

**IPS Forum**  
**Vision 2050: Life and Family in Singapore**  
**23 October 2012**

By Chua Chun Ser  
*IPS Research Assistant*

***Background on Vision 2050***

Held on 23 October 2012, the IPS Forum on Vision 2050 was held as a town-hall styled meeting for students and staff in Singapore's institutions of higher learning (IHLs) to seek views and perspectives on population matters. The meeting asked of participants to envision life, family and society in 2050 when they would be at the age of becoming senior citizens. Would there be greater dependency on the state, themselves or their families? The outcome would depend on actions taken by the 'Gen Ys' over the next decades, with regards to their life trajectories, which would include their decisions on marriage, children, and career paths. Finally, the meeting also took into account what it meant to be a Singaporean and how new immigrants could be accepted into Singaporean society.

The report of key issues and themes that were discussed are provided here:

***Opening Remarks***

From the IPS population projections, Singapore would have an increasingly aged population of about 7 million in 2050. IPS Director Mr Janadas Devan provided possible implications such population projections in his opening remarks at the forum.

Firstly, Singapore would experience slow economic growth in the future. In the long run, Singapore would be the slowest growing economy in the region. It would experience 2 to 3



IPS Forum – Vision 2050: Life and Family in Singapore, Chua Chun Ser, *IPS Update*, December 2012

per cent economic growth, 0.5 to 1 per cent labour force growth, and 2 to 2.5 per cent labour productivity growth.

Singapore's ageing labour force would need foreign workers as there would be more Singapore residents exiting the labour force. Mr Janadas suggested a need to regulate the flow and be selective of the immigrants allowed into Singapore.

Secondly, a decrease in labour force growth from about 3.5 per cent since the 1970s would suggest that greater efforts were needed to sustain economic growth. Businesses and investments would relocate to other cities in the region as a result of the decreasing labour force growth.

Lastly, Singapore was both a country and a city, and there were limits to how much it could grow. Unlike other cities, Singapore had to allocate land for various uses. Land allocated for the military, manufacturing sector, airports and seaports account for 40 per cent of the land in Singapore. Given the limited land available, Mr Janadas cautioned that the size of the population should not exceed the carrying capacity of Singapore.

### ***Economic Perspectives on Singapore's Population Trends***

The first presentation was by Mr Donald Low, Senior Fellow and Assistant Dean (Research Centres) at the Lee Kuan Yew School of Public Policy. According to Mr Low, Singapore's policies and institutions were well-equipped for addressing increasing social expenditure arising from an ageing population. Firstly, the Central Provident Fund (CPF) system



ensured that an ageing population would not be a liability for future generations. Secondly, Singapore's financial reserves and budget surplus would be sufficient to address the increasing social expenditures. Thirdly, the low taxes in Singapore could be increased for government revenue.

Mr Low provided suggestions on how policies and institutions could better adapt to an ageing population with regard to i) retirement funding, ii) health and long term care, iii) labour force and iv) intergenerational equity.

#### *i) Retirement Funding*

Firstly, develop monetisation options for the majority of Singaporeans who own public housing. Secondly, ensure a basic monthly pension for older Singaporeans who do not have the minimum sum. Lastly, implement more policy initiatives such as the Workfare Income Supplement to encourage older persons to work

#### *ii) Health and Long Term Care*

Ensure that incomes grow sufficiently for Singapore residents to afford the increasing costs of health care and long-term care as well as subsidise healthcare to ensure affordability.

### iii) Labour

Greater effort should be made to discourage age discrimination in the workplace, and to encourage older workers to work longer. Secondly, assist workers to adapt their skills and knowledge to the demands of a changing economy and increase support for childcare to help women rejoin the labour force

### iv) Intergenerational Equity

Funds for equity investment in western markets could be channelled into social welfare. As the baby boomer generation retires, there would be a downward pressure on equity values as they were likely to sell their assets to finance their retirement. This would decrease the returns on investments.

### Social Perspectives

The second presentation was by Dr John Elliot, Associate Professor in the Department of Psychology at the National University of Singapore. According to Prof Elliot, successive cohorts of the elderly would be healthier in the future. The 70-year-olds in the future would be functioning better than today's 70-year-olds. In fact, cognitive abilities held up well in healthy ageing. Prof Elliott said studies on adult's verbal intelligence showed good performance of older persons.

Given such trends, the elderly could engage in productive paid work and be treated as a resource rather than a liability. The elderly could be encouraged to participate in paid work especially when the economically active population was declining as a result from the decreasing trend of marriage and parenthood.

Prof Elliott suggested a new calculation for the potential support ratio. The ratio is currently defined as the number of persons aged 15 to 64 years per elderly aged 65 years and above. The IPS projections showed the potential support ratio would decrease from 8.0 in 2005 to 2.7 in 2050. However, if the potential support ratio is defined as the number of persons aged 25 to 74 years per elderly aged 75 years and above, the ratio would decrease from 17.6 in 2005 to 5.0 in 2050.

Prof Elliott also provided suggestions on how perceptions on older persons could be changed and how they could better contribute to the economy. Suggestions included more flexibility in retaining working older persons in the labour force, retirement as an entitlement for those who do not want to engage in paid work and changing the wage structure to emphasise less on seniority.



### **Question and Answer Session**

A participant suggested that as life expectancy increases, what measures other than financial assistance could be in place to ensure the elderly adequate finances. Mr Low suggested that the elderly were financially independent. He said older persons were likely to engage in part time work and were also likely to contribute in the households by taking care of their young grandchildren or by helping their children in buying an apartment. Mr Low said these contributions were not reflected in the dependency ratio.

The participant also asked that opportunities for re-training be made available for the elderly. Prof Elliott said there were Open University courses available. However, the learning curve for older persons was also slower than younger persons. He also said older persons would need motivation to acquire knowledge and skills, and would rather engage in hobbies and social work.

### **Dialogue Session with Guest-of-Honour, Ms Grace Fu**

The forum gave participants a chance to speak with Guest-of-Honour, Ms Grace Fu, Minister in the Prime Minister's Office, Second Minister for the Environment and Water Resources, and Second Minister for Foreign Affairs. Ms Fu highlighted economic growth was necessary



to an improved quality of life, a dynamic economy with good job opportunities, and a sustainable social safety net for society in the future.

Raising labour productivity, calibrating the inflow of foreigners, capturing growth opportunities, and attracting foreign investment for higher order manufacturing and service sectors in the economy, were ways to ensure that new industries were developed and jobs categorised as Professional, Managers, Executives and Technicians (PMET) were created.

Ms Fu explained that job expectations are changing over time. Career opportunities, work-life balance, and attractive salaries were some current considerations in finding employment. PMET jobs were expected to rise by 53 per cent while Non-PMET jobs to decline by 20 per cent in 2030.

A stagnant economy would affect everyone especially the lower skilled workers or the lower income earners. Ms Fu said wages for the lowest 20<sup>th</sup> percentile of income earners decreased substantially from 2001 to 2005 when the economy was not doing well but increased substantially from 2006 to 2010 when there was higher economic growth. She highlighted that during the years of lower economic growth, there was a substantial rise in unemployment for the lower skilled workers. The lowest 20<sup>th</sup> percentile of income earners experienced more financial difficulties when they lose their jobs.

There was a need to help the lower income earners. The government had provided \$450 million in payouts for financial assistance and subsidies. Bigger budgets would also be allocated to health care. Ms Fu also said economic growth was important for social safety nets to be sustainable.

The White Paper by the National Population and Talent Division would be ready early next year and the government welcomed further discussion as well as participation in the National Conversations. Ms Fu said there was a need for everyone to envision a future for Singapore and work towards it.

### **Discussion**

A participant suggested that the years with high economic growth was accompanied with an influx of foreign workers in Singapore and asked how high growth could be sustained with a decreased inflow of migrants. Ms Fu said a large proportion of the foreign workers were from the construction industry. Suggestions to rely less on foreign workers included re-training and re-skilling of workers to raise productivity, and encouraging Singaporeans especially the women and older persons to remain in the labour force.

A participant asked why Singapore had many good managers in the labour force but few good business leaders. Ms Fu said Singapore had a history of attracting multi-national corporations to invest and create jobs in Singapore. This provided the opportunities to groom good managers. With regard to the lack of good business leaders in Singapore, Ms Fu suggested that the Singapore business environment was small and there were few opportunities to groom good business leaders.



Issues such as having too many foreigners and the carrying capacity of Singapore were raised. With regard to the carrying capacity of Singapore, Ms Fu said a 6.5 million population was a working parameter for planning landuse, infrastructure and the economy. She assured participants at the conference that despite the population increase, the inflow of immigrants would be regulated and Singaporeans would still form the majority of the population. However, Singapore would experience a declining population if the fertility rate remained low.

A participant commented that the government's emphasis on staying economically competitive had encouraged Singaporeans to prioritise their career over marriage and parenthood. Ms Fu responded that career was one of many other priorities that individuals would have over marriage and parenthood. She said the government had also emphasised

on getting married and having children. She also suggested that one could establish one's career at a later age after marriage and having children.

Another participant asked if smaller family sizes was a result of the decrease in the size of the Housing and Development Board (HDB) housing units. Ms Fu said the HDB sizes had not decreased but there was a reconfiguration of room sizes. For example, the kitchen could have been made smaller while the common room bigger, to suit the lifestyle and preferences of home owners. Ms Fu also highlighted that the average space per person in the household had not decreased due to smaller nuclei families.

Other issues of interest to the participants such as the behaviour of foreigners in public, the need to develop the creative industry, the need for better work-life balance, and that of a good living environment were raised. There were also suggestions for more public consultations with the younger population, and for civil society to be involved in dating services. Although the pursuit for economic growth was important, participants felt that more efforts could be made in the area of education, health, social services, arts and culture, as well as the environment, to achieve a better quality of life

\*\*\*\*\*

*If you have comments or feedback, please email [ips.eneews@nus.edu.sg](mailto:ips.eneews@nus.edu.sg)*



© Copyright 2012 National University of Singapore. All Rights Reserved.

*You are welcome to reproduce this material for non-commercial purposes and please ensure you cite the source when doing so.*