

Balancing Economic Growth and Social Cohesion: Immigration Policies in Singapore

Yifei Wang*

Raffles Institution, Singapore

* Corresponding Author Email: 24YWANG607C@student.ri.edu.sg

Abstract. In the context of limited natural resources and an aging population, Singapore relies heavily on immigration to drive economic growth. This study investigates the evolution of Singapore's immigration policy and its dual impact on economic development and social cohesion. The research employs process tracing to examine how policy changes have influenced both high-skilled and low-skilled immigration, and how these groups have contributed to different sectors of the economy. While immigration supports economic growth by filling labor shortages and enhancing innovation, it also raises concerns about social cohesion, inequality, and national identity among residents. The study finds that despite government efforts to address these issues through stricter regulations and integration policies, challenges remain. This research contributes to a deeper understanding of how immigration policies can balance economic benefits with social harmony, offering insights for policy improvements in multicultural societies facing similar challenges.

Keywords: Immigration Policy, Economic Growth, Social Cohesion, Singapore.

1. Introduction

As a country with a land area of approximately 750 square kilometers, Singapore lacks natural resources and relies heavily on its population to drive sustained economic growth and development. In the late 1980s, as Singapore transitioned from a manufacturing base to high-tech and value-added industries, the government implemented a well-defined immigration policy to attract essential talent, address a low birth rate, and cope with an aging population..

In Singapore, foreign workers are divided based on their education level. Low-skilled foreign workers are referred to as “migrant workers”. Migrant workers move to Singapore to seek jobs that pay higher wages than those in their own countries. To be eligible for them to work in Singapore, they need to have a Work Permit. They come from Singapore’s poorer neighboring countries such as Malaysia, Indonesia, Philippines, and Myanmar. They take up low-wage labor-intensive jobs such as construction workers and domestic helpers. A large percentage of Singapore’s population is made up of these workers. Despite making up a large percentage of Singapore’s population, these workers are seen as temporary and are expected to eventually return to their own countries. This is due to government policies that make it hard for these workers to stay permanently in Singapore. High-skilled foreign workers are referred to as “foreign talent”. These are workers who have higher education and salary levels. Singapore has implemented policies such as general financial incentives, access to visas, and various residency perks to attract these people. Unlike migrant workers, foreign talents are encouraged to stay and become permanent residents or citizens of Singapore.

Both the migrant workers and foreign talent have undoubtedly contributed greatly to the economic growth of Singapore. However, as the birth rate drops and more and more immigrants arrive, social and cultural issues have begun to surface. For example, the government’s 2013 Population White Paper predicted that the population would grow to 6.9 million by 2030, with more than half of this population being immigrants [2]. Many Singaporeans were displeased with this policy, believing that immigrants are responsible for rises in property prices and cost of living. In response, they staged a demonstration in protest of the government’s plan to allow more immigration. It is rare for demonstrations to happen in Singapore, due to the strict laws the government has imposed. Furthermore, more than 4000 people attended this demonstration, making it one of the largest in Singapore’s history [2].

This study uses process tracing, a method that contributes to a deeper understanding of the evolution of Singapore's immigration policy and its impact on economic growth and social cohesion. The process tracing method reveals the cause-and-effect relationships and their underlying mechanisms through detailed analysis of key events, decisions, and policy changes. The study seeks to examine the concerns on immigration and what is lacking in the current government policies. This study aims to give recommendations and improvements on immigration policies.

2. Literature Review

Existing research generally agrees that immigration policy significantly affects Singapore's economic growth and social cohesion. While immigrants positively contribute to economic development by increasing labor supply, improving skill levels, and promoting innovation, their influx also presents challenges to socio-cultural diversity and social integration. However, there are divergent views on how to measure the effectiveness of these policies and their long-term social impacts, suggesting the need for further research.

The contribution of immigrants to Singapore's economy is mainly reflected in several aspects. Research by scholars pointed out that immigrants increase labor supply and help fill gaps in the local labor market, especially in high-skilled and low-skilled positions [3]. Furthermore, immigrants bring diverse skills and experiences, which help enhance the innovation capabilities of the receiving country [4]. Singapore's policies to absorb high-skilled immigrant petitioners, such as the Talent Immigration Scheme, are considered to be an important driving force in promoting national innovation and economic development.

In addition, research shows that the consumer demand for immigrants has a positive impact on the local economy, especially in the service industry and real estate market [5]. However, the impact of immigration on the local labor force remains controversial. Low-skilled immigrants may drive down wages and affect employment opportunities for local workers, especially among lower-income groups.

On the other hand, the influx of immigrants poses a challenge to Singapore's social cohesion. Although social and cultural diversity has brought a rich cultural heritage to the country, it may also lead to social isolation and cultural conflicts [6]. In Singapore, scholars have pointed out that racial and religious diversity is at the core of the government's social policies [7]. The government promotes racial and cultural diversity through policy tools such as Inter-Racial and Religious Confidence Circles (IRCCs). In addition, social integration policies, education, and the guidance of public opinion play a key role in promoting social harmony [8]. In a multicultural society, social capital and cross-community social networks play a key role in promoting social harmony and reducing inter-ethnic tensions.

After gaining independence in 1965, Singapore experienced an economic miracle. Its economy grew at an average rate of about 8 percent, earning it a position as one of the Asian Tigers. It has successfully nurtured world-class industries such as petrochemicals, life sciences, information technology, precision engineering, creative media, and financial services. These successes were in no small part due to Singapore's ability to attract foreign talents to broaden and deepen these high-value-added industries. Developing these industries is crucial in attracting foreign direct investment, which creates jobs needed to keep Singapore prosperous.

However, this success has had social costs. Key concerns include the belief that immigrants are taking away positions for white-collar jobs, schools, and hospitals, and are contributing to rising property prices. Some citizens have also voiced worries that national identity is being eroded and that these foreign workers might depart if better opportunities arise elsewhere. As such, there have been multiple incidents where foreigners and Singaporeans have made derogatory comments about each other. For example, in 2023, a Singaporean man named Lee Poh Kian berated two foreign workers with xenophobic insults. He stated that he believes foreign nationals are causing the "crime situation" and "overcrowding in Singapore". Although Mr Lee was later fined and jailed, he is not alone in his

sentiment and this incident shows just how much animosity some Singaporeans harbor against foreign workers.

3. The History and Current Status of Singapore's Immigration Policy

3.1. Evolution of Immigration Policy

During British colonial rule in the 19th century, Singapore served as a large trading port on the trade route connecting the West and the East. Singapore experienced great economic growth during this period, which attracted large numbers of immigrants from China, India, Malaysia, and other regions. These migrants provided much-needed labor in construction, agriculture, shipping, and other industries on the island. Some wealthier immigrants became merchants, shopkeepers, and moneylenders. There were few European immigrants, and most of them were British officials working in government offices, banks, and trading houses. This early immigration policy was relatively loose and encouraged the inflow of foreign labor to support the development of the colony's economy. From 1881 to 1931, there was a net immigration of 422,716 [9].

After Singapore gained independence in 1965, the unrestricted movement of people between Malaysia and Singapore ceased. The sociopolitical upheaval surrounding Singapore's 1965 separation from Malaysia led policymakers to focus on population issues. With a significant portion of the population being young (42.8% were aged 14 and under in 1966) [9], the post-independence government prioritized economic development to address looming unemployment. Migrants were viewed as a potential obstacle to achieving full employment and economic growth. During the first Parliament session, the President emphasized the need to control immigration to limit government responsibilities to Singaporean citizens. Consequently, the Regulation of Employment Act was enacted, requiring lower-wage non-citizens to obtain Work Permits, aiming to prevent low-skilled Malaysian migrants from competing with Singaporean workers. As a result, net migration into Singapore fell to 24,000 during the 1970-1980 period [9].

However, due to a slower natural population growth and a need for low-skilled labor, the Singapore government intentionally adjusted its policy to permit more foreigners to live and work in the country. In July 1989, it was announced in *The Straits Times* that immigration controls would be relaxed to attract foreign talent from all countries. The easing of immigration policy not only allowed immigrants from a larger range of nationalities but also immigrants from a broader range of jobs. As a result, net migration rose to nearly 200,000 during the 1980-1990 period [9]. By the 1990s, net migration exceeded 600,000, surpassing natural population growth and contributing to about two-thirds of the overall population increase. This high level of immigration continued into the following decade, with net migration reaching 664,083 [9].

3.2. Overview of Current Immigration Policies

Currently, Singapore has divided its foreign workers based on their education level. Migrant workers are issued Work Permits before they are eligible to work in Singapore. A large percentage of Singapore's population is made up of these workers. As of December 2023, there are a total of 286,300 migrant domestic workers alone, making up almost one-fifth of Singapore's population. Foreign talents are issued S Passes or Employment Passes, depending on their salaries. For skilled workers who earn at least \$3,150 a month, they can apply for a S Pass [10]. Foreign professionals, managers, and executives who earn at least \$5,000 a month can apply for an Employment Pass [10]. Both of these passes give the workers eligibility to apply for Permanent Residency and Citizenship, unlike the Work Permits.

To facilitate the integration of new citizens and Permanent Residents (PRs) into Singaporean society, the government has established integration programs. Integration and Naturalisation Champions (INCs) are appointed to lead these programs and foster integration within the community. INCs actively connect with new citizens and PRs through house visits, welcoming them, and encouraging their participation in grassroots activities to broaden their social networks. They also

organize various community events, including welcome tea parties and festive celebrations, to engage and involve new citizens and PRs (People's Association, 2024).

4. Positive Impacts of Immigration on Singapore's Economic Growth and Social Cohesion

4.1. Impact of Immigration on Economic Growth

In December 2014, Singapore employed over 1,355,700 foreign workers, and by December 2019, this number had risen to 1,399,600 [11]. By 2020, foreign workers comprised approximately three-quarters of the construction industry, half of the manufacturing sector, and 30 percent of the services sector.

A significant portion of these foreign workers are migrant domestic workers. The number of domestic workers increased from 214,500 in 2013 to 268,500 in 2022 [12]. They are essential for many Singaporean families, as they perform the jobs of cleaning, cooking meals, taking care of children, and others. Given that as much as 52.5% of couples in Singapore are dual-income couples, in which both husband and wife are earning money, domestic helpers are crucial in taking care of domestic duties, especially taking care of children and the elderly [13]. This lowers the burden on the couples, and can also incentivize homemakers to participate in the workforce. This would increase the size of the labor force and could also potentially increase the quality of the labor force as many of these homemakers have higher education degrees.

As mentioned earlier, Singapore is facing the problem of an aging population and a low birth rate. The median age of Singapore's population has increased from 40.0 years in 2013 to 43.0 years in 2023, and the total fertility rate has generally been declining since 2014 [14]. In response, the Singapore government has been adjusting the migration policy to allow more immigrants into Singapore. The total number of PRs granted increased from 29,869 in 2013 to 34,493 [14]. The total number of citizenship granted has also increased in this period. These increases can help to moderate the aging population, as they can make up for the loss in the workforce.

4.2. Impact of Immigration on Social Cohesion

The influx of immigrants and foreign workers will undoubtedly have great social impacts on Singapore society. Most of Singapore's population are descendants of immigrants of the 19th century. As such, Singapore has a multicultural society comprising many different races. The government has placed heavy emphasis on integration and maintaining harmony. The incoming immigrants are a new variable to the equation, as they are unfamiliar with Singapore's culture. This leads to many locals fearing the loss of the Singapore identity as more immigrants obtain citizenship.

The Singapore government is managing this problem carefully to ensure that foreigners are entering in a controlled way that reduces friction and conflicts. One of these methods is to ensure that Singapore has the physical infrastructure available to handle the increase in population [15]. For example, domestic workers gather at different shopping centers on weekends. Filipino maids gather at Lucky Plaza in Orchard Road, while Indonesian maids gather at City Plaza in Paya Lebar [16]. These locations sell cheap goods that the maids can afford and give these maids a location to have fun and relax for weekends. This increases the social welfare of these foreign workers.

There are other places where people can congregate, such as Chinatown and Little India. These places are favorites of the Chinese and the Indians respectively. In these places, Chinese and Indian immigrants can meet with Singaporean Chinese and Indians, allowing for cultural exchange to happen. This helps the foreigners to gain a deeper understanding of Singapore culture and thus helps with their integration into Singapore society. Although there will inevitably always be some changes to Singapore's identity, it is considered normal as Singapore's identity has always been evolving due to Singapore's long history of immigration. Thus, immigration will not severely affect the social cohesion of Singapore.

5. Shortcomings of Singapore's Immigration Policy and Responses

The influx of immigrants can also bring about inequality. Many Singaporeans fear that these foreigners will increase competition and cause Singaporeans to lose their jobs. This is evident from the 2020 World Values Survey, where approximately 70% of the more than 2,000 respondents in Singapore expressed a preference for imposing strict limits on the number of foreigners allowed to enter the country for work [17]. The increase in immigrants will also negatively impact Singapore's national identity. According to a 2019 IPS study, the issue that Singaporeans find most likely to reduce trust in government and threaten national identity is immigration [17].

On the other hand, foreign workers such as construction workers earn about SGD 1000 to SGD 2000 a month, and domestic helpers earn even less [18]. This is much lower than the average Singaporean wage. Furthermore, these foreign workers work in horrible environments. Migrant construction workers, for example, live in crowded and unsanitary dormitories, with up to 20 people sharing a room and communal facilities [18]. This led to the high transmission rate of the COVID-19 virus throughout the migrant worker population. Of all the COVID cases in Singapore, over 90% come from migrant workers. This shows the inequality in the standard of living between migrant workers and locals [18].

Furthermore, foreign workers have also faced discrimination and abuse. Unfortunately, there have been multiple instances of maid abuse in Singapore. One of the most famous cases was the murder of Piang Ngiam Don. Ms Piang was a 24-year-old domestic helper from Myanmar. She was subjected to months of beatings and was also deprived of food. In the 14 months that she worked for her employer, she has lost 15kg. When she died, she was severely underweight at only 24kg. Ms Piang spent the last few nights before her death tied to a window grille. This atrocious act incited outrage among Singaporeans and shined a light on the horrible circumstances of foreign workers and the inequalities they face [19].

To combat these negative impacts, the government has implemented a series of policies. For example, there have been stricter rules on immigration, placing stricter requirements on their net worth and education level. This prevents riots from breaking out as the standard for immigrants is higher. The government has also increased efforts on integration. New immigrants are encouraged to join community activities led by INCs to be accustomed to local cultures.

On the issue of inequality faced by foreign workers, the government has imposed and enforced stronger laws. The dormitories of migrant workers have to abide by the building standards of the Foreign Employee Dormitory Act (FEDA) [18]. This act requires dormitories to provide migrant workers with recreation facilities, sick bays, and isolation rooms et cetera. The Ministry of Manpower will regularly inspect dormitories to ensure that they comply with the requirements. Dormitory operators found not abiding by the FEDA may have their license revoked, be fined up to \$50,000, and/or jailed for up to 12 months [18]. The government has also enforced laws more actively to protect the rights of migrant domestic workers. Domestic workers are now required to participate in active checkups to ensure that they have not been mistreated or abused by their employers. Employers also cannot make deductions from domestic workers' salaries as a form of punishment. While inequality is inevitable, these laws and legislation can reduce these instances and will contribute to a more equitable world in the future.

6. Conclusion

This study examines the evolution of Singapore's immigration policy and its impact on economic growth and social cohesion. As Singapore transitioned from a manufacturing-based economy to one centered on high-tech and value-added industries, its immigration policy was adapted to meet the changing demographic and economic needs. Immigrants, particularly high-skilled "foreign talent" and low-skilled migrant workers, have played a crucial role in maintaining Singapore's economic vitality. High-skilled immigrants have brought diverse expertise and innovation capabilities, contributing to the country's competitiveness and capacity for innovation. Meanwhile, low-skilled

immigrants have been essential in labor-intensive sectors such as construction and services, supporting the daily lives of many households and enabling broader local workforce participation in economic activities.

However, the influx of immigrants has also presented new challenges for Singaporean society. Concerns among residents have emerged regarding changes in national identity, increased competition for jobs, and rising living costs. In addition, many migrant workers face issues of income inequality, poor living conditions, and social discrimination. Although the government has implemented various measures to mitigate these concerns, such as tightening immigration standards and strengthening legal protections for migrant workers, the effectiveness of these initiatives remains a topic for further exploration.

The academic significance of this study lies in its contribution to understanding how immigration policies can be balanced to maximize economic benefits while minimizing social costs in a globalized economy. It highlights the necessity for adaptive policy-making to address the complex social and economic challenges posed by increased labor mobility. However, this study also acknowledges its limitations, such as the lack of longitudinal data to assess the long-term social impacts of immigration. Future research could focus on more in-depth empirical studies to evaluate the effectiveness of current integration policies over time and explore innovative approaches to fostering social harmony in multicultural settings.

In conclusion, while immigration has been pivotal in driving Singapore's economic growth, it also brings complex challenges that require careful management. The government must continue to innovate its policies to balance economic needs with social equity and cohesion, ensuring a sustainable future for all residents of Singapore.

References

- [1] World Population Review. Total fertility rate by country 2024 [EB/OL]. 2024 [2024-09-08]. <https://worldpopulationreview.com/country-rankings/total-fertility-rate>.
- [2] BBC. Rare mass rally over Singapore immigration plans [N]. BBC, 2013-02-16 [2024-09-08]. <https://www.bbc.com/news/world-asia-21485729>.
- [3] Borjas G. J. *Heaven's Door: Immigration Policy and the American Economy* [M]. Princeton: Princeton University Press, 1999.
- [4] Chiswick B. R., & Miller P. W. Immigrant earnings: Language skills, linguistic concentrations and the business cycle [J]. *Journal of Population Economics*, 2002, 15(1): 31-57.
- [5] Docquier F., & Rapoport H. Skilled migration: The perspective of developing countries [C]// Freeman R. B., & Lange J. D. (Eds.), *International Migration and Economic Development*. Palgrave Macmillan, 2009: 151-199.
- [6] Vertovec S. Super-diversity and its implications [J]. *Ethnic and Racial Studies*, 2007, 30(6): 1024-1054.
- [7] Hill M., & Lian K. F. *The Politics of Nation Building and Citizenship in Singapore* [M]. Routledge, 1995.
- [8] Hollifield J. F., Martin P. L., & Orrenius P. M. (Eds.). *Controlling Immigration: A Global Perspective* (3rd ed.) [M]. Stanford: Stanford University Press, 2014.
- [9] Barr M. D., & Skrbiš Z. *Constructing Singapore: Elitism, ethnicity, and the nation-building project* [M]. NIAS Press, 2008. <https://books.google.com.sg/books?id=dD2qVu8EpdUC&pg=PA14>.
- [10] Ministry of Manpower. Work Passes [EB/OL]. 2024 [2024-09-08]. <https://www.mom.gov.sg/passes-and-permits>.
- [11] Ministry of Manpower. Foreign workforce numbers [EB/OL]. 2020 [2024-09-08]. <https://web.archive.org/web/20200411151747/https://www.mom.gov.sg/documents-and-publications/foreign-workforce-numbers>.
- [12] Hirschmann R. Number of migrant domestic workers in Singapore 2013-2022 [EB/OL]. Statista, 2024-05-29 [2024-09-08]. <https://www.statista.com/statistics/953137/singapore-foreign-domestic-workers-employed>.

- [13] Lim J. More dual-income couples in S'pore with equal qualifications: Population census [N]. *The Straits Times*, 2021-06-16 [2024-09-08]. <https://www.straitstimes.com/singapore/politics/more-dual-income-couples-in-spore-with-equal-qualifications-population-census>.
- [14] Ministry of Manpower. *Population in Brief 2023* [EB/OL]. 2023-09 [2024-09-08]. <https://www.population.gov.sg/files/media-centre/publications/population-in-brief-2023.pdf>.
- [15] Tham Y. Balancing foreign workforce with social cohesion is a continuing long-term challenge: PM Lee [N]. *The Straits Times*, 2024-08-01 [2024-09-08]. <https://www.straitstimes.com/singapore/politics/balancing-foreign-workforce-with-social-cohesion-is-a-continuing-long-term-challenge-pm-lee>.
- [16] Yeoh B. S. A., & Lam T. Singapore: Immigration and changing public policies [J]. *Education About Asia*, 2014, 19(2): 6-11. <https://www.asianstudies.org/publications/ea/archives/singapore-immigration-and-changing-public-policies/>.
- [17] Mathews M., & Tay M. Understanding the ire and intricacies of immigration in Singapore [N]. *Today*, 2022-06-13 [2024-09-08]. <https://www.todayonline.com/commentary/understanding-ire-and-intricacies-immigration-singapore>.
- [18] Song Y. COVID-19 shedding light on the plight and laws regulating migrant worker dormitories in Singapore [EB/OL]. *NUS Law*, 2021 [2024-09-08]. <https://law.nus.edu.sg/impact/covid-19-shedding-light-on-the-plight-and-laws-regulating-migrant-worker-dormitories-in-singapore/>.
- [19] Jean L. True Crimes of Asia: Myanmar maid's death sparks reform in worker protection but gaps still exist [N]. *The Straits Times*, 2023-07-25 [2024-09-08]. <https://www.straitstimes.com/singapore/true-crimes-of-asia-myanmar-domestic-worker-s-death-sparks-reform-in-worker-protection-but-gaps-still-exist>.