner, retrenchment would mean a reduction



of resources for the families. Indirectly, economic hardships affect other members of the family through the interactions and relationships with the stressees. Partners of the stressees may experience heightened conflict and reduced relationship satisfaction. Children may experience reduced quality of parenting that was indirectly caused by the economic stressor.

#### **Economic Stressors on Low-income Families**

Recessions likely affect wage earners across the whole income distribution. However, for the current recession, there are indications that those in the bottom of the distribution are exposed to a higher risk for family crisis. In a survey of 817 Singaporeans by the Institute of Policy Studies (IPS) in February 2009<sup>7</sup>, it found that families with household incomes of S\$2,500 and below were most affected by the recession. Specifically, a higher proportion of this low-income group (compared to those earning above S\$2,500) had reduced savings, income and employment. Respondents in this income group were also more likely to report making adjustments to basic life choices, with the biggest differences being made in children's educational plans, medical treatment, retirement plans as well as personal education or training plans. To get by, a higher proportion of those in this income segment were relying on help from family and friends, the government and welfare agencies.

Similarly, a survey conducted by M. L. Noor of the National University of Singapore<sup>8</sup> found that low-income individuals were more affected by the

recession. He compared 43 individuals with household incomes of S\$2,000 and below as well as 44 individuals with household incomes above S\$2,000. Controlling demographic factors, the low-income group was significantly more worried over present-oriented issues, in particular loss of savings, insufficient money for food and insufficient money for medical needs. Those with low-incomes were also significantly more likely to cope with 'non-income generating strategies' such as bargaining, cutting down on spending, getting government aid and borrowing from relatives and friends.

The findings from both surveys suggest economic strain and adaptations that are being made by low-income families. In a country where self-reliance is a tightly held value, one can imagine the mental stress and esteem struggles that these households on the margins must face in reaching out for aid from friends and organisations. In the IPS survey, the majority of respondents (82%), regardless of income group, agreed that they should rely more on personal initiative than government aid in order to cope. However, there is a dissonance between ideals and reality when a family is struggling to make ends meet.

#### **Vulnerable Groups**

As the massive challenges faced by low-income families are increasingly being recognised, efforts have been made to identify the vulnerable groups. In 2007, the Ministry of Community Development, Youth and Sports (MCYS) formed the Inter-Ministry Committee

on Dysfunctional Families (IMC-DF) to study and recommend help for dysfunctional families, which were defined as families 'who experienced multiple or severe problems that adversely affect the general well-being of the family'. Often, multiple problems include economic hardships. Indeed, it is dysfunctional families that will undergo greater stress during this economic crisis.<sup>9</sup>

We offer below four types of marginal statuses that might interact with economic hardship, producing a pile-up of stressors. As families adapt to the stressors, they will increase the demands on Singapore's social services.

### 1. Marginal Family Status

One-parent families experience more vulnerability than the traditional two-parent family. A reduced quantity of resources to manage demands is one reason for this vulnerability. Simply put, the average single parent has half the psychological, social and economic resources compared to the average two-parent family. Many single parents might establish non-marital relationships with partners that can contribute greatly to the adaptation processes. However, these informal partners may be less likely to persevere during tough times due to the absence of legal and social pressures. Additionally, grandparents and other relatives often provide substantial economic and human resources to facilitate the coping process. These groups, nevertheless, are often predisposed to their own economic hardships (see, for example, marginal position in life course).

### 2. Marginal Health

Individuals with mental health disorders and persistent but less serious physical limitations may find it difficult to cope daily. Defined broadly, mental health problems could include purely mental disorders such as depression and anxiety, and behavioural problems such as attention deficit and substance abuse. These problems are often undiagnosed, even though they have detrimental influences in terms of daily

functioning. Similarly, those with physical limitations have difficulties working long hours and in manual tasks, but are unable to secure medical certificates required for legitimate absence from work. Whether due to personal health difficulties or having to care for a family member with health problems, frequent absence and reduced functioning at work increases susceptibility to job loss.

### 3. Marginal Resident Status

Low-income foreigners residing in Singapore are more vulnerable to recessionary risks. They are not eligible for the policy measures rolled out to help Singaporean families, yet their foreign status might wipe out their source of living here. During recessions, policies tend to become more protectionistic, and indeed, a few members of parliament have requested a tightening of foreign worker policies.<sup>10</sup>

We can think in terms of two groups of low-skilled foreigners. The first group comprises families where only one parent is Singaporean. Low-skilled spouses are often not eligible for work permits or government financial aid, creating additional hardship when the job of the Singaporean spouse is at risk. The second group comprises foreign labourers such as construction workers and domestic maids. A recent 2009 BBC report<sup>11</sup> showed that many foreign workers, who come to Singapore have unpaid debts in their home countries due to the fees that they needed to pay to obtain the job and the work permit here. A job loss in Singapore means that the flow of remittance will come to an end, which will have consequences on the family as described by the FAAR model. Returning home to the accumulation of unpaid debts will introduce severe stress to the family unit. While these stressors may not affect Singapore citizens, they are extremely important to family and social well-being in ASEAN countries.

### 4. Marginal Position in the Life Course

From a life-course perspective, two groups are particularly vulnerable to stress brought upon by

In a country where self-reliance is a tightly held value, one can imagine the mental stress and esteem struggles that these households on the margins must face in reaching out for aid from friends and organisations.

Globalisation and skill-biased economic growth have increased competition in a manner that has put a premium on high-skill wages and depressed low-skill wages.



economic hardship. First, the retired elderly are largely vulnerable due to their propensity to develop health-related problems. The risk for medical crisis of the elderly compounds the economic stress for their working children, who will have fewer resources (time and financial) to balance the demands brought about by any stressors to their parents.

Second, we are concerned about children because they depend on adults to care for their basic needs. Furthermore, any disadvantage in the existing family unit has implications on children when they grow up. Empirical evidence has validated that the socioeconomic status of a family affects children and adolescents' well-being via the actions of parents.<sup>12</sup> Economic stress may compromise parenting practices<sup>13</sup> or lead families to forgo investment in human capital and other resources that have been shown to promote positive child emotional, behavioural, cognitive and physical well-being.<sup>14</sup> The Institute of Policy Studies (IPS) findings on life choices suggest that low-income Singaporean parents might be making cutbacks in such investments for their children.

Often, families find themselves experiencing a multiplicity of the above stressors. Extending the family to include multiple generations increases the number and complexity of possible stressors. A divorced sibling might move back into the family home of ageing parents with illnesses, while the spouse of another sibling might have lost his or her job. There might be a special needs child in the family. The family might have pooled resources to hire a maid to care for

the elderly parents and special needs child, but given the social and economic stressors, the family might decide to send their foreign maid back to her country. Working with families experiencing multiple stressors will require very skilful intervention and multi-agency collaborative efforts.

#### **As the Tide Rises: Inequality on the Horizon?**

While this paper examines the present recession and the near-term consequences towards low-income families; research on earnings growth, earnings distribution and mobility portend a more economically unequal future for Singapore. Globalisation and skill-biased economic growth have increased competition in a manner that has put a premium on high-skill wages and depressed low-skill wages. The income numbers in Singapore speak for themselves. Median real wages in Singapore have been stagnant since 1998, despite strong economic growth.<sup>15</sup> In addition, Singaporean wages have grown more unequal.<sup>16</sup> The income divide has been identified as a long-term concern. Member of Parliament Halimah Yaacob has opined that 'the government would have to keep a close watch on the income divide to ensure it does not become a source of divisiveness'.<sup>17</sup>

Wage stagnation and increasing wage inequality signal that economic mobility may be less common, a trend that threatens Singapore's venerated notion of meritocracy. Intergenerational economic mobility – the extent to which children's economic outcomes depends on parents' economic status – is relatively low in Singapore. It is lower than most developed

economies and similar to the US and UK<sup>18-19</sup> – two economies where concerns have been expressed over its low intergenerational mobility.

We share a concern that the relative earnings gap between the rich and poor is widening and that those who are born affluent are more likely to remain affluent, while those who are poor as children are more likely to remain poor later in life. These trends may generate a class divide that have serious implications beyond the economic realm – social consequences, including but not limited to, national cohesion, political participation and community networks.

### Social Policy Response

Singapore's robust social safety net remains intact and effective during these economic challenges. Workfare was recently introduced as an additional source of the safety net. Initially started as a temporary bonus, the Workfare Income Supplement (WIS) has become a permanent income supplement for low-income earners above 35 years old. Several programmes for low-income households (eg. Work Support and ComCare Grow) were also introduced through the ComCare Fund. While the former programme provides financial, job placement, as well as other assistance for families that struggle to sustain livelihoods, the latter helps needy families meet their children's education and welfare needs.

Singapore's Many Helping Hands approach has responded in typical swift fashion. A constellation of measures has been taken. For example, (a) the

Housing Development Board has increased the Additional Housing Grant and relaxed rules to include more low and middle-income families<sup>20</sup>; (b) non-profit organisations such as the Chinese Development Assistance Council (CDAC) have introduced new programmes and increased funding for existing ones<sup>21</sup>; and (c) the MCYS leadership vowed to extend more help to dysfunctional families plagued by multiple and chronic problems.<sup>22</sup>

Such proactive efforts in these challenging times should be lauded. Few other nations have been able to mount such a coordinated, efficient and timely response. However, gaps remain. We feel that more resources continue to be disproportionately channelled towards remaining competitive, saving companies and saving jobs. Even social policy schemes are contingent upon employment. Work requirements are explicitly tied to the WIS and Workfare schemes. However, heavy reliance on social protection through the economic market is limited in at least two ways. First, workfare as a redistribution tool loses its utility when employment opportunities are scarce. Expecting the unemployed or underemployed to find adequate paying jobs in a shrinking economy or sector may be unrealistic.

Second, an economically-oriented development model reflects a value orientation that prioritises economic gain and global competitiveness over social well-being. However, in the current globalised economy, Singapore's remarkable economic growth has inadequately addressed and in fact, indirectly produced the social challenges that we have highlighted



– widening inequality, immobility, and more complex family stresses. Other social repercussions should be of concern as well. Social protection through the market relies on individualistic and competitive aspirations. Such individualism erodes communal spirit and social cohesion. It discourages those who are falling behind despite their best efforts. The current recession draws greater attention to these social needs and presents an opportune time for Singaporean society to embrace a more socially-conscious development.

### Conclusion

We have outlined in this paper that families are facing and will continue to face economic hardships that compound other stressors in their lives. The current economic climate is very different from Kennedy's time. It is becoming more and more unlikely that a rising tide will lift all boats. Some sunken boats will only be covered out of sight when the tide rises. According to Gene Sperling, Bill Clinton's former economic advisor, 'in the absence of appropriate policies, the rising tide will lift some boats, but others will run aground'.<sup>23</sup>

Throughout this article, we have also identified the stressors for the different vulnerable groups in Singapore and highlighted a gap in policy paradigm for trying times like these. This low tide is an opportune time to rethink how best to help those who are sinking. ❖



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**David Rothwell** is a postdoctoral fellow in the Department of Social Work at the National University of Singapore (NUS). He teaches Human and Social Development and his research focuses on asset ownership, economic mobility, and Individual Development Account (IDA) programme participation among indigenous Native Hawaiians (in Hawaii).

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#### Acknowledgements:

We thank Gillian Koh and Leong Chan Hoong from the Institute of Policy Studies for answering our queries on the IPS resilience study.