Why a forward-looking Budget is needed

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At an international conference in Budapest organised by the Central Bank of Hungary last week, there was a consensus debate among participants on the effective role of central banks. Singapore was repeatedly identified as an eminently model where the central bank and the government have consistently done well in crisis management. The discussion of the Singapore model among central bankers was dominated by how Singapore, effectively managed the crisis, leading to a swift rebound from every economic recession or slowdown. However, I thought the debate largely missed the point: the severity of the crisis the first place was mitigated, due largely to the strong and stable macroeconomic fundamentals and efficient resource allocation for firms and individuals within the micro-economic environment.

PREVENTION RATHER THAN CURE

Singapore’s fundamental strategy in effective crisis management is focused on preventive and pre-emptive moves, rather than crises. The recent change in regulations on property purchases, sales and built-related borrowings, coupled with pre-emptive measures, are just a case in point.

As usual, a stronger economy, Singapore’s macroeconomic condition is strongly influenced by external factors. Therefore, Singapore’s ability to maintain its financial normal and transmit the political changes coming from Asian neighbours, in economic volatility transmitted from Western economies in an inter-connected and inter-dependent world.

Despite these volatile factors, Singapore has remained competitive, staying ahead of the curve in global trade and investment. A key factor is its strong commitment to excellence and productivity. The country’s long-term approach to education and training is helping to develop a skilled workforce that is essential for maintaining Singapore’s competitive edge.

Trade protectionism and nationalism must be avoided at all costs, as they will only reduce the global competitiveness of Singapore and stifle its economic growth. Instead, the Government should continue to focus on fostering a business-friendly environment and promoting innovation and entrepreneurship.

Trades that are vital to Singapore’s development, such as manufacturing and services, must be supported. The Government should also ensure that the education system is able to provide the skills needed for future jobs.

The upcoming Budget will be a crucial moment for Singapore to reaffirm its commitment to growth and stability. It is an opportunity to signal confidence in the country’s future, and to demonstrate that the Government is ready to support businesses and individuals in their efforts to thrive in a challenging economic environment.

In this context, it is important for the Government to continue to invest in education and training, public infrastructure, and social services. These investments will not only help to maintain Singapore’s competitiveness, but will also create a more inclusive and sustainable society for all.