

One-child policy precipitated boom - but is it now time for change?

China's controversial population-control policies helped bring forward the country's economic boom by a decade, pioneering new research has claimed.

The first study of its kind has shown how the nation's unique demographics had a major impact on the "economic take-off" that propelled China towards superpower status, but the author claims it is now time for the policy to be relaxed.

The findings were revealed at the launch of the Globalisation and Economic Policy Centre's new centre at the University of Nottingham's Ningbo Campus.

Study author Zhihao Yu, a GEP external Research Fellow, said: "Most people have credited China's economic miracle to its adoption of an open-door policy in the late 1970s and the subsequent pro-market economic reforms.

"But economic policy was only one of the two pillars in its quest for modernisation. The other was population-control policy.

"Since 1970 the government has embarked on the most extraordinary attempt in history to control its population – including the so-called 'one-child policy'.

"Western countries have been very critical about these policies. But their real impact on China's economic growth has received little attention, and we wanted to address this important topic."

Professor Yu examined how population control contributed to China's economic growth.

He explained: "For economic take-off to occur, an economy has to accumulate enough capital.

"That can come either from an influx of foreign capital or an increase in domestic investment – which is highly correlated with domestic savings.

"The one-child policy was introduced because China was worried that it had too many mouths to feed. The effect was to increase the proportion of the population who were of working-age and earning. Working couples with fewer children to clothe and feed were able to save more money.

"Increased saving rates led to greater availability of capital for investment, which in turn boosted productivity, triggering economic take-off."

It has been estimated the one-child policy has averted between 200-million and 300-million births during the first two decades of its implementation since it was introduced in 1979 to 1980. China's current population is around 1.3 billion.

However, with birth rates still declining and an ageing population, Professor Yu suggested China should now consider new policies.

He said: "The one-child policy's major historical role has probably now come to an end.

"In 15 years China will find that the first baby boom generation, born in the early 1960s, will start to retire and the dependency ratio - between those of non-working-age and working-age - will become too high.

"This is why, if we believe the important impact of demographic structure on economic growth, China should now replace the one-child policy with a more relaxed population-control policy."

Demographic Dynamics and Economic Take-Off: the Economic Impact of China's Population-Control Policies

About GEP

GEP - the Globalisation and Economic Policy Centre - is one of the major centres in the world studying the impacts of globalisation and economic policy.

The centre has an international reputation. Its academics have advised the WTO, the World Bank, the OECD and the Commonwealth.

GEP is based at the University of Nottingham in the UK and is substantially funded by grants from the Leverhulme Trust, one of Britain's largest funders of education and research.

In November 2008 GEP opened in China at the University of Nottingham Ningbo. It also has a centre in Malaysia.

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