

## Europe's baby bump holds lessons for Singapore

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The central issue about increasing Singapore's birth rate is whether we are prepared to take the perhaps radical steps which have enabled some developed Western countries to raise their birth rates from near terminal decline to more than replacement levels. Whether such steps, which largely involve creating a state-funded parental support ecosystem, are prohibitively expensive or a vital necessity, depends on whether we consider our birth rate to be a strategic imperative of the same priority as, say, national service, which is certainly not cheap either.

Ever since the mid-1960s when the Government launched a population control programme, our TFR, or total fertility rate, has been continually declining. For three decades, it has been below the replacement rate of 2.1 births per woman and, since 2003, a dozen years ago, it has been less than 1.3 births per woman.

We're hovering at the edge of the precipice, the so-called low-fertility trap, which is when a confluence of demographic, sociological and economic trends all converge and create a self-reinforcing, unstoppable spiral downwards. A slight uptick last year is encouraging news, but hardly a trend yet.

A few years ago, our resident population already started to shrink, although it has not been noticeable to most people because of the influx of foreign workers. Arresting this trend will not be easy: One Institute of Policy Studies finding was that even with an increased TFR to, say, 1.8 births per woman, which is quite optimistic and 50 per cent higher than at present, the resident population will still start to decline in the next 15 to 20 years.

We would need to take in about 20,000 new citizens per year on a net basis - meaning that it has to be more in reality to offset those migrating out of Singapore - to stem the decline and achieve simple zero population growth. This is about the size of a Marine Parade town each year. It is not small. And with anti-immigration sentiments persisting, if at least not increasing, immigration cannot fill the population gap.

### **Surge in birth rates**

HOWEVER, the demographic future of Singapore need not be as dismal as statistics suggest, nor should we be defeatist.

Birth rates in developed countries have somehow bottomed out and are starting to increase again. Demographers have discovered that when the Human Development Index or HDI increases, fertility rates decline but reach a level where it becomes a J curve and starts to rise again. The HDI is a more holistic measure of development beyond simply economic wealth which, in my last lecture, I advocated that Singapore adopt.

The negative correlation between rising HDI and falling birth rates has been observed for decades and was once thought to be inevitable. After all, it was a trend with virtually every country observed - as lifestyles improve, parents want fewer children.

But the study, first published in the magazine Nature in 2009, found that at some point as the HDI continues to advance, fertility starts to rise again. Some Western developed countries such as France, Sweden and Norway have seen fertility actually climbing back to replacement levels after decades of continuing decline. In the United States, fertility briefly surged above replacement level and is now hovering around there. New Zealand's TFR is now at replacement level.

What has caused this reversal in birth rates, and how can it be sustained? The prevailing theory is that this considerable and apparently sustained uptick in fertility rates is due to changing notions of gender roles within the family, work-life balance within careers, and government policies which support the ability of families to enjoy the natural happiness of raising children. Studies in Europe have shown that before 1985, as more women went to work, couples have fewer children. Singapore's history corroborates this trend. But after 1985, the correlation reversed - countries where more women worked started to gradually have higher birth rates than those where more women stayed home. This has noticeably not happened in Singapore, where birth rates have stayed stubbornly low. Other East Asian economies like Hong Kong and Taiwan have similar trends as Singapore.

Sociologists say the data suggests that countries which recognise through concrete policies that young families today want more children only if both parents undertake equal responsibility for child rearing, and that children are well taken care of while both parents continue to engage in their careers, will get a positive response from young parents.

In other words, there is no need for campaigns to encourage people to have at least one and preferably two children, or to bribe them with cash grants to make more babies. A two-child - or more - family is a natural desire of parents, but they are not procreating because the overall support environment is not conducive. Create a truly conducive environment and leave the rest to nature.

### **The State and fathers**

IN FACT, there is a phenomenon in the behavioural sciences called motivation crowding theory, which when applied would mean that trying to use money to motivate what should be an intrinsic desire - that of having children - can have the perverse effect of reversing the desired result instead. So, creating a suitable environment (which cannot be monetised as easily) is much better than direct cash handouts for bearing children.

What might such an environment entail for us in Singapore? Well, such truly pro-family policies will not come cheap. Sweden grants each new parent two months of paid leave which cannot be transferred between each other, and another full year - 360 days - of leave which can be shared

or transferred between themselves. Parents on leave are paid 80 per cent of their monthly salary for 80 per cent of the total leave allowable, with a cap which is roughly \$6,500. The balance 20 per cent allowable leave is paid a lower flat rate.

One refinement is an interesting example of how family dynamics operate and how the state can nudge behaviour. Data showed that Swedish mothers used up on average 75 per cent of their total leave entitlement, but fathers only 25 per cent or two months, and pressured their wives to take up the majority of the shared leave.

This was resented and so the government - recognising who ultimately calls the shots when it comes to childbirth - will reduce the shared leave and give more to the father so that the pressure will be on them to use it or lose it. The State essentially helped mothers to nudge fathers to do their share of parenting - which was a key factor in convincing women to have more children.

This seems to have worked. Sweden's previously declining fertility rates have almost returned to replacement levels, and further refinements are likely to spur even higher growth. High-quality and inexpensive childcare facilities are also important and Sweden again leads in the provision of such services, even to the extent of having overnight centres for children of single parents who have to do shift work.

Sweden is just one example; other European countries pursuing the same policies have achieved similar results.

The takeaway for Singapore is that if we want the same birth rates as in Europe, we should work harder to promote work-life integration and gender equality within the family, so that for women, there is no trade-off between having a meaningful career and enjoying motherhood.

The Singapore Government is well aware of the success of these European countries, whose experts have visited Singapore and shared their experiences. But there seems to be either scepticism about the impact of long parental leave on fertility rates, or an unwillingness to confront the economic costs of such programmes. Employers, already reeling under the current clampdown on foreign workers, will be extremely unhappy about having to give a lot more paid leave to their child-bearing employees.

But as our fertility rates continue to plunge while Europe starts to see a reversal, it behooves us to perhaps consider whether the strategic dangers of not stemming a population decline may actually outweigh the economic costs.

We need to decisively conclude whether we are facing an issue of demographic security requiring the same kind of mindset shift which enabled national service to be implemented, despite the loss of economic productivity as well as cost to the State.

Furthermore, we may have to change the entire support system for the young family, beyond just increasing paternity and maternity leave. An entire ecosystem of small and medium-sized

enterprises (SMEs) has to be created to undertake more of the work done by working parents. Liberalising the employment of domestic helpers will not necessarily help and there is even some evidence to suggest that it may be counterproductive. Young families with domestic maids have found themselves increasingly dependent on them to relieve their stress, but without increasing the intimacy of family life to encourage more children. We need a network of SMEs to which much housework, family meal preparation, and many other household chores can be outsourced. Reliable childcare facilities need to be more widespread, particularly in or near the workplace or home. Facilities and services serving the dependants of young working families - both the aged and the infants - will also go a long way to encourage Singapore families to want to enjoy having rather than being stressed by, more children.

But unless we recognise that our current policies are not working and learn from other countries which have indeed achieved success, we will simply go into genteel decline and bemoan our fate while not doing much about it.

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