

## **PANEL DISCUSSION ON THE SINGAPORE BUDGET 2005**

*organised by*

**SCAPE (Singapore Centre for Applied and Policy Economics)  
Department of Economics, Faculty of Arts and Social Sciences  
National University of Singapore**

Date & Time: 19 February 2005, Saturday, 10 am  
Venue: AS7 Level 1, Seminar Room B, NUS  
Chair: Assoc Prof Shandre M. Thangavelu, Department of Economics  
Faculty of Arts and Social Sciences, NUS

### Programme

- \* Welcome address by Assoc Prof Euston Quah, Director, SCAPE, Department of Economics, Faculty of Arts and Social Sciences, NUS
- \* Comment on the Singapore Budget 2005 by Panelists
  - Assoc Prof Chia Ngee Choon, Department of Economics, Faculty of Arts and Social Sciences, NUS
  - Professor Parkash Chander, Department of Economics, Faculty of Arts and Social Sciences, NUS
  - Professor Augustine Tan, School of Economics and Social Sciences, SMU
  - Assoc Prof Donghyun Park, Economics Division, School of Humanities & Social Sciences, NTU
  - Mr Jimmy Koh, Vice President, Head of Economics-Treasury Research, United Overseas Bank
- \* Question & Answer Session
- \* Tea Reception

# The Straits Times

ASIAN MEDIA AWARDS WINNER OF THE YEAR

Money

**A prudent, targeted Budget, say economists**

Erica Tay

661 words

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English

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Few goodies as Govt keeps focus on long-term economic strategy

AFTER successive Budgets geared towards helping Singaporeans survive tough times, Mr Lee Hsien Loong's first Budget statement since becoming Prime Minister is a cautious one that focuses on Singapore's long-term economic strategy, say economists.

Prudent and targeted - that is how leading economists from academia and the private sector described the measures unveiled last Friday. But they also pointed out that more needed to be done on the road to economic restructuring.

They were speaking during a panel discussion held at the National University of Singapore (NUS) on Saturday. The event was organised by the university's newly formed Singapore Centre of Applied and Policy Studies.

One speaker, United Overseas Bank vice-president and head of economics-treasury research Jimmy Koh, said the Budget centred on the Government's long-term strategy for Singapore. He saw it as a fine-tuning of the changes brought about by the Economic Review Committee over the past few years.

Another speaker said that as new Prime Minister, Mr Lee might have been tempted to go for a politically geared Budget loaded with feel-good giveaways for all, especially since Singapore's economy had recovered well from a bad three-year patch.

But Mr Lee did not take this route, noted Nanyang Technological University's (NTU's) Associate Professor Park Dong Hyun. Instead, he opted for a 'sober' approach, rather than a radical one, said Prof Park. 'This Budget has been evolutionary rather than revolutionary,' he said.

'People expected Economic Restructuring Shares for everybody. Instead, you got a Budget targeted at the elderly and the unemployed.'

However, Singapore Management University's (SMU's) Practice Professor of Economics Augustine Tan pointed out that the planned goodies for the needy, old and unemployed do not actually put cash in the hands of people to spend as they like.

Rather, they are top-ups in purpose-specific funds, and will not stimulate consumer demand the way a direct cash handout will.

With an eye on the longer term, Associate Professor Chia Ngee Choon, also of NUS, raised the issue of how the nation was going to cope with a greying population.

She said there was a need for more structural changes to deal with health-care financing and old-age security because of an ageing population.

But this entails more spending, and the Government has difficulty raising new taxes because of the need to keep Singapore internationally competitive, she pointed out.

Another hot topic was a move as part of last Friday's Budget to allow employers to breach a quota on the number of foreign workers they can hire by paying a higher levy of \$500 per worker.

NTU's Prof Park called the policy 'killing two birds with one stone', as it allays domestic fears of foreigners taking away local jobs. On the other hand, 'it is a move away from a system based on rigid rules, to a market-based, price-based system'.

'It will help foreign labour flow to the companies that need them most,' he said.

SMU's Prof Tan said more needs to be done to attract foreign and local capital investment in Singapore, which has not kept up with the nation's gross domestic product growth. He suggested that Singapore entrepreneurs invest more at home instead of pouring funds abroad in order to generate jobs for Singaporeans.

#### Fine-tuning measures

Sober approach People expected Economic Restructuring Shares but it is a Budget targeted at the elderly and the unemployed, says Prof Park, noting that the Budget has been evolutionary rather than revolutionary.

No cash in hand The planned goodies do not actually put cash in the hands of people to spend as they like, says Prof Tan. Rather, they are top-ups in purpose-specific funds, and will not stimulate consumer demand the way a direct cash handout will.

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