

China birth rate declines as childcare costs deter families

Tom Hancock and Wang Xueqiao in Shanghai yesterday

After she gave birth to a baby girl two years ago, Chen Xianglin's husband, parents and parents-in-law encouraged her to have a second child, but she was reluctant.

"I value my daughter's all-round education and development, and the importance of spending time together," said the 26-year-old accountant. "When I think about having to work, and the economic pressure, I think having one child is enough."

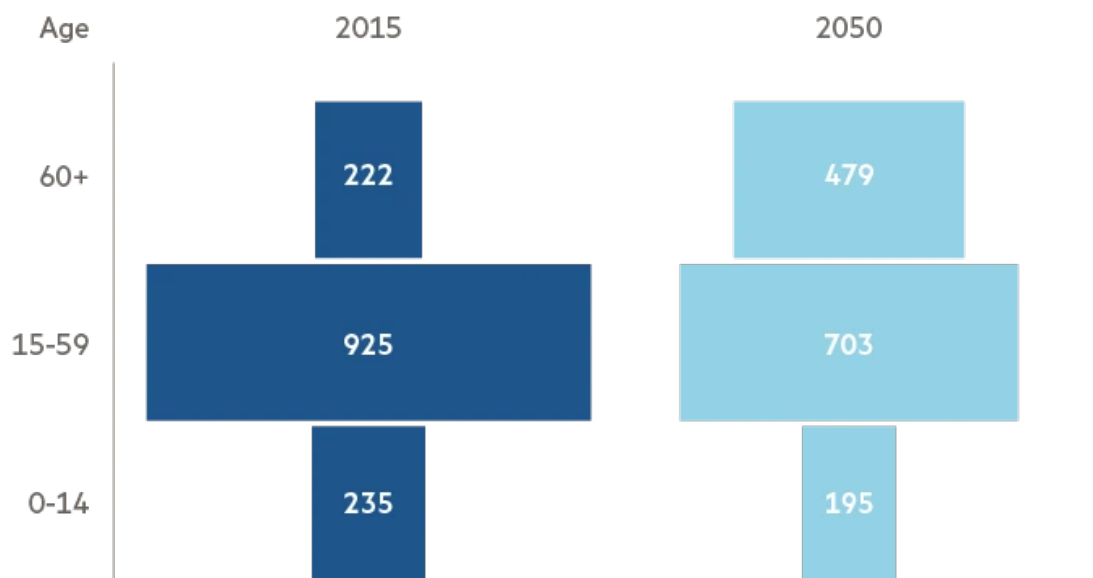
An increasing number of women in China are making the same choice. The number of new births in China fell by 2m last year to 15.2m — the second consecutive year of decline since China repealed its controversial "[one child](#)" policy in 2015. China's population expanded by 0.38 per cent last year — a rate comparable with western European countries. That was the slowest pace since 1961, when the country was struggling with the aftermath of a famine that killed about 40m people.

While the population is growing, Beijing estimates it will peak in 2029 at about 1.44bn, before declining. Some have argued this signals economic woe for the country, as a shrinking working age population curbs the amount of goods and services that can be produced. "A decline in the population of young people and their smaller number of children ought to have profound repercussions for the Chinese economy," said Wang Feng, a demographer at the University of California Irvine.

As well as overall population decline, an ageing population will intensify the shrinking of China's workforce. The number of people aged over 60 will reach 479m, or about one-third of the population in 2050, up from about 16 per cent today, according to estimates from researchers at Renmin university in Beijing.

China's population set for rapid ageing

Group size (m)



Source: Center for Population and Development Studies, Renmin University of China

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Population trends will reduce Chinese GDP growth by 0.5 per cent annually over the next few decades, said Prof Wang, a trend that would become more pronounced as growth slowed. "A half percentage point off a 6 per cent growth rate is a lot more benign than a half percentage off when the growth rate drops to 3

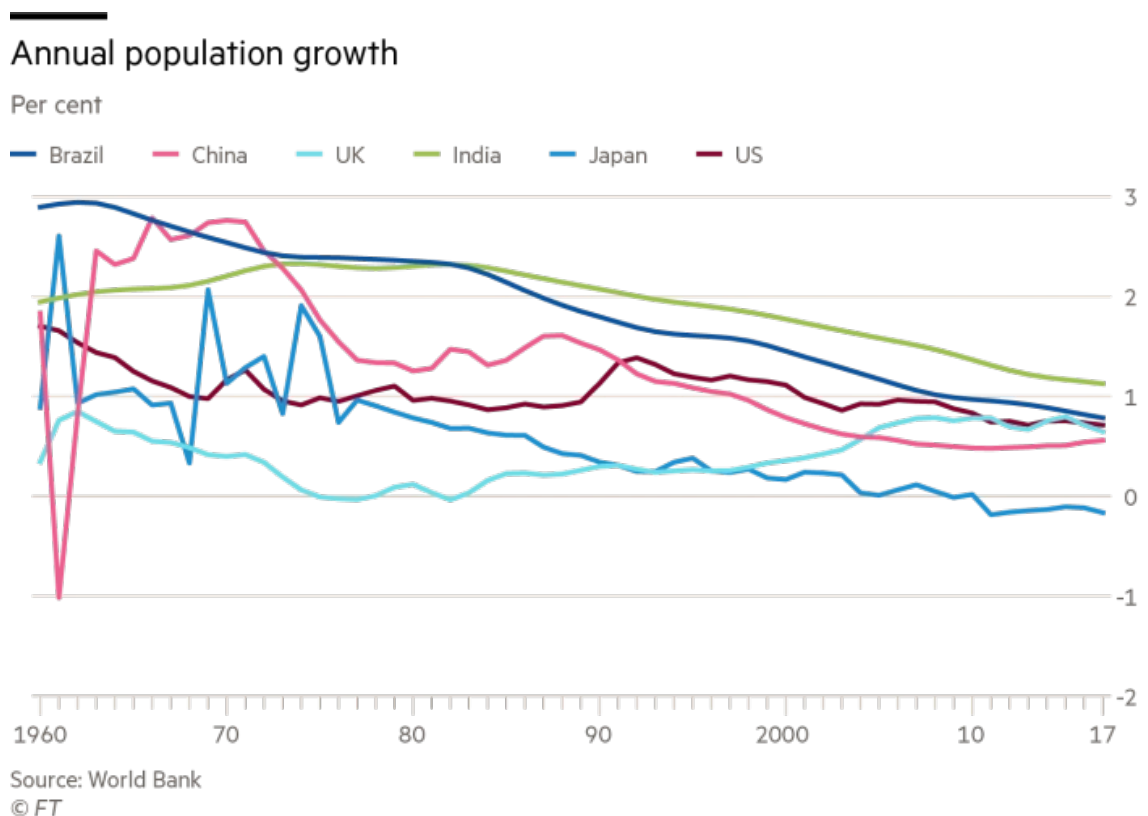
per cent," he said.

An ageing population has been associated with falling growth rates in most countries, notably Japan and western Europe, and means that a greater portion of economic activity will be devoted to elderly care compared with productivity-enhancing investment. But economists point out that China is ageing at a relatively low level of per capita income compared with its developed world peers, meaning workers have relatively low productivity, which is calculated as GDP per hour worked, giving the country more room to increase the economic output of its workforce.

China also has room to boost output by raising the retirement age from the current 60 years old for men and 55 for women.

Nonetheless, in an effort to boost fertility rates China's National Health and Family Planning Commission has been assessing a proposal to remove birth limits entirely, according to a faxed statement. It is unlikely that this will make much difference without efforts to reduce out-of-pocket costs of child-rearing or to tackle barriers such as discrimination against women in the workforce and expectations that women do the bulk of child-rearing work.

Fertility rates were falling even before the one-child policy was imposed, demographers say, as women became better educated and more entered the workforce.



A survey last year by FT Confidential, a research service, found that more than half of married couples who were delaying having children cited the high cost of raising a child. "Why is fertility so low? It's obvious. Having a kid is extremely expensive," said Stuart Gietel Basten, a professor at the Hong Kong University of Science and Technology. Though Ms Chen's family income of Rmb300,000 (\$44,362) makes her comfortably middle class, nursery fees alone can reach Rmb50,000 a year.

After-school classes and family travel can push the cost of child-rearing to Rmb100,000 annually, she said, adding that she had higher expectations for her daughter than her parents would have had when she was young. "My parents think that if a child is warm and clothed that is enough," Ms Chen said.

"The experience of east Asian societies shows that when the total fertility rate drops to a very low level, it seems that regardless of the measures taken, the fertility level decreases," said Ren Yuan, a demographics expert at Fudan University in Shanghai.

Measures to increase government spending on childcare might prove unpopular in China. An article by

two Nanjing University professors calling all citizens below the age of 40 to pay a tax subsidising families who have a second child [prompted outrage](#) after state-media published it last year. It is also unclear how these extra services could be paid for, given the heavy debt burden on many local governments.

Prof Wang said, increasing birth rates would require “fundamental social restructuring . . . this is not something that the Chinese government is capable of doing, let alone has any resolution to do”.

Additional reporting by Emily Feng