

Immigration inevitable for Singapore

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Imelda Saad, 3 May 2012



People cross the road in the central business district of Singapore.
(AFP photo/Simin Wang)

SINGAPORE: A new study has shown that even if Singapore increases the proportion of foreigners in its midst, the population will still get older and the labour growth rate will still fall.

What immigration does is to slow down these effects. The report, released by the Institute of Policy Studies, is the latest to show why immigration is inevitable for Singapore.

The report takes into account the country's non-resident population, including those on work permits, long-term social visit passes and foreign students.

The report sets out three scenarios

One, where the proportion of foreigners remains at 25 per cent of the total population. Two, where this proportion drops to 20 per cent. And three, where the proportion is raised to 33 per cent.

For all scenarios, it is assumed that Singapore will take in 30,000 new citizens or Permanent Residents every year, and the country's Total Fertility Rate remains at 1.24.

The report puts Singapore's population at 6.8 million in 2030 - up from the current 5.2 million - if the proportion of foreigners in the population is raised to 33 per cent.

And while the average population will still get older, a higher proportion of non-residents will slow this process down.

The same is said for the support ratio between a working adult and an elderly.

While the ratio will still decline, with more foreigners in the midst, the impact will be somewhat mitigated.

At the current fertility rate, with 30,000 new citizens or PRs a year plus non-residents in the mix, the

support ratio for every elderly person aged 65 and above to a working adult is 1 is to 10.3.

In about 20 years, this will be halved to 1 is to 5.1, even if the proportion of foreigners in the country goes up to 33 per cent.

If Singapore takes in no immigrants, there will be only about 2 working adults supporting each elderly person, by then.

So, even with more foreigners in the mix, there will be fewer Singaporeans supporting the elderly.

But the the paper shows that the problem is exacerbated without taking in migrants.

With or without foreigners, the labour force will be hit.

Even with the bumped up crop of foreigners, the report shows that labour force will grow far less than the historical average of 3.6 per cent a year.

With the current proportion of 25 per cent of foreigners in the midst, the labour force will grow by 1.04 per cent over the next 10 years.

Raising the proportion to 33 per cent will see the labour force grow marginally to 2.47 per cent annually, over the same period.

For all scenarios, the labour growth rate will plunge to about 0.25 per cent by 2050.

Economists said this isn't necessarily a bad thing as a slower labour growth rate will force productivity up.

Yeoh Lam Keong, vice president, Economic Society of Singapore, said: "3-4 per cent labour force growth, 2 to 3 per cent labour force growth are more characteristic of developing countries. We are a developed country. We should wake up, grow up, and be a developed country."

The consensus among economists at the forum is that the proportion of foreigners in the country should be kept at the current 25 per cent or even lower, at 20 per cent.

Any more, and the country may lose the drive to be productive.

In Singapore, the population conundrum is as much an economic, as it is a political issue. The high immigration inflows the country saw during the economic boom years has led Singaporeans to feel the impact of having foreigners in their midst, in their daily lives.

So, observers said the issue of integration becomes even more important and the country has to do better in integrating foreigners.

Christopher Gee, research associate, Institute of Policy Studies, said: "I think the debate needs to be broadened out. What we've found is that there is a social dimension beyond the economics, there's a trade off between the quality of life and the social ties."

The IPS report comes just a week after a similar paper was issued by the National Population and Talent Division.