



Singapore's Record Low Fertility Rate is Not Gloom and Doom

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By Han Fook Kwang

SYNOPSIS

Singapore's declining birth rate need not lead to economic downfall but is an opportunity to further develop the skills and potential of its people. Immigration is necessary to supplement the numbers, and greater consideration should be given to granting citizenship to those from Southeast Asia, to help strengthen the country's links and identity with the region.

COMMENTARY

The news that Singapore's total fertility rate (TFR) last year plunged to a record low 0.87 per cent has triggered a wave of doomsaying. Deputy Prime Minister Gan Kim Yong called it an existential issue and wondered whether, if the trend continues, the country would still be around in 50 years.

There are not many issues which threaten Singapore's survival in such stark terms – water security and climate change being two other examples.

It is right therefore to highlight the urgency and importance of the fertility problem, even though it is by now a familiar one that Singapore has been grappling with for decades.

This is the oft-repeated doomsday scenario: A fertility rate of less than 2.1 per cent means that the population is not reproducing itself. If nothing is done, the number of people here will start to decline at some point. With fewer people in the workforce, the economy will suffer because there will not be enough workers and less economic activity with fewer people buying and spending their money.

As if this was not bad enough, there is worse: Because fewer babies are born every year, the proportion of young people in the country will decline relative to the total. An ever-larger proportion of older people will need to be supported by an ever-shrinking younger population, straining the country's resources even further during a time of reduced economic growth.

Therefore, the utmost effort must be made to increase the birth rate, and to supplement the numbers with increased immigration.

This has been the dominant thinking with every prime minister including Lee Kuan Yew, but every one of them failed to make any headway on the issue, with the TFR declining from 1.82 in 1980 to 0.87 in 2025.

In fact, Lee himself said he had given up solving it, in an interview for the book *One Man's View of the World* in 2012, which I worked on: "If I had to identify one issue that threatens Singapore's survival, it would be this one. I cannot solve the problem and I have given up. I have given up the job to another generation of leaders. Hopefully, they or their successors will eventually find a way out".

In the book he also wrote that he did not think it could be solved by giving parents more financial incentives or government support.

He said that if he were still in charge, he would offer a baby bonus worth two years of the average wage of Singaporeans then (in 2012), not because it would work to raise the birth rate but to prove that even with such a generous incentive, it would not do much.

In today's terms, this would amount to S\$144,000 (US\$112,500) for every newborn. He believed that even with such a super-size incentive, which is more than ten times the baby bonus offered today, it would not work because the problem had to do with lifestyle and mindset changes.

So, is it the end of Singapore?

Re-examining the Doomsday Premise

Before pronouncing the country's impending death, I think it is useful to re-examine the premises of the original narrative.

History is a good starting point. Does the past support the view that a declining population always results in economic catastrophe?

In fact, it has not.

When fertility rates did fall off over a long period after the Second World War, the result was not economic decline but rapid growth and technological innovation.

In other words, the exact opposite of what has been feared.

This is well documented in the book *The Journey Of Humanity: And The Keys To Human Progress* by Professor Oded Galor, an Israeli-American economist at Brown University in the US.

He argued that for long periods in human history when the world's population was growing, economic growth followed. More hands meant more work, whether in farming or manufacturing.

The industrial revolution in Europe in the 18th century accelerated growth even more. But because of large population growths, living standards for individual workers did not improve much.

The more the economy grew, the more children were born to parents who wanted more hands to work. Income per capita hence did not increase much.

It led the English economist Thomas Malthus to develop his famous theory that human population grows exponentially and always outstrips food production until famine or war breaks the cycle, only to bring the people back to subsistence level.

It was known as the Malthusian trap at the time, an inescapable fate that few countries would be able to overcome.

He did not foresee the industrial revolution which increased food and manufacturing capacities to unprecedented levels, resulting in an escape from his trap.

Oded noted all this but extended his argument further to make this important point: As human skill and talent was what mattered most during the technological revolution of the 20th century, parents began to invest more heavily in the education of their children. Given limited resources, this required them to have fewer children resulting in a dramatic drop in fertility rates.

At the same time, the opportunity cost of child rearing increased as more women entered the work force, making it even more attractive to have smaller families.

This period in which birth rates fell significantly in the developed economies, coincided with the most sustained period of economic growth in the world, after the Second World War.

In an essay in the Annual Review of Economics last year, he wrote: "This significant decline in fertility rate... (allowed) technological advancements to generate enduring prosperity rather than temporary gains. With an increasingly skilled workforce and greater investment in human capital, technological progress further accelerated, enhancing human prosperity and delivering sustained growth in per capita income".

For him, therefore, the decline in fertility rates over the last 60 years was a major driver of progress and prosperity, not of gloom and doom.

You might argue that today's situation is very different because fertility rates have fallen below replacement levels in many countries.

It is a valid point, and it might well be that we have reached the proverbial tipping point.

The truth though is that no one really knows because there has never ever been a period in the past like this.

For what it is worth, Oded is more optimistic about the future.

In the same essay he wrote: "...just as fears of societal collapse may be overdrawn, so too are concerns about a declining population hindering technological progress. The transformative potential of AI is poised to accelerate innovation, even amid a shrinking population. While declining fertility rates pose moral, philosophical and economic challenges, they also create profound opportunities to sustain productivity growth, elevate living standards globally, and reduce humanity's collective adverse footprint on the planet".

He may or may not be right, but he is not the first to raise the possibility that technology, especially AI, could improve human productivity leading to economic vibrancy despite lower population levels.

What is certain is that the fertility needle will not move much in Singapore, or elsewhere in the world, despite the heroic efforts of governments.

It does not mean that nothing should be done, but one has to be realistic about the outcome.

Immigration is necessary to make up the numbers and there should be more open discussions on how best Singapore should manage this, including who to admit and what criteria to be applied.

Southeast Asia – A New Source of Citizens for Singapore

The numbers are large: According to DPM Gan, 25,000 to 30,000 immigrants are expected to become new citizens every year for the next five years. The present criteria for naturalised citizenship include educational qualifications, work experience, relevance to Singapore, and salary levels, among others.

The Government has also stated its intentions to maintain the current ethnic balance among Chinese, Indians and Malays. It means that the bulk of new citizens will continue to come from China, the Indian sub-continent and Malaysia.

While this is a politically sensible approach, there is also a potentially rich source in Southeast Asia, with 680 million people across ASEAN. Admitting more of them as citizens will help deepen Singapore's links with its neighbours. Over time, this pool of new citizens and their offsprings will enrich the population mix, but with a stronger regional identity.

One other move is required, and it is to shift the emphasis from making babies to developing the limited and shrinking number of Singaporeans – young and old and those yet to be born in the years ahead – to maximise the potential of everyone.

Instead of seeing the issue as a problem to fret over, look at it as an opportunity to improve the capability of the people and enhance their livelihood.

Instead of constantly harping about impending doom, look forward to a future where fewer people might have a bigger share of a still growing pie.

There are many possibilities when you frame it positively.

One such example: Make childcare and pre-school education in Singapore completely free and make it of world class standard.

By this I mean Montessori-level kindergartens or those which Scandinavian countries are world-renowned for. They are expensive, and cost more than S\$2,000 (US\$1,562) a month per child in Singapore.

But if they raise early childhood levels of development to new heights and make a notable difference, it will be worth the effort.

It might also encourage more parents to have children. If you know that your child's education will be taken care of in the first six years by the Government, and up to world class standards, will it not nudge more to have larger families?

Don't say Singapore cannot afford it.

Didn't someone say it is an existential issue?

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