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China wants more babies now, but can it succeed?

In the din around Sachin Tendulkar's retirement it was easy to miss the announcement that China finally more or less gave up on its One Child Policy. Anyone who was a single child, which, thanks to the One Child Policy, means almost everyone of child-bearing age today, is now entitled to have two.

I have always found it difficult to wrap my head around population policies.

The basic arguments in favour of discouraging fertility are simple enough: every new child born is a claim on scarce global resources, air, water, food, urban space, transportation infrastructure and much more. It is undeniable that the looming environmental crisis is partly the consequence of population growth.

On the other hand, each child is a potential worker of the future, someone who will do the work and pay the taxes that will allow the economy to carry the rest of us who will by then be too decrepit to work. This is the main reason why all the countries in Southern Europe are worrying about their low and falling fertility rates.

Equally importantly, a child is a possibility, sometimes a possibility for all of mankind. Someday soon a child will be born who will turn out to be the next Gandhi or Einstein and lead us to places we cannot imagine yet.

If parsing all of this is not complicated enough, there is the ultimate conundrum: How are we supposed to value the lives of the unborn? How does one account for what that child would have experienced in life, had the policy not got in its way?

Moreover, assuming that after weighing all this there is a decision to restrict fertility: how does a country actually implement it?

We know what not to do: Sanjay Gandhi's attempt to get there by coercing low-income men and women to get sterilised not only backfired politically, but also created an enduring suspicion of all government health campaigns.

Even now, some 40 years after Sanjay Gandhi's exploits, it is not unusual to hear that some immunisation campaign failed because there was a strong rumour that it was a secret plot to sterilise some community (usually Muslims).

The Chinese model of enforcement was not very different from Gandhi's.

People, even very poor people, were fined quite heavily for violating the norm. Sterilisations were encouraged, much as in India, with a combination of threats and rewards.

Often, faced with strong pressure to stick to the rule, families chose abortion, even in cases where they were not safe for the mother.

Perhaps most tragically, many girls went 'missing': faced with the prospect of growing old without a son, families would find ways to dispose off newborn girls, though as the technology improved, this was gradually replaced by sex-selective abortions.

The fact that China now has six men for every five women — which is by far the worst in the world (comparable to the worst areas of India) — seems to be, in part a direct consequence of the One Child Policy.

Was all this human cost worth it?

It has been argued that the orderly appearance of Chinese cities — the fact that there is no one sleeping on the sidewalk — has something to do with their success in controlling the urban population.

The Chinese government seem to think so, which is why they have been particularly reluctant to relax the One Child Policy in urban areas, but my guess is that they are overestimating its effects. Prices of real estate and quality education act as natural contraceptives.

If the cities had got more crowded and prices of real estate and quality education had risen even faster than they actually did, people would have stopped having children, just as they have in urban India because they have no room for them and it's impossible to get them into school.

The average woman in urban West Bengal has no more than 1.3 babies (remember it takes two babies to replace two parents), while her equivalents in Andhra Pradesh, Odisha and Tamil Nadu have 1.6.

There is also some credible evidence for the argument that families choose to save more when they are rationed in how many children they can have. Parents in China, like those in India, traditionally relied heavily on their children, and more specifically, their sons, for old-age security.

Being forced to contemplate a future without a child to take care of them (say because the child turned out to be a girl — girls were traditionally viewed as part of their husbands' family — or because something unfortunate happened to the child), not surprisingly, makes them want to save more.

However some recent research suggests that while this force exists, it may not explain more than a small part of China's astronomical personal savings rate, because if everyone starts to save more for their retirement, the return in savings goes down, which may act as a discouragement.

But there is another, less obvious, effect.

The work of Shang-Jin Wei from Columbia University and Xiabo Zhang from the IMF provides compelling evidence that the dearth of women that resulted from the policy drove parents of boys to up their savings, to 'buy' their son a bride. Apparently, in many cities, women are now refusing to marry anyone who does not come with an apartment.

However, by the same token the savings of those families that have daughters should save less than would have otherwise since they don't need to invest in an apartment for their child.

The net effect on total savings may not be huge.

Finally, now that China has changed and decided that it wants more babies, it's not clear that they can get there.

The experience of Japan and several countries in Southern Europe that are now trying very hard to avoid demographic collapse, suggests that once small families become the norm, it is not easy to switch back. China might be stuck with the One Child Policy for longer than it wants.

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The views by the author expressed are personal

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