

Below-replacement fertility in China: Policy response is long overdue

Policy Brief No. 5

China's fertility decline to below-replacement level occurred over three decades and in three phases. Most of the decline took place in the 1970s, before the launching of China's one-child policy in 1980. The total fertility rate dropped by more than one half, from 5.8 births per woman in 1970 to 2.7 births per woman in 1979. During the 1980s, fertility fluctuated mostly slightly above the replacement level of 2.1 births per woman. Then in the early 1990s, fertility dropped below replacement level and since then has further declined to around 1.5 births per woman today.

China's three-decades-long enforcement of the one-child policy has resulted in a large share of Chinese families with only one child. China now has more than 150 million families with only one child, or one in every three households. In urban areas, more than 90 percent of families have only one child. Many of these only children will face a substantial burden of providing economic support to their older parents, either through taxes or within the family, or both.

In November 2013, China announced a historical yet cautious step towards phasing out its 30-year-old, one-child policy. Couples who are both only children are now allowed to have a second child. Despite the enthusiastic and popular response to the announcement, there has been little change in fertility behaviour. As of June 2014, six months after the new policy was initiated, about 270 thousand couples had applied for approval to have a second birth. This represents about 2.5 per cent of the estimated 11 million eligible couples, far below all the projections made before the policy change.

Low fertility is here to stay

The steep fertility decline occurred as Chinese society entered a phase of broad financial reforms and an unprecedented economic boom. The two decades beginning in the early 1990s saw the fastest pace of urbanization, expansion of higher education and improvement in living standards in Chinese history. Income levels increased by nearly tenfold, and the share of China's population residing in urban areas nearly doubled. Secondary school enrolment more than doubled, and college and university enrolment increased by eightfold. Two important forces linked to this rapid economic change contributed to China's

renewed fertility decline: a shift of the cost of child-rearing from the collective to the family and intensified pressure to "get ahead", generated by the opportunities and uncertainties associated with this period of hypereconomic growth.

With its weak response to the Government's partial relaxation of the one-child policy, the Chinese public has conveyed a clear message: it is too costly to have children. Studies of the preferred number of children among Chinese couples all portray a similar picture. The mean number of desired children is well below the replacement level, suggesting that even if the Government's birth-control policy were completely dismantled, fertility would increase only modestly. If young Chinese act on their fertility preferences, then China will have below-replacement fertility for a long time to come.

Major demographic and socioeconomic indicators, China, 1990-2010

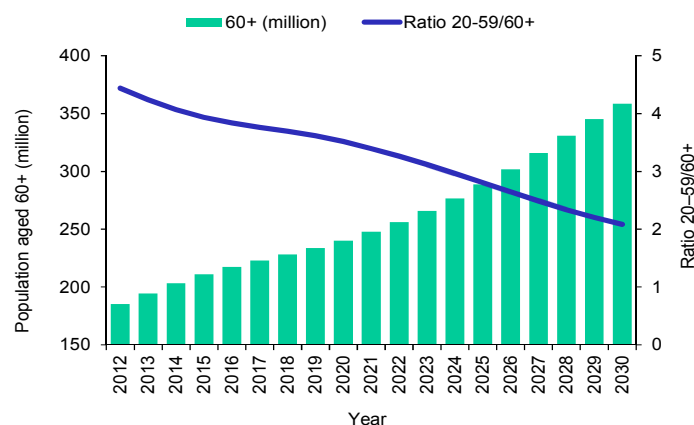
Indicator	1990	1995	2000	2005	2010
Population (million)	1135.19	1204.86	1262.65	1303.72	1337.71
Life expectancy (years)	69.47	70.33	72.14	74.05	74.89
Total fertility rate (births per woman)	2.50	1.75	1.51	1.59	1.65
Per capita Gross National Income (GNI), purchasing power parity (PPP) in current international dollars	800	1,480	2,340	4,090	7,510
Percent urban	26.4	31.0	35.9	42.5	49.2
Secondary-school enrollment ratio (% gross)	37.65	52.24	62.09	n.a.	80.05
Tertiary-school enrollment ratio (% gross)	3.04	3.67	6.75	17.74	24.34

Short- and long-term implications

The prolonged period of below-replacement fertility during the past two decades is contributing to a dramatic acceleration of population ageing. China's latest census reported that in 2010 nearly 14 per cent of the population was aged 60 and above. Assuming a fertility level of 1.47 births per woman, which is very close to the level currently observed, the proportion of Chinese aged 60 and above will rise to 25 per cent by 2030. Over the same 20-year period, the number of Chinese in this age group will rise from about 180 million to more than 350 million. This places China,

along with the Republic of Korea, and to some extent Japan, among the fastest-ageing societies in the world.

Size of population aged 60 and above and ratio of population aged 20–59 to population aged 60 and above, China, 2012–2030 (based on an assumed total fertility rate of 1.47 births per woman)



A rapid transition to low fertility and associated population ageing pose daunting challenges. The ratio between the working-age population aged 20–59 and older persons aged 60 and above will be more than halved in the next 20 years, from about five workers for every older person in 2010 to only two in 2030. The economic ramifications of this major demographic shift are many, ranging from labour-force supply, savings, investment and tax burden, to consumption patterns.

Policy responses to low fertility

China’s policy response to low fertility and to rapid population ageing has been extraordinarily slow. The public response to the relaxation of the one-child policy illustrates the much broader policy challenge that the Government now faces. The next one to three years will

be crucial to see how quickly and completely China can leave its one-child policy behind and to design new policies appropriate for the new demographic reality. Swiftly and completely eliminating the outdated one-child policy is only the first and easiest step. The Government will also need to initiate policies that support young people who wish to have children, as the lack of childcare and problems in balancing work and family life are becoming major factors affecting fertility.

To address population ageing, the Government has recently announced a gradual increase in the retirement age, but a more daunting task will be to reform China’s highly inadequate and inequitable social security and health-care systems. Programmes are required to assure financial support and health care for China’s rapidly ageing population. These measures will be increasingly difficult to implement as China’s unprecedented pace of economic growth inevitably slows down and the proportion of older persons in the population increases.

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.

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