China's Demographic Disaster: Risk and Opportunity

Major Tiffany Werner

Abstract: Demographics are one aspect of the operational environment that enable analysts to reasonably forecast future populations' structures, to include unique problems and security challenges which could affect domestic and the international arenas. In China's case, a demographic crisis is developing, and a confluence of factors—an aging population, a shrinking workforce, unparalleled gender disparity, and millions of involuntary bachelors—will shape the nation's domestic trajectory. Some of the causal phenomena, such as lower fertility and birth rates, are predictable and natural consequences of most advanced societies. Exacerbating China's current and future demographic challenges are their domestic policies, past and present, with respect to family planning and social security. Moreover, China's demographic picture is projected to worsen over the next decade, and it will likely accelerate the country's current economic slowdown. Greater social instability is also expected. China's economic disruptions, correlated with their internal demographics will ultimately influence their external security concerns vis-à-vis the United States. As the US searches for a strategy to compete with China, accounting for China's projected abnormal demographics and their deleterious effects may offer diplomatic opportunities and an avenue of continuing advantage that the US desperately seeks against the growing regional hegemon.

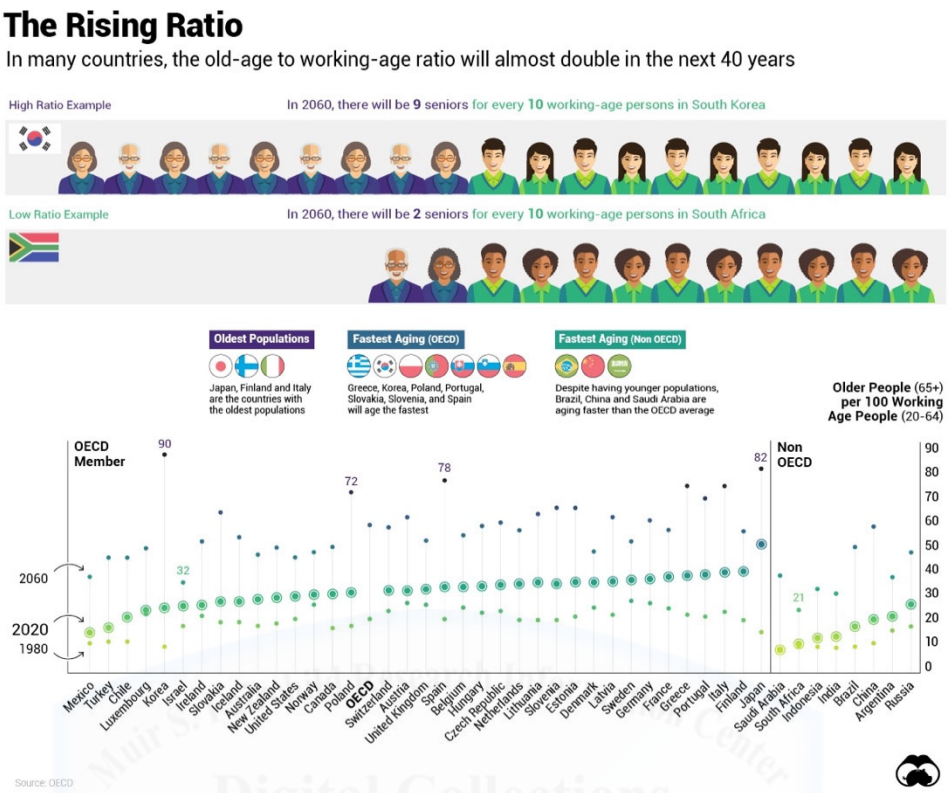
Framing the Problem:

China's demographics are a key attribute that spurred its nation to superpower status by supplying a massive and low-cost workforce. However, demographics are now to blame for some of China's greatest domestic security risks. The population is being stressed by a myriad of

factors and many of them can be pinned on the reigning regime, the Chinese Communist Party (CCP.) The bulwark of China's population is ageing past the point of producing for China while also requiring additional care. The young workforce—most of whom will bear the burden of care for their aging relatives—is a shrinking demographic. At the same time, men outnumber women by the millions, with an ever-widening gap. The shortage of females hurt all Chinese citizens, and the large cohort of involuntary bachelors introduces a new domestic security dilemma. The confluences of these factors in time are unprecedented, and they are due to the CCP's interference.

The current National Military Strategy captures the US' watershed moment with respect to China's intentions, and while the past cannot be undone, the US must refocus on the economic and national security implications that are on the horizon due to China's significant demographic imbalances. Before expanding on what China's demographics mean for Asia and the US, it is important to examine why and how China's population characteristics are considered "in crisis."

Ageing Population



China's population is the fastest aging country in the world, meaning, Chinese people are living longer while producing fewer babies. In China, the growth of the elderly demographic—citizens aged 65 and over—is outpacing every other age group by a significant degree. In 2018, China had 240 million elderly peoples, with an additional 120 million expected by 2035. China will "grey" so rapidly that over the next 25 years the percentage of China's population over the age of 65 will grow from 12% to roughly 33% of the entire population. By contrast, the U.S. is projected to take nearly a century, and Europe to take more than 60 years, to make the same shift.

Rapid aging matters for two reasons. First, China's dependency ratio—those aged 65 or older divided by total working population—is expected to continue to rise and place significant burdens on the younger, working population. Per societal norms, once aged, Chinese citizens

depend on their offspring for support. In addition, pensions and social security systems are notoriously underfunded, unreliable, or nonexistent. While China has seen incredible economic growth, the nation's benefits has not translated to accompanying growth in the average household income. The UN correctly projected China's median age to surpass that of the U.S. in 2020, but the U.S. population as a whole still remains far wealthier. In fact, China's median income is less than one-fourth that of the US median income. In short, the large and growing population of elderly in need of support, compounded by a reduction in available resources and family members, inevitably amplifies societal strain and ultimately acts as a roadblock to the nation's economic growth.

Within China, the oppressive burden placed on the millions of working-age single children is so pervasive that they have coined a term for it: the 4-2-1 problem (an upside-down pyramid where single children must support two parents and four grandparents, plus any of their own offspring). Cash-strapped working adults consume less, as do elderly retirees with minimal disposable income. The pressure on the workforce and the deleterious economic effects of a ballooning dependency ratio will only fester and grow over time.

China's social safety net will not aid in their domestic crisis. An ageing population means fewer working adults contributing to the social security system, and therein lies the second

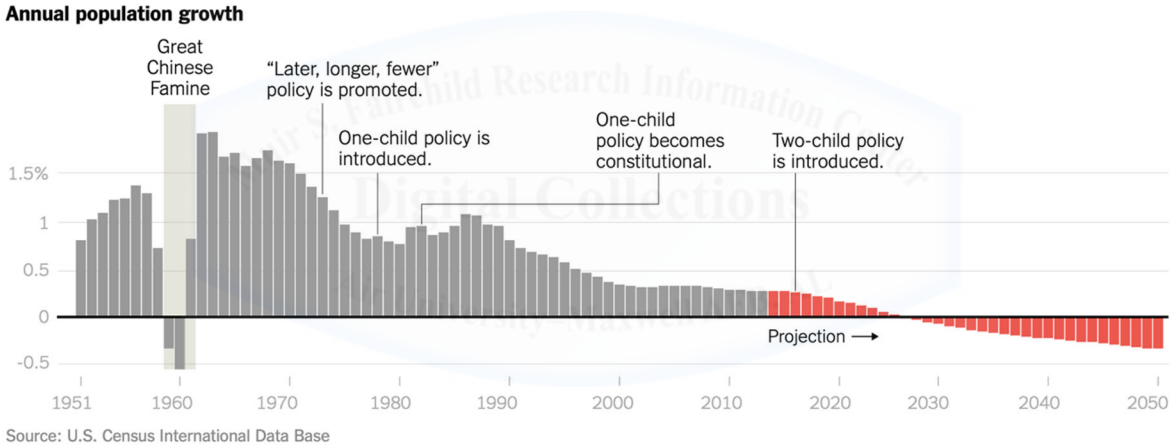
problem of China "getting old before getting rich." Many cite China's debt as its biggest fear, but while the CCP can essentially censor and control the domestic narrative concerning national debt, it cannot make millions of elderly and retirees disappear from view. Nor would those actions align with China's culture, where respecting your elders is a sacrosanct notion. Furthermore, China's public pension system is in crisis. Current payouts are inconsistent, inequitable, and they amplify socioeconomic inequality and frustration. Chinese citizens turning to the private sector to fill the gap find themselves priced out of that option. Most people simply cannot afford a private pension service.

Young workers are also worried about the weak social security system, as they are increasingly aware how the pension fund may be nonexistent when it is their turn to retire. This is a legitimate concern, as projections show the state pension fund running dry by 2035. The next generation of workers bears the burden of elderly care, both as a taxpayer and as family member. In addition, there is no state-led back-up plan in place for the millions of elderly Chinese people without caregivers. Together, these compounding factors are major structural and societal problems that will remain contextual realities for the near future and are further exacerbated by the addition of millions of new Chinese retirees each year. Many forecasters predict a humanitarian catastrophe on the horizon unless China makes dramatic policy changes. Put simply, China is ill prepared for the changes than an ageing population will incur to its society.

Shrinking Workforce

The global population is expected to be in decline by the mid-century, but nowhere is it more pronounced and evident than in China. Up to this point, a large, young workforce has fueled much of China's incredible growth. In a foretelling precedent to CCP interference in family

planning, China's sizable workforce was largely the result of Mao Zedong's 1949 propaganda campaign aimed at increasing the population and thus manpower and economic throughput. Today, the workforce is shrinking in real and relative terms to the ageing population. While the elderly population continues to climb, the working-age cohort (defined as those aged 15-64) will decrease by 70 million in 10 years. The trend is mirrored in China's overall population, as well. In fact, in 2023 the population will peak at roughly 1.41 billion and then begin an unstoppable decline. In a few decades, China will have hundreds of millions of fewer people. If the entire world is expected to be in a population decline, why is China's population experience a marked and dramatic departure from the projected global norm?



First, the CCP has a notorious record of interfering with the Chinese populace reproductive rights. Mao Zedong's propaganda of the 1950s, designed to encourage large families, was far more effective than the government anticipated, to calamitous degree. The population explosion and ineffective food supply chains were considered contributors to the Great Chinese Famine of 1959. The drought in resources induced a pendulum swing in the opposite direction, eventually producing China's One Child Policy, which worked too well and was repealed too late. The government's notorious policy, adopted in 1980, aggressively responded to an ever-growing population that China, which was still largely agrarian at the time,

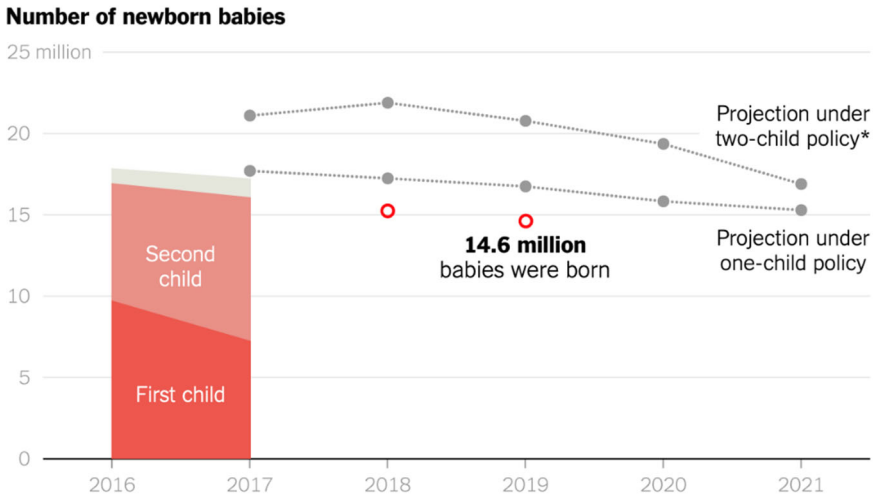
could not adequately support.

After three decades of the One Child Policy, demographers and economists have taken note of the writing on the wall, and China's rulers listened. The policy was "relaxed" in 2013, allowing 12 million couples to apply for a second child, before a complete policy repeal in 2016. The CCP has since done a dramatic about-face, actively pressuring families to have more children. "To put it frankly, giving birth is not only a family matter but also a national issue," read a 2018 commentary in the People's Daily, the newspaper owned by the CCP. The paper continued, saying, "Not wanting to have kids is just a lifestyle of passively giving in to society's pressures."

After the abrogation of the One Child Policy, Chinese policymakers predicted a helpful baby boom, projecting 17-20 million births per year between 2015 and 2020, an increase of about 3 million per year. However, other than a slight uptick of 1.3 million additional births in 2016, the expected pent-up demand for bigger families has not yet materialized. In fact, the birthrate has dropped every year since 2016, and in 2019, it was the lowest the country has seen in 70 years.

Not only did the Chinese government socially engineer their population, they ensured their actions included the social underpinnings of its culture, solidifying a single child norm,

likely, for decades to come. Now a social norm, it is commonplace that single children are born

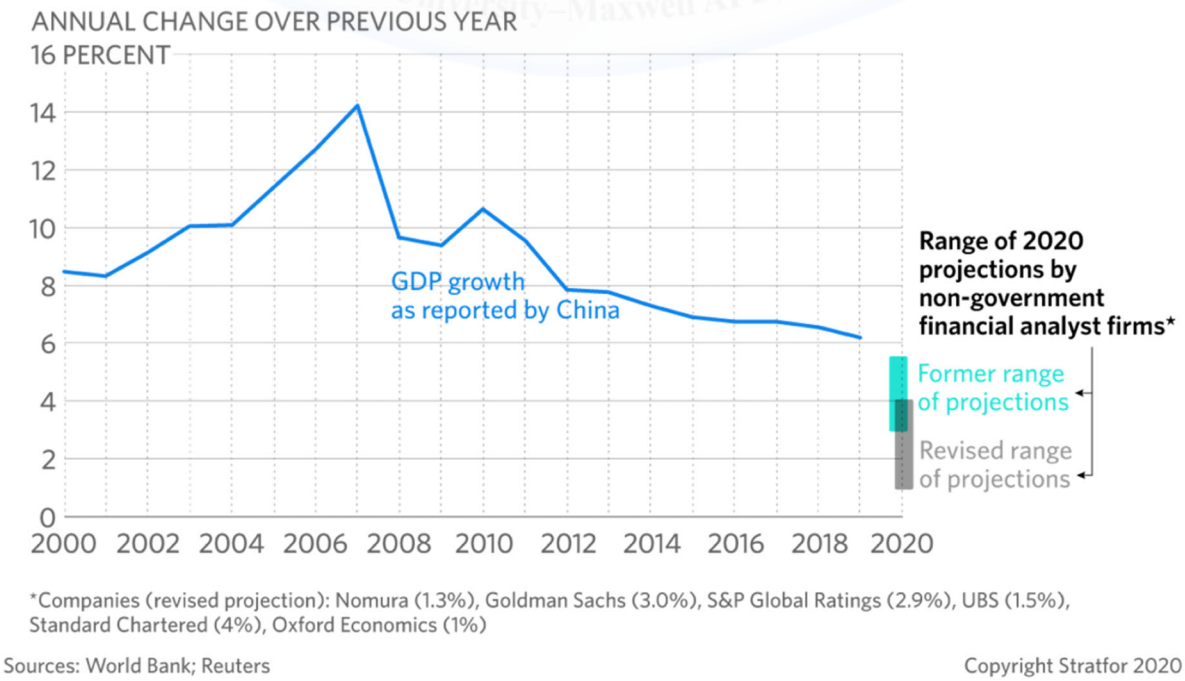


to single children parents. However, with the new and relaxed child rearing standards, the minority of young couples considering an additional child often are deterred not by government policy, but by the rising cost of education and housing for a two-child family. China's hyper-competitive environment further incentivizes small families. When purchasing power is low, competition for the best schools is fierce, and when coupled with high living costs, Chinese parents of today would simply rather invest in one child. This notion is especially true if these same parents are simultaneously caring for up to four grandparents with no siblings to share the burden.

Even without the One Child Policy, China would have seen lower fertility rates in line with other advancing economies. However, CCP policy expedited this natural trend considerably. This combination of factors has ensured the country will experience years of negative population growth. Thus, while Deng Xiaoping, China's former paramount leader and the "Architect of Modern China," would be proud of his policy's overwhelming success, it has inarguably introduced serious economic problems. In short, the problem can be reduced to a

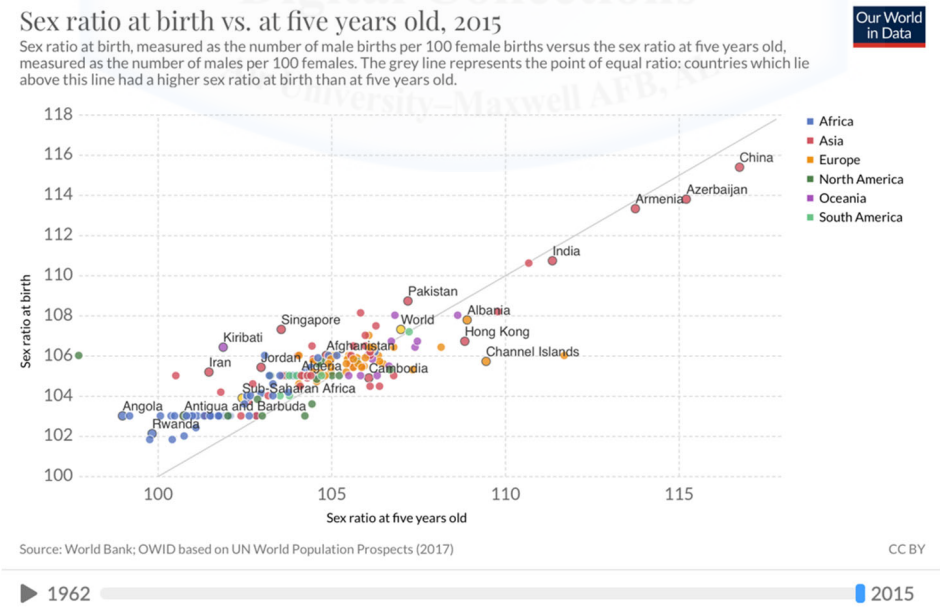
simple math analogy: fewer people overall and many people ageing unnaturally fast equate to less domestic consumption, lower output, and slowing economic growth for the country.

The CCP is aware of this economic slowdown, but they have limited options to avert it. Efforts to increase labor productivity have not yielded results, and with the converging shrinking workforce-ageing population trends, China's productivity growth rate is actually decelerating just when it needs to speed up. Another option—welcoming foreign workers—could not only offset the slowing GDP growth rate but also help with the copious number of unmarried men (more on that below). However, China does not largely welcome or desire foreign workers, nor do its policies make life easy for Chinese citizens to marry non-Chinese nationals. The final option is to increase exports and international sales. This plan is impeded significantly by high levels of debt, cultural issues, and the global, economic effects of the novel coronavirus. Without many options at Beijing's disposal to soften the blow, abnormal demographics will almost certainly lead to waning economic vitality in Asia's largest economy.



Gender Disparity and Bare Branches

The One Child Policy also had epiphenomenal consequences for the country's gender ratio that were not forecasted during Deng Xiaoping's reign. Like many Asian countries, males are strongly preferred to females in traditional Chinese culture. This has foundations in the rigid, cultural patriarchy logic that productive assets move through the male line in the family. Confucian philosophy also dictates that sons must care for parents in old age. This preference for sons and its disturbing consequences for daughters, in combination with an aggressively enforced One Child Policy, have resulted in China having the world's most skewed sex ratio at birth (SRB) rates. While the world's "natural" SRB is 105 males to 100 females, China has a national SRB of 115 males to 100 females (in some provinces it was a startling ratio of 130:100). By age 5, the nation's sex ratio increases to 117 males per 100 females.

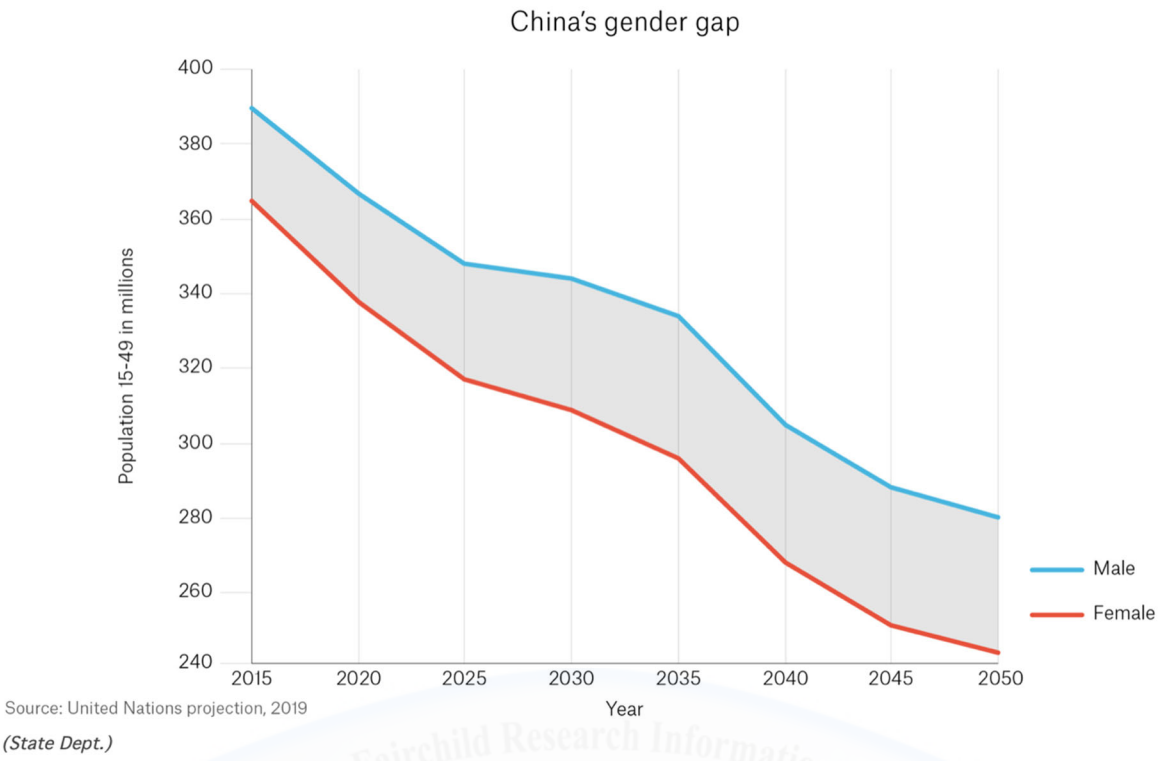


The SRB trends start in the 1980s after the adoption of the One Child Policy, and are due in large part, to selective abortions and higher infant mortality rates for females. In a disturbing movement, even though the global infant mortality rates are naturally higher for males than for

females, the mortality rates are higher for females in all countries with a strong son preference. Moreover, gross female mortality is linked to infanticide, neglect, and unequal treatment (often called "delayed infanticide.") Essentially, the data demonstrate that since Chinese couples were only allowed a single child, many went to great lengths to ensure their single child was male. For this reason, selective abortions have been pervasive in China since the advent of the technology in the 1980s.

Selective abortion, on its own merit, would have caused a gender imbalance within the population; however, the higher infant mortality rates for females, and the higher male-to-female ratio in the population by age 5, went on to exacerbate the issue. Not only are these abhorrent practices troubling from a human rights perspective, but the combination of selective abortions and excess female deaths have created a population of "missing women" within China. A 2015 estimate puts the number of "missing women," or those who would otherwise be alive in the absence of sex discrimination, at 136 million, more than the population of Mexico. China and India alone account for 80% of that number, with 68 and 45 million, respectively.

Perhaps a counterintuitive effect of China's massive population of "missing women" and the inevitable cohort of "excess men" is that the imbalance does not present favorable marriage ratios. In short, there is a drastic imbalance of supply (men) and demand (women). In a total population of 1.4 billion, there are 34 million more men in China than women. The gender gap is widest for those of a marriage age, defined as 15-29. According to the UN, in 2018 China had 280 males for every 100 females of that age, or nearly a 3-to-1 ratio. By 2026, the ratio will be greater than 3-to-1, projected to worsen, and fail to be evenly distributed for several decades.



What this means for China's relatively small group of marriage-aged women is not greater value or power, but rather a decline in their already low societal status. When women become scarce, males—particularly powerful men who view females as commodities to be bought and sold—exert tighter control. Women in low-sex-ratio societies experience greater human trafficking and kidnapping, increased risk of suicide and violence, and they demonstrate lower levels of literacy and labor-force participation. In addition to those trends, China has seen an emergence of a black market, selling female babies to two primary customers: childless couples who cannot afford a black-market baby boy and couples who want to secure females to ensure their sons will eventually have wives. There is also a noted uptick in "bride buying" from other countries. In both of these cases, these black-market brides have no place in Chinese society, and neither do their children.

The massive population of "missing women" hurts Chinese men, too, although in different ways. The cohort of involuntary bachelors in China is large enough of have their own

moniker: *guang gun-er,* or "bare branches." Across societies with high gender disparity, surplus males share common characteristics. Most of them belong to the lowest socioeconomic class, are less educated, and are typically without emotional investment in or ties to their communities. The transient nature of bare branches further isolates them from society and actually loosens the psychological constraints against engaging in criminal activity. Moreover, typically treated as social outcasts, bare branches stick together and create unhealthy bachelor subcultures, which threaten the CCP's tight control over the population. All of these characteristics have been on display in China.

While the demographic imbalances are problematic for China in their own right, it is the behavioral tendencies, and sheer volume of bare branches that are highly concerning for the CCP leaders in Beijing. In the absence of achieving satisfaction in socially approved ways, bares branches tend to frequently turn to vice and violence. Young men of low socioeconomic status, largely unable to achieve eminence or dominance, seek testosterone surges in socially unacceptable ways and exhibit more violent, antisocial behavior. There is also a biological basis (and frequently repeated scientific conclusion) that unmarried males commit more violence than married males. The massive population of bare branches and their natural tendencies towards societal violence introduce an internal security risk. "It's a huge problem," says Valerie Hudson, a professor at Texas A&M University and co-author of *Bare Branches*. "In a deeply patriarchal society like China, a young man not getting married means he's no one. He has no respect. You are going to have a population with some serious grievances."

In their study, Valerie Hudson and Andrea den Boer (2004) examine China's multiple historical cases that show what happens when the country has a massive number of unmarried men with few aspirational opportunities. Chinese governments have invariably become more

authoritarian and seek to employ their bare branches through warfare and colonization (this response is mirrored throughout historical case studies in other nations). There is little reason to believe the CCP will not naturally trend to greater authoritarianism to keep their bare branches from causing more societal unrest. The CCP has already shown their willingness to come down hard on the population in the face of a threat. How will an insecure, potentially fear-driven CCP behave in response to geopolitical events and conflict? For the millions of disenfranchised bare branches, if the economy slows and life gets harder, what will they do in the face of desperation? These are questions worth considering, both for China and for the US.

Regardless of the answers, it is evident that a surplus of 40-50 million bachelors throughout the mid- to late 21st century will have a significant effect on China's stability and development as a nation. The population suffers along with the nation's growth potential, as artificially high sex ratios introduce great risk to women, men, family structures, and society writ large. The massive population of bare branches are yet another harmful, unintended consequence of China's social experiment.

China's Future

Understanding China from the realist lens of military and economic capabilities is important, but the incredibly unique combination of demographic factors, the way in which those factors occur in tandem, and the risks they pose to all levels of Chinese society must also be taken into account when analyzing China's domestic and international security actions. In short, China's domestic composition will affect international relations. US stakeholders, such as Wall Street professionals and leaders within the Department of Defense, must account for China's abnormal demographics.

To summarize the argument thus far, an ageing Chinese population growing in size faster than any country in the world is increasingly concerned about having little to no safety net as they age. Young Chinese citizens are relied upon to fund the insufficient social security system with relatively low wages, while simultaneously supporting their aging relatives. Many do this alone, as few young workers have siblings to share the burden. The workforce at large is shrinking and is not expected to recover any time soon. Every population cohort, with the exception of the very few who are wealthy, are consuming less. Meanwhile, millions of women and girls are experiencing human rights violations, and millions of men are forced into eternal bachelorhood. Many of these bare branches turn to violence, which exacerbates the societal unrest already present under these abnormal demographic conditions.

China's economic growth is slowing in absolute terms and is likely to continue to do so. Economic growth, greater social equality, and positive changes to people's quality of life in real terms are what the CCP has repeatedly promised its people—an increasingly difficult compact to keep. Meanwhile, the CCP is likely to tighten its authoritarian-grip on society as it works hard to manage a growing bare branch population, quell protests, and maintain control amidst crises.

While the Chinese people are notoriously committed to their collectivist society and the personal sacrifices required to achieve the China Dream, there is a growing sense of individualism and an increasing number of protests—both in person and online— against the myriad of societal injustices and the manipulations by the CCP. With the humanitarian crises and internal unrest likely to worsen over time, what will happen internally when the social contract between the CCP and the people is truly broken?

There is a linkage between internal and external security, and the US must account for China's abnormal demographics and the threats they pose to China's economy, stability, and

security. An economic slowdown, greater governmental authoritarianism, human rights violations, and increasing internal unrest are what lie underneath the confluence of demographic indicators descending upon China simultaneously. The question for the US to consider is: might the CCP view this unfavorable forecast as a closing window of opportunity to affect their position in the world? Beijing has significant domestic and global goals with concrete deadlines as it ends its century of humiliation. As the notion of achieving the China Dream on or before those deadlines is threatened, might the CCP regime—ever conscious of "saving face" and terrified of losing control of the nation—be pushed to more drastic action domestically and internationally? The CCP's forbearance and authoritarian restraint does have its limits.

At the same time, the US may be able to capitalize on the likely perils posed by China's abnormal demographics. There are military strategists who believe the US and China are destined for war, caught in the inevitability of the Thucydides' Trap. War is not inevitable, but China has mastered, internationally, Sun Tzu's art of subduing the enemy without fighting, to include information warfare and their weaponization of the law concerning the island disputes in the East and South China Seas. As the US moves to refine (or define) its competition strategy below the threshold of armed conflict, it could consider using China's demographic issues to counter and contest China's treatment of its population to further US advantage within the region. For example, if the international community formed a majority to condemn the CCP's multiple human rights violations—some of which are directly related to demographic problems—and subsequently exacted economic retribution, it could force China to concede in other areas of US interest, such as the East or South China Seas.

The US would be wise, however, to refrain from over emphasizing China's growing demographic imbalance. In other words, they must avoid attempting to socially engineer unrest

in China's population in efforts to liberate the population to spur a coup d'état. This has ended poorly in other countries, namely those with vastly differing cultures from the US (for example, consider the generational war still on-going in the Middle East). Furthermore, nationalism is far stronger than the liberating powers of "the democratic peace theory" and China's Great Firewall and authoritative measures are much better suited at controlling a nationalist narrative than the US is at liberating a repressed nation. The US's recursive lesson, learned through loss of blood and treasure, is that liberating a country to instill democratic values rarely works.

While there are many frameworks to aid US strategists concerning how the world hangs together, strategist must account for a country's domestic influence on the international system. China is no exception. Socially, economically, and politically, the CCP has significant hurdles to clear that are largely of its own making. Due to an unnatural confluence of demographic trends, the China of the near- and mid-future will likely be weaker. The CCP, driven by a need to survive and maintain control, may be more prone to unpredictable behavior. There is opportunity here as much as increased risk. As the US postures its grand strategy to prepare for competition and conflict, demographics—specifically China's unprecedented, abnormal demographics—are potentially catalytic and should not be left out of the planning process.