

# **New Challenges for Low Fertility and Policy Responses in Korea**

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## **I. Population Policy Developments in Korea**

The Republic of Korea's population policy dates back to 1962, when the government put the family planning programs at the top of its national agenda, under the assumption that keeping vibrant economic growth required curbing fertility. In the late 1950s, fertility increased very rapidly, reaching its highest level around 1960 with a total fertility rate about 6.0. This can be mainly attributed to the baby boom and the high level of mortality, especially infant and child mortality, after the Korean War (1950-1953). Accordingly, population growth peaked at an explosive rate of 3.0 percent in 1960, which was more than enough to cancel out the slight economic growth at that time. Thanks to the national family planning program and the economic development plans that took effect after 1962, the country's total fertility rate (TFR) was reduced to the population replacement level 2.1 in 1983, and fertility took continuously a drastic downturn in the 1980s

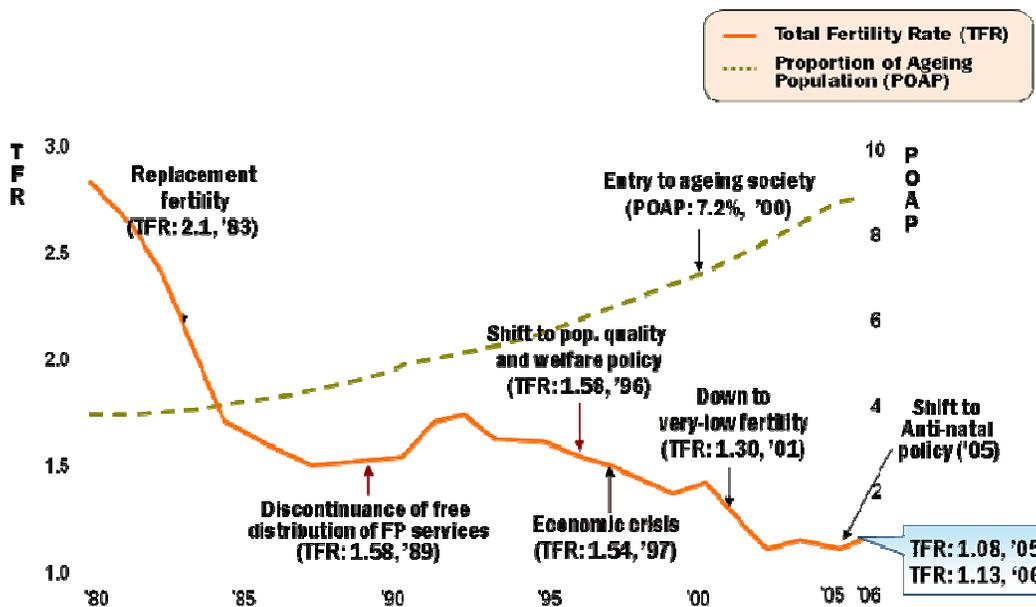
In 1980s, the national family planning program in Korea achieved its primary objectives of reducing the fertility rate to below the replacement level and accomplishing near universal contraceptive use. As a result, the government began to move away from its policy on free contraceptive distribution through government programs toward a self-paid system, administered by private and commercial sectors, such as the nationwide health insurance program.

Nevertheless, no sooner was one set of problems overcome than new challenges of a totally different nature arose out of the decreased fertility rate. Some of the unfavorable consequences

of rapid fertility decline in Korea include an unbalanced sex ratio, an increase in the elderly population, and a high prevalence of selective abortions. In order to deal with these new problems, it became apparent that Korea would have to shift its population policy directions in a way that best reflected the changing socio-economic and demographic conditions currently being witnessed and forecast for the immediate future.

For this purpose, the government established a Population Policy Deliberation Committee in December 1994 to review population policy by focusing on its past accomplishments and future prospects, as well as related socio-economic problems, in an effort to work out new policy directions and measures for the 21st century. In 1996, the government officially abolished the anti-natal policy, and adopted new population policy with emphasis on population quality and welfare.

**Figure 1. Changes in Population Policies and Major Indices**



Source: Korean Government, The First Basic Planning for Low Fertility and Aged Society (2006-2010), 2006.

To this end, in 2004, the government established a Presidential Committee on Aging and Future Society, which has been working to develop policies in response to low fertility and

population aging. In addition, the government enacted the 「Basic Act for Low Fertility and Aging Society」 in 2005, and initiated the First Five-Year Plan for responding Low Fertility and Aging Society(2006-2010) in 2006.

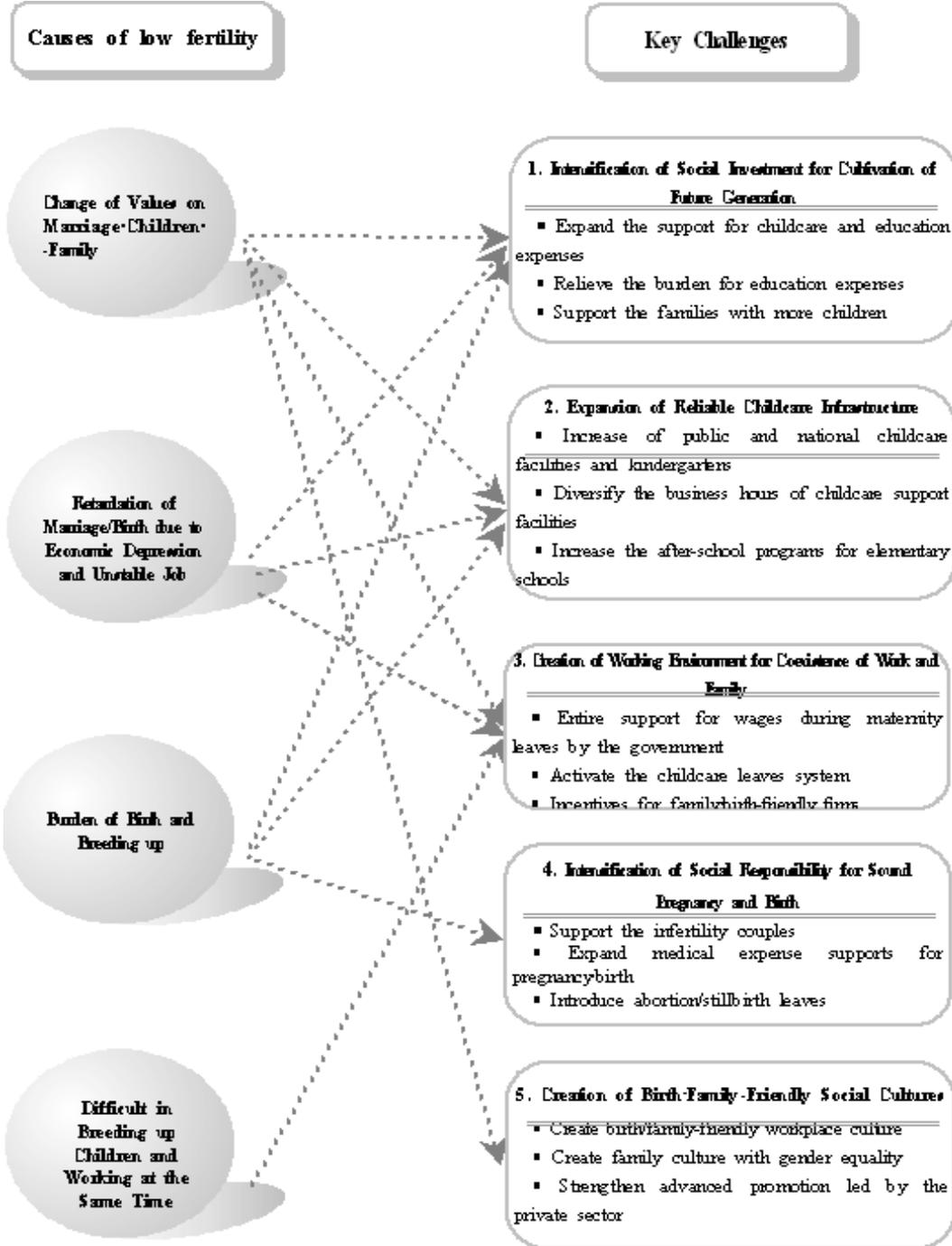
Therefore, the population policy in Korea that had been promoted since 1962 could be largely divided into three phases of the anti-natal policy with emphasis on the national family planning program (1962~1996), population quality and welfare improvement policy (1996~2004), and pro-natal policy (2004~) to briefly describe major phases and developmental processes of the population policy.

## **II. Causes of Low Fertility in Korea**

Recent studies have found that Korea's fertility decline is attributable to both a decrease in fertility among married couples and an increase in people remaining unmarried. These trends are traceable to changes in people's views on marriage and the utility of children, to the high financial burden of child rearing and education, to Korea's economic slowdown, to employment instability, to women's increased participation in the labor market, to the spread of the nuclear family, and to rising divorce rates and family breakdown. These causes are common to many low-fertility countries, but Korea's fertility rate has declined particularly quickly. This is probably because the cultural preferences associated with the anti-natal policies of the past still run deep.

According to the recent survey, the low fertility rate is caused by the increase of the single population and reduction of fertility rates among married couples. These changes include the increasing preference to not marry early, changes in values surrounding marriage, reduction in the effective value of children, excessive burden of raising children including education costs, economic depression, employment instability, increasing preference or number of nuclear families, accelerated participation of women in society, and increasing number of divorce cases.

Figure 2. Major Policy Measures by Causes of low fertility



Source: Ministry of Health and Welfare·Korea Institute for Health and Social Affairs, The First Five-Year Plan for Ageing Society and Population (2006-2010), August 2006.

However, the causes of low fertility rate are similar to the causes frequently observed in a number of low fertility countries, but one of the causes of why Korea's birth rate has dropped more significantly than those of other low fertility countries including France and Japan would be the deep-rooted customs related to the anti-natal policy that had been implemented for a long time and those customs, combined with the trend in low fertility rate, have been recently expanding throughout the world. The causes of low fertility rate in Korea include: (1) change of values on families, marriage, and children (2) increasing preference to marry late and delaying having children due to the economic depression (3) excessive burden of birth and child rearing expenses; and (4) difficulty in child rearing and while working at the same time.

**Table 1. Change in Marital Fertility Rate(MFR) in Korea**

Age of Women	1970	1980	1990	2000	2004
20 ~ 24	460.3	405.6	426.3	363.6	259.0
25 ~ 29	362.8	285.4	219.8	254.5	193.4
30 ~ 34	217.5	120.9	54.7	96.8	99.5

Source: KNSO, Causes of Decrease in Number of Births, 2005.

The influence of Female Age at First Marriage (FAFM) and Marital fertility Rate (MFR) on TFR has been different by period. Until the 1980s the decrease in MFR was responsible for the rapid decrease in TFR. The TFR decline during the 1990s was caused mainly by the increase in FAFM rather than decrease in MFR. However, the rapid decline in TFR during the period of 1999-2004 was attributed to decline of both FAFM and MFR, to the almost similar extent.

**Table 2. Contribution of Female Age at First Marriage and Marital fertility Rate**

(Unit: %)

Factors	'59-'69	'70-'79	'80-'89	'90-'99('95-'99)	'99 ~ '04
Decrease of MFR	90	85	61	-95(-2)	49.1
Increase of FAFM	10	15	39	195(102)	50.9

Source: Lee, et al, *Causes of Low Fertility and Comprehensive Policy Responses*, Presidential Committee on Ageing Society and Population Policy, Ministry of Health and Welfare, KIHASA, 2006a.

According to the recent population estimate of the government based on the current low fertility rate (NSO, 2006), the population of Korea will reach the zenith, 49.3 million in 2018, from 48.1 million as of 2005. Then, the population will continue dropping so that it will be 42.3 million in 2050. Meanwhile, it takes 18 years until the ratio of aged population over 65 years old increases from 7% (aging society) to 14% (aged society) and just 8 years until it increases from 14% to 20% (super-aged society).

Then, it is estimated that Korea will enter the phase as an aging society far more quickly than other advanced countries. As explained above, the negative effects of the aging of population due to low birth rate on the macro-economy induce the reduction of economically active population, labor input and saving ratio and weaken the capital and total factor productivity. In particular, Korea urgently requires counteractions and their implementation because of the unprecedented low fertility rate and aging progress in the initial stage expanding the social network.

**Table 3. Changes in Future Population Size, 2000~2050**

	2000	2005	2010	2020	2030	2050
Total Pop.(000)	47.008	48.138	48,875	49,326	49,635	42,343
PGR (%)	0.84	0.21	0.26	-0.02	-0.25	-1.07

Source: KNSO, Special Population Projections for Korea(2000 ~ 2050), Nov. 2006.

### **III. Policy Responses to Low Fertility**

The First Basic Plan for Low Fertility and Aged Society (2006-2010), which was set up in 2006, aims to foster environments in favor of child-rearing, to establish the base for improving quality of life in an aged society, and to secure power for economic growth in low fertility and aged society. The First Plan will be followed by the Second Plan (2011-2015) with the aim of steady recovery of fertility rate and consolidation of the social system for an aged society, and then by the Third Plan (2016-2020) with the aim of increase of fertility rate to the average level of OECD countries and successful adaptation for an aged society.

In an effort to foster an environment appropriate for child-rearing, the Plan is geared to strengthening the responsibility of society for child-birth and child-rearing, fostering a family-friendly and gender-equal culture, and raising future generation in a wholesome way.<sup>1</sup>

First, responsibility of society for child-birth and child-rearing will be strengthened by the following measures; 1) extending supports for costs of child care and education, and expanding the after-school education to attenuate the economical burden of households; 2) providing various incentives for families with children; reinforcing supports for the adoption family; expanding public and workplace childcare facilities, improving quality of service in the private child-care facilities, and extending child-care service to meet diversified demands; 3) establishing the health and nutrition system for maternity and children, providing economical support for couples suffering from infertility and aids for postpartum care and new-born infants of the poor class.

Second, fostering of a family-friendly, gender-equal culture is to be achieved by the following measures; 1) increasing compatibility between work and family responsibilities through expanding government's supports for maternity leave grant, support the women's return to the labor market after their childcare, diversification of childcare leave, flexibility of labor conditions, and support for the family-friendly establishments; 2) formulating gender-equal family and social culture by educational programs at school and society, and intensified publicity; and strengthening the ties between the family members through supports for family leisure and culture, and provision of educational program for family life.

Third, raising future generation healthy is to be realized through providing children and youths with safe environments, and observing children's rights (See Appendix 1). Belated though it may be compared with the responses of other advanced societies, Korea is responding

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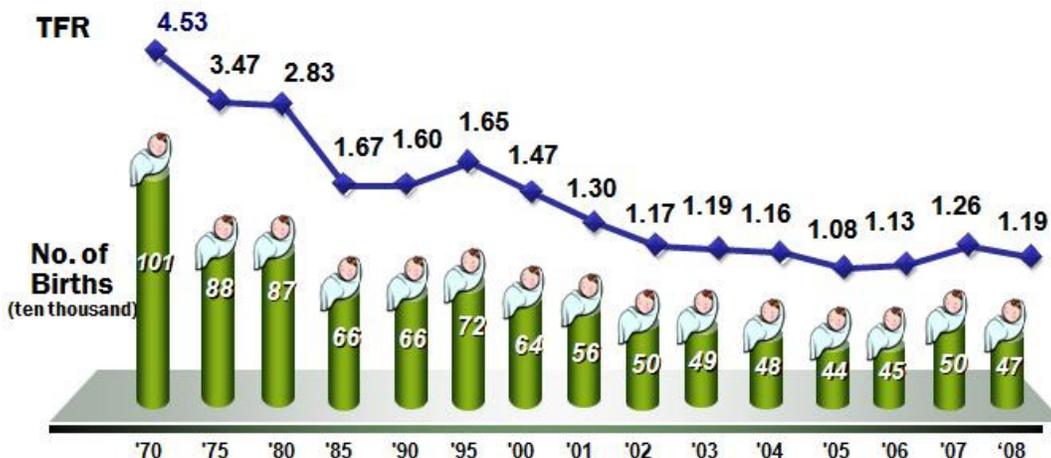
<sup>1</sup> Other areas of the First Basic Plan for Low Fertility and Aged Society (2006-2010) are establishing the base for improving quality of life in the aged society through stabilization of income security and health security, and fostering of circumstances for active social participation for the elderly; and securing power for economic growth in low fertility and aged society through fostering circumstances of labor market for the women and the elderly, introducing and utilizing professional and technical foreign workers and Korean brotherhood with foreign nationality, and activation of social integration program for adoption to multi-cultural society, and developing human resource and establishing life-time study system.

to the problem of low fertility in earnest with the strong determination of high-ranking officials. Korea's experience with population policies will provide useful lessons for other countries facing the demographic problem of low fertility, particularly countries that practiced population-control policies in the past.

#### IV. Evaluation and Suggestions

However, it is notable that the number of children increased for the first time since 1994 from 438 thousand in 2005 to 452 thousand in 2006, increasing TFR from 1.08 in 2005 to 1.13 in 2006. The only exception was in 2000, when the number of births increased, due to the new millennium baby boom. It was also estimated by the Government using 8 months' birth records based on Residential Registration System that the number of births would further increase to 468 thousand with a TFR of 1.22 in 2007.

Figure 3. Trends in Total Fertility Rates, 1970-2008



Source: Korean Government, The First Basic Plan for Low Fertility and Aged Society (2006-2010), 2006.

Since the First Basic Plan for Low Fertility and Aged Society was initiated in August 2006, it may be too early to evaluate its effects on fertility change. However, it is notable that the total

fertility rate increased from 1.08 in 2005 to 1.13 in 2006 and to 1.26 in 2007. The recent studies show that recent increase in TFR for the years of 2006 and 2007 is attributable to economic recovery accompanied by rise in employment rate since 2003, increase in marriages (especially first marriages) in recent years, fostering of social atmospheres in favor of pro-natal policy, and partly launching of policy response.

Other expert group argued that the fertility increase for 2006 and 2007 have been attributed from the Chinese 24 seasonal divisions in lunar calendar. In Korea, newlyweds married in 2006(year of double-onset of spring), and children born in 2007(year of gold pig) were popularly believed to be destined for their fortune. In fact, the total fertility rate decreased from 1.26 in 2007 to 1.19 in 2008, and one of these phenomena might be partly attributed from the global economic crisis started in 2008. The followings are some suggestions for future improvement in policy response for raising the marriage and fertility rates in Korea..

First, although the lowest fertility was greatly attributable to postponement and giving-up of marriage, the policy measures for raising the marriage rate were not included in the First Basic Plan. Currently, some local governments and private organizations devoted themselves to providing unmarried people with information and mediation to increase opportunities for marriage. The postponement and giving-up of marriage has been strongly associated with economic situations and change in values on marriage and childbirth. Therefore, it needs to provide the youth with employment opportunities with stable status as well as to put an emphasis on values in favor of marriage and children from their early ages under school and social education system. In addition, policy measures, rather systematical and effective, for encouraging and facilitating marriages need to be designed to enable the single males and females to marry at the time they desire to.

Second, most of government's supports for daycare, education, healthcare, etc. are too confined to low income class. It needs to expand the programs to all classes as early as possible. In addition, it needs to increase investments for the future generations. During the first five-year plan period (2006-2010), Korea Government plans to spend 19.1 trillion won (equivalent to US\$1.6 billion), which is quite lower than those of OECD countries. Enlightenment and appeal

with small investment would have limitations to achieve the reasonable fertility level for the future.

Lastly, the changes in the fertility rate are different depending on country's socio-, economic and cultural backgrounds. Korea is not yet ready to accept the western norms and values such as cohabitation or extramarital births. Therefore, we need to exchange information and ideas among regions that have similar marriage and childbirth cultures through joint research and development programs. Many Asian countries, where the strong family planning programs have been implemented, are likely to follow the footsteps of Korea in becoming a low fertility country in the near future. In order for these countries to minimize the impact of low fertility and prevent from becoming a low fertility country, international cooperation and coordination efforts should be strengthened.

**Appendix 1. Policy Measures for Fostering Environments favorable of  
Childbirth and Childcare in Response to Low Fertility**

<p>1. strengthening responsibility of society for child-birth and child-rearing</p>
<p>1-1. attenuating socio-economic burden of childcare for family with children</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> extending supports for costs of child care and pre-school education <ul style="list-style-type: none"> <li>- support for daycare and pre-school education for 0-4 years old children(subsidy)</li> <li>- support for free daycare and pre-school education for 4 years old children(free of charge)</li> <li>- support for daycare and education for the family with two children or more</li> </ul> </li> <li><input type="checkbox"/> expanding the after-school education to attenuate the economical burden of households <ul style="list-style-type: none"> <li>- improvement of after-school education system and support for the low income class</li> <li>- provision of voucher for low income class</li> <li>- expansion of primary daycare</li> <li>- integration of after-school daycare and education</li> <li>- improvement of cyber home education</li> </ul> </li> <li><input type="checkbox"/> expansion of tax and social insurance benefit for the family with many children <ul style="list-style-type: none"> <li>- revision of taxation system in favor of the family with many children</li> <li>- revision of assessment system for health insurance fee</li> <li>- introduction of credit system in national pension</li> </ul> </li> <li><input type="checkbox"/> providing various incentives for families with children <ul style="list-style-type: none"> <li>- support for stability of housing for families with children</li> <li>- providing priority to use of daycare facilities for families with children</li> </ul> </li> <li><input type="checkbox"/> reinforcing supports for the adoption family <ul style="list-style-type: none"> <li>- improvement for perception on adoption</li> <li>- strengthening support for adopting families</li> <li>- support for fees of adoption</li> <li>- support for free daycare and pre-school education</li> <li>- introduction of adoption allowance</li> <li>- increase in subsidy and medical cost for the adopters of disabled children</li> </ul> </li> </ul>
<p>1-2. expanding childcare infra, with diversity and good quality</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> expanding public and workplace childcare facilities <ul style="list-style-type: none"> <li>- expansion of public childcare facilities</li> <li>- establishment of and support for integrated daycare facilities</li> <li>- expansion of workplace childcare facilities</li> </ul> </li> <li><input type="checkbox"/> improving quality of service in the private child-care facilities <ul style="list-style-type: none"> <li>- support for improvements of private child-care facility's services</li> <li>- enforcement of evaluation certification for child-care facilities</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li><input type="checkbox"/> extending child-care service to meet diversified demands <ul style="list-style-type: none"> <li>– expansion of prolonged daycare services</li> <li>– expansion of all-day nursery school</li> <li>– support of helpers for part-time daycare facilities</li> <li>– establishment of and support for daycare facilities within cultural facilities</li> </ul> </li> </ul>
<p>1-3. expansion of support for pregnancy and childbirth</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> establishing the health and nutrition system for maternity and children <ul style="list-style-type: none"> <li>– establishment of professional centers for health of maternity and infant</li> <li>– establishment of basis for systematic health management of new born babies</li> <li>– provision of credible information and counseling services for childbirth and childcare</li> <li>– support for reproductive health program</li> <li>– expansion national prerequisite vaccination</li> <li>– expansion of support for health diagnosis and nutritional management for maternity and infants</li> <li>– nutrition-supplementary management for maternity and infants</li> <li>– expansion of support for breast-feeding</li> <li>– protection of maternity from inadequate induced abortion</li> </ul> </li> <li><input type="checkbox"/> providing economical support for couples suffering from infertility <ul style="list-style-type: none"> <li>– support for costs of test-tube baby</li> </ul> </li> <li><input type="checkbox"/> aids for postpartum care and new-born infants of the poor class <ul style="list-style-type: none"> <li>– provision of helper service for maternity protection</li> </ul> </li> </ul>
<p>2. fostering of the family-friendly and gender-equal socio-culture</p>
<p>2-1. increasing compatibility between works and home.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> expanding government's supports for maternity leave grant <ul style="list-style-type: none"> <li>– support for small-medium establishments in paying grants</li> <li>– providing grants for abortion and stillbirth leave</li> <li>– introducing partner's childbirth nursery leave</li> </ul> </li> <li><input type="checkbox"/> diversification of childcare leave and flexibility of labor conditions <ul style="list-style-type: none"> <li>– activation of childcare leave</li> <li>– introduction of curtailed labor hours during child-care period</li> <li>– increasing flexibility of working pattern</li> </ul> </li> <li><input type="checkbox"/> support the women's return to the labor market after their childcare <ul style="list-style-type: none"> <li>– expansion of support for subsidy for women's return to work after childbirth</li> <li>– support for subsidy for continuing employment of the temporary workers after their childbirth</li> <li>– operating programs of housewives' return to labor market</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>– operating manpower bank of women with career stopped</li> <li><input type="checkbox"/> support for the family-friendly establishments <ul style="list-style-type: none"> <li>– development of model for operating family-friendly enterprisers</li> <li>– support for family-friendly enterprisers such as providing enterprisers' certificate</li> <li>– development and spread of family-friendly education programs</li> </ul> </li> </ul> <p>2-2. formulating gender-equal family and social culture</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> strengthening school and society educations and intensified publicity in lifetime <ul style="list-style-type: none"> <li>– school and society educations and intensified publicity in lifetime</li> </ul> </li> <li><input type="checkbox"/> strengthening the ties between the family members <ul style="list-style-type: none"> <li>– provision of educational program and family counseling for family life</li> <li>– supports for family leisure and culture</li> <li>– accommodating family-friendly community environment</li> </ul> </li> </ul>
<p>3. raising future generation healthy "abbreviations"</p>

Source: Korean Government, The First Basic Planning for Low Fertility and Aged Society (2006-2010), 2006.

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