

Impact of population aging on economy and society in China

Chuqiao Li*

School of Government, Beijing Normal University, Beijing, China

*Corresponding author: lcq1214@163.com

Keywords: Population Aging, Economic Development, Labor Force.

Abstract: Population aging is the result of the transformation of population reproduction mode from traditional to modern, and it is also the inevitable trend of global social and economic development. Based on the development characteristics of population aging in China and the new challenges for population in the future, this paper, on the one hand, analyzes the impact of China's population aging on labor supply, industrial structure adjustment, savings and national income at the macro level, and on the other hand, also analyzes the impact of population aging on the development of enterprises and the elderly themselves at the micro level. Finally, this paper puts forward countermeasures to cope with population aging in China during the 14th Five Year Plan period.

1. Introduction

Population aging is widely and profoundly affecting all aspects of human society, and has become a major population and social issue of great concern to all countries in the world. Since the 1980s, due to the implementation of the one-child policy aimed at controlling the size of the population and raising its quality, China has completed the process of population transformation in a relatively short period of time, which accompanied by the rapid increase of the proportion of the elderly population. In recent years, as China's economy has entered a new normal, the trend of population change has also taken on new characteristics, which will have a significant impact on the sustained and stable development of the economy and society.

2. Characteristics and trends of population aging in China

“Population aging” refers to a gradual process in which the proportion (or share) of middle-aged and old people in the population is increasing, or the proportion of young people is decreasing [1]. According to the United Nations' definition of an aging society, a country is called an aging society when the number of people over the age of 60 accounts for 10% of its total population, or the number of people over the age of 65 accounts for 7% of its total population [2]. As for the problem of population aging, it refers to the impact of the increase of the elderly on the social and economic development of a society or region, while the increase of the elderly means the proportion of the elderly in the total population is rising, on the other hand, it means that the social population structure presents an aged state and enters an aging society [3].

Population aging is the inevitable result of the transformation of production mode from traditional to modern. In a long period of time, the overall trend of population aging in China and even the world is irreversible, and China's population aging has the following four characteristics. First, the population aging development speed is fast and the size of the elderly population is huge. From the beginning of one-child policy in the 1980s to the country's entering into an aging society in 2000, it took 18 years for China to complete the transformation of population structure from an adult type to an elderly type, the size of the elderly population is expanding rapidly. Second, population aging is out of step with economic development. A typical situation in China is that people get aging far before they become wealthy. Different from developed countries, China has entered an aging society under the condition of underdeveloped economy and not yet realizing modernization. Therefore, the advanced and rapid development of population aging has brought greater burden and pressure on

economic growth. Third, the degree of population aging varies greatly among different regions and between urban and rural areas. In terms of regional differences, the aging degree of the eastern regions is higher than the central and western provinces. With the large-scale migration of young and middle-aged labor force to cities in the process of urbanization, the degree of population aging in rural is higher than urban.

3. Impact of population aging on economy and society in China

3.1 The macro impact of population aging on economy and society

3.1.1 Slow down the improvement of labor productivity and economic growth

Economic development cannot be separated from the stable supply of a certain quantity and quality of the working population, but population aging means a larger proportion of the elderly and a smaller proportion of the working-age population. Meanwhile, from the perspective of production function, the growth of labor productivity mainly comes from four aspects: physical capital, human capital, urbanization factors and technological progress. The rapid improvement of labor productivity in China benefits from the contribution of physical capital to a greater extent, while the contribution of human capital is relatively limited. However, in the process of population aging in China, the growth rate of physical capital has appeared and will continue to decline due to the insufficient or even shortage of effective supply of labor, which will inevitably lead to the decline of China's economic growth rate [4].

3.1.2 Impede the adjustment and optimization of industrial structure

China has put forward a plan for the simultaneous development of industrialization, informatization, urbanization, and agricultural modernization, which objectively requires further optimization and upgrading of the industrial structure. In the process of population aging, the labor force and the young and middle-aged labor force are relatively sufficient in the short term, which is conducive to the transformation and coordinated development of labor-intensive industries to capital and technology-intensive industries. However, China has not yet completed the modernization construction, the rapid development of population aging will lead to the continuous move of rural surplus labor, and will increase the gap between urban and rural population aging. At the same time, due to the low cultural quality of the elderly rural labor force, they cannot meet the needs of agricultural modernization development, which will have a negative impact on the adjustment of agricultural structure.

3.1.3 Reduce savings and national income

In terms of private savings, the elderly People's daily living expenses are often realized by consuming their own savings, which inevitably reduce their total deposits. At the same time, the rising of the total dependency ratio has increased the expenditure of the working-age population for supporting the elderly population, and their own expenditure on various social security are also increase, thereby reducing the household savings. In terms of social savings, the large number of elderly people will increase the proportion of public expenditure on social security for the elderly [5], and the various expenditures used by enterprises to pay for social security will also increase, which will reduce the proportion of enterprises' investment in production, thus affecting the total output level of the society [6].

3.2 The micro impact of population aging on economy and society

From the micro level, population aging will have different degrees of impact on the development of enterprises and the life of the elderly themselves. The reduction and aging of the labor force brought about by the acceleration of population aging will make enterprises face the challenge of insufficient labor supply or structural shortage, it may be more difficult for companies to recruit employees that suit their needs. As for the elderly themselves, the income gap, physical health, social security and other issues they face will become more and more prominent. Population aging requires a higher

degree of social participation and social support, and also requires the society to give more kindness to the elderly.

4. Countermeasures to cope with population aging

Although population aging is an inevitable stage of human development towards a reasonable population structure, too fast population aging speed and too high aging degree will exceed the carrying capacity of the social economy, thus bringing a series of impacts on economic and social development. Therefore, appropriate and feasible policy measures should be adopted to minimize the adverse impacts of population aging and maximize the value of the elderly, thereby promoting the harmonious and sustainable development of the economy and society.

4.1 Optimize and implement three-child fertility policy

In a series of problems faced by population development, the change of fertility level always occupies the core position. To change the unbalanced situation of population development, we must start with adjusting the excessively low fertility level. The proposal and implementation of three-child fertility policy will not only conducive to alleviating the trend of population aging, and more conducive to family harmony and stability. It is an important policy concerning people's livelihood [7].

4.2 Develop the economy greatly and enhance economic strength

Developing the economy greatly is a key measure to solve the problem of population aging. To this end, it is necessary to vigorously develop the economy, enhance the economic affordability, and use strong economic strength as a solid guarantee to deal with a series of aging problems. Through economic development, promote the improvement of labor productivity and make the material wealth of exchange, distribution and consumption more sufficient, so as to better meet the various needs of supporting the elderly.

4.3 Economic transformation and human resource development should be promoted simultaneously

On the demand side, we need to transform the pattern of economic growth and improve labor productivity, while on the supply side, we must actively promote the development of human resources, especially the development of a large number of young elderly human resources. Therefore, firstly, we should continue to eliminate the various institutional obstacles of labor mobility to realize the reasonable allocation of labor resources. Secondly, it is necessary to increase investment in education and training, in order to realize the better combination of human capital and industrial structure. Finally, by delaying the mandatory retirement age to create conditions for the development of the young elderly human resources, so as to increase the working-age population and effectively improve the supply of labor force.

4.4 Establish a more equitable and sustainable old-age security system

The old-age security is a very important part of the social security system, it should arouse more attention in the process of population aging. On the one hand, we should continue to build a diversified, multi-level and wide coverage social security system to ensure the basic life of the elderly, and establish a relief system for the elderly in economic difficulties. On the other hand, we should establish the old-age medical and health care service system, improve the functions of medical institutions at all levels, and vigorously guide and develop community health care, so that the elderly can enjoy high quality medical services as close as possible.

5. Conclusions

While China's economic growth has entered a new normal, the dynamics of demographic changes have also entered a new normal. The basic characteristics of the new population normal include: long-term low birth rate, continuous and accelerated decline in the working-age population, continuous but

fluctuating population aging process, urbanization process and the continued existence of a large number of floating populations. During the 14th Five-Year Plan period, China's demographic dividend tends to disappear, and population development will face more new challenges, which will have many impacts on the economy and society at the macro and micro levels. Therefore, it is necessary to jointly promote economic development, public policy design, and the construction of the social security system for the elderly, so as to cope with the adverse impact of population aging.

References

- [1] Qi Feng. Impact of aging of population in China on economic and social development and countermeasures [J]. *Productivity Research*, 2010(10): 161-165.
- [2] Zhang Chewei, Lin Bao. Challenges confronting Chinese population development in the 13th Five-Year Plan period and counter measures [J]. *Journal of Social Science of Hunan Normal University*, 2015, 44(04): 5-12.
- [3] Liu Qiongzhi, He Qi. Aging, economic growth, and fiscal policy [J]. *China Economic Quarterly*, 2013, 12(01): 119-134.
- [4] Zheng Wei, Lin Shanjun, Chen Kai. Characteristics and trend of population aging in China and its potential impact on economic growth [J]. *The Journal of Quantitative & Technical Economics*, 2014, 31(08): 3-20.
- [5] Zhang Guilian, Wang Yonglian. Analysis on the impact of population aging on economic development in China [J]. *Population Journal*, 2010(5): 48-53.
- [6] Zheng Junjun, Zhu Desheng, Guan Zhiye. The impact of working-age population and aging upon economic growth: Empirical research based on China's provincial data [J]. *China Soft Science*, 2014(4): 149-159.
- [7] Hou Jianming, Zhou Yinghua. Impact of the aging population on the Japanese economic development [J]. *Contemporary Economy of Japan*, 2010(4): 53-57.