

*IUSSP
XXIVth General Population Conference
Salvador, Brazil
20th –24th August 2001*

Aging Issues and Policy Choices in Rural China

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Abstract

The objective of this paper is to comprehensively describe the overall aging process in China, identify the causes and the potential extent of the aging problem, and propose corresponding policy choices to solve the problems in rural areas. Both sharp transitions in the age structure and in the economic institutions will affect aging problems in China early on in this century. In addition to the declining number of children in families and the change in institution, other factors such as the lack of infrastructure, poverty, and labor outflow make the aging problem in rural areas much more serious than that in urban areas. It is impossible to rely on families alone to handle this problem. Creating collective care centers, retaining the original social relief institution, recreating the social insurance institution, encouraging daughter's support for the elderly, and creating social service systems are the rational policy-related choices available to China. Early consideration and action to combat this problem are necessary, and a readjustment of socioeconomic policies and institutions is quite urgent.

China is the most populous country in the world, and its rural population accounted for 63.9 % of the overall population, or 807.4 million people, by November 1, 2000, based on data from the 2000 National Population Census (State Statistical Bureau 2001).

However, the size of the rural population is not just a factor because of its effect on the total population, but mostly because it raises distinctly different institutional issues from those facing urban areas. This means that finding solutions to problems facing rural areas is sometimes difficult not only because of the magnitude of the population, but because of the lack of infrastructure in rural areas as well.

Aging is one of the problems facing rural people now, and it will especially be a problem in future. The objective of this paper is to comprehensively assess the overall aging process in China, identify causes of aging problems in rural areas and the potential extent of these problems, and propose corresponding policy choices for dealing with the problems in rural areas.

Introduction

The current portion of the population aged 65 and over is not as high in China (around 7%) as it is in other countries around the world (Population Reference Bureau 2000). However, the sharp decline in fertility as a result of an effective family planning program put into practice in the early 1970s mean that acceleration of aging-related problems will occur in this century. The speed of the fertility decline could determine the rate at which the problem progresses progress and the extent of the resulting consequences.

Because of demographic transitions beyond socioeconomic development (Wu 1992; Yu 1995; Zhang 1998), the contradiction between the age structure and socioeconomic development and institution is inevitable in China. In order to study and highlight this issue, a research group called the Consequences and Countermeasures of the Fertility Decline in China was established in 1993.¹ Researchers focused their studies on

population and socioeconomic consequences and targeted the policy implications toward the fertility decline and the change in age structure (Qiao 1996). It became clear that low fertility is not always better than high fertility (Gu and Mu 1994). China's population problems began shifting from problems caused by scale to problems caused by the age structure. As a result, the most important population problem facing China in this century would be aging (Qiao 1994). These problems revolve around the relationships between demographic and socioeconomic factors (Qiao and Mu 1995). The aging problem is a result of socioeconomic development and institutions that do not take into account the changes in the age structure, rather than the opposite, that is, that the age structure itself does not fit with the changes in socioeconomic development. Hence, the problems can be resolved by adjusting social and institutional factors rather than adjusting demographic factors such as fertility, mortality, and migration (Qiao 1997). The shrinking of family size, due to the increase of one-child families will lead to dramatic changes in the traditional family pattern of China (Qiao 1995). The 4-2-1 family pattern² has occurred both in urban and rural areas (Chen 1994). Because of increased life expectancy, healthy aging has become an important issue in the aging society (Board of the Journal of Population Research 1995). The key to settling the problems of aging is to establish a new institution of social security for the elderly and to address these problems sooner (Qiao 1999b). However, the institutional conversion from a planned economy to a market economy will compound the difficulty of resolving the problems in the early twenty-first century (Qiao 1998).

Even though the general aging trend is similar in both rural and urban areas in China, because of different socioeconomic institutions, the specific aging problems are quite

¹ The research group was initiated in 1993 and included over ten well-known Chinese middle-aged demographers. As a result of its great impact on society, the research group received financial support from the Social Science Foundation of State Education Commission and the United Nations Foundation of Population Activity to support its research. The group had organized three national conferences on this topic, published nearly 40 papers in academic journals in China, and provided 11 consultative reports to policymakers. The consequences of the fertility decline have been seriously considered by both government and scholars since then.

² The 4-2-1 family pattern indicates that there are four grandparents, one couple (two married persons), and one child. The ratio of the three generations, in turn, in a family is 4:2:1. The proportion of this kind of family will increase quickly in China, not only in urban areas but also in rural areas.

different. The system in urban areas is similar to that in other countries, but the system in rural areas is quite different. Almost no other area in the world faces the set of aging problems that is common in rural China. Its problems are unique and deserve special considerations.

The following main differences exist between rural and urban areas:

1. Urban residents work in enterprises and institutions and receive regular monthly income that is higher on average than the income earned by rural residents. In rural areas, people earn money based on agricultural work, and this income is both lower and unstable.
2. Because rural residents were limited by the household registration system, it is difficult for them to find employment in urban areas. Even though the situation has greatly improved since the economic reform and millions of people from rural areas are working in urban areas, there are still many advantageous positions restricted from people in rural areas. Therefore, most people have to remain in rural areas and accept lower pay.
3. Because of the higher income in urban areas, residents also have more savings than that of people in rural areas. In addition, public facilities in urban areas are more advanced than those in rural areas, including communication systems, the traffic systems, cultural activities, and health and medical systems. In rural areas, almost no such facilities exist.
4. Retirees in urban areas can be secured by their original work enterprises or institutions and can receive monthly pensions, which are sufficient enough for them to live on. These retirees do not have to worry about income in their later life or whether they have the ability to work or not. People in rural areas have no access to this type of financial security or retirement options. They have to build their own security. If they cannot perform physical work, it means that they no longer have the

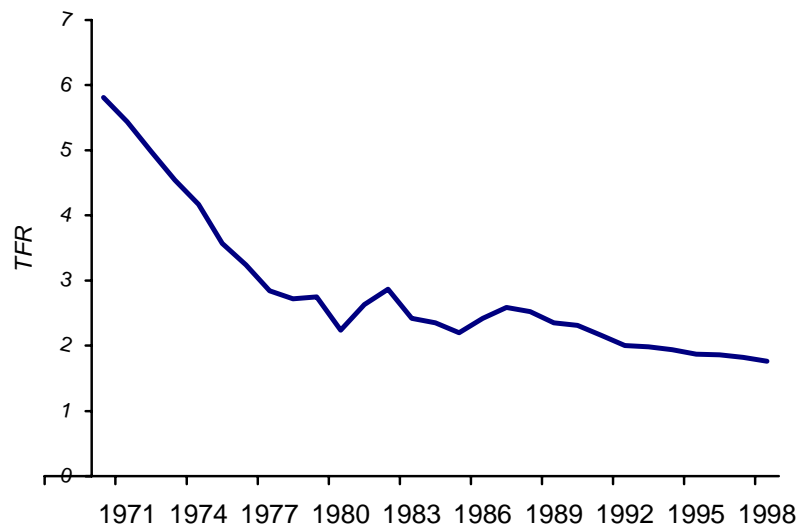
ability to support themselves. They then have to rely on other family members or the government.

The Aging Problem in China

In general, couples independently choose the number of children they will bear, based on their own economic, conventional, and spiritual demands. Before they finish their childbearing, couples may have a clear indication that the number of children they will have in their lifetime is suitable to their own needs and also to their children's lives in the future. The people in China, for example, had an average of six children per couple in the 1950s and 1960s. They knew that some of their children might die as result of the high mortality rate at that time. They also knew that they had to have enough children, especially sons, to take care of them when they got older, as well as to ensure that the family had its successors for next generation. The number of children they had needed to match their needs both physically and spiritually. The lower the socioeconomic level, the higher the demand was to have more children. However, due to the limitation of natural resources and the development of the country, this high fertility rate was no longer suitable for the country, even though it was suitable to individual families. Therefore, the demands of the country and the family appeared contradictory. In order to guarantee the development of the country and to ultimately secure the development of the family, China had to implement a family planning program. Because the program was driven by the government rather than by the couples themselves, the number of children in a family might not be suitable to the specific needs and considerations of couples. This is especially true with regard to demand for support and care by children for their older parents, assuming that the socioeconomic conditions and traditions have not changed significantly in the period.

Before the family planning program began, the number of births for each couple averaged six. Starting in the early 1970s, China began to universally implement a family planning program. Initially, the policy-required number of birth for couples was approximately

Figure 1. Trend of TFR, 1970-1998



Source: TFR before 1990 comes from Yao Xinwu and Yin Hua: Basic Data of China's Population, China Population Press, 1994, p.144; TFR after 1990 was estimated from CBR, from the China Statistical Yearbook 1999.

two. Despite the fact that this limit was not strictly enforced, the decline in fertility was still drastic. Within only 10 years, the total fertility rate (TFR) decreased from 5.81 in 1970 to 2.24 in 1980 (see Figure 1). In 1980, the government adopted a new policy, requiring people in both urban and rural areas to have no more than one child.

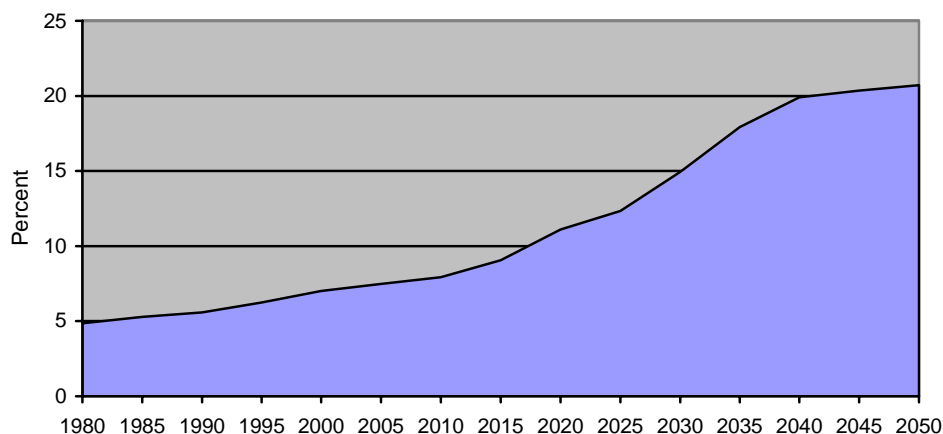
Because it was hard for people in rural areas to universally accept the one-child policy, a policy adjustment was made in 1984 allowing couples to have a second child if their first was a girl; otherwise, the one-child policy remained in effect in urban areas. The new policy caused the TFR to fluctuate without any significant decrease in the 1980s. The estimate from the 1990 population census data shows that the TFR was 2.31. Since then, the fertility rate dropped quickly and unexpectedly. In 1998, the TFR decreased to 1.76, estimated according to the crude birth rate (CBR) published by the State Statistics

Bureau.³ In brief, over 30-year period, the TFR has decreased 70% (the equivalence of four children) from 1970 to 1998. During this same time period, the life expectancy at birth had increased as well, from 64 years to 70 years.

Declines in fertility and mortality ultimately determine the change of age structure, or the proportion of the elderly population. The rapidly changing fertility in China presages a subsequent change in age structure. The portion of the population aged 65 and over was only 4.92% in 1982 and reached 5.58% in 1990. During this period, the decrease in birth rate produced little impact on the total population. The increase of the proportion of elderly would be smooth at the first stage of the aging process (see Figure 2). As the decrease in the birth rate was sustained, the impact of the number of births on the total population would be significant; that is, the portion of the population aged 65 and over would be accelerated. From the change in proportion, we predict that acceleration will begin around 2010 and will end around 2040. This means that the fastest increase in the proportion of elderly in China will occur between 2010 and 2040 (Qiao, 2001). After 2040, the elderly population will level out. This means that China's serious aging problems will begin soon, within the next 10 years.

³ The TFR was estimated based on the officially published crude birth rate (CBR) (Qiao, 1999a). In fact, the published CBR was the adjusted results from original survey data by State Statistics Bureau. Because the value of CBR calculated directly from the survey data was quite low, it can be deduced that there was a great deal of underreporting in each of the surveys in the 1990s. The published results were adjusted up to 2.5 per 1,000 points each year. For example, the direct value of CBR in 1993 was 15.58 per 1,000, and the published value was 18.09 per 1,000, which over adjusted 2.51 per 1,000 points. The direct TFR was 1.46 in 1995, and the adjusted result was 1.87 (Jia and Sai, 1995).

Figure 2. The proportion of China's population aged 65+, 1980-2050



Aging, or the change in the age structure, becomes problematic when we take into account its context in a socioeconomic and institutional framework. Even though aging is an inevitable process, socioeconomic development that directly brings about transitions or decreases in fertility and mortality may cause age-related problems that are different from country to country and area to area in terms of the speed of aging, the social and traditional convention, the economic power, and socioeconomic institution.

The Needs for Support of the Elderly by Children in Rural Areas

The situation between rural and urban areas is quite different in China. In urban areas, most people work in an enterprise or institution where a pension is available when they retire. According to a 1992 survey (China Research Center on Aging 1994), 73.73% of the elderly were involved in pension-available institutions in urban areas. But in rural areas, only 5.88% of the elderly could get pensions when they retired, and 94% did not belong to any institution and had no pension available for retirement. Therefore, people in rural areas work until they lose their physical ability to perform labor work, unlike people in urban areas who have to retire at a fixed age.

How do those elderly in rural areas who have no pension live without any income when they lose their ability to work? There are two possible resources: their own savings and support from their children. Do they have enough savings to live on in their old age?

According to a 1992 survey, only 13.77% of elderly in rural areas had savings in banks, and nearly 84% had no savings at all. How do the elderly without savings live?

According to social convention, the elderly must depend on their children, who expect to provide support and care for their aging parents.

In order to discern the extent to which elderly parents had been financially supported by their children, we can compare the parent's receipts from their personal earnings to financial support given by their children (see Table 1). According to the last year of the survey, the average earnings of the elderly aged 60 and over were 290.8 yuan (RMB) and the average receipts were 274.72 yuan, which accounted for 48.6% of the sum of both, regardless of other sources coming from relatives, villages, and the country.⁴ This means that the children of the elderly provided almost half of the financial support to their parents to compensate for lack of adequate savings and income. If we classify the general results of the survey by age group and look at elderly aged 60 and over, it is clear that the elderly depend strongly on their children for support in later life. As age increases, the personal earnings of the elderly decrease and the receipts from their children increase both in number and proportion. People aged 60 to 64 receive only one third of their income from their children. By age 70, half of the income of the elderly comes from their children. After age 80, almost 90% of their financial burden rests on their children. These data reflect how important the children's support is and underscore how closely the quality of life of the rural elderly depends on the support of their children. It also suggests how difficult the lives of the elderly in rural areas would be without support from their children, and especially if they were without children. However, despite the fact that total income received from children grew as their elderly parents aged, the amount decreased as age increased (see column 7, Table 1). This means that the money available to the

⁴ The amount of income coming from relatives, villages, and the country was so small that we can omit it if we compare the earnings of the elderly with the income provided by their children.

oldest elderly was still inadequate, even though their children had contributed more than the children of the younger elderly.

Table 1. Comparison of income from children with the personal earnings of elderly parents

Age group	Number of cases (1)	Personal earnings ¹		Income from children		Proportion of Income ³ (6)=(4)/[(2)+(4)]	Sum of the two incomes (7)=(2)+(4)
		Mean (2)	S. D. ² (3)	Mean (4)	S. D. (5)		
Total	9949	290.80	597.99	274.72	384.99	48.58	565.52
60-64	3142	480.80	764.32	236.35	381.84	32.96	717.15
65-69	2766	319.27	622.54	274.97	395.35	46.27	594.24
70-74	1947	181.03	385.44	290.60	383.50	61.62	471.63
75-79	1265	92.31	272.42	304.56	311.26	76.74	396.87
80-84	580	39.85	177.38	330.07	486.05	89.23	369.92
85+	249	28.14	167.35	351.58	344.53	92.49	379.72

Source: Calculated from the original data of Survey on China Support System for Elderly, China Research Center on Aging, 1992.

1. Earnings from people with pensions are not included because the proportion of these people only account for 5.88%, which would have little impact on the general result.

2. S. D. = standard deviation.

3. Proportion = mean of income from children/(mean of personal earnings + mean of income from children).

The amount of income manifests a close relationship with the number of children the elderly parents have. The more children they have, the more money they receive as they age (see Table 2). The amount of income increased with the number of children. Elderly who had only one child received 193 yuan from their child during the last year of the survey. Elderly who had four children received 243 yuan. And elderly who had seven children received 386 yuan, which is just double of the amount of income received by elderly who had only one child. This is why Chinese people place such importance on the number of children they can have, especially in rural areas.

Table 2. The mean income of the elderly based on the number of children they have.

Number of children	Mean income from children	S. D. of income	Number of cases (elderly age 60+)	Average income from each child
0	0	0	250	0
1	193	290	870	193
2	209	256	1145	105
3	227	282	1517	76
4	243	333	2103	61
5	288	347	1932	58
6	371	536	1301	62
7	386	556	661	55
8	441	562	251	55
9	331	389	109	37
10	519	593	36	52
11	528	652	17	48
12	350	0	1	29
13	20	0	1	2
Total	268	383	10194	

Note: Based on Analysis of Variance, the F statistic = 36.08 and the p-value = .0000, which is statistically significant.

Having more children could benefit not only the elderly but also their children. Table 2 shows that the more siblings there are, the less the burden is on each of the children. For elderly who had only one child, that child had to provide 193 yuan, whereas each of the children who came from four-sibling families only give 61 yuan to their parents, three times less than the amount provided by the child from one-child families.

From this analysis, we can see that the children are the initial source of support for the elderly in rural areas. It is almost impossible for the elderly to live without children in rural China, and even with just a few children, it is difficult.

The scenario above describes the situation in the early 1990s, when the elderly had more than four children alive, on average. At that time, the family planning policy in China had no effect on the number of the children the elderly had, because almost all the children of the elderly aged 60 and over in 1992 were born before 1970, when the family planning program began. However, when parents whose children were born after 1970 enter the elderly age group, things may shift. In order to assess the problems, we should examine aging not only in a macroscopic way, i.e., the changes in age structure, but also microscopically, i.e., the changes in family structure.

Estimating the Number of Children for a Family in the Future

There are two aspects concerning family structure when considering intergenerational relationships. One is the blood family structure, and the other is the household structure. From the perspective of support and care for elderly parents, these two family structures are closely related. The number of children elderly parents have may reflect the potential capacity for support and care in later years. However, it is clear that once all the children take responsibility for caring for their parents, the greater the number of children, the more support there will be and the less the burden there will be on each child individually.

Since fertility experienced an unprecedented drop following the implementation of the family planning policy, the number of children allowed to each couple has decreased over time. Using data produced by the 1990 National Population Census regarding the number of children ever born, we calculated the changes in the number of children born to parents by age group.

Table 3. Number of children ever born to rural women by the age, 1990

Age group of women	Years reaching age 65	Average children born	Distribution of children born			
			No child	One child	Two children	Over three children
30-34 ¹	2021-2025	2.30	1.3	17.2	46.6	34.9
35-39	2016-2020	2.77	0.8	7.6	38.4	53.2
40-44	2011-2015	3.49	1.0	2.2	19.2	77.6
45-49	2006-2010	4.32	1.2	1.6	6.9	90.3
50-54	2001-2005	4.97	1.6	1.9	4.2	92.3

Source: Calculated from "Data Collection of 1990's Census," published by the National Office of Population Census in 1993.

¹ Women have completed 97% of their births before age 30, so the result of the number of births has no great difference in reality.

Table 3 provides a general picture of the change in number of children when elderly parents reach age 65 in the future, by age groups, in 1990. When adults aged 50 to 54 in 1990 reach the age of 65 during the years 2001 to 2005, they will have nearly five children available, assuming that no children died before their parent reached age 65. For this age group, 92.3% of those who had three or more children, the proportion who had only one child remaining was just 1.9%. This means that there are a sufficient number of children available to elderly parents to provide support and care as they get older and cannot take care of themselves. For people aged 45 to 49, there is no great difference compared to the people in the higher age group, because they also have over four children, on average, and over 90% of them have three or more children remaining when they reach age 65. However, the reproductive behaviors of women starting from age 40 to 44 were affected by the family planning policy, and the average number of births began decreasing. When people aged 30 to 34 reach the age of 65, they will only have 2.3 children, on average, available. And considering the death rate, the number of available children, in reality, will be less than 2.3. The people in this age group had their children mostly in the 1980s when the fertility rates were fluctuating. Since the fertility rate drastically decreased in the 1990s, when the total fertility rate was around 1.8, the people in these age groups can expect to have fewer children. Therefore, the resources available

for supporting and taking care of the elderly in rural areas in the twenty-first century will be inadequate.

Social Security for the Elderly

If the support available to the elderly from their children is insufficient in the future, compensation should be provided by the country, which bears the responsibility to compensate for the shortfall. In theory, the compensation is both necessary and appropriate because the “insufficiency” was caused by the people’s responsibility to follow the required family planning policies.⁵ While family planning is a duty of the citizens, resolving the problems caused by family planning should also be the duty and responsibility of the country. And even though the government has already recognised this burden, solving the problem is not an easy task.

Contrary to family support, social support for the elderly can be generated by government and social organizations through the creation and regulation of relevant social policies and by providing some financial support. In general, there are two social facilities available to provide security for the elderly in rural areas: social relief and social insurance.

Social Relief

Social relief is organized by country or collective organizations to help the elderly who have no ability to do physical work, no living sources, and no children or relatives. This system began in 1956 when the collective economic institutions were established (Qiao, 1999c). Elderly who qualified for social relief were supported by the rural collective economic institution, called a “production team” or the “people’s commune.” There are two ways to implement social relief. First, elderly receiving support could live in the “elderly home” in the counties or villages, with the village collective organization and the

⁵ The Constitution of China has regulated that Chinese citizens have a duty to follow the family planning policy.

local government providing financial support. The other option is called “scattering support” for elderly who are still living in their own homes; again, the village collective organization provides the support and takes care of these elderly. Because the number and proportion of the qualified elderly was very small in rural areas, and because the rural collective organizations had the authority to provide money to the elderly, it was easy for them to offer support. However, this system was established under the rural collective economic organization. Since the mid 1980s, when the rural economic system reform began, collective economic organizations have been eliminated in almost all rural areas. Instead, the family as a unit production system has been established. Therefore, there are no organizations that have the authority and the ability to provide support for those elderly who have no ability to do physical work, have no savings, and have no children or relatives remaining. These elderly are now facing very harsh conditions.

Social Insurance

Because support for the elderly that was once provided by local organizations in rural areas no longer exists due to the elimination of the rural collective economic organizations, the government needed to establish a new institution to provide support to elderly in rural areas. In the late 1980s, the government initiated a pilot experiment of rural social insurance. Through these experiments, some principles on implementing social insurance in rural areas were proposed by the government in the early 1990s. Those included the following statements: “The implementation of social insurance is limited in the prosperous or developed rural areas”; “participation in social insurance by rural people is a personal decision, not an obligation;” “people who participate in social insurance should pay for it by themselves, and the role of the government is to provide relevant policies”; and “implementation of social insurance in rural areas must not add burden to the country’s finances.” Until 1996, there were 1,800 counties participating in social insurance, which accounted for 72% of all the counties in China.

However, the need for social insurance in rural China is unique compared to other areas in the world. Nowhere else does this problem exist to this extreme. Therefore,

implementing social insurance in rural China will be critical, and solving this problem will not be as easy as one imagines. The following problems have been confronted:

1. Because the country was reluctant to contribute money, all the funds for the insurance had to be accumulated from the participants themselves; therefore, only people in rural areas who are rich have the ability to participate in the social insurance program. People who are living in poor areas are unable to be insured. This means that the new policy can only secure people who are well off rather than the poor people who are in need of assistance. Hence, such social insurance can not reach its real goal, which is helping the elderly in rural areas.
2. The benefit of this social insurance is only experienced the young people rather than the middle-aged and the elderly who have to pay more money than the younger people do. Some investigations found that there were few cases in which children purchased the insurance for their elderly parents, but, on the contrary, there were more instances in which the elderly purchased the insurance for their grandchildren (Qiao 1998). In some areas, participants aged 20 to 30 accounted for 40% of the insurance holders. Participation by people younger than age 20 was also high, and the lowest participation was among people aged 40 and over. Ironically, those people facing the more serious problems in the future are those over age 40 at the current time.
3. Because there are no professional insurance organizations to carry out the work and manage the foundation in rural areas, all the money collected has to be saved at county-level banks. In the early 1990s when social insurance began, the commitment to the annual interest rate for return to the participants was 12.9%. However, due to a sharp cut in the interest rates at national banks in late 1990s, the real interest rate in the counties' banks was about 3%. This means that the bank would be unable to honor the original 12.9% interest rate. The social insurance organization or the government might violate its promise to the people in rural areas unless compensation is provided for the shortfall.

4. Until 1998, less than 1% of the insurance-targeted population aged 20 to 60 had participated in social insurance in rural areas. Average cumulative funds for the insurance was only 146 yuan RMB (equivalent to \$17 U.S. dollars). This means a participant who purchased 146 yuan of insurance at age 40 could only receive 15 yuan RMB (\$1.8 U.S. dollars) a month in 2020 when he reached age 60 and began to receive the pension benefit according to the previous inflation rates (Qiao et al. 1999d). It will be impossible to live on this amount of money in 20 years, when the participants reach elderly status.

As a result of such problems, the rural social insurance plan has to be stopped by the central government. However, it is still not clear how to secure or support the lives of the elderly in rural areas. A new scheme for social support for the elderly in rural areas is under investigation. However, at the moment, no alternative plans for providing social security to the people in rural areas has been found.

The people in rural areas do not have enough money to secure their future living expenses and do not have enough children to support and care for them. In addition, the government does not have enough power to pay the pension bill for such a large population. However, one conclusion has been clearly emphasized by the government again and again: support and care of the elderly in the future will depend largely on families.

Implications of China's Aging Problem

According to the government, families should play a major role in the support and care of the elderly. Therefore, in July 1996, China's People's Congress passed the "Law of Security of the Right of the Elderly." The law states that taking care of elderly parents is the duty of children. It means that children would be in violation of the law if they did not support and care for their elderly parents.

As a result of traditional conventions in place for thousands of years in China, people take the support and care of the elderly for granted. The ideology of filial piety is deeply engrained in China's culture. Therefore, in almost all families, children desire and expect to support and take care of their elderly parents if and when the need exists. In fact, the "Law of Security of the Right of the Elderly" can only assist those elderly whose children have the capability to support and take care of them but are reluctant to do so. However, the law cannot help those elderly whose children intend to support and take care of them but have no ability to do so. In the future, due to the sharp decline in the number of children in each family, the latter scenario will exist universally in China. This is not just because of the decrease of the number of children in each family, but because a great deal of young people are leaving rural areas and working in urban areas as well. China is at a dramatic transition period in the reform of socioeconomic institutions and economic development. As estimated, there are nearly 100 million people from rural areas working in urban areas. This is called a "floating population." Following further economic development, there might be more young people leaving their elderly parents at home.

The law is effective in securing the rights of the current elderly population because most of these elderly have more than three children now, but it is unable to secure the rights of most elderly in the future. And while the law secures the rights of one segment of the population, it may violate the rights of other relevant. To the people who intend to support and take care of their parents but have no ability, enforcing the security of the rights of the elderly parents would violate the right of their children. Elderly parents have the right to be supported and taken care of, but, on the contrary, their children also have the right to work and live. It is a contradiction. In the future, the law will be unable to secure the rights of the elderly.

Optimal allocation of human resources is the goal for socioeconomic development in a country. Most of the young people in rural China will pursue more profitable jobs based on the demands of a market economy. However, the need to support their parents will produce some level of burden on the active working people, especially on couples who both come from one-child families. However, because of traditional "filial piety" and the

duty of Chinese people to care for their elderly parents, some young people will abandon their work to take care of their parents. Some will take more time to care for their parents, though they may not abandon their work, and others will, under pressure from the law, take more time to care for their parents. This means that the aging problem in the early century will affect not only the lives of the elderly in rural areas but also the socioeconomic development and sustainable development of the whole country. The aging problem is not just a problem of the elderly population but is the problem of the entire population as well. If we cannot properly treat this problem, it will cause many other problems in future.

Policy Choices

In response to the aging problem in rural China, the government has attempted to provide relevant policies that might solve the problem rather than undertaking the financial responsibility itself, since it does not have enough power to support such a large and growing elderly population. Even so, we still think that there are some valid policies available now. We also think that some financial responsibility for resolving the problem is the duty of the government. Some policy-related suggestions are proposed below.

1. ***Create collective care centers for the elderly in rural areas.*** Even though children of rural parents are working and living far from their elderly parents, they are still concerned and worried about them. As is to be expected within the context of Chinese culture. They hope communities can provide some help and care for their parents, and they might have the ability to pay for such care because they have earned more money than the people in their hometowns. Therefore, more elderly homes or day care centers should be established in rural areas. The establishment of such services would not only meet the needs of the elderly whose children are no longer living with them and relieve some of the burden from the children, but it would also provide more employment opportunities for the people in the rural areas.

2. **Retain the original social relief institution to support the elderly who have no physical ability to work, no living resources, and no children or relatives to help provide support.** Self-support and family support are two systems available to the elderly. But for those elderly who cannot avail themselves of self-support or family support, i.e., elderly who have no physical ability to work, no living resources, and no children or relatives, support from society or the government is their only option and their last line of defense. The local government should accept responsibility for maintaining this support system and secure the basic living expenses for these people. At the same time, self-support will still be encouraged through cumulative savings and participation in social insurance when they are young.

3. **Recreate the social insurance institution in rural areas.** Even though there are some problems to implementing social insurance in rural areas now, the premise of this idea is sound, because integrating social insurance into the support system of the elderly is the fundamental way to settle aging problems. In order to increase the efficiency of the insurance fund, a formal and special system should be established, rather than just having people save money at local banks. The current problem facing social insurance is how to manage the fund, not the administrative management of the overall system. Of course, providing some favorable national policies and some financial support for the social insurance system would also be integral to its success.

4. **Encourage daughters to support and care for elderly parents.** As part of traditional Chinese convention, sons have a duty to support and take care of their parents, but daughters have no obligation to do so. A daughter may help her husband take care of his parents. That is why couples hope to have at least one son rather than only daughters in China, a desire that has resulted in a high sex ratio at birth since the 1980s (Zeng, 1993). As a result of limiting the number of births, some families may have no sons but only daughters. For those elderly who have no sons at all, relying on the filial system for support would be fruitless. Because half of all one-child families and a quarter of two-children families have only daughters, the proportion of families with only girls will increase following the decrease of the average number of children

per family. Therefore, advocating daughters' support for the elderly and changing the old tradition, which is no longer suitable to the current situation, are critical.

5. **Provide some financial support to elderly who have only one child, especially one daughter.** The proportion of one-child families has increased in rural areas. Couples who have only one child, especially one daughter, in compliance with the country's family planning policy may experience more losses in the future than those couples who violated the family planning policy requirement and had more than one child. When their losses are due to compliance with the law, the country should provide some compensation to these families. Implementing family planning is the duty of the people; however, providing compensation to families who have only one child and who suffer as a result is the duty of the country in return. The problems of support for the elderly in one-child families, especially one-daughter families, in rural areas are directly related and linked to the family planning program. Therefore, compensation should be given by the country or by the government.
6. **Create social service systems for elderly in rural areas.** Since the agricultural economic reform began in the early 1980s, economic development and its effect on people's lives in some rural areas have increased dramatically. But social services in rural areas are still lacking. Most elderly who have no children to take care of them don't like to live in the "elderly home," as is conventional, even though they need to be cared for. However, the demand for such social services, especially at a local level, will be increasing.
7. **Encourage the elderly to mutually take care of themselves.** As a result of fewer children being born and some children living far from their elderly parents, there will be a shortage of young people who are available to provide care to the elderly in the future. In some rural areas, "elderly villages" have been formed. So in the future, it may be required that the elderly who are healthy have to take care of the elderly who are disabled or are without means. The question is how to encourage the able elderly to take care of others who are less able. One way is to provide some incentive to

attract the healthy elderly to undertake this work. Another way is to recruit volunteers. A community in Shanghai used a method called “time saving”: the number of hours spent taking care of others was recorded and saved, and the same hours of care will be given by others when the caregiver needs care (Qiao et al. 1999d).

Conclusion

Both sharp transitions in the age structures and transition in the economic institutions will affect aging problems in China in the early century. The combination of these two items, in addition to the increasing number of elderly citizens, will make the problems of aging more serious in China than in any other country in the world, where no such rapid age structure and institution transitions have occurred. In addition to the declining number of children in families and the change of institution, the lack of the infrastructure, poverty, and labor outflow make the problem in rural areas much more serious than that in urban areas. It is impossible to rely on families to handle this problem. The aging problem is not just a problem within individual families, but a problem of the entire country. Setting up relevant policies and pooling financial support for handling this problem is the duty of both the country and the government. Rural areas account for two thirds of the population in China today. Resolving the problem in rural areas means that most of the population will be helped. Early consideration and action to combat this problem is necessary. A proper adjustment of socioeconomic policies and institutions is quite urgent. The law of population dynamics states: “We have already missed the optimum moment to resolve the problem once the problem completely occurs.” Previous attempts at resolving the population problems in China have provided sufficient evidence to support this law.

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