

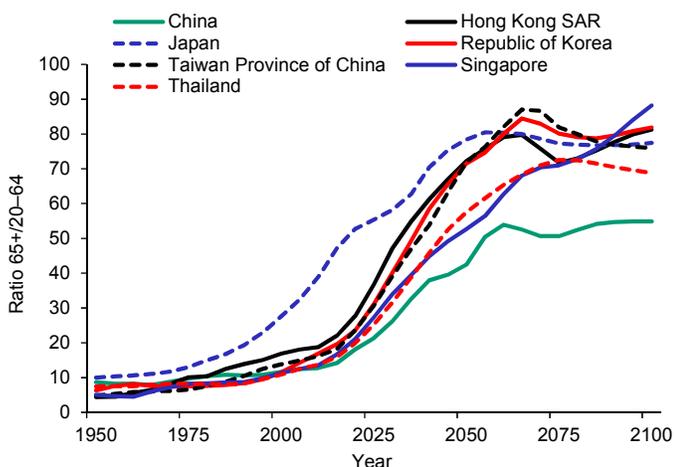
Can Hong Kong escape the “low-fertility trap”?

Policy Brief No. 8

At 1.13 births per woman, Hong Kong Special Administrative Region (SAR) of the People’s Republic of China has one of the lowest total fertility rates in the world. Given this low fertility, it is estimated that 26 per cent of Hong Kong SAR’s population will be aged 65 and above by 2040 — an extreme level of population ageing.

With marriage rates declining and a preponderance of families with one or no children, there is concern that the growing population of older persons will have no family members to provide care and financial support. In a society that emphasizes family responsibility for care of older persons with very little assistance from the government, these childless women and men could run into difficulties in securing support in later life unless they are able to set aside considerable personal savings.

Old-age dependency ratio of selected advanced Asian economies: Population 65+/20–64

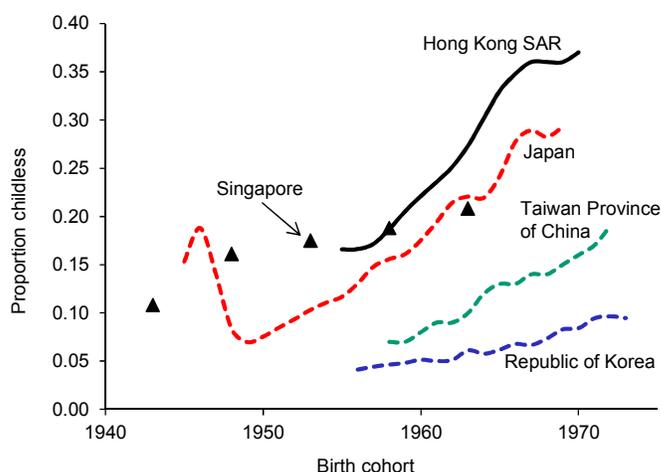


A retreat from marriage and motherhood

As in other advanced Asian economies, young women in Hong Kong SAR have made great strides in educational attainment and workforce participation. At the same time, women are marrying later, and growing numbers are not marrying at all. The proportion of never-married women at age 40–44 increased from 3 per cent in 1981 to 17 per cent in 2011. Given very low birth rates outside of marriage in Hong Kong SAR, there is a strong link between the increased prevalence of spinsterhood and childlessness. It has been

estimated that as many as 35 per cent of women born in the mid- to late-1960s will remain childless.

Proportion of childless women in Hong Kong SAR and selected countries, birth cohorts 1943–1973



One underlying reason for this retreat from marriage and motherhood appears to be the incompatibility between women’s economic and domestic roles. The roles of women in public sphere have been revolutionized in advanced Asian economies to the extent that in many areas younger women are better educated than men, thus increasing — and enhancing the quality of — female labour-force participation. Developments in the private sphere have been much slower and more resistant to change. Entry into a married relationship where the woman is still frequently responsible for housework and care of children, parents and parents-in-law is often unappealing. This so-called “incomplete gender revolution” is considered a key element in women’s increasing avoidance of the “marriage package”.

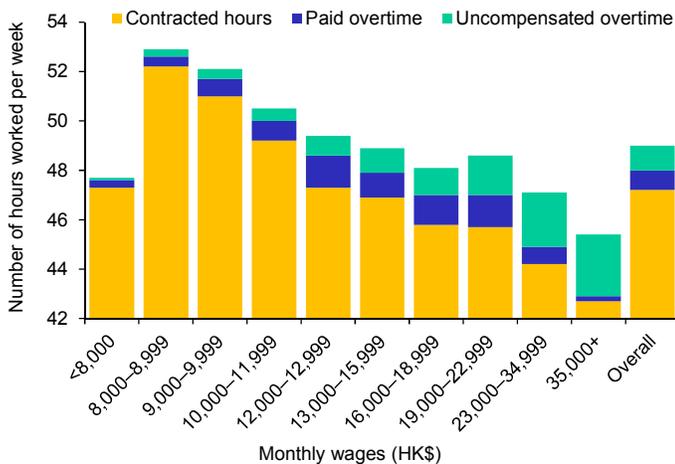
Practical obstacles to raising a family

In Hong Kong SAR, the costs of childcare and housing are often deemed prohibitive — especially if offset against a growing world of consumption opportunities. The extremely high expectations for children’s education are likely to be a key force in pushing down the number of children that people realistically assume they can raise. Private tutoring and “cram schools” are widespread and often expensive. In 2004, 47 per cent of school-age children received private tutoring at home or at educational institutions outside school hours.

A recent survey of 360 cities found that property in Hong Kong SAR was the most expensive in the world. In a survey of its residents, about one half of single respondents said they would delay marriage, and one half of married respondents said they would delay having children or have no children so they could boost their savings, primarily in order to purchase property. Hong Kong SAR also has some of the smallest housing in the world, no doubt adding to the difficulty of raising a family. Average new apartments are just 45 m², even smaller than in urban mainland China (60 m²) or Japan (95 m²).

Long working hours have also been cited as a drag on fertility. A 2011 survey found that full-time employees in Hong Kong SAR worked an average of 49 hours per week. Only 7 per cent worked part-time. Such an emphasis on full-time employment and long working hours can create tremendous pressure, particularly on women trying to combine work and child-rearing.

Average estimated total working hours of full-time employees by monthly wage, Hong Kong SAR, 2011



Limited potential for family-friendly policies

Long-time commitment of Hong Kong SAR to low rates of individual and corporate taxation means that funding for policies that may affect fertility is quite limited. A further limit on policy options is the overwhelming dominance of small and medium enterprises in the economy. This has the effect of increasing resistance to business taxes and preventing wide-scale, private-sector-driven, social policy initiatives.

Over the past decade, however, a number of policies have been introduced or extended that could be described as family friendly. The child allowance under salaries tax has been increased and extended to all families with children. Yet this is a tax deduction in a system already characterized by very low rates of personal income tax. About one third of all married couples in Hong Kong SAR are not eligible for the benefit at all, while for those who are eligible, the real cash saving is minimal.

A number of piecemeal family policies have also been initiated. In 2007, the government began providing direct subsidies for pre-primary education, and in 2008, senior

secondary education was made free for all students in public sector schools.

Such family-friendly policies have been characterized as a way to bridge the gap by helping couples achieve their desired fertility. An ever-increasing number of women, however, state a preference for zero or only one child. One 2007 survey found that only 2.4 per cent of women of reproductive age who already had one child planned to have another. This very narrow gap between fertility preferences and reality implies a limited scope for policy initiatives. Even the Hong Kong SAR government is pessimistic, projecting that by 2041 around one third of all women will not have married by the end of their childbearing years.

One special feature of fertility and population ageing in Hong Kong SAR is relative ease of migration from mainland China. To a certain degree, labour shortages in Hong Kong SAR can be met simply by relaxing the migration policy that allows workers to cross over from the mainland. The government is also making it easier for older persons to live on the mainland and still draw their state benefits, thus potentially “outsourcing” an element of care of older persons. Given the limited scope for policies to increase fertility and the strong commitment to low taxes that limits the generosity of government programmes, it is surely tempting for the Hong Kong SAR government to take advantage of its special status within the People’s Republic of China and implement these rather easier “solutions” to population ageing — namely through immigration and outsourcing care of older persons.

In order to reverse very low fertility in Hong Kong SAR, there would need to be broad social change supportive of children and parenting. Such a change may require a “bottom-up” revolution in the way that people of Hong Kong SAR see the relationship between family and work. While there is certainly evidence that some views are changing — for example views on gender roles among the younger generation — it is difficult to imagine that a seismic change in fertility will happen any time soon. It is even possible that it may never happen at all.

NOTES

This policy brief was prepared as background material for the United Nations Expert Group Meeting on Policy Responses to Low Fertility. It can be found online at <http://esa.un.org/PopPolicy/publications.aspx>. Queries can be sent to PopPolicy@un.org.

The brief is based on Stuart Basten (2015), *Understanding ultra-low fertility in Hong Kong*. In Ronald R. Rindfuss and Minja Kim Choe (Eds.), *Low and Lower Fertility: Variations across Developed Countries*. Springer.

The findings, interpretations and conclusions expressed herein are those of the authors and do not necessarily reflect the views of the United Nations or the East-West Center.

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