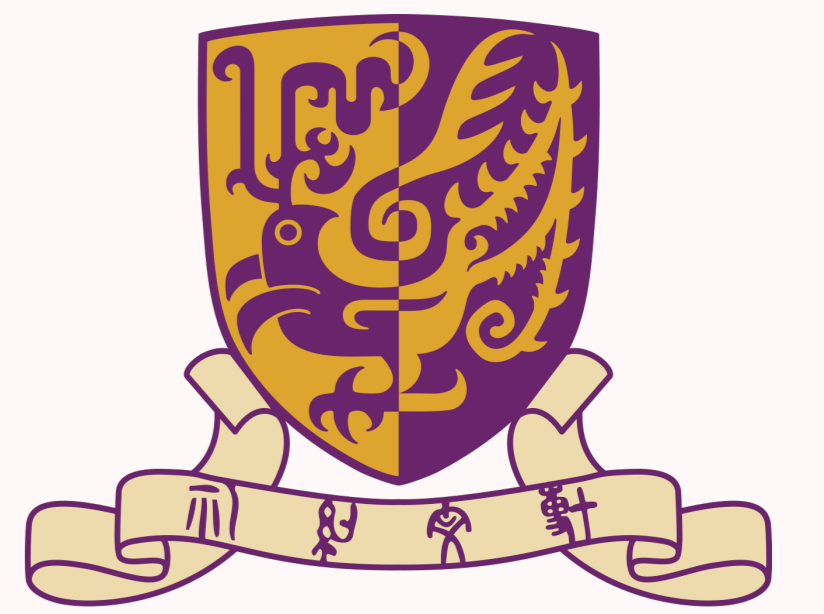


TO HAVE OR NOT TO HAVE, THAT IS A QUESTION

GU Yuanfan
Zhang Xuange
Zhu Xiaoyi
Wu Tiange



We conduct a research on the influence of China's two-child policy on individual choice, given the current social situation. Furthermore, in order to analyze the effectiveness of two-child policy, we discuss whether it solves the demographic issues such as aging population and labor shortage. Finally, we recommend some possible suggestions according to participants' responses in our survey.

Introduction

One-Child Policy

- Initiated in 1979 to limit majority of family units to one child each
- Aimed to control the rapid population growth in China

Two-Child Policy

- Relaxed in 2014 to allow couples to have a second baby if the mother or father was an only child
- Eased in 2015 because fewer people than expected were taking the plunge
- Aimed to alleviate population issues

Methodology

We distributed two kinds of questionnaires online.

For unmarried people

- Gender
- Age
- How many children do you want to have in the future?

Sample Size: 158 (Male: 63 Female: 95)

For married people

- Age
- Education Background
- Annual Income
- Have you given birth to babies after conduction of two-child policy?
- If no, the reasons are?

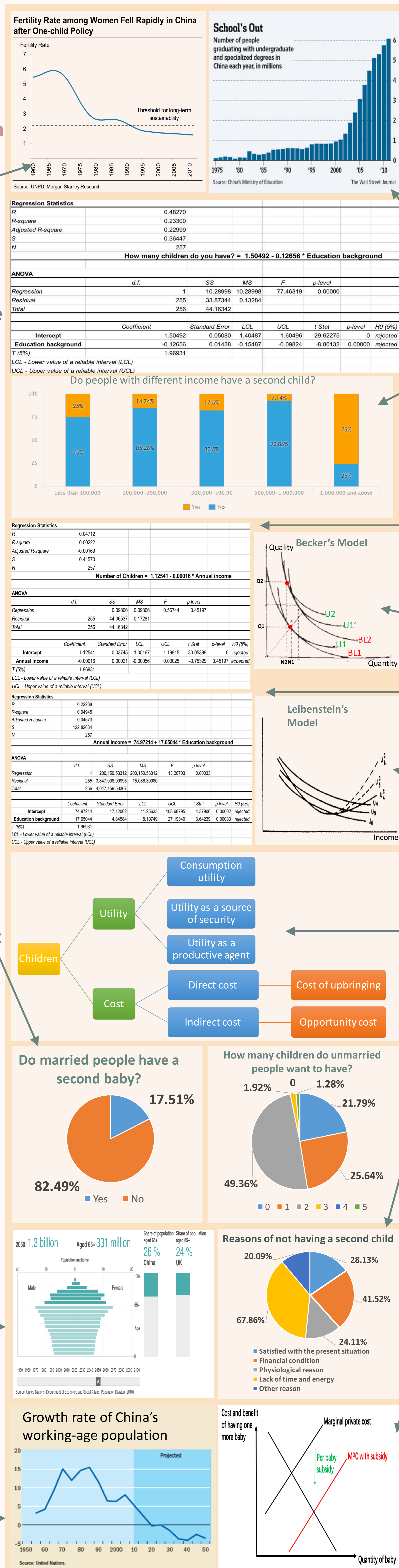
Sample Size: 270

Results

- More than 80% of married people, who are at the child-bearing age, are unwilling to have a second baby
- About 50% of unmarried people want to have two kids in the future
- Up to October 2015, only 16.8% of couples apply to have a second child
- In the short run, two-child policy has little effect on people's willingness to have a second child. Therefore, problems two-child policy aimed to solve cannot be alleviated, which indicates the ineffectiveness.
- In the long run, unmarried people's responses indicate that the situation will improve.

Consequences

- Aging Population
 - Burden on government
 - Burden on the one-child generation
 - Dependency ratio for retirees: those aged 65 or older divided by total working population
 - 2015:14%
 - 2050:44% (estimation)
- Labor Shortage
 - A sharp decrease in labor force, which implies an economy downturn in the future



Analysis

We find that people's desire to have a second baby is related to their education background and income.

Education background

- According to the regression, education background has a negative relationship with their willingness to have a second baby.
- Over the past several decades, Chinese citizens' educational level has continued to rise, especially women.
- Fewer people want to give birth to baby

Income

- According to the chart and regression, income (below 1,000,000) has a negative relationship with their willingness to have a second baby.
- Children become consumption goods rather than investment goods any more

Regression

- ∴ Higher income, higher education background
- ∴ Higher education background, lower desire to have a second baby
- ∴ Higher income, lower desire to have a second baby

Becker's Economic Theory of Fertility

- Families face the trade-off between the children quantity and quality
- Like durable goods, when income increases, people will spend more money on each child, rather than having more children (Becker, 1960)

Leibenstein's Model of Fertility Decline

- Comparing the marginal utility and marginal cost of having one more child to make the decision
- When income increases, some utility brought by children can be replaced.
- Meanwhile, the marginal cost increases
- When $MC > MU$, people refuse to have more babies (Leibenstein, 1975)

- With the increase in per capita income, Chinese people's willingness to have a second baby declines.

Suggestions

- To shorten the time of ineffectiveness
- Based on participants' responses
- Subsidy
 - Subsidizing Holiday → Lack of time & energy
 - Denmark: 52 weeks for maternal and parental leave (Steve,2014)
 - Germany: 24 weeks for maternity leave (Henk J. Heeren,1982)
 - Russia: 20 paid weeks (Serafima Chirkova,2013)
 - Sweden: "papaleiding"(China Woman,2016)
 - Economic Supporting → Financial condition
 - France: 1064 francs (Alex Jackson)
 - Russia: 250,000 rubles (Kathrina Dabdoub,2012)
 - Japan: 4500 dollars (Charlie Fisher,2014)
- Tax abatement → Financial condition
 - Netherland: Tax-free allowances (Henk J. Heeren,1982)
 - Germany: Marriage loan with low interest rate & remit repayment (Henk J. Heeren,1982)
- Horner → Satisfied with the present situation
 - Soviet: "Maternity medal" (Wikipedia,2010)
 - France: "good citizens" (Knibielher,1997)
- Publicity → Satisfied with the present situation
 - Singapore: Establishing the Social Development Unit (Social Development Unit,1991)

