

Singapore Economic Growth and Population.

One of the commonly accepted models of economic growth is one where economic growth is determined by capital accumulation, innovation and growth of the labour force. The growth of the labour force quickly translates into growth of the population and particular age groups which are regarded as particularly productive. This is all fine, if you can grow the population without bound. The weakness of this assumption is most apparent in the case of small islands. Singapore is a good example. Progressive immigration policy has helped growth not just in population growth but also in capital accumulation and innovation. Lately, however, the limits of immigration have been tested. The storage and transport of labour has become difficult. Incumbents have come to regard further increases in population very negatively. The government, on account of the last election's poor result, has begun to listen to the people, to an extent. They have tightened immigration policy in sympathy to the people's preferences. These measures are not sufficient. If the government is serious about avoiding and reversing the momentum of overpopulation, it must cut back on the creation of storage of labour. This it has not done. One can only speculate that a longer term strategy still pursues rising immigration but that an interim solution has been formulated to manage the people's expectations. Here is how one such plan could work:

1. The people regard the country as over populated and register their objections.
2. The authorities tighten immigration rules to slow population growth.
3. The authorities continue to increase population storage by land sales and the approval of building permits, etc.
4. The stock of housing increases.
5. The authorities can then at a later stage present a housing oversupply to the people.
6. They authorities can present also a strategy for preventing a crash in housing prices by allowing more immigration thus increasing the demand for

housing.

Thus, it would have been possible to achieve the desired population growth to sustain economic growth with the acquiescence of the people. It is a clever gambit but it fails to address the limitations faced by the island state. Population cannot be grown without bound anywhere let alone on a small island. New goals and new strategies need to be established towards a more viable society. We can only hope that the authorities have the vision to see this.