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# RSIS COMMENTARIES

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## **An Immigration Bonus for Singaporeans? - Making the Foreigner More Acceptable**

By Yolanda Chin, Nadica Pavlovska and Norman Vasu

### **Synopsis**

*In order to make Singaporeans more receptive to foreigners, it may be worth considering making the benefits of their presence more tangible to Singaporeans through an "Immigration Bonus" for citizens from a revenue pool of immigrant labour levies.*

### **Commentary**

Immigration has clearly become the hot button issue of the day in Singapore with the nation largely divided into two camps.

On the one hand, opponents of a liberal immigration policy have argued that the increased inflow of foreigners has taken its toll on Singaporeans with rising property prices, an overcrowded public transport system, a depression of the wages of low income earners and increased competition for jobs. These arguments have arguably resonated with the general public leading to calls for a "Singaporeans first" approach to policy making coupled with a corresponding curb to the inflow of foreigners.

On the other hand, the pro-immigration camp while acknowledging the short term costs involved posits that it is necessary nonetheless to keep Singapore's doors open to foreigners. They argue that foreigners are required to supplement both the city-state's greying population as well as low fertility rate. These two issues, according to the pro-immigration camp, if left unaddressed, will have severe consequences on Singapore's economic competitiveness and citizens' quality of life in the not-too-distant future. Moreover, the pro-immigration camp also points out the indispensability of foreigners in keeping businesses afloat by doing jobs shunned by Singaporeans on lower end of the employment spectrum and supplementing a shortage of talent on the higher end of the spectrum.

### **Weaning Singapore off foreigners**

In a bid to placate both camps, the government has taken a three-pronged approach to tackling the immigration issue. Firstly, with regard to dealing with actual numbers, the inflow of foreigners have been calibrated by imposing more stringent caps on the number of foreigners companies can employ, increasing worker levies and raising the eligibility criteria for higher-skilled foreigners. Secondly, the government has also implemented alternative measures to wean Singapore's economy off its foreigner labour dependency by putting in policies to improve the fertility rate of Singaporeans, increase the productivity of workers and also encourage more women

and older workers to enter and stay in the workforce. Thirdly, effort has been made to ramp up the development of infrastructure to ease the strain on public infrastructure and social services.

Nevertheless, a testing challenge for Singapore's government remains – the measures put in place will take time to be tangible for the average Singaporean while pressure persists for Singapore to keep its doors open to the outside world. In this respect, a challenge facing Singapore today is: how can a liberal immigration policy be made socially and politically acceptable so that the immigration debate does not polarize society? Expressed differently what more can be done to make Singaporeans appreciate the value of foreigners in their midst?

### **Making Singaporeans appreciate foreigners**

While the current efforts to mitigate the drawbacks of the influx of foreigners are steps in the right direction, two issues remain. Firstly, the fact remains that the immediate downsides clearly continue to be palpable while the benefits remain obscure. Secondly, the staunchly anti-immigration camp may not appreciate the potential cost of a closed-door immigration policy.

A way forward would be to introduce an "Immigration Bonus" from a revenue pool derived from the levies collected for the Work Permit and S Pass Holders as well as the possible introduction of a one-off entry levy for Employment Pass Holders. The new levy for Employment Pass Holders should not deter foreign talent from coming to Singapore given that the dual benefits of competitively low taxes and life in a vibrant safe environment are likely to outweigh the cost of the levy.

With regard to the first issue, this bonus may go some way in alleviating the unpleasant consequences of immigration by making the benefits of having a foreign presence in Singapore more tangible. For this to come about, the revenue pool would be earmarked exclusively for the provision of direct benefits to Singaporeans. This bonus would be largely akin to the GST Bonus doled out periodically to Singaporeans and could take the form of further subsidies – beyond those currently enjoyed by citizens – for education, medical services, housing or financial aid to the lower income group.

With regard to the second issue, while the revenue generated may not be significantly large compared to the GST Bonus, the significance of its collection and disbursement lies in its symbolic value. The bonus will serve as an important signal to Singaporeans of how their fortunes are intertwined with foreigners as the Immigration Bonus will increase and decrease in tandem with the number of foreigners allowed into Singapore.

All in all, the manifest objective of the Immigration Bonus is neither the establishment of an alternative source of revenue as an end in itself, nor is it to be the definitive means to measure the value of an international workforce in Singapore. Instead, the key objective here is to make the benefits of immigration far more perceptible for citizens – moving the benefits of having a foreign workforce in Singapore from being imperceptible to appreciable, and from being unintelligible to comprehensible.

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