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LCDR David Barrington

Modern Singapore is both a city and a state. This fact carries with it both advantages and disadvantages. When Great Britain changed Singapore's status from a colony to a state, those disadvantages may have seen overwhelming. Little land, few resources, high unemployment with no industrial base, all these and more coupled with a population which had little concept of being "Singaporean," it should come as no surprise that the fledgling country's leadership felt its best course of action would be to merge with other Malay states. After a short-lived attempt at just such a merge, circumstances dictated that Singapore would have to solve its problems alone. It proved wildly successful in solving some of these problems. Unfortunately the pendulum swung too far in the other direction. Starting with no industrial base and high unemployment, Singapore today finds itself with little unemployment but unable to sustain growth without importing foreign talent due to its declining population. Constrained by size and surrounded by the original cultures of its people, both history and geography colored the policies which saw an independent Singapore become modern and successful to the point where its declining population is making the country more dependent on workers from other countries.

## **BACKGROUND**

Since gaining independence, Singapore's population has grown along with its economy. As Singapore's gross domestic product increased from less than \$1 billion (US) in 1965 to over \$188 billion (US) in 2008, Singapore's total population reached two million residents in 1968, three million in 1990, and four million in 2000.<sup>1,2</sup> 2008 statistics list Singapore's total population at just fewer than 4.84 million people.<sup>3</sup> During this time the median age has risen significantly, as it has for much of the developed world. In 2009, Singapore's median age was 39. Current projections estimate Singapore's median age to be over 53 by 2050.<sup>4</sup> Related to the

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rising median age, Singapore's declining fertility rate is far below the replacement level necessary to maintain the country's population, as it has been since 1976.<sup>5</sup>

As pro-business changes in the early years of independence started to take hold, Singapore went from having high unemployment to a labor shortage. The government implemented new changes. Universal education, the repeal of polygamy for non-Muslims and equal opportunity in the workplace provided encouragement for women to get out of the kitchen and into a career.<sup>6</sup> Additionally, not only did the country require additional adult workers, but also the extremely high amount of children being conceived threatened to overwhelm the small state. Abortions and voluntary sterilization were legalized, and barriers to having more than two children were introduced, such as increased medical costs and no paid maternity leave. Again for the People's Action Party (PAP), their success had unintended consequences. In 1966, Singapore had a total fertility rate (TFR) of 4.5. This means in 1966 Singaporeans were giving birth at a rate that translated into each woman averaging 4.5 children during the course of her child-bearing years. A worldwide TFR of 2.23 translates to approximately a zero population growth.<sup>7</sup> In 2008, Singapore's TFR was 1.28. Education for Singaporean women increased and now the majority of Singaporean women of all ethnic groups work. In addition, they get married later in life and had fewer children.

What does a declining population mean for Singapore? First, a declining population results in a shrinking talent pool for new technologies and industries. If unemployment stays low to the point of labor shortages, it becomes difficult for companies to expand in Singapore or for new companies to enter the market. A decrease in foreign investment hurts any country, but for a city-state with little natural resources and no substantial agricultural base, Singapore depends on foreign investment for their continued existence. The price of labor can rise to a point where

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it makes sense for companies to set up elsewhere. Also, for companies selling their products and services within Singapore, a declining population reduces demand. Fewer people in the country mean fewer consumers. Fewer people in the country also means there are less people to support the elderly.

As the population ages and more people leave the work force, these new elderly people will place additional demands on Singapore's health care system and social support infrastructure. Fewer younger people working to support the system only helps to exacerbate the problem. Current Singapore social security programs include retirement, medical and disability benefits. The government and employers subsidize these accounts, but Prime Minister Lee Kuan Yew believed that the public would not value a benefit if it was free, and he did not want Singapore to become a welfare state. Therefore, all workers are required to pay into this system and have the option of contributing additional funds to increase their retirement pay.<sup>8</sup> Eventually, younger workers will carry an increased burden to support the aging population.

As mentioned earlier, labor shortages are not new to the country, but they have not always been the problem. When Britain officially gave up Singapore as a colony in August of 1958, the new country faced a myriad of difficult problems, with double digit unemployment not the least of them. Following the first elections in May of 1959, the newly installed PAP government instituted a number of pro-business measures, including extremely low taxes for new industries and export-oriented businesses and setting aside land for use in labor intensive endeavors. These measures succeeded in converting the previous entrepôt economy with some rubber production to a viable industrial-based and service driven economy. In fact, these measures worked so well that by 1972, even with the upheaval of joining the Federation of Malaysia in 1963 and its subsequent removal in 1965, labor shortages in some areas had forced

Singapore to relax its immigration laws to the point where immigrants made up 12% of the work force.

### **ATTEMPTS TO DEAL WITH THE PROBLEM**

Other than relaxing immigration laws, Singapore has made many attempts to increase its population. When the newly independent Singapore attempted to curb population growth, the government's used the slogan "Stop at Two," but changed the slogan to "Have Three or More, if You Can Afford It" when it realized how well its earlier efforts had worked. Currently, Singapore employs many techniques to increase its population. In addition to information campaigns about the joys of raising children, the government currently runs the Social Development Network (SDN) with a vision to "...to facilitate marriages and nurture a culture where singles view marriage as a top life goal," designed to be a resource for social interaction skill improvement and social interaction opportunities.<sup>9</sup> Not only does the government spend its resources on helping Singaporeans meet and marry, but also it implemented its "Baby Bonus" program. This program pays S\$4000 (~5500USD) for the first two children and S\$6000 (~8300USD) for the third and fourth children. In addition, the government of Singapore also matches deposits into children's savings accounts, which can be used for schooling or medical plans.<sup>10</sup> Also, as part of the Marriage and Parenthood Package, the government of Singapore will pay up to one-half of in-vitro fertilization costs, depending on the resident status of the couple.<sup>11</sup> Unfortunately, even direct benefits such as the Baby Bonus program have yet to greatly affect Singapore's population.

### **IMMIGRATION**

Continued low TFRs force Singapore to use immigration to maintain and increase the population of the country. Since its founding as a British colony, immigration has played a key

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role in the development of Singapore. Early on, Chinese represented the largest portion of immigrants, followed by Malay, Indian and other Southeast Asian peoples. By 1860, Chinese were still the largest community, doing a variety of jobs on the island, with many of the most prosperous working as merchants. An influx of Indians made them the second largest community, finding work primarily as laborers or traders. Malays made up the next group, with many working as fishermen or carpenters. Continuing from the colonial period to independence to the present (though diminishing), those of Chinese descent have enjoyed the highest standard of living and those of Malay descent have the lowest standard of living in Singapore.<sup>12</sup>

Following separation from the Federation of Malaysia in 1965, Singapore placed strict controls on immigration. However, these controls were soon relaxed as the Singapore economy took off and large numbers of workers became needed to fill unskilled laborer positions, such as manufacturing and domestic services. The percentage of immigrants in Singapore has continued to rise to its current levels of 24.7% of the total population.<sup>13</sup>

Currently in Singapore there are two categories of immigrants, permanent residents and transient workers. By far, transient workers make up the largest portion, slightly fewer than 1.2 million of Singapore's total population of 4.8 million.<sup>14</sup> They take jobs that Singaporeans do not want to do, such as domestic services, marine and service positions. This group of workers has limited rights. Transient workers may not bring their families with them to Singapore, and cannot change jobs to other than that on their work permit, ensuring they do not compete for employment with citizens.

Permanent residents make up the second group of immigrants. Singaporean companies recruit professionals and managers, and they enjoy many more privileges than do their transient counterparts. They can apply for citizenship after meeting certain criteria. They may bring their

families to Singapore, and they obviously earn better salaries. Unlike transient workers, Singapore hopes this foreign talent chooses to stay in Singapore and eventually become citizens of the country.

Increasing immigration into Singapore has not come without any difficulties. Some citizens have bemoaned the increase in immigration, citing more competition for the best jobs, increases in housing prices and additional burdens on public services from hospitals to parks among their concerns. Interestingly, most of these concerns do not seem to be based on race. Singapore instituted policies targeting recruits in China and India in addition to other countries, and subsequently the overall ethnic distribution has remained relatively unaffected.

Singapore's leadership has been straight-forward with its people regarding immigration. First, they state that the population of Singapore would be declining without increased immigration, and that permanent resident immigration has increased only to the point of keeping the resident population constant. They also assert that Singapore has been a meritocracy since independence, and Singapore citizens must continue to compete if they expect to continue to excel. Also, Singapore continues to build additional housing, and that a housing shortage does not exist in Singapore. Finally, they admonish their citizens when hearing complaints about public services, stating that immigrants are doing less pleasant jobs, and that they should not begrudge them the chance to frequent parks and shopping malls on their off time.<sup>15</sup>

## **CONCLUSION**

As a small country located in the center of a crucial trade route, immigration has played a major role in Singaporean life since before even Thomas Raffles' arrival in 1819. Though it became a haven for people of many backgrounds, Chinese laborers, merchants and entrepreneurs continued to arrive until they eventually became the majority which has lasted to the present.

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Regardless of previous successes, Singapore's small size makes it acutely vulnerable to changes in population. Singapore has attempted to meet challenges head-on throughout its history as an independent country and it is no different when it comes to population control. When population growth threatened to overwhelm the new country, it took direct measures to combat the problem. When those measures proved to be so successful that population decline became the problem, the Singapore government used strategies both internally and externally through immigration to help ensure Singapore remains viable.

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<sup>1</sup> Singapore Government Online website. *Time Series on Annual GDP at Current Market Prices*. <http://www.singstat.gov.sg/stats/themes/economy/hist/gdp2.html>.

<sup>2</sup> Singapore Government Online website. *Time Series on Population (Mid-year Estimates)*. <http://www.singstat.gov.sg/stats/themes/people/hist/popn.html>.

<sup>3</sup> *Population in Brief: 2009*. National Population Secretariat, Singapore Department of Statistics, and 4 others. Singapore, June 2009, 1.

<http://www.nps.gov.sg/files/news/Population%20in%20Brief%202009.pdf>

<sup>4</sup> *World Population Ageing, 2009*. UN Department of Economic and Social Affairs, 2009, 33.

<sup>5</sup> *Population in Brief: 2009*, 11.

<sup>6</sup> Kiat, Liak Teng. "A Declining Birthrate." In *Debating Singapore*. Edited by Derek da Cunha, 55-61. Singapore: Institute of Southeast Asian Studies, 1994.

<sup>7</sup> Total fertility rate (TFR). The 2.33 total fertility rate necessary to maintain the world population (takes into account infant and child mortality rates). A 2.1 TFR is closer to what is necessary to maintain Singapore's population without immigration/emigration considerations.

<sup>8</sup> U.S. Social Security Administration. *Social Security Plans Throughout the World: Asia and the Pacific, 2006*. <http://www.ssa.gov/policy/docs/progdesc/ssptw/2006-2007/asia/singapore.html>

<sup>9</sup> Singapore Government Online website. *Social Development Network*.

[http://app.mcys.gov.sg/web/faml\\_promomarry\\_sdu.asp](http://app.mcys.gov.sg/web/faml_promomarry_sdu.asp)

<sup>10</sup> Singapore Government Online website. *Baby Bonus: A Great Place for Families*.

<https://www.babybonus.gov.sg/bbss/html/index.html>

<sup>11</sup> Singapore Government Online website. *Family & Community Development @ e-citizen: Marriage and Parenthood Package*.

<http://fcd.ecitizen.gov.sg/MarriageNParenthoodPackage/FAQs/Having+Children.htm>.

<sup>12</sup> Library of Congress-Federal Research Division. *Country Profile-Singapore, 2006*, 2.

<sup>13</sup> *Population in Brief: 2009*, 1.

<sup>14</sup> *Ibid*, 1.

<sup>15</sup> Wong, Deputy Prime Minister Kan Seng. DPM Speech on Population at Committee of Supply, 4 Feb 2010.

<http://www.nps.gov.sg/files/news/DPM's%20speech%20on%20population%20at%20COS%200100304%20-%20final.pdf>

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