

Painting Singapore's future by numbers; Population 2030

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The White Paper's projections have a big impact on jobs and growth, quality of life and people's sense of home. Robin Chan and Leonard Lim report

There were pages of numbers, charts and detailed explanations but only one question seemed to matter to many: Must it be 6.9 million?

Many are troubled by the eye-popping figure. It means Singapore is set to add up to 1.6 million people over the next 17 years, raising the density - the number of people per sq km - from about 11,000 to 13,000.

That is according to the Ministry of National Development's calculation of net density, which is the number of people per sq km of developable land. Based on that, even with 6.9 million people, Singapore will have a far lower density than Hong Kong or Seoul.

Developable land excludes water bodies, woodlands and wetlands as well as land set aside for defence purposes. Still, some economists say social costs will increase more rapidly, the higher the population density.

Dr Vu Minh Khuong of the Lee Kuan Yew School of Public Policy says: "This can range from traffic jams to crimes, from housing shortage to social tension." He points out that many smaller cities with populations of three to five million do well, such as Berlin, San Francisco, Toronto, and Taipei.

National University of Singapore associate professor Pow Choon-Piew says many people who live in dense cities like New York, London or Shanghai have made a conscious decision to do so. They are "psychologically predisposed to accept crowded living conditions", in return for the perceived benefits of such city living.

Many Singaporeans, however, have not made that choice but feel saddled with it as citizens of a city-state.

Ms Yolanda Chin, research fellow at the S. Rajaratnam School of International Studies at the Nanyang Technological University, says the White Paper appears to have let economic growth dictate population size.

"Perhaps we should be putting the population horse before the economic cart, by starting with the population size we are comfortable with on this island, and then extracting the maximum economic benefits from it," she says.

But other economists argue differently. Even at 6.9 million, Singapore would still be smaller than Hong Kong, Shanghai, Jakarta, London, New York and many other leading cities. It therefore needs to build up a critical mass.

Moreover, increasing the population size is necessary to overcome an ageing population, says associate professor Tan Khee Giap, co-director of the Asia Competitiveness Institute.

Singapore's anaemic fertility rate means that, by 2025, if there are no external additions to the population, more people will leave the workforce than join it.

And given that more Singaporeans will be better educated by then, the workforce is expected to be made up of predominantly white-collar job seekers - their share rising from about half today, to two-thirds.

Prof Tan adds that the economy will become increasingly services-based. With the transition, it will not be as simple as taking a worker from a manufacturing job and putting him in a service one. New workers will be needed.

Thus, what the White Paper has presented is a projection based on sobering social and economic realities, says Prof Tan.

"The paper is simply saying that due to the nature of the economy, the ageing population and having more PMETs in the workforce, we must have this population growth," he says.

But even assuming that is true, what of the physical limits? For those worried whether tiny Singapore can handle a population of nearly seven million, Mr Hazem Galal, an expert on cities at PricewaterhouseCoopers, says it can be done. Cities five million to 10 million in size face similar dynamics in terms of how people move about, he says. What makes the difference is the way population growth is managed.

"It is not just about adding bodies to the population, but about adding the right people and investing in citizens, giving them the conditions so they can enhance their innovation, and upgrade their skills. It is important to proactively manage the type of migration population you are attracting to Singapore," he says.

Technology and meticulous planning have also allowed cities to increase their density while maintaining or even improving the quality of life.

One way Singapore can do so is to create multiple central business districts, so that people can live, work and play in different areas of the city, instead of having to criss-cross the island every day just to get to work, says Mr Galal.

In short, says Mr Manoj Vohra of the Economist Group, this means that "physical limits" are no longer a static concept.

The Land Use Plan released on Thursday goes some way in addressing space and quality of life issues. Golf courses will make way, military training grounds will be consolidated and industrial areas reorganised.

Mr Vohra says: "With advances in urban planning - an area where Singapore is already among the leading countries in the world - cities today can support a much bigger population than the conventional wisdom would suggest."

What seems apparent is that for Singaporeans to accept that the population will grow to 6.9 million, they will have to imagine a Singapore quite different from today's.

It took a few days to sink in, but Singapore's business owners seemed to collectively recoil in shock at the gross domestic product growth rates projected in the White Paper on population.

The Singapore Business Federation (SBF), which has more than 1,000 firms under its umbrella, says plans to slash workforce growth would "constrain businesses and limit growth" and "have devastating consequences for many companies".

The paper projects that labour force growth will be halved in this decade. From 3.7 per cent growth from 2001 to 2010, it is estimating just 1 per cent to 2 per cent growth till 2020 and, beyond that, growth of just 1 per cent.

This will in turn slow economic growth from about 6 per cent in the last decade, to 3 per cent to 5 per cent a year till 2020, and to a slower 2 per cent to 3 per cent a year in the decade after.

The moderation is due primarily to a steep reduction in the number of foreigners allowed into the country in order to ease the strain on infrastructure and society, as well as to an ageing society.

SBF chief executive Ho Meng Kit warns: "If businesses go under, jobs will be lost... If businesses cannot raise productivity and sustain profits, they cannot afford to pay Singaporeans higher salaries."

Economic growth allows for new jobs, and incomes to go up, and gives firms room to expand and seize new opportunities.

Mr S. Iswaran, Second Minister for Trade and Industry, says: "If we want to support the aspirations, then we need a certain level of growth that will ensure vibrancy, a certain pep in the economy to create more opportunities, not just for Singaporeans in terms of jobs but also for our businesses."

Many point to the example of once-dynamic Japan. An ageing population, coupled with a tight immigration policy, resulted in decades of lost growth.

Japanese firms saw their profits fall, and faced a shortage of workers because more were retiring from the workforce than joining it. Reports were rife of skilled Japanese workers leaving the country for better prospects abroad, including Singapore.

But not all are convinced by that argument. While critics do not question the need for growth, they do disagree on just how much is enough.

Mr Yeoh Lam Keong, the vice-president of the Economic Society of Singapore, is among those who think the labour force growth projections are overdone. He says that the

experiences of Switzerland and other developed countries have shown that it is possible to generate enough high-quality jobs for locals with a slightly slower labour force growth trajectory.

With less focus on growth, Singapore can afford to expand its labour force at 1 per cent a year till 2020, which is the highest rate among the Organisation for Economic Cooperation and Development (OECD) countries, and then at an even slower 0.5 per cent a year thereafter, he adds.

The yang to the yin of workforce growth, is productivity.

Firms and countries are able to produce more with fewer people, because they are innovative and have technology to support them. Singapore can do so too, but that entails quite a firm belief that productivity will catch up fast enough here.

To meet the projected economic growth numbers, Singapore would need to average productivity rises of about 2 per cent to 3 per cent a year this decade, and about 1 per cent to 2 per cent in the next.

That is a daunting challenge. Singapore averaged just 1.8 per cent a year of productivity growth in the last decade. The OECD economies did even worse - with just 1.2 per cent growth a year in productivity over the same time.

Mr Manoj Vohra of the Economist Group is therefore sceptical that this can be achieved.

"There needs to be more scrutiny of this productivity growth assumption and potential 'what if' scenarios. Singapore can't take this for granted," he says.

Singaporeans desiring a slower growing population will therefore need to have faith that productivity can rise, or accept that their wages may rise more slowly and that companies may simply decide to invest elsewhere.

Deputy Prime Minister Teo Chee Hean has reflected that the paper's proposals "strike a careful balance" between two scenarios. The first is to grow the workforce as fast as in recent years but that would stress land and infrastructure. The second, to freeze workforce growth, would result in a loss of vitality.

The White Paper strives for a balance that will enable "high productivity, good quality growth" to bring Singaporeans good jobs and good wages, he says.

It is easy to get caught up in the numbers and to miss the bigger picture that the White Paper is pointing to - a future economy defined less by manpower growth, and more by innovation and technology.

That economy will be flexible and inventive enough to throw up new opportunities and to seize the opportunities that the global economy presents, and with a level of human capital that is creative and entrepreneurial, says Mr Manu Bhaskaran, the chief executive of Centennial Asia Advisors.

And that, is what will keep Singapore's competitiveness and dynamism going for some more years to come.

At one end, more foreigners will mean a more dynamic, diverse and cosmopolitan Singapore.

But they will also bring noticeable change to the population make-up, and affect national identity and social cohesion.

That, in a nutshell, captures the trade-offs inherent in the debate over the country's foreigner policy, according to Mr Christopher Gee of the Institute of Policy Studies.

"Whilst a larger foreign population can increase the dynamism of a city like Singapore, immigrants may bring with them norms, values and behaviours that may at times clash with the established culture of the incumbents," he says.

The White Paper on population released on Tuesday makes clear that the Government will keep its doors open to three groups of migrant workers to ensure a thriving economy and society: those who can help meet the greying country's health care and eldercare needs; foreigners willing to take up low-skilled jobs in sectors such as construction; and global talent with cutting-edge skills and abilities.

It foresees 2.5 million foreigners here by 2030, a significant rise from today's 1.5 million. The citizen share of the population will fall to 55 per cent, from 62 per cent currently.

Of those numbers, political observer Zulkifli Baharudin says: "Mathematically I'm persuaded by the White Paper numbers but emotionally, I'm not at all."

Others, like Institute of Technical Education student Syahid Sulaiman, reacted with concern to the news that there would be up to a million more foreigners here by 2030. He acknowledges that foreigners are needed to fill occupations that Singaporeans shun, but he also worries that he will be squeezed out of the job market.

"We can bring foreigners in, but not that many," says the 20-year-old.

His is a typical view, that more foreigners will spell fiercer competition for good jobs, good homes and space - for which demand tends to outstrip supply. Another worry revolves around the less tangible aspect of the Singapore identity.

Sociologist Tan Ern Ser of the National University of Singapore says citizens are asking if immigrants can integrate well, and whether the Singapore identity risks being gradually eroded.

Going forward, he says it is important to enhance Singaporeans' sense of security, which can produce a generosity of spirit towards immigrants, and in turn build social ties.

The grassroots network is one avenue to tap, and for some time now the People's Association has had "integration and naturalisation champions". They reach out to new citizens through house visits, tea parties, and festive celebrations.

But can more be done?

The real and present danger, say some, is that Singapore will drift towards becoming like Dubai, a global city with a high proportion of foreigners but where locals feel disconnected, a place some have criticised for lacking in national soul. Of Dubai's population of approximately two million, only around 200,000, or 10 per cent, are citizens.

Maintaining a strong Singaporean core by encouraging marriages and parenthood - through incentives and support measures such as those announced two weeks ago - is one part of the equation.

But observers say nurturing a sense of Singapore as home is about more than numbers and monetary rewards.

Some believe what is key is ensuring meaningful friendships are forged between immigrants and citizens.

Mr Gee, with his colleague Yap Mui Teng, wrote in a paper titled "Let's put some colour into Singapore's population roadmap": "Efforts to maintain, and even enhance, our Singaporean core population need to define what it means to be a part of this core.

"Our shared values, our common rights and obligations, our national identity."

Mr Zulkifli says the ongoing national conversation is a good platform to flesh out and articulate the values and ideologies that Singaporeans treasure, whether it is meritocracy, respect and compassion for others, or the value of hard work.

"People who come to Singapore must know, and be attracted by, what we stand for. Then they will begin to embrace these things that we cherish," he says.

Efforts like the Community Engagement Programme, which involves the community in response plans for crises, have also helped build bonds, says sociologist Kang Soon Hock, and it is worth exploring if others can be rolled out.

The way forward in the immigration debate will require a delicate balancing act, and the experience of other countries indicates the issue cannot be easily resolved.

But political analyst Gillian Koh is hopeful that the leadership will take time to hear all views on the matter, even if they are contrarian.

"It will be the challenge of the political leadership - from political parties of all stripes - to give courage to all sides to speak up and be heard," she said.

Chua Chu Kang GRC MP Zaqy Mohamad admits tension over such a polarising topic will be inevitable, but adds: "I hope this is not a plan cast in stone, and we can all work towards a consensus."