

Chinese Demographics

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Simple Fertility Model

	BENEFITS of children	COSTS of children	
↓	Labor (on farm)	Sustenance	↑?
↓	Investment (for retirement)	Education	↑
≈	Psychological (maternal instinct)	Mother's Time	↑
≈	Social (need a male heir)	Freedom (urban lifestyle, parental education)	↑?

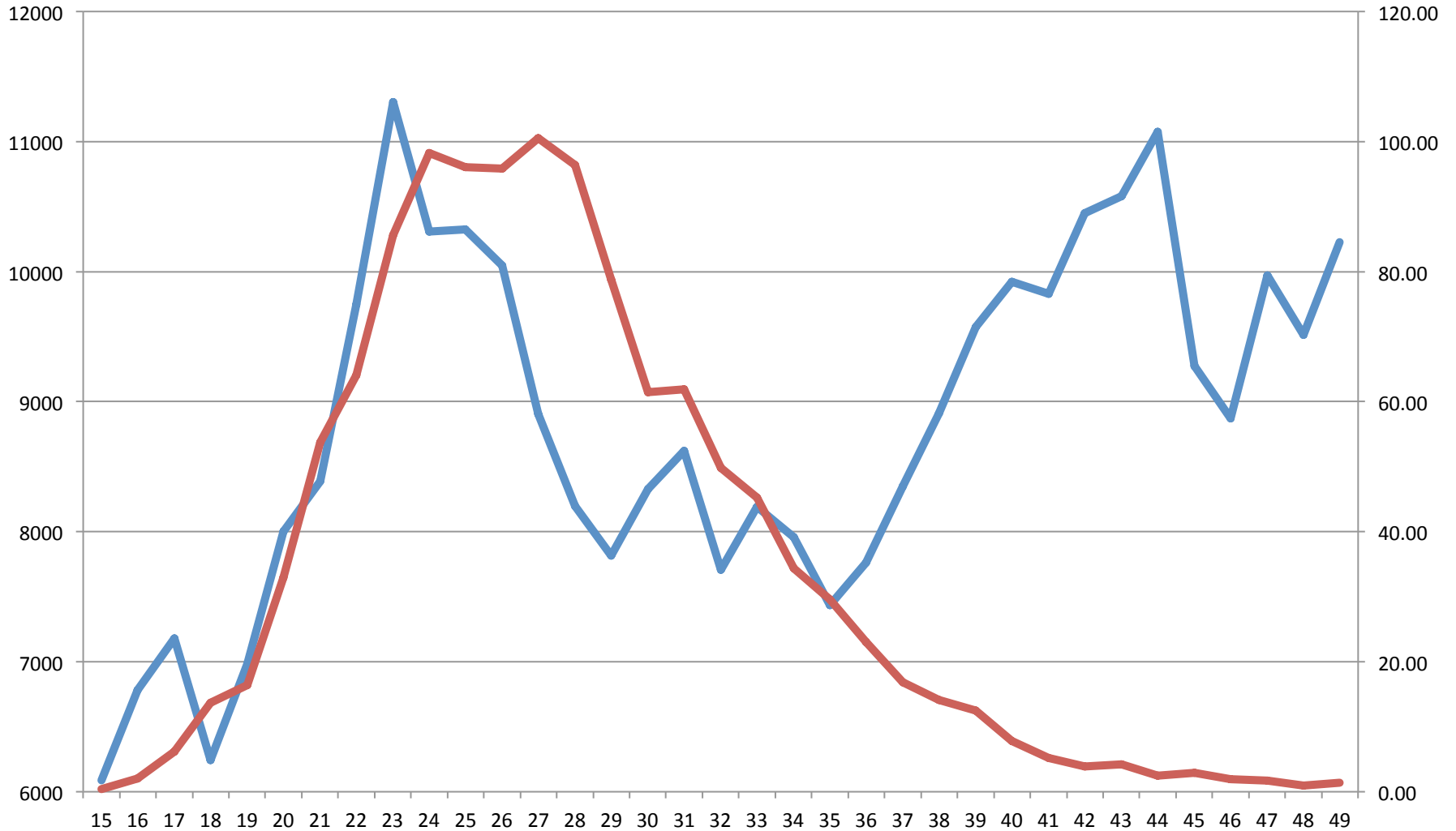
- Net prediction: reduced fertility as
 - incomes rise
 - urbanization progresses
- Empirical evidence
 - so-called “One Child Family” policies now redundant

Demographic Dividends

- As fertility falls population structure shifts in a way that enhances growth for 2-3 decades
- 1st Demographic Dividend
 - more of population of working age
 - costs of dependents falls: few young and few old
- 2nd Demographic Dividend
 - growth creates incentive for investment
 - bulk of population in high life-cycle savings ages
 - **growth generates the savings to finance investment**

China 2013: Population of Childbearing Age vs Fertility

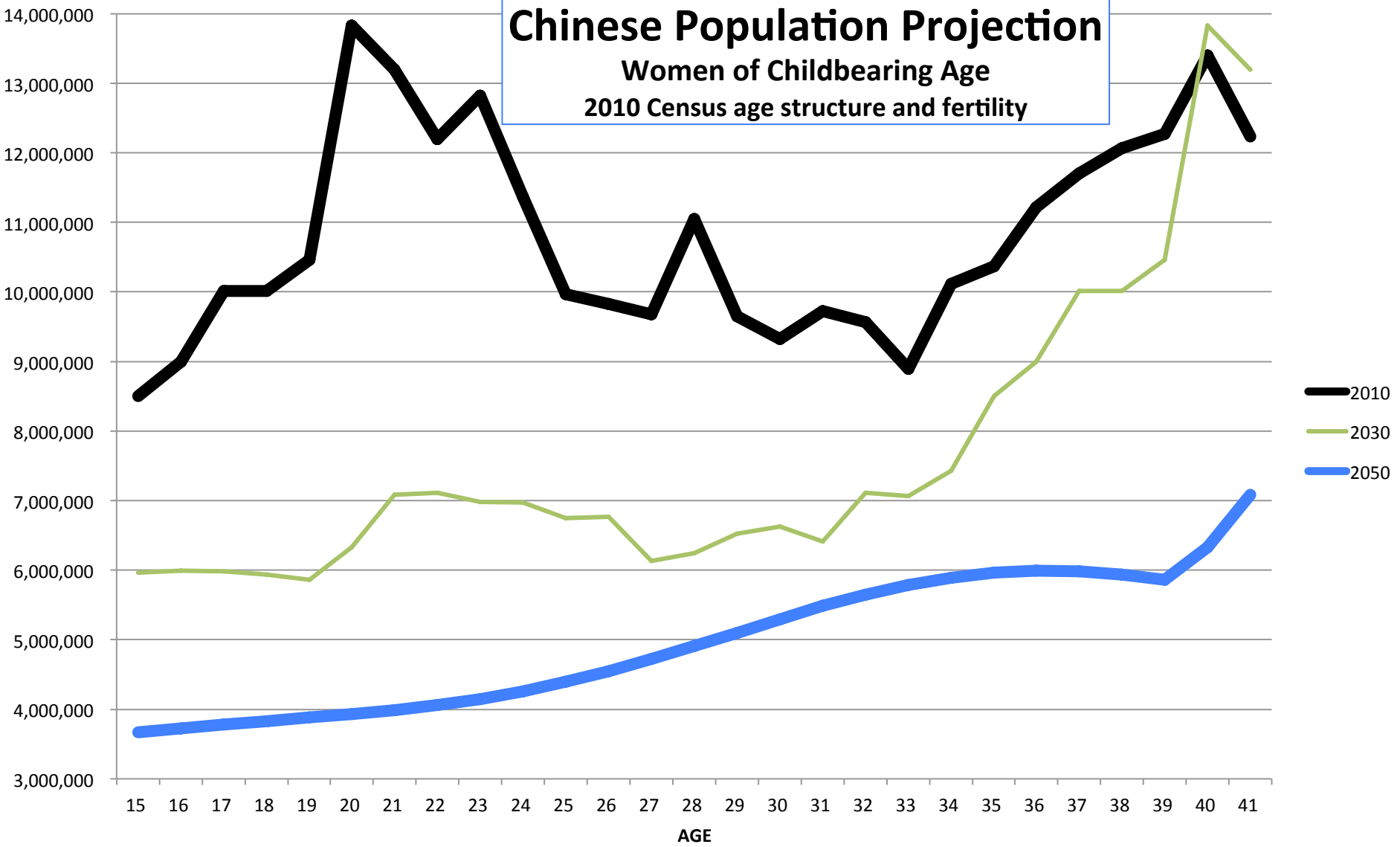
Women by Age Fertility by Age



Chinese Population Projection

Women of Childbearing Age

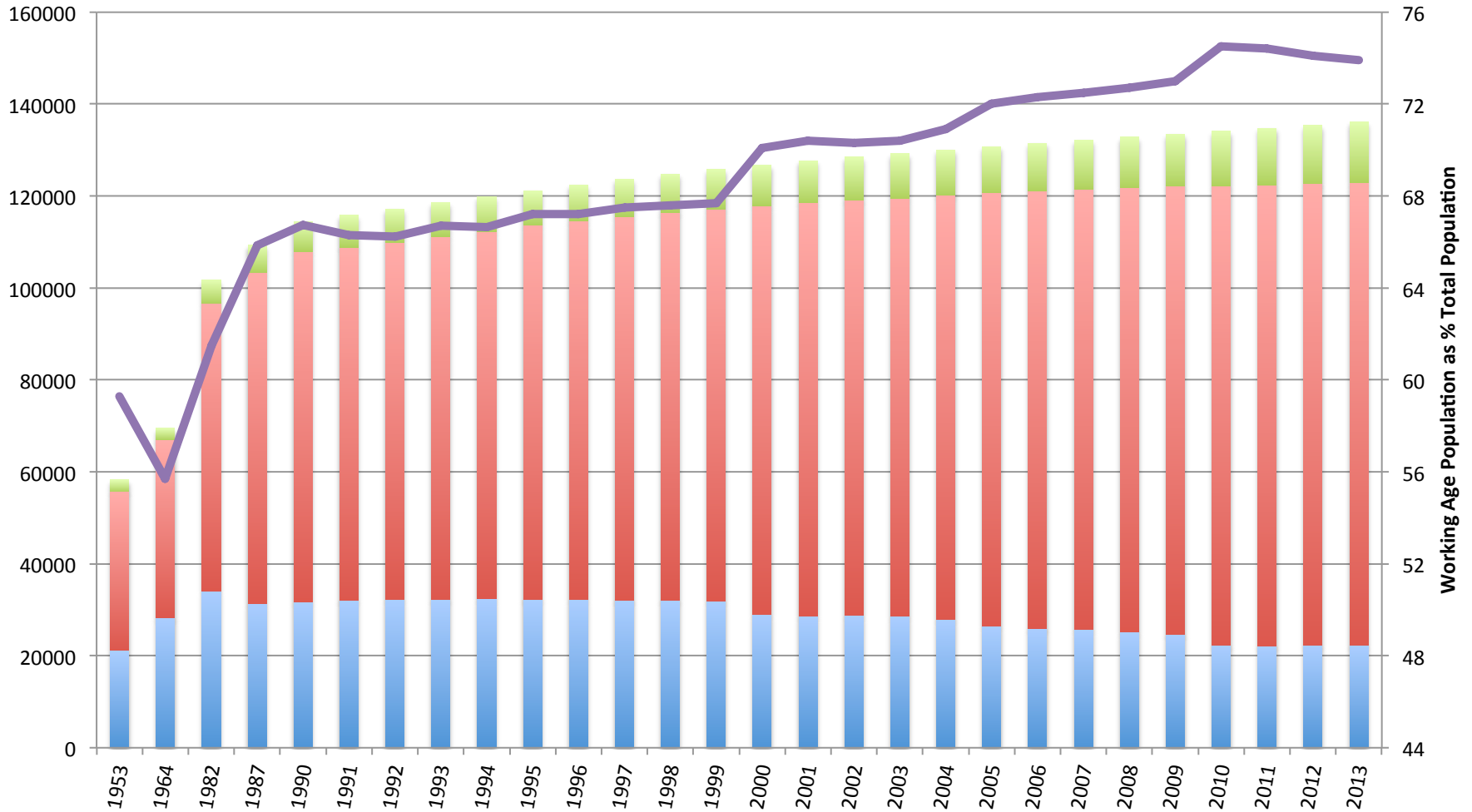
2010 Census age structure and fertility



Demographic Dividend

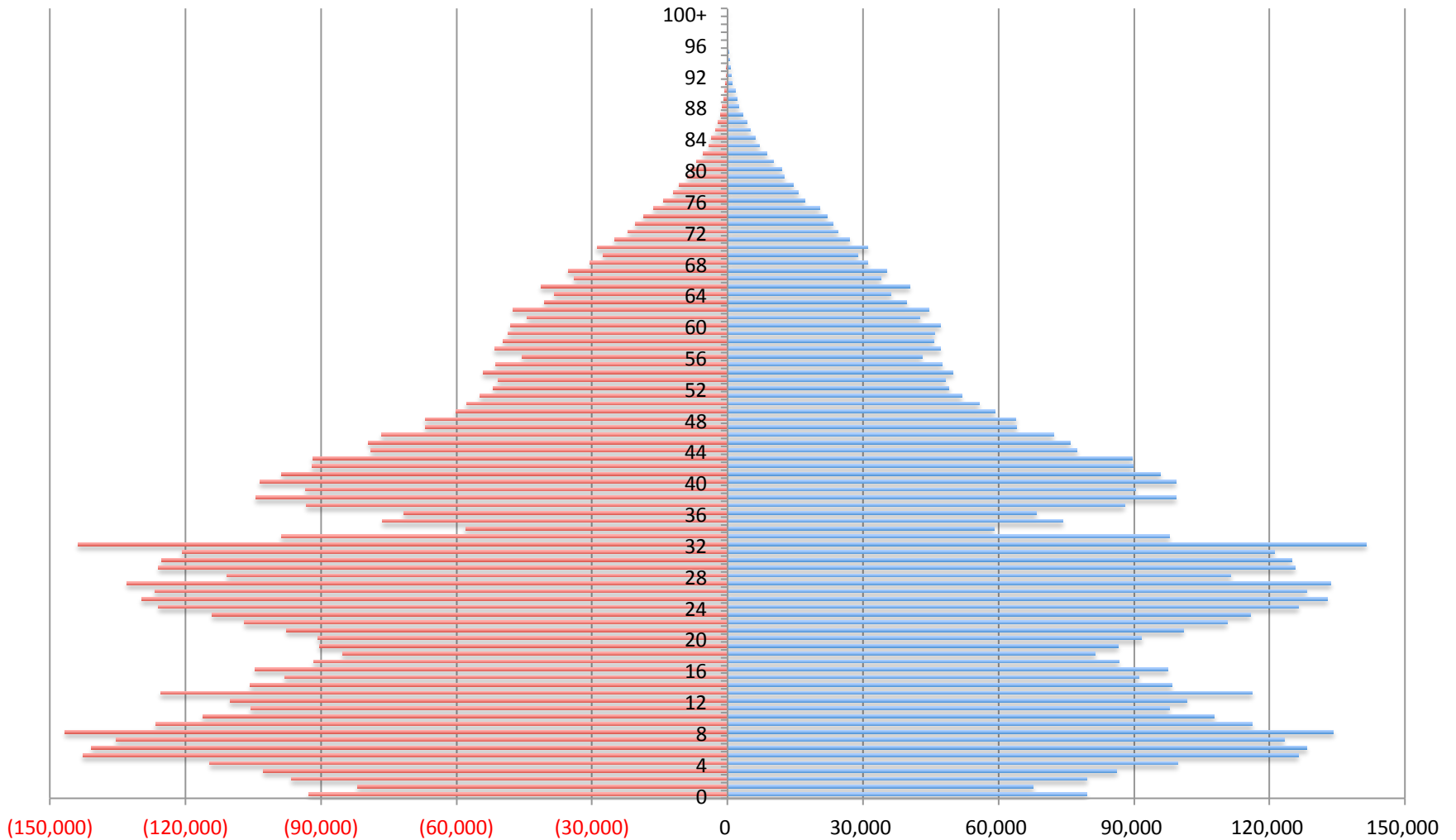
boost from growth of share of population of working age is over

Aged 0-14 Aged 15-64 Aged 65 and Over % Working Age Population



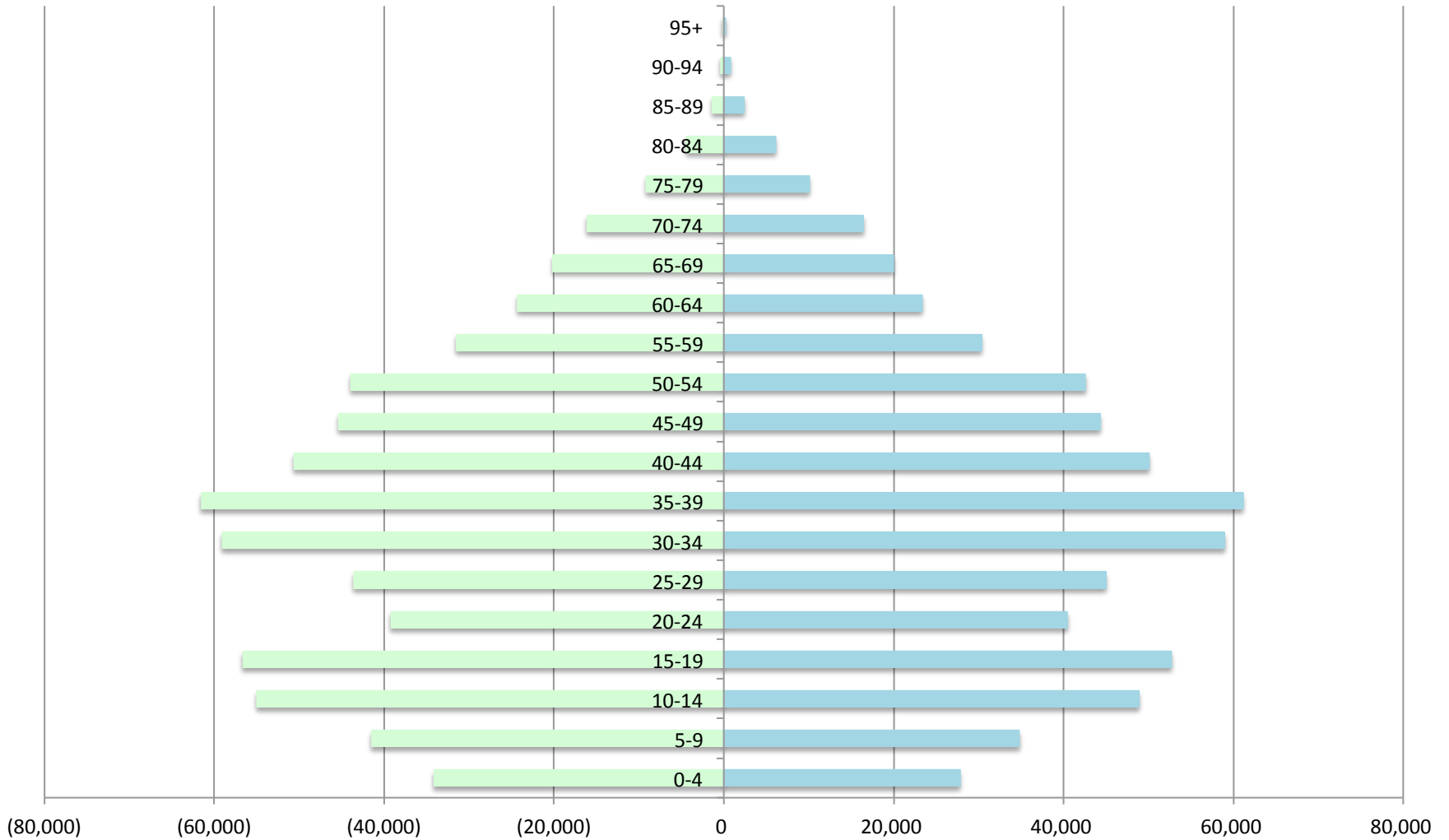
China 1995 Population Pyramid

Male Female



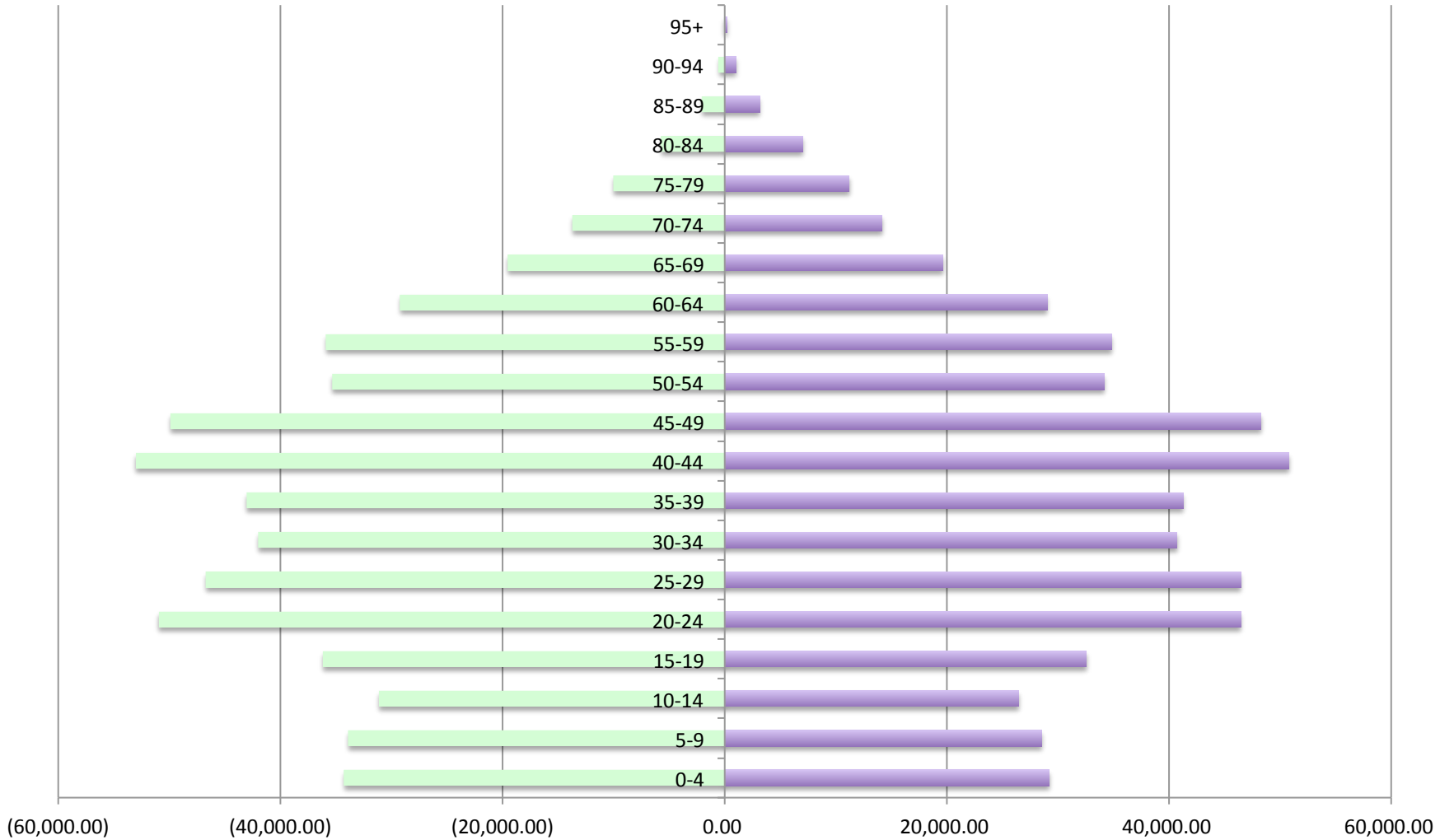
Chinese Population 2004

男 Men Women 女



Chinese Population 2013

Male Female



Chinese Consumption and Labor Income by Age

— US Consumption — US Income — Consumption — Labor Income

