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REUTERS 

China's aging population to slow economy: report

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China's one-child policy has led to an aging population and labor shortages that could undermine a key basis for the country's economic growth -- its seemingly endless supply of cheap workers, a newspaper said on Monday.

Family planning policies started since the late 1970s have prevented the birth of hundreds of millions of people, but incomes have not risen fast enough to support pensioners, the China Youth Daily cited a government report as saying.

"In the not too distant future there will be a day when there is an end to the unlimited labor supply," the state newspaper said. "It is this that had been one of the most basic advantages of China's recent economic development."

The report, produced by the Chinese Academy of Social Sciences, a top government think tank, said industry had yet to face up to this fact despite factories in economic heartlands in Guangdong and near Shanghai already finding it hard to get workers. "Although China wants to change the proportion of manufacturing industry (in the economy), it will take a long time, and today there are no signs or motion toward this adjustment happening," it said. "The labor force is doubtless the most basic support of economic development."

According to a United Nations study released last year, the number of people aged 60 or over is expected to rise to 31 percent of the population in 2050, or more than 430 million people, from just 10.9 percent last year.

That would be well above the projected world average of 21.7 percent in 2050.

The report said the appearance of an aging population in a developing country where per capita GDP has only just exceeded \$1,000 was "unprecedented."

"The country is unique in the world in that it is aging first without becoming affluent," it said.

Since China began opening up to the outside world almost 30 years ago, millions of people have flooded to cities from the countryside looking for work, and have helped turn the country into the world's factory, making everything from shoes to cars.

Analysts have warned that China faces a "pension time bomb" from its aging population.

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