

Challenges China's declining population pose

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Residents walk along a street in Hangzhou, in China's eastern Zhejiang province on January 17, 2023. Credit: AFP Photo

After more than six decades the Chinese population is on a decline. The last time this happened was in 1961 when China faced a massive famine under Mao Tse-tung. This development underscores Chinese fears of a declining workforce, and the fact that China will become older before becoming rich. Reports suggest that Beijing may lose almost half of its population, a reduction of 1.4 billion to 771 million, by 2100. India will soon be the most-populated country in the world.

Causes

The One-Child Policy was adopted by Chinese Communist Party (CCP) under Deng Xiaoping in 1980s. The major push behind this decision was to control the population growth because of the fear of the burden which large populations have on resources. For almost four decades Beijing had followed the policy with stringent measures resulting in major atrocities against its own population.

The One-Child Policy did benefit Beijing as China grew consistently becoming the second largest economy in the world. Though there were economic benefits, the policy had undesirable impacts as well. It resulted in abandoning of the girl child, obesity in children, and skewed sex ratios. As per a 2014 data, China had around 33 million more men than women, making it difficult for most of the men to get married.

China also had the largest number of cases where the girl child was abandoned as parents were keen to have a boy, the number rising to about 10,000 babies per year. There was a rise in female foeticide and infanticide as well. Because of the strict policy the government even indulged in forced abortions.

It is not that Beijing was not aware of what would be the outcome of the One-Child Policy. Waking up to its implications, the CCP decided to modify it, first to a two-child policy in 2016, and to a three-child policy in 2021. However, not much changed. Even after the relaxation, the number of births per year continue to be declining. China is struggling to provide the right incentive to its citizens to have more children, and the rising cost of healthcare, housing, and education have not helped either.

The cost of raising a child in China is more expensive than the United States, and Japan. To counter this, the CCP had announced monetary benefits to couples having more than one child. In Shenzhen, the CCP is encouraging people by paying around \$444 for the first child, and around \$1,500 for the third child for the first three years.

One major immediate catalyst for this decline could be the ongoing Covid-19 pandemic. Due to the pandemic a large part of population has suffered job loss with reducing incomes with increased healthcare, and living cost.

Concerns

China considers itself to be a developing economy, and a large work force was one factor which attracted investments. A declining population will affect consumerism in China, which will have a direct impact on global manufacturing. It will also pose a challenge for the CCP to bring China out of the middle-income trap.

The declining population is a major challenge for the CCP, and President Xi Jinping. Xi has proposed the idea of a 'China Dream' which is restoring China's position in the international order. Economic growth and the demographic advantage were key factors which had helped China achieve almost double-digit growth. However, the massive slowdown in the economic growth, coupled with the healthcare challenges posed by Covid-19, has pushed the CCP to revisit its development policy.

Xi, after retaining the third term as President, has shown his commitment to counter every challenge on the path to China's greatness, and the survival of the CCP. Can Xi and the CCP manage this challenge, and convince the Chinese citizens to have more children and change the course of China's economic future? Or will China get old before it realises the dream of becoming a developed nation?

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The views expressed are the author's own. They do not necessarily reflect the views of DH.

