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Columbia University economic historian Adam Tooze popularised “polycrisis” to describe the multiple global crises confronting the world simultaneously on an almost unprecedented scale in 2022.

These crises include the Russian invasion of Ukraine, intense geopolitical rivalry between China and the United States, cross-Taiwan Straits tension, nuclear weapons on the Korean peninsula, and the lingering Covid-19 pandemic.

If 2022 was a “polycrisis” year, what might 2023 portend, given that these global crises are still with us and show little signs of abating? These crises may well escalate, and the world might live even more dangerously this year.

Domestically, the economy remains a key concern, with inflation being top of the mind and creating uncertainty and anxiety for consumers and businesses alike, especially when the inflation rate surpasses wage growth.

With reduced real purchasing power, consumers tend to spend less, affecting business outlook, spending and investments. In turn, that generates job insecurity and uncertainty among workers whether salaries will be cut.

It’s a vicious cycle that economic uncertainty powers.
HELP DEEMED NEVER ENOUGH

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A recent TODAY survey of youths showed that many want the Government to do more to tackle the rising cost of living, with less than half feeling the Government was doing enough, despite various government measures to cushion the impact of inflation.

Adding to the cost of living concerns is the Goods and Services Tax (GST) increase, from 7 to 8 per cent effective Jan 1, 2023, with another 1 percentage point increase due in 2024.

To help Singaporeans, there is the S\$8 billion Assurance Package to cover food and groceries, utilities and healthcare. The enhanced GST Voucher scheme will provide continuing help to defray the GST expenses of lower- to middle-income Singaporean households.

But in times of economic uncertainty in an affluent society, help is often deemed by consumers and businesses alike as never enough.

The International Monetary Fund expects one-third of the world economy to be in recession this year, with the US, European Union, and China all slowing down simultaneously.

As an export- and investment dependent economy, we are bound to be affected. However, the GST hike may bear the brunt of blame for the inflationary prices.

In part, it may indicate that Singaporeans still lack a competent understanding that the necessity of being plugged into the international economic grid means Singapore is not spared from the vicissitudes of our external environment.

The costs of living concerns are largely fuelled by the world's many crises.

Coming on the back of the pandemic, making sense of the continuing uncertainty is not only challenging but also demands a steely resolve to keep spirits up.

GLOOM AND DOOM

What more can be done by the Government to allay the concerns of doom and gloom?

It has to raise its game in public communications, especially when today's information environment is also clouded with misinformation and disinformation.

This is even more urgent with the younger generation's media consumption habits rendering traditional mass media being relatively less able to shape public opinion.

Explaining our taxation system in more accessible terms, what taxes are used for, the safeguards against extravagant and misuse of public funds, and keeping the help schemes simple (but not simplistic) can go a long way in managing the palpable scepticism.

On the latter, less is more, put simply.

Similarly, given the multiplicity and complexity of the support schemes for cost of living and the GST increase, one can be forgiven for asking whether these add to the government's expenditures, and wouldn't it be better to just not have the GST increase?

Hence, the GST hike, coupled with the large spending to help defray cost of living, can strike a dissonant note.

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For example, although the rationale for the two-phased GST increases this year and in 2024 have been regularly explained, some Singaporeans still cannot grasp the need for such a hike.

After all, Parliament and the elected president had approved the drawdowns of about S\$100 billion as part of the overall pandemic response. We did not have to borrow to fund this expenditure largely because of our healthy reserves.

Moreover, there have been populist calls to tax the wealthy and successful more.

Never mind that the top decile of individual income taxpayers now account for about 80 per cent of total personal income tax revenue, and personal income tax and property-related taxes contribute more than GST revenue to the public coffers.

Moves have also been made towards an even more progressive tax system over the past decade with more to come in the years ahead.

In addition, businesses must be responsible and not use the GST increase as a cover to raise prices. Consumers have agency and should not patronise businesses which are profiteering.

INFLATION'S POLITICAL IMPACT

Cost of living concerns and public housing affordability may well become issues in the sixth presidential election likely in September this year with President Halimah Yacob's term ending on Sept 13.

The role of the elected president vis-à-vis the use of national reserves might also feature prominently in the campaign.

Related to this is how large should our national reserves be and what would constitute an equitable and sustainable use of it between present and future generations?

Strictly speaking, these are not matters that fall within the head of state's constitutional mandate.

Despite the office being popularly elected, the office is clearly not institutionally designed to be an alternative centre of power although the president plays an important role through the right to be consulted, to encourage and to warn the government of the day.

In the keenly-contested 2011 presidential election, some candidates campaigned on non-existent powers of the president, asserting claims to exercise executive authority and formulate public policy.

It is imperative that voters better appreciate the power and extent of this constitutional check and balance. This will also better enable them to decide who gets their vote to hold the high office. Public education therefore needs to be ramped up.

Ideally, there should also be a contest so Singaporeans acquire a better understanding of the office and the electoral process and not treat the election as a non-event with yet another walkover, which can affect the standing of the office.

MONEY ALONE NOT ENOUGH

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Money alone will not be sufficient in dealing with the concerns of equity and social justice that inflation and cost of living issues often mask.

Hence, another significant political happening this year will be the completion of the Forward Singapore national conversation exercise expected in the second half of 2023, and publication of its report.

The Forward Singapore initiative is aimed at securing societal consensus and buy-in for refreshing the social compact and to address some of the country's key challenges.

The pandemic showed that our social compact is in a reasonably good state but, more importantly, that there is also room for improvement.

Consider the "big issues" identified for this national conversation: How our economy is run, and whether the system benefits all or just a few. Second, our system of meritocracy. Third, our system of social support.

Finally, our solidarity and how we can unite our people and build a better home, and steward our resources equitably across generations.

A strong and robust social compact can help Singapore and Singaporeans better weather the storms ahead. It can help assuage the economic anxiety and fear that globalisation poses to some segments of society.

The operative word in "social compact" is social — with society having an outsized role to ensure that people are treated fairly and with dignity.

It is a powerful source of the people's affective and cognitive ties with the state, government, and fellow citizens.

If the report and its implementation is successful in addressing and giving effect to Singaporeans' material and post-material aspirations, it can affirm our shared values while also embracing other new core values as we mark our diamond jubilee independence in 2025.

As inflationary pressures are here to stay, how the Government manages economic insecurity will impact on the leadership transition, particularly the people's trust and confidence in and the legitimacy of the fourth-generation leadership team led by Deputy Prime Minister Lawrence Wong.

It is yet another test of how they rally and galvanise the masses, enabling society to come out stronger and more cohesive.

As such, a general election is unlikely this year with the scheduled presidential election, the inflationary climate, and the imperative for some tangible yet substantive outcomes from the Forward Singapore exercise.

Handling the domestic impact of what promises to be another "polycrisis" year will be the first order of business.

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