



# Economic Boom, Population Aging, and Policy Shift: What's Ahead for China?

Fudan Working Group on Comparative Aging Societies  
Fudan University, China

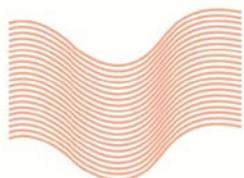
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**NATIONAL  
TRANSFER  
ACCOUNTS**  
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of Intergenerational Transfers.  
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# Acknowledgement

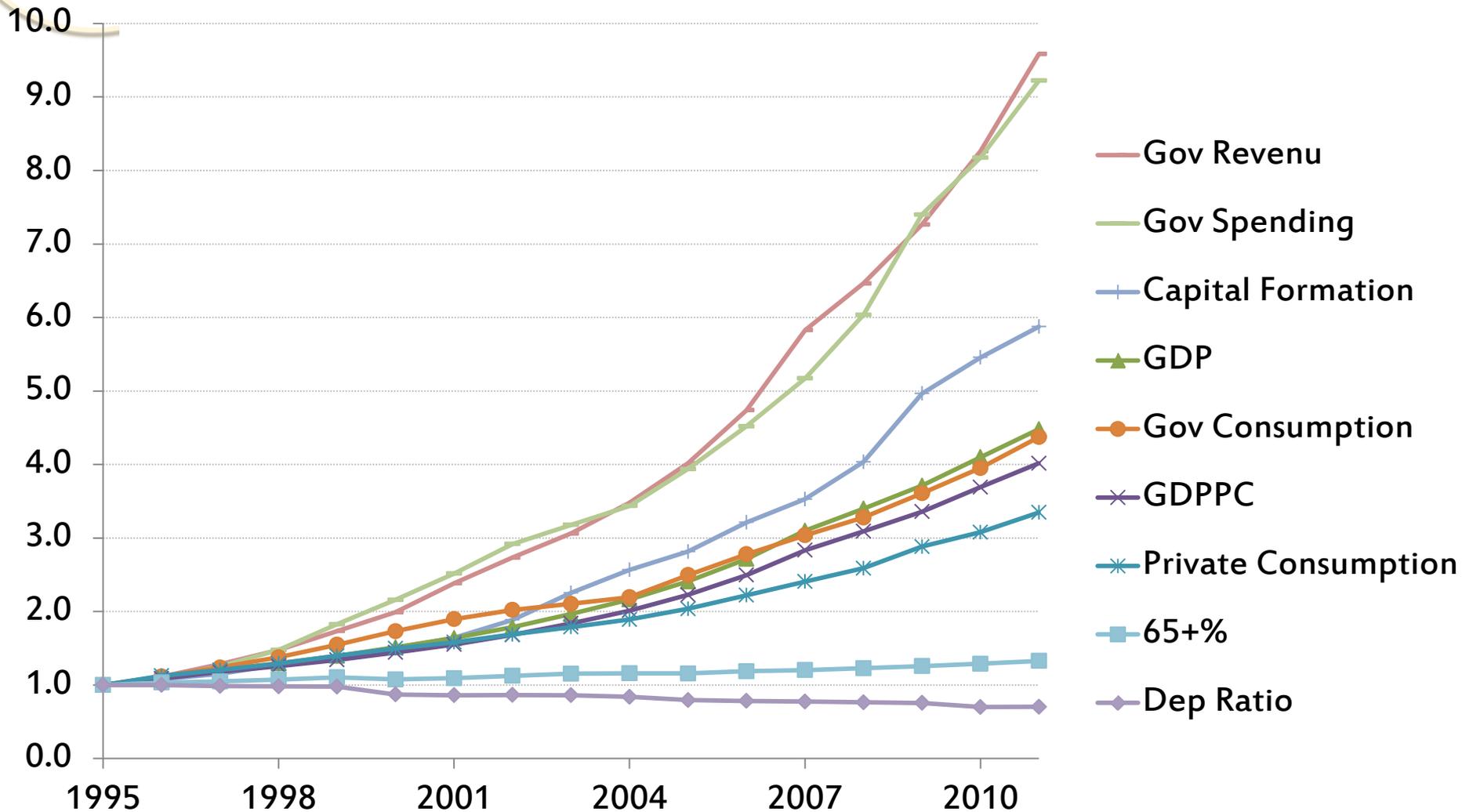
- **NTA Project / UNFPA**
- **Qiuling Chen (NTA China Team)**
- **Sang-Hyop Lee**
- **Stanford Conference, Ron Lee**
- **National Science Foundation of China and Fudan University**



# Motivating Questions

- **Features of economic change from a lifecycle perspective**
- **Hong long will the abundance last**
- **Implications for aging China**

# Economic Boom & Government Expansion (Index to 1995)





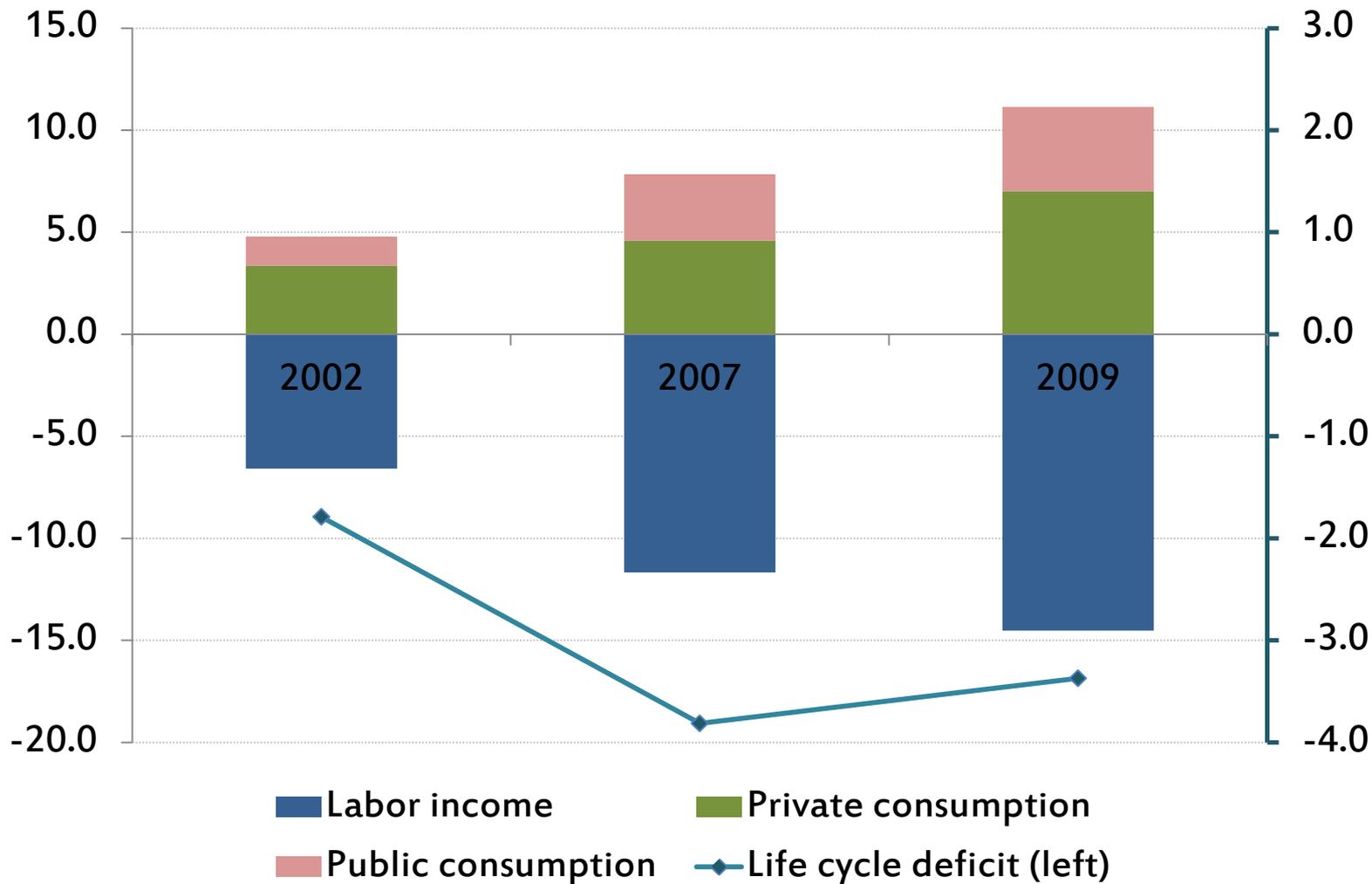
# Methodology: National Transfer Account

- **Equation:**

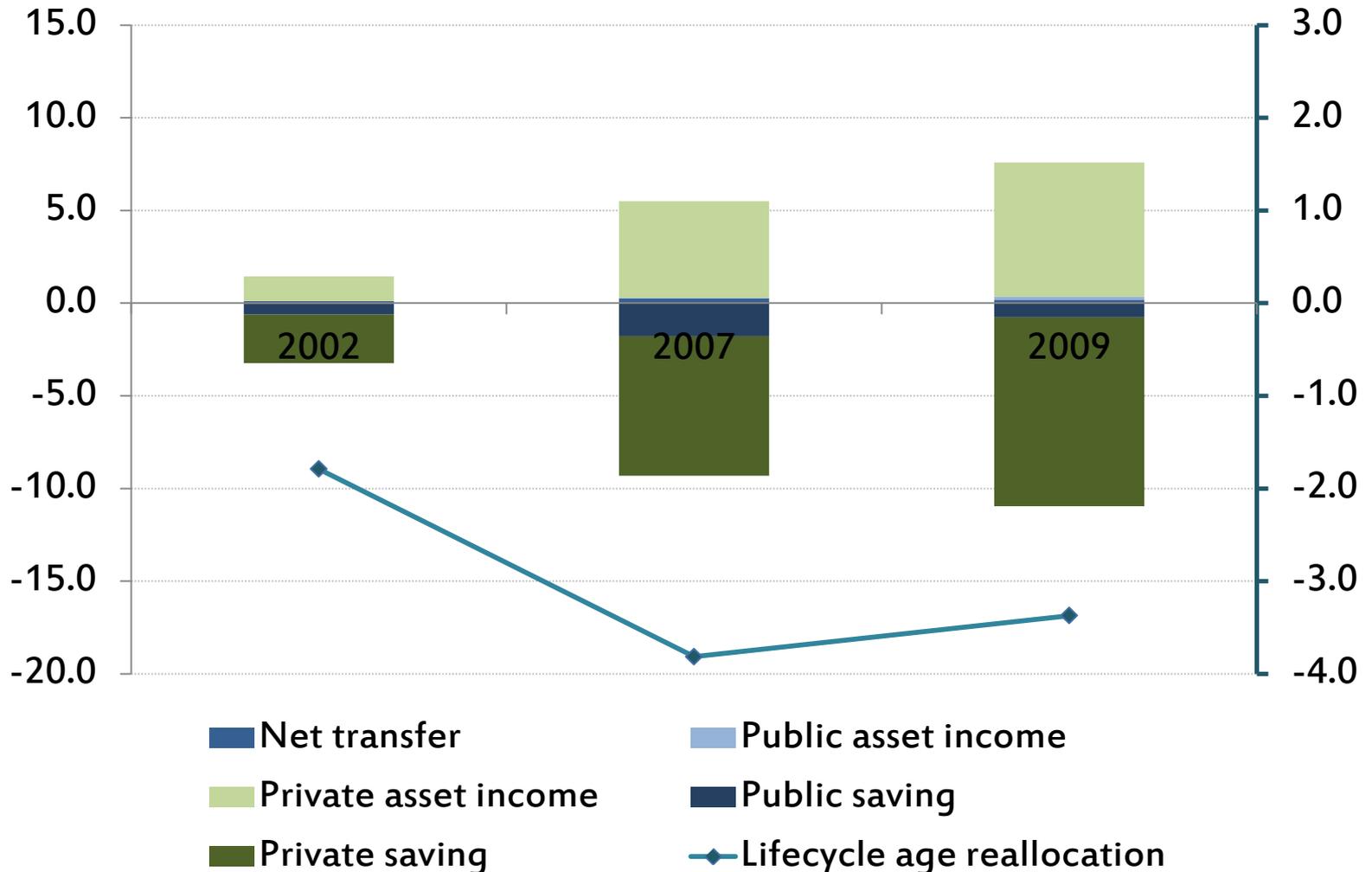
$$C(x) - Y^l(x) = \tau^+(x) - \tau^-(x) + Y^A(x) - S(x)$$

- **Macro data for 2002, 2007, and 2009**
- **Micro level data for 2002, 2007 and 2010**
- **Preliminary results, incomplete estimation**

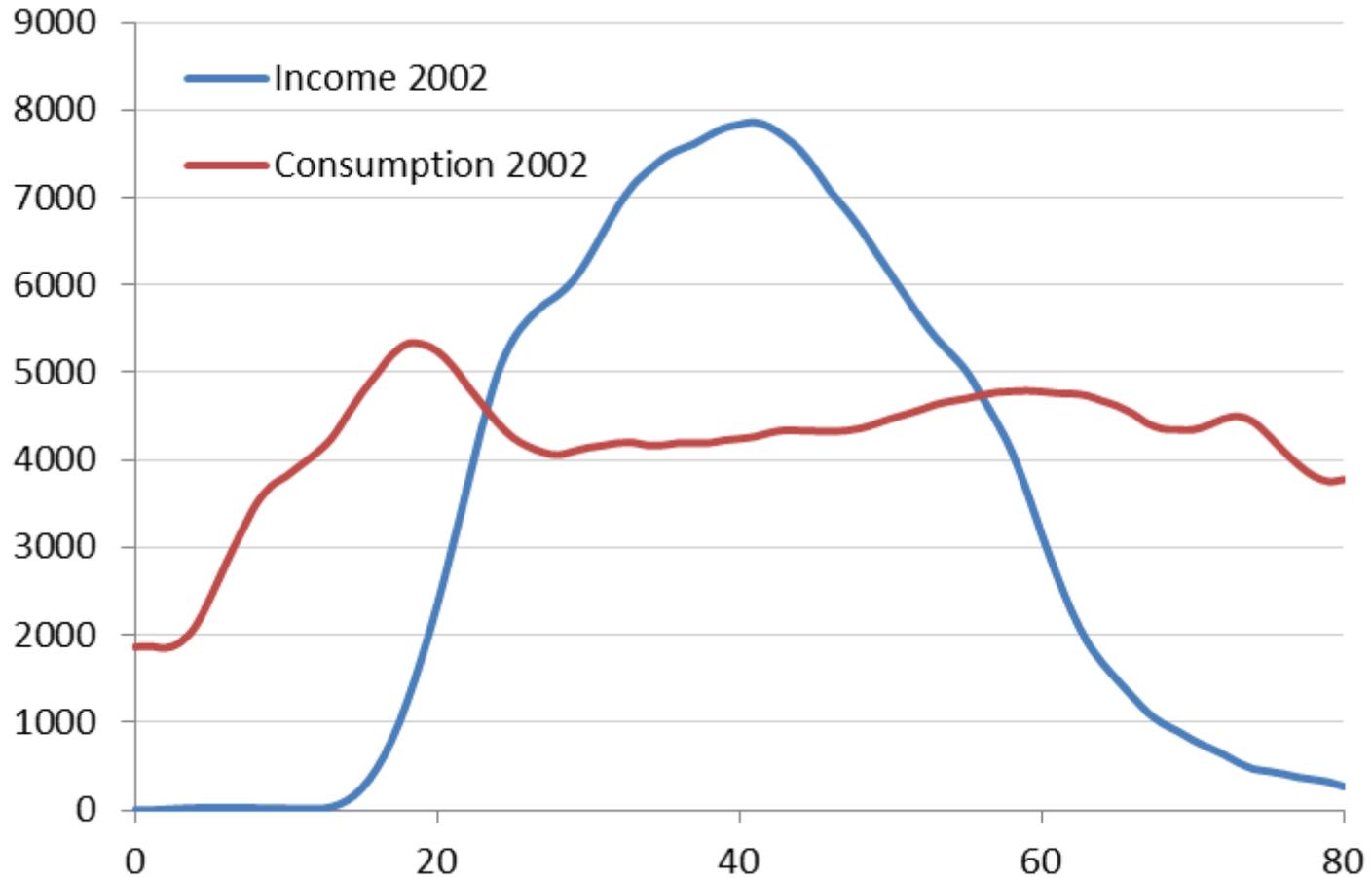
# Macro level change: Income, consumption, and lifecycle deficit



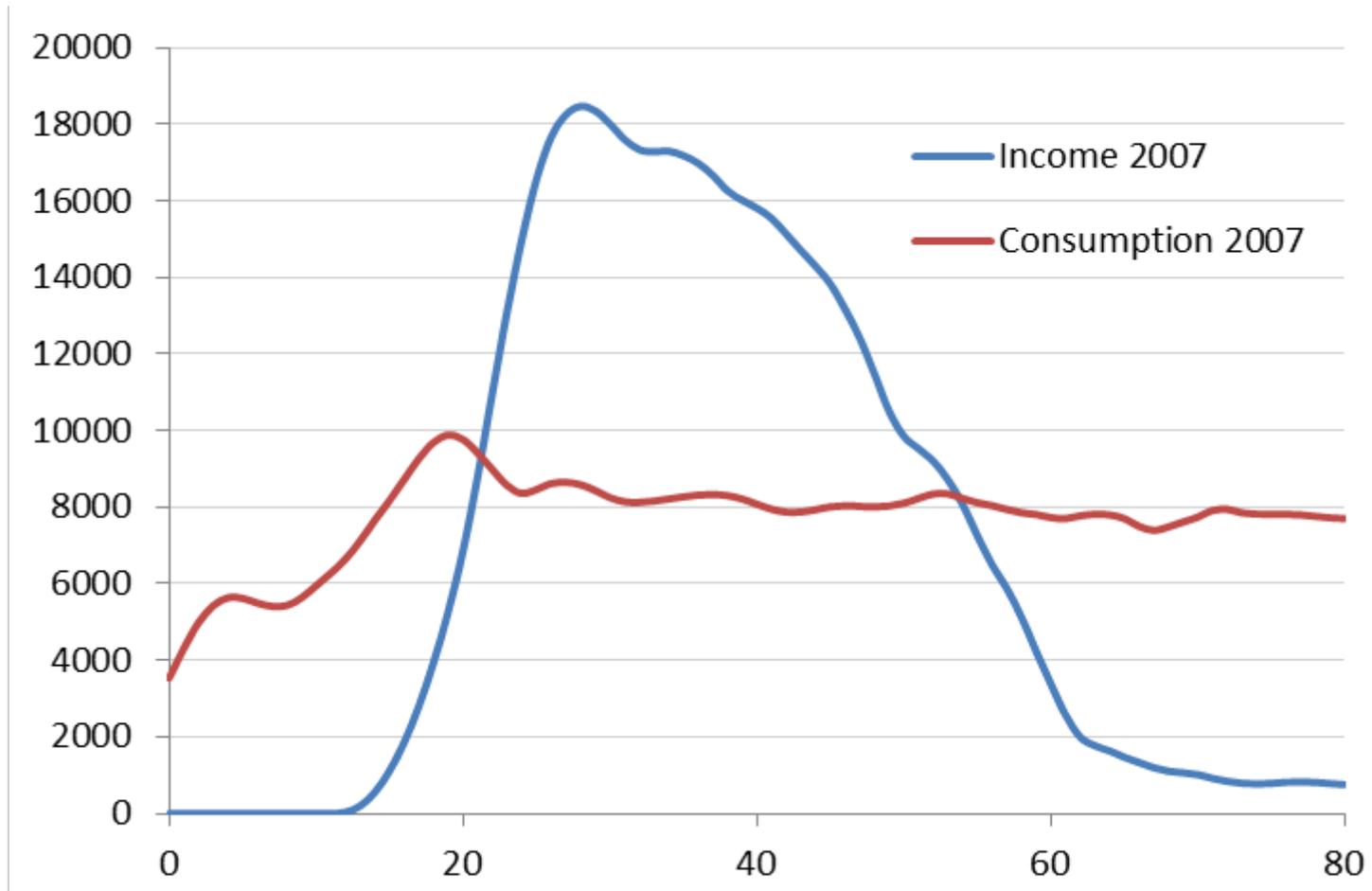
# Macro Level Change: Allocations, Transfers, and Savings



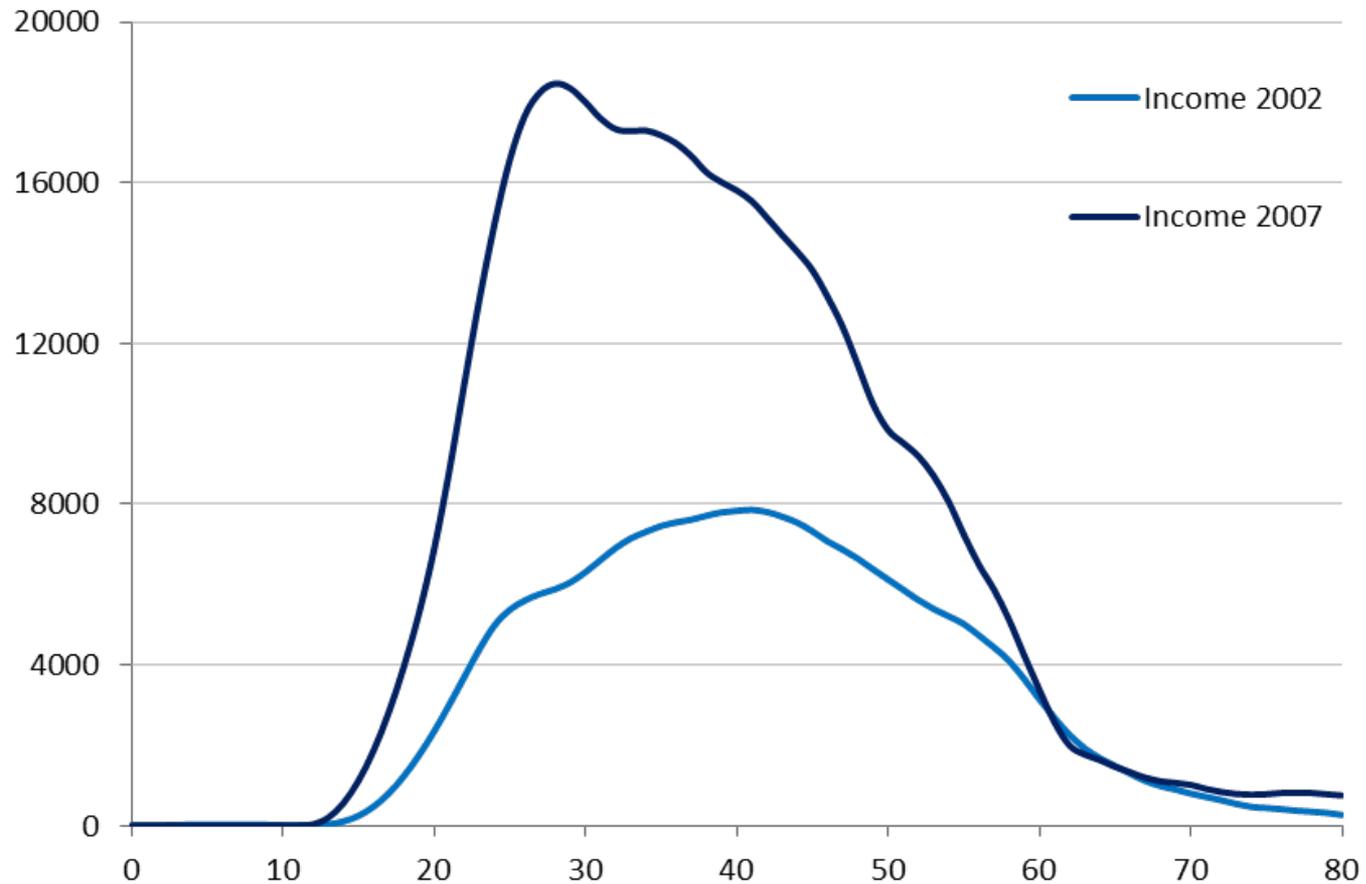
# Micro level change: Income, consumption, and lifecycle deficit



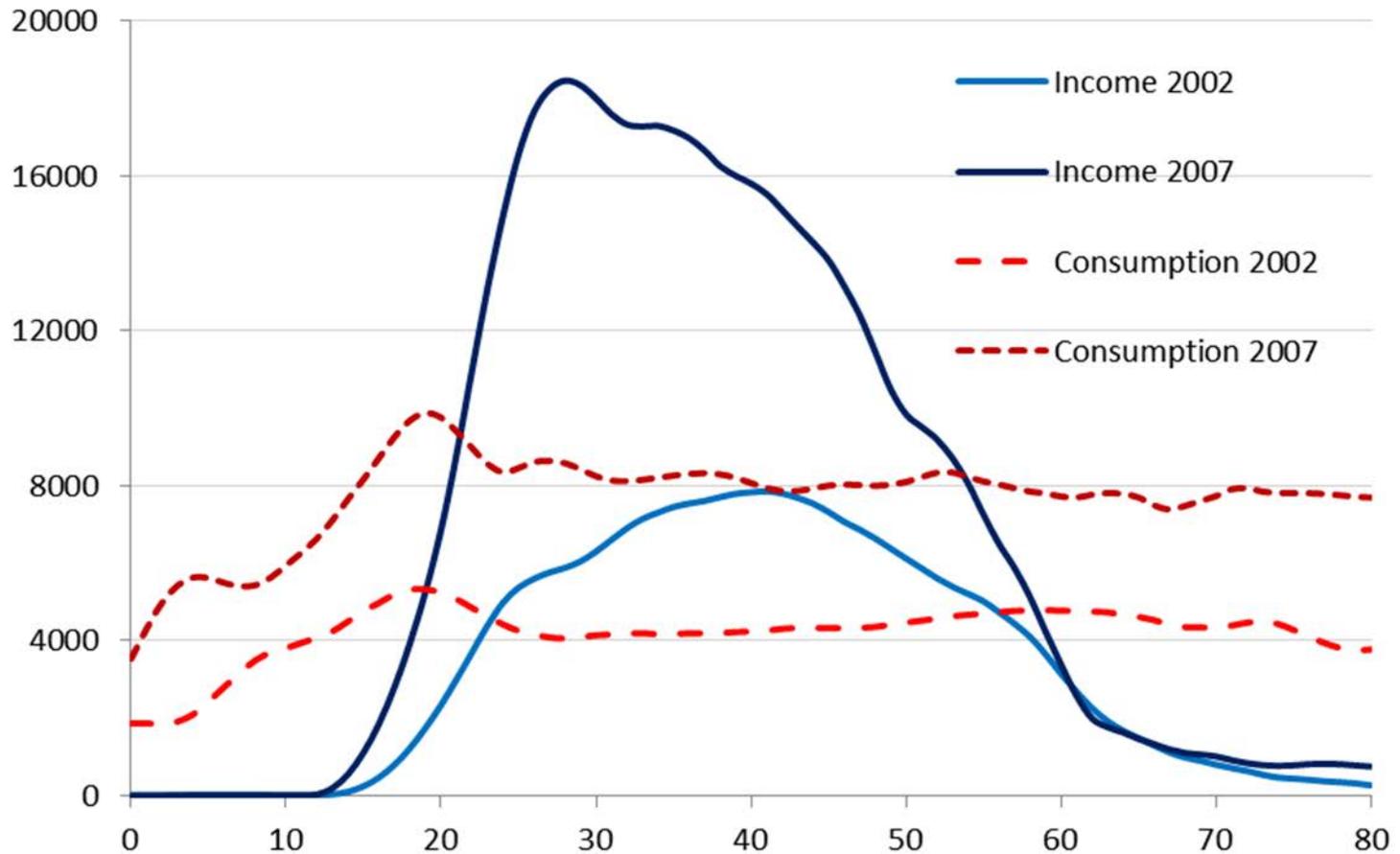
# Micro level change: Income, consumption, and lifecycle deficit



# Micro level change: Income, consumption, and lifecycle deficit

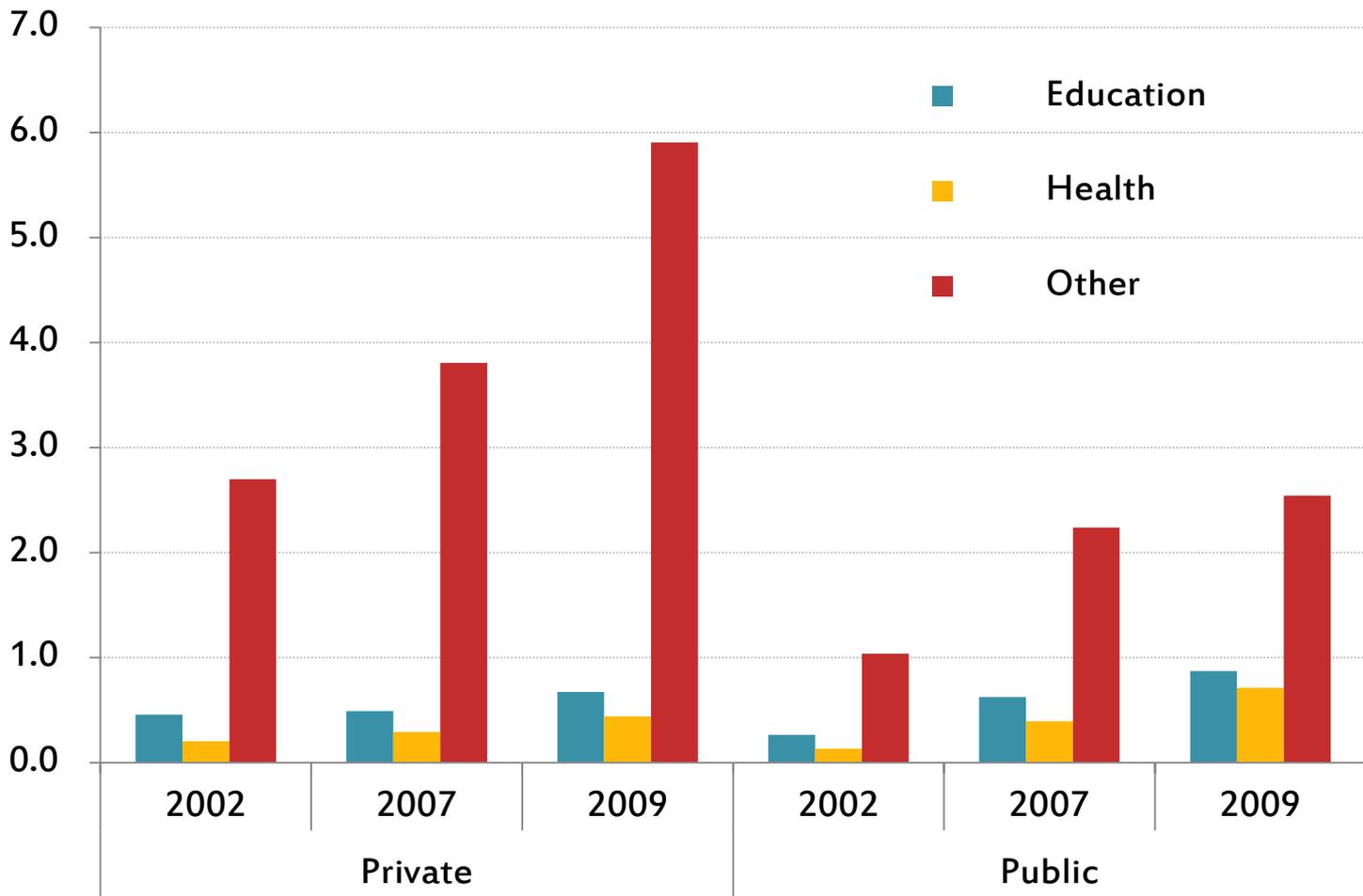


# Micro level change: Income, consumption, and lifecycle deficit

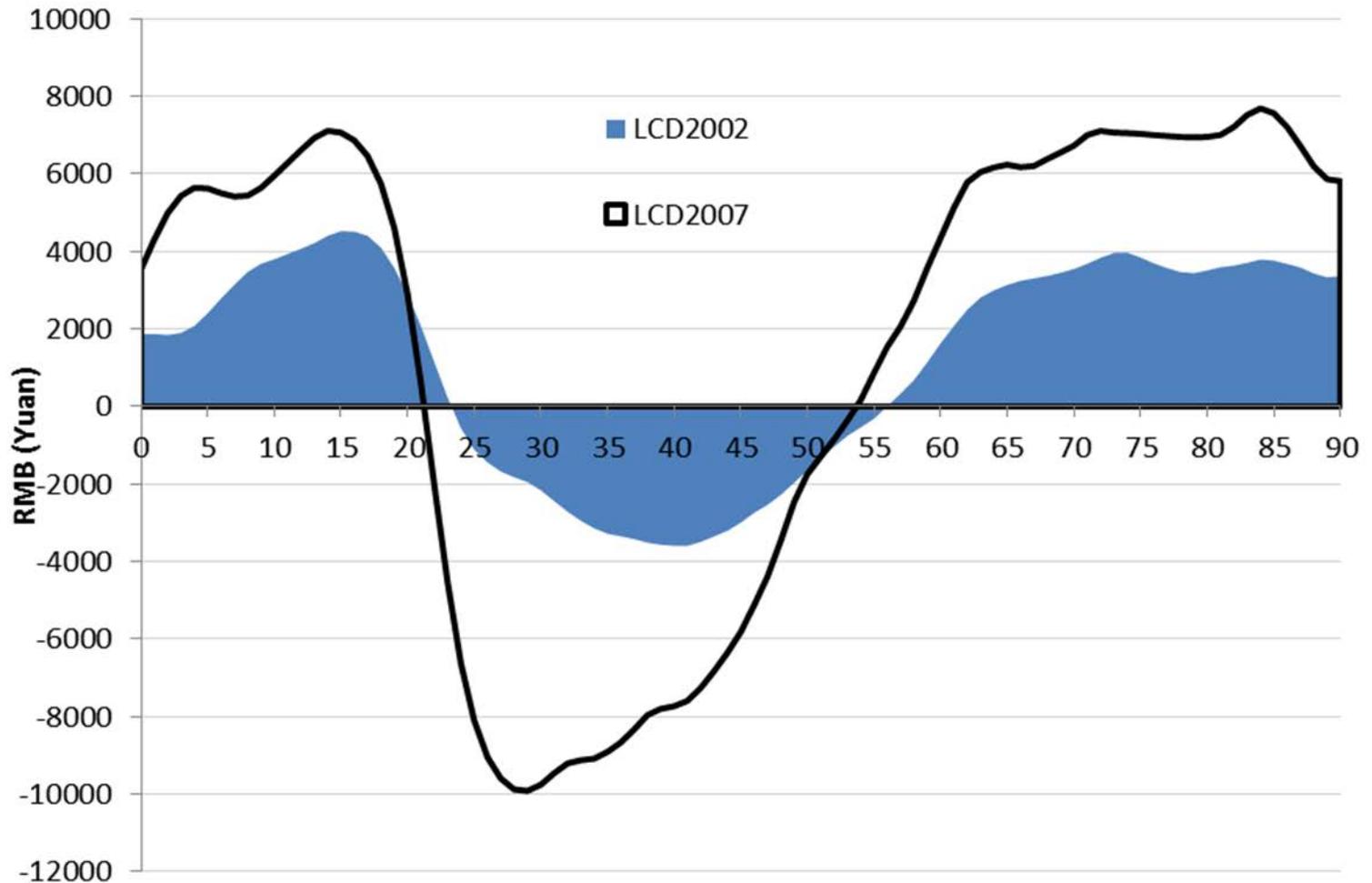




# Changes in Consumption



# Micro level change: Income, consumption, and lifecycle deficit



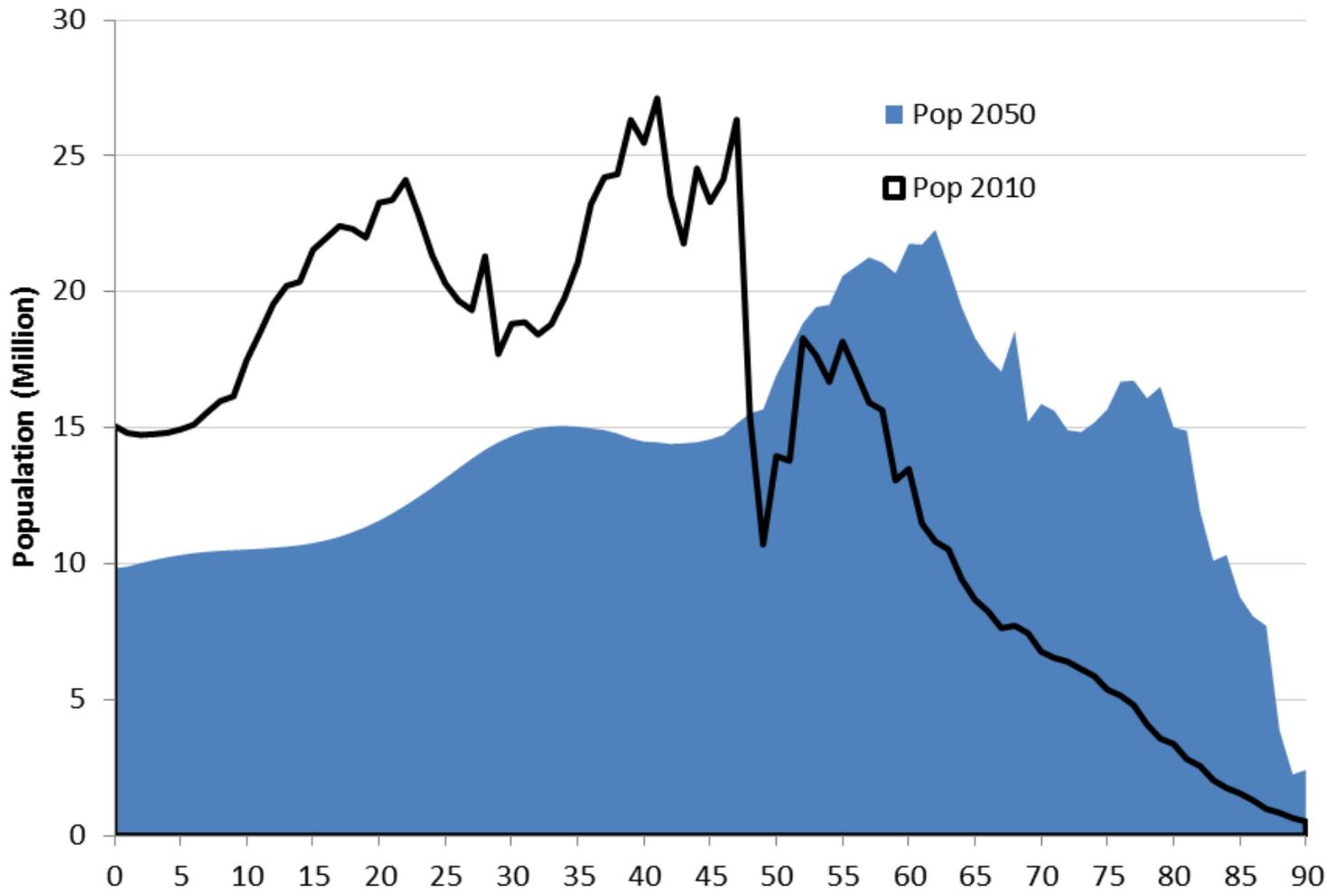


# Population Aging

- **Rapid aging as a result of mortality reduction and prolonged long fertility.**
- **There is no uncertainty about population aging.**
- **Aging is happening at a fast speed than expected.**

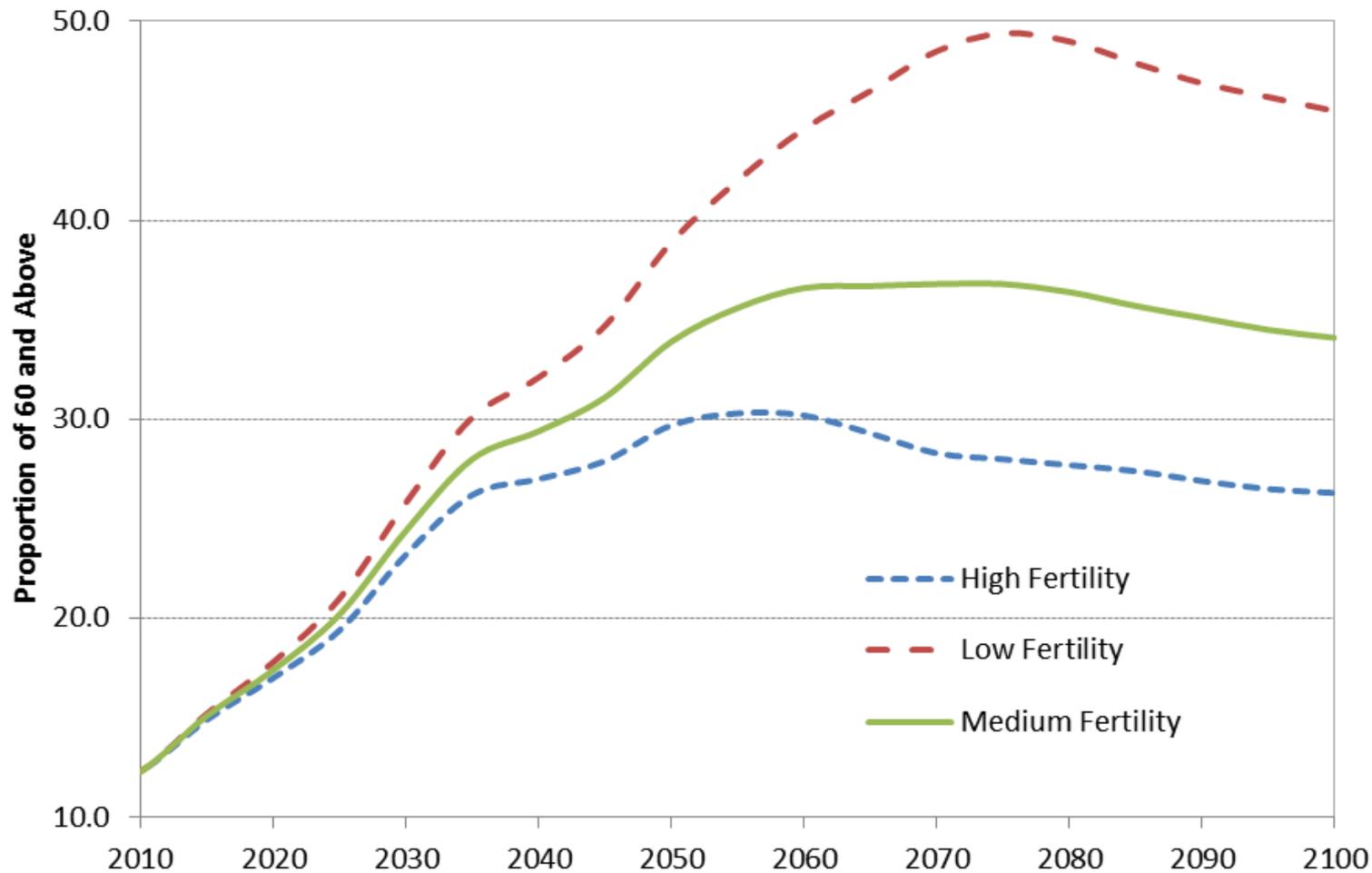


# Population Aging

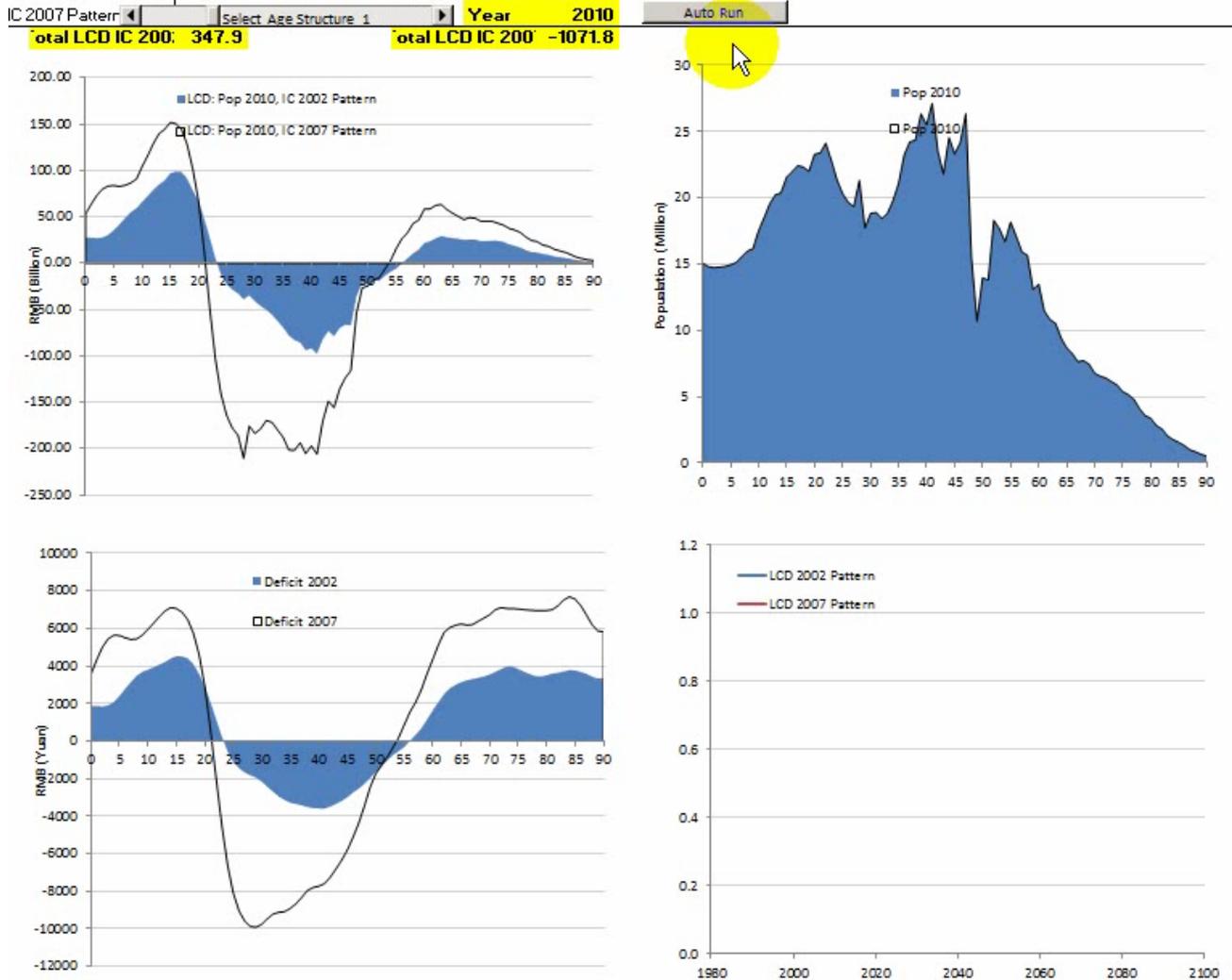




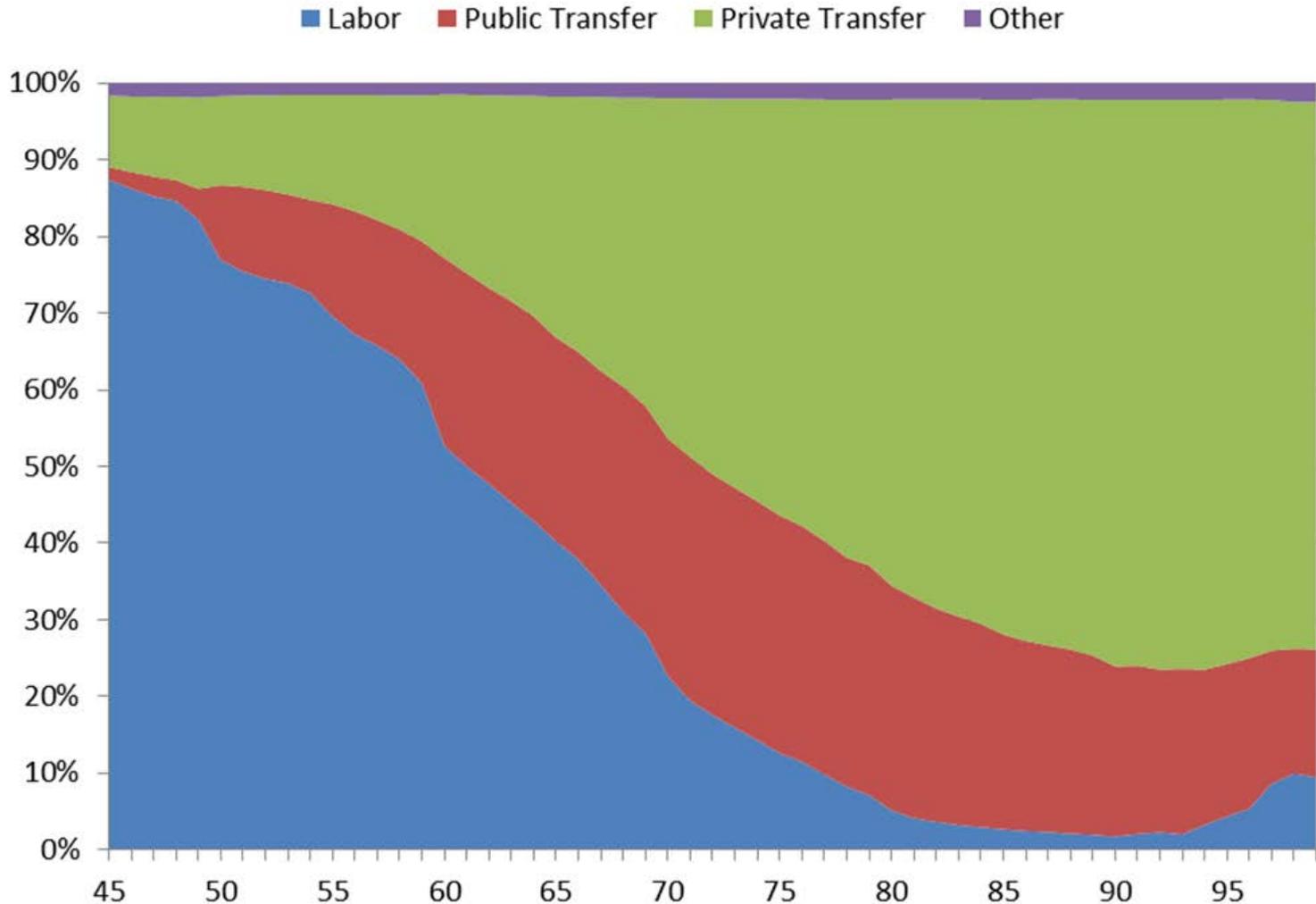
# Population Aging



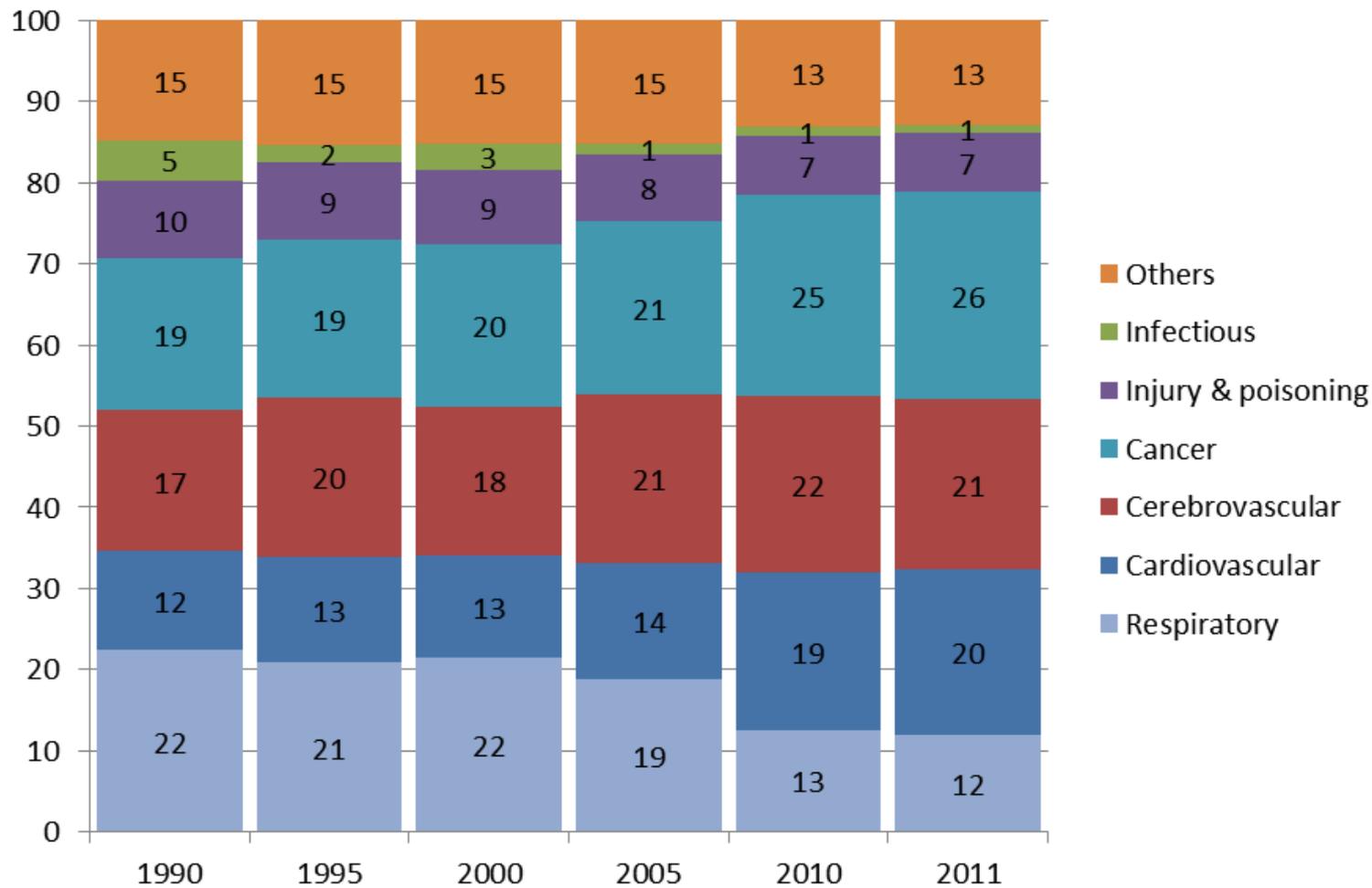
# When Will the Surplus End?



# Sources of Livelihood among Elderly, 2010

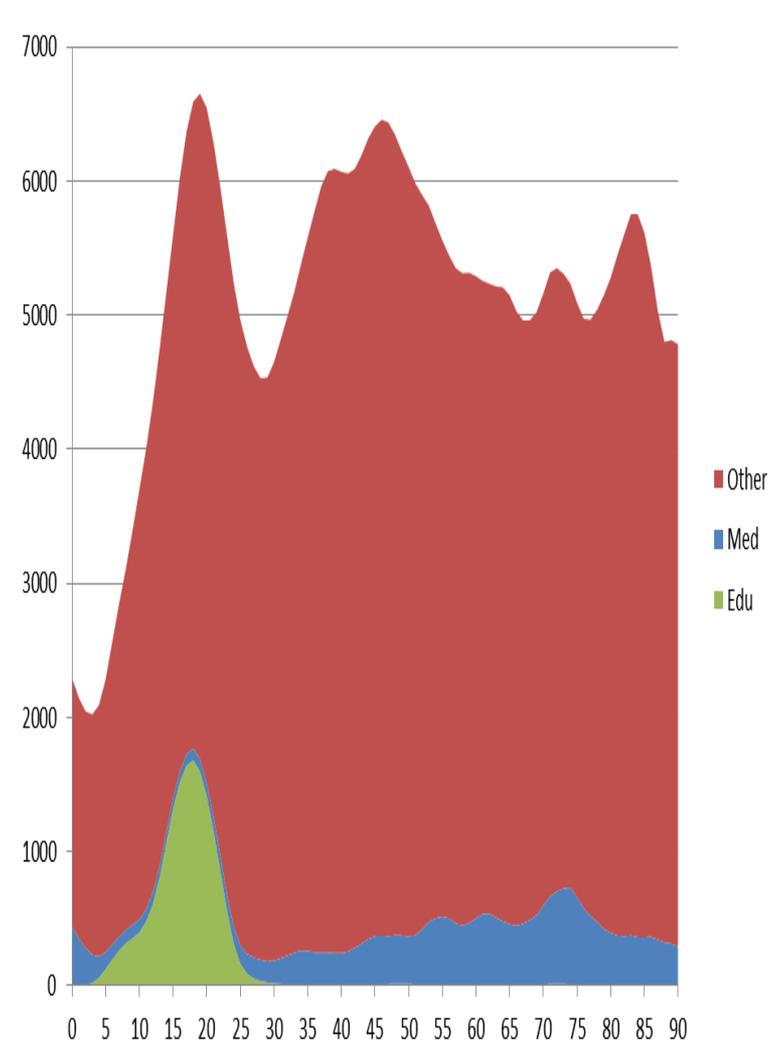
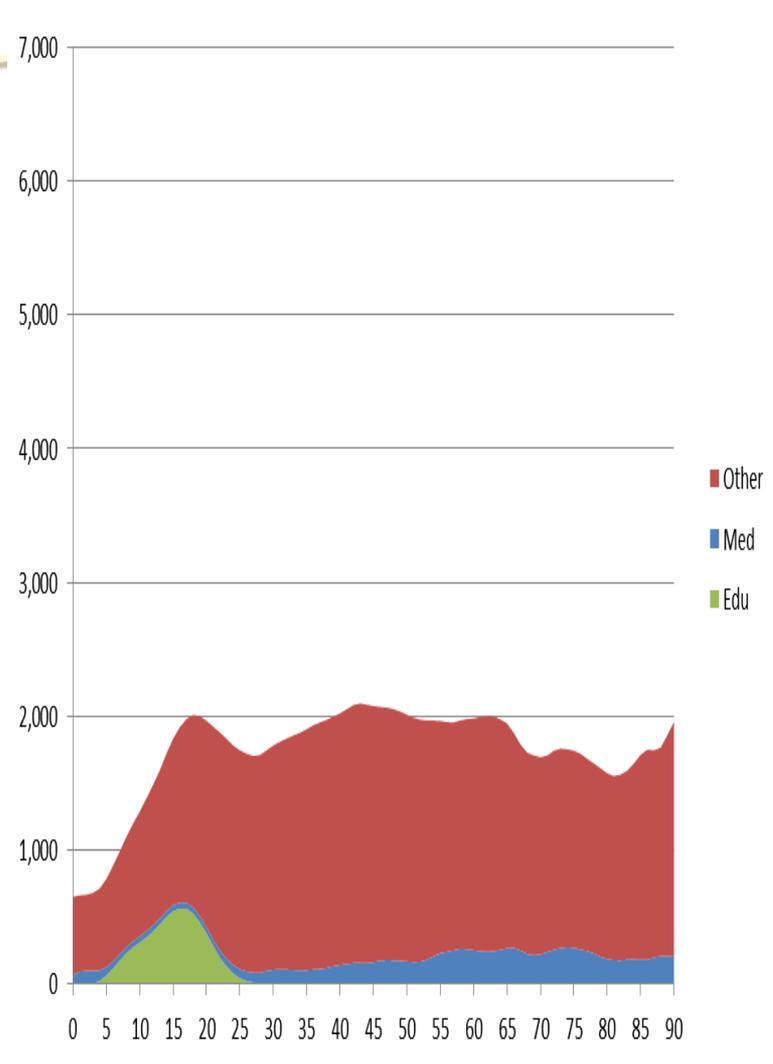


# Causes of Death, China 1990-2011



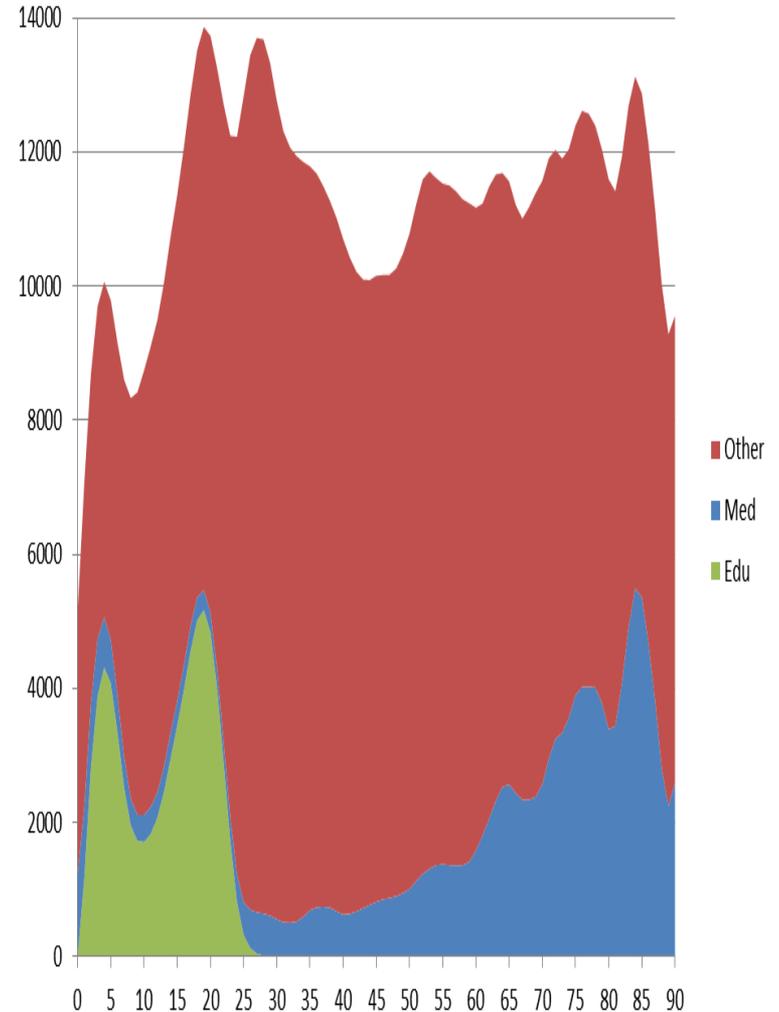
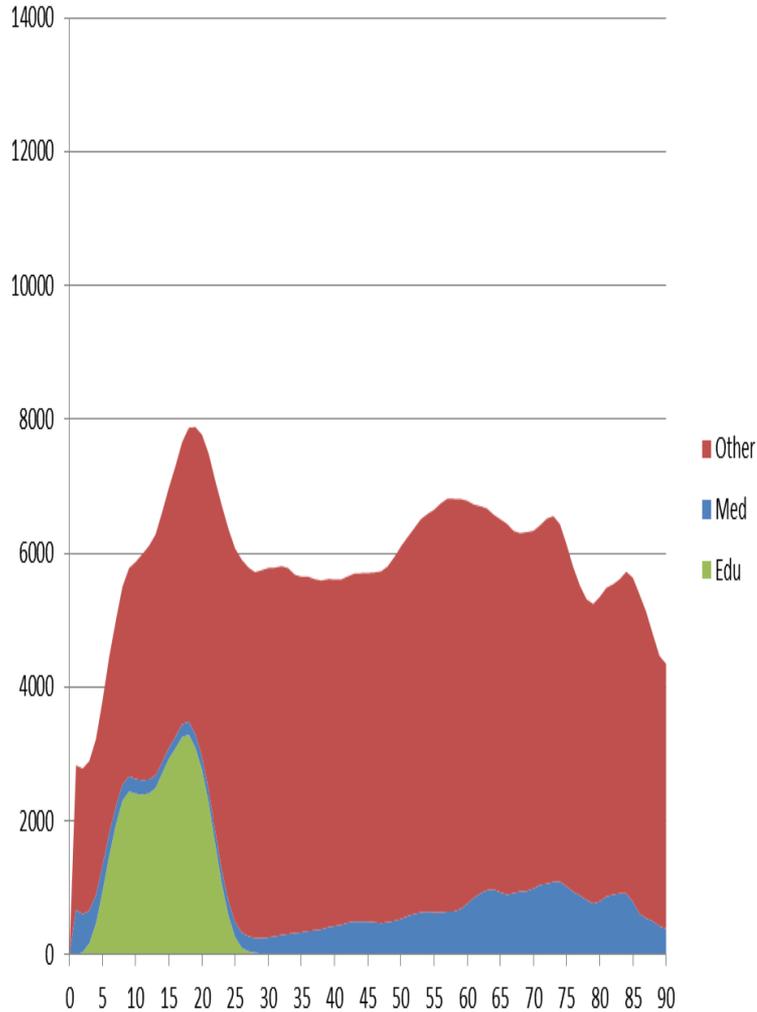


# Changing Consumption Pattern: Rural 2002/7

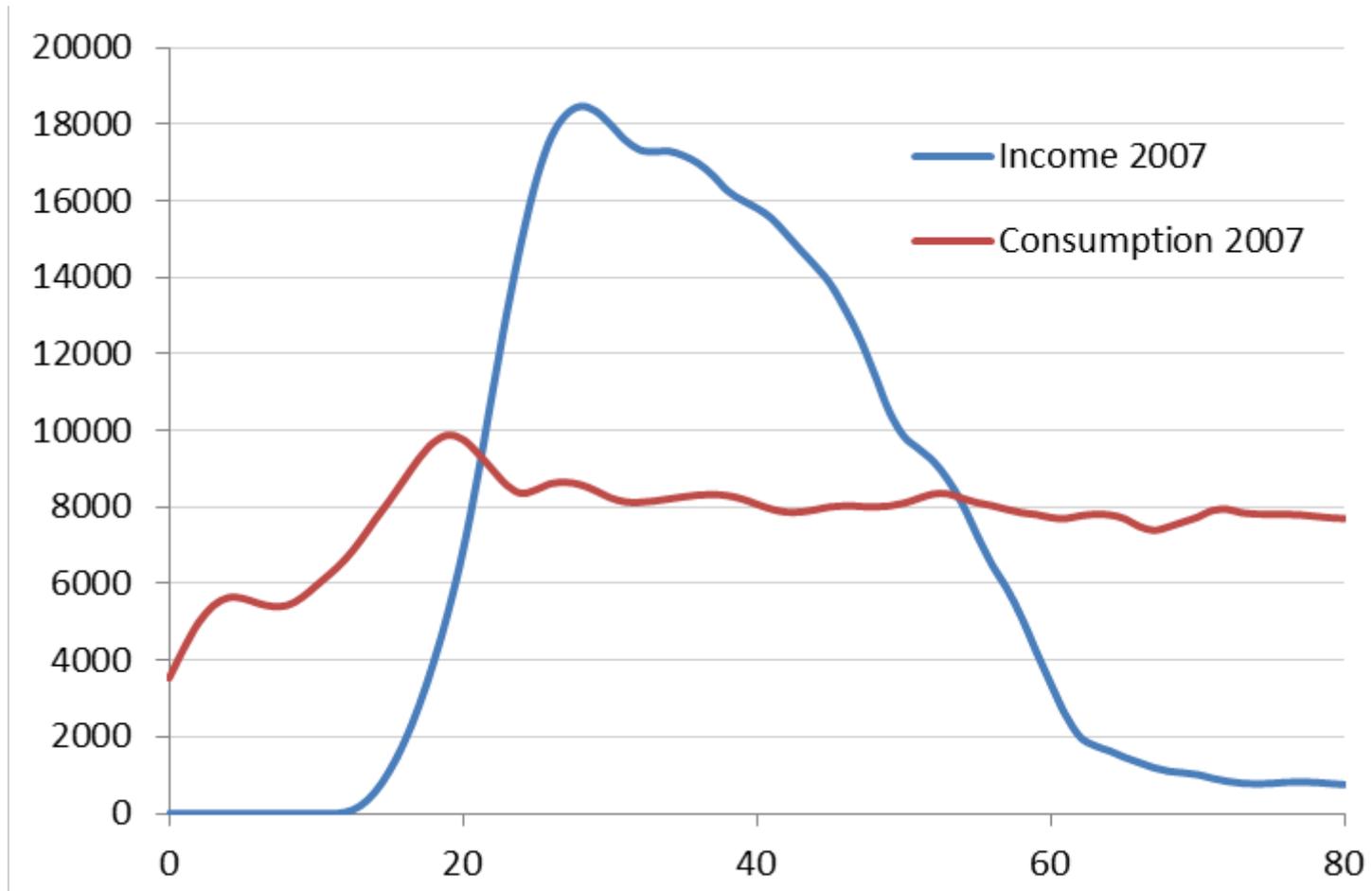




# Changing Consumption Pattern: Urban 2002/7



# Micro level change: Income, consumption, and lifecycle deficit





# Summary Observations

- **Historical time window**
- **Emergence of a consumption oriented society**
- **Persistence of old employment/retirement system**
- **Generational shift**



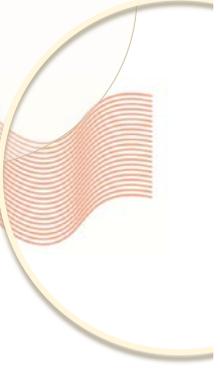
# Implications of Population Aging

- **Extending years of consumption beyond retirement**
- **Savings and the second demographic dividend**
- **Transforming economic growth model**
- **Changing consumption pattern**



# **Additional Complexities**

- **Weak public support system**
- **Fragile families**
- **Inequality**



**Thank you!**