

Why the Budget for a post-Covid Singapore must be different

By Lawrence Loh

IN the Covid-19 pandemic, policy responses to stabilise and uplift the economy have been most crucial for Singapore's sustenance. In transiting to the post-Covid era, the economic imperatives will be predicated on an even more critical foundation if Singapore were to continue to fortify its resilience. This will be more qualitative than quantitative. It will be the very underpinning that makes or breaks the effectiveness and receptivity of the Budget measures.

Global setting

Since the pandemic's onset here last year, Singapore has pumped in considerable budgetary commitments to mitigate the economic fallout. The measures have broadly been feasible due to steady groundwork of national progress built over the years.

If we look at the situations in Western countries like US and UK, the Budget stimuli and assistances have been given out amid polarised settings. Both of these countries had gone through extremely divisive elections or referendums, and the aftermaths have been protracted. There is a lack of basic confidence among many society segments for the

governments.

We are also seeing similar phenomena of discord in East Asian jurisdictions like Hong Kong, Japan and South Korea, although these may be on a smaller scale. Yet these could be simmering and may escalate beyond the tipping point if not well managed.

For Singapore, we have to watch the evolving signals carefully. Significant attention should be on the implications of any shifts despite the momentous national budgetary supports.

Shifting gears

The impending predicaments in Singapore will be more profound as it is clear that the Budget assistance packages cannot last indefinitely. Many of businesses and individuals will have to be weaned off these, and will have to transform or pivot to other opportunities.

Budget 2021 will be different, not in the sense that it will take a more traditional budget stance, but because it may change from a supremely supportive bearing to one that is more market-based. The main challenge will be one of withdrawal for affected businesses and individuals. Thus it is all the more important to build or even rebuild the

qualitative bedrock for cohesion among the people so that social harmony can be sustained.

The qualitative emphasis of a Budget for a post-Covid world can be built on the dual pillars of content and process.

Quality of content

While a full range of policy tools, particularly those on the monetary side, will be necessary, fiscal policy will be most essential as the impacts can be more immediate and targeted.

Singapore's fiscal policy has, over the years, emphasised rightly on inclusivity and equity. The strategic thrust of the policy now has to move from "assistance" to "persistence". In other words, fiscal measures will stress on beneficiaries eventually being able to stand on their own two feet in the longer term. The move can be gradually phased, but the direction must be clearly stipulated.

The underlying intent is to cultivate tenacity and grit in people and enterprises. To do so, we have to incentivise communal development and boost the spirit of dynamism in humans. The coming transition to post-Covid may be a timely watershed to stress sustainable human development.

It is often touted that fiscal policy is "king", especially in navigating economies out of a recession or a depression. This will be the case for Singapore's impending policy responses. It will be good to stand audaciously on the rationale through fiscal policy with a soul.

Quality of process

The post-Covid stabilisation has to necessarily balance between short- and long-term needs. More significantly, there has to be some prioritisation among competing wants. Given that the resources are public and finite, it is even more critical to have a robust governance process with vigorous stakeholder engagement.

The lead-up to Budget 2021 may have to go beyond the current consultative events. The main requisite is to develop credibility in the Budget measures and this can be done with even greater transparency, not just in the outcomes, but more so in the processes.

It may be good to have a diversity of views in the public domain. A little messiness can be deliberate and worth it, as long as we eventually foster convergence for the collective agreements. And this may go beyond parliamentary debates – perhaps some

significant "track 2" parallel debates may be considered, besides the existing forums and engagement exercises.

The Budget process is a rallying point to garner broad consensus amid diverse needs and views. It is more than a Budget in the strict sense. The coming parliamentary Budget debate should be more about quality of expenditure and the quality of policy. This will undergird the oft-viewed notion of the Budget as a goodie bag of "what and how much to who and when".

The new imperative will be the "why".

Step forward

Singapore's Budget has to evolve with time. While it promotes transformation amid the pandemic, it in itself will have to transform from a quantitative to a more qualitative institutional stance. Beyond enhancing the "hard" fundamentals, we need to forge the "soft" factors. Going into the post-Covid era, Singapore's resilience will have to stand on public policy rooted, to the core, in quality.

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