

Lowest-Low Fertility and Governmental Intervention in Korea

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The first part of this paper examines the drastic fertility decline and its determinants in the Republic of Korea. A claim that declining traditional family value is a cause of low fertility is doubtful considering moderately low fertility in European and Northern American developed countries with advanced individualism. A decomposition analysis reveals that 31.5% of fertility decline between 2000 and 2005 is attributed to nuptiality decline while 68.5% is explained by the decline in marital fertility. Socio-economic changes in the post-modern era such as increasing demand for human investments, shift to matured economy with low growth rate, and female labor force participation are more exaggerated than in Japan. Thus, sharp rise in educational cost, worsened labor market condition for young workers, and low compatibility between wife's work and the family role are thought to have had more drastic impact on fertility.

The second part examines Saeromaji Plan that announced in 2006 to cope with low fertility in Korea. The plan includes various measures of financial supports, daycare services, reproductive health, and improvement of compatibility between work and the family. Although the plan reflects conservative family value that emphasizes conventional marriage and parenthood, the effect is suspicious because the strong familism in Eastern Asia seems to be one reason of lower fertility than individualistic Western countries. Since child allowance was not introduced, the governmental budget for pronatal policy is still much lower than Japan and the United States. It is foreseen that Korea, as Japan, will sustain a small government and neo-liberalistic policies.