Outline

- A short history of population in China (1950-2010)
  - The defusing of population explosion bomb
  - The making of population implosion bomb
- China’s demographic challenges
  - Rapid aging
  - Low fertility trap
- Implications for Sino-U.S. Relations
  - Social, economic, political ...

Population Pyramid, China 1953

Birth Planning for the Revolution

The One-child policy

- Almost a “perfect” policy?
  - Articulated motivations and clear goals
  - Fair and transparent
  - Government commitment
  - Social mobilization
  - International support

China’s Route to Low Fertility

- 1971 “Later, Longer and Fewer” Policy
- 1980 “One-child” Policy
- 1959-61 GLF Famine
- 1978 Economic Reform
- 1991 “One-veto” Policy
- 1992 Market Liberalization
Critics: An Unnecessary and Failed Policy

- China’s fertility was already low before the policy, TFR=2.7.
- The one-child policy failed to reach its goal. Chinese population was at 1.27 billion by year 2000.
- False assumptions
  - Population growth did not hinder economic development.
  - Chinese always want to have as many children as possible? Current ideal family size = 1.7, many are forgoing of their opportunities to have a second child.
  - Fertility decline is not unique to China.
- A blunt violation of reproductive rights, with tremendous social costs. It has created more problems than it tries to solve: flood of abortions, rapid aging, sex imbalance, spoiled generation...

Population Pyramid, China 1953 vs. 2010

Population Pyramid, China 2010 vs. 2050

UN’s Projection: Aging

Pace of Aging, Selected Countries

Old before Rich, China and its Neighbors

Population Aging when GDP/P Reached 20%+ of US Level:
- Japan: ~5% (1955)
- Taiwan: <4% (1975)
- South Korea: <4% (1980)
- China: 8% (2006)
The Future of China's Population

Low Fertility Trap
- After fertility falls below certain level (1.5), it's very difficult to pull it back
  - Examples: Japan, Italy, Spain...
- Demographic, social, economical, and political
  - Calculated choice, competitive pressure and individualism
  - Confucian culture and low fertility
  - Internalization and ideational change
- Examples from Jiangsu and Shanghai
- What lies ahead?

Fertility Coming Back?

Lessons from Taiwan

Population is Destiny
- Population momentum
  - the current trends will continue before it can be reversed
- Demographic dividends
  - Demography is among key factors behind China's economic miracle over the past three decades
    - Institutions
    - Capital
    - Technology
    - Market
    - Demography

Life-cycle Consumption and Income
China 2007
Implications for Sino-US relationships

- Shared challenges
  - Population aging
  - Climate change
  - Economic co-existence and reliance on each other
  - Political agendas driven more by domestic issues
  - Learning from each other

What Comes Next?

- Capital investment (declining returns)
- Reforms (increasingly difficult and protracted)
- Market (need to increase domestic consumption)
- Slower growth and rising social spending demand are the new basic parameters
- New sources of growth and opportunities: labor force participation, social infrastructure, urbanization, financial markets, and human capital deepening
- Technology(?)

Life-cycle Consumption and Income US 2000

Population Relying on Pension, 2010

Thank you!