

ABSTRACT

This thesis explores the contribution of the social sector to the development and growth of a nation. To illustrate this, the social sectors of Malaysia and Singapore are studied to give a concrete demonstration of the importance of social investments and their effects on the rate of growth. This is analyzed using a sequence of deductive reasoning reinforced by an empirical investigation of the relationship between social sector investments and growth.

The empirical research conducted suggests that the long-term economic success of Malaysia and Singapore can be attributed to continuous and sustained investments placed in the social sectors. Particularly important have been investments in housing which have been used as instruments to redistribute wealth and provide political stability. The primary objective of achieving such political stability has been to create an environment conducive to long-term economic growth and development. Additionally, investments in the social sector were found to contribute strongly to high rates of economic growth by improving the quality and productivity of labor - the principal resource of both nations.