

Singapore Central Bank Chief Says Immigration Key to Labor Force

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Relying on foreign labor is one of the key ways that Singapore will be able to cope with its shrinking working-age population, the head of the city-state's central bank said Wednesday.

While increases in automation, along with higher labor force participation by women and increasing retirement age, can help, they can't offset the impact of demographics, Ravi Menon said in a lecture at the Institute of Policy Studies at the Lee Kuan Yew School of Public Policy in Singapore.

"Immigration and intake of foreign workers is one of the more effective ways to stretch out the effects of sharp labor force decline," Menon said. "It cannot be a permanent solution because eventually there will be physical limits to the size of population that Singapore can accommodate."

Menon's comment follow a similar defense by top ministers Tuesday in parliament of Singapore's commitments to free trade agreements and openness to foreign professionals amid criticism from political opponents that they made it harder for locals to find jobs.

Singapore's debate over the need for foreign labor has become more acute amid the pandemic as fears that loosening border controls risked spreading Covid-19 infections.

Menon's speech Wednesday touched on four main topics: aging demographics, rising inequality, technological disruption and climate change. These challenges "will together precipitate the biggest economic and societal transformation the world has seen since the Industrial Revolution," he said.

Sustaining "healthy growth" in median wages through labor market policies will be important to "give the broad middle of society hope and confidence in the future."

On climate change, Singapore may need to do more in the coming years, including raising its ambitions for cutting greenhouse gas emissions and increasing carbon prices, which are currently "far below what is needed to catalyze carbon mitigation efforts," Menon said.

— With assistance by Chia Woon Eunice Chua