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# Road to Recovery

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# Road to Recovery

Singapore's Journey through  
the Global Crisis

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*For my parents*



# Contents

<i>List of Tables</i>	ix
<i>List of Figures</i>	xi
<i>List of Boxes</i>	xiii
<i>Foreword by Prof Bernard Yeung, Dean and Stephen Riady Distinguished Professor of Finance of NUS Business School</i>	xv
<i>Acknowledgements</i>	xvii
<i>Abbreviations</i>	xix
1. Introduction	1
2. Global Financial and Economic Crisis: Causes, Impact, and Policy Response	16
3. Impact of Global Economic Crisis on Singapore	44
4. Singapore's Policy Responses to the Global Economic Crisis	70
5. Singapore Economic Perspective and Future Policy Directions	97
6. Lessons Learnt	128
Appendix I: MAS Monetary Policy Statements	137
Appendix II: Key Budget FY2009 Initiatives	150

Appendix III: Summary of the ESC Key Recommendations	181
Appendix IV: Key Budget FY2010 Initiatives	190
<i>References</i>	217
<i>Index</i>	221
<i>About the Author</i>	228



## List of Tables

Table 1.1	Long-term Singapore Economic Growth Rate	10
Table 2.1	Current Account Balance of Selected Economies	20
Table 2.2	GDP Growth Rates during the Crisis	30
Table 2.3	Stock Market Crash and Exchange Rate Changes of Selected Countries	33
Table 2.4	Interest Rates in Selected Economies	38
Table 2.5	Fiscal Stimulus in Selected Countries/ Economic Regions	39
Table 3.1	Market-share of Singapore's Total Non-oil Exports	47
Table 3.2	Performance of Regional Currencies	49
Table 3.3	Selected Economic Indicators of Singapore	65
Table 3.4	Selected Indicators on Banking Sector Financial Soundness	66
Table 4.1	Singapore FY2009 Budget Statistics	78
Table 4.2	Revised Fiscal Position in FY2009	94
Table 5.1	World Economic Outlook Projections	100
Table 5.2	Long-term World GDP Outlook	101
Table 5.3	Fiscal Position in FY2010	121



# List of Figures

Figure 1.1	ESC Key Strategies	11
Figure 2.1	Federal Funds Target Rate in the U.S.	18
Figure 2.2	Capital Flows to Emerging Market Economies	19
Figure 2.3	U.S. and European House Price Inflation	22
Figure 2.4	Estimates of Global Bank Write-downs, 2007–10	26
Figure 2.5	Three Months USD Interbank Rate	27
Figure 2.6	Selected U.S. Interest Rates	28
Figure 2.7	Global Trade Volumes of Goods and Services	30
Figure 2.8	Headline Inflation of Selected Regions	31
Figure 2.9	Change in Remittance Inflows	34
Figure 2.10	Major Equity Indices	42
Figure 3.1	Singapore GDP Growth Rate Fell Sharply	45
Figure 3.2	Contraction in Manufacturing Sector	46
Figure 3.3	Decline in External Trade	50
Figure 3.4	Foreign Direct Investment Fell	51
Figure 3.5	Drop in Tourist Arrivals	52
Figure 3.6	Subdued Inflation in Singapore	53

Figure 3.7	Stock Market Fell and Currency Depreciated	54
Figure 3.8	Sharp Fall in Singapore Property Price Index	55
Figure 3.9	Interbank Rates Spiked Briefly	56
Figure 3.10	Drop in Local Banks' Share Prices	58
Figure 3.11	Less Demand for Loans and Advances	58
Figure 3.12	NPL Ratio Deteriorated from Q4-2008	59
Figure 3.13	Profitability Indicators Showed Resiliency	60
Figure 3.14	CARs above MAS's Regulatory Requirement	60
Figure 3.15	Retrenchment Peaked in Early 2009	63
Figure 3.16	Highest Retrenchment in Manufacturing	63
Figure 3.17	Rise in Unemployment Rate	64
Figure 4.1	MAS Maintaining a Neutral Exchange Rate Policy Stance	74
Figure 4.2	Singapore Corporate Rate Tax	82
Figure 4.3	Declining Unit Business Cost and Unit Labour Cost	92
Figure 4.4	Almost Neutral Fiscal Impulse	95
Figure 5.1	Singapore's NODX to Selected Regions	105
Figure 5.2	Exports Recovering for Most of the Markets	107
Figure 5.3	Labour Productivity by Industry	115

## **List of Boxes**

Box 2.1 Chronology of Major Events	24
Box 4.1 Resilience Package	76
Box 4.2 Job Credit Scheme Helped to Lessen Impact on Job Cuts	79
Box 4.3 Special Risk-Sharing Initiative Encouraged Business Financing	83
Box 5.1 Key Proposals of the Economic Strategies Committee	116
Box 5.2 Singapore Budget – FY2010	119



# Foreword

When I received the manuscript of this book from Ms Sanchita Basu Das, Lead Researcher for Economic Affairs in the ASEAN Studies Centre at the Institute of Southeast Asian Studies, I was, for a brief moment, reminded of the thoughts that ran through my head when I first heard the news of the collapse of Lehman Brothers. I felt at that time that the world was witnessing the beginning of something that may be a lot worse than any of the crises we have been through in our working lives. But nothing prepared me for the quantum of loss that the world suffered, both in financial and human terms.

There have been a lot of books written subsequently on what happened during those tumultuous days, and on the coordinated response of governments in the subsequent months. However, I was happy to see that this particular manuscript focuses on the actions taken specifically by Singapore policymakers to manage the effects of the crisis. Singapore has over the past few decades transformed itself into a major financial centre, a contemporary global city that attracts talents internationally. Yet, being a city that bridges the East and West, Singapore was one of the first in Asia to bear the brunt of the global crisis in 2008.

This book gives an insight into both the global crisis and the experience of Singapore. Aptly titled *The Road to Recovery*, it has indeed been a journey for the residents of this country, who endured pain and misery in the immediate

aftermath of the crisis, but then slowly marched towards a recovery, albeit a fragile one. The directions to this path were of course led by the Singapore Government, who enacted Singapore's most radical budget ever in 2009. At the same time the Monetary Authority of Singapore kept a close watch on the currency to ensure it did not go through the same wild fluctuations that befell the G-10 currencies. As a result, when the global economy showed signs of turning around in the second quarter of 2009, Singapore was one of the first countries to benefit. Indeed the spectacular quarter-on-quarter growth in Q3-2009 was as much a testimony to the global recovery as to the immediate effects of the policy changes.

Ms Basu Das, an alumnus of NUS Business School, has written an accessible and comprehensive study on the crisis. The book presents a balanced opinion and provides a clear economic perspective for the city state in the post-crisis global economy. In addition, it gives a bird's eye view of the road map to the future for Singapore, which will hopefully make the country a lot more self sufficient than it has been in the past. The book will be suitable for academics as well as students of economics and policy studies. It will also be useful for those who are curious to know what happened behind the scenes during the crisis in the circle of policymakers. I hope you will enjoy reading and learning from the book!

*Professor Bernard Yeung*  
*Dean and Stephen Riady Distinguished Professor of*  
*Finance*  
*NUS Business School*



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by Prof. Bernard Yeung, Dean of NUS Business School, which I earnestly acknowledge.

Writing this book was also a test for my family, and I am grateful for their support. I wish to thank my husband, Subhro, whose encouragement and understanding as well as his constructive comments were very important for the completion of this book. My son, Adi, gave me the break from work that made writing the book easier, and I thank him for that. I would also like to extend my appreciation to my in-laws, Amita and Subhrendu Das, for always reading my write-ups with interest. I truthfully thank my parents, Pratima and Sankar Nath Basu, who have always associated themselves to the fullest extent with all my work, both when I was a student and now when I am a professional. I dedicate this book to them.

# Abbreviations

3mma	three-month moving average
ACU	Asian currency units
ADB	Asian Development Bank
AEC	ASEAN Economic Community
AIG	American Insurance Group
ASEAN	Association of Southeast Asian Nations
AWS	Annual Wage Supplement
BIS	Bank of International Settlements
BLP	Bridging Loan Programme
bn	billion
CAR	capital adequacy ratio
CET	continuing education and training
CMI	Chiang Mai Initiative
CMIM	Chiang Mai Initiative Multilateralization
CPF	Central Provident Fund
CPI	consumer price inflation
DBU	domestic banking units
ECB	European Central Bank
EDB	Economic Development Board
EIU	Economic Intelligence Unit
EME	emerging market economies
ESC	Economic Strategies Committee
EU	European Union
FDI	foreign direct investment
FGIP	Finance Graduate Immersion Programme
FTA	free trade agreement

FX	foreign exchange
FY	fiscal year (April–March)
G-20	Group of Twenty
G-3	United States, eurozone, and Japan
GDP	gross domestic product
GFSR	Global Financial Stability Report
GIC	Government Investment Corporation
GST	goods and services tax
H1-2008	first half of 2008
ILO	International Labour Organization
IMF	International Monetary Fund
IR	Integrated Resorts
IT	information technology
JCS	Job Credit Scheme
KLSE	Kuala Lumpur Stock Exchange
LIBOR	London Interbank Offered Rate
LHS	left hand side
MAS	Monetary Authority of Singapore
M&A	mergers and acquisitions
MEPS	MAS Electronic Payment System
MMA	month moving average
MNC	multinational corporation
MOF	Ministry of Finance
MOM	Ministry of Manpower
MRT	Mass Rapid Transit
MTI	Ministry of Trade and Industry
MVC	monthly variable component
NAFTA	North American Free Trade Agreement
NEER	nominal effective exchange rate
NII	net investment income
NODX	non-oil domestic exports

NPL	non-performing loans
NWC	National Wages Council
PIC	Productivity and Innovation Credit
PMETs	professionals, managers, executives, and technicians
Q1-2009	first quarter of 2009
q/q	quarter-on-quarter
R&D	research and development
RHS	right hand side
sa	seasonally adjusted
saar	seasonally adjusted annualized rate
SG\$	Singapore Dollar
SIBOR	Singapore Interbank Offered Rate
SME	small and medium enterprises
SPUR	Skills Programme for Upgrading and Resilience
SRI	Special Risk-Sharing Initiative
STI	Straits Times Index
SWF	sovereign wealth fund
TARP	Troubled Assets Relief Programme
UEN	Unique Entity Number
UK	United Kingdom
U.S.	United States
US\$	U.S. Dollar
WB	World Bank
WDA	Workforce Development Agency
WEO	<i>World Economic Outlook</i>
WIS	Workfare Income Supplement
YA	year of assessment
Y/Y	year-on-year

