China has entered into a new stage of demographic dynamics whereby population-related challenges are more complicated than ever before. The current one-child policy should be modified. However, the anticipated impacts of such a policy change should not be overexaggerated. China’s demographic challenge requires an integrated coping strategy.

RAPID CHANGES IN CHINA’S DEMOGRAPHIC DYNAMICS

Along with its rapid socioeconomic development over the past few decades, China experienced profound demographic transitions, and has entered into a new stage of demographic development. Information released from China’s 2010 population census indicates that some fundamental changes have occurred (National Bureau of Statistics of China, 2011). China has successfully slowed down its population growth to an annual population growth rate of 0.57 percent between 2000 and 2011. See http://www.stats.gov.cn/tjgb/rkpcgb/qgrkpcgb/t20110428_402722232.htm.

2010, a figure similar to that of most developed countries. China has also developed into an urban society with more than half of its population living in cities and towns, and the annual increase in the rate of the urban population has exceeded 1.3 percentage points over the past 10 years. The Chinese people are no longer staying in the same place as they did for thousands of years; instead, a huge number of the Chinese population are currently migrants: There are about 220 million rural-urban migrants and another 40 million urban residents who live in places where they are not officially registered. The elderly population aged 60 years and older reached 178 million in 2010 (accounting for 13.6 percent of the total population), and the number will increase rapidly in the near future. China has become an aging society. In addition, Chinese society has become highly diversified, and there are marked rural-urban, regional, and societal differences. These demographic changes occurred in a very short time period, and will continue in the near future.

THE GOVERNMENT’S ROLE IN DEMOGRAPHIC CHANGES

There are disagreements on the actual impact of the government population policy, mainly the one-child policy, on China’s recent demographic transition. Wang and Cai (2010) argue that even if there had been no government policy intervention, China’s total fertility rate would still be at the current level by applying the set of models developed by the UN’s Population Division and statisticians from the University of Washington based on the history of fertility change and fertility trends in all other countries. On the other hand, the official statement from government agencies responsible for the implementation of the family planning policy and program tends to overestimate the importance and the achievement of government policies, particularly the so-called one-child policy.

In our opinion, government intervention should be treated as one of the decisive factors that brought down China’s fertility level, and its impact is remarkably significant at least at the early period of the policy’s implementation. The program sets up official norms of childbearing based on local regulations and programs, provided technical support to prevent for or terminate unwanted pregnancy, and most importantly changed people’s fertility desires. Some of these interventions were carried out in a coercive manner that attracted wide criticisms and should be entirely forbidden. On the whole, the historical contribution of the government family planning policy and program to China’s fertility decline should not be underestimated.

It should be noted that China’s family planning policy and program can be divided into two stages. China introduced its first nationwide family planning program in the early 1970s. The principle of the program was “later marriage and later childbearing, longer birth interval and fewer children.” This program achieved great success as China’s total fertility rate declined from 5.8 in 1970 to 2.7 in 1979. The current one-child policy was put forward in 1979 and fully operational from 1980 onward. Changes in fertility desires and behaviors can be attributed to various factors, and over-generalization may cause confusion.

Despite the limiting effect family planning regulation has on people’s free choice on childbearing, however, social and economic transformation brought about by China’s development has played a much more important role over the years. Economic and financial considerations play a much heavier role in families’ fertility

2 See also http://www.bbc.co.uk/news/world-asia-19630110.

3 For example, Commissioner of the State Population and Family Planning Commission Li Bin claimed on September 10, 2009, that 400 million births had been prevented due to the implementation of the family planning policy over the last 30 years (from the later 1970s). See http://www.gov.cn/jrzg/2009--09/17/content_1419703.htm.
decisionmaking process. People marry later, prefer a smaller family size, and focus more on their own quality of life. All of these changes have pushed fertility level even lower than the government policy allowance. This is particularly the case in cities like Shanghai, where the total fertility rate for the native Shanghai population has remained around 0.8 since the mid-1990s, a figure much lower than what arises from the one-child regulation.

The importance of the government’s role in China’s fertility transition should be fully recognized. At the same time, the contribution of socioeconomic development on the fertility transition should also be greatly considered.

THE CURRENT FAMILY PLANNING POLICY AND PROGRAM SHOULD BE MODIFIED URGENTLY

The current one-child policy was formally implemented nationwide after the publication of the official open letter on September 25, 1980, which called for young Chinese families to have one child per family. The term one-child policy is a simplified one as China never implemented a true one-child policy across China. There are regional and rural–urban differences in local family planning regulations. The fundamental rationale for the policy is to slow down China’s rapid population growth to establish a sound demographic environment for China’s modernization.

After more than 30 years of implementation, the original policy target to avoid a massive population explosion has already been achieved. China’s annual population growth rate is now around 0.5 percent, and will remain at this low level for the near future before it eventually turns negative. At the same time, there have been huge social and economic costs related to the program, and risks caused by rapid changes in the population age, sex composition, and others factors have accumulated. Furthermore, the administrative cost, including the tension between government family planning agencies and the public, of policy implementation has been exceptionally high.

While the centrally planned economic model dominated when the one-child policy was first proposed, Chinese society has transformed significantly since then. This means that the overall social environment for the one-child policy has changed. As Chinese people have obtained more freedom in most social aspects, the decision for childbearing should also be made by individuals, and the government intervention on people’s reproductive life should be limited. Therefore, the current rigid one-child policy is no longer a rational one, not only unnecessary, but also to some extent in contradiction with Chinese government’s social development efforts. The policy requires urgent modification.

MAJOR CHALLENGES LINKED TO DEMOGRAPHIC CHANGES

If the demographic challenge more than 30 years ago was mainly how to slow down China’s rapid population growth, challenges caused by current demographic dynamics are much more complicated.

The country reached the threshold of an aging society in the year 2000. Based on the 2010 national population census, 178 million Chinese were older than 60 years, accounting for more than 13.6 percent of the total population. The aging process will progress even faster as the cohort of baby boomers gradually reach the retirement age. Aging in China is occurring at a much earlier stage of socioeconomic

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4 A detailed discussion on local family planning regulations can be found in Gu et al. (2007).
5 A review of various population projections can be found in Peng (2011).
development than in Europe and Japan. This rapid aging trend is certainly a consequence of rapid fertility decline over the past, in addition to the gradual increase of life expectancy in China.

Along with the aging process is the potential decline of the working-age population, which is expected to push China’s future labor costs to rise further and is viewed as one of the major causes of China’s economic challenge in the near future. The working-age population in 2010 accounted for around 70 percent of the total population, but it will reach its peak in the next few years and then begin to decline very sharply thereafter (United Nations Population Division, 2011). The decline of China’s working-age population will be more rapid than the decline of the total population, which may result in serious labor shortages, slow down China’s economic growth and put an extra burden on China’s social security system. The potential to harvest the demographic dividend remains, but the window of opportunity will gradually close in the next 10 years.

China experienced a very rapid urbanization process. By the end of 2010, 670 million mainland Chinese were classified as urban residents, living in more than 660 cities and 20,000 plus towns and accounting for about 50 percent of the total population. The annual growth rate of the urban population was 1.3 percentage points over the last 10 years, and this momentum will continue in the future. While urbanization is viewed by the Chinese government as one of the engines of economic growth, it is also a potential cause of environment degradation and societal tension between native urban residents and the migrants.

As the result of the abnormal sex ratio at birth that was first reported in the 1980s, a large number of young men will not be able to get married due to the shortage of available women in the marriage market (Lipatov, Li, & Feldman, 2008). The marriage squeeze has already emerged, but will be much more serious in the next 10 years as the so-called “surplus men” will number around 30 million for China as a whole. The phenomenon will be more serious in China’s poor inland countryside.

One of the unique phenomena related to China’s population dynamics is the huge number of only children. This is certainly a consequence of China’s one-child population policy. At present, there are more than 100 million only children in China’s urban areas, plus about 40 million in the rural areas. This is a generation that is different in many aspects from other generations (Feng, 2011).

MORE INTEGRATED PUBLIC POLICIES ARE ABSOLUTELY REQUIRED TO COPE WITH THESE DEMOGRAPHIC CHALLENGES

The aforementioned challenges are population problems by nature, but are also complicated social and economic problems. Many of them are either directly or indirectly linked to the implementation of the one-child policy, and therefore changing the current policy will be helpful to cope with these problems. It will slow down the aging process and the decline trend of future labor force, and it will also provide more time for China to restructure its economic system and the social security system. However, these population issues cannot be tackled sufficiently by changes in and implementation of population policy alone. In other words, the impact of population policy changes, if the public responds positively to them, should not be overestimated. Population policy should be treated as one of the policy measures of an integrated package that is urgently required to facilitate China’s future development, along with further political and social system reforms.

The Chinese population will continue to move into the cities. Chinese cities are socially divided, as about 450 million permanent (local) urban inhabitants live along with more than 200 million migrants, and tensions between local and migrant populations on public resources are rising. The Household Registration System (HUKOU)
has been the core institutional arrangement for the rural–urban segregation. Among the 23 million long-term residents in Shanghai, the largest metropolitan city in China, 14 million are local residents who have Shanghai’s Household Registration status and have access to all kinds of public welfare and privileges, while 9 million are migrants with limited social rights.\(^6\) Social integration of those migrants into mainstream urban society is one of the emerging challenges faced by the Chinese government and society. Reform of China’s Household Registration System seems more relevant to this great challenge.

The supply of young manual labors with limited technical skills who accept low wages has decreased dramatically, partially owing to the gradual decline of the number of newcomers to the labor market that was determined mainly by the smaller birth cohorts some 20 years ago. The proportion of young people aged 0 to 14 in 1970 accounted for 40 percent of the total Chinese population, whereas the figure declined to 16.6 percent in 2010. This trend is expected to continue in the future, and changes in population policy may slow down the process, but cannot reverse the trend. Changes in the one-child policy will affect the potential labor supply 20 years in the future, but will have very limited impact at present.

Furthermore, the reported shortage of manual labor is partially caused by the expansion of China’s higher education system over the past decade. China’s higher education institutes enrolled 1 million new students in 1997 and 6.8 million in 2011 (Figure 1). The education attainment of China’s future labor force is also changing. While the demand for labor from labor-intensive industry remains, but its supply is shrinking. Thus, it is hard for these labor-intensive factories to survive. Increases in labor costs are inevitable, which in our view is useful for enhancing domestic consumption and reducing social inequality. The declining labor force participation

\(^6\) Zhang (2012) provides a detailed discussion on the issue.
rate is another factor linked to reported labor shortage. The total participation rate, i.e., the proportion of the population ages 15 and older that is economically active in China, decreased from as high as 79.1 percent in 1990 to 74.2 percent in 2010. While the male participation rate declined from 84.80 percent in 1990 to 80.20 percent in 2010, the female participation rate declined from 73 percent in 1990 to 69.2 percent in 2010 (Shen, Zhang, & Yan, 2012). Therefore, demographic dynamics shape the basic pattern of the labor force supply, and other factors can also change the balance of labor market.

China's current social security system for the elderly has only developed over the past two decades, which provides services through different subsystems. The number of people participating in the urban worker’s scheme is 284 million, while the rural and urban residents’ scheme covers 459 million farmers, and other urban residents at present. Three hundred million retirees receive basic pension payment according to a government report. The system is essentially Pay-As-You-Go and suffers from fragmentation across different subsystems and localities, in addition to an ever increasing payout schedule coupled with a predicted decline in contributions to the system in the future. Aging will certainly increase the burden of this system. Changing the current one-child policy may create a better population base for the future pension system, but cannot avert the risk by a great margin. As aging is an inevitable trend not only in China, but also in the most countries in the world as well, much more fundamental changes are required to restructure the old-age support system in China. The retirement ages of 55 years for women and 60 years for men, respectively, should be raised gradually in accordance with the increase of life expectancy. The current pension system should be developed into a multi-pillar system to mobilize financial and social service resources from sources such as individual savings, family support, community involvement, charity organizations, and social companies. The elderly should not be treated as pure consumers; they could also be producers and service providers (Hu & Peng, 2011).

CONCLUDING REMARKS

China’s current one-child policy has accomplished its original target, and should be modified. Such a policy change in China may be path dependent and is better done by taking a gradual approach. In other words, a sudden policy change across China may result in a short period of chaos such as a heap of births as an immediate public response to the change. Following the success of China’s economic growth over the years, gradual reform in population policy may be better than shock therapy. Although technical projections and simulations are important for us to understand the impacts of policy change, the fundamental rational for the policy change is to let people eventually make their own childbearing decisions.

From a public policy viewpoint, criticizing the past policy is important for introducing a new policy, but developing a feasible roadmap to change the policy, and designing relevant policy tools for its implementation are more constructive. Research on possible policy changes has been conducted over the years, including various options for policy change such as where, when, beginning from which population groups, and the impact of different options have been worked out and submitted by scholars and relevant government agencies (Morgan, Guo, & Hayford 2009; Wang, 2011; Zeng, 2007; Zhai, 2010; Zhu, 2010). There are heated debates on the issues such as the potential public reactions to the proposed policy change, the

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optimal population size of China, and the implications on China's environment and resources. The issue should be treated seriously and urgently by the top Chinese leadership, and the decision to change the one-child policy needs to be made earlier rather than later.

China’s demographic situation is more complicated than ever before. Changing the one-child policy may help China to solve some population-related challenges, but cannot reverse the general demographic trends. Furthermore, there are uncertainties about how the public will respond to policy changes. As we have already discussed in the earlier part of this paper, socioeconomic factors have played a crucial role in determining Chinese couples' fertility behaviors. This momentum will continue and, to some extent, changes to the one-child policy may be a symbolic one. More integrated social policies should be designed and implemented at the same time as a more effective means for China to tackle future development challenges, including population problems.

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REFERENCES


BARRIERS TO POLICY CHANGE AND A SUGGESTED PATH FOR CHANGE

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BARRIERS TO SIGNIFICANT POLICY CHANGE

I agree with Xizhe Peng that the reform of the one-child policy is not a panacea for all the threatening demographic problems. However, its significant adjustment is a central and foundation-laying task that new population policy cannot bypass to deal with the problems that have been caused or exacerbated by the one-child policy. A substantial change in the one-child policy will not just embark on the fundamental transformation of China’s population policy, but also lend support in resolving various related socioeconomic issues. As the one-child policy has been kept almost intact for decades despite the emergence of many dangerous signals and serious critiques, it is important to diagnose the reasons that may hinder the decisionmakers from taking decisive action.

The Limit of China’s Total Population

A major opposition to relaxing the one-child control is that due to China’s huge population base, a low population growth rate still leads to a significant expansion of the total population, which may exceed China’s resource and environmental carrying capacity. Serious desertification, increasing air and water pollution, and poor food safety are all deemed as related to China’s overpopulation. Yet current estimates of China’s population limit are often based on static or wrong assumptions. Given natural and environmental resources, China’s population limit depends on its labor productivity, path of industrialization, pursued life styles, distribution of wealth, and many other factors that are dynamic and subject to the intervention of public policies. Compared to Japan, the United Kingdom, and France, China’s population density is much lower. The ingrained fear of population growth tends to ignore the reality that human resources have been and will continue to be China’s most important national strength.

Population Rebound

Another barrier is the worry that a serious population rebound will follow. The underlying assumptions of this warning are that Chinese families have an average fertility desire much higher than the real total fertility rate, and that the suppressed fertility desire of Chinese couples in their early forties and late thirties will burst out when the policy is relaxed. These assumptions are either wrong or exaggerated.