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# RSIS COMMENTARIES

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## **An Integration Grant?: Sweetening the Ethnic Integration Policy**

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*There has been much debate over the utility of extending the Ethnic Integration Policy (EIP) to Permanent Residents. Unfortunately, the current debate does not resolve a key problem at the heart of the EIP: It is perceived as a cost for racial harmony. Can integration be better achieved through the introduction of an "Ethnic Integration Grant" (EIG)?*

IMPLEMENTED IN 1989, the Ethnic Integration Policy (EIP) was driven by the desire to facilitate interaction between the different races in Singapore by preventing the formation of racial enclaves. Building on the success of the EIP in fostering racial harmony and integration in Singapore, a study is underway to ascertain whether this policy could be extended to Permanent Residents (PR) in every Housing Development Board (HDB) neighbourhood and block. The goal is to avoid PR enclaves from emerging and thereby facilitate their integration.

There has been much debate over the utility of extending the EIP to PRs but, unfortunately, the current debate does not resolve a key problem at the heart of the EIP. A fundamental problem of the EIP is that it is perceived to be a cost to be paid for racial harmony. Arguably, if the EIP is to continue playing its important role as a tool for racial harmony, it should not be viewed as a burden but should instead be seen in a far more positive light.

### **Economic Cost of Racial Harmony**

The main bugbear for many Singaporeans regardless of race about the EIP stems from the problem of resale owing to the racial quota. For the minorities, a common grouse is that they have a depressed resale market in demographically Chinese dominant Singapore. When a minority is prevented from selling a flat to a Chinese because of a met quota ceiling, the flat is often sold below market rate. This is because of the smaller number of minority buyers who are able to pay the higher price which the Chinese majority can. As for the Chinese, those who own homes in a traditionally minority dominant

area may have to turn down willing minority buyers. Hence, with the current EIP, at best, Singaporeans can only hope not to be economically penalised when purchasing or selling a flat. At worst, buyers will be denied their ideal flat and sellers their ideal price.

While the EIP's goal of racial harmony is laudable, it is unfortunate that a policy aimed at fostering racial harmony is perceived to be burdensome. Economically penalising Singaporeans seeking to secure their dream home sends a strong signal -- a very wrong signal -- of the cost of racial harmony on a personal level. Expressed in another manner, the cost of multiculturalism stemming from the EIP detracts from respect for racial harmony as a non-negotiable national value.

## Two Responses

Over the years, the responses aimed at removing the economic sting of the EIP may be clustered into two broad categories. In the first category, the responses have been either to scrap the policy or to waive the quota on a case-by-case basis. While well-meaning, these suggestions are moot as the government has continually maintained that the EIP plays too critical a role at fostering racial harmony for it to be either abandoned or fudged.

In the second category of responses, the focus has been to alleviate the economic burden of the EIP. For example, some have suggested a cost-sharing system that compensates home owners for the loss of their flats' value, a government grant to compensate minority sellers for losses incurred, or even the buying back of flats by the government from those who are unable to sell their homes. Admittedly, the government too has attempted to ease the cost of the EIP over the years. Measures that have been put in place, for example, include financial assistance in the form of the deferment of loan repayments or the temporary reduction of repayments. Unfortunately, the responses in this second category merely offer a patch to a systemic problem rather than a positive alternative. Basically, these suggestions merely seek to adapt the stick of the EIP rather than make the project of integration more enticing by offering some carrots.

## A Third Way

A possible way forward is to incorporate both sticks and carrots into achieving the desired outcome of racial harmony. This could be achieved if the current system of *detering* racial enclaves from forming is complemented with one that *incentivises* Singaporeans to embrace the ideal racial mix in each neighbourhood. Akin to the HDB Family Grant which encourages Singaporeans to purchase flats near their parents or children in support of strengthening family ties, Singaporeans could be steered towards realising the desired racial complexion in each neighbourhood with what may be termed an "Ethnic Integration Grant" (EIG).

The mechanics of the EIG is simple and complementary to the EIP. To ensure that each neighbourhood is truly a representative microcosm of multiracial Singapore, there should not only be a maximum but also a minimum quota of household set for each neighbourhood that reflects the actual racial composition of Singapore. However, unlike the maximum quota of the EIP which is a safety net against racial clustering, this minimum quota does not need to be mandatory. HDB could post regular updates to inform potential buyers of the neighbourhoods in which the lower-bound quota for each race is not met. In this way, should they contribute to the attainment of the ideal racial mix in a neighbourhood, they will be rewarded with a housing grant.

To ensure that Singaporeans do not just pay lip service to upholding racial harmony, a pragmatic way of meaningfully internalising the value of racial harmony is to make its gains tangible. With the EIG complementing the EIP, Singaporeans could both be rewarded for contributing to the greater good while the EIP remains as the stick wielded as a last resort when the carrot fails to bait.

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