

## **Tackling the population conundrum**

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The pace at which demographic change typically takes place allows a society to put off confronting the tough questions that impact on the future of our families, our society and our country.

Positively, for those of us who have been studying Singapore's population conundrum for many years, national awareness has increased, particularly with the government announcing that a White Paper on the Population will be published later this year.

Singapore's resident TFR (total fertility rate, measuring the number of births per woman over her lifetime) has been well below the replacement level, generally considered to be about 2.1, for nearly a decade.

Projections by the Institute of Policy Studies show that if the TFR remains constant at 1.24 births per woman from 2005, Singapore's resident population will decline from 2020.

The population will, moreover, age rapidly with the median age rising to 55 in 2050 from the current 39 years. There will be 1.7 working age persons per elderly in 2050, down from 7.7 currently.

The TFR has remained ultra-low despite a pro-natalist policy stance and measures to make Singapore family-friendly.

Raising the TFR is a challenge, not just for Singapore but for many developed countries globally, and may in any case be insufficient to affect the ageing of the population in the next 30 years.

IPS' projections show that even if the TFR is somehow raised to the 2.1 replacement level in the next five years, the population's ageing trend over the next two decades can only be slowed and not reversed.

This is because of population momentum - the age structure will take at least a generation to adjust itself in the most optimistic scenario.

Indeed, a rising old-age dependency ratio (more persons aged 65 or older per one hundred persons 15 to 64) may lead households to make a seemingly rational decision not to have children so as to maintain a "financially optimal" ratio of dependents and workers in the household, thus creating a vicious downward spiral for the society at large.

The inexorable rise in the elderly resident population can potentially create divisions between the young and the old, with declining numbers of working age persons having to care and provide for the increasing numbers of elderly in the community.

Will the smaller numbers of Singapore's younger generation be able to, or even want to, bear the emotional and financial burdens of supporting the needs of their elders? Yet if we do nothing now, every year of delay is another year closer to the point at which the social ties that have been established over the past four decades begin to unravel.

Aided by the hitherto beneficial age structure of the population, Singapore's inter-generational bonds have not yet been put to the tests that it would surely face, if the trends that we see currently continue.

Are we all ready, as individuals, families, a community and a nation, to accept the societal and economic effects of a rapidly ageing population?

Some level of replacement migration may thus be needed to offset the effects of a below-replacement-rate TFR. In-migration may be required to sustain the workforce so as to generate sufficient economic prosperity to pay for the needs of an ageing population.

On our projections, an annual intake of 30,000 new citizens and PRs (note this is not a forecast nor a target) would be sufficient to arrest the decline in the resident population over the next 40 years, but this would still be insufficient to stem the rate of decline in Singapore's working age population.

Supplementing the resident population with non-resident foreigners would therefore still be necessary to maintain the size of the workforce. Indeed, at the individual level, it is pertinent to ask ourselves who will take care of us in our old age, if we have no children and no young migrant workers?

In-migration has however become an emotive topic, with high levels of foreigner intake potentially creating stress-points, for example competing with locals for jobs, places in schools, housing, space in void decks, on buses and trains, and for all the other resources that now make Singapore a very liveable city.

Fears of the loss of national identity may intensify, especially if the intake of foreigners is not well calibrated, or if their integration into the community is not achieved.

Singapore's demographic challenges are common to many developed countries. **B**ut there are unique aspects in the issues here, including that of being an island nation with a small, open economy and global city aspirations.

The authorities in New York, London or Tokyo do not have to consider the threat of an ageing population in the same manner as ours, with Singapore having no natural hinterland to allow the population to make the choice of whether to move out of the city for a less intense urbanised lifestyle and lower costs of living.

As we indicated earlier, we need to address these issues and formulate well-crafted policies and plans to cope with the needs of an ageing resident population.

A society that is not comfortable replacing itself (whether naturally or via in-migration) surely cannot be considered to be sustainable.

At the IPS, we are working on a holistic, multi-disciplinary review of the economic, social and political implications of the projected demographic scenarios for Singapore over the next 40 years.

The ultimate goal of this review is to complement the government's White Paper, helping to formulate the balanced policies to ensure Singapore's future generations of both young and old can live, work and play in a sustainable manner.

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