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What Happens after the One-child Policy?

Singapore Management University

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The option to have multiple children could transform China's economy.

When the Communist Party of China announced in November 2012 its decision to relax its one-child policy, it predictably made headlines but raised fewer eyebrows than it would have had this happened 30 years ago. Back then, population policy was so stringent that heavy fines were levied on couples who had a second child, while those expecting a third were forced to abort it. China's main concern then was meeting the needs of a burgeoning population, which grew from 540 million in 1949 to 940 million in 1976.

The one-child policy, however, has led to a demographic situation where more children is the solution, and not the problem. China's current Total Fertility Rate (TFR) is about 1.5, and the aim is to raise it to 1.8, in order to achieve and remain at a total population of 1.5 billion. Part of a solution would permit citizens to have a second child if either parent is an only child – this was allowed previously, but only if

both parents were the only child. Such a policy could potentially help boost TFR, though there is no guarantee that the populace will do as their leaders wish.

“Letting people have more kids is one thing, but it is more important to create favourable social conditions for people to have kids,” says Peng Xizhe, Professor of Population and Development at Fudan University in China. “Focusing exclusively on population issues may not solve the problems of a shrinking population and a rising aging one.”

One-child policy, no-child reality

Peng, who was a speaker at the inaugural SMU China Forum, described how young Chinese adults hesitate to have children at all, citing the challenges in balancing parenthood and an increasingly competitive labour market.

“Based on the example of Singapore and other countries,” Peng tells Perspectives@SMU, “what China needs to do is not just focus on population issues but on things such as social services and gender equality. For example, in European countries there are community nurseries to help relieve the burden on young mothers. We can also convince employers to adopt flexible working arrangements, and thereby causing less harm to employees’ career prospects.”

Career prospects are a main concern for young Chinese. According to official estimates, the number of unemployed university graduates stands at over three million and rising. These jobless and underemployed graduates - colloquially referred to an ant tribe – struggle to get by on their exceedingly low wages. Like ants, they congregate and live in tight, overcrowded apartments often in the most impoverished places of China’s biggest cities, where inflated house and rental prices continue to rise. In such a scenario, having children is understandably of low priority.

It is perhaps in this context that Chinese Premier Le Keqiang’s urbanisation drive should be understood – as a failed attempt to create more jobs and better living conditions for Chinese graduates through the creation of more urban space. The outcome of which are the expansive empty shells of gleaming buildings built on a delusive economy, in what have become infamously known as *China’s Ghost Cities*.

“The idea of developing cities to absorb university graduates is a very naïve one,” says Peng. “In order to absorb this kind of young university graduates, China really needs to upgrade its economy from manual-intensive activities to investment- or technology-intensive activities.”

Integrated changes

The reforms that emerged following the third plenum are aimed at precisely the kind of economic upgrading which Peng talks about. For example, the reforms to the hukou system, which has been tweaked to facilitate migration to small and medium-sized cities, which in turn could lead to the economy’s transformation. That is easier said than done, of course.

“The change of migration pattern alone will not make much difference until small and medium-sized cities will actually provide enough jobs for the newcomers,” cautions **Chung Wai Keung**, Assistant Professor of Sociology at SMU. “There is however no guarantee that this is going to happen.”

Redirecting migration to smaller cities could also help in increasing TFR, Chung tells Perspectives@SMU, because “competition is less fierce in smaller cities, and probably people are more willing to have a second child. However, we are pretty sure the Chinese urbanites are just like those who live in Singapore, Taipei, Seoul and Hong Kong, in that they are less likely to have more than one kid.”

Therefore, it is a bit of a chicken-and-egg situation: Until there is enough migration into the smaller cities, businesses will not take off. However, without thriving businesses to employ the new migrants to the smaller cities, young Chinese will keep going to the megacities, and TFR will continue to dwindle. As a result, social security systems will come under increased pressure as Chinese society ages rapidly, but even an increase in population numbers might not help; not immediately, at least.

“’Increasing population to support and contribute to the social security system cannot be the way to strengthen it, as society will need to wait for more than 20 years until all these newborns can start to contribute,” says Chung.

In that regard, improving the TFR is as much an objective of the reforms as it is a method of achieving them i.e. increasing population to support and contribute to the social security system, which in turns gives the populace the security that frees them to, hopefully, procreate.

“What we need is an integrated policy package,” says Peng. “If we only focus on slowing down aging or reforming the pension system on their own, it might not be enough. It has to be an integrated policy package so that many policies can work together.”