

Unveiling China's Fertility Dilemma: Analyzing Risk Factors and Their Global Implications

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Abstract: The National Bureau of Statistics of China has announced in 2021 that the country has formally entered the stage of low fertility rate, reaching a historically low of 1.3. Such low birth is far below the replacement level of 2.1 which is needed for maintaining a sustainable population, implying the possibility for China to start a significant demographic shift. Several key factors have contributed to this decline. Factors behind the problem includes China's historical policy implementation, socioeconomic factors including the rise of housing price and cost of upbringing and social factors including waning of social norms and ascent of gender equity. Such phenomenon serves as also valuable insights for analyzing global fertility intention for countries like Switzerland, the United States and South Korea. As all global policymakers seek to address the problem of unstable and declining fertility rates and waning fertility intention, the Chinese case could provide intriguing example as supportive evidence.

Keywords: China's fertility rate, fertility intention, raising cost.

1. Introduction

On May 11, 2021, the National Bureau of Statistics of China released the major findings of the seventh national population census, referred to as the "Seventh Census." These results indicated a further decline in China's fertility rate, with the total fertility rate reaching a historic low of 1.3 [1], placing it in the category of extremely low fertility rates as defined by the international academic community [2]. Under such circumstances, China entering a period of extremely low fertility rates signifies a further acceleration of the aging population, with zero population growth or negative growth coming earlier than previously anticipated, resulting in issues such as an aging population, escalating healthcare expenditures, and a diminishing workforce [3]. Consequently, it becomes imperative to research deeper into this subject through additional research efforts.

Chinese researchers have examined this issue, taking into account factors such as socioeconomic conditions and shifts in cultural perspectives while advocating for support for working mothers, prevention of labor market discrimination, and emphasizing the importance of family involvement in child-rearing to ease the burden on women [4]. Nevertheless, addressing the ongoing fertility challenge remains a matter of concern. The introduction of both the two-child policy and the three-child policy has produced only transient effects — partly influenced by the repercussions of the pandemic—with limited contributions to enhancing China's national fertility rate.

In terms of the status quo and the complex interplay of factors involved, this paper aims to comprehensively investigate the multifaceted reasons underlying China's persistently low fertility rate and the potential consequences it poses. The paper will first analyze the impact of historical context, including the previous Family Planning Policy, one-child policy, and two-child policy. Secondly moving onto socioeconomic factors, the paper will discuss how economic pressures and upbringing costs negatively impact the fertility rate. Moving into cultural and social factors, the paper will delve into the process of social norms gradually influenced by modern perspectives of individualism and gender equity. As for governmental factors, the paper will evaluate how fertility-related policies, for example, laws for maternity and paternity leave and marriage and divorce regulations, restrained people's willingness to give birth. Based on those results, this study intends to further explore how China, as the world's most populous nation, exemplifies global fertility trends and intentions.

2. Historical Context: Fertility Policy Shift from Restriction to Encouragement

China shifted from its Family Planning Policy, implemented in 1979, to a two-child policy in 2015 to tackle demographic challenges. The relaxation began in 2013, allowing some couples to have a second child. The 2015 policy shift removed restrictions, but challenges like slow response and economic pressures persisted.

2.1. Chinese Family Planning Policy (1979-2015)

Beginning in 1979, the Chinese government formally implemented the Family Planning Policy (also called the One-Child Policy), which marked a pivotal moment in Chinese demographics. Faced with concerns over rapid population growth, the government mandated that urban couples could only have one child and offered certain exceptions to rural families and ethnic minorities [5]. According to a rough estimation, the policy resulted in a sharp populational decline of more than 400 million people, and infants victimized were mostly girls [6].

Moreover, the policy shaped a generation that grew up with the idea of having only one sibling or, in many cases, being the only child in a family. Though during the early period of the Family Planning Policy, the government was initially aimed at effectively restraining the rate of population growth, it resulted in significant challenges for China's population structure, including the retrogression of population quality, intensified population aging, and severe gender imbalances. These issues have posed major problems for the demographic composition.

2.2. Chinese Two-Child Policy (2016-Present)

Recognizing demographic challenges such as an aging population and a shrinking workforce, China transitioned to a more relaxed Two-Child Policy in 2016. Under this policy, all couples were allowed to have two children. While the policy aimed to address the consequences of the Family Planning Policy and encourage a larger family size, the impact on encouraging fertility intentions was not as much as expected [7]. Cultural shifts towards smaller families persisted, driven by economic considerations, career aspirations, and the high cost of raising children in urban areas [8]. In other words, allowing a second child did not immediately reverse the ingrained preference for smaller families, which demonstrated the lasting impact of decades of strict family planning on Chinese fertility intentions.

The unsatisfactory outcomes of the Two-Child Policy are believed to be influenced by the preceding Family Planning Policy. During that era, strict controls were imposed on the newborn population, leading to a prevalence of induced abortions for female infants due to prevailing social norms of "preferring boys to girls". Consequently, there is now a significantly reduced number of women in the childbearing age group as the Two-Child Policy was implemented. According to the

State Statistics Bureau, “the number of women of childbearing age between 15 and 49 has decreased by more than 4 million compared with 2021, and the number of women of childbearing age between 21 and 35 has decreased by nearly 5 million” [9]. Those women, born during the era of stringent population controls, are within the childbearing age range as the Two-Child Policy comes into effect. With limited presence of women in the childbearing age bracket, the number of newborns reduced sharply.

3. Socioeconomic Factors: Housing Price and Cost of Upbringing

China's low fertility rate is intricately tied to economic pressures and upbringing costs. The soaring housing market and high living costs, especially in urban areas, present significantly negative impact on fertility intention. Simultaneously, the financial strain of child upbringing have exacerbated family planning decisions.

3.1. Fast-growing Housing Price

As a family directs its finite economic resources towards obtaining necessary items for production, consumption, and reproduction, any additional rise in expenditure reduces the resources allocated for bearing and raising children, influencing the marginal willingness to have more offspring. Undoubtedly, housing expenditure stands out as the most influential factor in determining the family's economic well-being.

According to the investigation, every 1% rise in the house price index decreases the total fertility rate by 0.45% in the long run [10]. Unfavorably, China's housing market experienced significant transformations since 2008, accompanied by various governmental measures aimed at tempering soaring property values. Despite these interventions, housing prices, particularly in major urban centers, continued to surge dramatically. Using Beijing as an illustration, the city witnessed an annual house price growth rate of 11.6%, contributing to an aggregate growth rate of 226.4% [11].

This rapid surge in housing costs has palpable repercussions on individuals' fertility intentions, as the financial burden associated significantly with purchasing a home becomes a deterrent. Even with government measures, the persistent rise in housing prices underscores the challenges in regulating the market effectively. For young people getting married for the first time, as the largest part contributing to the fertility rate, it is almost impossible to settle down with stable housing without financial support from parents, which potentially impedes their starting families.

In light of these challenges, the findings by Wang and Chen become even more poignant. The decreasing proportion of Chinese undergraduate degree holders choosing to work in major urban centers like Shenzhen, Beijing, Shanghai, and Guangzhou—from 26% in 2015 to 20% in 2019—reflects a pragmatic response to the economic and social constraints imposed by the rising housing prices. This shift in professional preferences is not only influenced by housing costs but is also intricately connected to the employment landscape. Simultaneously, Peking University's data indicating a drastic decline in the percentage of bachelor's degree graduates choosing to stay and work in Beijing—from 71.79% in 2013 to a mere 16.07% in 2019—underscores the palpable impact of housing costs on crucial life decisions [12].

3.2. Cost of Upbringing

As estimated, China's average cost of raising a child from the ages of 0 to 17 is 485,000 RMB while the average cost of raising children from the age of 0 to college graduation is 627,000 RMB [13]. However, taking the data in 2020 as an example, the per capita disposable income of Chinese residents was 32,189 RMB, including 43,834 RMB for urban residents and only 17,131 RMB for rural residents [14]. Compared with even developed countries including Singapore, Germany, and the US, China

has the highest cost of raising a child to the age of 18 considering factors including education expenses and time and energy consumption. Such high cost has pressured young people to delay or give up their attempts at childbirth.

According to the results of the national sampling survey on fertility conducted by the National Health and Family Planning Commission in 2017, the top three reasons to not have children given by women of childbearing age were “heavy economic and social burden”, “too old” and “no one to take care of children”, accounting respectively for 77.4%, 45.6%, and 33.2% [15]. Considering that “no one to take care of children” might be related to parents needing to work to support family expenditure, this factor can also be viewed as a minor branch of “heavy economic and social burden”.

Furthermore, the heavy peer pressure prevalent in the workplace compounds the challenges associated with child upbringing. Even after investing substantial time, energy, and financial resources in raising children, parents find that their offspring continue to face severe challenges. This not only perpetuates the struggle for families but also contributes to the broader societal shift. The increased rate of young people receiving education, surging by more than 40%, suggests a growing emphasis on academic qualifications as a means to navigate the competitive job market. However, this surge in education does not necessarily translate into increased employment opportunities, as underscored by the data from the National Bureau of Statistics revealing that over 20% of individuals aged between 20-25 are unemployed [16]. This disconcerting unemployment rate among the youth adds another layer of complexity to the situation, emphasizing the gap between educational investments and actual job prospects, thereby intensifying the challenges for those considering marriage and family planning.

4. Cultural and Social Factors: Waning of Social Norms and Ascent of Gender Equity

China’s fertility problem, on the cultural and social level, could be viewed as a combined factor of policy fault and women’s revolt against conventional expectations towards them. The support of higher education, an inclusive workplace environment, and increasing emphasis on gender equity provided independence and more opportunities, empowering women to pursue their personal development, which inevitably results in a low fertility rate and the postponement of childbearing.

4.1. Waning of Social Norms

Here social norms refer to standards of behavior that are widely accepted by members of a group in a given situation [17]. In contrast to explicitly outlined rules and regulations, social norms are unspoken and non-obligatory, yet their influence is extensive and enduring. Universally, the role of social norms is manifested in many ways, such as pro-environmental behavior, women’s labor participation, age of marriage, health, and consumption behavior [18].

In the fertility case in China, which was shaped significantly by the patriarchal system and agrarian society, social norms can be encapsulated in the saying “many children, many blessings.” This cultural perspective played a crucial role in sustaining Chinese civilization in the face of elevated mortality rates. Spanning thousands of years, this traditional fertility culture became deeply ingrained as a societal norm, exerting a considerable influence on individuals’ approaches to family planning. However, with the implementation of the Family Planning Policy, social norms have gradually shifted from “more children, more happiness” to “fewer and better births, more quality” due to the governmental propaganda [19].

4.2. Ascent of Gender Equity

Another significant factor contributing to convention waning is the gender revolution. The rise in women's education and participation in the workforce disrupted the conventional social structure that delineated public and private spheres, along with the gendered division of labor.

The transformation brought about by the gender revolution extends beyond the individual choices of women to broader societal implications. In other words, women not only objectively assumed additional economic roles but also subjectively rejected being confined solely to the role of a housewife. The redefined roles and aspirations of women challenge deeply ingrained cultural and institutional expectations, creating a paradigm shift in the understanding of family dynamics. The conventional narrative of women primarily as homemakers is being replaced by a narrative of women as active participants in the economic, social, and political spheres. Consequently, the entrenchment of established gender norms and institutions has intensified work-family conflicts for women [20]. This has diminished their inclination to marry and have children, contributing to a consistent decline in both marriage and fertility rates.

5. China as An Epitome for Global Fertility

Being one of the most populous countries, China's low fertility rate has epitomized global fertility dilemmas in many ways.

Economic pressures, which often exist in China's big cities as a significant restraint for people's fertility confidence, mirrors similar challenges faced by Switzerland, where limited work-life balance options contribute to declining birth rates. During harsher periods, for example, the Great Depression, the US national fertility revealed a more direct illustration of the relation between economic hardship and a low fertility rate. On the cultural front, South Korea's shift in social norms highlights the impact of evolving cultural attitudes on declining birth rates as individuals prioritize personal and professional goals over larger family sizes.

5.1. Switzerland: Navigating Work-Life Balance in a Nation of Economic Stability

Examining Switzerland provides a unique perspective on the intricate interplay of socioeconomic factors influencing fertility intentions. Known for its high standard of living, Switzerland manifests its national economic pressure differently: the cost of living and economic stability are relatively favorable, yet the nation grapples with challenges related to work-life balance. In other words, the demanding work culture and long working hours pose challenges for individuals and couples seeking to balance professional and family life [21]. The emphasis on career advancement and the associated time commitments contribute to delayed family planning decisions and smaller family sizes.

5.2. The US: The Impact of Significant Economic Downturns

As one of the largest economic crises that produced the highest rates of unemployment and foreclosure in the United States, the Great Depression powerfully examines the consequences of the poor economic conditions for fertility. Fertility fell the most in states that experienced the highest levels of foreclosure and unemployment, with a 1-percentage-point increase in unemployment or foreclosure translating to a 0.67-point reduction in GFR (General Fertility Rate) [22].

The impact of the Great Recession on fertility was brought about both by increased economic hardship and by rising economic uncertainty, which has been evidenced by the role of national and regional economic conditions, net of local economic conditions, in predicting fertility and by the impact of consumer confidence and press coverage of the recession on fertility.

5.3. South Korea: Shaping Fertility Intentions in a Modern Landscape

South Korea, amid its own demographic challenges, provides a specific lens into the influence of cultural and social factors on fertility intentions. The country's fertility rate, which suggests how many children the average woman will have over her lifetime, stood at just 1.05 last year, the lowest in the world and far below the "replacement rate" of about 2.1 needed to sustain a population [23].

South Korea has experienced a notable shift in social norms, where changing perspectives influenced by modern values and individual aspirations have contributed to a declining birth rate. In South Korea, individuals, especially women, increasingly prioritize personal and professional goals over larger family sizes, despite entrenched sexism and a huge gender pay gap, reflecting a societal evolution away from traditional expectations. This cultural transformation underscores how shifting attitudes and values can shape fertility dynamics, illustrating the complex interplay between cultural change and demographic trends on a global scale.

6. Summary

Aimed at exploring the reasons behind China's decline in fertility rate and its implications domestically and globally, this paper has examined various factors contributing to this decline, including socioeconomic conditions, cultural perspectives, and government policies. The government policy section introduced China's shifting from its 1979 Family Planning Policy to a two-child policy in 2015; however, challenges like slow response and economic pressures persisted. Economic pressures, as another significant factor in the fertility rate, suggest soaring housing prices, particularly in urban areas, negatively influencing fertility intentions, while the financial strain of child upbringing has further complicated family planning decisions. In the cultural and social section, the paper discussed how the waning of social norms, for example, "many children, many blessings", and the ascent of gender equity gradually reduced people, especially women's fertility intention.

As one of the most populous nations, China's low fertility not only represents a global example but also mirrors challenges shared by many countries. Switzerland experiences declining birth rates due to challenges in work-life balance. The Great Depression in the US illustrated the connection between economic hardship and low fertility. South Korea's cultural shift, influenced by modern values, contributes to a similar decline in birth rates. These instances underscore the similar interplay of economic and cultural factors that China encounters on a global scale in fertility dynamics.

7. Evaluation of Two-Child Policy

The two-child policy allows any couple to have two children, regardless of whether they are only children or not. Currently, the society holds a relatively pessimistic attitude towards China's present Two-Child Policy based on its unfavorable result. The two-child policy has not only failed to produce a birth peak but has produced a birth cliff. In 2016, when the two-child policy was implemented, the number of births climbed to 17.86 million, the peak since 2000, but it has fallen sharply in successive years. The number of births fell to 17.25 million in 2017, another 2 million to 15.23 million in 2018, and 14.65 million in 2019 [7].

7.1. Recommendations

Generous benefits and equal treatment: a significant portion of women harbor reservations about giving birth to a second child due to modern economic and societal discrimination against female employment. The majority of working women face the awkward dilemma of balancing "childbirth" with "promotion" or even "childbirth" with "employment." To prevent such situations, companies should provide higher-level benefits for these women instead of reducing welfare levels. For instance,

extending maternity leave appropriately, increasing maternity benefits, and proactively improving maternity medical insurance systems. The state can cover the costs incurred, offering robust support to pregnant women, and alleviating their childbirth and economic pressures.

Optimize allocation and enrich resources: due to the vast population in China, shortages in educational resources and intense competition among peers often occur. This phenomenon is especially pronounced following the implementation of the "two-child policy," which will further increase the demand for educational resources. Therefore, the country should enhance the assurance of basic education while, to some extent, alleviating students' pressure. This approach aims to reduce the perception that raising children requires a significant investment of time, energy, and financial resources.

8. Conclusion

China's low fertility rate has significant implications domestically and globally. The decline in fertility can be attributed to various factors including economic pressures, cultural shifts, and government policies. The implementation of the Two-Child Policy did not produce the desired outcome of increasing birth rates, indicating the lasting impact of decades of strict family planning policies. Economic pressures, such as soaring housing prices and high living costs, negatively influence fertility intentions, while the financial strain of raising children adds to the complexity of family planning decisions. Moreover, cultural and social factors, such as the waning of social norms regarding large families and the rise of gender equity, also contribute to the decline in fertility rates. Moreover, China's fertility problem is not unique, as other countries like Switzerland and the United States also face similar challenges related to economic pressures and changing cultural attitudes. These instances demonstrate the interplay of economic and cultural factors on fertility dynamics globally. Recognizing the demographic challenges posed by an aging population and shrinking workforce, China's transition from the Family Planning Policy to the Two-Child Policy aimed to address these issues. Targeting these difficulties, the paper proposes better treatment in the workplace for women to reduce "gender discrimination" in the workplace and more education resources for newborns to eliminate vicious competition. The fertility problem closely relates to the nation's sustainable development and social stability and thus is in pressing needed to be solved. By analyzing the factors of the problem and proposing corresponding solutions, we can effectively course-correct the misdirected public and go through the unfavorable status quo.

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