Meeting the Challenge of Population Aging, Promoting Long-Term & Balanced Population Development

---at Asian Symposium on Sustainable Aging Society

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Population of Asian and Pacific Region: according to “UNESCAP Population Data Sheet 2011”, the total population of this region was 4.22 billion in 2011, about 60% of the world’s total. Therefore, population changes in this region have direct impacts on the status of the world population.

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Population (a hundred million)</th>
<th>TFR</th>
<th>Proportion of the population aged 65 and over (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>world</td>
<td>70.0</td>
<td>2.5</td>
<td>8</td>
</tr>
<tr>
<td>Asian and Pacific Region</td>
<td>42.2</td>
<td>2.1</td>
<td>7</td>
</tr>
<tr>
<td>East Asia</td>
<td>15.8</td>
<td>1.5</td>
<td>10</td>
</tr>
<tr>
<td>Europe</td>
<td>3.1</td>
<td>1.6</td>
<td>16</td>
</tr>
<tr>
<td>U.S.</td>
<td>7.4</td>
<td>2.0</td>
<td>13</td>
</tr>
</tbody>
</table>

Data Source: ESCAP, 2011 and PRB, 2011
Percentage of People Aged 65+, A comparison between East Asia and Europe and U.S.

Population aging in Japan and S. Korea has surpassed that in Europe and U.S. and China will catch up with the developed countries around 2050.

Comparison of Population Aging in China, Japan & S. Korea
(population aging in Japan and S. Korea has surpassed that in Europe and U.S. and China will catch up with the developed countries around 2050)

資料来源：UN, World Population Prospects: The 2010 Revision。
In Asia, 2.3 TFR in southeast Asia is second to east Asia of 2.3, lower than the world average of 2.5. Now the southeast Asian population aging is lower than the world average level, but, around 2040 will be beyond the world average.

资料来源: UN, World Population Prospects: The 2010 Revision。
Overall, TFR in Asia and Pacific region has fallen below 2.1, which is the replacement level. TFR in East Asia is even lower, at 1.5. That indicates that special condition of population aging will occur in this region, which will have long lasting effect on economic and social development. Therefore, this symposium is very important and meaningful.

Focusing on the theme of this session “Current Situation, Challenge and Strategy of Population Aging”, my presentation is divided into three parts:

I. Special features of population aging in China
II. Some emerging issues
III. China’s experiences
Special Features of Population Aging in China

Although the direct influencing factors of population aging in a country or a region are fertility, mortality and migration, the basis, mode, timing and strength of how these factors playing their roles in China are different from other places. That has resulted in a different route of population aging experienced by China. Because of these special features, China is faced with more difficulties and challenges in addressing population aging. Some of these difficulties and challenges are predictable, some not.
Feature one: the size is huge. Currently, the number of people aged 65 and over is 119 million, by 2050, this number will grow by three times. Of whom, over 100 million will be people aged 80 and over, representing five times of that now.

资料来源：UN, World Population Prospects: The 2010 Revision。
Feature two: is that the increase in proportion of people aged 65 and over from 7% to 14% takes 25 years, which equivalent to that in Japan. Japan saw the fastest population aging in the 20th century, but the fastest population aging in the 21st century will be seen in China and S. Korea.

資料来源：UN，World Population Prospects: The 2010 Revision。
Feature three: is unbalanced distribution. As there exist unbalanced levels of economic and social development, different stages of population transition and ununified birth policies among provinces/autonomous regions/municipalities, the differences in population aging differ greatly in places of China.

资料来源：国务院人口普查办，2012年，《中国2010年人口普查资料》，中国统计出版社。
Apart from different features in population structure, the economic basis and social environment under which population aging is occurring worth more attention.

The first point is that population aging occurs ahead of economic and social development level. The early population aging seen in developed countries in Europe was resulted from development in economy and society, but in China, as in Japan and S. Korea, the government policy played a role in accelerating the process of population aging.

China became a population aging society in 2001, when the process of industrialization was just at its starting stage, GDP per capita was less than 1000 US dollars. The country was lack of the necessary economic basis to face population aging.
The second point is that population aging occurs ahead of level of social security. Because of the large numbers of population, significant areal differences and a two-dimension feature of urban-rural development, China has not established a national unified pension system and a social welfare system the aged people. The following table shows that the majority of aged people in China live on their own work income and family support.

<table>
<thead>
<tr>
<th>Main Source</th>
<th>60 or older population</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>total</td>
<td>%</td>
<td>male</td>
</tr>
<tr>
<td><strong>total</strong></td>
<td>17658702</td>
<td>100</td>
<td>8607680</td>
</tr>
<tr>
<td>labor income</td>
<td>5133917</td>
<td>29.0</td>
<td>3149749</td>
</tr>
<tr>
<td>pension</td>
<td>4258408</td>
<td>24.0</td>
<td>2486510</td>
</tr>
<tr>
<td>Unemployed insurance gold</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>minimum living allowance</td>
<td>687524</td>
<td>3.9</td>
<td>353549</td>
</tr>
<tr>
<td>Property income</td>
<td>65090</td>
<td>0.4</td>
<td>35477</td>
</tr>
<tr>
<td>Other family members support</td>
<td>7190622</td>
<td>41.0</td>
<td>2430873</td>
</tr>
<tr>
<td><strong>others</strong></td>
<td>323141</td>
<td>1.7</td>
<td>151522</td>
</tr>
</tbody>
</table>

资料来源：国务院人口普查办，2012年，《中国2010年人口普查资料》，中国统计出版社。
The third point: is that the process of population aging is ahead of the level of urbanization. Although China’s level of urbanization is already more than 50%, it has just meet the average level of the world. Japan, S. Korea and China entered aging society with the proportion of people aged 65+ reaching 7% in 1970, 2000 and 2001, respectively, but the level of urbanization was 72%, 80% and 37% for the three countries.

Entering population aging society with relatively low level of urbanization increases the uncertainty and arduousness. To make it more complicated, the “Census Data 2010” shows that there were still 71% of Chinese people were registered as rural population.

If 50% of them are converted to urban population, it will involve status change for over 400 million people, which will be a huge challenge for China.
II. Some Emerging Issues

Over 10 years have past since China entered population aging society, yet its effects have just started to emerge. The reason is that the process of population aging accelerated only after those born during the baby boom of 1949–1958 grew up into their 60s.

From 2022, when people born during the second baby boom of 1962–1975 started to enter their 60s, e.g. people from two baby booms getting old together, China will experience its fastest population aging.

In the past over 10 years, some issues relating to population aging have already started to emerge in China. For example:
1. Population aging and mode of economic development

The fact that China maintained rapid economic growth for over 30 years is closely co-related to the “population dividend”. However, “population dividend” has already started to peak down in some provinces of China, where there is a higher degree of population aging. The supply of labor power has started to undertake a process from unlimited supply to limited surplus, which means that it has already arrived at the “Louis yield point”. The traditional mode of economic growth mainstreamed in labor intensive has met challenges.

Figure: Changes in Total Population Dependency Ratio, 1950-2050

资料来源: UN, World Population Prospects: The 2010 Revision。
2. Population aging and pension system

The pension system of China is still at the stage of reforming. The transformation from cash-in-cash-out to social pooling requires enormous efforts. With accelerated process of population aging and the expanded coverage of the pension system, the amount of pension expenditure will gradually increase.

“Report on Pension System Development 2011” stated that there was a deficit in the basic pension system account in 14 provinces including Shanghai, Jiangsu, Hubei, Hunan and Xijiang Production and Construction Corps. When the aged population was only 110 million, there have appeared problems. What will happen when the number of aged people reaches 330 million.
3. Population aging and poverty

Even measures used are different, theory and time approves that there is a high probability for the emergence of poverty among the aged. (Xuejun Yu. 2003). Unless a well functional social welfare system is established in a timely manner, what do we do to prevent or retard poverty among the aged, and how do we benefit from the “second population dividend”?

![Graph showing poverty rate and Engel coefficient by age group.](image)

**资料来源：Xuejun Yu, 2003.**
4. Population aging and migrant population

The flow from rural to urban of young migrants will result in decreased number of children living with old parents in the rural areas, so as to intensify the degree of population aging in the rural areas, and increase difficulties in solving the problem of “three rural”. There have appeared “empty nest” families and “empty nest” villages. How do aged people in the rural areas make a living? More, when the migrants get old, how do they receive support from the pension system?

Growing floating population size

![Graph showing the growing floating population size from 1982 to 2010. The data points are 657, 1810, 2135, 7073, 10229, 14735, 20100, 22100.]
5. Population aging and reform in health insurance system

Experiences from the developed countries and changes in population structure in our own country inform us that the mix of diseases of a country will undergo a change for growing proportion of chronic diseases, as they have a higher prevalence rate among older people.

As the age structure, mix of diseases, needs in health care and causes of death undergo changes, how do we reform the current health care system in order to meet the needs of the aged?

<table>
<thead>
<tr>
<th>年龄组</th>
<th>患慢性病的比例（%）</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1.915</td>
</tr>
<tr>
<td>5</td>
<td>1.919</td>
</tr>
<tr>
<td>10</td>
<td>2.603</td>
</tr>
<tr>
<td>20</td>
<td>6.638</td>
</tr>
<tr>
<td>30</td>
<td>16.197</td>
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<tr>
<td>40</td>
<td>26.335</td>
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<tr>
<td>50</td>
<td>43.051</td>
</tr>
<tr>
<td>60</td>
<td>54.031</td>
</tr>
</tbody>
</table>

资料来源：Xuejun Yu，1998.
6. Population aging and the need for long term care

The assumption that the aged people has poor performance has been proved true in China. As the population grows older, the number of aged people will continuously increase, which means the number of aged people needing long term care will increase.

**Different age older population self-care ability score distribution**

![Graph showing ADL scores of the elderly by age and region]

**Source:** Xuejun Yu, 1998.
7. Population aging and family development

Population aging at macro level results in big changes in population age structure, especially an increase in the number of aged people, while at micro level, it leads to a decrease in family size, which in turn causes decrease in family resources and weakening of functions of the family. This will be a great challenge to China, a country still in absence of a well established social pension system.
8. Population aging and long term, balanced population development

In a closed population, population aging is mainly affected by two determinants: fertility and mortality, and fertility has a much larger effect than mortality on the age distribution of a population. Therefore, how do we improve the population policy and find the best balance between the number and structure of population represents a test of determinat
Above is a list of phenomena and issues that people have commonly engaged into discussions. In fact, issues raised by population aging are far more than that. They embrace a range of aspects as of political, economic, social, cultural and psychological etc.

On the other hand, China is also in possession of a number of favorable conditions, including a rapid developing economy, superiority in a highly effective system, superiority in a cultural tradition that respect for the old and superiority in a well established organizational structure. We believe that so long as we devote enough attention in thinking, take an active attitude in addressing the problems with appropriate measures, China will surely pass to a normal state of aging society in a smooth way.
III. China’s Experiences

In face of rapid population shift, population aging and changes in family structure, the Chinese Government has taken active actions to meet the challenges of population aging society.

1999, the China Aging Problem National Commission was established

2000, the “Decision on Strengthening the Work of Population Aging” by the Central Party Committee and the State Council was issued

2000, “Decision on Strengthening the Population and Family Planning Work and Stablizing the Low Fertility Rate” by the Central Party Committee and the State Council was issued

2006, “Decision on Strengthening Population and Family Planning Work and Solving the Population Problem in a Comprehensive Way” by the Central Party Committee and the State Council was issued

These measures have forcibly pushed forward China’s steps in addressing problems in relation to population aging.
1. Give importance to strategic research and planning

2004-2006, a research was carried out on national strategy of population development, which established the idea that the population problem must be solved in a comprehensive way and that populating aging must actively addressed as basic requirements.

2009, the “Research on National Strategy in Addressing Population Aging” was kicked off

Starting from 2001, the Development Plan for Population Aging was formulated and updated every 5 years.

2006, starting from the 11th Five-Year Plan, a Population Development Plan has been issued, etc.
2. Improvement in relative legal system

Taking into account of experiences from the developed countries, the country has taken speeded steps in setting up legal provisions in terms of old age pension, welfare and care provision.

3. Accelerating the establishment of the social security system

Based on principles of wide-range coverage, securing the basic needs, multi-layer and sustainable, the country has accelerated the process of setting up a social security system for urban and rural citizens, with emphasis on the basic pension system, basic health care insurance system and the subsistence allowance system.
4. Implementation of the “Plan for Construction of the Social Support System for the Aged”

Establishing a social support system for the aged with families taking the main responsibilities, communities providing support and the institutions serving as back-up.

5. Improving the labor and employment system

Make good use of the human resources of the aged, providing opportunities for the aged to participate in economic and social activities so as to relief pressure on the pension system.

6. Make full play the role of the Population and Family Planning System

After efforts for over 30 years, the population and family planning system has formed a well established network. As a member of the China Aging Problem National Commission, the population and family planning departments are duty-bounded to play a role in addressing population aging.
Although China has started to give focus on and address the issue of populating aging, owing to its specialty and complexity, there are still many problems yet to have clear answers. For example:

— most government policies are aimed to solve problems of the old people, and ignored the effect of population aging on other age groups. China has not formulated a systematic strategy to guide the way of thinking, policies, direction and administrative system.

—the train of thinking on the design of China’s social security system for the aged is not clear-cut. There is a lack of action in solving the problems regarding old age support for the rural population, the new migrants and people in poverty.

— there is still a lack of specific implementing plan in the population policy in balancing the number and the structure of population.
Concluding Remarks

There is an imbalanced population development in the Asia-Pacific region. Some countries have completed the population transition and felt the pressure of population aging, others are still seeing high fertility and mortality rates. However, population aging will ultimately the norm of all countries in this region. It is therefore important for countries in the region to share experiences with each other. It is especially so for countries like Japan, Singapore and S. Korea, that have completed the population transition and entered population aging society ahead of China. We will be happy to take careful studies of the experiences and lessons of these countries.
Thank You!

Xuejun Yu

Your comments and suggestions are welcome!
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