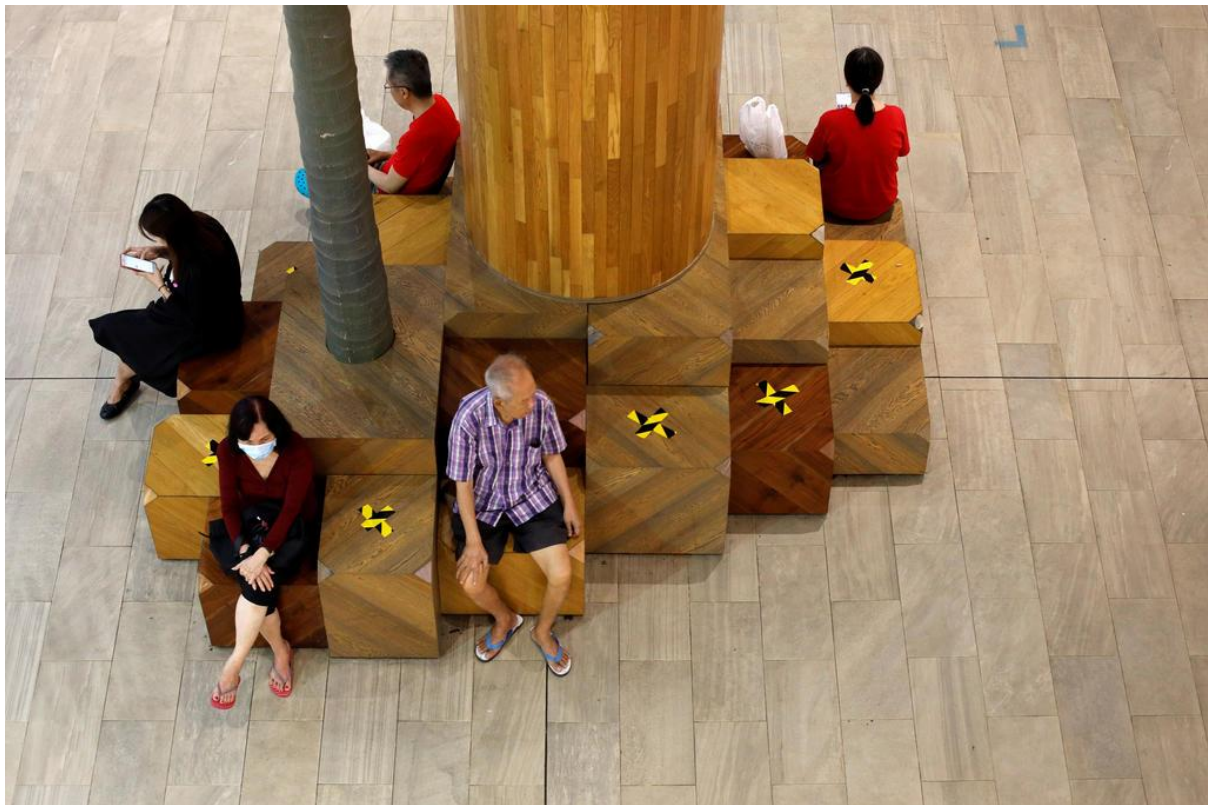


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Date: 31 March 2020

Headline: What the Resilience Budget can and cannot do in helping Singapore tackle Covid-19

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The raging Covid-19 global pandemic is not only a public health crisis but also an economic emergency and a test of society's cohesion.

On the health and economic front, things will get worse before becoming better.

One immediate economic challenge amid the supply and demand shock is to prevent the imminent recession from becoming a depression.

The Resilience Budget unveiled by Deputy Prime Minister Heng Swee Keat on Thursday (March 26) is a timely shot in the arm.

It will not inoculate Singapore from a downturn but it can cushion society from the crushing weight of an economic free fall.

While the Government's massive support is necessary, the Budget alone is certainly not sufficient to tackle the vagaries of the virus-induced uncertainty, fear and trauma.

Overcoming this crisis will require exemplary leadership across all manner of institutions whether government, business, social, and non-profit, and the individual actions of each of us.

The Resilience Budget has three broad objectives.

First, to save jobs, support workers and protect livelihoods.

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This is laudable. If more workers lose jobs and job-market entrants lack employment opportunities, household incomes will fall and when consumption declines, more businesses will let go of workers.

This will lead to a vicious cycle of weak or negative growth, low employment, depressed corporate valuations, and high debt.

Thus, the bolder and aggressive moves in the Resilience Budget to save jobs are needed lifelines: Whether in helping employees remain employed, or providing the self-employed and lower-income workers with basic financial security, or generating opportunities for job-seekers.

Secondly, by helping businesses tackle immediate concerns of cash flow, cost, and credit, the Resilience Budget also seeks to give businesses a boost.

Liquidity issues should not degenerate into solvency ones. Otherwise, economic recovery will be slowed down.

But in drawing from public coffers, the Government must ensure that the Budget's broad-based support is well-targeted and the benefits that businesses receive are promptly passed on to secure jobs rather than to benefit management or shareholders.

In return for benefitting from public funds, businesses must play their part in uplifting society.

Beyond the public health and economic impact of Covid-19, what is perhaps less on the radar is how the pandemic can also upend politics and society.

Given how some countries have fallen short in managing the pandemic, it is not inconceivable that ruling elites in these countries could be turfed out of office. Trust and confidence within societies are being severely tested, if not undermined.

Hence, the third objective of the Resilience Budget is to foster social, psychological, and economic resilience.

These include investing in long-term capabilities for growth such as training, research and development, food security, and resilient supplies of other essential items.

This goal is the least costly of the three but no less important. The Ministerial Statement by Mr Heng last Thursday could have elaborated on what more can be done to boost our non-economic response so that we come out resiliently from this near-existential crisis.

LESSONS FOR SINGAPOREANS

The pandemic presents a collective action challenge. What can societies do in the aftermath of the pandemic to rebuild and nurse economies and societies back to health?

There are some valuable learning points for Singaporeans.

First, economic disruptions have an amplified ripple effect in a globalised, networked world. But Singapore cannot turn our backs on globalisation because being open to the world is our lifeblood. Instead, if the country seeks to reap the benefits, it also has to mitigate the downsides.

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Land scarcity means that Singapore will not be self-sufficient in food, water and other basic needs. We have to soldier on to enhance our ability to be as secure as possible amid supply chain disruptions.

The Resilience Budget requires a S\$17 billion draw of Singapore's past reserves. Prime Minister Lee Hsien Loong has promised further use of the past reserves if the situation warrants it. The Government will work with President Halimah Yacob to ensure we are adequately resourced in the crisis, which Mr Lee said could take several years to run its course.

In these unprecedented times, the budget deficit will grow but so long as the massive spendings are channelled to where they are needed, they are social investments rather than fiscal expenditures.

The Government's fiscal response to the pandemic may seem almost effortless to some. But the past reserves are not a blank cheque gifted to Singapore by chance.

The fiscal wherewithal is the outcome of careful stewardship over the decades involving prudent fiscal management and disciplined spending to prepare for black-swan events like the Covid-19 pandemic.

How we continue to steward our financial reserves is another valuable learning point as known challenges such as climate change and an ageing society will require significant investments.

The pandemic has reinforced the starring role of the state and its institutions in a crisis. We must continue to enhance our institutions — our system of government, health policies and infrastructure, the framework of processes and protocols in dealing with non-traditional threats.

But we must also support the vital role our schools, civil society, religious organisations, self-help groups, volunteer welfare organisations as well as youth and seniors clubs play in providing emotional security and valuable social bonds in these uncertain times.

The outreach they provide, especially for the vulnerable, is important in maintaining communal ties and bonding at a time when physical distancing and financial precarity can lead to social isolation.

Much as safe distancing, stay-home advisories, travel restrictions, and suspension of religious services at places of worship are the temporary norm in the interest of public health, social networks must be sustained as they provide people with anchors to the familiar and the trusted.

In times like this, our social institutions have to adapt so that they can provide the sustenance and resilience that money can't buy.

Ironically, the largesse of the Resilience Budget reminds us of the limitations of fiscal resources.

We can't spend our way out of a crisis without social capital, cohesion, and reciprocity. We have to keep an eye on the pandemic's legacy on Singapore and Singaporeans.

Each of us is on the frontline too. What we do determines how we face adversity, whether we stare down the challenge, and bounce back in solidarity and with resilience.

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ABOUT THE AUTHOR:

Eugene K B Tan is associate professor of law and Lee Kong Chian Fellow at the Singapore Management University.