

Phasing Out China's One-Child Policy?

Insights

4.08.13

In March, China's leadership announced that the Ministry of Health and the National Population and Family Planning Commission will merge. This has been widely seen as a downgrade in authority for the latter commission, which oversees the implementation of China's one-child policy. In fact, this governmental action has raised questions about whether China's one-child policy itself will be eventually phased out.

China's one-child policy was established in 1979. This policy was viewed as a necessity to help alleviate poverty and other social and economic problems that afflicted the country's population. For comparison, China's current 1.3 billion is about four times the 300 million population of the United States. China's one-child policy is largely restricted to the ethnic Han Chinese living in urban areas, while there are certain exceptions that apply to citizens living in rural areas and ethnic minorities. While the one-child policy has always drawn international ire on the human rights front, the policy's long term effects on demographics, the economy, and China's workforce are becoming more apparent.

The United Nations has estimated that the number of 15 to 24-year olds, which is the key demographic for employees working in factories which has driven the China's economic growth in recent years, will decrease by 27% by the year 2025. In the same vein, it is estimated that by the year 2050, one in three people will be 60 years of age or older in China. It is expected that this statistic will result in soaring pension and health-care costs as the population of those over the age of 65 surges in the coming years.

An article recently published by Bloomberg News cites to a Brookings-Tsinghua Center for Public Policy paper, which estimates that such a continued trend in demographics will result in a falling rate of labor productivity growth, declining returns on investment, and rising social costs that will eventually cut China's economic growth in half. Such a blow to China's economy will certainly have far-reaching implications on the world economy as well.

An upheaval of a policy that has been in place for over thirty years is not likely to occur overnight. However, the social and economic damage said by some to have occurred, and to continue to occur, as a result of the one-child policy is perhaps enough to cause the Chinese government to consider what the policy will look like in the coming years, and perhaps the phasing out of it altogether.

Related People



Annie Lau
Partner
415.490.9023
[Email](#)