

As election nears, Singapore may raise spending to ease economic pain

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Singapore is expected to roll out a generous budget ahead of an election as the ruling party seeks to appease voters who are feeling the pinch from a sharp economic downturn, analysts say.

Prime Minister Lee Hsien Loong has formed a panel to review electoral boundaries, the government said on Wednesday, the traditional precursor to an election being called within months.

Lee's People's Action Party (PAP) is all but certain of a healthy victory with even the main opposition downbeat on its chances. But the PAP, which has comfortably won every election since Singapore's independence in 1965, will want to ensure its large majority isn't eroded.

Analysts say the PAP may hold the vote shortly after delivering a budget in February that would likely boost spending to help the public as the city state's trade-dependent economy teeters on the edge of recession.

If the economy worsens further then the vote could come sooner, they said.

"The Singapore economy is one of the weakest now in the Asia Pacific region and it makes sense because it is a small, open economy, highly exposed to trade," said Moody's Analytics economist Steve Cochrane.

"It's an obvious time that the government would be instituting some expansionary spending, something to boost the economy, get it through this weak point," Cochrane added.

Finance Minister Heng Swee Keat, who is widely expected to takeover from Lee as prime minister after the election, could raise his profile by delivering a bumper budget.

Heng may offer help on education, housing, jobs and the elderly, all important issues for voters, analysts said.

Gillian Koh, deputy director of research at the Institute of Public Policy Studies, said the next budget would likely include more subsidies for childcare, pre-school education and for training and re-skilling workers.

"And anything to do with dealing with costs for the senior segment of society," she said.

LACK OF OPPOSITION

While a looming recession would cause many governments to steer away from calling an election, the PAP could actually benefit from the downturn as it is viewed by some members of the public as the only party able to properly manage the economy.

"So long as the PAP government is not regarded as having mismanaged the economy, a slowing economy is likely to be advantageous," law professor and a former nominated member of parliament, Eugene Tan, told Reuters.

“The current reserves can give a significant boost to government spending in next year’s budget and that can be politically advantageous and strategic for the PAP.”

For many voters, some extra support to bring down costs in a struggling economy would be welcome.

“It’s been more and more difficult for many young people to get housing, and many middle incomers like myself find ourselves in a hard situation,” said 29-year-old banker Alicia Tang.

In the last election, in 2015, the PAP won about 69.9 percent of the vote, an improvement on its worst ever showing of 60.1 percent in 2011.

Opponents say the political structure heavily favors the PAP and makes it difficult to pose a credible challenge. The PAP denies the voting system is biased and says it promotes contestable elections.

The Workers Party, the only opposition party in parliament, with six of 89 elected seats, is close to “wipe out”, its leader Pritam Singh has said.

Some voters want to see a credible opposition.

“Next elections, I hope the opposition will have some representation,” Tang said.

“But right now, we don’t have quality opposition.”