China's Universal Second-Child Policy: Grounds, Effects and Strategies

Liu Jiaqiang, Tang Daisheng*

Abstract: The 13th Five-Year Plan (2016—2020), with the balanced development of population being the core element, is crucial for China. The superimposed effect of an aging population and low birthrate leading to a reduction in the labor supply would have a fundamental influence on the long term balanced development of China's population, implying that China's population policy must be adjusted. This paper argues that a gradual relaxation of the family-planning policy adjustments accords with the original intention of the population policy design and development direction. The universal second-child policy is the logical results of the adjustment and improvement of China's family-planning policy, and is designed to bring about positive effects on future demographic and economic development, particularly in sustaining the long term balanced development of China's population, easing the marriage squeeze, extending the demographic dividend, and delaying the population aging process. China needs to develop and improve support and governance systems for fully implementing the universal second-child policy, realizing the policy transition from rewarding one-child families to population security and the modern transition of governance systems and capacity to a universal second-child policy.

Keywords: universal second-child policy, fertility intention, policy effect, policy transition, governance transition

1. The adjustment basis of the universal second-child policy

Long term balanced development is inclusive of balances in multiple aspects, with population balance itself as the basis and core, which

* Liu Jiaqiang, professor, Southwestern University of Finance and Economics.
Tang Daisheng, professor, Beijing Jiaotong University.

depends on rational adjustments of the family planning policy. In 2015, the family planning policy of China was further adjusted and improved during the Fifth Plenary Session of the Eighteenth CPC Central Committee, by the proposal "Promote balanced growth of the population, adhere to the basic state policy of family planning, improve the population development strategy, fully implement the policy of allowing couples to have two children and actively cope with the challenge of an aging population." This was a far-sighted major strategic decision. China's family planning policy has been further adjusted to a "universal second-child policy," and it is mainly based on the followings considerations.

First, adjustment and improvement of the universal second-child policy adheres to the basic state policy of family planning. The fundamental reality of China's large population base has not radically changed. Population is still one of the key issues restricting the social and economic development of China. After more than thirty-years of practice, development and adjustments, the family planning policy has been gradually improved. It is in line with China's basic conditions, and is the result of practical application. The results of family planning should be evaluated in a fair way, and we cannot deny that it is scientific and correct. Planned birth control covers a wide range of policies ranging from the earliest one-child policy and the later family planning policy, selective second-child policy for only-child parents (couples who are both from one-child families can have two children), to selective second-child policy (couples with only one partner from a one-child family can have two children), executed in 2014, and now the universal second-child policy to be launched and executed soon. The state policy of family planning has been constantly adjusted and improved through the changes of national and social conditions.

Second, adjustment and improvement of the universal second-child policy is a new manifestation of the two production theories in the new period, which date back to the early 1980s. The theories reveal the characteristics and adaptive law of the interrelationships between material production and human production itself, explain the dialectical relationship between population and economy, and form the theoretical basis of our population policy and family planning work. During the 1980s, a series of problems were identified and highlighted; our enormous population, fertility unrestrained, and difficulties in production and life. Confronted with the contradiction of material production and human fertility, the one-child policy became the inevitable choice for family planning. In recent years, the superimposed population structure of the coexistence of declining fertility and an aging population leads to a reduced channel of labor, which would have a profound influence over the long-term balanced development of the Chinese population. Thus, mandatory adaptive adjustments of material production and human fertility should be made to the population policy. After a prudent investigation of the long-term cumulative effects of the family planning policy, a gradual adjustment has been made from the one-child policy to the universal second-child policy. It was the rational choice of historical practice and realistic demands.

Third, the gradually relaxed family planning policy and the adjustments conform to the original intention of policy design and development direction. The universal second-child policy is the logical result of the adjustment and improvement of our existing family planning policy. In 1980, after the Central Committee of the Communist Party of China issued *An Open Letter to All Communist Party Members and Communist Youth League Members on Control of Population Growth of Our Country*

(hereinafter referred to as *An Open Letter*), the one-child policy was successively implemented in the urban and rural areas of China (excluded some ethnic minorities and rural areas near the borders). In 1982, the CPC Central Committee and the State Council proposed that some people who did have difficulty and requested to have two children could have one more child in a planned way after approval, and in some provinces the selective second-child policy (couples who are both only-child children can have two children) was started and implemented in the rural areas. In 1984, the CPC Central Committee put forward that several more rules be considered and added based on the rule issued in 1982, and the selective second-child policy (couples who are both only-child children can have two children) was adopted and implemented. In 2013,duringthe Third Plenary Session of the 18th CPC Central Committee of the Communist Party of China, the selective second-child policy (a couple with only one-child partner can have two children) was put forward in *Decision of the CCCPC on Some Major Issues Concerning Comprehensively Deepening the Reform* (hereinafter referred to as *The Decision*) and in 2014 the selective second-child policy was launched and implemented. In 2015, during the Fifth Plenary Session of the 18th CPC Central Committee of the Communist Party of China, the universal second-child policy was put forward. This was a major measure to promote the long-term balanced development of the population at the strategic height of China's long-term development. The evolution of the family planning policy through series of adjustments and improvements is in line with the inherent law of population development of China, and it is also consistent with the scientific foresight and political commitment of *An Open Letter*: "After 30 years, when the current extremely tense population situation is alleviated, a different population policy can be adopted." A fertility level that is too high or too low is not conductive to the coordinated development of the population, economy, society, resources and environment. A gradual relaxation of family planning policy benefits the stability of China's moderate fertility level and slows alleviates the structural population problems created by a rapid decline in population after the population reaches its peak.

Fourth, the universal second-child policy is currently in line with the mainstream values and market orientation of society. Population security and family happiness have become the mainstream value orientation. The universal second-child policy has brought about greater room for fertility choice, and its implementation is conducive to the return of population policy to human nature and humanity. In 2013, during the Third Plenary Session of the 18th CPC Central Committee of the Communist Party of China, it was proposed in *The Decision* that "The market plays a decisive role in resource allocation." It conforms to "China's national conditions and people's opinions" to make adjustments to fertility policy through market-oriented measures like interest-oriented mechanisms in the framework of fertility control. Jiuquan City of Gansu Province, Yicheng County of Shanxi Province, Chengde City of Hebei Province and Enshi City of Hubei Province were pilot areas for the second-child policy in the middle of the 1980s, and the measures like late marriage and late childbirth as well as interval birth were adopted to control and adjust childbearing behaviors. In 2000 and 2010, the average total fertility rates in these four places, Jiuquan, Yicheng, Chengde and Enshi were 1.31 and 1.52 respectively, with 0.09 percentage points and 0.34 percentage points higher than the national levels (1.22 and 1.18 respectively in 2000 and 2011). With the universal second-child policy, there was only a relative and limited increase in the total fertility rates in the pilot areas.

2. The Effects of the Universal Second-Child Policy

2.1 Whether the universal second-child policy will lead to a short-term fertility accumulation effect

The accumulation of fertility puts forward a basic theoretical question of demography, namely due to the wider fertility policy adjustment, how a group of women of childbearing age give birth to a second child with an involuntary interval after the first child (Yao Yinmei, Li Fen, et al. 2014). There are two fertility patterns after the adjustment of the second-child policy, namely a slow release pattern and a burst release pattern. A slow release pattern refers to women who are relatively young and therefore extend the interval between their first and second child. A burst release pattern refers to women who are relatively older and therefore rush to give birth to a second child. When childbearing behavior turns to the burst release pattern from the normal pattern, it will have a significant impact on birth population size and fertility levels of a country or a region in the short term, thus forming a fertility accumulation effect. The younger the women of childbearing age who meet the requirements for the second-child policy, the lower the second-child fertility release rate in the first few years after the policy adjustment, and the closer it is to the normal second-child fertility pattern. In 2014, the selective second-child policy was launched and implemented in China (a couple with only one only-child partner can have two children), which was focused on comparatively young target population. The National Health and Family Planning Commission estimated that, in 2015, 77.8% of the population who met the requirements of the selective second-child policy were under the age of 35, with 69.2% born in the 1980s and 8.6% born in the 1990s. Moreover, this younger population has a lower economic level, so only 1.76 million couples nationwide had applied for the birth of a second baby by September 2015, accounting for merely 15.78% of the target group for selective second-child policy. As we can see, the fertility release pattern of the selective second-child policy is slow, and it is a natural and progressive fertility process.

The size of the universal second-child policy target population is bigger than that of the selective second-child policy target population. It has been estimated that 60% of the families of 152 million women of childbearing age ranging from 15 to 49 with only child in 2012 had the desire for a second child (Zhai Zhenwu, Zhang Ailing et al., 2014). That is, roughly 69 million families (with target groups of selective second-child policy) in the target group of the universal second-child policy were ready to have a second child, which would probably lead to fertility accumulation.

Moreover, the target group for the universal second-child policy is older women of childbearing age, with 60% above 35 years of age, including 50% between 40 and 49 (National Health and Family Planning Commission, 2015). Generally, the older the women of childbearing age who are in line with the adjustment of the family planning policy, the higher the fertility release rate of a second child in the first few years after the policy adjustment, the more inclined it is to the burst release pattern. It will increase the possibility of fertility accumulation after implementation of the universal second-child policy. However, there are still a number of other factors affecting the accumulation effect of the universal second-child policy. Accumulation release or accumulation effect refers to the childbearing behavior of couples of childbearing age who were not allowed to have second child because of the one-child policy, but can now give birth to a second child due to the implementation of the universal second-child policy.

First, multiple factors like childbearing concept and child-raising costs have caused Chinese families to become smaller, and children's potential growth and demand have changed significantly. The birth motivation reflects diverse needs, and its basic logic is that fertility is a means to meet certain needs. Since the rational "second-child" families face higher direct cost and opportunity cost of fertility as well as the gradually improved pension system, healthcare and service system for the elderly, there is a substitute for fertility demand, so China's total fertility rate has maintained a low level for a long period. After 1990, our total fertility rate has been lower than the replacement level. It was 1.22 and 1.18 respectively in 2000 and 2010 shown by population census data. It was 1.04, 1.26 and 1.24 respectively in 2011, 2012 and 2013 in the sample survey, much lower than the average world level and fertility replacement level of 2.5 and 2.1 respectively, and at an extremely low fertility level (Kohler, Billari, Ortega, 2002, 2006).① From the experience of Europe and the United States, a total fertility rate of 1.5 is a highly sensitive warning line. If it is below 1.5, it is possible to fall into the low fertility trap. At the same time, there is a big gap between fertility desires and actual fertility rates. The figures of the Organization for Economic Co-operation and Development (OECD) showed that the average total fertility rate of twenty-four countries is only 63.5% of the ideal number of children. At present, the average ideal number of children of our country is 1.6–1.8 (Hou Jiawei, Huang Silin et al., 2014), which is one of the lowest in the world. The concept of fewer births has formed with the superimposed effect of the rapid modernization and long-term implementation of the "one-child" family planning policy of our country. In addition, increased costs and the reverse of intergenerational wealth flow (wealth flows from the elder generation to the younger generation) jointly lead to a diminishing marginal effect, and the number preference of children has been replaced by a quality preference. The difficulty of encouraging fertility may even be greater than that of Taiwan China, South Korea, Europe and the United States. As a result, the actual fertility rate will gradually become lower.

Second, the population of women of childbearing age continues to shrink and becomes aged. Even if the universal second-child policy is implemented, this factor will weaken the fertility accumulation effect. Since 2012, there has been negative growth of women of childbearing age in the range from 15 to 49 and the women of golden childbearing age in the range from 20 to 29 (presently, 2/3 of all children were born by women in this childbearing age range). The total number of women of childbearing age will decrease from 383 million in 2011 to 293 million in 2030, while that of women in the golden childbearing age range will decrease from a peak of 114 million in 2011 to 65 million in 2032 (under the condition that the total fertility rate stays the same). According to further calculations, most of the target groups for the universal second-child policy are older women of childbearing age. Around 60% of eligible women for the universal second-child policy are above the age of 35, including 50% of women at the age from 40 to 49. Since there is a decline in the number of women of childbearing age and the older childbearing age, it will be difficult to witness a sharp increase in the new born population or a large fluctuation of the fertility accumulation effect, even in the framework of the universal second-child policy.

Due to the larger target population of the universal second-child policy and older women of

① According to research of low fertility rate of Europe by Kohler, Billari and Ortega (2002,2006), with the dividing line of total fertility rate of 1.3, the level below 1.3 (1.3 included) is regarded as extremely low. TFR below 1.5 is regarded as "quite low fertility rate" in accordance with international standard.

childbearing age, the release fertility pattern of the universal second-child policy will, to some extent, deviate from the normal pattern, and tend toward the burst release pattern, and the release fertility rate of two children will be relatively high in the short term. However, owing to the offsetting effects of factors like the formation of a new type of fertility concept, reduction in the number of women of childbearing age, and aging, the short-term fertility accumulation effect of the universal second-child policy will be weakened to a certain extent. The universal second-child policy will only enhance the fertility rate of women of childbearing age to a certain degree, and will not change the basic situation of a long-term total fertility rate lower than the replacement level of our country.

2.2 Whether the universal second-child policy will reduce sex ratios at birth and ease the pressure on the future marriage market of China

Sex ratio at birth is an important index to analyze and measure population structure, and the normal range of sex ratio at birth is 102–107 determined by the United Nations. Long-term deviation from the normal range will affect the sex ratio structure of adult populations, particularly populations of marriageable age, and further affect the balance of future marriage. The higher sex ratio at birth in the recent thirty years of China has caused widespread concern. In 1980, the sex ratio at birth of China was as high as 107.11, exceeding the upper limit of the normal range. It was 108.5, 111.3, 116.86 and 118.06 respectively in 1982, 1990, 2000 and 2010. In 2013 the sex ratio at birth was still up to 117.6 before the launch and implementation of the selective second-child policy. In 2010, it was pointed out in the *Social Blue Book of China's Society* launched by the Chinese Academy of Social Sciences that there was a severe imbalance in the sex ratio of the population under the age of 19. In 2020, there will be 24 million more males than females of marriageable age, with 49 million males aged 24 to 28, and only 39 million females between 22 to 26, and the gap between the two will reach 10 million (Yao Meixiong, 2015). The male population of marriageable age will have difficulty in getting married, which will be a severe social problem. The long-term deviation in sex ratio at birth from the normal range will create a great deal of pressure for the population of marriageable age.

In recent years, scholars in the academic circle have different or even conflicting views on how the gradually relaxed family planning policy will affect sex ratio at birth. The mainstream view is that a more flexible family planning policy can lead to a return of sex ratio at birth to the normal range. Li Jianxin (2009) and Wang Jun (2013) believe that a moderate relaxation of family planning policy can ease the intensified condition of sex ratio at birth caused by strict birth control policy, and can bring sex ratio at birth to the normal range to a certain degree. Zhai Zhenwu and Li Long (2014) hold that a comparatively strict family planning policy leads to a higher sex ratio at birth to some extent, and adjustment of family planning policy will bring about a decline in the ratio. Empirical data have confirmed this view as well. The year 2014 was the first year after the implementation of the selective second-child policy (one-child couple can have two children)" in China. The national sex ratio at birth was 115.88, with a decrease of 1.72 than that in 2013, suggesting a significant decline in sex ratio at birth. As a pilot area of universal second-child policy, Yicheng City of Shanxi Province had a sex ratio at birth of 103 for population aged from 0 to 4 in the years of 2000 and 2010, maintaining in the normal range for a long period. It indicates that second-child policy has met the fertility desire of the families, and helped policy goal and fertility desire reach a comparatively ideal state, and weakened the fertility culture, namely Chinese preference for boys, and reduced human intervention in

childbearing behaviors. With the implementation of universal second-child policy, sex ratio at birth will return to the normal range. In the long run, it will be conductive to easing the pressure on marriage market, and reducing the adverse effect of male surplus population on social public security caused by sex ratio imbalance to a greater extent.

2.3 Whether universal second-child policy can increase labor supply and extend the harvest period of demographic dividend

A continuous supply of labor and surplus rural labor transfers have driven China's rapid economic growth in the past few decades. In 2001, China's GDP per capita was over 1,000 US dollars, and its economy broke through the poverty trap (Malthus Trap). In 2010, China's GDP per capita reached 4,382 US dollars. China joined the upper middle income group, and its large population turned into demographic dividend (China Economic Growth and Macroeconomic Stability Research Group, 2007). But in 2012, there was a decline in working-age population group from 15 to 59 for the first time, 3.45 million fewer than that of 2011 and labor force accounted for 69.2%, 0.60 percentage points lower than that of 2011. It suggests that "an inflection point" has appeared, and the labor force has started to decrease after a gradual increase over years. If the universal second-child policy is implemented, how much impact will it exert on labor supply of our country? To what extent can it extend the harvest period of demographic dividend? We will discuss the possible impact of the universal second-child policy on our future labor supply and the harvest of demographic dividend from the following aspects.

First, the universal second-child policy will produce growth effect to China's labor supply.

(1)The fertility desire of universal second-child policy families. Fertility desire is one of the core variables that predict the effect of the universal second-child policy on the actual fertility level. In 2011 the survey on fertility desire of Beijing conducted by Center for Population and Development Studies, Renmin University of China, suggested that if allowed by policy, 62.1% of the one-child couples, who had given birth to one child and were aged from 20 to 40, had the desire to have one more child, with the average ideal number of 1.81 (Jin Yongai, 2014). In 2013, the National Health and Family Planning Commission conducted a survey on fertility desire of permanent population who had given birth to one child and were aged from 20 to 44 in twenty-nine provinces, cities and areas (excluding Tibet and Xinjiang), and found out that 60.8% of the one-child couples had the desire to have one more child with the average ideal number of 1.93. The analysis of tracking data of studies on "Fertility Desire and Childbearing Behaviors" of 2010 suggested that there was no significant difference in the number of children of different policy groups. (Li Jianxin & Li Na, 2012). Therefore, if the universal second-child policy is implemented in China, the fertility desire of the target group should be basically consistent with that of the policy allowing couples to have a second child if either parent was an only child, which is approximately 60% with the average ideal number of 1.8. Moreover, the fertility rate of women of childbearing age increased from 3% twenty years ago to 12.5% in 2010, and therefore, the proportion of target group of universal second-child policy who have fertility desire and fertility ability has become 52.5% after the policy adjustment.

(2) The gap between fertility desire and actual fertility rate. The total fertility rate was merely 58% of the ideal number of children in Taiwan China from 1998 to 2008. The total fertility rate was 51% to 57% of the ideal number of children in Japan from 1992 to 2010. The average total fertility rate of 24 countries of the Organization for Economic Cooperation and Development (OECD) was 63.5% of the ideal number of children. The variation law

reflected in this data was consistent with that of fertility desire and childbearing behaviors in the process of fertility changes (When the fertility rate is low, the actual fertility level is often lower than the ideal number of children) proposed by John Bongaarts (2001). The total fertility rate of Taiwan, Japan and OECD is comparatively low, so the actual fertility level in these countries or regions is far below the ideal number of children. It can be calculated that the actual fertility rate of women of childbearing age is roughly equivalent to 60% of fertility desire (as an alternative variable of the ideal number of children), based on the change rules and data of fertility desire and childbearing behaviors. So it is concluded that about 31.5% of the target group, who have given birth to one child and have the desire to have one more in China, will achieve their fertility goal.

(3)The number of women of childbearing age who have given birth to one child and have the desire for a second child and the number of new-born babies under the universal second-child policy. 152 million women of childbearing age, from 15 to 49, who have only one child are ready to have a second child, and 60% of these families have the desire to have a second child. About 90 million women of childbearing age are in compliance with the universal second-child policy and are ready to have their second child. There are approximately 69 million women of childbearing age in compliance with the universal second-child policy, after a deduction of around 10 million in the target population in compliance with the selective second-child policy (both partners are from one-child family and can have two children) and more than 11 million in the target population in compliance with the selective second-child policy (only one partner is from an one-child family and can have two children). Calculated by the actual fertility rate of 31.5%, there will be an increase of approximately 21.73 million more births in the future under the universal second-child policy." Assume that the target group of universal second-child policy would gradually give birth to two babies within six years after the relaxation of the policy, and the proportion of women of childbearing age who give birth to one more baby would be 1.5, 3, 2.5, 1.5, 1.0, and 0.5, should the universal second-child policy be implemented in 2016, there would be 3.26 million, 6.52 million, 5.43 million, 3.26 million, 2.17 million, and 1.09 million newly increased population respectively from 2016 to 2021. Starting from 2031, the newly increased population under the "universal second-child policy" will gradually enter the labor force. Considering that 60% of the target population of the universal second-child policy are over 35 years of age, and 50% of the population aged from 40 to 49 have passed their golden fertility age, therefore, there would be a decrease in the actual birth population under the universal second-child policy.

At present, there is an apparent momentum toward a low birthrate① in our country. In 2010 the proportion of the population aged 0—14 was merely 16.6%, far below the world average of 27%. The implementation of the universal second-child policy is one of the most important means to adjust the future population structure and realize a reasonable supply of labor. In the short to medium term, China's labor supply is consistent with the level of the original policy, but the newly increased population under the universal second-child policy will have a positive effect, to a certain extent, from the consumer perspective on China's economic growth. In the long term, the newly increased population under the universal second-child policy will enter the labor force in 15 years. This policy will have an

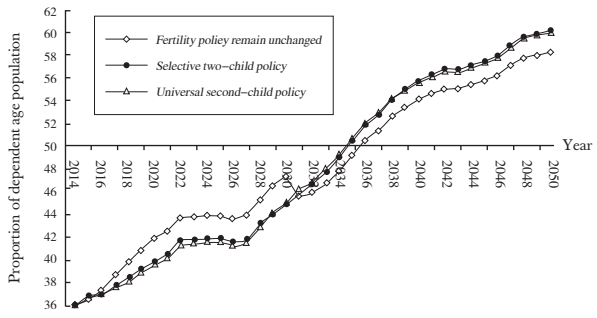
① According to demographic criteria, a society with a proportion of 15% to 18% population aged from 0 to 14 is regarded as "severely low birthrate".

influence on China's labor supply level after 2031, and will contribute approximately 2.6 percentage points to our labor force around 2037, bringing positive effects to the economic growth from both producer and consumer sides. The National Health and Family Planning Commission (2015) estimated that the policy would contribute around 0.5% to the potential economic growth rate.

Second, the universal second-child policy can extend demographic dividends to the harvest period.

The demographic dividend in the traditional sense refers to a lower rate of both child and elderly dependency, as there will be an increase in the proportion of the working-age population, thus forming a comparatively rich golden period beneficial to economic development before the elderly population reach a high level. If the total dependency rate is taken as the judging criterion, it is the demographic dividend period when the total dependency rate (subordinate-age population) is less than 50% (the sum of children under 14 and elderly people aged 65 and above divided by the working-age population aged 15 to 64).

Figure 1 Trends in the Demographic Dividend Under Three Different Fertility Policies in China



Note: ① The fifth census data (2000), the sixth census data (2010); ② it is assumed that under the policy "Couples with one partner from an only-child family can have two children," women of childbearing age gradually give birth to two children within 8 years of policy relaxation, and the proportion of women who give birth to one more baby is 1.3, 1.5, 2, 2, 1.5, 0.7, 0.5 and 0.5 respectively; ③ it is assumed that under the universal second-child policy, women of childbearing age gradually give birth to two children within 6 years of policy relaxation, and the proportion of women who give birth to one more baby is 1.5, 3, 2.5, 1.5, 1.0, and 0.5 respectively; ④ it is assumed that the females in the newly increased population under the universal second-child policy get married at the age of 20 and give birth to two babies without a fertility interval; ⑤ it is assumed that there is no mortality in the newly born population. ⑥ only the forecast data from 2014 to 2050 are listed in the figure with forecast data before 2014 omitted.

The following conclusions can be drawn from Figure 1:

First, if the fertility policy remained unchanged, the total fertility rate would decline from 1.74 in 2000 to 1.45 in 2020, and it would remain between 1.2 and 1.3 in the following years. Under the framework of this fertility policy, the demographic dividend would not stop until 2034; the total dependency coefficient would reach 50.62% and demographic dividend would end in 2035.

Second, demographic dividend period under the selective second-child policy (couples with one partner from an only-child family can have two children) will be expected to continue until 2034, which is basically consistent with the end of the demographic dividend period with the fertility policy unchanged. Before 2029, the total dependency ratio is slightly higher under the policy "couples with one partner from only-child family can have two children" than that with the unchanged fertility policy as a result of the released accumulative fertility energy. After 2029, as the newly increased population under the policy "couples with one partner from only-child family can have two children" gradually become new entrants to the labor

market, the total dependency coefficient is slightly lower than that with the unchanged fertility policy. This shows that the policy "couples with one partner from one-child family can have two children" does not have a significant impact on the demographic dividend.

Third, the demographic dividend of the universal second-child policy will continue until 2035, and there will be a one year delay in the closing of the demographic dividend window of the unchanged fertility policy and the selective two-child policy. Before 2031, as the released accumulative fertility of the universal second-child policy, the total dependency coefficient under the universal second-child policy is higher than that of the unchanged one-child policy and the selective second-child policy. After 2031, as the newly increased population under the universal second-child policy gradually become new entrants into the labor market, the total dependency coefficient is slightly lower than that of the unchanged fertility policy, and the selective second-child policy, and the annual dependency coefficient under the universal second-child policy is 1-2 percentage points lower than that of the unchanged one-child policy and the selective second-child policy.

2.4 Whether the universal second-child policy will help to alleviate the problem of the aging population, and delay the process of an aging society

The aging of the population as well as its changes in degree and speed are the most striking features of population structure changes, and have raised concerns about the demographic dividend and its disappearance (Cai Fang, 2009). The most direct impact of the aging of the population is on the formulation of social policy and future developments like pensions, social security and welfare (Hu Naijun & Yang Yansui, 2012). China entered an aging society as early as 2000.[①] In 2010, the elderly population at the age of 65 and above reached 119 million. At the same time, there were 178 million elderly population at the age of 60 and above. China is the only country with more than 100 million elderly population. In 2014, the elderly population at the age of 60 and above was 212 million, accounting for 15.5% of the total population and the elderly population at the age of 65 and above was 138 million, accounting for 10.1% of the total. According to the program of the United Nations Population Forecast (total dependency ratio 1.8), China's elderly population at the age of 60 and above will reach a peak of 439 million in 2050, accounting for 31.1% of the total population, and therefore, China will enter a severely aging society. Because of the accelerating elderly population, China is faced with a more prominent problem of an elderly population. In 2010, the elderly population at the age of 80 and above reached 20.63 million, accounting for 11.7% of the elderly population. In 2050, the senior elderly population will exceed 100 million in China. The coexistence of these two factors, namely aging and declining birthrates, has brought about new problems, arising in the process of an aging society with the superimposed effect of labor's entry to a reducing channel.

First, the potential support ratio[②] is continuing to decline because of a decrease in the working age population and a sharp increase in the elderly population. From 1950 to 2010, China's potential support ratio decreased from 7.72 to 5.54, and will fall to 1.55 in 2050. China's internal structure of labor will be aging, the size and proportion of the working age population aged 15 to 24 and

① A proportion of 10% population aged 60 and above or a proportion of 7% population aged 65 are taken as criteria of an aging country or region.
② Potential support ratio refers to ratio of one elderly person aged 60 and above to the number of working age population aged from 15 to 59.

the population aged 25 to 44 will rapidly decline before 2035, and the proportion of the working age population aged 45 to 64 will reach a peak of 46% in 2040 (Yuan Xin, 2012).

Second, the "4-2-1" family structure (4 refers to four grandparents, 2 refers to two parents and 1 refers to the only child) affects the support of the elderly population. *China Family Development Report* (2015) indicated that empty nest families in the urban and rural areas accounted for more than 50% of the total families, the elderly population living alone accounted for nearly 10% of the total elderly population, and the elderly people living only with their spouses accounted for 41.9% of the total elderly population. In 2009, 18.9% of the elderly population were disabled or semi-disabled. Our social security and pension service systems are still being constructed and improved, a series of problems like pensions, medical care, and long-term care of the elderly population are testing the intergenerational stability of our families.

Third, "getting old before getting rich" and "not ready to get old" are the basic facts and marked features of our aging society. At present, the social policy and social governance in the aspects of pensions, health care, long-term care and public resources allocation are in the above state. The *China Family Development Report of 2015* suggested that 28.9% of the urban elderly population would not have difficulty in living after retirement, while it was only 15.9% in the rural areas. A lower proportion of the elderly population accepted social pension services and they mainly relied on themselves and their family members for daily life; the allocation of health care resources was in a non-equilibrium state between regions and groups, and there is a great demand for social services.

If the selective second-child policy implemented in 2014 remains unchanged, the stock size of the one-child population of our country will continue to increase, and may reach 303.22 million in 2050. Compared with the policy "Only one child for one couple," the only-child population will decrease by 45.27 million (Yao Yinmei, Li Fen et al., 2015). After the universal second-child policy is implemented, the target group and newly increased population will be larger than that of the selective second-child policy, and the shrinking effect of the only-child population in the future will be further expanded. It means that as there are fewer and fewer only-child families, family risk and social risk derived from the "family bereft of the only child" and the "family of only one disabled child" and the "empty nest family" will be reduced to a certain extent. Such a decrease is also conductive to building a harmonious family to cope with future pension problems. The implementation of the universal second-child policy will make a certain contribution to delaying the aging process of our society. It is estimated that the aged in the population will be around 30.16% in 2050 (the newly increased population of two generations of universal second-child policy is included in the total population), 1 percentage point lower than that of the program of the United Nations Population Forecast. The newly increased population under the universal second-child policy will reduce the proportion of the elderly to a certain extent, and relieve the pressure of the future pension system in China. Without doubt, faced with a 439 million elderly population at the age above 60 including more than 100 million senior elderly people in 2050, the universal second-child policy will only finitely delay the deeply aging process of our country and will not fundamentally change this process.

3. The implementation strategies of the universal second-child policy

With the more relaxed universal second-child policy, policy support systems and fertility

governance systems of a new fertility pattern should be accelerated.

First, relevant laws and regulations and fertility policy systems should be further adjusted, to improve policy support systems and fertility governance systems of a new fertility pattern. Through revisions and improvements of *Population and Family Planning Law of the People's Republic of China*, the universal second-child policy is to be implemented according to *the Law*. In the framework of legal thinking and legal methods, theory innovation, system innovation and value innovation are required for the population policy of our country, and the fertility policy system should transform to adjustments of the structural population issues. The new and major issues affecting the structural problems of our country should be timely included in the fertility policy system, like birth interval elasticity, regional population differences, definition of reward supported target groups, neonatal defect prevention and so on, to shape the institutional advantages of population policy with Chinese characteristics. After the start-up and implementation of the universal second-child policy, policy support systems should transform from the original fewer-childbirth reward to population security. Fertility in compliance with policy will be encouraged. Care and policy support will be provided to families giving birth to two children in compliance with policy. Through hierarchical governance and multi-attribute governance, an overall solution should be provided to the effective connection, coordination and supporting measures of family inclusive policy, social assistance mechanisms and benefit guiding mechanisms for family planning. This is the important direction of the adjustment and transformation of support systems and governance systems of family planning policy in the future.

Second, the continuity of our fertility policy should be maintained in terms of fertility policy methods, and the risks derived from the fertility policy should be avoided. Based on the core value of "keeping control over population growth, improving population quality and promoting the all-round development of people," reasonable adjustments should be made to the current fertility policy, to achieve effective connections between the adjustments of the fertility policy and to maintain the seriousness and continuity of our fertility policy. To advance the modernization of our fertility governance systems and governance ability, the relevant departments should implement "the five in place" to avoid possible social risks. First, adjustment of detailed rules and regulations should be in place. After the universal second-child policy is introduced, rules and regulations for the implementation of policy should be in place as soon as possible, and the connection methods of the universal second-child policy as well as its support systems should be formulated for the convenience of policy interpretation and concrete work execution. Second, policy delivery should be in place. The accurate connotation of the universal second-child policy should be understood, namely "a relaxed policy" does not equal "ease at work." Ideas and methods of family planning should be timely adjusted to help the target group understand that the universal second-child policy is a long-term adjustment, and to avoid short-term fertility accumulation effects caused by "hurried fertility." Third, technical support should be in place. Through technology platform development, the construction of basic information databases of population should be further improved, and information sharing of marriage, fertility, household registration, population flow, etc. should be achieved. Based on large databases, the impact assessment mechanism of major social and economic policies should be established to provide basic conditions for fertility governance. Fourth,

implementation and supervision should be in place. The new connotation of the times should be given to our family planning policy, and the border and bottom line of the implementation and supervision should be clear and definite for the universal second-child policy, realizing the combination of rigid law enforcement and soft guidance. Fifth, target and responsibility should be in place. Party and government leaders at all levels should personally take overall responsibility for the universal second-child policy. The target management responsibility system should be adhered to and the responsibility of relevant departments should be implemented.

Third, birth monitoring and early warning should be strengthened, and governance mechanisms of childbearing behaviors under the universal second-child policy should be improved. Through the research on population development strategy, the monitoring and early warning for the target group and newly increased population under the universal second-child policy should be enhanced to provide guidance for families' responsibility and planned fertility in compliance with policy, and to maintain good birth order. First, the birth forecast after the implementation of the policy should be strengthened. We should get a clear picture of the basic situation, fertility desire, and expected number of babies, predict birth population by a variety of methods, and enhance dynamic tracking. Second, the birth population of families in compliance with the universal second-child policy should be managed by classification. The policy should be implemented with a priority determined by factors like age of the childbearing couple, fertility interval, etc. Older couples should be given priority to their request for two children, while the younger couples in regions of higher birth rate and boy preference should be required to keep a fertility interval, so as to increase the efficiency of the universal second-child policy. Third, birth monitoring and early warning should be implemented. A management plan for the universal second-child policy should be ready, to avoid various potential risks in the process of the implementation of the policy, and special attention should be paid to regions of higher birth rate and boy preference, to prevent rebounded population growth. The target group of the universal second-child policy should be guided to appropriately advance or delay their planned fertility, to prevent structural population fluctuations, and ensure that policy process, fertility order and fertility risks are kept under control. Fourth, target control and effect evaluation should be implemented. The health and family planning administrative departments should timely track and evaluate childbearing behaviors and fertility targets of the universal second-child policy, strengthen research of fertility effects and variation tendencies according to new problems and new phenomena after the implementation of the universal second-child policy, and make adjustments to deviations of the policy system and governance system.

Fourth, regional differences should be taken into full account, and the formulation and implementation of the universal second-child policy should be unified and flexible. In the process of the start-up and implementation of the policy, the adjustment time of fertility policy and technology roadmap should be relatively consistent. The key variables and time nodes of the policy adjustment should be grasped to provide a clear standard and route for the implementation of the universal second-child policy and to maintain social justice accordingly. Proper classification and differentiated advancement should be applied in different regions of different preferences. Regions of higher birthrate and boy preference are still the focus of monitoring in our fertility governance. Any illegal childbearing behaviors should be investigated and treated in accordance with laws and regulations by a comprehensive set of legal, administrative and

economic methods; for regions of lower birthrate and normal sex ratios at birth, fertility should be encouraged for those families in compliance with the universal second-child policy and guidance should be provided for reasonable selection of fertility time, with sound childrearing services.

Fifth, demand and supply forecasts of basic public services should be strengthened, and prospective allocations of basic public service resources should be done. In the short term, the universal second-child policy will place some pressure on medical service guarantees like delivery assistance, perinatal services and infant health care. In the medium and long term, it will put a certain pressure on public service resources like nurseries, kindergartens, and primary and secondary schools. The support for public services should be planned and provided under the policy, the allocation of public service resources should be further optimized, and public services like childbearing health, maternal and child health care, nurseries and kindergartens should be strengthened. More hospitals should be established and the potential of existing hospitals should be further explored. The medical resources of the Obstetrics and Gynecology Departments at general hospitals should be increased including emergency centers for critical pregnant and parturient women. Planning and support for educational resources like nurseries, kindergartens, primary and secondary schools should be accelerated. Experiments on small-class education should be made at primary and secondary schools with a shortage of students, educational resources should be reserved for the peak of new students. New nurseries, kindergartens and schools for compulsory education should be considered and built in the new urban areas or floating population gathering areas.

The universal second-child policy is one of the public polices with far-reaching influence on China's social and economic transformation, and this new fertility pattern will bring greater selection space for families, but planning and guidance must be considered by the main parties regarding how to guide the childbearing behaviors of the target groups to achieve policy efficiency. At present, in the framework of legal thinking and legal methods of China, this will provide a policy framework and system foundation for the start-up and implementation of the fertility pattern of the universal second-child policy, and achieve policy transformation and population security as well as governance transformation from the one-child policy to the universal second-child policy, to construct the new governance system of the new fertility pattern and advance the modernization of governance capacity. It will be conductive to the adjustments of our structural population problem, and the ultimate long-term balanced development of our population.

(Translator: Huang Yan; Editor: Jia Fengrong)

This paper has been translated and reprinted with the permission of *Population Research*, No.6, 2015.

REFERENCES

Cai Fang.(2009).China's Future Demographic Dividend: Digging New Resource of Economic Growth. *Chinese Journal of Population Science,1*,2-10, 111.

Hou Jiawei, Huang Silin&XinZiqiang et al.(2014). Changes in the Desired Fertility of the Chinese Population: 1980-2011.*Social Sciences in China*(4), 78-97, 206.

Hu Naijun& Yang Yansui.(2012).Research On China's Real Old-age Dependency Ratio.*China Public Administration Review*, 2, 65-79.

J.Bongarrts.(2001).Fertility and Reproduction Preferences in Post-transitional Societies.In R. A.Bulatao& J. B.Casterline(Eds.) , *Clobal Fertility Transition*.New York: Population Council: 260-281.

Jin Yongai. (2014).Low Fertility Trap: Theories, Facts and Implications.*Population Research*, 1, 3-17.July 10.

Kohler H. P., Billari F. C.&Ortega J. A.(2002).The Emergence of Lowest–Low Fertility in Europe During the 1990s.*Population and Development Review*,28, 641-680.

Kohler H.P.,Billari F. C.& Ortega J. A.(2006). Low Fertility in Europe: Causes, Implications and Policy Options.The Baby Bust: Who Will Do the Work: 48-109.

Li Jianxin& Li Na.(2012).The Possibility of Fertility Policy Adjustment: Based on Investigation of Ideal and Desired Fertility of Different Policy Groups in Jiangsu Province.*Exploration and Free Views*, 7, 6-10.

Li Jianxin.(2009).Chinese Population Structure Issue.Beijing: Social Science Academic Press.

National Health and Family Planning Commission.(2015).Less Than 40 Percent Only-Child Couples Have the Second Child Desire in China.http://news.xinhuanet.com/local /2015-07 /10 /c_1115885683.htm,

National Health and Family Planning Commission: Chinese Family Development Report. (2015). Half of the Elder Lives in the Empty Nest Family.http://education.news.cn /2015-05 /14 /c_127800298.htm.May 14.

Research Group of Institute of Economics, CASS.(2007).The Effects of Labor Supply and Economic Growth Path Transition.*Economic Research*, 10, 4-16.

Wang Jun.(2013).How Sex Ratio at Birth in China Is Determined by Fertility Policy and Socio-economic Factors. *Population Journal*,5, 5-14.

Yao Yinmei, Li Fen &Yin Wenyao.(2014). Accumulated Couples and Fertility Release Under the New Fertility Policy.*Population Research*, 4, 3-18.

Yao Yinmei, Li Fen &Yin Wenyao.(2015).Forecasting the Trends in Size and Structure of Single Child Population Under the New Fertility Policy.*Journal of Zhejiang University (Humanities and Social Sciences)*,1, 94-104.

Yuan Xin.(2012).The Past and Future of China's population: Demographic Analysis on the Sixth National Population Census. *Exploration and Free Views*, 5, 51-55.

Zhai Zhenwu, Zhang Xianlin&Jin Yongai.(2014).Demographic Consequences of an Immediate Transition to Universal Second-child Policy. *Population Research*, (2), 3-17.

Zhai Zhenwu& Li Long.(2014).The New Second-child Policy and Fertility Policy Adjustment. *Journal of Chinese Academy of Governance*,5, 50-56.