

8 Questions about Demography in Hong Kong - Interview with Professor Francis T. Lui

Francis T. Lui is Professor of Economics and Director of the Center for Economic Development at the Hong Kong University of Science & Technology, which he joined as a founding faculty member in 1991. He has a doctoral degree from the University of Minnesota. Professor Lui's research interests include economic growth, social security, corruption, family economics, exchange rate systems, and the Hong Kong & Chinese economy. Besides being the author and editor of numerous book and journal publications, he also contributes his expertise to several advisory bodies within the Government of Hong Kong.

Professor Lui recently met Dr Hans Groth to discuss eight questions about demography in Hong Kong, a region belonging to China that by its population size, economic development, and population dynamics shows surprising demographic similarities to Switzerland.

How many children does a woman in Hong Kong have on average and how did it evolve over time?

Hong Kong's total fertility rate in 2012 was 1.3 children per woman, one of the lowest in the world. It has been changing a lot in recent years, as it was at 1.4 in 1991 and decreased to as low as 0.9 in 2003. The recent rise may be partly due to the fact that a significant number of women from Mainland China are moving to Hong Kong to have their babies delivered.

What would be needed to change for the local fertility rate to increase back to replacement levels? Is this possible at all? What are the driving factors for this very low fertility?

Overall, Hong Kong's total fertility rate has been on a declining trend for quite some time. In 1965, it was at 4.5. I do not think that it can go back to replacement levels within the next couple of decades. In fact, the proportion of women at the age of 45 who have no children has been increasing steadily. In 2011, it reached 38 percent. High costs in housing and extraordinary education expenditures have been quoted by many experts as the decisive factors of the current low-fertility phenomenon.

What policies are being put in place by the local government to counter this?

To study this challenge and attempt to come up with policy proposals, the government has set up the "Steering Committee on Population Policy" headed by the Chief Secretary. I am a member of this Committee, but as far as I know, the government has difficulties in finding solutions. Birth subsidies do not seem to work. Many other proposals also do not seem practical or effective in the context of Hong Kong.

Hong Kong is also an ageing society with tremendous longevity in an urban environment. What are the particular challenges of an ageing society like the one in Hong Kong?

Life expectancy at birth for males is 81 years, while for females it is 87 years. The overall median age is 43. However, the proportion of 65+ cohorts is only 14 percent. The ageing of society in Hong Kong is just beginning, and will only intensify in the future. As a result, the retirement age for civil servants is to be gradually increased from 60 to 65 years. Retirement protection is now a hotly debated topic. Fortunately, public health care in Hong Kong is doing relatively well at a high quality level. However, it is expected that costs will rise significantly due to the parallel increase of longevity and morbidity.

What patterns of migration does Hong Kong currently experience?

Every day, there is a quota of 150 new immigrants coming to Hong Kong from Mainland China for the purpose of family reunion. The majority of these people are either children, or individuals possessing low levels of education. Other categories of immigration exist, such as those who are able to find employment, but the



numbers are much smaller. This amounts to a total of at least 50,000 net migrants per year for a total population of slightly more than 7 million people.

What is the fertility rate in China? What are the contrasts, similarities, and interdependencies between the population developments in Mainland China and Hong Kong?

The estimate for China's total fertility rate lays around 1.5. The country has a one-child policy in its cities, but the policy in rural areas is more complicated. Some well-off families like their children to be born in the hospitals of Hong Kong. Sometimes, it may be a mean to avoid the penalty from the Chinese authorities for having too many children.

How high, would you say, is the level of awareness of local demographic issues among decision makers and the general public in Hong Kong?

The government is well aware of local demographic issues. This appears to be true also among the general public. Unfortunately, however, this high level of awareness does not seem to help change the current trends for the better.

There are no doubts that Hong Kong experiences impressive population dynamics. Are there any lessons to be learned for Switzerland – a country of similar population size, low fertility for more than 30 years, and population growth due to the migration of mostly highly skilled Europeans?

The driving forces behind population dynamics in Hong Kong seem to be the rising housing costs, insufficient access to quality education, excellent health services, and tight family ties. Hong Kong has always been an immigrant city with a growing population of mostly Chinese provenance. The immigrants are hard-working, but they also lack a satisfactory education level. The continuing population growth seems to be fueling the high housing costs. In order to resolve some of the issues, developing more land so that housing supply can increase may be an important step. What Switzerland could learn from the case of Hong Kong is that, unless families are able to set out the financial means with which to have additional children while maintaining an acceptable quality of life, the country's total fertility rate cannot be expected to increase back to replacement level.

	Switzerland	Hong Kong
Inhabitants in million	8,014,000	7,234,800
Surface in km ²	41,285	1,104
< 25 years old (%)	27	23.1
> 65 years old (%)	16.9	14.2
> 80 years old (%)	4.8	4.1
Fertility	1.5	1.3
Net migration per year	64,000	55,000

Most recent numbers (rounded to the first decimal place) according to the UN Population Division and the Census and Statistics Department of Hong Kong