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China's Birthrate Drops, As Census Data Warn Of Aging Population

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[John Ruwitch](#)

[Twitter](#)



Workers in China collect demographic data in the the seventh population census on Nov. 1, 2020. TPG/Getty Images

China soon won't be the world's most populous country.

The government released data Tuesday from a once-a-decade census conducted late last year that shows population growth has slowed to a crawl. Meanwhile, the proportion of senior citizens in China has expanded, the cohort of working-age people is contracting, and births are down.

The data casts a fresh spotlight on one of the ruling Communist Party's biggest long-term socio-economic challenges as it turns 100 this year: How to keep the economy humming and incomes rising while the population shrinks and ages.

The proportion of people 15-59 years of age made up about two thirds of the population, but dropped by about 7 percentage points from 2010, while that of people aged 60 or older rose by more than 5 percentage points. That means fewer workers will be supporting more retirees in the years to come.

"The aging of the population has further deepened, and in the coming period [we will] continue to face pressure for the long-term, balanced development of the population," Ning Jizhe, head of China's statistics office, said at a news conference Tuesday in Beijing.

The census showed that in 2020, China's population reached 1.412 billion people. That's an increase of about 72 million — more than the population of France — since the last census a decade earlier. The tally excludes Hong Kong and Macau.

Still, the average annual rate of increase was about 0.53%, which marked a deceleration from the rate during the decade leading up to the 2010 census.

Decades of stellar economic growth have been underpinned by favorable demographics in China. But the calculus is changing, and China's average income remains relatively low.

Ning said the population would eventually peak, but it was unclear precisely when. Some demographers think it will happen in the next few years, and India will almost certainly take up the mantle of world's most populous country well before China conducts its next census in 2030.

"We are really seeing both a domestic and global shift in terms of demographics," said Wang Feng, a professor of sociology at the University of California, Irvine.

Chinese policymakers have sought to manipulate demographics to meet economic needs, starting in the late 1970s with the "one child policy" that limited the vast majority of couples in China to one child.

In 2016, however, the ruling Communist Party loosened that policy. But birthrates have [remained anemic](#) - in part because the one child policy itself created a drop in the number of women of childbearing age.

In March, China's central bank recommended in [a report](#) that the government scrap birth restrictions altogether "and sweep off difficulties women faced during pregnancy, childbirth, and kindergarten and school enrollment by all means."

"If China narrowed the gap with the United States over the past 40 years, relying on cheap labor and a huge demographic dividend, what will it rely on in the next 30 years? This is worthy of our deep consideration," the report said.

One of the biggest changes highlighted by the census was China's speedy urbanization.

Last year, city-dwellers accounted for 63.89% of the population, an increase of more than 14 percentage points from the prior census, while the rural population fell to about a third of the population.

"Just in 10 years' time, China has really further transformed to be a really different society," Wang said.

"Hundreds of millions of people ... moved to be urban residents. But at the same time about 200 million urban residents do not have local household registration, which means they are not entitled to local benefits. And that just shows how tremendous a challenge China faces in integrating these people into the cities," he said.

According to the census, Chinese mothers gave birth to 12 million babies last year, a drop of 22% from the year before. The [South China Morning Post](#) said it was a near-six decade low — and well below the rate needed for a stable population.

China's gender imbalance persisted but showed slight improvement, according to the statistics bureau.

About 51.24% of the population was male in 2020, while 48.76% were female, the data showed.

Surprises from China's Latest Census

May 14, 2021

By Scott Kennedy and Mingda Qiu

China's [latest census](#) has garnered a great deal of attention because it shows that the total size of the population is stagnating. That is certainly important and confirms that we have shifted from an era when officials were aiming to limit births to one where they are trying to encourage them, at least among the Han majority.

We still need to get a hold of the entire dataset, but there are a few other nuggets in the initial release from the National Bureau of Statistics (NBS) that stood out to us which have implications for China's economic trajectory and relationship with the rest of the world.

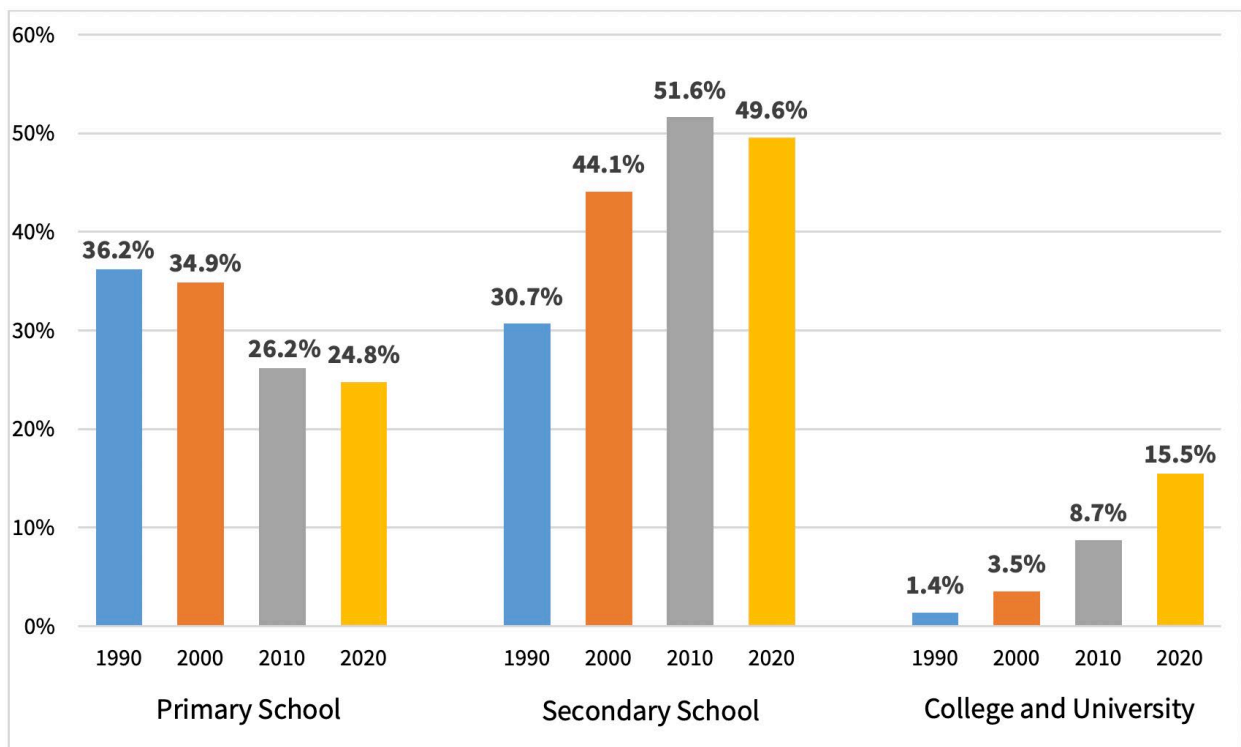
1. The idea of a “floating population” (流动人口) no longer makes any sense. The census reports that the number of people not living in their official residence for which they have a residency permit is 492.76 million, that registers an 88.5% increase in the past decade. That is more than one-third of the total population. This includes 116.94 million people who still live in the same city, another 250.98 million who have moved out of their home city but still live in the same province, and 124.84 million who reside outside their home province altogether. What this means is that moving for work and re-locating one's residence is now a normal feature of life for the average Chinese. The idea that the vast majority of people live their entire lives near where they were born and that moving elsewhere is primarily an act of desperation by migrant laborers is just fiction. China has started to reform the household registration (*hukou*) system that embeds these ideas, major municipalities such as Shanghai and Shenzhen have made inbound relocation easier and less bureaucratic, but a much better approach would be a 5-10 year process to completely eliminate the system altogether.

2. China is a highly urban country centered around industry and services. The census reports an urban population of 901.99 million people, or 63.9% of the population, up from [49.7%](#) in 2010. This means China has long since passed the time when it was primarily a rural society. But these figures don't do justice to the transformation. The initial census release did not include employment figures, but the most recently [available annual figures](#), from 2019, show that 25.1% of Chinese work in primary industry (agriculture, fisheries, mining), while 27.5% in industry and 47.4% in services. Far more Chinese work in factories, deliver packages, design video game apps, and invest in securities than work bent over in fields. The numbers are even more lopsided when viewed in terms of China's [gross domestic product](#) (GDP), with primary industry accounting for only 7.7%, whereas industry contributed 37.8% and services well over half, at 54.5%. The other side of the coin is China's changing external profile, with growing imports of energy, raw materials, and food, as well as components (such as

semiconductors) that go into final goods they consume domestically or then assemble into products for re-export.

3. China is aging, but it’s still possible for China to be old and rich. Bert Hofman, former chief representative for the World Bank in China and now the director of the East Asian Institute at the National University of Singapore, persuasively argues in a recent newsletter (and in [interviews](#)) that labor is now only a tiny contributor to China’s GDP growth, with much more coming from investment and improvements in total factor productivity (TFP). It’s far less important that China’s population is shrinking than it finds a way to more efficiently allocate capital and raise the productivity of the workers that it does have. And the latter will come primarily through raising the proportion of people who finish both high school and college. Despite the expansion of universities, only 15.5% of Chinese have obtained an undergraduate degree (see Figure 1). Moreover, by raising its retirement age (now at 55 for women and 60 for men) and making greater use of artificial intelligence and other technology, China’s older workers can more productively contribute to the economy.

Figure 1: Educational Attainment Levels in China (1990 – 2020)



Source: China’s National Population Census (various years)

4. Inequality is the economy’s Achilles’ heel. More census data still needs to be published, but the initial picture, along with previously available data, shows a widening gap in regional prospects. The Northeast rustbelt population is shrinking and getting older, while coastal provinces are experiencing population growth and getting younger. Northeastern Liaoning’s

population of 42.59 million is [dwarfed](#) by Guangdong's 126.01 million. Age-wise, 25.7% of Liaoning's residents are 60 or older, seven percentage points higher than the national average. By contrast, only 12.4% of Guangdong residents are 60 or older. In 2020, the average annual income for someone from northeastern Liaoning is [RMB 32,738](#), whereas in Guangdong the comparative figure is [RMB 41,029](#). Andrew Batson, the China director at the Beijing-based economic research firm Gavekal Dragonomics, has [noted](#) that to avoid losing population, local authorities in the Northeast need to make the region more friendly to economic development, but that the outmigration makes it harder because the youths who would create positive change are leaving. The urban-rural divide is even more stark. In their book, [Invisible China](#), Scott Rozelle and Natalie Hell make a persuasive case that no country with the level of inequality China faces has ever successfully escaped the middle-income trap. Rather than coastal China and high-tech industries pulling the rest of the country forward into superpower status, it is just as possible that entrenched hardship for substantial segments of both urban and rural China could hold the country back from achieving its full potential.

[Scott Kennedy](#) is Senior Adviser and Trustee Chair in Chinese Business & Economics at CSIS.
[Mingda Qiu](#) is a consultant with the Trustee Chair in Chinese Business & Economics at CSIS.