

Fertility Rate under the Dual Pressure of Raising Children and the Elderly

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Abstract: At present, China is in a new normal of population development characterized by low birth rates and a highly aging population, and the trend is increasingly deepening. In this context, this article first classifies the reasons for the low fertility rate through theory and then analyzes the pressure of raising children and taking care of the elderly from the perspective of people during the fertility window period. Through data and analysis, it has been found that the economic pressure on contemporary young people is particularly concentrated on the education expenditure for children and the dependency ratio for the elderly. Finally, this article proposes some practical solutions, attempting to develop the role of the elderly labor force in intergenerational education through economic policies and social support. These plans can simultaneously utilize the two demographic characteristics of China's low fertility rate and high aging population, and accelerate the improvement of the fertility support system by helping young people obtain intergenerational care.

Keywords: Fertility rate, aging society, intergenerational care.

1. Introduction

China's total fertility rate in 2023 ranks second to last among major economies in the world. The proportion of people aged 60 and above will reach 21.1%, and China will officially enter a moderately aging society, with the elderly support rate increasing year by year. These two emergencies have attracted high attention from the whole society. The interaction between low fertility rates and high aging makes it difficult to avoid one situation and only focus on the other, as a decrease in fertility rates exacerbates the aging process. Since 1949, China's birth policy has gone through a process of "encouragement strict control relaxation establishment of a birth support system". Correspondingly, the total fertility rate has decreased from around 6 before the 1970s to around 1 in 2023. The State Council has successively revised the Population and Family Planning Law, but the implementation of the comprehensive two-child and three-child policies is not obvious and has failed to reverse the downward trend of China's birth rate.

People in the reproductive window are facing unprecedented dual pressures of raising children and the elderly. This pressure seriously affects the demographic structure of families, society, and the country. Without substantive and effective policies to address the root causes of the problem, it is difficult to reverse the trend of declining birth rates. Therefore, an in-depth exploration of the causes,

impacts, and corresponding strategies of this phenomenon is of great significance for social development.

This study explains two main issues that young people in China face in improving their fertility support system policies. Firstly, it analyzes the challenges faced by families in terms of parenting and elderly care. This study further combines the above two challenges to propose targeted suggestions and opinions, providing a reference for China's policies to encourage childbirth.

2. Background and Literature Review

There are abundant research results both domestically and internationally on the factors that affect fertility intentions, and the influential views can be summarized into the following three hypotheses.

First is the socio-economic hypothesis, which suggests that women who enter the labor market and give birth, will face indirect costs such as labor market exit, occupational injuries, and reduced leisure time. For the Chinese, traditional gender roles still require women to invest more time and energy in taking care of their children, which may lead to "maternal wage penalties" in the labor market [1]. On average, in families with only one child, mothers reduce their leisure time by 12.6 hours per week; In families with two children, mothers reduce their leisure time by 14 hours per week [2].

The second is the value consciousness hypothesis, which suggests that contemporary society tends to value individualism and gradually weakens traditional family-centered concepts. Women can independently choose whether to have children, the time of delivery, and the number of children. Their choices often result in delayed childbirth, low fertility rates, and even infertility.

The third assumption is the gender division of labor within the family. Despite many women entering the labor market, the traditional household division of labor model dominated by men outside the household and women inside the household has not undergone fundamental changes, resulting in married women bearing the dual burden of work and household chores [3].

These three assumptions, however, are all based on developed Western countries and may not directly apply to China, where the basic situation differs. Therefore, it is necessary to use it dialectically in the analysis process.

3. Severe Parenting and Elderly Care Issues in Chinese Families

3.1. Reasons for Excessive Expenditure on Children

Explicit costs include basic living expenses such as clothing, food, housing, transportation, and medical expenses, as well as additional costs. In addition, the prices of extracurricular tutoring and interest courses driven by competitive pressure have also placed a heavy burden on families. In terms of explicit costs alone, the cost of raising children is 6.3 times China's per capita GDP, almost the highest in the world [4].

Chinese households have surpassed American households in terms of education consumption at a very fast growth rate. However, comparing the data from 34% in the United States, there is still significant room for growth for the 20% of the population aged 25 to 30 in China who hold a bachelor's degree or above [5]. Thus the high proportion of Chinese parents' spending on their children's education is not due to the widespread availability of higher education.

Why have Chinese parents gradually developed the habit of overinvesting in their children's education? Whether driven by altruistic motives, hoping that children will have higher incomes and better living conditions in the future, or selfish motives, hoping that their children will be more capable of supporting their parents in the future. This is also the concept of "raising children and caring for the elderly" in China since ancient times [6,7]. The study by Liu and Chen directly indicates that economic payment ability is no longer the main factor affecting investment in compulsory education, and parents are willing to invest more funds in their children than themselves [8].

The proportion of education expenses for Chinese people does not match their level of education. This may be because China's overall per capita resource ownership is lower than the world average [9]. The Chinese population reached its peak in 2021, which has led to increasingly fierce competition among the Chinese people for resources such as housing and employment opportunities over the past decade. In this situation, only a fair college entrance examination can enable children from ordinary family backgrounds and innate conditions to stand at a higher educational starting point when entering society.

3.2. The Impact of Excessive Expenditure on Fertility Rate

Take the education investment that is most different from other countries in terms of explicit costs. The high proportion of education expenditure also brings anxiety to the families behind the return on investment for children. The limitation on the number of higher education degrees has resulted in many families failing to achieve the expected return on investment. Furthermore, achievements during student years are only a part of life, and success in academic pursuits does not necessarily lead to success in other aspects of life such as career and marriage paths. We assume the following two pessimistic scenarios. One situation is that children who have experienced relatively unsuccessful academic careers often continue to live unhappy work lives, which allows them to escape the pressure and competition faced by society and are unwilling to have children. The second category is children who achieve ideal learning outcomes. They often consider the socio-economic, value consciousness, and gender division of labor hypotheses mentioned earlier when they grow up, fully considering the impact of raising children on their own lives. Furthermore, recalling the difficult life during their school years and the anxiety of their families, some of them are unwilling to repeat it.

In this situation, a high proportion of education expenditure has led to widespread late childbirth, low fertility rates, and even infertility in China.

3.3. The Impact of Population Aging on Fertility Rates

At present, China's third baby boom, the population born between 1986 and 1990, is still in the window of fertility, while the population born after 1990 is at the optimal age for childbirth. However, most of the population in the childbearing window are children born under the one-child policy, without brothers and sisters. According to the prediction of the Chinese Academy of Social Sciences, due to the increasing aging population and decreasing birth rate, the elderly dependency ratio will rise to 50% by 2050. This means that in the future, every two working-age people will have to support one elderly person, greatly increasing economic pressure. Excessive economic pressure is a major factor affecting the fertility rate of young people, leading to a further decline in fertility rates and entering a vicious cycle of high aging and low fertility rates.

3.4. The Significance of Intergenerational Care

The increase in life expectancy and the decrease in fertility rate are important factors in the formation of an aging society [10]. Against the backdrop of an aging population, the pressure of low fertility rates on family elderly care is gradually becoming apparent. The level of human capital, savings rate, household support rate, and total labor supply in society have all increased, which is consistent with reality.

Intergenerational care can to some extent increase fertility rates and human capital levels, as well as increase total labor supply and output. The increase in life expectancy means that elderly people have more time resources in their old age and can provide more intergenerational support and receive more support expenses. That is, as aging deepens, intergenerational support increases. Intergenerational care, as a way of transferring time between generations, expands parents' time

endowment at a young age and increases their willingness to have children and work. Intergenerational care promotes an increase in labor supply and income for the younger generation, thereby increasing savings during this period. The accumulation of material capital has lowered interest rates; The decrease in interest rates not only lowers the savings rate of hospitals but also increases the discounted value of young people's income, resulting in an income effect that leads young people to invest more in human capital. The importance of human capital is increasing in today's society. On the one hand, the development of artificial intelligence has increased the demand for high human capital workers in enterprises. To cope with the rapidly changing social development, families need to increase their investment in human capital; On the other hand, human capital is an important component of social labor supply, and the enhancement of human capital has a positive effect on alleviating the shortage of social labor supply. The positive impact of intergenerational care on fertility rates, human capital, and labor supply can help alleviate population aging.

Furthermore, intergenerational care reduces the savings rate, increases the family support ratio, and increases the pressure on family elderly care. Due to the need for children to pay maintenance fees to their parents who provide intergenerational support, intergenerational support has the function of family elderly care. Therefore, the motivation for saving for retirement in models that include intergenerational support is weakened, and the burden of child support increases. In other words, intergenerational support reduces the savings rate and increases the family support ratio.

4. Solution

There are many idle 'labor forces' among the aging population. Since China has achieved universal 12-year compulsory education and currently 53% of the 60-year-old population holds a junior high school diploma [11], why not pay attention to the role of the elderly in the family and develop intergenerational education?

According to Guo's data, 40.19% of middle-aged and elderly people aged 51-80 participate in taking care of grandchildren, with an average expenditure of 2446 hours with their spouse in the past year [12]. This greatly affects family fertility decisions and the labor supply for young people. Although the traditional concept of intergenerational education in China is limited to clothing, food, housing, and transportation, it mostly does not involve academic tutoring. But the cultural level of grandparents around the age of 60 in contemporary times makes it more realistic to raise grandchildren in compulsory education.

Therefore, author believes that corresponding improvement policies can start with calling on the elderly to educate their grandchildren. Educating grandchildren should follow the free will of the elderly, rather than mandatory requirements, but can be encouraged. For example, in terms of economic policies, some retirement benefits are reduced and replaced with subsidies for elderly people and grandchildren living in the same house. At the societal level, the Education Bureau can encourage kindergartens, primary schools, and junior high schools to allow elderly people to communicate with teachers, hold parent-teacher conferences, and participate in school activities such as grandparents' sports events. Increase the number of universities for the elderly, where they can receive free brunch and other benefits based on their academic performance.

Intergenerational education cannot replace kindergarten and compulsory education, as it is still an informal form of parenting and care within the family. And when grandchildren enter junior high school, intergenerational support will only be able to assist them in their daily lives (except for teachers). Intergenerational care can assist parents in education and serve as a temporary proxy for them, but it cannot replace parents in the long run. At present, the development of China's childcare market is not yet perfect, and the government should vigorously develop and regulate the childcare market to effectively solve the problem of enrollment in preschool education. The enrollment rate of preschool education is positively correlated with the fertility rate. The improvement and

popularization of parenting institutions can effectively alleviate conflicts between childbirth, nurturing, and labor participation, especially conflicts with women's labor participation, and reduce the opportunity cost of childbirth. Before this, intergenerational care as a support system for fertility at the family and social levels would have a positive impact on fertility rates.

5. Conclusion

Although these three hypotheses originated in developed Western countries, their universality can be inferred through analysis. It is urgent to improve the low fertility rate in society because once the 80s and 90s generations are missed, it will be twice as effective to further increase the fertility rate in the future. Therefore, to curb the weakening of fertility intentions, it is necessary to quickly develop and implement a fertility support system. As social support for childbirth, intergenerational care, if elderly people play an ideal role in intergenerational care (as parents and mentors), will fully utilize the labor force of the elderly, greatly increase the labor supply of young people, and thus alleviate the economic pressure on families. This is a relatively novel approach that author believe can have a positive impact on both low fertility rates and high aging populations. The comprehensive improvement of the fertility support system also requires support from policies, the economy, and other social levels.

If the low fertility rate and a high aging population are alleviated in the future, the center of child-rearing should be placed on kindergartens and parents, and intergenerational rearing should no longer be mainstream. A childhood with good social relationships is of great benefit to children.

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