The Economic Pressure of Population Ageing in China and Its Policy Regulation

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Long Abstract

To understand and to measure the economic pressure caused by population ageing is a great difficulty in demography. Moreover, whether and how population ageing can be effectively intervened and regulated is a common concern and debatable issue among the policy makers and demographers. This paper is going to make a probe into these issues with China as an example. By adopting innovative approaches, the author makes quantitative analysis and international comparative study of the economic pressure of population ageing of China between 1980 and 2050. On the basis of these studies, this research tries to explore the necessity, feasibility and a possible path to regulate China’s economic pressure of population ageing by relying on its birth control policy.

This research may contribute to a better understanding of the “China Paradigm” of population ageing. Population ageing in China is very special in the history of human population ageing. Its uniqueness is not only revealed in its causes, dynamics and processes, but also in the social and economic consequences caused by this demographic phenomenon as well as in China’s policy responses. China, the most populous country in the world, has a population that accounts for about one fifth of the world’s total. It is necessary to have a scientific insight into the “China Paradigm” of population ageing when trying to understand the world’s population ageing.

This research is also helpful to making clear the relationship between population ageing and population policies and providing a scientific basis for formulating a population policy to cope with the challenges of population ageing in China. The
early 1970s witnessed both the beginning of rapid population ageing and the adoption of a rigid family planning policy in China. This is not a historical coincidence and there exists a close relationship between population ageing and the birth control policy in China. The birth control policy not only was one of the most important causes and dynamics behind population ageing in China in the past, but also will play a critical role in regulating population ageing in China in the coming years. From the 1970s to the mid-21st century, China has been and will continue to be a unique large social laboratory for regulating population ageing by adopting birth control policies.

The approach adopted in this research to measure the economic pressure of population ageing is the AECI approach proposed by the author in 2009. The AECI, which refers to Ageing and Economics Coordination Index, is the key of the AECI approach. It reveals the macro-economic pressure of population ageing by evaluating the coordination between population ageing and economic development. The higher the AECI is, the farther population ageing outpaces economic development, and the greater the macro-economic pressure of population ageing is. When used to measure the economic pressure of population ageing, the AECI takes account of both the degree of population ageing and the level of economic development. The conception of the AECI has made the economic pressure of population ageing quantifiable and comparable.

The data of this research are generally quoted from the World Bank, the United Nations, the Economist Intelligence Unit (EIU, London), and the 2010 national census of China.

One of the two major accomplishments of the research is the measurement of the economic pressure of population ageing in China during 1980-2050. The results show that: (1) The AECI of China, which shows the economic pressure of population ageing, was 2.4 in 2010, ranking the 16th among the 103 countries with a population of above 5 million. (2) The economic pressure of population ageing in China is relatively low before 2025, and thus we can make full use of this period to get fully prepared for the more severe challenges to come in the future. (3) The period between 2025 and 2040 will witness the fastest increase of China’s economic pressure of
population ageing. (4) The economic pressure of population ageing in China will reach a peak around 2040, when the economic pressure is likely to triple that of 2010. (5) The economic pressure of population ageing in China, at its peak, is likely to surpass that of any developed countries when they were at the same economic development level.

Another major accomplishment of this research is to have revealed the relationship between the economic pressure of population ageing in China and its birth control policy as well as a possible path to regulate the pressure by birth control policies. By population simulation, quantitative calculation, and international comparison, the research finds that: (1) The influence of the speed of economic development is much greater than that of birth control policies on the future economic pressure of population ageing in China. Therefore, the key to alleviating the economic pressure of population ageing lies primarily on economic means while population policies come the second. (2) China will face an unbearable economic pressure of population ageing if its current birth control policy stays unchanged from now until 2050. Therefore, it is necessary to alleviate its economic pressure of ageing population by relaxing its birth control policy. (3) Among the four options proposed in this paper to relax the birth control policy, the one which suggests a gradual and substantially moderate relaxation of the current birth control policy beginning from 2013 will not only effectively help alleviate the economic pressure of population ageing in China, but also control the pressure of population size within a bearable extent. This is a rational way to realize a strategic balance between the pressure of China’s population size and that of population ageing in the first half of the 21st century.