

## **Budget Should Look To Future, Help Middle Class: Analysts**

**TODAY reports: Analysts say that the Budget should address the chief concerns of the middle class - employment and income insecurity, wage stagnation and inflation, as well as anxiety about their own and their children's financial future.**

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Singapore: Sandwiched between raising a family and caring for their ageing parents as the costs of living rise, the middle class could receive more attention in the Budget this year, which will be delivered by Finance Minister Tharman Shanmugaratnam on Monday afternoon (Feb 23).

And while there have been predictions from some quarters of an election Budget with goodies in the offing, some observers have cautioned against focusing too much on the short-term, saying the Budget should be assessed on whether it delivers a convincing long-term plan for the Republic.

Employment and income insecurity, wage stagnation and inflation, as well as anxiety about their own and their children's financial future are some of the chief concerns of middle-income earners - who are the largest stakeholders in the country, said Institute of Policy Studies sociologist Tan Ern Ser.

"If Singapore aspires to be a middle-class society... then there are good reasons to address (the middle-income group's) concerns," he added.

Subsidies to help people look after their elderly parents or for childcare and their children's education would go a long way for middle-income earners, because these are their heaviest burdens, said Mr Vishnu Varathan, a Singapore-based economist at Mizuho Bank. He added that more rebates could also be expected for middle-income households, with income earners taking on skills training or further education.

Earlier this month, Mr Tharman, who is also Deputy Prime Minister, indicated that this year's Budget would focus on building Singapore's future in terms of addressing retirement adequacy and helping Singaporeans, both those still in school and mid-career, have good careers.

Mr Tharman chairs the 25-member SkillsFuture Council, a national panel set up last September to develop a system of education, training and progression for Singaporeans. He also said the Government was putting the final touches to the Silver Support Scheme, along with other measures to help the low-income elderly.

The needs of the "sandwiched" class must be addressed as they do not qualify for schemes that help the poor, nor do they have the financial capability of upper-income earners, said Associate Professor Eugene Tan from the Singapore Management University School of Law.

"If you talk about trying to ensure Singapore is ready for the future, it becomes critical to ensure this group is well equipped and has confidence in the future of the country. If the

Budget can lift this broad middle class who occupy the heartlands of Singapore... Then the future of Singapore will become secure as well," he said.

Associate Professor Bilveer Singh from NUS' Department of Political Science said public expectations for this year's Budget are high, given that it is Singapore's Golden Jubilee and that there is talk of the elections looming. The next General Election must be held by January 2017.

"Partly, the Government created these expectations for itself ... People will say, 'Okay, what is there for me after 50 years?'" he said. "Budget is when people will see the political will from the Government - can this Government really deliver? Is the Government really caring?"

In a research note published last week, Barclays economists Leong Wai Ho and Bill Diviney pointed to previous incentives that had preceded elections, such as the S\$3.2 billion Grow and Share package in 2011.

Dr Tan Ern Ser noted that, increasingly, Singaporeans expect the Government to provide support not only in weathering economic storms, but also in buffering them against risks of inflation, employment and income insecurity as well as wage stagnation. "In short, harping on self-reliance and focusing on job creation and skills training alone are not sufficient," he said.

Assoc Prof Tan said the Government would have to show that the Budget would not be about short-term measures. "I hope we measure the worth of the Budget by looking at what it actually does to strengthen our capabilities and capacity to do even more and to do well in the years ahead," he said.