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Life Support for the Economy:

A comparative analysis of Covid-19's stimulus packages of Malaysia, Singapore and the United Kingdom

Prepared by REFSA Research Team *info@refsa.org*

Introduction

With the economic consequences of the COVID-19 pandemic becoming clearer, nations around the globe are introducing support packages for their economies. The amounts of support seen so far can be called unprecedented with reason. They usually exceed the support packages introduced during the global financial crisis in 2008 and the SARS outbreak in 2003.

An oft-cited rule of thumb is that, in the face of these exceptional circumstances, it is better to do too much than too little. As a result, most countries have abandoned the idea of fiscal prudence for now, even traditional stalwarts such as Germany.

On the other hand, proposing a rule for a quantum of stimulus, for example expressed as a percentage of GDP, is practically impossible, owing to the fundamentally different economic conditions in each individual country.

However, comparing the stimulus packages announced so far can yield some interesting perspectives and provide feedback to policymakers to calibrate their approach, taking into account the specific context they operate in.

This paper proposes such an analysis, by attempting to compare the stimulus packages recently introduced in Malaysia, Singapore and the United Kingdom (UK). For a variety of reasons, Singapore and the UK are traditional yardsticks for policymaking in Malaysia. In the case of Singapore, some of the same economic impact applies (e.g. tourism and orientation towards Asia), although the fiscal conditions are very different.

This paper starts by providing context around the stimulus packages analysed in a first section. Secondly, we discuss some points of method, before going into the analysis of the different packages themselves.

Context

The progression of the COVID-19 outbreak and the economic conditions in each of the countries in this analysis proceeded with significant differences. The range of responses enacted also differs, with, for our purposes, a lesser or greater impact on the economy.

It is important to keep this in mind when comparing the stimulus packages proposed. For example, stricter "lockdown" measures will have a greater economic impact, and hence require a bigger stimulus to return the economy to baseline and safeguard future production capacity.

Malaysia

The first impact of COVID-19 in Malaysia was felt soon after the first cases were identified. Initially the main economic impact occurred in the tourism and travel sector, and in some cases in manufacturing due to disruption to the supply chain, with little impact elsewhere in the economy.

A first stimulus package announced by the previous government on 27 February focused on those affected sectors, with payouts to employees and support for companies. Altogether this was a targeted, relatively sizeable package given the circumstances, and in line with what other countries enacted (most notably Singapore.) Overall Malaysia was relatively less affected during what we now consider the first wave.

The situation worsened in early March, when the epidemic started picking up steam in Europe and returnees started reimporting the disease into Asia. The rise in cases was compounded by a mass religious event, where many people were infected. This threatened to put the country on a path of exponential increases in the number of infected, as we've previously seen in China and Italy.

Days later the government decided to enact a far-reaching Movement Control Order, effectively confining most Malaysians at home, closing schools and halting most economic activity, except in sectors deemed essential. In addition, strict border controls were introduced, bringing tourism and travel revenue to a halt.

Obviously the movement control order will have the greatest economic impact. While the measure is justified in terms of "flattening the curve" and safeguarding the healthcare services, it brings large sectors in the economy to a standstill. This translates into both a supply shock (factories can no longer produce since workers are at home) and a demand shock (everyone is at home so no one is consuming).

The government therefore introduced a second package of stimulus measures, larger in size and in scope of application than the first. Bank Negara also implemented two 25 bps rate cuts since the beginning of the year, and reduced its Statutory Reserve Requirement.

At the time of writing, it looks increasingly likely that the Movement Control Order will be extended, compounding the economic damage.

Compared to the other countries in this analysis, the measures enacted in Malaysia are the strictest, and hence likely to have the biggest impact on the national economy. This is germane, since one would reasonably expect a stimulus package to be commensurate to the expected impact on the economy.

Singapore

Singapore started identifying cases of COVID-19 earlier than most countries, and indeed in the initial stages was seen as an infection hotspot. However the country's response was quick and disciplined, and through rigorous quarantine rules and extensive contact tracing, they were able to slow down the rate of infection drastically, certainly in the first wave.

As a result, no general restrictions on the population were imposed in the first few weeks, and life carried on mostly as normal. With the explosion in infections in Europe and the US however, the number of imported cases into Singapore started to rise, with knock-on local infections. Because of this, and only over the last three weeks, the authorities have started imposed stricter social distancing measures, the economic impact of which will prove greater.

At the time of writing, all foreign visitors are barred from entering or transiting, and returning citizens and residents are to undergo a mandatory quarantine. Bars, clubs and other entertainment venues have been closed. Malls and restaurants have to observe social distancing rules by ensuring at least 1 metre of space between customers, which reduces their capacity and hence revenue. Workers are encouraged to work from home, but offices and factories remain open, and public transport is running.

Singapore introduced a first stimulus package which was mostly targeted at the affected sectors such as travel and tourism, but also included some measures of income support for low income workers.

In light of the stricter social distancing implemented over the last few weeks, Singapore announced a second package of measures last week, with a vastly broader scope of application, and a vastly increased size. Headlines are big efforts for income support for all Singaporean families and in particular gig workers, substantial tax deferments and additional financing for SME's and businesses.

Compared to Malaysia and the UK, Singapore has a relatively looser set of restrictions, and hence their impact on the economy is likely to be softened.

United Kingdom

For most of the month of February, the COVID-19 pandemic didn't really register in the UK, with a low number of cases and little disruption to everyday life. However by March the rate of new cases started rising, and the country was forced to gradually impose more severe social distancing measures.

On the 11th of March, the Chancellor of the Exchequer Rishi Sunak announced a first stimulus package, limited in scope and size. A few days later, the Prime Minister asks all UK residents to stay home and avoid bars and restaurants.

On the 17th of March, Sunak announced a second package of stimulus measures, this time much broader in scope and size. Headlines in this package are vast loan guarantees and tax deferments. A few days later, schools, as well as pubs, restaurants and other social venues were closed for the foreseeable future. Sunak introduced additional measures, in particular pledging 80% income support to all laid-off workers.

Over the last week, the speed of infections hasn't shown any signs of declining, and Sunak announced yet more stimulus measures, focused on maintaining employment during the crisis times. No date for the end of the social distancing measures is currently in sight.

The social distancing measures enacted in the UK, which include closure of schools and restaurants, but not a "lockdown" order for citizens, can be considered to be in between those of Singapore (looser) and Malaysia (stricter).

Method

Stimulus packages are notoriously difficult to compare across countries for several reasons:

- Legal and economic institutions vary by country, which results in a different set of tools available to policymakers, and different behaviour from economic agents. For example, the existence of solid social safety net and universal healthcare in Western European economies provides a different baseline for stimulus, and a ready-made mechanism to increase distributions if required.

- Although there are only so many ways to stimulate an economy, there is no commonly agreed-upon definition or nomenclature for stimulus measures, and hence attempting to assign measures from different countries to the same categories is often a matter of interpretation.

- Many of the measures announced are in-principle announcements, with the implementation detail often still being worked out. This makes it more difficult to assign a measure to a particular category.

Nonetheless we are attempting such an analysis here. We analysed the stimulus packages announced in Malaysia, Singapore and the UK, and evaluated each measure to the extent possible, to allocate it to a given category.

The evaluation process starts from the assumption that the economy was fundamentally healthy when the COVID-19 crisis hit. It then suffered an exogenous shock, sharply reducing output and demand, and thereby company revenues and worker incomes. The goal of the stimulus is to compensate for these lost revenues and incomes, and enable the economy to return to baseline in the shortest possible time.

An important corollary from the initial assumption is that the financial system was not under stress, and the immediate shocks are felt most acutely in the "real" economy. As a result, easing of monetary conditions through rate cuts or expanding funding options for financial institutions will have a limited effect, due to an environment with high uncertainty and thus low demand for credit.

Instead, most observers are calling for interventions that put cash in consumers' and producers' hands, to make up for lost income and revenue, as mentioned higher. This brings into view the main criterion we used for evaluating the stimulus measures, namely whether the measure injects cash directly in the economy, or whether it is a non-cash measure, such as a loan guarantee (which e.g. requires agents to apply for a loan, and hence arguably a weaker transmission mechanism.)

As a second step, we also consider where the risk of the measure falls, in other words who may end up having to pay for it. For example, payments under a wage support scheme would be paid immediately by the government, whereas a moratorium on loan payments will be borne by the bank in the first instance, and the financial system (including central bank funding) in the second instance.

For the third step in the analysis, we attempt to classify each measure in one of the broad categories listed below, based on the available information:

Table 1: Categories in a stimulus measures

Category	Description
Cash payout	Direct cash transfers to workers, e.g. unemployment benefits, bonuses, lost wage compensations, one-time payments
Company support	Direct cash transfers to companies, e.g. subsidies, development grants.
Investment	Government investment, e.g. in infrastructure
Jobs support	Direct support aimed at maintaining wages and employments, for example wage support schemes.
Loan Support	Measures aimed at freeing up cash flow for companies and individuals by deferring or cancelling loan repayments, or providing refinancing options on easier terms.
Tax deferment	Moratorium on tax payments companies and individuals, also freeing up cash flow.

Lastly, if not provided in the stimulus announcement, we attempt to provide a cost estimate for each measure, again based on the available information.

Findings

For the first level of analysis, we compare the key measures announced in each country's stimulus package to each other, nominally grouped by the economic actors the measures are targeting. The table below shows the summary of this analysis.

Table 2: Comparison of announced stimulus measures in Malaysia, Singapore and the United Kingdom, grouped by targeted economic agents.

	Malaysia	Singapore	United Kingdom
Workers	• RM600 wage subsidy for each workers earning less than RM4000/ month for 3 months for businesses that report 50% losses • Increased training cost (from RM4,000 to RM6,000) for retrenched workers under Employee Insurance Scheme • Withdrawal of EPF for RM500 per month for 12 months	• Enhanced Jobs Support Scheme for 9 months - 25% for each employee (up to $4600 per person); 50-75% for highly impacted industries • Enhanced Wage Credit Scheme - $500m • $800 per month for 3 months for those who lost their jobs, with a temporary relief fund for those who require immediate assistance	• A grant worth 80% for furloughed employees of their monthly salary, for three months up to up to £2,500
Business	• Special Relief Facility for SME (3.5% interest rate), All Economic Sector fund RM1billion, Microcredit Scheme interest reduced to 2% • Deferment of EPF and tax payment • Six month lease exemptions for government premises including canteens, nurseries, cafeterias, convenience stores etc	• Income tax relief 3 months for companies and self employed • Property tax suspended for a year (100% for qualifying commercial properties, 60% for integrated resorts, 30% for other non-residential properties) • Rental waiver - 3 months for hawkers, 2 months for other non-residential government properties • All Government fees and charges frozen for a year	• Cash grants of up to £25,000 for small business properties • Business rates (property) holidays for retails, hospitality sectors and nurseries for one year

Self-Employed Persons	• One off RM600 for taxi drivers	• Income tax relief 3 months • Income Relief Scheme - $1000 per month for 9 months • Training Support Scheme - $48m, training allowance of $10 per hour	• A taxable grant worth 80% of their average monthly profits over the last 3 years, up to £2,500 a month, for 3 months
Household	• Cash handouts of RM1600 (households earning less than RM4000/month); RM1000 (households earning RM4000-8000/ month); RM800 for singles earning less than RM2000/month • Housing loan moratorium, exemption of rent for Public Housing for 6 months • Electricity bill discount for 6 months (50% discount for use less than 200 kilowatts; 25% discount for use between 201 and 300 kilowatts; 15% discount for use between 301 and 600 kilowatts)	• Cash handouts of $900 (yearly income $28,000 below); $600 (yearly income between $28,000 $100,000); $300 (yearly income more than $100,000 or earn more than one property) for all Singaporeans aged 21 and above • Additional $300 for parents with at least one child below 20; Additional $100 for all Singaporeans aged 50 and above (top up to PAssion card) • Grocery vouchers $300 in 2020 and $100 for those 21 and above and live in 1 or 2 bedroom HDB flats • All Government fees and charges frozen for a year	• 3-month mortgage holidays with lenders and nearly £1 billion more support for renters through the Local Housing Allowance
Students/Jobseekers	• PTPTN and PTPK suspension for 6 months • One off cash assistance of RM200 (in May 2020)	• One year suspension of student loans • Co-fund wage costs for first time jobseekers, creation of 8000 traineeships across enterprises	

Covid-19 Patients	• Income replacement fee of RM50 per day for 14 days under MySalam health insurance scheme		• Covered the cost of statutory sick pay for small businesses for up to two weeks

As is obvious from the table above, countries have put varying levels of emphasis on their approach and policy interventions at different target groups. In the case of Singapore, the focus is on jobs support with policies such as the Enhanced Jobs Support Scheme, which subsidises 25% for each employee (up to $4,600 per person) for 9 months; 50-75% for highly impacted industries (up to $4,600 per person) for 9 months, i.e. until December 2020, as well as the Enhance Wage Credit Scheme totalled $500million. The duration and size of the measure show the commitment behind it.

In comparison, Malaysia's stimulus package seems to focus on interventions at the household level, with cash payout of RM800-1,600 to low income households and individuals, totalling RM13.2 billion. Malaysia also offers a RM600 wage subsidy for each worker earning less than RM4,000/month for three months for businesses that report 50% losses, but that might be insufficient to support businesses, with a third of the SMEs in Malaysia reported to have cashflow problems beyond March 2020. [1]

In the case of Singapore and the UK, generous assistance has been rolled out to self-employed persons, targeting those in the gig economy. Singapore offers an income tax relief for 3 months, income relief of $1000 per month for 9 months as well as Training Support Scheme totalled $48m with training allowance of $10 per hour. Meanwhile, the UK extends the assistance to employees to all self-employed persons, i.e. a taxable grant worth 80% of their average monthly profits over the last three years, up to £2,500 a month, for three months[1].

The UK measures also include a giant allocation for loan guarantees to businesses, which is clearly designed to keep businesses afloat during the social distancing measures. These guarantees are a contingent liability that the UK government doesn't expect to come onto its balance sheet fully, instead it expects the businesses who benefit from it to remain in going concern and repay the loans gradually when the economy recovers.

Quantitative analysis

For the second level of analysis, we attempt to compare the size of the different measures. In a first step, for each country's stimulus package, we look at the ratios of different measures to the overall size of the package, as well as compared to GDP. In a second step, we compare broadly categorised measures across countries.

Malaysia

The Malaysian government announced two stimulus packages, the first on 27th February and the second on 27th March. The measures are a relatively straightforward mix of loan guarantees,

1 https://www.theedgemarkets.com/article/covid19-malaysia-smes-see-zero-cash-inflow-least-three-months-due-mco#.XoIGfuH_Fu0.

additional financing, support for low wage and unemployed workers, and wage subsidies. We compiled the measures from the Prime Minister's speech, and found a total size of MYR 242bn.

Two measures merit further discussion however, the loan moratorium and the EPF withdrawal provision. The table below gives an overview of the main measures in the package.

Table 3: Overview of stimulus measures announced by the Malaysian government

Measure	Risk bearer		Category	Amount (RM bn)
Loan Moratorium [(a)]	Financial system	N	Loan Moratorium	100
Loan Guarantee (Danajamin)	Government	N	Loan Support	50
EPF withdrawal [(b)]	Private	Y	EPF withdrawal	40
SME financing	Government	N	Loan support	11.7
Bantuan Prihatin Nasional	Government	Y	Cash payout	14.5
Tax deferment	Government	N	Tax deferment	10.5
Wage subsidies	Government	Y	Jobs support	7.2
Healthcare support	Government	Y	Cash payout	2.1
DE projects	Government	Y	Investment	3.2
Civil servant support	Government	Y	Cash payout	1.3
Utility discounts	Government	N	Company support	1.7

[a)] The loan moratorium is implemented through a directive from BNM instructing financial institutions to grant an automatic moratorium on loan and interest payments for six months. However, there seems to be no compensation mechanism in place for the loss of income by the financial institutions, although the BNM directive mentions looser funding facilities and a relaxation of prudential criteria (e.g. capital requirements) for the period of the moratorium. Nonetheless, this seems to heighten the risk in the financial system, and will not lead to a direct compensation of lost income.
[b)] The withdrawal of EPF money is in fact returning a portion of the EPF contributors' money back to them, in effect exchanging future income for current income. Hence overall this is not really a stimulus measure, and we exclude it in the rest of the analysis.

In terms of relative importance, the measures by category break down as follows:

Table 4: Ratio of Malaysian stimulus measures compared to overall package size and GDP.

Category	Amount (RM bn)	Amount (USD bn)	% of total (RM)	% of GDP (USD)
Cash payout	17.9	4.1	7.4%	1.1%
Company support	1.7	0.4	0.7%	0.1%
EPF withdrawal	40.0	9.2	16.5%	2.4%
Investment	3.2	0.7	1.3%	0.2%
Jobs support	7.2	1.7	3.0%	0.4%
Loan Moratorium	100.0	23.1	41.3%	6.1%
Loan Support	61.7	14.2	25.5%	3.7%
Tax deferment	10.5	2.4	4.3%	0.6%
Grand Total	**242.2**	**55.9**	**100.0%**	**14.7%**

It is clear from the table above that by far the largest part of the stimulus package is made up of non-cash measures, primarily the loan moratorium and the loan guarantees.

Singapore

The measures announced in Singapore's two stimulus packages were nominally the same, but the second package enlarged the scope of application to the entire economy instead of a few targeted sectors, and as a result vastly increased the size. The table below provides an overview.

Table 5: Overview of the stimulus measures announced by Singaporean government

Measure	Risk Bearer	Cash?	Category	Amount (SGD bn)
Jobs Support Scheme	Government	Y	Jobs support	15.1
Cash payout – Self-employed	Government	Y	Cash payout	1.2
Cash payout – Low-wage workers	Government	Y	Cash payout	1.08
Jobs creation + training	Government	Y	Jobs support	1.2415
	Government	Y	Cash payout	0.145
Tax deferment	Government	N	Tax deferment	11.1735
Loan support	Government	N	Loan Support	21.7
Cash payout – one-off	Government	Y	Cash payout	3.01
Company Support	Government	Y	Company support	0.35

The relative importance of the measures by category is shown in the table below.

Table 6: Ratio of Singaporean stimulus measures compared to overall package size and GDP.

Category	Amount (SGD bn)	Amount (USD bn)	% of total (SGD)	% of GDP (USD)
Cash payout	5.435	3.8	9.9%	1.0%
Company support	0.35	0.2	0.6%	0.1%
Jobs support	16.3415	11.4	29.7%	3.1%
Loan Support	21.7	15.2	39.5%	4.1%
Tax deferment	11.1735	7.8	20.3%	2.1%
Grand Total	**55**	**38.5**	**100.0%**	**10.3%**

In the Singapore package, the proportion of cash payouts makes up about 40% of the total package, the highest among the three countries.

United Kingdom

Measures announced in the UK are also fall in recognisable categories, as per the (simplified) summary in the table below.

Table 7: Overview of stimulus measures announced by the UK government.

Measure	Risk Bearer	Cash?	Category	Amount (GBP bn)
Tax deferment	Government	N	Tax deferment	12
Jobs support – Self-employed	Government	Y	Jobs support	9
Jobs support	Government	Y	Jobs support	12
Tax deferment	Government	N	Tax deferment	20
Cash payout – healthcare	Government	Y	Cash payout	7
Loan guarantees	Government	N	Loan Support	330

In terms of relative importance of the measures by category, the breakdown is as follows:

Table 8: Ratio of UK stimulus measures compared to overall package size and GDP.

Category	Amount (GBP bn)	Amount (USD bn)	% of total (GBP)	% of GDP (USD)
Cash payout	7	8.6	1.8%	0.3%
Jobs support	21	25.9	5.4%	0.9%
Loan Support	330	407.4	84.6%	14.8%
Tax deferment	32	39.5	8.2%	1.4%
Grand Total	**390**	**481.5**	**100.0%**	**17.5%**

For the UK, the vast majority of the measures are non-cash measures, such as loan guarantees and tax deferments.

It is important to note here that the Bank of England (BoE) also announced special measures to mitigate the impact of the COVID-19 pandemic, which are relatively similar in nature to the loan moratorium measure mandated by BNM. The BoE did not implement a mandatory moratorium for the banks, but did release the counter-cyclical capital buffer and increased funding at preferential rates to stimulate bank lending to SMEs. These BoE measures are not included in this analysis.

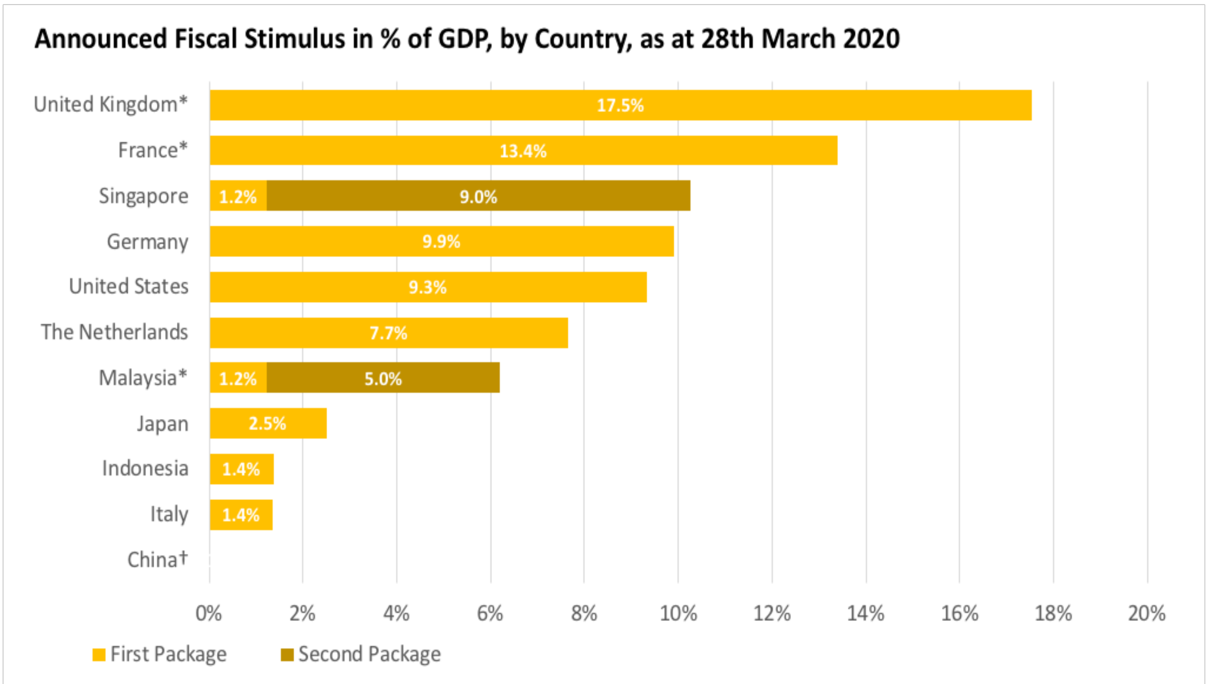
Comparison

Having evaluated all the proposed measures, we can proceed with some comparisons across countries.

First of all, we're interested to know the size of the governments' commitment in the stimulus, in relation to GDP. For Malaysia, this essentially means removing the loan moratorium and EPF withdrawal measures, since the costs associated with the measures are not borne by the government.

Comparing the adjusted stimulus packages across countries in percentage of GDP yields the figure below. It shows the results not only for the three countries that are the subject of this analysis, but for a few additional countries as well.

Figure 1: Comparison of standardised stimulus package sizes across selected countries.



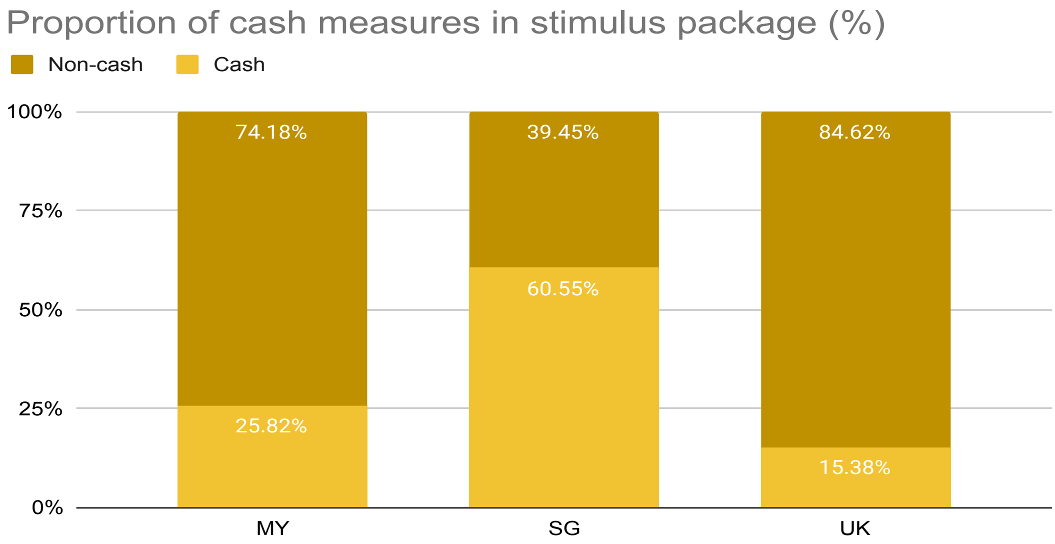
† China announced monetary stimulus worth USD 79bn, but no fiscal stimulus as of yet.
SOURCE: IMF, Bloomberg, Financial Times, Japan Times, Jakarta Post, REFSA calculations.

On an adjusted basis, the stimulus measures announced by Malaysia that entail a commitment by the government amount to 7.2% of GDP, summing the first and second packages together. The UK achieves the highest percentage, but this is largely owing to the vast amount of loan guarantees, which is not a cash injection into the economy. Singapore's measures come in at 10.2% of GDP, and this is largely made up of cash measures.

Given that Singapore has the (relatively) loosest social distancing measures of all three countries compared, their stimulus packages seem to pack the most "punch." Conversely, Malaysia's, which has the strictest social distancing measures in place, mobilises less resources.

However, the chart also illustrates that the announcement of large non-cash measures (of which the size can only be indicative, since they are contingent upon a number of factors) can distort the size of the package relative to GDP. Therefore we also looked at the proportion of cash vs non-cash measures, summarised in the figure below.

Figure 2: Proportion of cash and non-cash measures in each country's stimulus package



Here it is clear that the majority of the announced measures in Malaysia and the UK are non-cash measures. For Malaysia it is primarily the loan moratorium and loan guarantee measures. Only about a quarter of the measures inject cash into the economy directly or free up cash flow in businesses. The picture is reversed in Singapore, where direct cash measures make up 60% of the total. This again emphasises the strength of the Singaporean stimulus.

Returning to our initial assumption, the key objectives for a stimulus package in today's context should be to make up for the lost income of workers and revenue of businesses, and to safeguard future productive capacity. The most straightforward way to achieve this is to maintain employment. In the case where businesses suffer a significant drop in revenues due to the social distancing measures, the government should compensate those firms directly, ensuring that they maintain employment.

In our analytical framework, these measures are grouped under "Jobs support" and "Company support", and it is instructive to compare those across countries. The table below shows the size of the different categories.

Table 9: Comparison of the breakdown of stimulus packages, by country

	Country					
	MY		SG		UK	
Stimulus Type	Amount (USD bn)	% of GDP	Amount (USD bn)	% of GDP	Amount (USD bn)	% of GDP
Cash payout	4.1	1.1%	3.8	1.0%	8.6	0.3%
Company support	0.4	0.1%	0.2	0.1%		0.0%
Investment	0.7	0.2%		0.0%		0.0%
Jobs support	1.7	0.4%	11.4	3.1%	25.9	0.9%
Loan Support	14.2	3.7%	15.2	4.1%	407.4	14.8%
Tax deferment	2.4	0.6%	7.8	2.1%	39.5	1.4%
Grand Total	**23.6**	**6.2%**	**38.5**	**10.3%**	**481.5**	**17.5%**

The table shows that the amount for "Jobs support" and "Company support" included in the Malaysian stimulus package is the smallest of the three countries. Singapore has by far the largest portion, and they also emphasised this policy objective in their announcement. The UK measures are also substantially larger than Malaysia's (nearly double), and this is in addition to the existing social support, such as unemployment benefits.

Conclusion & Recommendation

Despite the difficulties inherent in comparing stimulus packages across countries, this paper makes an attempt at comparing elements of the recent stimulus packages announced in Malaysia, Singapore and the UK.

Starting from the assumption that the COVID-19 pandemic is an exogenous shock impacting both demand and output, we consider the objective of the stimulus measures to be to compensate the lost income of workers and lost revenue of businesses, so that employment and consumption can be maintained, and future production capacity of the economy safeguarded.

The measures included in the packages of each country were evaluated in this light. First, we compare the measures at face value, grouped by the economic agents they are targeting. This first level of analysis brings to the fore some salient differences between the different packages, for example the clear focus on employment support in Singapore.

Secondly, we distinguish between measures where the government ultimately bears the cost or the risk, and between cash and non-cash measures (with cash measures having the fastest and largest effect on the economy.) We then categorise every measure in a generic category, and compare relative sizes of each category within and across countries.

This comparison confirms the initial findings of the qualitative comparison. We find that behind the headline numbers, significant differences in proposed measures exist between packages. Malaysia and the UK include mainly non-cash measures, whereas Singapore did the opposite. The size of the non-cash measures also tend to inflate the size of the stimulus package in relation to GDP, particularly in the case of the UK.

In terms of policy recommendations for Malaysia, in light of the stimulus objectives stated above, the most important outcome of the stimulus should be to keep businesses afloat, so that they do not have to retrench employees. This is a concern especially for SME's who provide most of the employment and operate with lower funding buffers.

If employment at (near) full wages can be maintained throughout the period of social distancing, the economy will be able to return to baseline and no long-term damage would have occurred.

The stimulus measures captured under the "Jobs support" category are designed to achieve that outcome. Our analysis shows that Malaysia's stimulus package only allocates an amount of 0.4% of GDP to this category, in sharp contrast to Singapore, which allocates 3.1% of GDP. Even the UK, with an existing safety net in place, has allocated an additional 0.9% of GDP for similar measures.

Therefore we recommend that the government immediately set up a wage support scheme, designed to protect the income of workers in the private sector, that offsets part of the cost to the employer through cash grants.

The percentage offset by the government can vary according to sector (higher for tourism and travel sectors for example), as well as duration, but we recommend a duration long enough to see businesses through the worst of the crisis and enable them to build up a sound financial position again. Given the stricter social distancing measures in Malaysia, the size of this measure should be significantly bigger than in Singapore.

Businesses small and large have been hit from one day to the next and are already buckling under the pressure. The lack of direct support for them with the key objective to maintain employment, and hence the people's ability to consume, is a glaring omission in the recently announced measures. We recommend that the government remediate this immediately, and that it rise to the exceptional circumstances by committing its full financial might.

This report was prepared by REFSA Research Team. Calculations and numbers are sourced from various government and media outlets, updated to 28 March 2020.

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