**ECONOMIC BRIEF**

INSTITUTE OF STRATEGIC ANALYSIS & POLICY RESEARCH

# ANALYZING AND MITIGATING THE EFFECTS OF COVID-19 ON THE B40

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## *Analyzing the Effects of the Coronavirus on the B40*

As the coronavirus pandemic hit the Malaysian economy, it became clear that the most vulnerable household groups will come mostly from the B40, many of whom are unable to save enough to weather hard economic times.

Despite coming out of the 2008 Global Financial Crisis (GFC) relatively unscathed, the current crisis has taken on an unprecedented form and drastically pales in comparison. Due to the closure of shops and most economic activity, governments are unable to expand and inflate the budget to prosperity. As long as restrictive measures exist to limit economic normalcy and achieve growth, it is likely that the effects will be far reaching and long lasting.

Crucially, the income and wealth disparities will increase in scope and size whereby individuals whose incomes depend on manual physical labor will suffer while those having white-collar and service-oriented jobs (excluding sales) are able to continue working in isolation from home. This creates a greater skew in the distribution of income favoring white collar jobs and limiting the capacity for both wage and employment growth of manual, labor-intensive professions.

## *Inequality in Malaysia*

Prior to the coronavirus, inequality in Malaysia was already a persistent issue. The impact of the pandemic has however exacerbated these differences and will make these differences more glaringly apparent. According to a Khazanah Research Institute (KRI) study[1] on inequality, the number of Malaysians in "relative poverty" – defined as earning less than 60% of the median income – has increased by over 50% to 3 million households from 1995 to 2016, or 40% of the country's 7.5 million households.

A further KRI study[2] on inequality noted that while Malaysia's Gini coefficient had reduced from 0.513 in 1970 to 0.399 in 2016 (became more equal), the absolute income gap between the T20 and M40 rose by

[1] Khazanah Research Institute, Demarcating Households: An Integrated Income and Consumption Analysis
[2] Khazanah Research Institute, State of Households 2018: Different Realities

60% and the gap between the T20 and B40 rose by 75% after adjusting for inflation. This means that over the past 2 decades, average income differences in household income had nearly doubled.

For Malaysia, this means that as those in a manual, labor intense profession, the potential loss in wages will be severe in the short to medium term and those in service-oriented professions that can be done from home will be able to sustain their incomes, creating a greater rift between the haves and the have nots.

In addition, the same study found that in 2016, households with incomes under RM2,000 spent 95% of their income on food and other immediate consumption items, leaving only 5% for savings. This leaves them extremely vulnerable to sudden shocks in the economy as most live on paycheck-to-paycheck. In contrast, households earning more than RM15,000 monthly on average consume only 45% of their income, saving 55% for investments and emergency funds.

As those in manual-oriented professions generally earn lower wages than service-oriented professions, the ability for those in the lower wage category to save their income will suffer, while those in the higher income bracket are able to save a higher portion by reducing spending from disposable income.

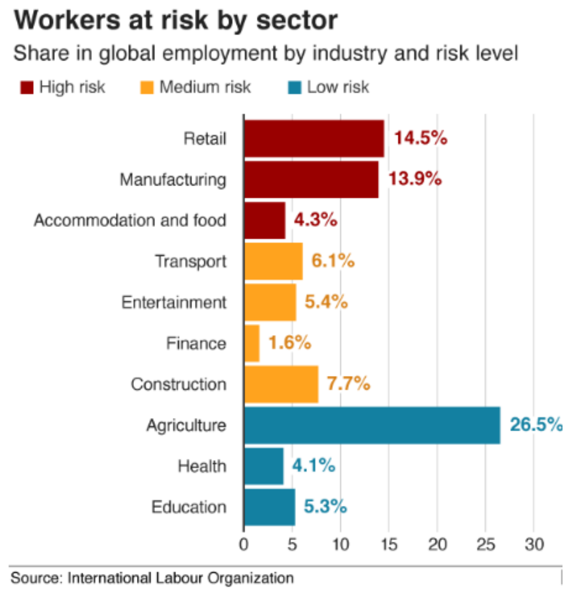
### *Effect on Employment and Income*

The International Labor Organization (ILO), an agency under the United Nations (UN) has been monitoring the impact of the pandemic in both developed and developing nations. The organization had reported that an estimated 81% of the global workforce of 3.3 billion people has been affected, with workplaces fully or partially closed[3]. In addition, an estimated 200 million full-time workers globally could be put out of work by the second quarter of 2020.

The organization estimated that taking together the world's workforce in the services industry, manufacturing, wholesale, retail and real estate could account for approximately 38% of the global workforce, or 1.25 billion people. Globally, the ILO estimated that 25 million workers will lose their jobs, with a loss in income of approximately US$3.4Tril (RM14.8Tril) if the pandemic continues.

In the United States of America (USA), this increase in unemployment is happening at a frightening pace, from less than 4% before the pandemic to 16.25% in just over a month, an estimated 26.5 million Americans. While in Spain, the unemployment rate has surpassed 14%, one of the highest among the EU.

[3] https://www.bbc.com/news/business-52199888




In Malaysia, the effects are likewise severe. The Malaysian Institute of Economic Research (MIER) estimated that 2.4 million Malaysians could lose their jobs due to the pandemic if the MCO is drawn out. These 2.4 million jobs under threat consist mainly of non-salaried jobs (self-employed) while unskilled, manual workers make up 67% of the total[4]. For reference, 2.4 million jobs translate to 15-16% of the total workforce. Pursuant to this estimate, the MIER projected a 1.46 million (9.2% official unemployment rate) under the worst-case scenario[5].

The group also predicts that total household incomes would drop by 12% from their baseline estimates, amounting to RM95Bil, this includes a decrease in consumer spending by 11%. In total, the group predicts that Malaysia's real GDP will shrink by 6.9% relative to their original baseline of 4.0% growth for 2020. This translates into a real Year on Year (YoY) GDP drop of -2.9% from 2019.

The most recent release by the Department of Statistics Malaysia (DOSM), stated that the unemployment rate is now at 3.9%, detailed in their survey entitled "The Effects of COVID-19 on Economics and Individuals (Round One)", with 168,182 respondents nationwide[6].

This has been the highest rate since June 2010, when the official unemployment rate was 3.6%. The number of unemployed persons in Malaysia had increased Year-on-Year (YoY) in March 2020 to 610,500 as compared to 521,000 in March 2019. It should be noted however that the number of people in the labor force had dropped by 0.2% in March compared to February 2020 as more people had become disenfranchised and have stopped looking for work.

[4] https://www.freemalaysiatoday.com/category/nation/2020/03/25/think-tank-estimates-2-4-million-job-losses-with-extended-mco/

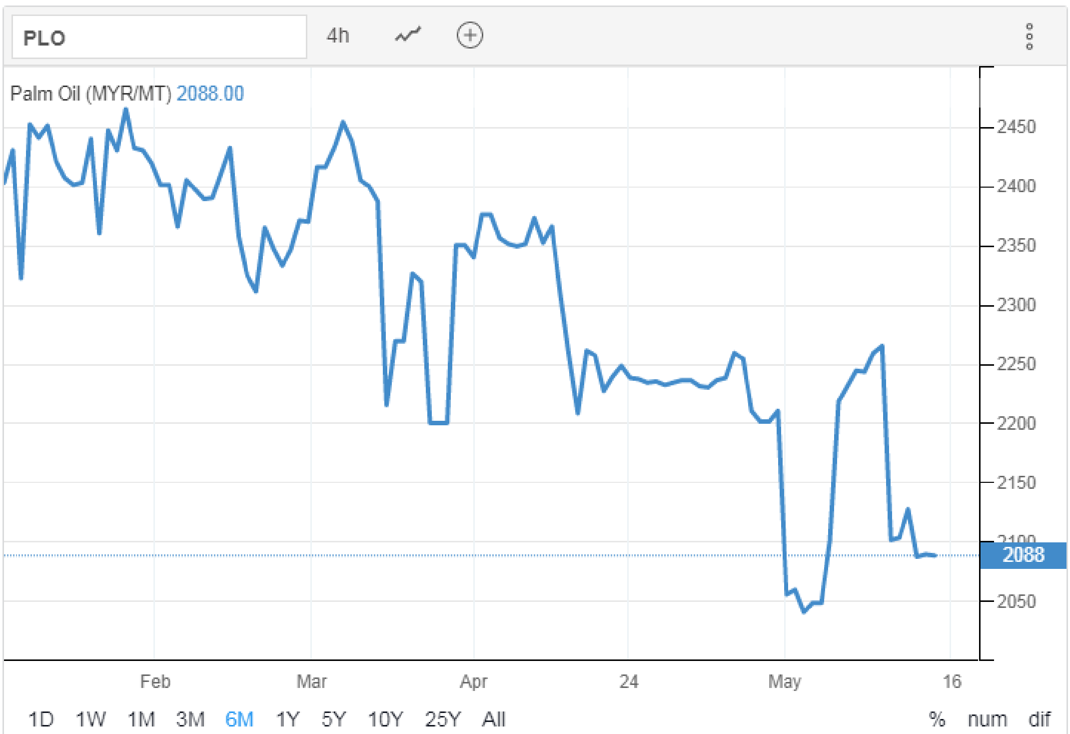
[5] https://www.theedgemarkets.com/article/special-report-covid19-fallout-jobs-under-threat

[6] https://www.dosm.gov.my/v1/index.php?r=column/cone&menu_id=Skp1WWdzalp0aVZ6MG9jRUdIbXdwUT09

The DOSM importantly noted that out of 15.23 million employed people in Malaysia, 2.86 million people or 18.5% were self-employed, in professions such as petty traders, farmers and market freelancers. This group is most exposed to the risk of unemployment and work losses that had affected their income during the MCO. Further, 47% of self-employed workers had lost their jobs, accounting for about 19,677 respondents in total, as for those who had jobs, 35.5% had reported a decrease in income by over 90%.

The report found that the highest incidence of job loss in the Malaysian market was in the services and agriculture sector, at 21.9% and 15.0% respectively, this contrasts with the low-risk rating given to the agriculture sector by the ILO. Among agricultural workers, job losses in the fisheries sub-sector stood at 33% whilst losses in the plantation sector stood at 21.1%.

This is in part explained by the over-reliance of the Malaysian agricultural sector has on the price of palm oil which has dropped 16.34% since the start of the year 2020 as seen in the chart below.




Source: Trading Economics

The low price of palm oil will hit small farmers the hardest as there are lower economies of scale compared to the large private market producers. Small farmers require a higher price, estimated at RM2,400 in order to make it economically profitable to harvest their yield, whereas larger producers can harvest their yields at significantly lower prices.

In addition, recent environmental standards imposed by the former primary industries minister Teresa Kok will increase the costs incurred in complying with harvest regulations, with over a third of plantations yet to meet the green sustainability standards under the Malaysian Sustainable Palm Oil (MPSO) certification requirement, set to be mandatory from January 2020.[7]

The DOSM noted that in the services sector, total job losses were in the Food & Beverage services sub-sector at 34.5%, followed by the Transportation and Storage sub-sector at 18.7%. The survey also found that 90% of all survey respondents were working lower than their usual salaries. In terms of financial savings, over 71% of self-employed respondents have enough savings for less than one month. Worryingly only 6.2% of respondents said that they were little affected while 52.6% said that they were financially most affected.

DOSM also found that the duration of employee turnover also influences the degree of financial savings an individual has. It was noted that 70% of those who have worked for less than one year had financial savings that may only support them for less than a month, while 11.4% of working adults between 21-30 years old and 11.7% of working adults over 30 years old had sufficient savings for up to 4 months.

The above statistics indicate that most respondents were woefully unprepared if the duration of the MCO was extended. The only exception was for employees either under Government Linked Companies (GLCs) and Multinational Companies (MNCs).

Chief Statistician Datuk Seri Dr. Mohd Uzir noted that although these were not the official statistics but rather on a survey basis, the results found in the exercise could help facilitate these affected groups that will improve the economy. Two things stand out clearly from these statistics, firstly, there is a need to increase disposable income and secondly to increase domestic consumption.

### *Implications of High Unemployment Among the B40*

There are myriad problems caused by the projection of high unemployment, most notably, as the unemployment rate rises, the capacity for households to service loans will diminish, already Malaysia has one of the highest ratios of debt-to-GDP at 82.7% at the end of 2019 according to Bank Negara Malaysia (BNM)[8]. Further, BNM noted that the entire banking system has some RM1.772tril in outstanding loans at the end of December 2019; of this, RM138.5bil or 7.8% are for personal loans (30%) and credit cards (70%). This represents roughly 11.1% of total household debt as at end 2019.

As unemployment and incomes decrease across the board, and especially for the B40, Malaysians are likely to tighten their belts for the year. Indeed, recent survey estimates show that household spending has effective collapsed, dropping from RM6,317 per month to RM2,813, a staggering 55% drop. Even in terms of non-consumption expenditure, it has dropped from RM4,033 to RM2,110, an astonishing 69% drop during the MCO period.

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[7] https://www.reuters.com/article/us-malaysia-palmoil/malaysia-says-palm-oil-industry-challenged-to-meet-green-standards-by-2020-idUSKBN1XS19N

[8] https://www.thestar.com.my/business/business-news/2020/04/11/are-malaysian-households-overly-indebted

Deflation, which is a strong indicator of weak consumption had emerged in March, with the Consumer Price Index (CPI) falling YoY by 0.2%, with market analysts expecting a deflation of -0.5% for 2020. The first full year deflation since the riots of 1969.

As incomes drop and consumption decreases, the demand for goods and services will likewise drop, meaning slower economic growth for the year resulting in increased job losses, this is a nightmare scenario which has the potential to unravel many sections of the economy, and measures to stimulate employment and income forms the utmost importance.

Economists have also warned that jobs lost would not come back easily as demand may be slow to return to pre-pandemic levels. In addition, employers may increase their investment in digitization and may not hire back lost workers immediately, creating a lower net job creation. The employment landscape post-MCO will likely consist of STEM professionals, university degree holders and skilled workers, offering little opportunities for the unskilled.

### *Effects on Small Companies and Businesses*

In an S&P Global Ratings report published on 19th April, person-to-person service lines have been hard hit as social distancing measures have been introduced. The report noted that any activity that cannot be done online or through the phone will feel the full force of social distancing measures. The author further noted that as the number of jobs in the agriculture industry disappeared, displaced workers have streamed to hotels, restaurants and shopping malls instead of to factories, adding that this is happening around the world. The author further noted that job growth in the service sector has been three times faster than the industrial sector since 2000.[9]

In addition, the S&P report noted that Malaysia's manufacturing sector has become much more sophisticated through foreign direct investment (FDI) and has become relatively capital-intensive, requiring more skilled workers than unskilled, therefore the impact to the manufacturing job market will likely not be as severely impacted as the service industry, as the latter is relatively more labor-intensive. To illustrate, the author noted that restaurants, shopping malls, and hotels rely more on staff than they do on machines.

This in mind, it should be noted that SMEs which account for over two thirds of employment - the most important employer in Malaysia- are primarily service-based. Thus, the service sector of SMEs are crucial to the economy and needs further stimulation to mitigate the economic impact to them as those hired by SMEs mostly constitute the ranks of the B40.

Based on a DOSM survey of local businesses entitled "Special Survey Effects of COVID-19 On Economy and Companies/Businesses and Firms (Round One)", where 43.4% were from Micro-enterprise, 40.4% from Small businesses, 9.1% from Medium sized and 7.2% from Large businesses, the results of the survey were insightful.[10]

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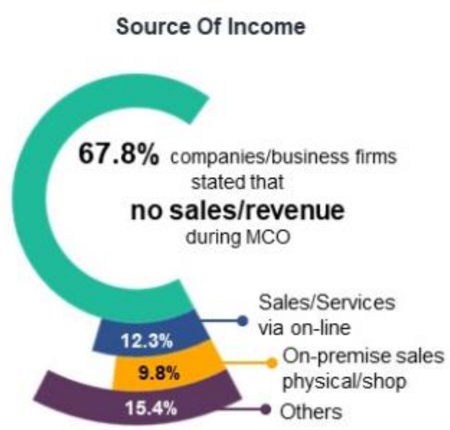
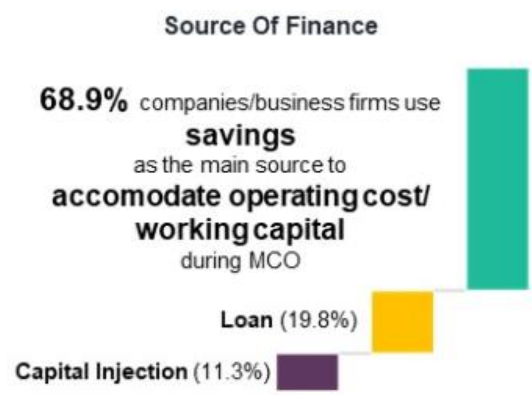
[9] https://www.theedgemarkets.com/article/special-report-covid19-fallout-jobs-under-threat
[10] https://www.dosm.gov.my/v1/index.php?r=column/cone&menu_id=RkJtOThJSlBJNStOV1liM1JsKzdZUT09




The DOSM noted that over two thirds of companies reported no revenue during the MCO, while only 12.3% reported revenue through online sales, which is only 2.5% more than physical store sales. This is indicating that the sudden drop in income has altered consumer's demand preferences, at least in the short-term.

This is unsurprising given that 70% of 20-30-year-old working adults do not have enough income to last them longer than a month. This is however also worrying as it shows that a shift to online sales may not be as an effective revenue source as previously understood, and should not be regarded as a short-term but a medium-long term solution instead, until the loss in income is able to recover.

In terms of finance sources, the vast majority or 68.9% of companies use their cash reserves as their main source of income to absorb their working capital needs during the MCO, while a minority of 19.8% opted for loans to continue its working capital, whereas a minute 11.3% opted for capital injection to fund operations.

This indicates that the preference for companies is to use up existing cash reserves is high and there is little appetite for working capital loans, especially during such uncertain economic times, even at low interest rates. In addition, capital injection is low, at only 11.3%, indicating that equity financing may be scarce, this is unsurprising however as it is usual for equity financing to command a higher rate of return than other forms of financing, and in periods of uncertain cash flow, investors may take on a more conservative attitude.

### *Effects on the B40 at the end of the six-month moratorium?*

At the end of April, it was decided that banks were able to dictate the terms of the six-month moratorium on loans. Ultimately, it gave borrowers two options for repayment, the first option is to pay the accumulated six-months deferred instalments together with the October instalment at no additional interest charge while the second option is to continue the current instalment repayments with an extension of six months in repayment period after the original maturity date. The latter option is dependent on the contractual rate and will be charged based on the amount outstanding in delayed instalments until they are fully repaid at the end of the extended six-month period.

The controversy that surrounded this shift in policy stemmed from the fact that the Finance Minister Tengku Zafrul Tengku Aziz was on record saying that the B40 would save on their interest payment as many banks have announced that the interest payments will not be compounded. This he said was to help ease cash flow in the short-term. In addition, Prime Minister Muhyiddin Yassin profusely thanked the banks for their agreement to the six-month moratorium[11].

However, a month after this statement was made on record, the banks had reneged on the words of the finance minister and instead had decided to compound the interest after all, providing only short-term relief instead of allowing the B40 to waive their interest payments. Perhaps from the bank's point of view, an interest waiver of six-months would wipe out near half their normal annual earnings from commercial loans, costing them billions in lost earnings.

We should remember that the banking sector, despite the crisis is negotiating from a position of strength. Unlike previous crises, where banks were facing a severe liquidity shortage, this time around, they have built up their capital reserves and therefore hold many cards in their favor. This was made clear during a BNM statement on 25 March, where they expressed that the banking sector has excess capital buffers above the minimum regulatory requirements.

The option that the banks are giving to settle the lump-sum payment of six-months of deferred instalments will likely hit the B40 hardest, as many members of the B40 have experienced job losses and reduced income. As a result, they may not be able to find the financial resources to settle the six-month instalment repayment and those that do will have to dig into their savings.

According to the Financial Stability Review 2019 published by BNM, the report commented that although the country's overall household debt has increased since 1H2019, most Malaysians can survive the impact to the economy. However, this resilience is heavily supported by income growth and adequate financial buffers and at the aggregate level, outstanding household financial assets and liquid financial assets are broadly stable at 2.2 and 1.4 times of debt respectively.

Households earning below RM3,000 however face a much less optimistic prospect as they are most at risk of defaulting on their loans, particularly on their mortgages. In addition, due to the rising cost of living, the report had mentioned that households in this group on average have nine times more debt than assets, which is made up primarily of residential loans.

The confluence of poor financial planning and low income continued to be the main cause of financial stress as they tend to overestimate their ability to cope with debt obligations. BNM also noted that the B40 made up over half of all people who sought financial counselling. The situation for the B40 is made worse

[11] https://www.freemalaysiatoday.com/category/opinion/2020/05/06/what-the-6-month-moratorium-controversy-is-all-about/

by the MCO which had stopped the functioning of all non-essential businesses, effectively halting their earnings and livelihoods as many are day laborers who are only paid on days that they work[12].

Therefore, the impact to the ability of the B40 to repay their obligations in the first option is certainly not tenable as they have had over a month of missed salary payments and will not be able to generate enough cashflow to repay the compound interest when it becomes due. This leaves most of the B40 to opt for the second option which effectively places a higher debt burden to be paid in the future. The banks should instead be offering the option to settle the six-month lump sum repayment to the last instalment period should the borrower wish to retain their loan period, this would give the borrower enough time to raise the required cash amount.

### *Policy Recommendations*

In the short-term, the needs of both the B40 and SMEs need to be addressed, as both contribute the bulk of consumption expenditure and employment respectively. By now, the adverse impacts on the B40 arising from the MCO would have been made abundantly clear. To address this in the short and medium term, several initiatives must be considered. Importantly, we must be mentally prepared for the incidence of high unemployment, which is being made worse due to the new graduates and diploma holders coming into the job market.

#### 1. Job Matching Platform to Reallocate Labor

It is recommended that after the MCO, a labor reallocation initiative should be put in place to address high unemployment. This is to mitigate the effects of the already high level of job and qualification mismatches that exist in the job market, with some sectors facing a shortage and some facing an oversupply of qualified workers.

As the level of unemployment increases, this will amplify the existing disequilibrium. Therefore, a nationwide job matching platform, creating a bridge between employers and employees with links to training and career counselling centers must be set up to ensure that those who have been laid off are able to find opportunities elsewhere in the market.

#### 2. Temporary Work and Job Creation Program

A new work program could be extended from recommendation (1) above, in essence, the job matching platform could create two branching systems for flexibility. The first being a temporary work program, which could provide employment on a short-term (3 to 6 month) basis. The short-term arrangement will likely largely be utilized by furloughed unskilled labor as labor-intensive professions become squeezed.

[12] https://ringgitplus.com/en/blog/bank-news/bnm-most-malaysians-households-remain-resilient-despite-covid-19-impact-higher-risk-for-b40.html

The program should be available for workers who have been furloughed by labor reduction measures but are still attached to their original company, offering those affected with a potential lifeline once the economy improves. It also has an added benefit of allowing businesses to directly negotiate wages in the short-term allowing firms to allocate financial resources during the crisis.

The second branch of the program is being a job creation program, available for workers who have been retrenched entirely and is unable to find long-term work security. This should be linked with public infrastructure expansion plans.

The government's current plan to encourage companies and businesses to hire locals instead of foreign workers is good but unless the original 3D ("dangerous, dirty and difficult") jobs are repackaged perhaps with adoption of technology, it would be unlikely for companies to fill vacancies with locals.

### 3. Inclusion of the Self-Employed into the National Employment Insurance Scheme (EIS)

Due to the pandemic, many self-employed individuals will ultimately be put out of work. The government should consider allowing self-employed individuals to contribute and sign up for the EIS so that they can enjoy the benefits of subsidized training costs and unemployment benefits. As many of the self-employed due to the loss in income may end up in the B40 category at least in the short-term.

### 4. Increasing Public Investment into Strategic Sectors

The government should devote its development expenditure portion in the budget towards catalyzing strategic sectors, given that the private market is now overly cautious in making the first move in investments, owing to the greater uncertainties in the market. Strategic sectors include pharmaceuticals, medical equipment, healthcare and other currently in-demand services. This will have the effect of reducing start-up costs and also opens opportunities to rethink the way we organize private market activities.

Importantly, there will be more demand for digital ecosystems in both the public and private sectors in the near future - contactless systems, online meetings, remote services and mobile payment systems will be in great demand. Therefore, public led investment is necessary in mobilizing and encouraging such systems, with the aim of making our domestic market competitive both locally and internationally.

Secondly, supply chain disruptions translate into the need to minimalize waste and optimize materials usage to mitigate production losses experienced by producers. In this regard, it will be beneficial to scale up waste management and recycling sectors to ensure that production losses are mitigated. Thirdly, businesses would start becoming more accustomed to work from home (WFH) policies, therefore more offices would start thinking of repurposing and reducing office space to the bare essentials, to stay nimble and flexible.

## 5. Establishing A National Food and Medical Supplies Stockpile

The government needs to be prepared for the possibility that the pandemic will last for an extended period of time in the event that the much-awaited vaccine takes longer than expected or is not capable of effective immunization.

Therefore, a national stockpile should be established, awarding supply contracts only to Malaysian SMEs and local companies capable of meeting high quality conditions set by the health ministry. This should be funded either entirely by the government or through a public-private partnership program to incentivize participation from local investors, with the aim of subsidizing the cost to the public while at the same time keeping operations profitable for investors.

## 6. Government Initiatives to Strengthen the Long-Term Digitization of Both the Private and Public Sectors

The growing trend of digitization for companies will continue to grow and will likely skyrocket due to the imposition of social distancing measures to halt the spread of the coronavirus with the aim of ensuring their sustainability and competitiveness.

These initiatives should be made in both the public and private settings, among private market participants, initiatives under the Industrial Revolution 4.0 (IR4.0) should be expanded. The goal of the IR4.0 was expected to increase the productivity of manufacturers per person by 30%, however as of August 2019, only 15-20% of domestic firms have made the migration, despite a reserve of RM2bil in the 2018 budget. This was primarily due to the lack of information by companies on how to access these reserves.[13]

Therefore, the measures developed by IR4.0 should be continued and an agency be set up to manage the confusion and lack of information faced by local firms as they try to migrate to new technologies and act as a point of support. Several additional measures should also be considered in tandem.

One measure is to include SMEs and service-oriented businesses to IR4.0 as well as large and manufacturing firms. To this effect, tax credit initiatives should be granted for investments into a comprehensive list of new technologies such as AI. In addition, SMEs can apply for partial subsidies for approved IR4.0 investments on a case by case basis. These measures should go far in transitioning the private market towards its intended goal.

In addition, the government must include policies to transform public services. Malaysia suffers from a lack of government sector efficiency, with the World Bank reporting in 2019 that the performance of the civil service in Malaysia has been on a serious decline since 2014.[14] Malaysia has one of the

[13] https://emag.live/highlights-of-the-ir4-0-in-malaysia/

[14] https://www.thestar.com.my/news/nation/2019/07/01/declining-performance/

highest ratios of civil servants to population anywhere in the world, at one civil servant to 19 people (1:19), compared to Singapore at 1:71 and Indonesia at 1:110.

This highlights the need for the government to transform its internal processes to adopt new technologies and to rely less on inefficient labor-intensive civil service workers. This frees up money in the budget to devote to other areas at the cost of a reduced civil workforce.

If we were to include all salaries, allowances and emoluments, the cost of the civil workforce is nearly RM100bil annually, which is more than one third of total government revenue. If the digitization of the civil workforce is fully implemented, annual operational costs incurred by the government can be reduced to an effective level of hiring. The savings generated from reducing the civil workforce can be reinvested back into developing new skillsets and providing cash transfers to affected parties.

As the government increases its digitization effort, it should privatize its upgrading works and award companies on a free and open tender basis to reduce the large costs involved in such upscaling works. This would not only increase the productivity of government services but also boost the overall market, providing opportunities for both Malaysian IT companies and SMEs.

### 7. Implement Bi-Weekly Salary Payments

To increase the disposable income of workers and most importantly, the B40, it may be necessary to regulate the timing of salary payments among employees and many wage earners. Currently, most salaried workers are paid on a monthly basis, this makes budgeting for workers much more difficult as cashflow comes in only once a month.

There are many benefits to bi-weekly payments as opposed to monthly. In the case of workers who earn a high salary level, the impact of bi-weekly salary payment may be negligible, however for workers in the middle and low-income categories, bi-weekly payments will go a long way in helping them to plan their budgetary expenses as they have two periods of cashflow in a month.

Further, this is a system where there need be no change in absolute annual salary expenses for companies, as salary payments are effectively only separated in two equal portions of the month. Therefore, there should be no material impact on businesses, except a marginally greater administrative shift in the short-term, which should normalize in the medium to long term.

In addition to the budgetary planning advantage, workers also enjoy the time value of money while the employer's total nominal payment at the end of the year is the same. However, as the payment period increases, the time value of money diminishes for the employer. This effectively represents a shift in relative purchasing power from the employer to the employee and will benefit the employee greatly in the long-term.

### *Final Thoughts*

The fallout from the pandemic on the B40 will remain high, as many in this category experience a drop in income and a loss in employment opportunities. This will have many spill-over effects into the broader economy.

One should expect lower consumer purchasing power in the short to medium term which can culminate into lower sales, and affecting the ability of companies to maintain stability in employment, which in all likelihood will contract sharply this year. Therefore, policymakers should expect heavy distress among the B40 this year, with public policy acting only as a mitigating factor and not as a concrete solution.

As global economy will likely remain depressed for a prolonged period, Malaysia may have to take extreme measures including implementing structural and systematic reforms that are long-overdue in order to lift the economy, and focus on increasing household income that would in turn help stimulate domestic spending.

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