

Grey days ahead

Andrew Leung says the consequences of an ageing population for China's development will be too serious to countenance, and the outdated one-child policy must be changed before it's too late

Thanks to longer life expectancy and the one-child policy, for well over a decade China's fertility rate has remained below replacement levels. According to the US National Institute on Ageing, the number of elderly aged 65 and above in China will grow from 110 million in 2011 to 330 million by 2050. The ratio of retirees to income earners will increase and, by the middle of this century, there could be 100 million Chinese over the age of 80.

An ageing demography usually accompanies economic growth, because a rising middle class tends to value family quality more than size. Demographics in most Asian emerging markets are showing a long-term greying profile, varying only in degree. The working-age populations of South Korea, Taiwan, Hong Kong, Singapore and Thailand are all predicted to contract within the next 10 years.

On the mainland, the so-called 4-2-1 phenomenon is common, whereby two sets of grandparents and two parents dote on an only child. When the child grows up,



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he or she, and spouse, will be culturally obliged to share the support for up to a dozen parents and grandparents.

Admittedly, China's working-age population is not yet falling in absolute terms. China's dependency ratio (the number of non-workers as a percentage of those who work) is still relatively low. This "demographic dividend" has been driving China's breakneck economic growth.

Very soon, however, this dividend will turn into a deficit. According to Zhongwei Zhao and Fei Guo, in *Transition and Challenge: China's Population at the Beginning of the 21st Century*, China's working-age population (those aged 15-64) is expected to rise to "slightly more than one billion in 2015. Then it will gradually decline to 966 million in 2030 and 845 million in 2050."

The negative stereotype of the only child has long been debunked by many scholars. Contrary to popular belief, there is no evidence to suggest that he or she is prone to becoming a domineering social misfit. On the contrary, he or she is more likely to achieve academic and career

excellence because of better parental care and higher expectations.

However, China's ageing demographics due to the one-child policy have critical economic and socio-political implications.

First, the policy has resulted in an acute gender imbalance due to a cultural preference for boys. According to the National Bureau of Statistics, by 2020 there will be 24 million more men than women of marriageable age in China. This has caused social problems, including sex crimes, trafficking of women and, for many men, difficulty finding a spouse.

What is more, many of the millions of migrant workers often leave their offspring with their elderly parents back at home. This has resulted in a generation of "left-behind children", now estimated to number 60 million. The upbringing and psychological well-being of this only-child generation are bound to suffer.

Second, the resulting ageing demographics exacerbate the so-called Lewisian turning point, where a shrinking low-wage workforce results in increased wages all round, making outsourced manufacturing to China increasingly less competitive. According to a report in *The Economist*, there is the beginning of a movement of "reshoring", in which outsourced productions in China and elsewhere are moved back to the US, now made possible by new technologies like robotics and 3D printing.

Third, an ageing population would be bad news for innovation and raising productivity. These are essential ingredients if China is to overcome the middle-income trap, where many developing countries stall in productivity and economic growth within a range of per-capita incomes of US\$3,000 to US\$8,000.

There were indications that the one-child policy might be due for modification, if not abolition. Last October, the government-backed China Development Research Foundation recommended that two children per family be allowed by 2015 and that all birth restrictions be lifted by 2020. And, according to report in the *China Daily*, population planning officials and research institutes have provided assessment reports and action plans for a policy change.

The announcement of a formal change may yet take time, however. While the agencies overseeing China's population policy were recently revamped, the policy will remain unchanged for now, the central government has said.

China's population is expected to continue to grow until it stabilises at around

1.45 billion by 2030, according to a United Nations projection, when it will equal that of India, and will then be overtaken by India.

Far more important than total population are the dependency ratio and the size and quality of the labour force. China had 7.8 working-age adults for each elderly person in 2010. According to the United Nations, this ratio will fall to 3.8 by 2030 and to 2.4 by 2050. This means that the average burden borne by each worker will more than triple.

Furthermore, the costs of public pension coverage even at the current relatively low rate are expected to increase from 3 per cent now to 10 per cent of gross domestic product by 2030, and to 15 per cent of GDP by 2050.

A dwindling and ageing population will place an increasingly heavy burden of elderly care on a smaller workforce as well as sap the latter's dynamism to take the economy to the next level.

China's stated aim is to build "a modern, harmonious, and creative high-income society" by 2030.

In view of the long lead time of demographic momentum, unless the one-child policy is changed in good time, China will be doomed to growing old in an "ageing trap", while President Xi Jinping's (习近平) "China dream" may recede from the nation's reach.

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No frills

Michael Chugani explains the pragmatism that sets apart Hong Kong's get-rich-quick dream from the lofty Chinese and American versions



We now have two dreams. For much of our recent history, the American dream dominated. What began as a broad dream of life, liberty and the pursuit of happiness through hard work evolved over time into a more specific American dream of freedom, equality, opportunity and consumerism. Immigrants have, for decades, flocked to the US to pursue this dream of achieving a happy, middle-class life defined by a nice suburban house, a TV in every room, a car, maybe two, and a comfortable retirement.

But, now, President Xi Jinping (习近平) has sprung another dream on us – the Chinese dream. He wasn't very specific, speaking only of a great China renaissance that would spawn a Chinese dream of a better life for the people, anchored by socialism with Chinese characteristics. Xi was equally unambiguous about the role of Hong Kong and Macau, stressing only the need for us to co-operate with the mainland to achieve this national dream.

One world, two dreams. Which will prevail? Some say the heyday of the American dream has already passed. Political gridlock, a mountain of debt and the phenomenal economic rise of Asia have combined to turn America into a sinking ship. A friend who lives on the mainland enthused about China being the new beacon. He rehearsed tales of Westerners, including Americans, streaming into thriving mainland cities to realise a new dream of jobs and opportunity in greener pastures, after having lost faith in the old one back home.

China is indeed where the economic action is now. But Xi's Chinese dream is largely meant for Chinese people. I can't see China becoming the new land of opportunity in the same way the US was, and still is to a degree, for the oppressed around the world seeking a new life and liberty.

Perhaps the lofty ideal of linking liberty with opportunity has become an anomaly. Socialism with Chinese characteristics, which mainland leaders repeatedly espouse, doesn't stress liberty. Yet no one can deny the country has, in recent years, provided the opportunity for millions of Chinese to attain middle-class status, even to the point that they are besieging popular tourist destinations worldwide.

But to each his own dream. Hongkongers already have theirs. It is not Xi's lofty one of a great China renaissance. Climbing the social mobility ladder through hard work is not even part of the Hong Kong dream ethos. The dream is a down-to-earth one – become a millionaire the quick and easy way by speculating on property. And why not? The bulk of Hong Kong's 600,000 millionaires made their money from property and the stock market.

Maybe the reason why the Hong Kong dream is short on moral ideals and long on the dollar sign is because people here have long since given up on the social mobility ladder that was once a pillar of our so-called can-do spirit but has since become a myth. Moral ideals go out of the window when you have to live in slum subdivided flats, or survive on welfare handouts, as nearly 270,000 Hongkongers do. To these people, the Hong Kong dream, or any other dream, is just that – a dream.

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Not just an hour of reprieve, if Mother Nature could have her day in court

Surya Deva says giving legal rights to the environment will compel people to respect its interests

Today, many people, businesses and other institutions in Hong Kong and elsewhere will turn off their non-essential lights at 8.30pm for Earth Hour.

From a humble beginning in Sydney in 2007, the Earth Hour movement has spread rapidly. Last year, some 7,000 cities and towns in 152 countries took part, a significant achievement in making communities aware of the importance of preserving the environment and mitigating climate change.

But is it enough? Most people will agree more needs to be done by the majority, urgently and continuously, to save the planet.

Environmental concerns are nothing new; they have merely become more pressing. The idea of sustainable development – "meeting the needs of the present without compromising the ability of future generations to meet their own needs" – has been around since the 1980s. But it has failed to tame the impact of developmental activities on the environment.

There are several major problems with the notion of sustainable development. The first relates to the conceptualisation of "needs" itself. Human needs, beyond the basic, are relative and contextual. Under the current model of development, people often see needs in terms of an infinitely upward cycle of consumerism.

Second, the notion does not really tell us how to strike a balance between development goals and the environment. So, all development projects end up being regarded as sustainable.

In Hong Kong, environmental impact assessments are seemingly used to justify projects rather than roll them back when needed. For example, between April 1998 and February this year, only four out of 226 direct applications for an environmental permit were rejected, and only two of 446 requests for an environmental permit subsequent to the impact assessment were denied.

Third, sustainable development is anthropocentric, in that the environment ought to be protected for the benefit of



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present and future generations. This approach makes nature subsidiary to people. The absence of independent representatives to articulate the interests of future generations makes the situation worse.

We therefore need to explore a more robust framework to save the earth. One solution may be to consider Jan Laitos' idea in his recent book, *The Right of Nonuse*.

He argues that natural resources should be granted a legal right to be left alone, and protected for their own intrinsic

value rather than for the benefit of humans. Conferring rights on nature would entail imposing a corresponding duty on humans to respect non-use interests of natural resources. While such a right would not be absolute, it must be considered and balanced with people's rights.

Bestowing nature with rights would not be unprecedented. The 2008 constitution of Ecuador states: "Nature ... has the right to integral respect for its existence and for the maintenance and regeneration of its life cycles, structure, functions and evolutionary processes." More recently, New Zealand has granted the Whanganui River a separate legal identity, which should lead to the recognition of certain interests of the river in future.

What can Hong Kong and the mainland learn from all this?

Giving nature "rights" will mean humans are forced to become aware of their duty towards nature. For instance, if the guardians or trustees of nature feel that the Hong Kong airport's third runway will cause irreparable harm, decision-making bodies and courts might have to halt the project to protect the interests of affected dolphins or the ocean itself. Alternatively, if the project went ahead, beneficiaries of the runway would have to pay for its carbon footprint.

Reclamation and landfill projects would have to be justified in the same way. Similarly, if Beijing introduces a carbon tax to control pollution, the justification would not be merely in reducing hazards to

human health but also for animals, rivers and forests.

Conferring rights on nature will also preclude the need to navigate through competing interests. For example, even though Hong Kong tops the world in terms of light pollution, some are likely to claim neon signs benefit them and the city. If companies or tourists want blazing lights at Victoria Harbour throughout the night, then they should pay for them.

The government should be aware of the power of incentives to prod rational people and organisations into protecting nature. Should it not make the city easier to walk or cycle around, and discourage car use, especially with such an efficient public transport system?

It should also offer economic incentives to use less energy and rely more on renewable energy sources. Yet it provides electricity subsidies in the budget, encouraging use.

Every hour should be an Earth Hour – not just for ourselves and future generations, but for the planet. If that sounds difficult, how about living sustainably for an hour every week? Small steps often evolve into confident strides.

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Past glory can't fix present woes in China or Japan

Kevin Rafferty says leaders' promise to revive greatness is misplaced

As soon as he was installed as president, Xi Jinping (习近平) pledged to fight for a "great renaissance of the Chinese nation and the Chinese dream". Simultaneously, in Japan, Prime Minister Shinzo Abe promised to make Japan a "proud nation" again by getting rid of the pacifist constitution imposed by the American post-war occupiers.

You might say there is nothing, in principle, wrong with the ambition to be a great or proud nation, but China and Japan both carry potentially explosive historical baggage.

There is a larger question of whether great is a zero-sum game, and whether it is laudable or even achievable in the world of 2013 and beyond.

Unfortunately, politicians see greatness as a reflection of their ability to ride roughshod to get their own way.

These are dangerous waters in which to sail, at least for anyone from the tired old West. After all, two centuries ago, didn't Britain become "great" because its Royal Navy commanded the oceans, allowing its traders to plunder the globe, invading anyone who stood in its way, installing new governments, redrawing maps across Africa and Asia in ways that made no sense, and of course causing mayhem across China when officials feebly objected to their people being force-fed opium?

In the last century, didn't Washington enforce Pax Americana, with the backing of its powerful navy and the help from time to time of CIA covert

ops to topple a tiresome tyrant? So why should Americans or Britons whinge if China is now throwing its weight around a bit, making friends all over the world with its ample aid funds, building bridges, dams, factories and power plants? So far, Beijing has not toppled governments, though it is supporting a host of unsavoury rulers.

As a Yorkshire-born Irish Catholic, I shall sail on and assert that my old folks were usually the oppressed; that the historical record of colonialism is mixed, and that today no nation can



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ignore the repercussions of its actions on others.

As I write, much of Japan has been suffering from the effects of pollution blown in from China. Is this an example of the greatness of China's economic miracle, or an unintended consequence showing that a polluting China is not yet such a great economic power?

How, Abe-san, would a new constitution or even fully fledged armed forces help you tackle the polluting dust?

No, Abe has it all wrong. Japan's greatness was to have

recovered from the ashes of the war and rebuilt the economy under the pacifist constitution that he reviles. He should look into the historical record. In the 1950s, prime minister Shigeru Yoshida, the great rival of Abe's grandfather Nobusuke Kishi, was pressed by the Americans to step up defence spending, but he demurred, saying he needed to concentrate on the economy.

Japan's present constitution – with stretched definitions of what the self-defence forces are permitted to do – is fine. Amending it in the way that Abe proposes will stir up unnecessary trouble for Japan in its relationships with its neighbours with long memories of atrocities committed by Japanese. Abe needs to fix the economy. Japan is not merely suffering from deflation, it has also lost its competitive edge and sense of invention.

For China, the past is more difficult because of a longer history of hurt at the hands of too many other countries. Xi's priority also has to be the economy. Consumption must be encouraged through boosting jobs and developing services. Corruption is an immense problem. But it means tackling entrenched vested interests in the state-owned enterprises and in finance.

Instead of talking of restoring lost greatness, Xi, Abe and US President Barack Obama should be talking of how they can work together to fix the problems of a battered planet.

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