

The Dilemma of Low Fertility and Changes in Family Policies in South Korea

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Abstract

South Korea has long suffered from a low fertility. Sociologists attribute this to the conservative/liberal welfare regime. In response, South Korea has made drastic adjustments to its family policies, especially a rapid expansion of childcare services for children under three years of age. However, Korea's family policy has not been effective in stopping the decline in fertility. The reason for this is the complex socio-economic environment and cultural climate in Korea. To reverse the decline in fertility, Korea needs to adopt a more active family policy, accompanied by the necessary political, economic and cultural reforms.

Keywords

South Korea; Low Fertility Crisis; Welfare Regime; Family Policy.

1. Introduction

After World War II, the significant change in the world political and economic landscape was the rise of East Asian countries. Among them, South Korea's performance is particularly impressive. In just thirty years (1960-1990), South Korea developed from a poor and underdeveloped peripheral country to one of the top ten economies in the world, making it the only underdeveloped country to join the club of developed countries after World War II. On the other hand, South Korea's low fertility rate has also become a hot topic of international attention. In 2023, South Korea's total fertility rate was 0.78, the lowest in human history.

Sociologists tend to attribute low fertility rates to South Korea's unique welfare system. Goodman & Peng (1996) described East Asian countries, including South Korea, as family dependent welfare states, because families in these countries play a major role in providing social welfare services. Esping-Andersen (1999) defined East Asian welfare capitalism as a mixture of conservative and liberal welfare systems. Regarding its conservative aspect, it is usually emphasized that it originates from Confucianism. The Confucian ideology places great emphasis on the family role and gender division of labor in welfare provision, while the state is not assigned any responsibility in these affairs. Therefore, the welfare system in South Korea actually adopts a liberal non-interference policy. As a result, Korean women largely bear the cost of childbirth. In response to low birth rates, South Korea has made significant adjustments to its family policies.

2. The Dilemma of Low Fertility in South Korea

From the Japanese occupation era, World War II to the Korean War, South Korea experienced a long period of hardship. During this period, South Korea's population growth model belonged to the traditional high birth rate and high mortality rate model. Even in the 1960s,

the total fertility rate remained as high as 6.0. With the establishment of the Third Republic, the South Korean economy began to take off, and at the same time, South Korea experienced two reproductive transformations. One time was in the early 1980s, when the fertility rate dropped below the generational replacement level (2.1). Another time was after the Asian financial crisis, when the birth rate began to fall below the extremely low birth rate (1.5), South Korea fell into a low birth rate trap.

The first fertility transition in South Korea was mainly attributed to the decrease in the number of children born to married couples, while the second fertility transition was impacted by the phenomenon of non marriage/infertility. In 1985, 7.8% of Korean households had no children, and in 2000 this figure increased to 14.8%. Since the beginning of the new century, the marriage rate in South Korea has declined rapidly, with the gross marriage rate dropping from 9.2 in 1970 to 4.2 in 2020, which is close to the average level of OECD countries. However, unlike Western countries, Korean culture has a very negative attitude towards children born out of wedlock. In 2020, the proportion of newborns born out of wedlock in South Korea was only 2.5%, which is only higher than Japan's (2.4%) and far below the OECD average (41.9%). Therefore, non marriage and infertility in South Korea are basically equivalent.

The decline in fertility rates is a common phenomenon among OECD member countries. Unlike other member countries, South Korea's fertility rate is declining very rapidly. It took only 16 years (1983-1998) for South Korea to transition from a generational replacement level (2.1) to an extremely low fertility rate level (1.5). The 27 EU countries took an average of 21 years (1976-1996). Another characteristic is that over the long term, the fertility rate in South Korea has almost monotonically decreased. Although there is a short-term low hovering, there is no significant fluctuation. The current low birth rate has broken through historical population records and has become a major social crisis.

3. Changes in Family Policies in South Korea

The family policy in South Korea after World War II can be divided into three periods: the embryonic period, the developmental period, and the explosive period.

Phase 1: The Sprouts of Family Policy.

From the First Republic to the Fifth Republic in the 1980s, the welfare system in South Korea aimed to consolidate authoritarian rule and eliminate poverty and economic growth. As a result, social insurance began with soldiers (1950), police (1951), veterans (1961), and civil servants (1962); Continuing to cover the most organized working class (especially workers in large enterprises) (1953). The South Korean government successively promulgated important social insurance programs, including work injury insurance (1963), voluntary medical insurance (1963), and pension insurance (1973, 1983). During this period, a small number of child protection projects also emerged. The 1961 Child Welfare Act separated childcare facilities from orphanages and provided them to families in need, especially single mother families after the war. In 1982, the Preschool Children's Education Act was passed, and in 1981, the Amendment to the Child Welfare Act was passed. The government's child welfare policy shifted from focusing on children in need of protection to improving the well-being of all children.

Phase 2: Construction of Family Policy.

Under the conservative leadership (1988-1997), family policy was not given much attention. The government believes that increasing childcare services for children is best decided by the market. With the election of the first center left government (1998-2002), family policy gained political impetus. Paid maternity leave extended to 3 months; A 12 month parental leave plan has been introduced, which is available to all workers with children under the age

of 1, despite limited compensation. In addition, provide free childcare services for 5-year-old children from low-income families. The government has also relaxed regulations on private childcare institutions to increase the market's provision of childcare services.

Phase 3: Expansion of Family Policy.

During the second center left government (2003-2007), family policy experienced significant expansion. Between 2003 and 2006, the budget for childcare increased fourfold. The government provided "basic subsidies" (paying half of the private childcare fees for each child under two years old), and middle-class families benefited for the first time from the expansion of childcare services. The benefits of parental leave have gradually improved and become more flexible. Each parent can enjoy 12 months alone.

In 2007, conservative political parties continued to expand their family policy after winning the presidential election, expanding childcare benefits to every child under the age of 5 in low - and middle-income families. This reform replaces "basic subsidies" and provides child care benefits that range from 15% to 100% of the total cost of child care. The government has also provided childcare allowances to parents who have not used publicly subsidized childcare facilities to support their choices. These reforms have almost doubled the expenditure on childcare. In addition, the conservative government has transformed the flat rate parental leave program into income related benefits with a replacement rate of 40%.

After years of development, childcare services in South Korea have become very advanced. The enrollment rate of children aged 0-2 is only lower than that of the Netherlands and Luxembourg, but the fertility rate in South Korea continues to decline. From this, it can be concluded that the relatively effective expansion of childcare service supply in European countries is not entirely applicable to the governance of low fertility in South Korea, and there is a deviation in the direction of South Korea's family policy to stimulate fertility.

4. How to Improve the Fertility Rate in South Korea

So, how can we increase South Korea's fertility rate? Undoubtedly, there is a need for more generous and universal family policies, which is highly likely to mean that family policy expenditures will double to reach the level of Germany. However, can doubling cash payments prevent the decline in South Korea's fertility rate? The situation is not optimistic. The causes of low fertility in South Korea are much more complex than in European countries. For married families, their reproductive behavior is not significantly different from other OECD countries, and the proportion of having children is even higher. Therefore, the low fertility rate in South Korea is rooted in the unmarried youth. The main reasons why Korean youth refuse marriage and childbirth are not only common in post industrial societies, but also include fierce labor market competition, longer working hours, low happiness, education anxiety, high housing prices, and women's excessive efforts in the family. The above issues are not unique to South Korea, as they exist in the Confucian cultural circles of China, Japan, South Korea, Singapore, Hong Kong, Macao, and Taiwan. However, other countries or areas have more policy tools to choose from. Singapore, Hong Kong, Macao, and Taiwan can introduce immigrants from mainland China or Southeast Asia. China and Japan have much larger land area and population size than South Korea, larger economic size, and healthier economic structure. South Korea has fewer land and more people, extremely scarce natural resources, and an extremely high degree of economic extroversion; Although many industries are leading in the world, the space for industrial upgrading is limited under the pressure of old capitalist powers and China. These structural factors cannot be solved in the short term, nor can they be solved by ordinary family policies.

More importantly, even the goal of doubling cash benefit is difficult to achieve. Because the environment in which South Korea has developed from the primary stage of welfare state to

the mature stage is completely different from that of developed Western countries, the economic and social conditions it currently faces are extremely unfavorable. South Korea has already passed the period of rapid economic development and entered the so-called "New Normal" period of long-term low-speed development, making it difficult to achieve large-scale and stable fiscal fundraising. On the other hand, the core of the South Korean economic system is the chaebol, a large corporate group controlled by families. The chaebols represented by Samsung have deeply integrated into all aspects of Korean politics, economy, and social life. Throughout the history of human civilization, there is rarely a tax system that is not distorted for the benefit of the privileged. Even in recent decades, Western bureaucratic institutions have been unable to effectively tax their wealthiest citizens and organizations. Therefore, if South Korea wants to expand its family policy, it may involve more profound changes in the political, economic, and cultural fields.

5. Conclusion and Inspiration

Since the 1980s, South Korea has been struggling with a declining low birth rate. After the Asian financial crisis, South Korea's fertility rate fell into a poverty trap, becoming the country with the most severe fertility crisis in the world. In response, both the center left and right-wing governments advocate for active family policies. At present, South Korea has established a relatively complete family policy project, and childcare services are very developed. If we consider the generosity and universality of family welfare, South Korea has approached the average level of European welfare countries and is gradually distancing itself from the traditional East Asian welfare regimes. However, South Korea's fertility rate has not shown a significant rebound. The failure of family policies in South Korea may be related to incorrect policy direction. Unlike European and American countries, the main contradiction faced by low fertility in South Korea is not the difficulty of childcare for children, but the difficulty of marriage and the cost of education for children, which involves complex socio-economic and cultural reforms.

China has become one of the countries with the lowest fertility rates in the world. The gradual relaxation of population policies, from having only two children, having only two children in pairs, having two children in all, to having three children in all, has far less stimulation than expected for the rebound in fertility rates. At present, many provinces and cities have introduced family policies from Western countries, such as cash payments or parental leave. Due to the significant economic gap between China and developed countries, China's family policy cannot follow the path of Western welfare countries and can only choose more targeted policy tools. The reform experiment in South Korea will provide valuable lessons and reference value for the construction of Chinese style family policies.

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