The Aging Population Issue In China

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Introduction

China’s fertility rate had declined dramatically since the introduction of the one child family policy in 1979, which was strictly implemented in 1982. This policy was introduced to alleviate social, economic and environmental problems in China, and was not meant to last for more than a generation which amounts to 30 years (Hvistendahl, 2010). With this policy in place, an estimate of 100 to 400 million births had been averted (Jiang, 2013). This policy was strongly enforced in the urban areas, with actual implementation varied from location to location. Even so, the repercussions of this policy had been serious.

According to World Bank estimates, China’s total fertility rate (TFR) had dropped from 5.5 to 2.7 in 1979 (Hvistendahl, 2010). By 1984, the fertility rate had fallen to 1.94 (Hesketh, 1997). This policy had achieved impressive demographic success in a short span of time but had also antagonized the Chinese citizens in particular the rural residents. The Chinese government thus made changes to relax the policy but the fertility growth rate had never returned to the level it used to be. In fact, the fertility rate had gone down further to 1.18 in 2010 (Jing, 2013), way below the replacement rate of 2.1.

This drastic drop in fertility rate had brought about one crucial problem of the one child family policy, which is the rapid increase in aging population in China. The other important issue is the sex imbalance ratio which occurred because of the Chinese traditional mentality of choosing sons over daughters, especially when they are only allowed to have one child, unless faced with unforeseen circumstances which includes first-born being a daughter, physically
or mentally disabled, mostly applied to rural families. Aging population is not a problem solely unique to China, but unlike other aging societies, China does not possess a comprehensive social security network which allows the elders to fall back on in their old age.

With the sharp decline in fertility rate, higher life expectancy and dwindling workforce, the aging population issue in China had been enhanced. Mortality rates had dropped vastly in the past 60 years. The official rate estimate in 1953 was stated as 14 deaths per 1000 people and it went below 7 by 2000. Life expectancy rate had gone up according to official estimate at 71.8 years by 2001 (Riley, 2004). Due to the baby boom in the 1960s, China had managed to reap demographic dividend but this scenario would change in the coming years when the workforce (age 15-59) are set to dwindle, which means China will grow old before it gets rich. China’s economy had skyrocketed tremendously, maintaining double-digit growth rate for the past 30 years and this growth is set to slow down but not mainly because of the aging population issue in the country. From the United Nations (UN) records, Chinese elderly population (age 65 and above) which was 8% at 2010 will double to 16% by 2030 and triple to 24% by 2050 (Jackson, 2011). The workforce shrunk by 3.45 million in 2012, first time in almost 50 years, and marking a second consecutive year in decline with a loss of 2.44 million working age population according to the National Bureau of Statistics (NBS).

This paper will discuss the economic and social perspectives of the aging population issue in China, as well as to compare the impact aging problem has on the rural and urban residents.
Economic Perspective of Aging Population Issue in China

As (Banister, 2010) and other scholars have described in their works, economic implications for the aging population issue may be seen in two ways. Firstly, due to the inadequacy of young labour force to replace the retired elder workers, the total economic per capita will decline. The other reason being the variation in saving rates by age. As known, most working people will save their earnings as much for old age, while elders generally have little or no income which disable them from saving as much, thus leading to the likelihood of decline in total saving rates for the country if it has a larger elderly population. With lower total savings rate available, investment input will be affected, in turn tone down the economic growth of the country.

However, according to (Banister, 2010) and (Feng, 2007), the future looks bright for China even with this heavy burden brought about by the growing aging population. Judith Banister believes the labour participation rate may rise because of disguised unemployment (include migrant workers) in China, whom are all ready to move in to replace the retired old workers once conditions permit them to do so. The women workforce is another area which should be reckon with, as Judith Banister has mentioned, low fertility rate allows women to have more time for other things besides taking care of their children, and working could be an alternative. Shortage in labour will push up the wage level which will result in the growing numbers of people entering the labour market.

Chinese demographer Wang Feng look at the bright side of aging problem in China, as he sees the aging population bringing in opportunities and resources
just like the young population. While most scholars concentrate on the concept of first demographic dividend which is derived from faster increase in number of producers in comparison to consumers, Wang and his counterparts illustrate the concept of second demographic dividend which result from the changes in age structure that influence the processes leading to increase in savings and capital accumulation. Based on the analysis using available Chinese data in 2000, Wang concludes that this dividend can come up to as much as 1.4% increase in output per worker annually from 2000 to 2050. Situations look promising economically, how so in the social perspective?

**Social Perspective of the Aging Population Issue in China**

The Chinese government has been working on building a strong social security network in terms of medical insurance and pension systems in order to enhance old age care for the aging population. As noted by (Zhang, 2012), China has made conscious efforts to improve medical insurance and old age pension systems. 194 million urban employees joined the urban employees basic pension system in 2010 and 63 million retired workers benefited from it (Statistics, 2011). In comparison, 1% (8 million) of the rural workers contributed to basic rural pension system with beneficiaries coming to 5 million (Banister, 2010). The Chinese government has plans to achieve full old age coverage for the rural residents and urban non-working residents as mentioned in their report released at the 11th National People’s Congress in March 2012. Modernizing the rural cooperative medical insurance and urban public health insurance systems which developed in the 1970s has been ongoing. In recent years, new rural cooperative basic medical insurance and urban basic medical insurance systems have been established, benefitting over 430 million urban
residents and more than 830 million rural residents (Daily, 2011a, January 5). Nevertheless, the children of these Chinese elders will have to bear the heavy burdens to look after their parents and their own children. Under the context of the one child family policy, the above-mentioned scenario has been exemplified. Using the 4:2:1 paradigm as indicated by (Flaherty, 2007), China’s future family social structure will be four grandparents, two parents and one grandchild. The two parents if born during the 1980s will first have to look after the well-being of both sets of parents and later on bearing the responsibility to take care of their own child. Even with the help of baomu (domestic helper), the two parents will still have to undertake the cost of employing a baomu whom can take care of both sets of parents and their child. This is quite a prevalent scene in urban China as the two parents have to work, unlike the rural residents. This then leads on to the comparison between the impact of aging population issue on the rural and urban residents.

The Impact of Aging Population Issue on the rural and urban residents

The disparity between the rural and urban residents exist since the day their status has been set. Under the Hukou system in China, rural residents’ mobility are still restricted as compared to their urban counterparts. Even with the recent urbanization policy, rural residents are only granted limited mobility to the smaller and midsize cities but not to the big cities in China. Putting this mobility issue aside, rural residents do have a slight advantage over the urban residents under the one child family policy, which allows them to have more than one child.
Leeways are given to rural families under the one child family policy which permit them to have a second child as mentioned in the introduction of this paper. Besides due to the unforeseen circumstances as pointed out, rural residents need more manpower to work on their land, which constitutes another reason for relaxation of the one child family policy for them. Eventually, the rural families will face a less heavy burden as compared to the urban residents in terms of having more family members (siblings and brother or sister-in-laws) to look after their parents and children. However, the rural families will lose out to the urban residents in their earning powers which would likely to pose challenges to their abilities to uphold the financial burdens of supporting their parents and children.

In order to boost their earnings so as upkeep their families, rural residents have been exploring working opportunities in the urban areas. This has been an ongoing phenomenon since economic reform era began in 1978, whereby the rural migrant workers form the floating population in urban China since then. As noted by Wang Feng, this rural out-migration has a great impact on both rural and urban aging population. With this influx of rural migrant workers, urban economy is enhanced with them contributing directly (taxes and fees) to the medical insurance and old age pension systems which benefit the urban retired workers. However, a different picture is painted for the rural retirees. Not only do they lose the family support their children could give them if they were to stay by their parents’ side, the rural retirees’ financial resources have also been sacrificed as their children are most likely unable to contribute as much to their daily consumption and expenditure. As shown, the aging population issue does have a slighter greater impact on the rural
residents as to the urban families. Here comes the question on how the gap between rural and urban residents can be narrowed should the Hukou system be not removed? Will the relaxation of urbanization help to solve this problem? Is improving the education level of the rural younger generations the way to get out of this situation, as the known fact for rural people to break away from the Hukou system is through education?

Conclusion

Aging population is not an easy problem to be tackled by any government, even so for the Chinese government. Even with growing affluence of China, this issue remains difficult to be dealt with and needs to be handle with care, especially in the rural and urban areas, where treatment has differed right from the start. Equilibrium has to be achieved in order to make things work and with the sheer size of China, to kick start any programme is easy, it is the continuity of implementation of the polices and ironing out the differences which make the process difficult.

As we can see in the above sections, the Chinese government has been making conscious efforts to attain equality for all citizens in terms of relaxing the one child family policy, allowing urban residents to have more than one child should both parents come from single child family and hoping to gain full coverage on medical insurance and old age pension. All these efforts are made with the hope of narrowing the gap between urban and rural residents.

However life is never smooth sailing and so is the path ahead for the Chinese government and their citizens. The country’s rapid economic growth is likely to tone down, and with this anticipated scenario coming soon, the Chinese
government has to act swiftly and make necessary changes and adjustments to the social policies they have implemented thus far, so as to alleviate the pressure faced by them when economic downturn arrives. For more than 30 years, economic development has been the key performance indicator of the Chinese government and the Chinese society has become so diverse as a result of the economic reform. Time has come for the Chinese government to look into the details of country building which encompass the strengthening and enhancement of the social structures in place, as well as to construct new institutions to further improve the social well-being of the Chinese people. All these if successful executed, will prove that the Chinese government are not only capable of driving the economy of the country, but also able to look after their citizens from the social perspective as all developed countries aspire to achieve, which should be applicable to China as well.

**References**


