

Ask NUS economists

More non-citizen workers = Fewer local babies?

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For *The Straits Times*

Q Is there any connection between immigration and fertility rates of locals?

A To answer this, let's first look at immigration numbers. The number of non-citizens in Singapore grew from 1.85 million in 2010 to 2.16 million last year, according to census figures released by the Department of Statistics (DOS) last month.

In percentage terms, non-citizens grew from 36.4 per cent of the population in 2010 to 38 per cent last year. Non-citizens include Permanent Residents and non-residents – foreigners who are working, studying or living in Singapore but who are not granted permanent residence. This group includes those on work permits and work passes but excludes tourists and short-term visitors. The figures show a distinct rise in immigration – defined as the rise in non-citizen numbers in the population.

Let's take a look next at fertility rates.

The same census results show that resident women aged 15 and above generally had fewer children last year than in 2010. ("Resident women" comprise citizens and permanent residents. The census did not provide separate statistics on number of children born to citizens.)

Is there a relationship between these two sets of figures? That is, is the dip in fertility among resident females related to the rise in share of non-citizens in the population?

To be clear, just because the number of non-citizens has gone up over time and fertility rates have gone down does not necessarily imply that higher immigration caused lower fertility. Indeed, this relationship might have been driven spuriously by some other factor such as an increase in wages in the economy.

An increase in wages paid to workers could lower fertility and increase immigration at the same time since it increases the opportunity cost of child-rearing while making employment in Singapore more attractive to foreigners.

Still, the fact that immigration and fertility rates have evolved in opposite directions should, at the very least, lead us to wonder



On whether there is any connection between immigration and fertility rates of locals in Singapore, the writer says that while immigration is likely to have implications for fertility, the direction in which it affects fertility is unclear. Unfortunately, there is a dearth of research on whether immigration and local fertility are indeed related. ST PHOTO: KUA CHEE SIONG

whether the fall in fertility might have been partly due to higher immigration.

Why should immigration affect the fertility of locals? There are at least three potential reasons.

Firstly, international research shows that greater immigration can lead to higher housing prices and rents, at least in the short term.

For instance, research by economist Albert Saiz in the *Journal of Urban Economics* in 2007 showed that immigration led to higher rents and housing prices in the United States.

Similarly, research by economists Libertad Gonzalez and Francesc Ortega in the *Journal of Regional Science* in 2013 find as well that immigration led to higher housing prices in Spain.

To the extent that housing is a precondition for childbearing, higher housing prices and rents may push people to postpone childbearing and/or lower the number of children they decide to have.

Secondly, if locals view migrants as competitors in the labour

market, greater immigration can lead to increased perceptions of job insecurity, especially among those with similar skill sets. Since childbearing decisions have been found to depend positively on employment and income security, feelings of job insecurity may result in lower fertility among certain groups of locals.

However, this does not have to be the case. In fact, immigration, especially if it involves low-skilled workers, can result in higher fertility.

Consider foreign domestic workers. Without them, many women have to make the difficult choice between child-rearing and paid employment.

Consequently, fewer children may be born. Having domestic helpers reduces the opportunity cost of child-bearing, as women can continue to work.

So while immigration is likely to have implications for fertility, the direction in which it affects fertility is unclear. Unfortunately there is a dearth of research on whether immigration and local

fertility are indeed related.

One undesirable consequence is that policymakers may not have all the required information to make optimal decisions when it comes to immigration policy.

Curious, I explored an episode in the history of the United States, where 125,000 Cubans unexpectedly migrated to Miami in 1980.

This increased the overall labour force of Miami by about 7 per cent. I found that the immigration shock had a temporary negative impact on the childbearing decisions of Miami women.

The negative effects were most pronounced for women living in rented homes, suggesting that one channel through which immigration might have had an impact on fertility was through higher rents. This paper was published in the *IZA Journal of Development and Migration* in 2018.

While the findings support the notion that immigration may have implications for childbearing decisions, care should be taken not

to generalise the results to Singapore.

For one, the type of immigration experienced in Miami at the time is different from that experienced in Singapore today. The Cuban immigrants were largely low-skilled and male. Hence, their profiles are unlike that of Singapore's immigrants, which tends to be somewhat more balanced in terms of skill and gender composition.

While there are many low-skilled migrant workers in construction and domestic work in Singapore, in fact the overall profile of immigrants here is more balanced when one takes into account the Permanent Residents and those on long-term work passes such as the S pass. There are about 521,000 permanent residents, of varying skills levels. According to the Ministry of Manpower, in December 2020, there were 177,100 workers on an employment pass, 174,000 on an S pass, and 848,200 on work permits.

In addition, the nature of the housing market in Singapore and

Miami are different, with the public sector dominating housing in Singapore and where a somewhat sizeable share of foreigners here live in dorms and employers' homes and hence do not compete with natives for housing.

What the findings do suggest is that more work needs to be done to understand how immigration may be affecting the fertility of local inhabitants here and in the rest of the world.

This knowledge is essential for policymakers to design better immigration policies.

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