ASK MOF: SINGAPORE'S FISCAL APPROACH

WHY DON'T WE BORROW MORE INSTEAD OF RAISING GST?

The Government ensures that **our finances are sustainable**, by spending within our means and borrowing in a **responsible and careful manner**.

> Borrowing may be suitable to finance major long-term infrastructure projects.

B

A

The completed projects will generate benefits over many years. The long lifespan of infrastructure means that it will benefit not only current but also future generations. Borrowing allows the costs to be spread more equitably across generations.



However, we should not borrow for recurrent spending like healthcare, security, and other social programmes.

A It will put the burden of our recurrent spending and consumption on future generations.



B If we borrow for recurrent spending, we will be committing our children and grandchildren to repay our debts without enjoying the benefits.

Increased expenditure on recurrent social and security needs will **directly benefit the current generation**. Therefore, the current generation should also contribute.

The GST is a **responsible way** to pay for recurrent needs as **each generation pays its fair share**.



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