



# Low Fertility, Population Aging, and Policy Response in South Korea

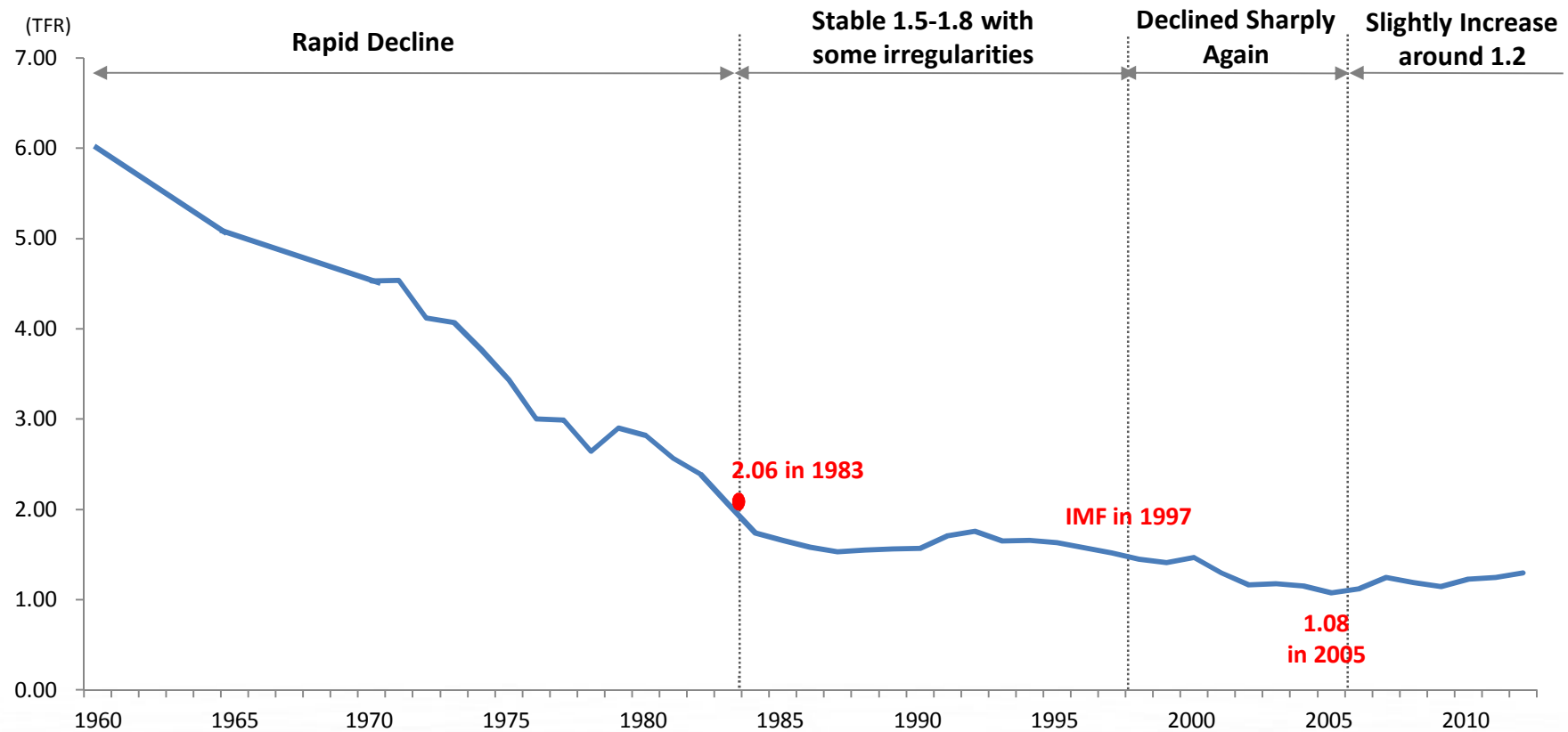
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# **Low Fertility & Population Aging**

# Fertility Change

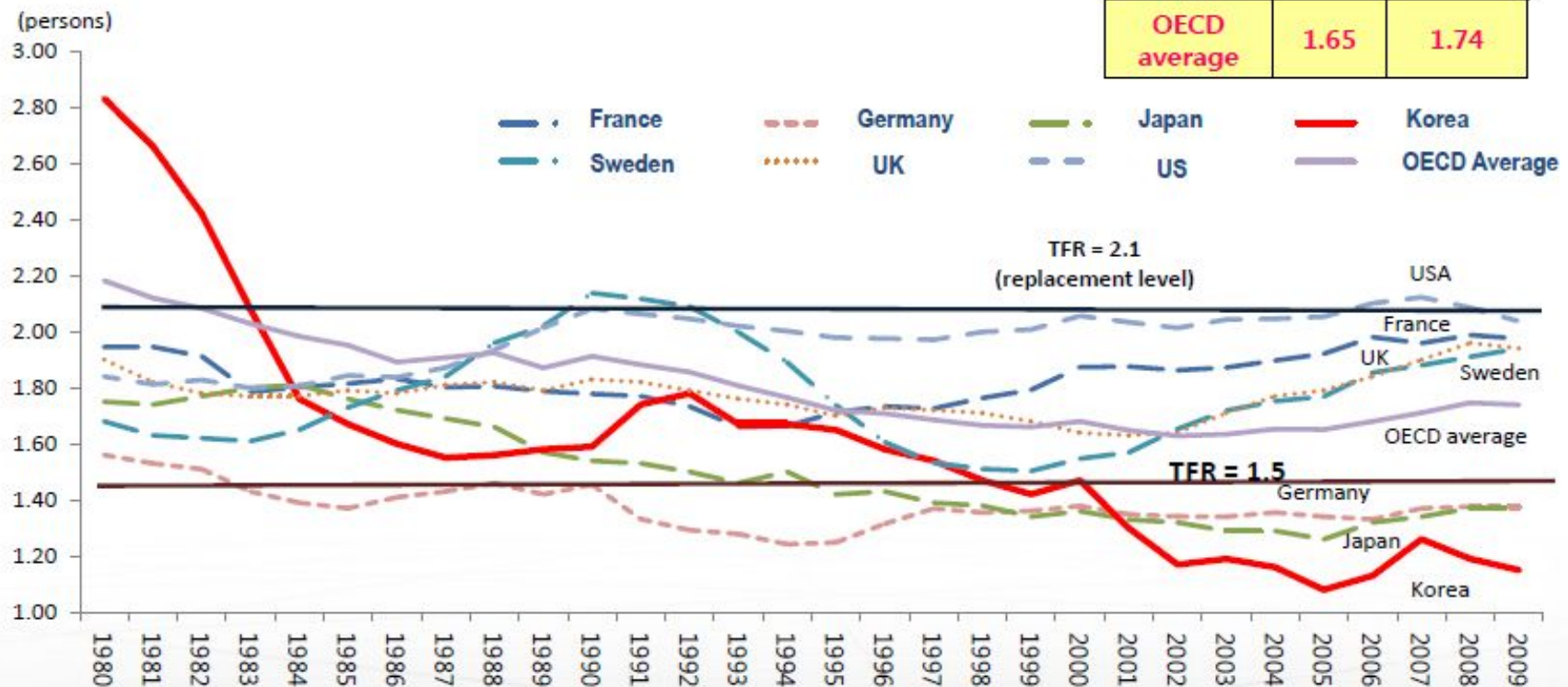
## TFR Trends in South Korea



# Fertility Change

## TFR of OECD countries

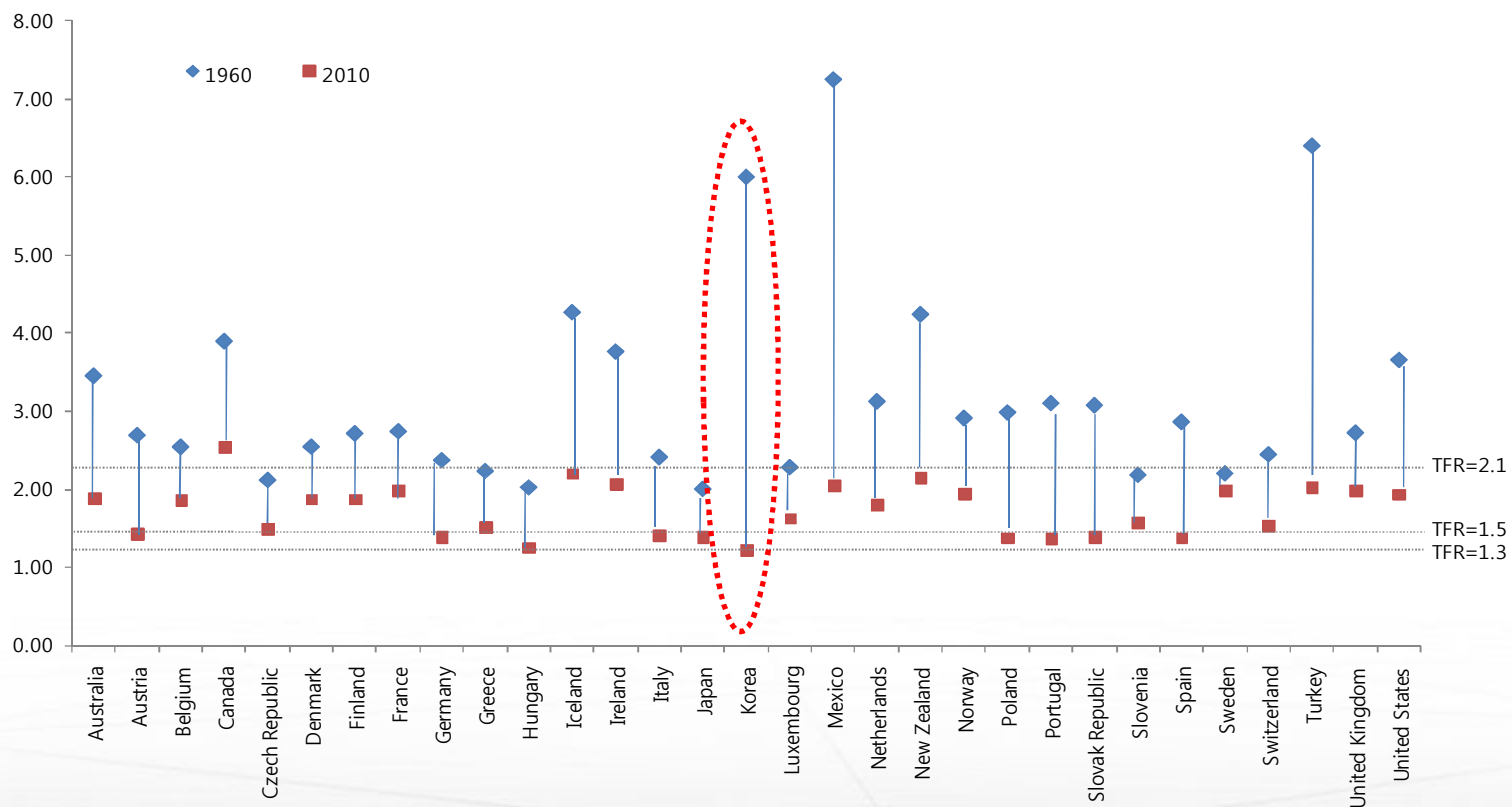
	2000	2009
France	1.87	1.98
USA	2.06	2.04
UK	1.64	1.94
Japan	1.36	1.37
OECD average	1.65	1.74



# Fertility Change

- The Korean TFR shows a unique trend in comparison with the other countries
  - TFR has declined too rapidly

## Difference in TFR between 1960 and 2010 for OECD countries



Source : OECD. Family Database

# Fertility Change

- o The Korean TFR shows a unique trend in comparison with the other countries

→ TFR has long lasted, chronically lowest low, under 1.3.

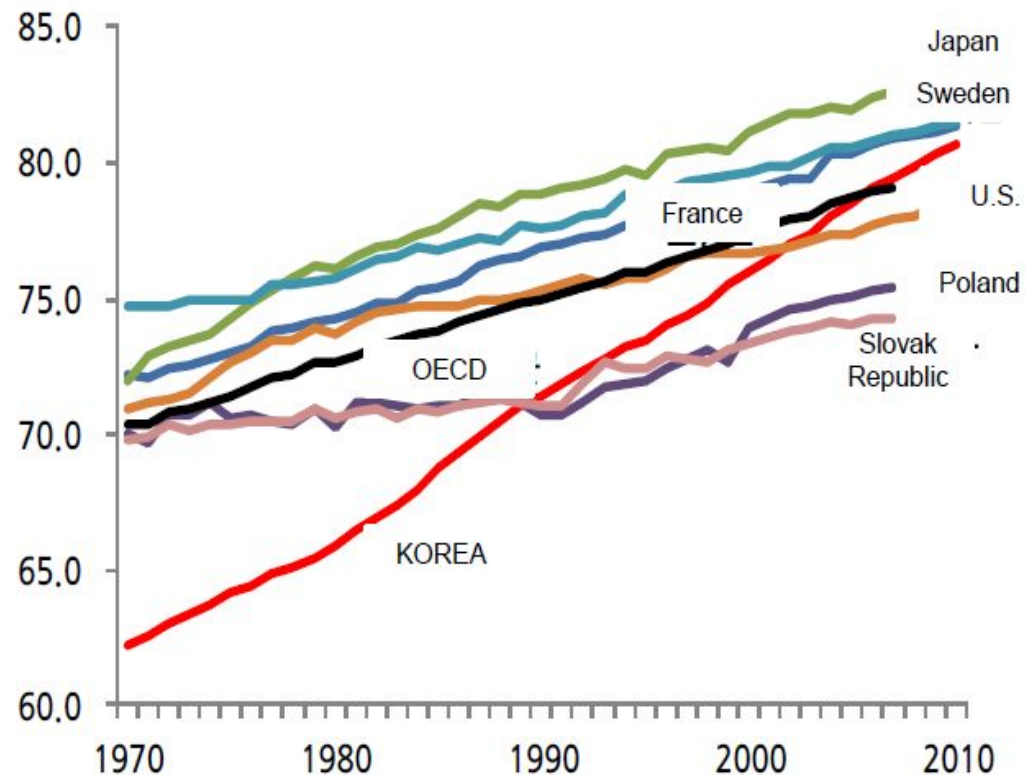
## Duration lasted under TFR 1.3 for OECD countries, as of 2010

Country	Duration under TFR 1.3	Period
Germany	4 years	1992~1995
Greece	8 years	1996~2003
Italy	11 years	1993~2003
Japan	3 years	2003~2005
Korea	12 years	2001~2012
Poland	4 years	2003~2006
Slovak Republic	8 years	2000~2007
Slovenia	11 years	1995~2005
Spain	10 years	1993~2002

Source : OECD. Family Database

# Prolonged Life Expectancy

## Life Expectancy at Birth



source : OECD Health Data

- **Continuous increase**  
in life expectancy at birth  
: 62.2 yrs(1970)→80.7yrs(2010)
- **Compared with OECD average**  
: 8.1 yrs less than OECD average(1970)  
→ 0.3 yrs more than OECD average(2007)

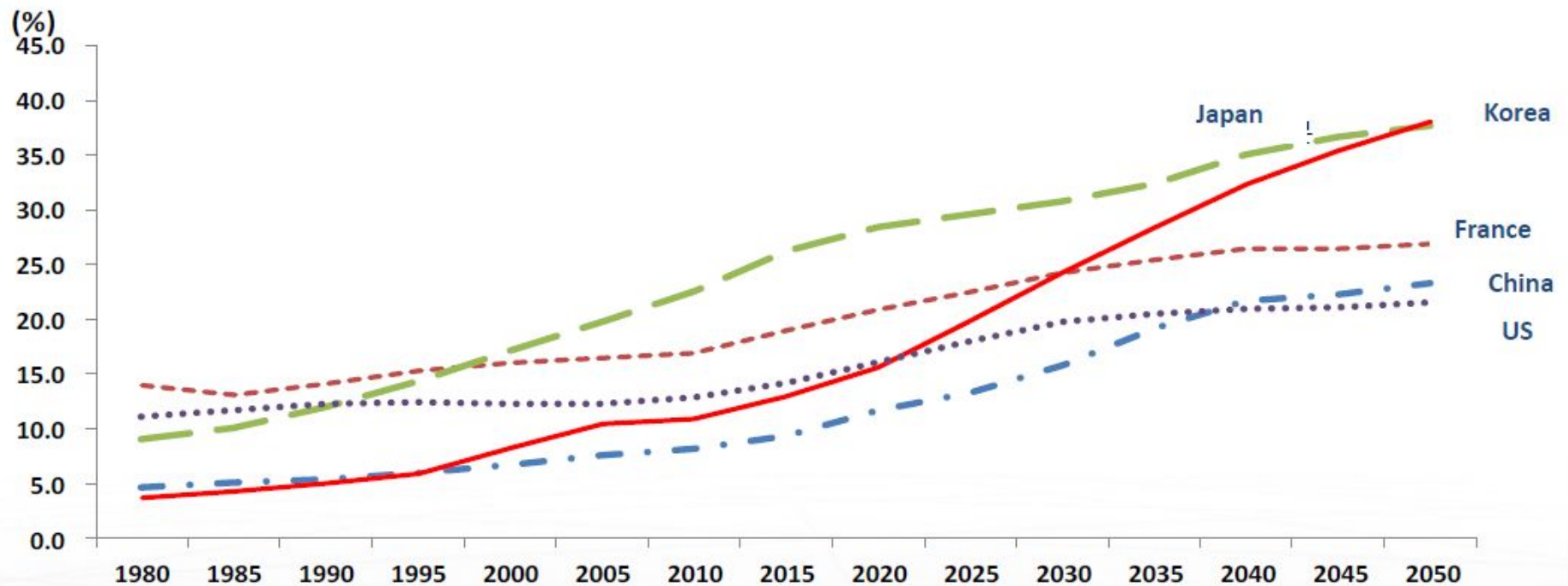
# Population Aging

- The elderly population

- 11%(2010) → 38.2%(2050)

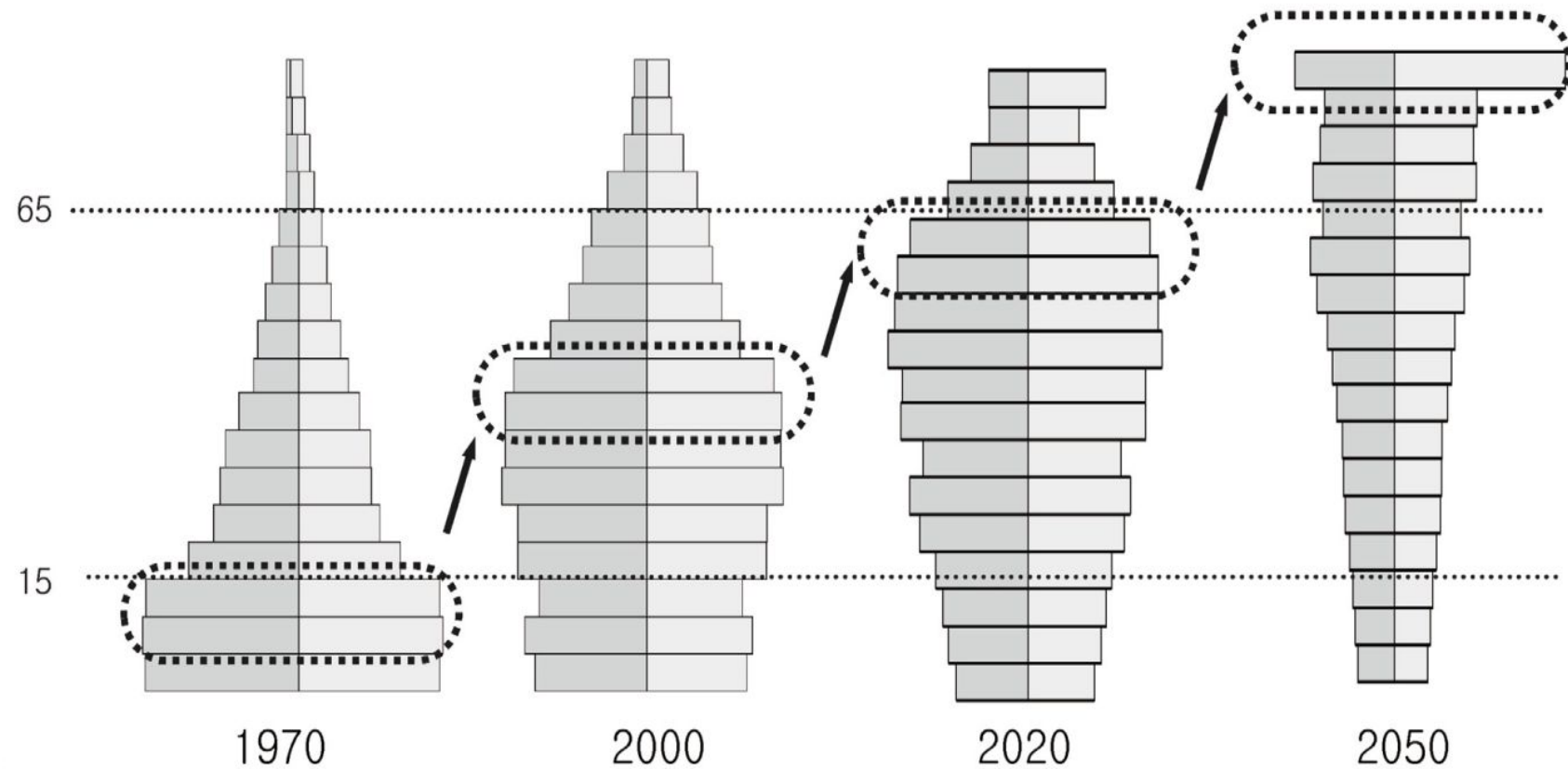
- The elderly aging

- The elderly population aged 85+ : 7.0%(2010) → 10.5%(2030) → 20.9%(2050)





# Population Aging: Trend



# Population Aging: Speed

Country	Aging society to Aged society	Aged society to Super aged society
France	115 years	40 years
U.S.	72 years	16 years
Italy	61 years	20 years
Japan	24 years	12 years
Germany	40 years	38 years
<b>Korea</b>	<b>18 years</b>	<b>8 years</b>

Source : UN(2010). Population Prospects

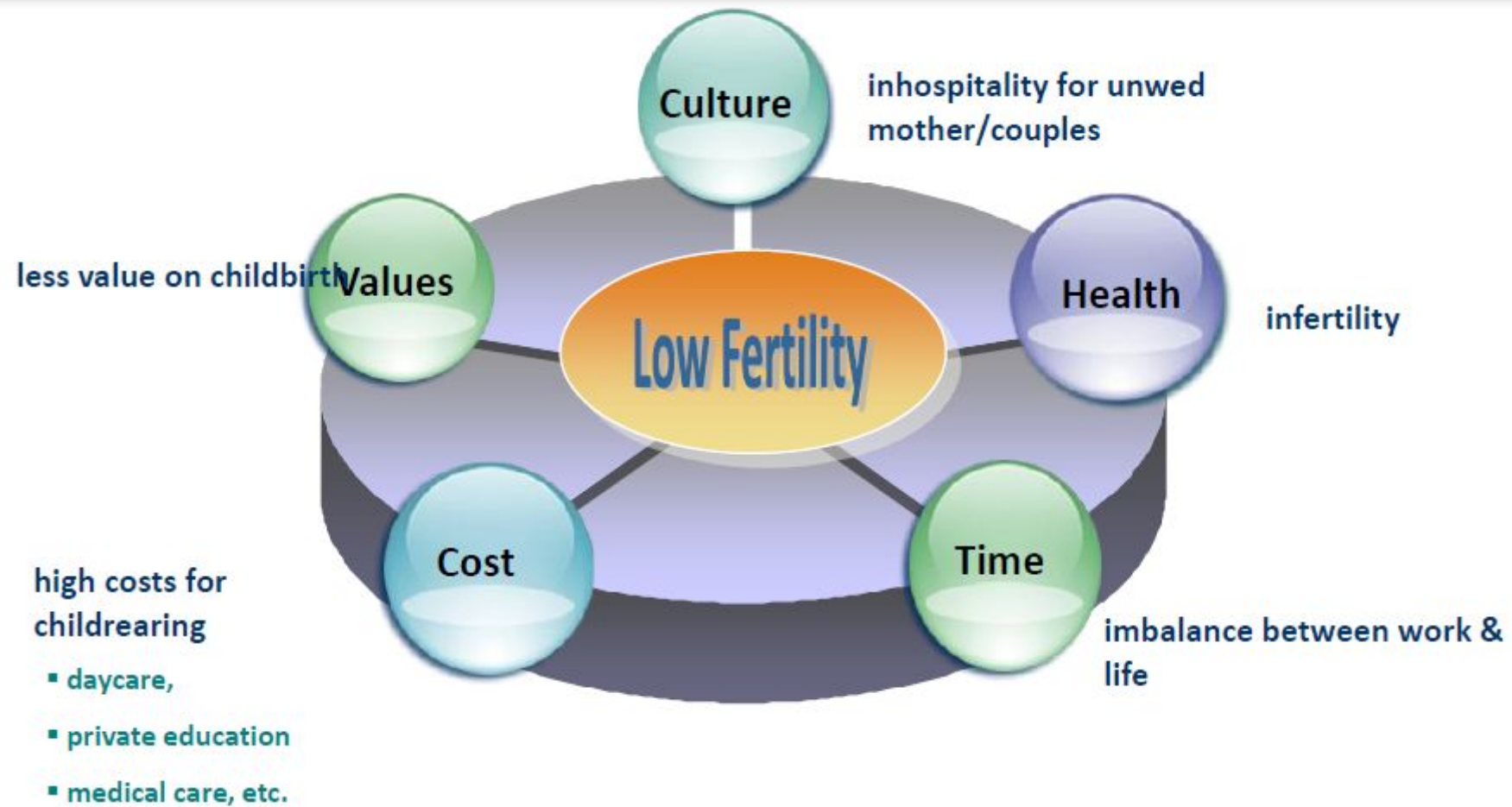
\* Aging society(7%)→Aged society(14%)→Super aged society(20%)

**In sum, Korea has experienced ever-fast aging of its population along with low fertility and increasing life expectancy.**



# **Causes of Low Fertility**

# Causes of Low Fertility



Future Insecurity

# Delay in Marriage

## o Postponement in first marriage

- males : 29.3 yrs in 2000 → 31.9 yrs in 2011
- females : 26.5 yrs in 2000 → 29.1 yrs in 2011
- \* mother's age at first childbirth  
27.7 yrs in 2000 → 30.3 yrs in 2011

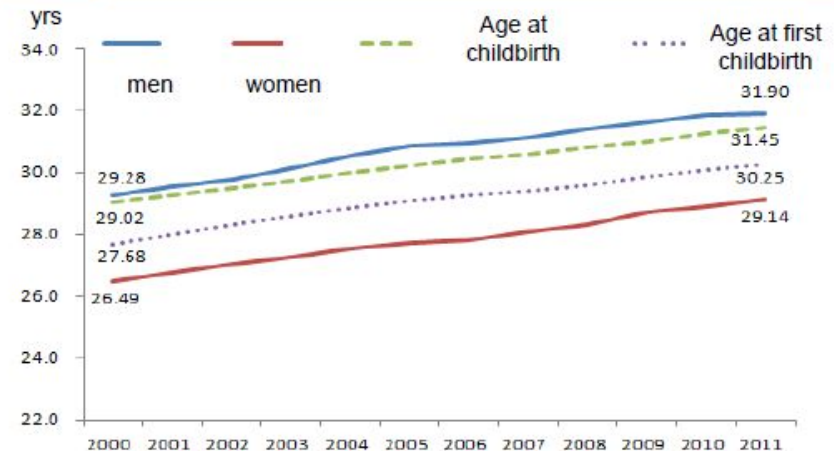
## o High prevalence of single

- % of single women at age 25~29 yrs  
: 14.1% in 1980 → 69.3% in 2010

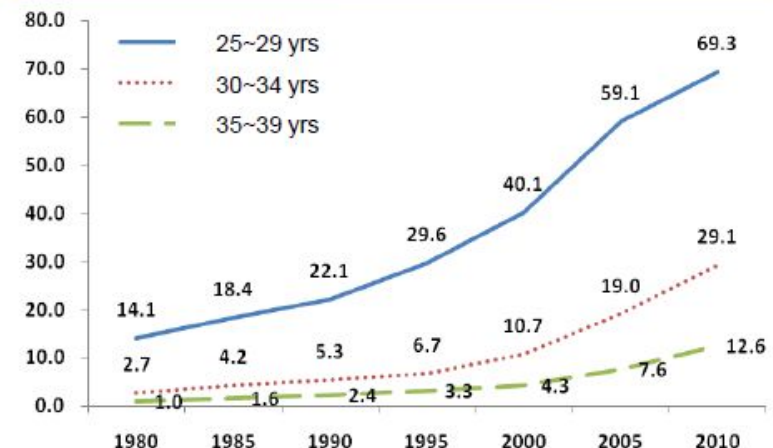
## o Reasons for delay in marriage among the unmarried(2009)

: Job and income insecurity, burden for marriage cost(housing), mismatch, imbalance between marriage life and work

### Age at First Marriage and childbirth

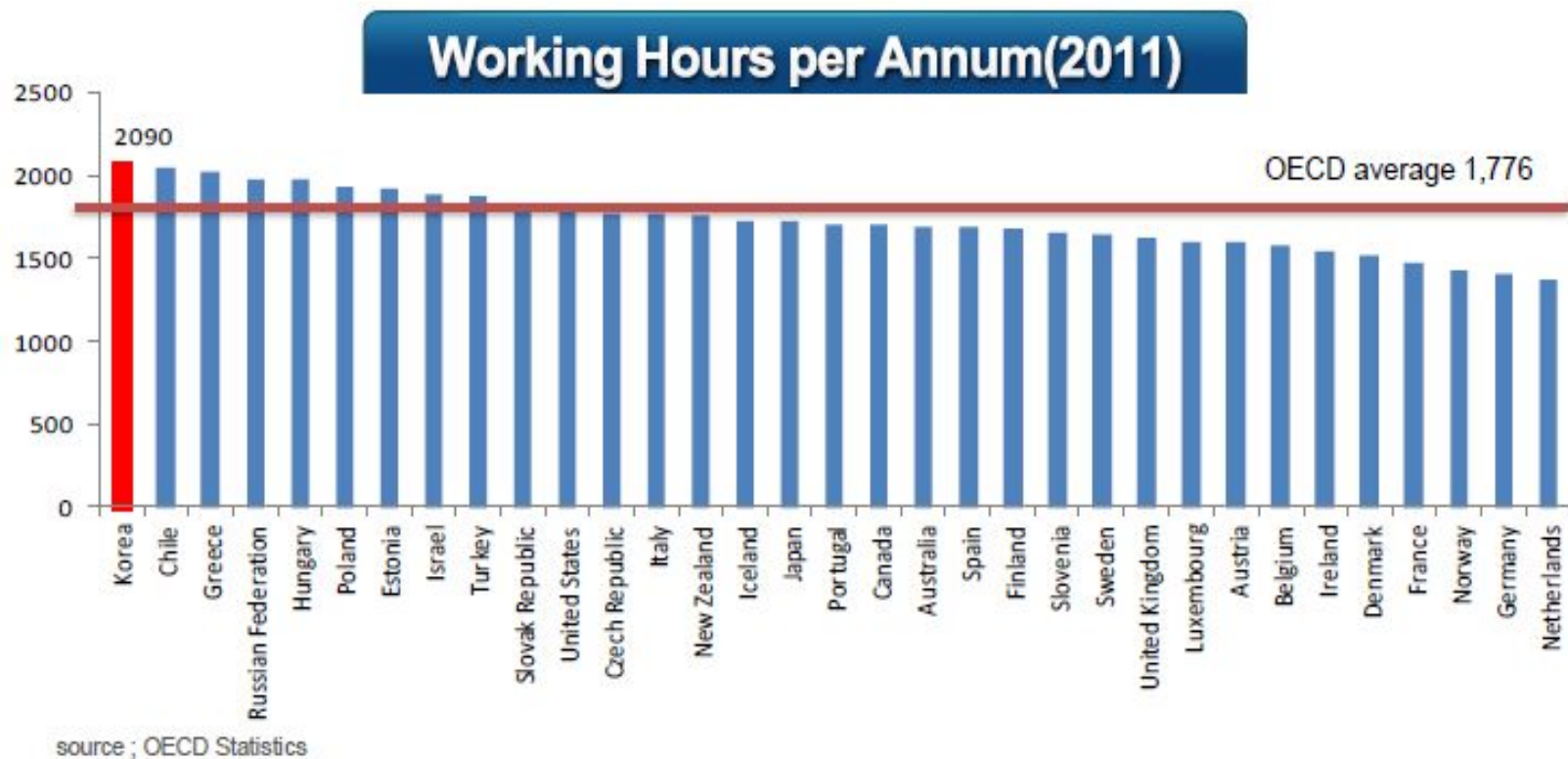


### Proportion of Single Women by Age



# Imbalance between Work and Family Life

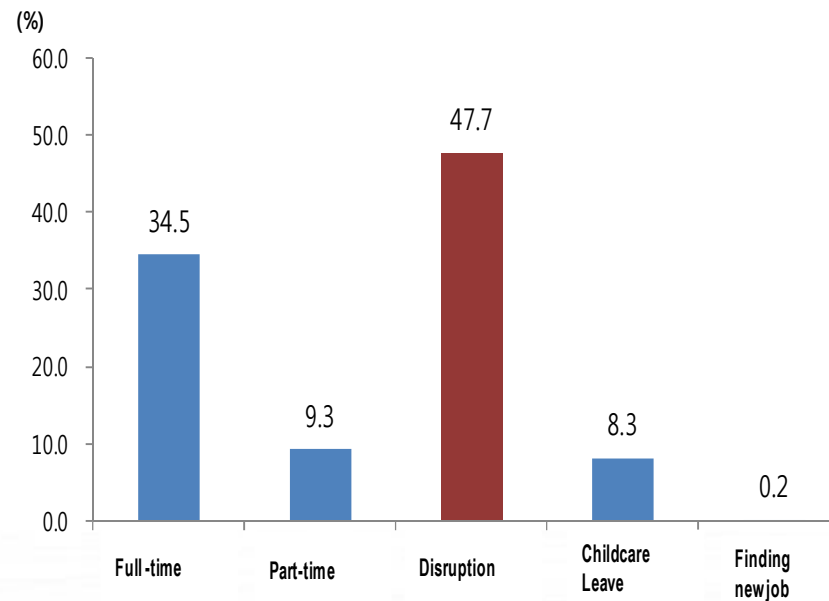
- Prolong labor practices



## Imbalance between Work and Family Life

- Most of the Korean workplaces are not family friendly.
- Career interruptions due to marriage and childcare for women

### Labor type after 1<sup>st</sup> childbirth



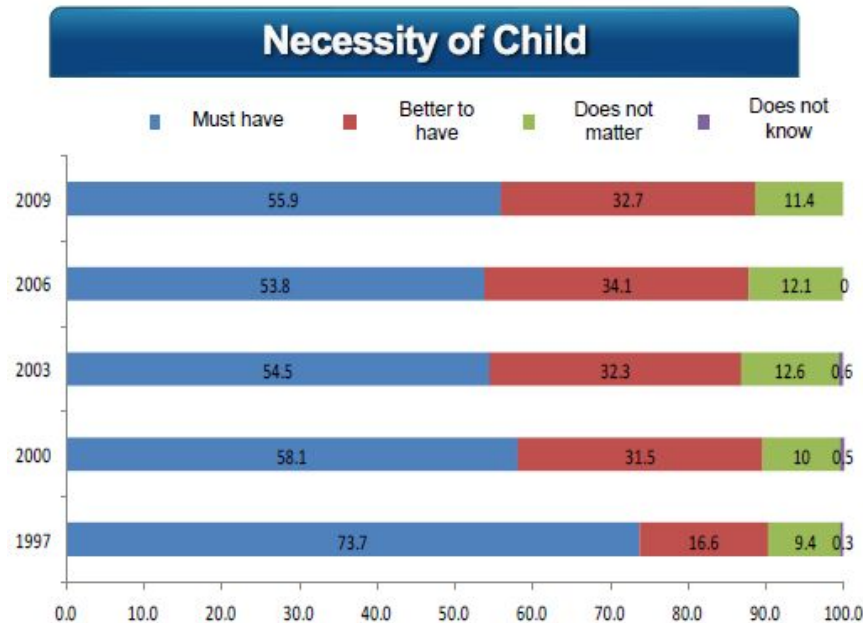
Lee, et al. (2009)

# Burden for Childrearing

- (1)The support by family members has been weaken along with increase in nuclear family.**
- (2)There has been a shortage of child related infrastructure.**
- (3)Reluctance of males' participation in childcare and housework**
  - House work per day: 42 min**  
**(compared with 3.1 hrs (Canada) & 3.3 hrs (New Zealand))**
  - Use of paternity leave: 2% of total childcare leaves**

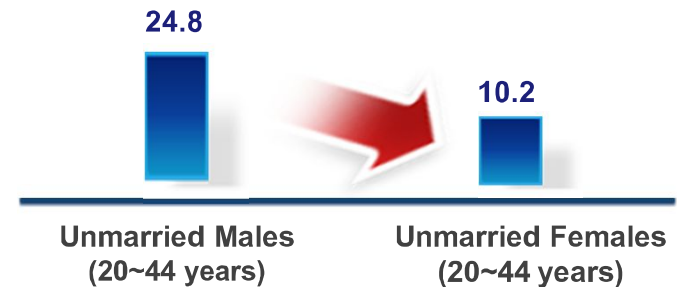


# Change in Values on Child



Source : KIHASA(2009)

## Proportion of Agreement Having Child is a Must

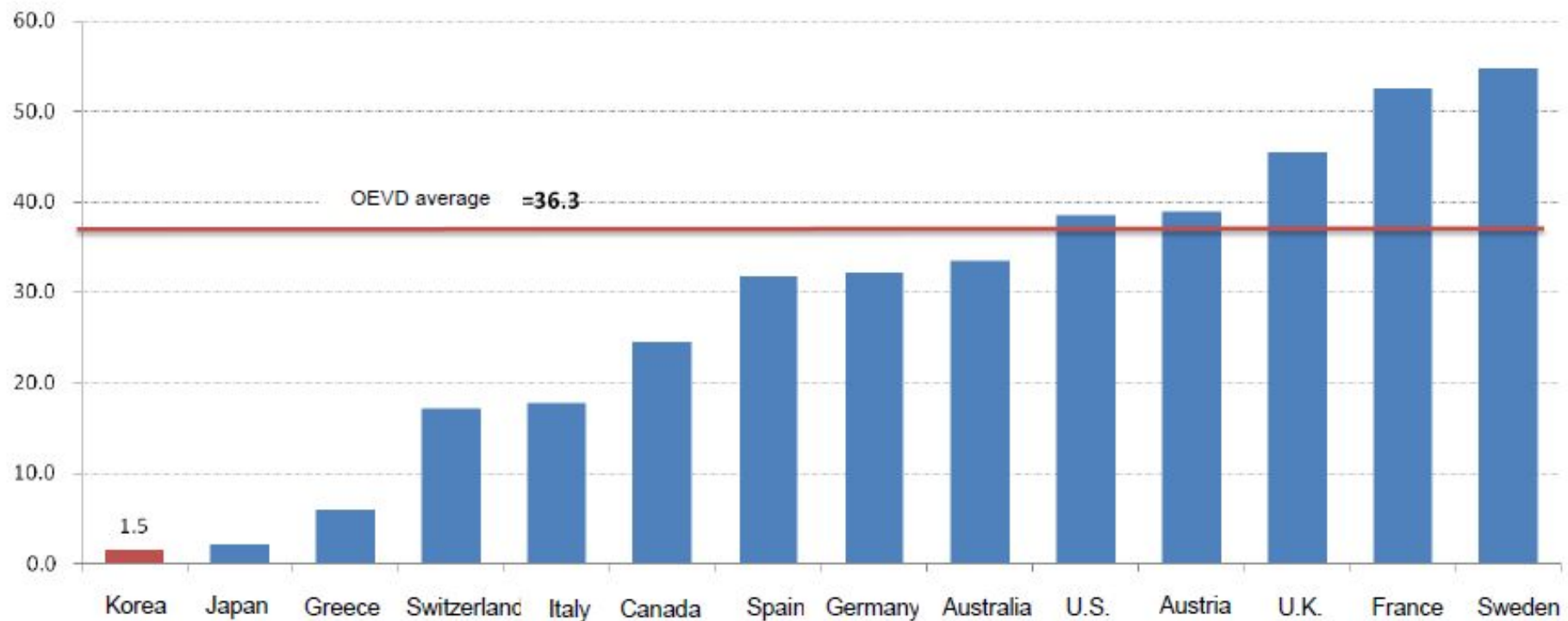


Increase the opportunity cost of child and the burden of childcare costs and thus, put more values on 'quality of child' than 'quantity of child'

# Cold Treatment in Unwed Childbearing

- About 2% of total births from unwed mothers
  - resulting in high prevalence in induced abortion

## Proportion of Unwed Childbirths(2008)



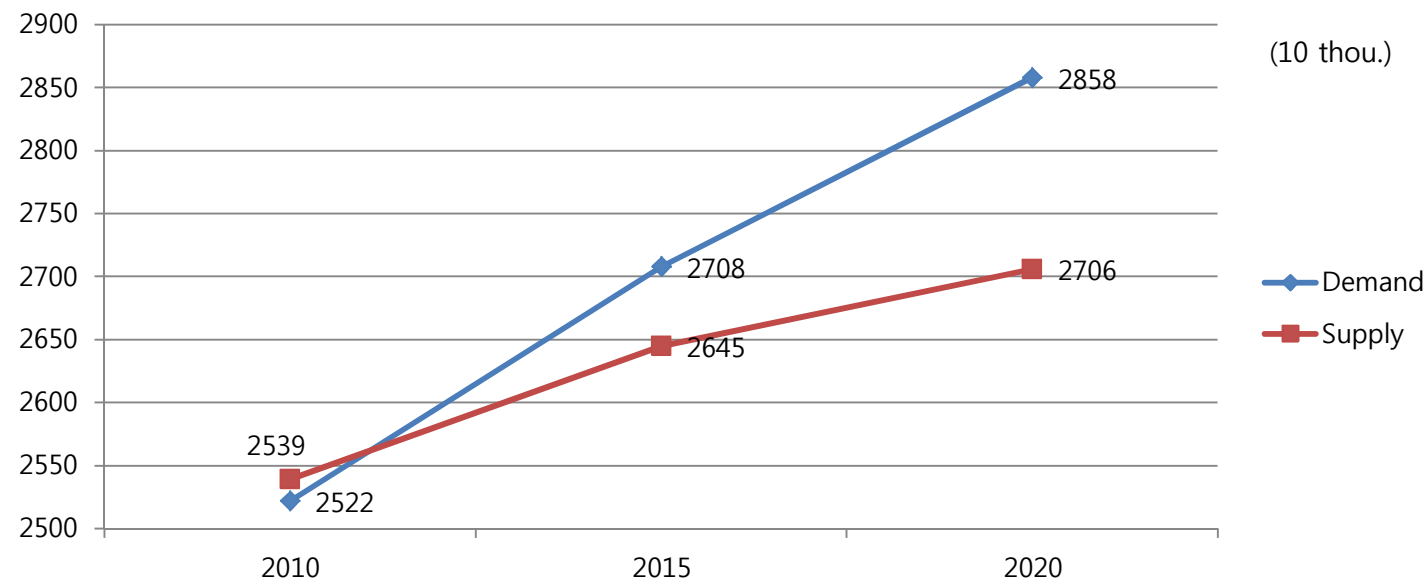
Source ; OECD family database



# **Impact of Low Fertility & Population Aging**

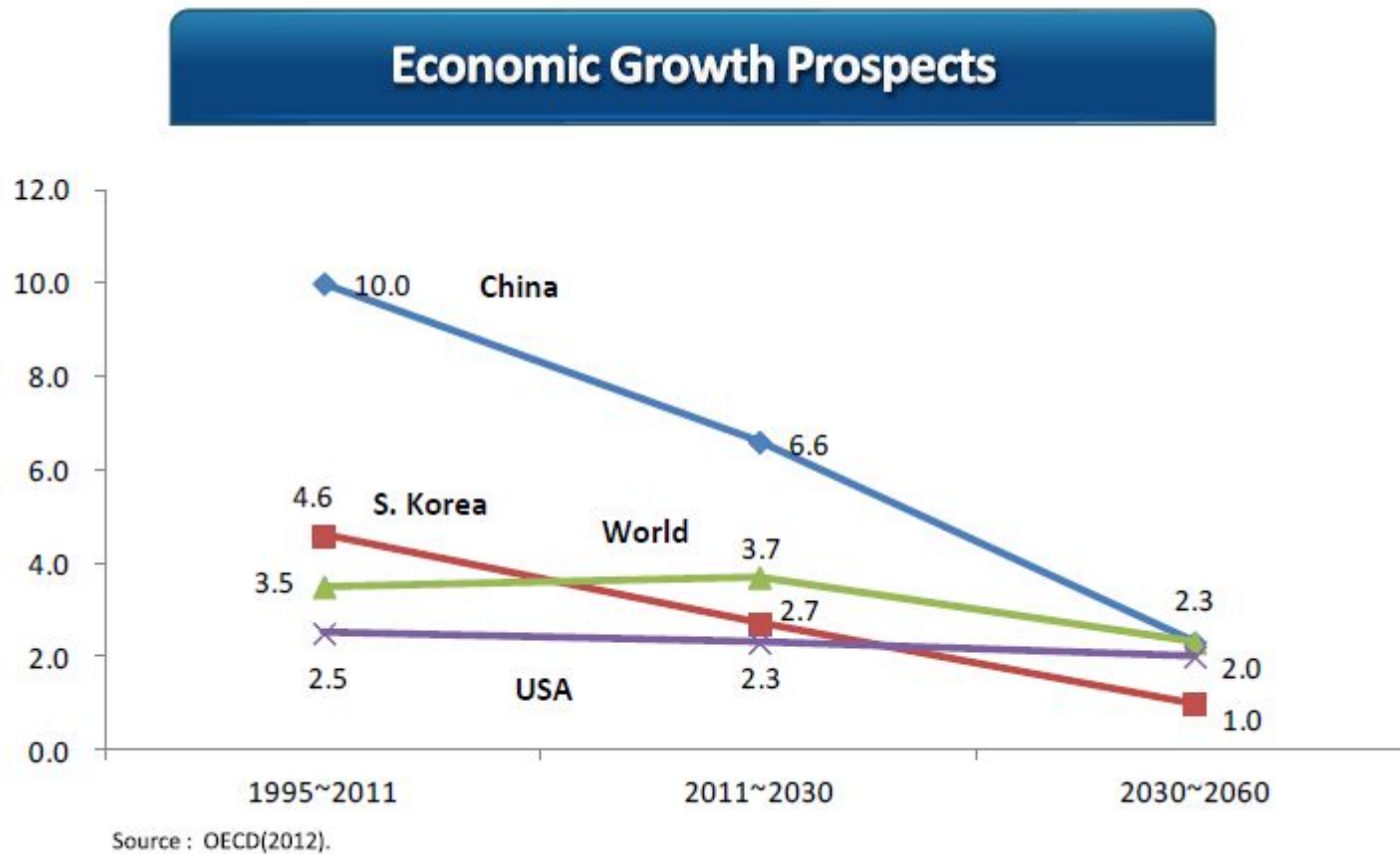
# Lack of Labor

Supply-Demand for Manpower



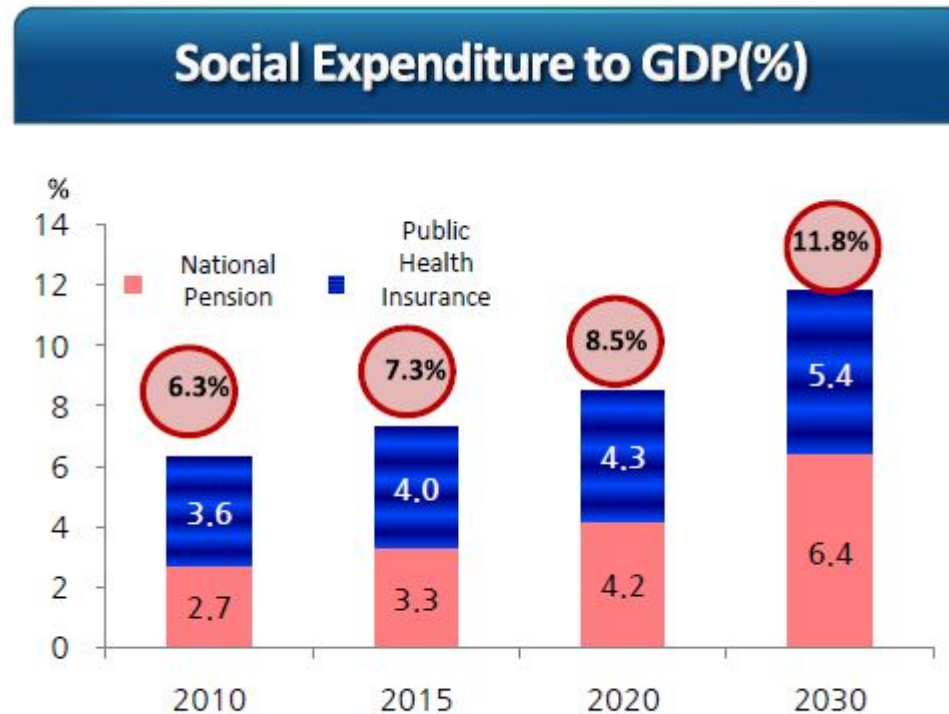
o Lack of labor: 630 thou.(2015) → 1,520 thou.(2020)

# Slow-down in Economic Growth



- 1.0% of economic growth rate during 2030~2060
  - due to decrease in new labor resulted from population aging

# Increase in Burden for Social Security



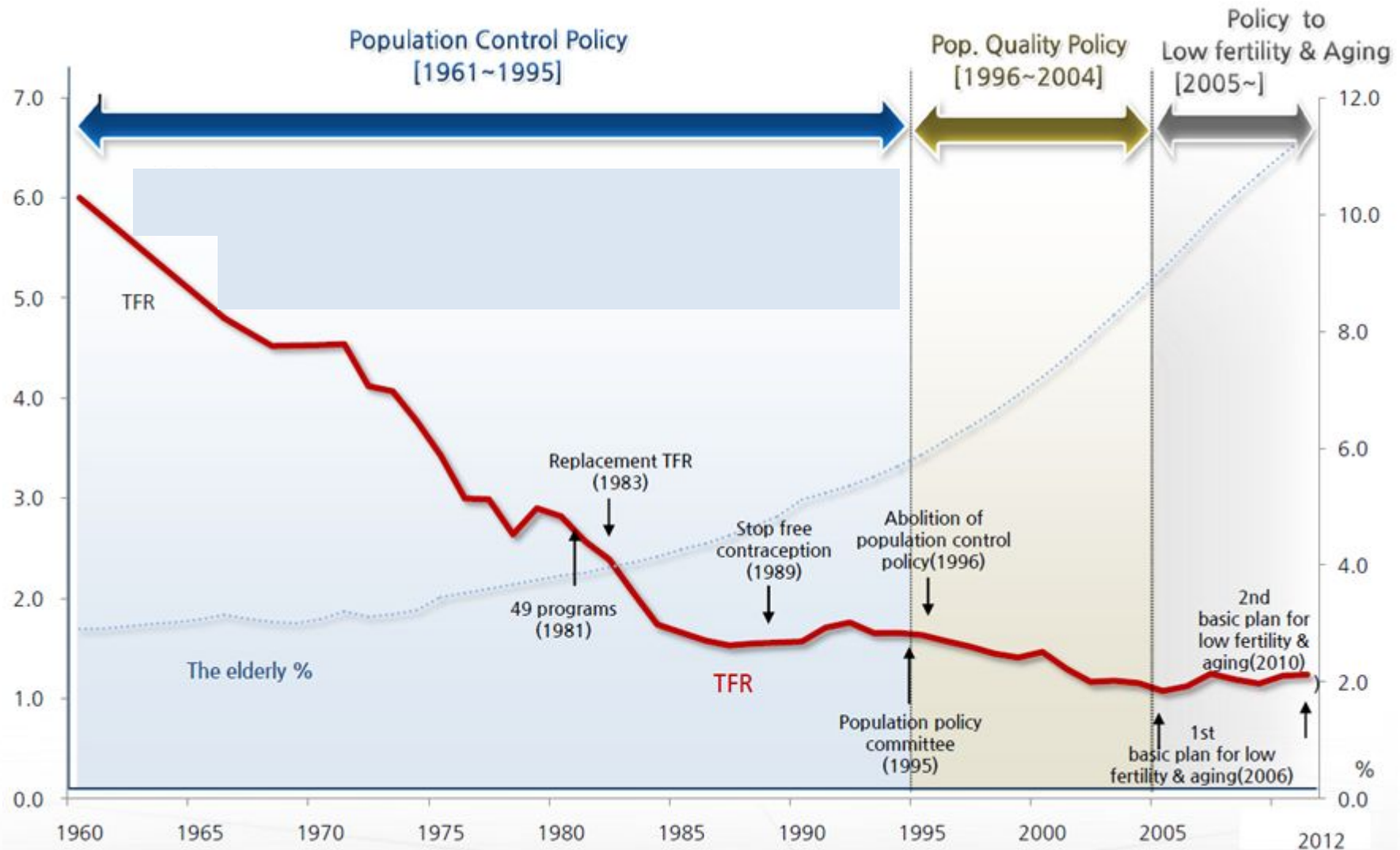
Source : KDI , 2006

- Dry-up of National Pension Fund by 2060
- Increase in deficit of Public Health Insurance
- Conflicts between generations



# **Policy Response: Saeromaji Plan**

# History of Population Policy in Korea





# Response to Low Fertility and Aging

- The Basic Law for Aging Society and Population Structure (2005)
- The 1st Plan for Aging Society and Population Structure (2006~2010)
- The 2nd Plan for Aging Society and Population Structure (2011~2015)

# Policy Response to Low Fertility and Aging

## The 2nd Plan for ageing society and population Structure

### VISION

To become an energetic advanced country by successfully responding to low fertility and aged society

### OBJECTIVE

Gradually restore the fertility rate, and establish a response system to the aged society Raise the fertility rate to the OECD average, and effectively address the aged society issue

### POLICY TASKS

#### Create childbirth and childcare-friendly environment

- Ensure the balance of work and family
- Alleviate the burden of marriage, childbirth, and childcare
- Ensure the sound environment for children and teenagers

#### Lay the groundwork for improving quality of life in the aged society

- Establish a response system to the aging of baby boomers
- Ensure stable and active later lives
- Create the age-friendly environment

#### Secure the growth engine and enhance policies area

- Lay the foundation for utilizing untapped human resources and enhance their competitiveness
- Improve socioeconomic policies in response to demographic changes
- Promote the senior-friendly industries

# Policy Response to Low Fertility and Aging

**(Low Fertility) Create childbirth and childcare-friendly environment**

**80 projects**

## **Ensure the balance of work and family**

- Improvement in childcare leave system
- Expansion of flexible work type
- Foster family friendly work environment

## **Alleviate the burden of marriage, childbirth, and childcare**

- Foster family formation conditions
- Expansion of support for pregnancy and childbirth
- Expansion of support for child-rearing
- Expansion of diverse and high quality childcare support infra

## **Ensure the sound environment for children & teenagers**

- Strengthen support for children in vulnerable environment
- Support for development in capability of the youth
- Establishment of protection system for the safety of the youth



# Policy Response to Low Fertility and Aging

(Population Aging) Lay the Groundwork for Improving the Quality of Life in the Aged Society

78 projects

## Establish a Response System to Baby Boomers Aging (36)

- Provide diverse employment opportunities
- Ensure a stable source of income
- Establish preventive medical care system to ensure healthy lives
- Build up old age planning service system

## Ensure Stable and Active Later Lives (30)

- Expand and systemize job-matching system for older persons
- Guarantee income expansion for elderly poverty
- Make medical security system Sustainable and rightsize medical expenditure
- Provide opportunity for divers social activities

## To Create the Age-friendly Environment (12)

- Create safe and convenient environment for older persons
- Consolidate human rights of older persons and Boost respect for older persons

# Policy Response to Low Fertility and Aging

**(Growth engine) Secure the growth engine and enhance policies area by area**

**80 projects**

**Lay foundation for Utilizing untapped Human resources & enhance their competitiveness**

- Foster women's economic participation
- Utilization of foreign manpower
- Establishment development system for virtuous cycle job capability
- Prevent labor losses from industrial disaster

**Improve socioeconomic policies in response to demographic change**

- Evolvement in educational system
- Response to change in housing and financial demand with aging
- Preparation for financial crises in future

**Promote the senior- friendly industries**

- Improvement in quality of goods and services to ensure competitiveness
- Activation of domestic and foreign market
- Establishment of food industry for the elderly

# Policy Implications

To make fertility rates converge to and long be maintained at the appropriate level, can be achieved not naturally but by continued social and policy efforts.

- Fertility behaviors are closely intertwined with overall socio-economic phenomena.
  - Efforts should first be made to bring about changes in the overall aspects of economy and society in fostering environments favorable to marriage, childbirth and child-rearing.
- Recognizing that the current low fertility is not a transitory phenomenon is not enough.
  - More importantly public interest and active responses are required to cure the symptoms unfavorable to the Korean families and individuals.