

No baby boom due to lockdowns

JUST a year ago, when the first of the stricter movement curbs was imposed and people were mostly confined to their homes, expectations ran high on a possible baby boom in Malaysia. But a year later, the numbers are nowhere close to it.

In a rather unexpected turn of events, population projections from 2010-2040 by the Department of Statistics Malaysia (DoSM) revealed Malaysia may become an ageing nation by 2030 with people aged 60 years and over surpassing 15% of the population.

Both situations are a cause for concern as the former would affect the country's labour force and economy at large and the latter would require the government to dig deep into its coffer to support the increasing demand for healthcare and pension.

Baby Bust

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said based on data obtained by DoSM, the number of new births in the country was not as significant as expected. He said among the factors was the postponements of wedding ceremonies to prevent the spread of the Covid-19 outbreak.

"However, we also see some married couples who previously had difficulty giving birth benefitting from the movement control during this pandemic and have successfully given birth.

"But looking at it from a broader angle, among other factors that cause the decline of the young population is society being more inclined to choose careers and lifestyles that are free from commitment.

"Apart from that, there are also couples who get married at a late age and it is possible that some of them may face fertility problems," he told *Bernama*.

Sunway University Business School economics Prof Dr Yeah Kim Leng said the rising cost of living is another factor that prevents couples from having children. He said about 80% of the Malaysian population are residing in the cities.

"It involves not only the cost of providing good education, but also additional spending on sports, entertainment, arts and cultural activities that are part of the urban lifestyle," Yeah said.

Ageing Nation

DoSM's latest population for 2020 was estimated at 32.7 million, comprising 90.9% (29.7 million) citizens and 9.1% (three million) non-citizens. The annual growth rate was 0.4%, showing a slow growth trend.

In 2020, the population of 60 years and over rose from 3.4 million (2019) to 3.5 million which represents 10.7% of the total population, while people aged 65 years and over increased from 2.2 million (2019) to 2.3 million (2020), forming 7% of the total population.

The young population (0-14 years) decreased through the years, which only made up 23.3% or 7.6 million, while the working-age population (15-64 years) decreased to 69.7% (22.8 million).

Conversely, the older population (65 years and over) increased to 7% (2.3 million). Yeah said the changing demographics will cause shifts in household consumption and savings patterns.

“An important implication is that we will have to confront the social and economic issues and challenges associated with population ageing sooner rather than later,” he said.

He said the rise in Malaysia’s working age population (15-64) has peaked in 2018 and 2019, and started to edge down in 2020.

Mohd Uzir said if the rate of young population in the country decreased, it would lead to lower tax collection for the country.

“Maybe at some point, we (the working population) will have to pay more taxes because it is one of the sources of national revenue.

“Apart from that, there is also a possibility that the country will need to provide an employment system for the elderly so that they have their own savings. It should, however, not be like an office job and does not require a lot of energy,” Mohd Uzir said.

Reduced Labour Supply

Coupled with lower fertility and birth rates, the slowdown in population growth will result in reduced labour supply.

Yeah said the slower population increase — especially in the working age group (16-64) which eased to 0.4% in 2020 compared to 3% annually in previous decades — has eased the influx of new entrants in the labour market.

“This helps mitigate the rise in unemployment during an economic downturn as experienced currently.

There is a need to boost vegetables, fruits, fisheries and livestock farming to lower food price inflation and to ensure long-term food security, and at the same time reduce the country’s rising food import bill. And for that, labour force is critical for the country, he said.

Even though advanced agricultural technology is adopted to boost crop yield, quality and profitability, there is a need for a stronger local workforce and reduce the dependency on foreign labour.

Support from Govt

“Government support and incentives to reduce childcare costs such as subsidised childcare centres and kindergartens are important to reduce the cost of living for those planning to have more children,” he said.

In addition, the economist said the longer maternity and paternity leaves mandated by the government is a move in the right direction to ensure that the average family size is above the replacement ratio of two.

It is important that household income growth be above living cost increases. This becomes harder with the increase in the number of dependents.

Higher tax reliefs based on the number of dependents could encourage working parents to consider having more children, he suggested.

As for the ageing population, the government should be ready to face it.

One way to deal with it is to encourage the elderly population to continue to actively use their minds to prevent them from becoming senile.

Voluntary activities should be encouraged in each community to provide opportunities for senior citizens to share experiences (success stories) with the community and enable them to continue to contribute to the country, said Mohd Uzir.

WEF

According to the World Economic Forum (WEF), Singapore is one of the most rapidly ageing societies in the world with a life expectancy of around 83 years.

Its government has invested significantly in life-long learning initiatives to boost society's human capital potential and to promote personal development and social integration, said an article released in February 2020.

Japan, which is another rapidly ageing Asian country, has taken a multi-pronged approach to meet the needs of the Japanese population and boost economic growth. Currently, about 25% of Japan's population is above 65 and this will increase to 40% by 2060, it said.

Among others, Japan implemented a comprehensive LongTerm Care Insurance, known as one of the most generous and comprehensive health insurances in the world.

On the economic front, the Japanese government has also spurred the creation of medical technology and aged-care industries by tapping into Japan's historical advantage in industrial manufacturing, design and customer service.

For example, helped by state funding, Japanese firms are now investing in the design of care robots such as Paro the robotic seal, mechanical care aids for caregivers and innovative regenerative and cell therapies, said the article entitled “These Countries are Most ready to Deal with Ageing Populations.”

Longevity will affect every aspect of a nation. Countries need to take a whole-of-government approach to make sure they are sufficiently prepared to reap a longevity dividend, it said.

Hence, the Malaysian government also needs to start brainstorming on ways to tackle it.

As aptly put by the WEF, to ensure the future elderly population has sufficient health insurance cover serves to protect the country from an excessive healthcare burden and put thoughts into the jobs and character of the economy as the population ages.

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