

# China risks backlash over plan to raise retirement age

*The country's ageing population is putting a strain on the state pension fund and creating a demographic crisis for President Xi*

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For decades, China's workers have been known for their gruelling hours and intense work ethic. There was a pay-off though: early retirement.

Now that is set to change as the country grapples with the same problems as the West of an ageing population, supercharged by its 35 year-long experiment with a one-child policy. Among the proposals hidden in a 20-page policy document prepared by Communist Party leaders at a "plenum" or conference this month is one to keep people working for longer – voluntarily, at first.

"In accordance with the principles of voluntariness and flexibility, we will steadily and in an orderly fashion advance the reform of progressively delaying the statutory retirement age," the resolution stated.

Proposals to change the retirement age, one of the lowest in the world, have been floated for several years but the issue is becoming urgent with government-backed studies suggesting the state pension fund could soon run out of cash.

In China, the standard retirement age for men is 60, while it is 55 for women in office jobs and 50 for blue-collar workers.

That was not a problem when China's population was exploding, growing from 540 million people when Chairman Mao came to power in 1949 to becoming the first country in the world to hit one billion people in 1982. Factory work, too, was a young man and woman's game.

With more and more women entering the workforce, grandparents in their fifties and sixties also took on the bulk of child-rearing duties, as they still do for many families today.

The population has now peaked at 1.4 billion, however, with the first fall recorded in 2022. More worrying, with the one-child generation born since 1979 now dominating the workforce, the number of taxpayers will decline sharply even as the number of pensioners rises.

The size of the active workforce began to shrink ten years earlier, in 2012. In just that decade, the number of children and pensioners who had to be supported by every 100 workers rose from 35 to 47.

Because families before the one-child policy were large and close and the young were expected to support their elders directly, there has been little stress on pension provision. Most retired workers receive from a few hundred yuan to around 4,000 yuan – about £430 – a month, depending on their contributions and their type of employment.

Even at those levels, which have fallen behind the rise in wages and costs as China has boomed, the state pension fund is predicted to start emptying faster than it fills within a few years, and to have disappeared by 2035.

That is a particular blow to President Xi, who has set that year as a target by which he will have “finished building a high-standard socialist market economy in all respects”.

Xi is also viscerally opposed to overextending the welfare state. The proposal to encourage people to work for longer is his alternative.

It has received mixed reactions. “For me personally, I certainly want to retire on time — I’ve lived over 50 years and have been working for more than 30 years,” said Chen Dong, 50, who works for a public relations company in Beijing.

“It’s inevitable that I have some regrets about the first half of my life, and I’m also a bit tired with my job. I fantasise about having the time and opportunity to make up for these regrets. I believe that retiring at 60 is just the right time for that.”

China Labour Bulletin, a Hong Kong-based campaign group for better labour rights on the mainland, said there had been a particular backlash from blue-collar migrant workers. It quoted workers asking how come they were expected to work longer while there was growing youth unemployment.

Others have pointed to government policy papers that suggest it intends eventually to fix on a retirement age of 65. In the meantime, it has also introduced a private pension scheme, but take-up has not been good.

Keeping people working longer will keep them paying taxes longer. According to one estimate, increasing the pension age by two years could make another 30-40 million people available for work, such is the size of the ageing population.

As with other such moves in China, what has been announced is already starting to happen in practice, while other people say they would be happy to be given the chance to go on working.

“Retirement would be boring,” said Cindy Zheng, 46, director of an IT firm. “So long as we still have the mental and physical capacity in our sixties and seventies, we can definitely continue working and contributing to society.”