

switch to 15-64, in light of prevailing global practice, our working population will be higher.

We have noted that the number of college graduates has reached a new record this year, exceeding 10 million. So our general perception right now is how massive our labor force is, rather than its scarcity.

So from this perspective, our demographic dividends have not yet vanished. Given the steadily increasing education level of the labor force, the quality dividends of our population are developing fast, as indicated in the number of college students, which is among the highest worldwide.

So the dividends whether in terms of quality or scale have not yet vanished, and would be sustained for a considerable period.

Yet, it is important to note that the imbalance of age structure is starting to impact the socio-economic sphere.

Take social insurance, for example. If a female worker retires at 50, supposing she started work in her 20s, with our national life expectancy at over 76, then she would be on pension for decades.

This year would see a surge in the number of new retirees, due to the nearly 30 million new births in 1963, as part of the recuperative growth of the population following the three-year famine.

Nevertheless, from the angle of labor supply the dividends are still there.

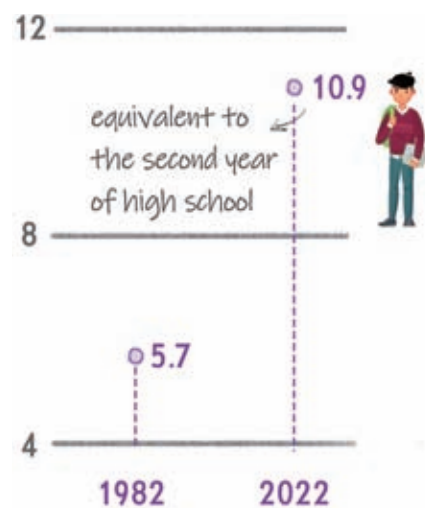
Q: What are some of the options for the state in addressing low fertility and aging?

A: Unlike the United States or some European countries, which could remedy the situation by taking in immigrants, China has experienced a talent exodus over the decades since the reform and opening-up period. Only in recent years has there been a growing number of returnees to the country. Therefore we need to tackle the slumping fertility and aging issues within the country. Trying to attract young talent from other countries is not a good option. Generally speaking, the scale of our population is still huge, at 1.42 billion late last year.

So the priority should be on how to raise the fertility rate. In recent years, the rate has been hovering at about 1.2 to 1.3 per woman, way below replacement.

First, we need to take a drastically new assessment of our demographics. We do have a huge population, but we should care more about the many issues brought about by the structural imbalances. Our country should first of all

Average years of education of working-age population aged 16-59



Source: National Bureau of Statistics

create incentives for people to have two or three kids.

In terms of education, more effort should be made to promote balanced distribution of educational resources, so that “weak” schools can enjoy more financial support. When schools are more equitable in their quality, then parents no longer need to purchase school district houses in the vicinity of top-notch schools, and their educational anxiety would be allayed.

As for tackling the aging issue, since we have the world’s biggest aging population, and given the trajectory, people aged more than 60 years might peak at 400 million, which is more than the total population for some countries, such as the US.

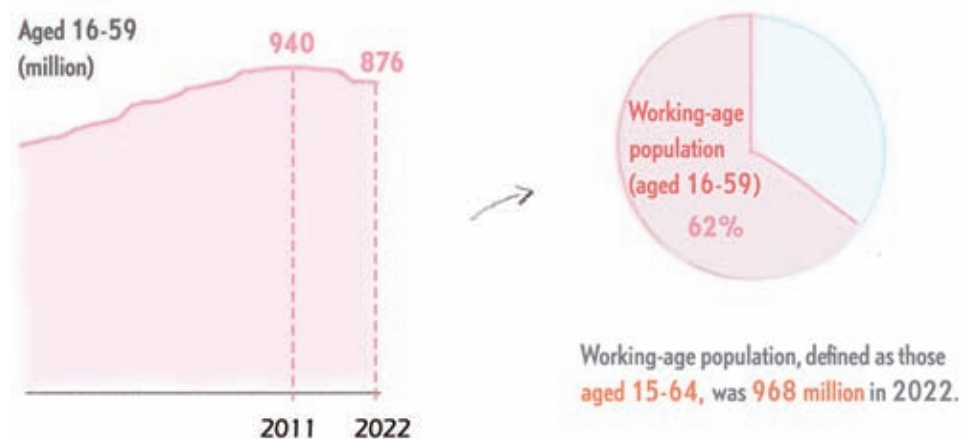
Of course, ultimately, it would be about developing the economy, so that it would provide financially for a whole range of issues related to aging, such as health care, or old-age care.

So addressing the aging issue would call for a comprehensive set of policies, including improving our old-age care system. Currently, the pension for the elderly in rural areas is still quite low, sometimes as low as about 100 yuan (US\$13.82) per month.

Q: What are some overseas practices we could learn from?

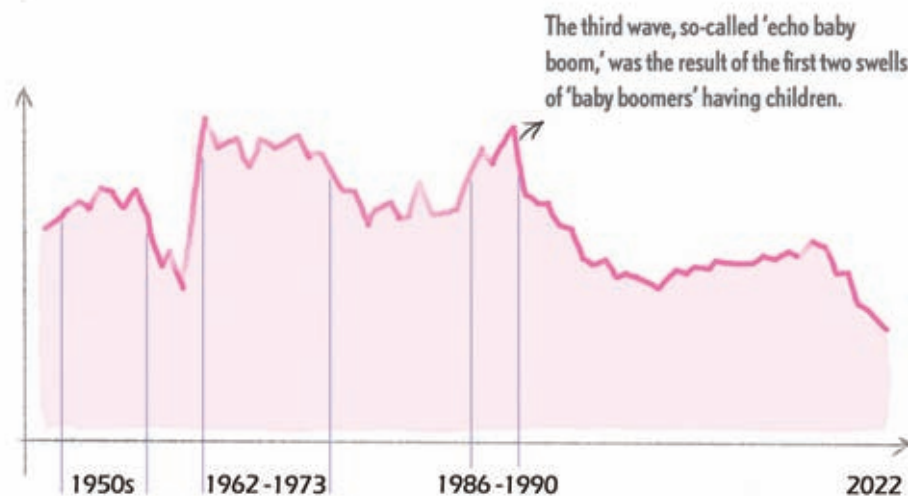
A: For instance, Japan’s birth rate slumped to 1.25 in 1995, but went up to about 1.46 in 2010, thanks to the creation of a number of incentives. We could learn from Japan on how to provide nurturing subsidies from birth until graduation from senior high school, so as to ease

Declining working-age population still large



Source: National Bureau of Statistics

Three ‘baby booms’ since 1949



Source: National Health Commission

Graphics by Li Yi

the financial burden on parents.

In Europe, when the birth rate slumped in some countries in the 1980s, with birth per woman plummeting to about 1.6, some European Union countries adopted policies aimed at encouraging births, including child-care leave and nursing subsidies.

The birth rate went up moderately afterwards, to 1.8 in the 1990s.

The EU and Japanese practices suggest that government incentives and support could be effective.

However, given the extensive economic ravages of the COVID-19 in recent years, the birth rates in Japan and EU have gone down again. Hopefully, with the end of the pandemic, the situation might change.

In China, we pursued a policy of family planning, chiefly about restricting births, in the 1980s, but today the support and incentives for birth also count as a kind of family planning.

With our population issue now part of

our long-term strategic state policy, the central government is attaching more and more importance to the problem.

From the central to local level, there has been growing awareness of the population’s impact on sustained socio-economic development, and hence the need to emulate successful and effective practices from overseas, so that our population can better meet the demands of modernization.

Q: How about artificial intelligence?

A: AI and automatic production have been developing significantly.

Some experts have proposed that businesses’s preference for AI over human labor exacerbates the employment issue. As a result, there have been suggestions to tax these robots in order to contribute to the social insurance fund, so as to help alleviate problems posed by an aging population. However, these suggestions are currently just limited to academic discussions.