Migration, TFR and the S'pore population problem

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The Business Times, 8 September 2011

(SINGAPORE) Even with a net inflow of 60,000 migrants each year, Singapore still needs to raise its total fertility rate (TFR) if it is to ameliorate the problems of an ageing population, and ease the dependency burden on working adults.

The findings come from the latest projections of the Institute of Policy Studies (IPS) on the future population growth and change in Singapore, where two key questions were examined: What will the future population look like if the TFR remains below 1.3 over the long term, and what will be the likely effects of raising the TFR versus increasing immigration on the future population of Singapore.

The study's findings make clear that if Singapore's long-term resident TFR remains lower than 1.3, and if there is no in-migration, the resident population - comprising citizens and permanent residents - can be expected to decline and be extremely aged.

In all four projections that IPS discussed yesterday, the median age of Singapore residents will rise, albeit in varying degrees. Scenarios 1 and 4 will see the greatest jump from the 2010's median age of 37.4 years, to 54.6 years and 50.9 years respectively. This is due to the fact that in both projections, more than 30 per cent of the population would be over the age of 65.

These translate into a potential support ratio of 1.7 working adults for every elderly person in scenario 1, and 1.9 in scenario 4 - a far cry from last year's support ratio of 8.2.

Since the difference between scenarios 1 and 4 is the latter's heightened TFR, the results suggest that raising the TFR alone will only marginally alleviate the situation of an ageing and declining population.

While potential support ratios decline in scenarios 2 and 3 as well, they do so in lesser degrees with respective 2050 ratios resting at 2.7 and 3.5. This is because a smaller portion of residents would be over 65 years old as compared to those of working age.

In contrast to scenarios 1 and 4 which maintain zero migration, scenarios 2 and 3 assume a flat TFR alongside positive net migration figures. The difference in findings between each pair of projections suggests that in-migration helps to raise the support ratio and in doing so, reduces the dependency burden on persons of working age.

The IPS study also shows that without immigration of some magnitude, Singapore's resident population will decline by 2050 - even with an increase in the TFR. This is the case in scenario 4, where the resident population peaks in 2030 before declining to 3.37 million in 2050.

This is in contrast with scenarios 2 and 3, which register positive net migration figures, while keeping the TFR constant at 1.24. The resident population is raised to 4.89 million and 6.76 million respectively.

On the other hand, in scenario 1, where the TFR also stays constant but with zero net migration, findings bear similarity to scenario 4. The resident population hits a high in 2020 before declining to 3.03 million in 2050.

Said IPS director, Janadas Devan: 'This projection underlines the fact that there is no way you can keep your population from declining without immigration.'

'In any (of the four scenarios), you're going to see the support ratio and percentage of your working age population decline. The decline will be less only if you have a higher number of immigrants,' he added.

IPS's projections on population growth are especially timely given how highly the issue ranks on the national agenda. Earlier this week, former prime minister Lee Kuan Yew had touched on the importance of raising Singapore's TFR in light of the country's fast-ageing population.

Economists BT spoke to stressed the trade-offs involved in curbing Singapore's population growth. Said CIMB Research's Song Seng Wun: 'More business opportunities are created with more people, and so people must decide what they want.'

In agreement was OCBC economist, Selena Ling: 'Singapore can either stay open to foreign talent, or it can risk becoming like Japan, with a decline in economic competitiveness.'

Still, she noted that the long-term nature of the project also means that the 'margin of error can be very large'.

'The biggest change right now may come from heightened productivity levels. This will have implications on the assumptions and therefore findings of the study - with retirement ages likely to go up, perhaps the number of elderly people contributing to the economy will have to be revised,' added Ms Ling.