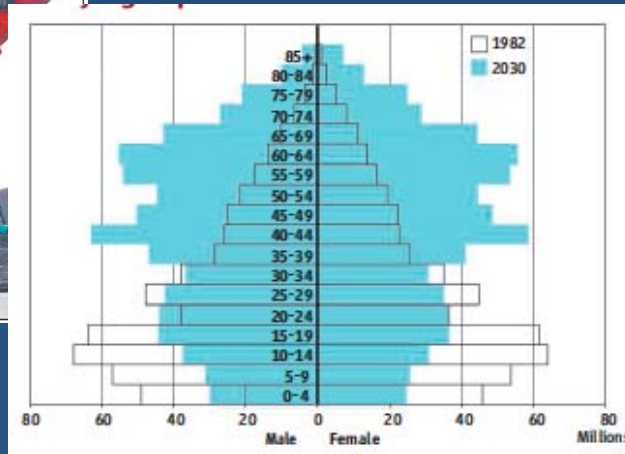


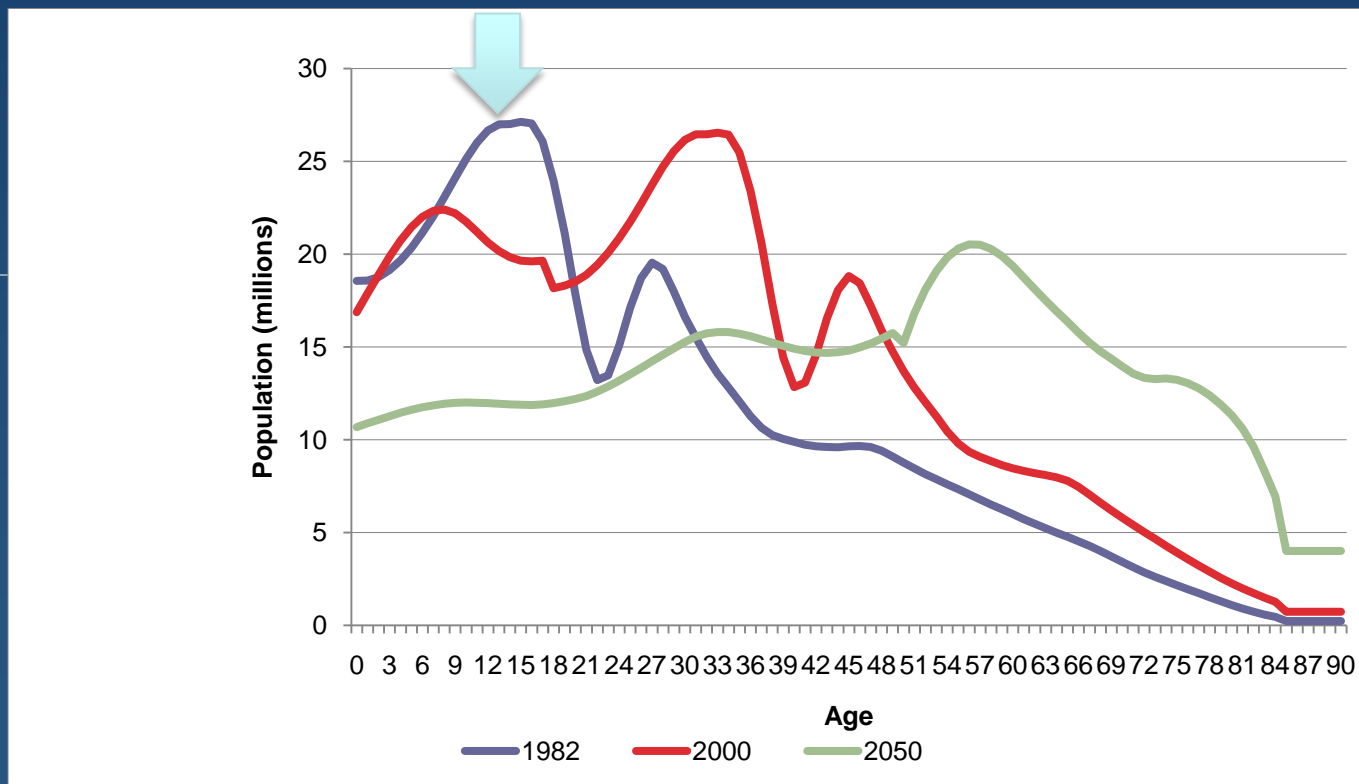
# China's New Demographic Era

Wang Feng

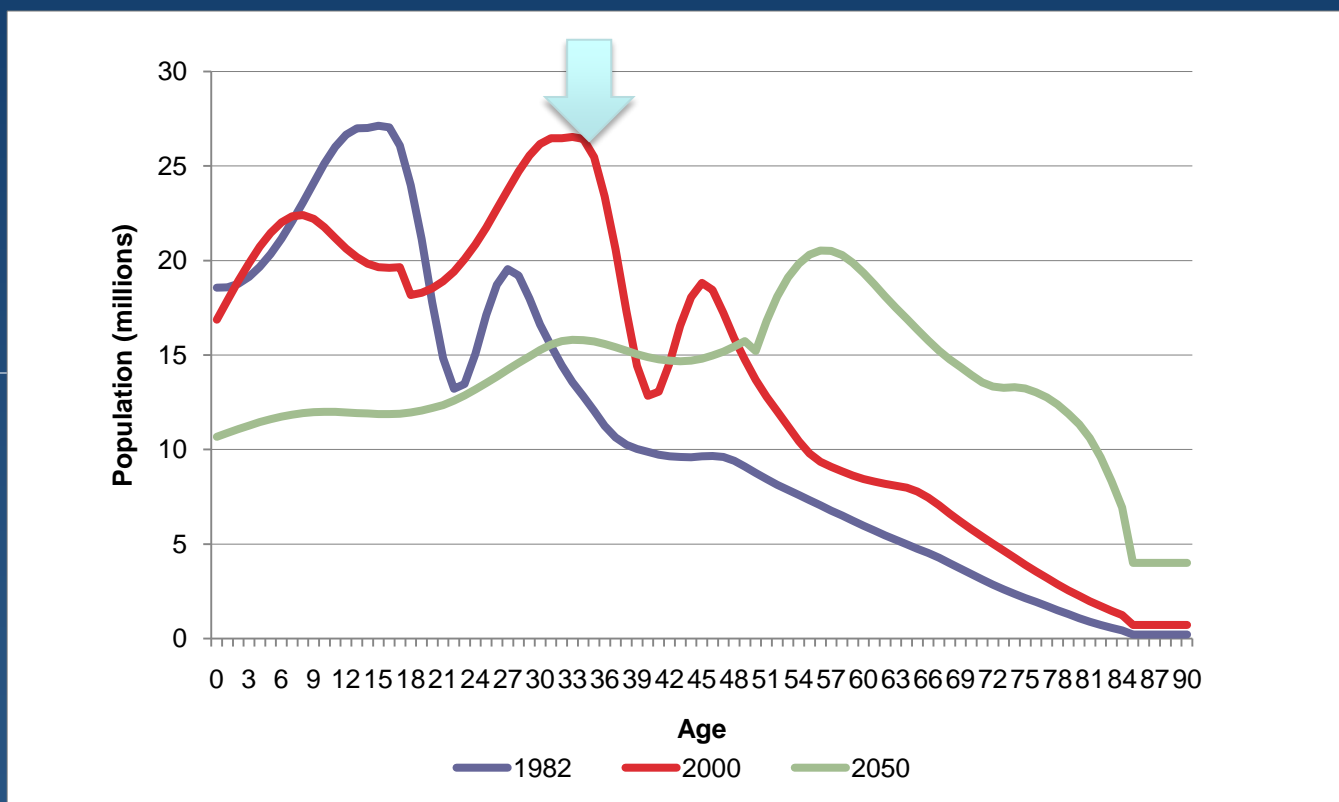


# Congruence of Two Booms

(population age distribution, China)



(Mason and Wang 2007)

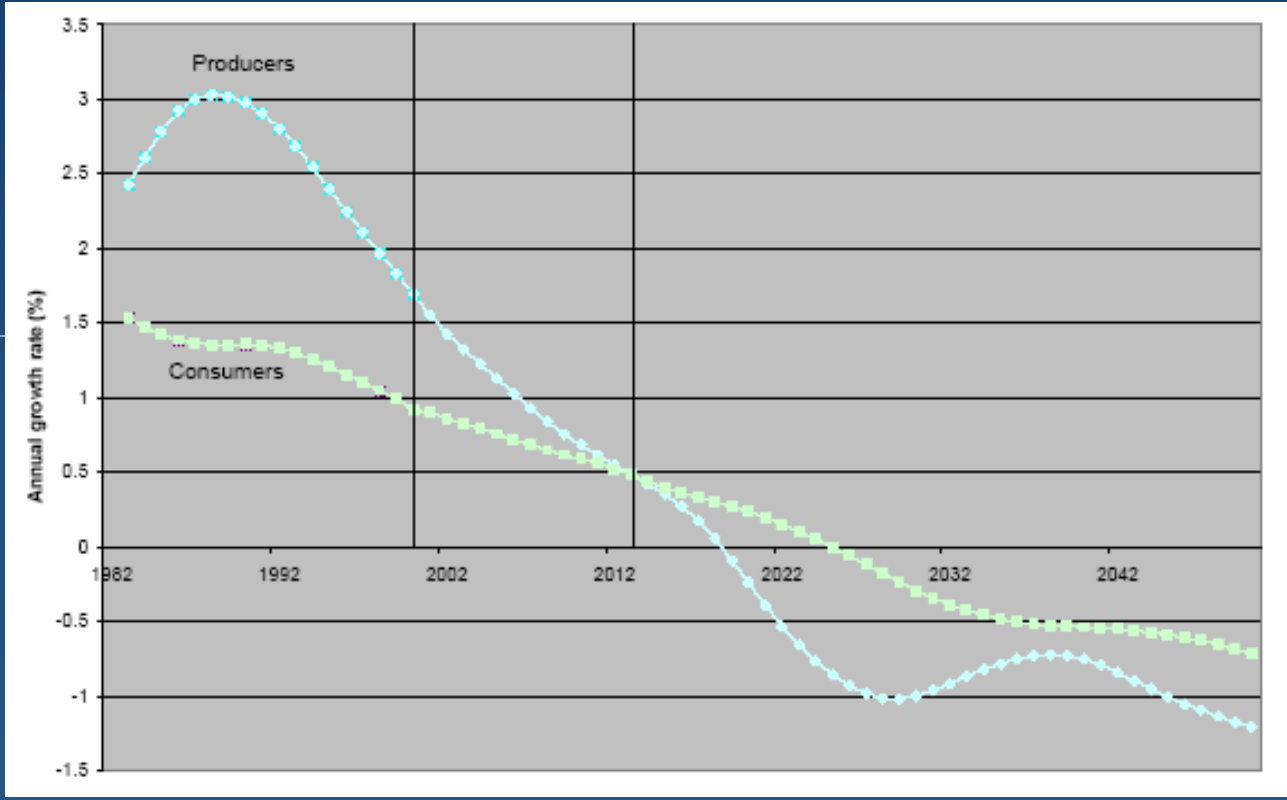


(Mason and Wang 2007)



# Economic Growth

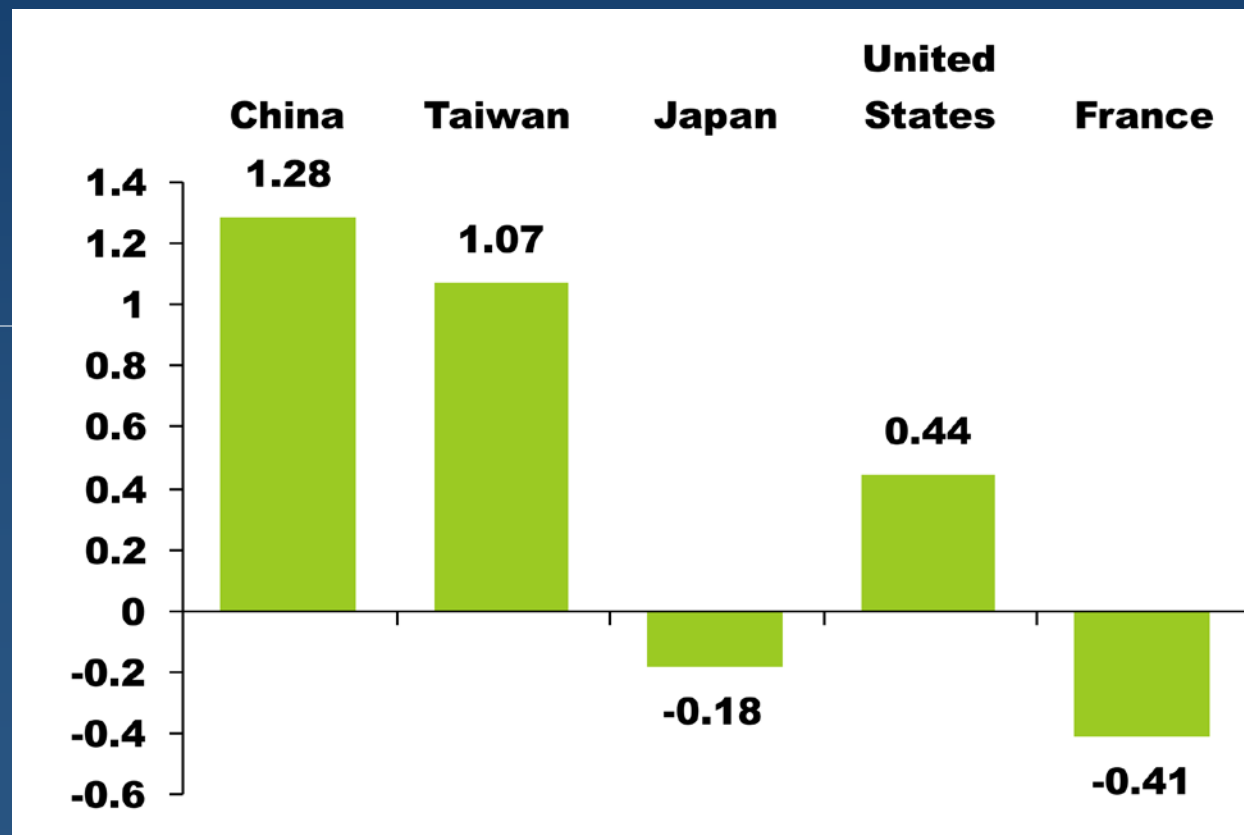
(demographic dividend: divergent paths)



(Mason and Wang 2007, Wang and Mason 2008)

# China's Demographic Fortune

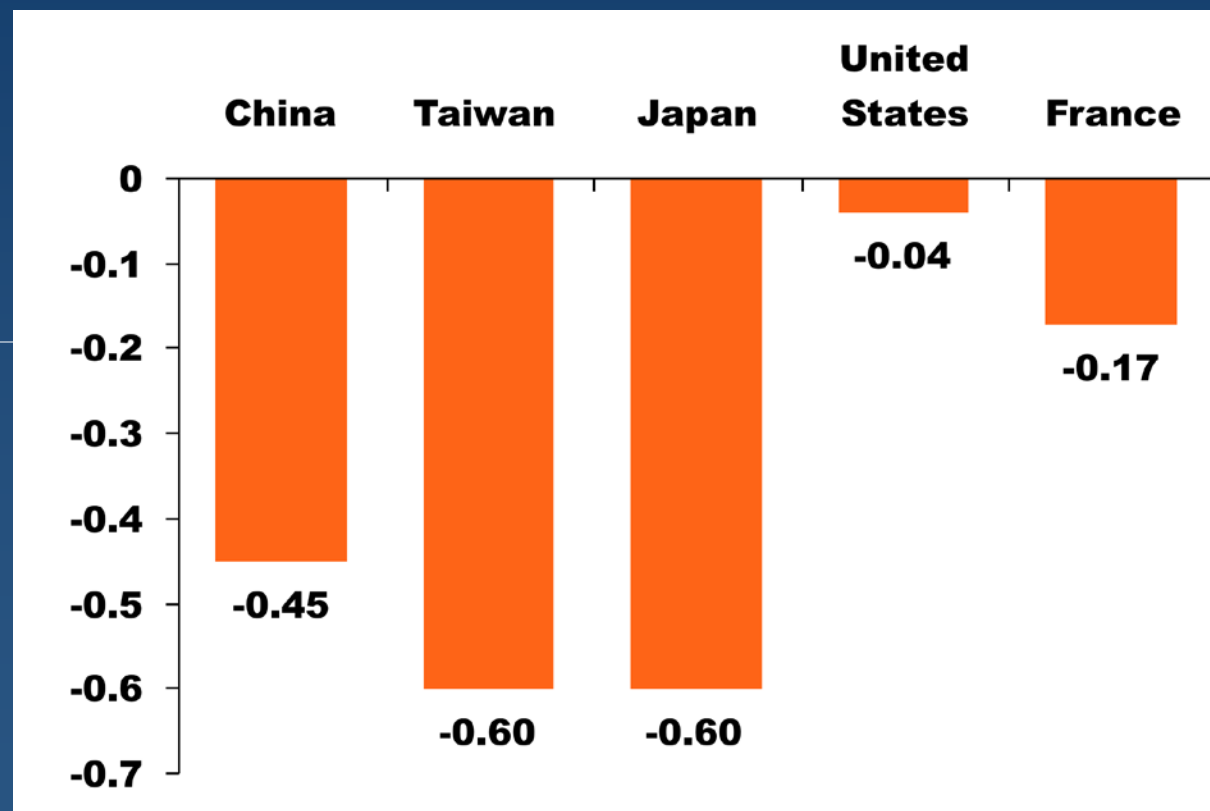
(annual growth rate of effective support ratio, 1982–2000)



(Wang and Mason 2008)

# Reversal of Fortune

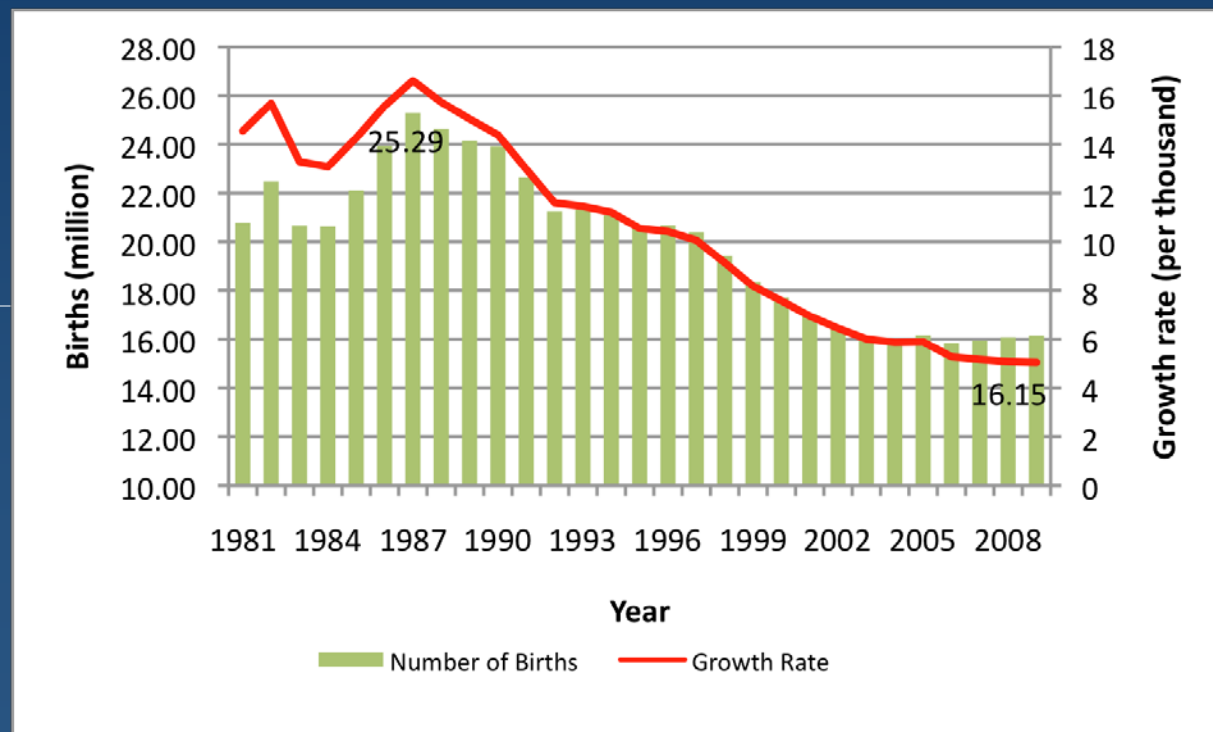
(annual growth rate of effective support ratio, 2013–2050)



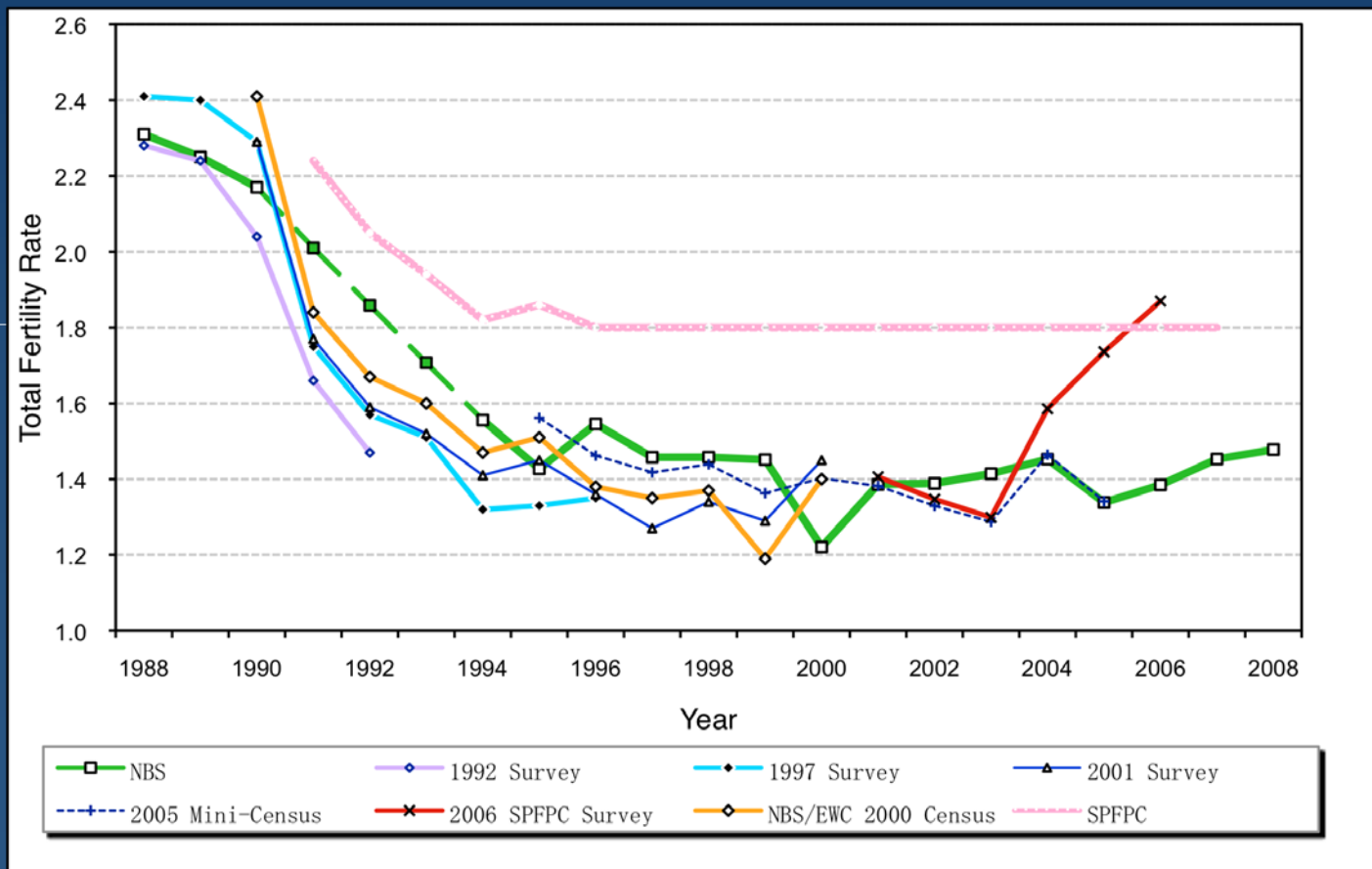
(Wang and Mason 2008)

# New Demographic Era

- Annual birth number dropped by nearly 10 million from the peak in the late 1980s
- Growth rate only a third of the level in the late 1980s



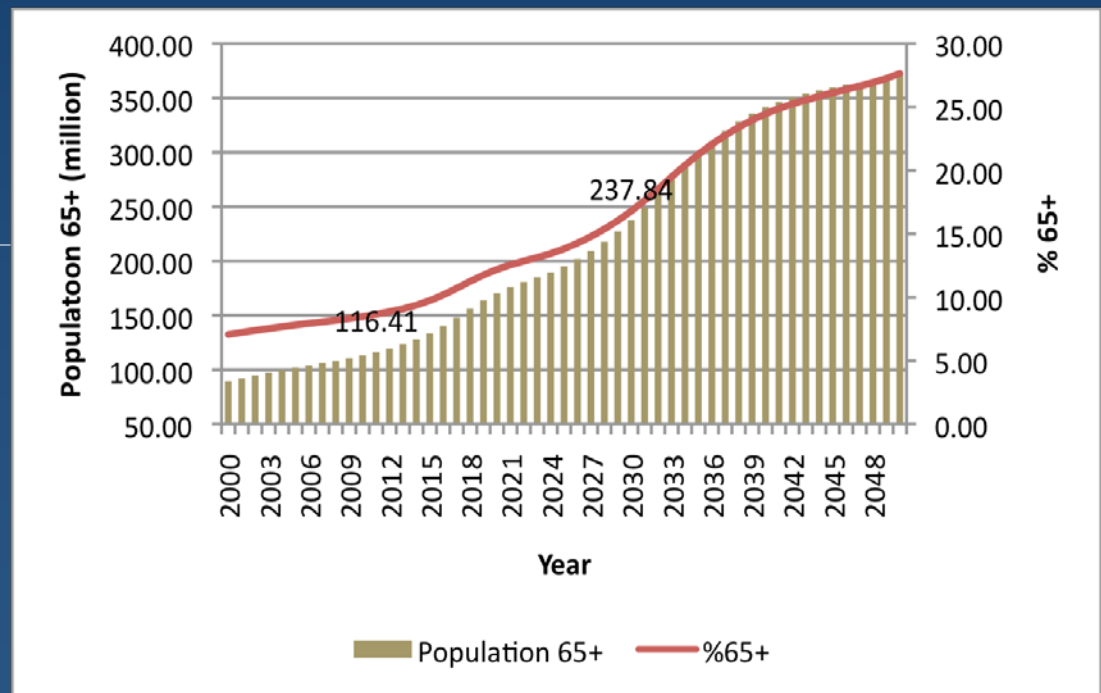
# Driving Force: Low Fertility



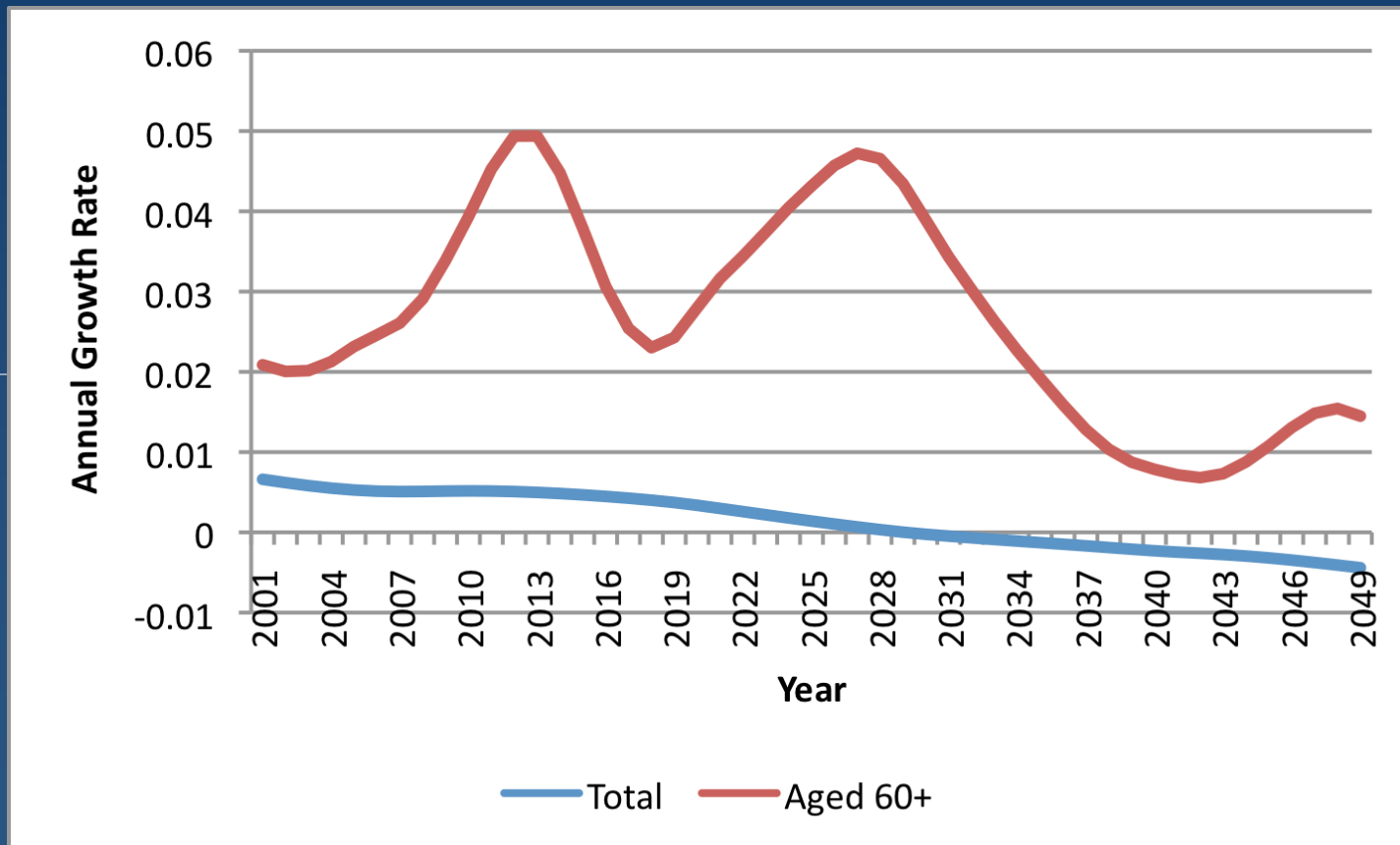


# Prospect of Rapid Population Aging

- Number of elderly (65+) will double in the next 20 years, from 117 to 238 million
- Share of elderly population will go up from 8.7 to 16.8% in 20 years, and to over  $\frac{1}{4}$  by 2042
- Japan: 9.1% in 1980, 22.6 in 2010, and 35% by 2040

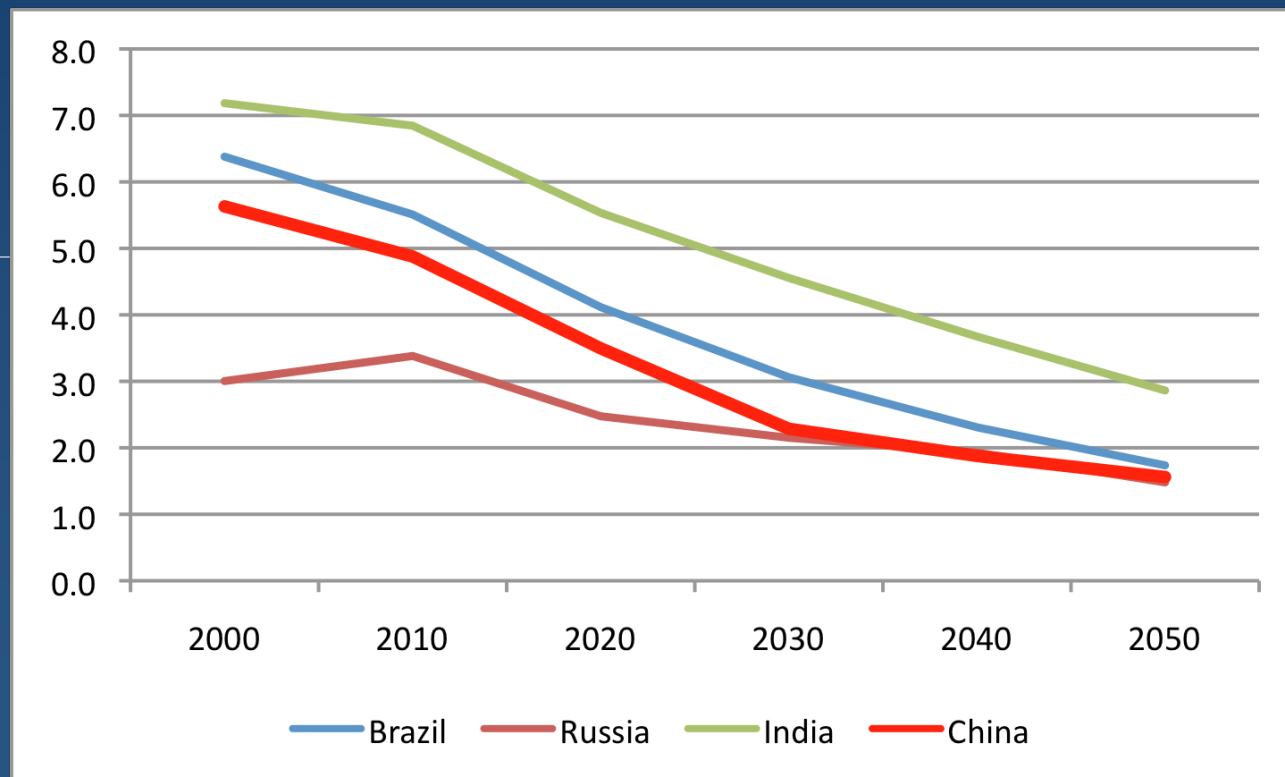


# Divergent growth rates



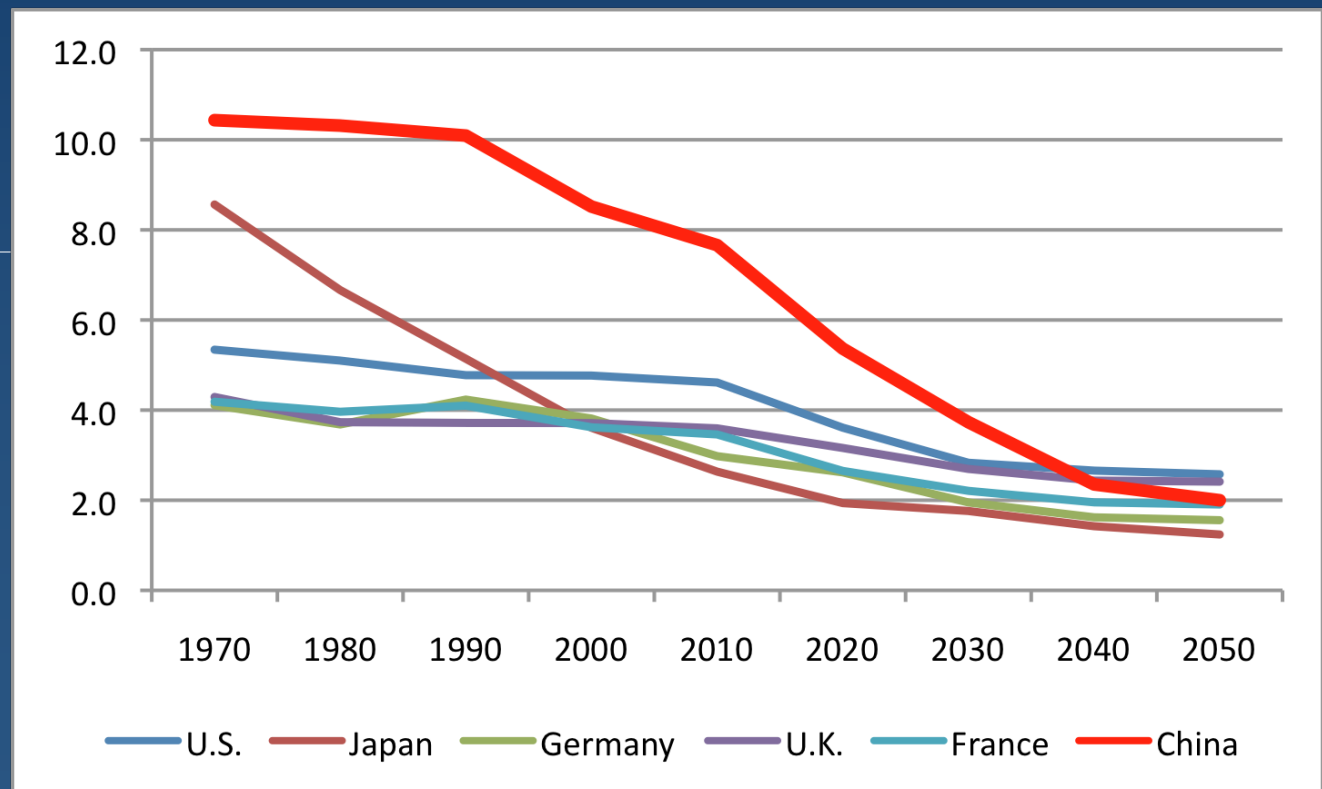
# Declining Support Ratio

(Number of working persons per 60+, China and other BRIC economies)



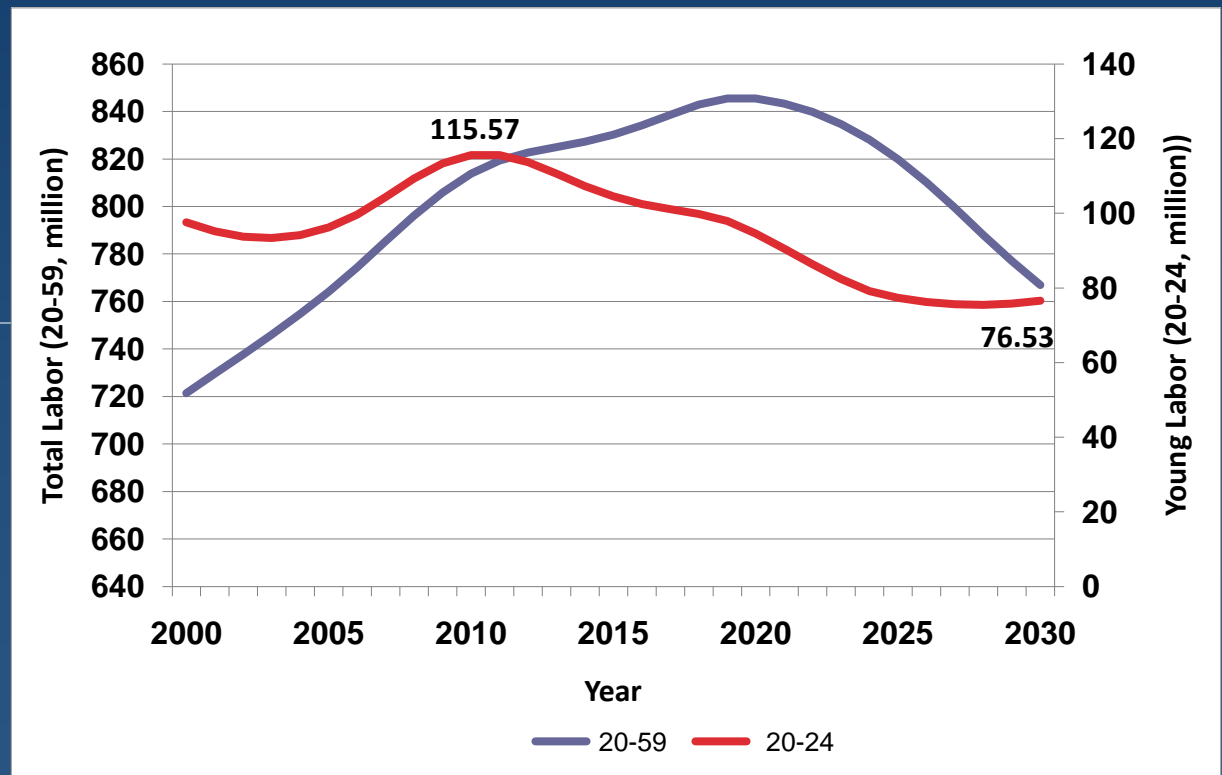
# Declining Support Ratio

(Number of working persons per 65+, China and other large economies)



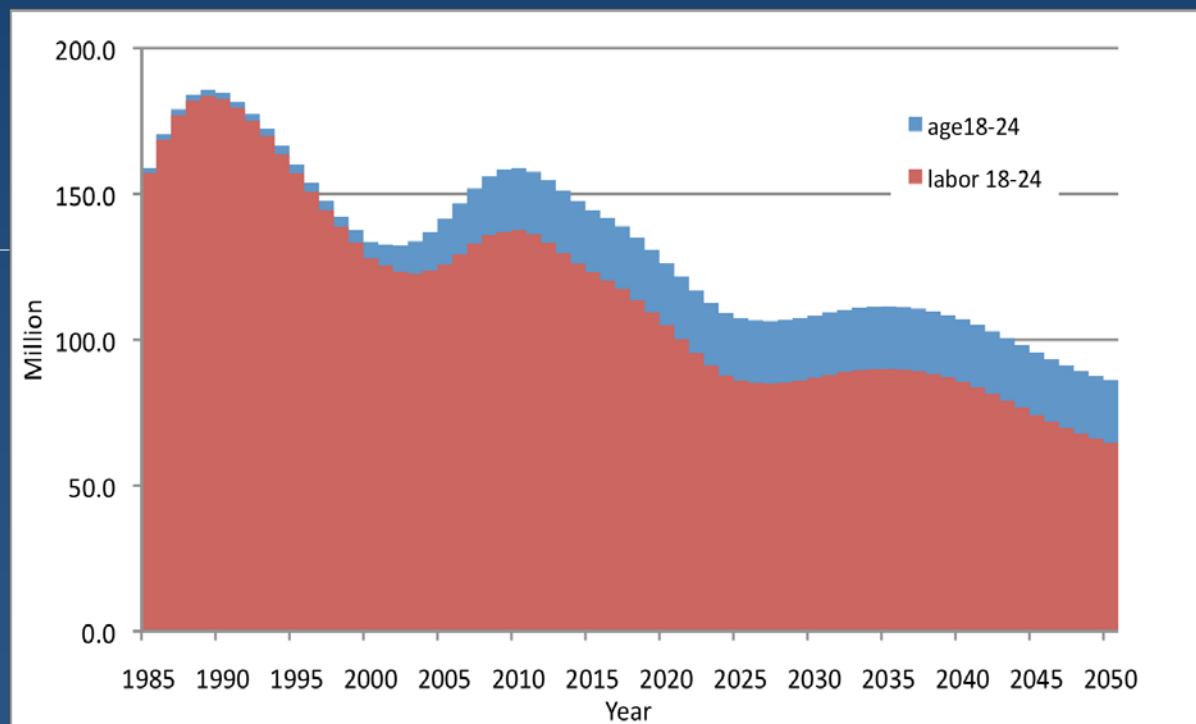
# Changing Labor Supply

- Total size (20-59) reaches a plateau, moderate increase in the next 10 years
- Young labor (20-24) reached peak and will decline by nearly 20% in the next one and 1/3 in the next two decades



# Smaller but more productive?

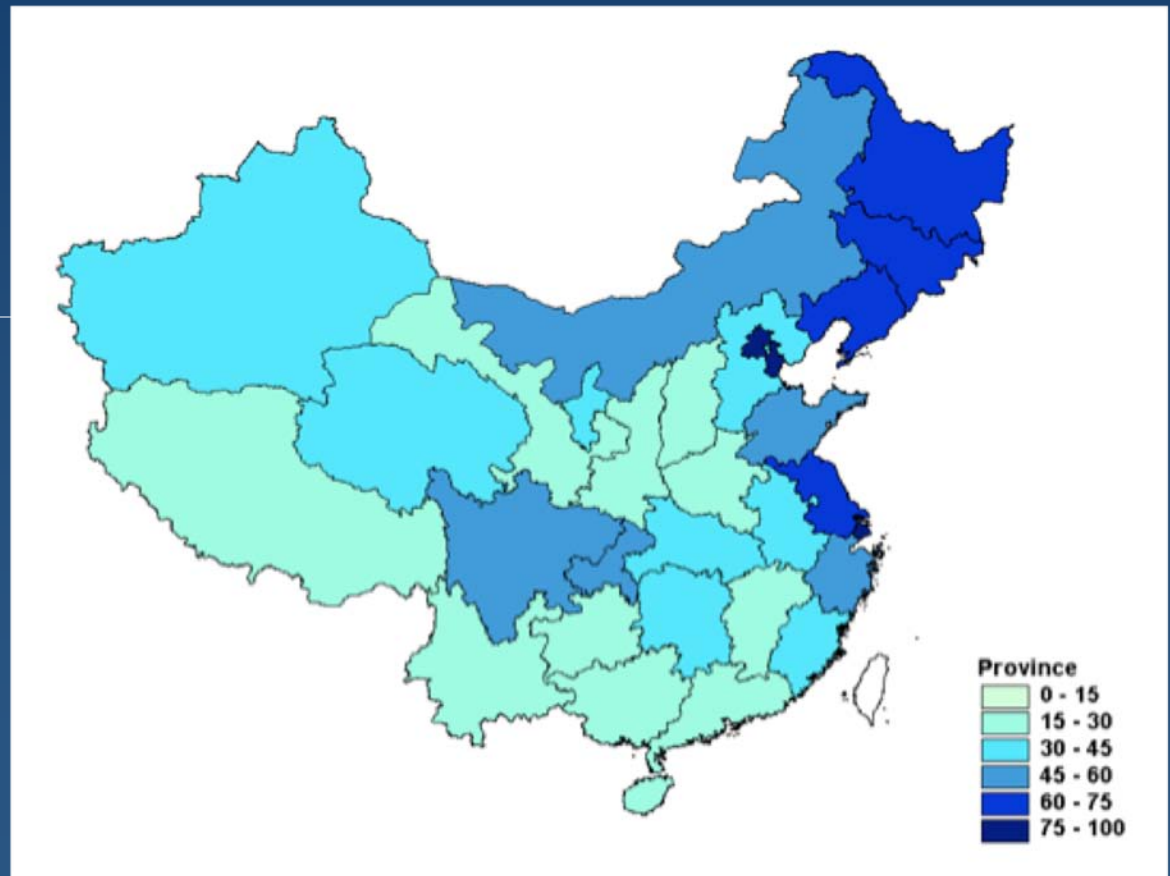
- Available college age youths actually smaller due to educational expansion – shortage of unskilled young labor
- A more productive labor force in the long run



# Fragile Families

(share of women aged 35-49 with one or no child, 2005)

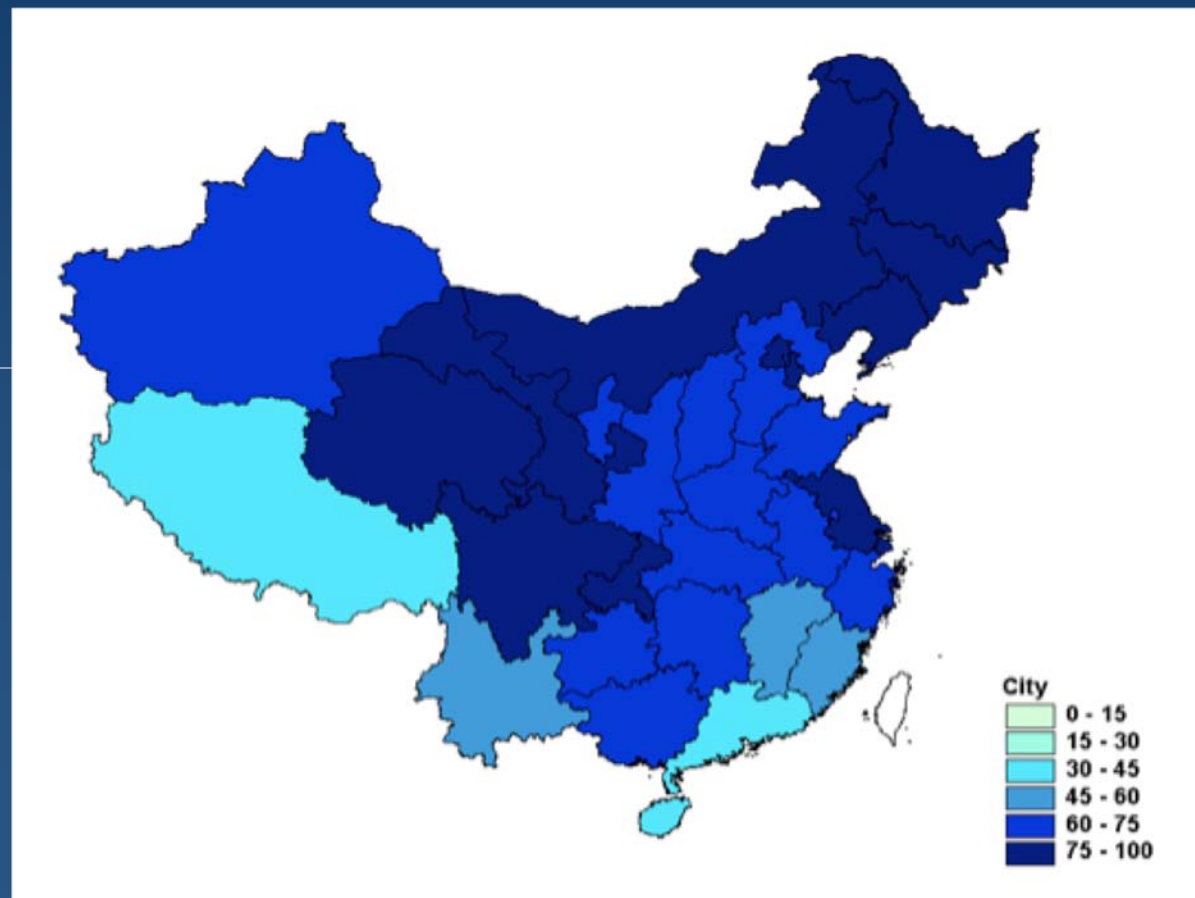
38.6% of all  
women of  
this age group



# Fragile Families

(share of women aged 35-49 with one or no child, urban China, 2005)

67.2% of all  
women of  
this age group





- ❖ Growth in the last thirty years has been based on a heavily physical capital and labor intensive model
- ❖ Internal constraints (costs): resources, environment, and inequality
- ❖ External constraints: export market, resources
- ❖ A new model requires growth of domestic consumption and market and a cleaner economy that is based on human capital deepening
- ❖ Aging population: labor, consumption, savings and government spending

# BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

