

What China's population decline means for its future

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China's "zero-COVID" policy and the continued effects of the one-child rule contributed to the country's population decline, Northeastern experts say, and a reduction in its labor force could push the manufacturing giant

to bring in migrant workers.

On Jan. 17, China's [National Bureau of Statistics](#) reported that the country's population was 1.411 billion, a decline of 850,000 compared to the previous year. The news made a big splash around the world as it meant that India had surpassed China in population.

"China's population shrinking in 2022 is both accidental and inevitable," says Xiaolin Shi, assistant teaching professor of economics in Northeastern's College of Social Sciences and Humanities.

She believes China's birth rate last year was unusually low because of the government's "zero-COVID" policy.

"Many people lived an extremely inconvenient life," Shi told Northeastern Global News.

Shi pointed out that whole families and communities often had to quarantine because of a single COVID-19 case, hospitals weren't treating non-COVID illnesses and many people found themselves out of work.

People had neither the money nor energy to think about getting married or having children, Shi says, while feeling the pressure of paying high rents and mortgages.

When the "zero-COVID" policy was abandoned by the Chinese government in December, the virus spread rapidly across the country and the death rate spiked.

"Next year, I believe the population will increase because it will be a year of the dragon [according to the Chinese zodiac]," Shi says.

Chinese people believe they are descendants of the dragon, Shi says, and

try to time pregnancies for a year of the dragon, because babies born in such a year are believed to be stronger, braver and luckier.

She expects the population growth rate to abruptly drop again in 20 to 30 years when the first one-child generation, introduced in the late 1970s and terminated in 2015, reaches its final years.

"It is conceivable that when the generation of single-child parents is no longer with us, China's population base is bound to decrease significantly," Shi says. "If the birth rate does not keep up at the same time, negative population growth is an inevitable result."

If the Chinese government does nothing about boosting birth rates, Shi says, a reduction in the labor force will lead to an increase in the price of labor, which has been one of China's main economic advantages.

China's population [reached the 1 billion mark in 1981](#) when 80% of the population was still living in rural areas and one in every four Chinese people remained illiterate.

In the last 30 years, China has followed the trajectory of some of the developed countries in that industrialization and urbanization led to higher prosperity and natural population growth, says Thomas Vicino, Northeastern professor of political science, [public policy](#) and urban affairs and associate dean of graduate studies.

China's efforts to ramp up manufacturing and export of goods using cheap labor, raw materials and low transportation costs in the 20th century led to significant economic advancement, Vicino says. This fueled agglomeration and the growth of new cities since it was cheaper and more efficient to have manufacturing, supply and workers in one place.

However, the one-child policy continues to affect Chinese society.

"There's a major gender imbalance in the demography of China," Vicino says.

There are [more than 30 million](#) more men in China than women, because many Chinese families, especially in the [rural areas](#), preferred to have a boy during the one-child policy, Shi says.

After more than 35 years of the policy in effect, Shi says, people grew accustomed to only having one child per family. Plus, delays in repealing the one-child policy made people seek other life opportunities, Vicino says.

"People want to advance their careers, advance their wealth," he says.

With economic development, the education level of the Chinese people has greatly improved. Highly-educated women are more inclined now to pursue the realization of their own value, Shi says, and focus on their self-development. Marriage and childbearing are planned in a more deliberate way.

High living expenses, education costs and property prices also contribute to Chinese people being reluctant to get married or have children, she says.

China needs to sustain its [labor force](#) if it wants to remain the world's leading manufacturer. Higher labor costs will lead to higher production costs overall, which will subsequently cause the supply of goods to decrease both on the domestic market and for export, Shi says.

A decrease in population will also result in a decrease in the number of consumers, which will in turn cause the demand to decline.

"Lower supply plus lower demand will inevitably lead to a reduction in the GDP [gross domestic product]," Shi says.

The government will face oversupply of real estate, public facilities and [social infrastructure](#), such as high-speed rail, schools and airports, she says. It will have to significantly increase spending on welfare, including pensions and health care for the retired, while the number of taxpayers shrinks. The high spending and decreased tax revenue might lead to the government's fiscal deficit.

That is why the Chinese government needs to devise strategies to address these possible issues proactively, Shi says, by incentivizing families to have more children with stimulus packages, tax cuts, cheaper housing and lower education costs, or extending the retirement age for working people.

But, Vicino says, fertility policies have been already tried in countries like Japan and South Korea and were not successful in increasing birth rates.

He believes people need governments' support in the long haul. The Chinese government needs to invest in the social welfare of people to sustain new standards of living, invest in education, transportation access and well-being of children.

"All of these basic fundamental goods and services that are provided both by the market and government, when they work and they work effectively for people, it then becomes more of a rational decision to say, 'Okay, I will get married, and I will start a family,'" he says.

Western countries were able to cope with an aging [population](#) by replacing industrial jobs with services and new technologies that require fewer workers and by accepting labor help from foreign migrants.

China has not needed many migrant workers and has remained closed off, Vicino says, compared to the United States or the European Union that have been integrating migrants for years. China's immigration policy is more favorable for high-skilled foreigners than for less-skilled migrants.

Shi says if the labor supply reaches a critically low point, in her opinion, the Chinese government would be willing to consider importing cheaper labor from other countries to lower the cost of production and maintain the comparative advantage of its domestic products.

Provided by Northeastern University

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