

## Family Planning impact on income and consumption

### Consumption

Consumers in China today are spending their money on housing, transportation, telecommunications, medical and health care, culture, education and entertainment, leisure and tourism. This is remarkable in that not so long ago basic subsistence was a major concern of many citizens. As expenses for food, clothing and basic necessities dropped, the Engel coefficient (the proportion of food expenses of total consumer spending) of urban residents decreased from 57.5 percent in 1978 to 37.1 percent in 2002; and that of rural residents dropped from 67.7 percent to 45.6 percent. Today urban residents are shopping at supermarkets as well stocked as any of the best in the Western world and are enjoying dining out at fine restaurants. In rural areas, people are less dependent on grains and are eating more eggs and meat. Affordable, ready-made clothes are available everywhere with people dressing in the latest fashion, both Western and Chinese. In terms of housing, transportation and telecommunications — people are buying and replacing old household items and appliances with large-screen, high-definition color TV, refrigerators with freezers and other components, and the latest in washing machines, for example. Air conditioners, home entertainment units, water heater and furniture also are popular consumer items; video cameras, computers and exercise equipment are becoming commonplace in the average home. More people are buying cars. In 2003, the purchase of cars in China increased by 34.5 percent. Of every 100 cars sold, at least 60 were purchased by individuals, and that rate is as high as 80 percent in big cities. The consumption expenditure on housing has also kept growing, with its nationwide increasing rate for 2003 reaching 31.9 percent.

### Income

Tremendous changes have taken place in the lifestyle of the Chinese people in the past 50 years, especially in the past two decades as average income has increased steadily. People in China today have money to buy or invest in houses and apartments, cars, computers, stock and traveling abroad. China's GDP per capita exceeded US\$1,000 in 2003, calculated according to the current exchange rate. Between 1978 and 2003, the net income per rural resident increased from 134 to 2,622 yuan, at the average

annual growth rate of 7.1 percent in real terms; and the disposable income per urban resident increased from 343 to 8,472, at an average annual growth rate of 6.8 percent in real terms.

The increase in personal income is reflected in the growth of bank savings deposits. In the first 30 years of the second half of the last century, the balance of residents' savings deposits increased from 860 million yuan in 1952 to 21.06 billion yuan in 1978. In the 20 years after the initiation of reform and opening-up, the balance of personal savings deposits has increased in the geometric progression. In the eight years between 1979 and 1986, the balance of the savings deposits increased 10 times, reaching 223.85 billion yuan, which rose to 2,151.88 billion yuan in 1994. It means within the 16 years, the balance of the savings deposits increased 100 times. Six years later in 2000, the balance of personal savings increased to 6,433.24 billion yuan, or 304 times the 1978 figure. It reached 7,376.2 billion yuan in 2001, 8,691.1 billion yuan in 2002, and 10,361.8 billion yuan in 2003. Personal foreign exchange deposits, stocks, bonds, internal stocks, and cash have all grown by a large margin.

### Family Planning

Family planning has been promoted as one of the basic state policies in China, combining government guidance with the voluntary compliance of citizens. The government guidance includes: The central and local governments make the policies and legislation for controlling the population increment, improving the population quality, and improving the population structure and the macro population development plans. Meanwhile, the governments also provide consultations, instructions and technical services concerning reproduction care, contraception and good birth and good rearing. Voluntary compliance means that couples at child-bearing age can, with the instruction of the relevant policies and regulations of the state, choose responsibly and in a planned way the proper contraception methods according to age, health, job and financial conditions.

The basic guidelines of family planning are late marriages and late childbearing, so as to have fewer but healthier babies, especially one child per couple. But a flexible family planning policy is adopted for rural people and ethnic minorities. In rural areas, couples may have a second baby in exceptional cases, but must wait several years after the birth of the first child. In areas inhabited

by minority peoples, each ethnic group may work out different regulations in accordance with its wish, population, natural resources, economy, culture and customs: In general a couple may have a second baby, or a third child in some places. As for ethnic minorities with extremely small populations, a couple may have as many children as they want.

Since the initiation of the family planning policy, late marriage, late childbearing and fewer but healthier babies have become the accepted norms of most people in China.