

China's population is shrinking. The impact will be felt around the world

By Jessie Yeung, CNN

Updated 2:45 AM EST, Thu January 19, 2023



Wang Zhao/AFP/Getty Images

A man and a child pass red lanterns hanging on trees for the upcoming Lunar New Year celebrations at a park in Beijing, China, on January 11.

Hong Kong CNN — China may be one step closer to losing its place as the world's most populous country to India after its population shrank for the first time since the 1960s.

The country's population fell in 2022 to 1.411 billion, down some 850,000 people from the previous year, China's National Bureau of Statistics (NBS) announced during a Tuesday briefing on annual data.

The last time China's population decreased was in 1961, during a famine that killed tens of millions of people across the country.

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China records first population decline in 60 years

This time, a combination of factors are behind the drop: the far-reaching consequences of the one-child policy China introduced in the 1980s (but has since abandoned); changing attitudes toward marriage and family among Chinese youth; entrenched gender inequality and the challenges of raising children in China's expensive cities.

Experts warn that, if sustained, the trend could also pose a problem for the rest of the world, with China playing a key role in driving global growth as the second-largest economy.

A falling population is likely to exacerbate China's problems with an aging workforce and drag on growth, adding to its woes as it struggles to recover from the pandemic.

Why this is happening

The population decline is partially a result of China's one-child policy, which for more than 35 years limited couples to only having one child. Women caught going against the policy were often subject to forced abortions, heavy fines, and eviction.

Alarmed by the falling birth rate in recent years, the government scrapped the rule. In 2015, it allowed couples to have two children, and in 2021 raised this to three. But the policy change and other government efforts, such as offering financial incentives, have had little effect – for various reasons.

High living and education costs and skyrocketing property prices are major factors. Many people – especially in cities – face stagnating wages, fewer job opportunities, and grueling work hours that make it both difficult and expensive to raise one child, let alone three.



'We are the last generation': China's harsh lockdowns could exacerbate population crisis

These issues are exacerbated by entrenched gender roles that often place the bulk of housework and child care on women – who, more educated and financially independent than ever, are increasingly unwilling to bear this unequal burden. Women have also reported facing discrimination at work based on their marital or parental status, with employers often reluctant to pay maternity leave.

Some cities and provinces have begun introducing measures such as paternity leave and expanded child care services. But many activists and women say it's far from enough.

And frustrations only grew during the pandemic, with a disenchanted younger generation whose livelihoods and wellbeing were derailed by China's uncompromising zero-Covid policy.

Hear parents in China react to new three-child policy

01:50 - Source: [CNN](#)

What this means for China

A falling population is likely to add to the demographic problems China is already facing. The country's population is already aging and its workforce shrinking, placing tremendous pressure on the younger generation.

China's elderly now make up nearly a fifth of its population, officials said Tuesday. Some experts warn the country could be heading down a similar path to Japan, which entered three decades of economic stagnation in the early 1990s that coincided with its aging demographics.

"The Chinese economy is entering a critical transition phase, no longer able to rely on an abundant, cost-competitive labor force to drive industrialization and growth," said HSBC chief Asia economist Frederic Neumann.

"As the supply of workers begins to shrink, productivity growth will need to pick up to sustain the economy's heady pace of expansion."



China posts one of its worst economic performances in decades because of Covid

China's economy is already in trouble, expanding by just 3% in 2022 – one of the worst performances in nearly half a century, thanks to months of Covid lockdowns and a historic downturn in the property market.

The shrinking workforce could make recovery even more challenging as China resumes outward travel and abandons many of the stringent restrictions it has upheld for the past few years.

There are social implications, too. China's social security system is likely to come under strain as there will be fewer workers to fund things like pensions and health care – as demand for these services surges due to the graying population.

There will also be fewer people to look after the elderly, with many young people already working to support their parents and two sets of grandparents.

China's senior citizens risk being left behind

02:44 - Source: [CNN](#)

What this means for the world

Given its role in driving the global economy, China's challenges could have implications for the rest of the world.

The pandemic has illustrated how China's domestic problems can affect the flow of trade and investment, with its lockdowns and border controls disrupting supply chains.

Not only would a slowing Chinese economy drag on global growth, it could threaten China's ambitions of overtaking the United States as the world's largest economy.

"China's limited ability to react to this demographic shift will likely lead to slower growth outcomes in the next twenty to thirty years and impact its ability to compete on the world stage with the United States," the US-based Center for Strategic and International Studies said in an article on its website last August.

China also looks likely this year to lose its place as the world's most populous nation to India, whose population and economy are both booming.



Chinese millennials aren't getting married, and the government is worried

"India is the biggest winner," tweeted Yi Fuxian, who studies Chinese demographics at the University of Wisconsin-Madison.

However, while Yi said India's economy could one day surpass the US, it has some way to go yet. India is the world's fifth-largest economy, having overtaking the United Kingdom last year, and some experts have voiced concern the country isn't creating enough employment opportunities to keep up with its expanding workforce.

Still, some researchers say there could be a silver lining to the news from China.

"For both climate change and the environment, a smaller population is a benefit not a curse," tweeted Mary Gallagher, director of the International Institute at the University of

Michigan.

Peter Kalmus, a climate scientist at NASA, argued that population decline shouldn't be viewed "as a terrible thing," pointing instead to "exponentially accelerating global heating and biodiversity loss."

What the government is doing

Chinese officials have ramped up efforts to encourage larger families, including through a multi-agency plan released last year to strengthen maternity leave and offer tax deductions and other perks to families.

Chinese leader Xi Jinping pledged in October to "improve the population development strategy" and ease economic pressure on families.

"[We will] establish a policy system to boost birth rates, and bring down the costs of pregnancy and childbirth, child rearing, and schooling," Xi said. "We will pursue a proactive national strategy in response to population aging, develop elderly care programs and services, and provide better services for elderly people who live alone."



These Chinese villages are paying couples to have more children

Some places are even offering cash incentives to encourage more births. One village in southern Guangdong province announced in 2021 it would pay permanent residents with babies under 2 and a half years old up to \$510 a month – which could add up to more than \$15,000 in total per child. Other places have offered real estate subsidies for couples with multiple children.

But those efforts have yet to see results, with many experts and residents saying much more sweeping national reforms are needed. After Tuesday's news broke, a hashtag went viral on Weibo, China's Twitter-like platform: "To encourage childbirth, you must first solve the worries of young people."

"Our salaries are so low, while rent is so high and financial pressure so heavy. My future husband will work overtime until 3 a.m. every day until the end of the year," one Weibo user wrote. "My survival and health are already problems, let alone having children."