

## Can pro-natalist policies reverse the fertility decline in Taiwan Province of China?

Policy Brief No. 17

In 1951, childbearing reached a peak in Taiwan Province of China, with a total fertility rate (TFR) of 7.04 births per woman. The government initiated a nationwide family planning programme in 1964, and fertility began a steady decline. Between 1986 and 1997, the TFR hovered at around 1.75 births per woman, but then another period of decline started. By 2003, the TFR had dropped to 1.23 births per woman, making Taiwan Province of China one of the lowest-fertility societies in the world. After falling to 0.895 births per woman in 2010, fertility rebounded in 2012, but only to 1.27 births per woman.

Before the 1980s, fertility went down among women at all reproductive ages. After the 1980s, there was a dramatic reduction of fertility among women under age 30 and a widespread delay of childbearing, and an actual increase in fertility among women aged 35–44.

It is estimated that about two thirds of Taiwan's fertility decline during 1965–1980 was the result of a drop in childbearing among married couples. Since 1980, however, nearly all fertility decline has been associated with a decline in marriage. Within marriage, fertility has actually risen, most likely because couples choose to marry specifically because they plan to have children.

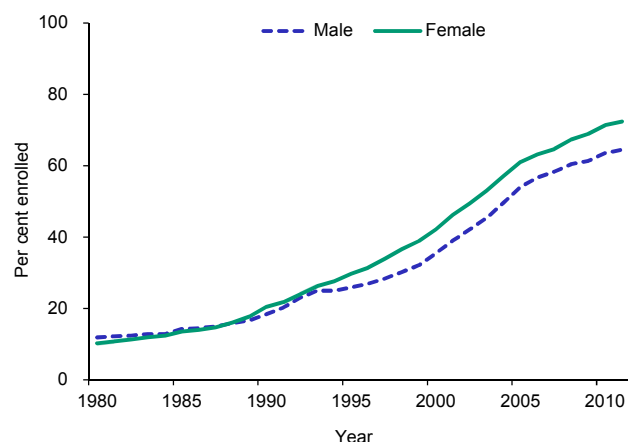
As of 2010, only 4 per cent of women in their early 20s were married. Even among women in their early 30s — the group that currently has the highest fertility — only 53 per cent were married. Given the strong social pressure against childbearing outside marriage, the decline in marriage has not been compensated by an increase in extramarital births.

### Obstacles to higher fertility

Married women in their 20s and 30s report 2.04 as an ideal number of children, considerably higher than the actual fertility rate. This discrepancy points to the obstacles that people experience in trying to fulfil their desire for children.

One important obstacle is the rising cost of education. Although most primary and secondary students attend government schools, it is common for students to attend private "cram schools" for extra instruction, and these cram schools tend to be expensive. There is also an increasing expectation that children will go on to higher education, with a university or college degree seen as a basic requirement to succeed in life.

University enrolment rate for males and females, Taiwan Province of China, 1980–2012

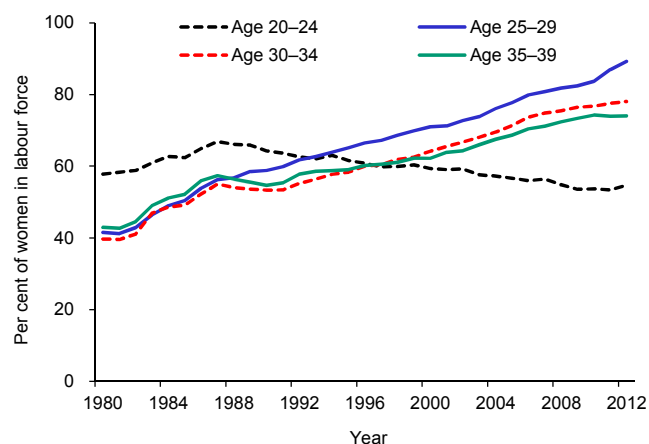


In 2012, around 70 per cent of college students were attending private institutions, where tuition is, on average, three times higher than in public colleges or universities.

Housing costs have soared, particularly in major cities, making it difficult for young adults to move out from their parents' households if they wish to marry or even cohabit.

Women are also forced to forego substantial earnings if they leave the labour market to become mothers. This has become more important as economic development has increased women's occupational opportunities. Female labour-force participation doubled between 1980 and 2012, except for women in their early 20s who were increasingly enrolled in higher education.

Female labour-force participation rate by age, Taiwan Province of China, 1980–2012



Women who work while they are raising children face significant burdens, given the persistent gender-based division of labour within the home. Employed women in Taiwan Province of China work 7.9 hours a day on average, and men work 8.4 hours. On average, women spend another 2.4 hours a day on housework and childcare, while men spend only 0.5 hours. Not surprisingly, surveys of unmarried women reveal widespread misgivings about marriage and motherhood.

A strong preference for childcare within the family adds to women's burdens. More than one half of children under age 3 are cared for by their parents, primarily by their mothers, and another one third are cared for by their grandparents. As of 2013, only 9 per cent were cared for by babysitters, and less than 1 per cent were enrolled in day-care centres.

### Policy measures: Too little too late?

When Taiwan Province of China reached below-replacement fertility in 1984, demographers became concerned about population ageing and called for a modification of the government's birth-control programme. Then in 1993, the proportion of older persons in the Taiwanese population first exceeded 7 per cent, a signpost that defines a population as ageing. Low fertility and population ageing sparked public discussion, but proposals for government action drew opposition from environmentalist and feminist groups.

After fertility dropped to record lows, the government was eventually moved to act. A Population White Paper was introduced in 2008 and amended in 2012 and 2013. In the 2013 revision, the government set a goal of 180,000 births per annum over the following decade.

Specific policy measures have been modest, however. To encourage marriage, regulations were amended to allow a man fulfilling the obligatory two years of military service to take early discharge with substitute services for family reasons. The White Paper also recommended improving education on gender equity, housekeeping and home economics in schools at all levels.

More importantly for working mothers, preschool for 5-year-old children has been provided free of charge since 2011, and since 2012, a system of public-private partnerships has encouraged the establishment of non-profit kindergartens, day-care centres and afterschool care services. Vocational training centres now offer pre-service training for childcare personnel, and a government subsidy has been introduced to help cover the cost of nannies.

A modest, means-tested cash benefit was introduced in 2012 for families with children under age 2. Initially, the benefit was limited to single-income families, but the exclusion of dual-income families was criticized as being unfair to employed mothers. An amendment was passed to help working mothers by providing a subsidy for children under age 2 who are cared for in the home by a licensed nanny or family member.

In 2012, the Income Tax Act was modified to include a means-tested tax deduction for parents with preschool-age children. Low-income taxpayers with children under age 5 can qualify for a deduction amounting to about 10 per cent of the annual minimum wage.

In the past, women employed in the public sector received a more generous maternity leave than private sector employees. To help rectify this imbalance, the government now stipulates that private sector employees receive additional maternal benefits equal to three months' salary.

Starting in 2002, the government provided up to two years' unpaid parental leave for parents of children under age 3. Applications for parental leave were minimal, however, as most workers were unwilling to take leave without any salary compensation. More recently, the government added compensation at 60 per cent of the previous salary for the first six months of parental leave. Not surprisingly, working women who give birth tend to take advantage of the paid six months of leave but not the additional 18 months that are unpaid.

### Looking towards the future

The fast and dramatic fertility decline in Taiwan Province of China will result in rapid population aging. The proportion of older persons in the population will reach an estimated 20 per cent by 2025, making it a so-called "super-aged society."

Although the government has introduced some limited measures, there are several obstacles affecting young people's decision to marry and have children that policymakers have still not faced. One major problem is the insecure and uncertain economic status of recent graduates. Annual real earnings are estimated to have decreased during 7 out of the 13 years between 2001 and 2014, and housing costs have soared. Proposals have been made to provide publicly subsidized housing, but no reasonable plan has yet been introduced.

It is difficult to assess the effects of government policies on fertility given the short history of the government's various interventions. Yet Hsinchu City, in the central north of the island, provides an encouraging example of what might be achieved with the right policies. In the 1990s, the Hsinchu municipality began providing a generous childbirth gift to parents, and in every year since 2001, fertility in Hsinchu has been 15 per cent higher than the national average.

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#### NOTES

This policy brief was prepared as background material for the United Nations Expert Group Meeting on Policy Responses to Low Fertility. It can be found online at <http://esa.un.org/PopPolicy/publications.aspx>. Queries can be sent to [PopPolicy@un.org](mailto:PopPolicy@un.org).

The brief is based on Meilin Lee and Yu-Hsuan Lin (forthcoming), Transition from anti-natalist to pro-natalist policies in Taiwan. In Ronald R. Rindfuss and Minja Kim Choe (Eds.), *Low Fertility, Institutions, and Their Policies: Variations across Industrialized Countries* Springer.

The findings, interpretations and conclusions expressed herein are those of the authors and do not necessarily reflect the views of the United Nations or the East-West Center.

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