

## **China Development Forum 2026**

### **China in its 15th Five-Year Plan Period: Advancing High-Quality Development and Creating New Opportunities Together**

#### **Symposium on Opportunities and Challenges of Demographic Change and Economic Growth (Panel Discussion)**

The China Development Forum 2026, hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation, was held on March 22-23, 2026 at the Diaoyutai State Guesthouse in Beijing. On the afternoon of March 22, the Symposium on Opportunities and Challenges of Demographic Change and Economic Growth was convened. Speakers at the panel discussion included James Heckman, Professor at the University of Chicago and 2000 Nobel Laureate in Economics; CAI Fang, Academician and Former Vice President of the Chinese Academy of Social Sciences; CHEN Dongsheng, Founder, Chairman and CEO of Taikang Insurance Group; Phil Witherington, President and CEO of Manulife; BAI Chong-En, Dean of the School of Economics and Management at Tsinghua University and Vice Chairman of the All-China Federation of Industry and Commerce; Bob Sternfels, Global Managing Partner of McKinsey & Company; and Francois Bourguignon, Professor at the Paris

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School of Economics. The session was chaired by ZHANG Shunxi, Vice President of the Development Research Centre of the State Council.

**James Heckman** noted that the declining fertility rate has become a global phenomenon. The decline is not driven by any single policy factor, but is closely associated with deeper structural factors, including rising levels of female education, shifting attitudes toward marriage and childbearing, and changes in development opportunities. At the policy level, although many European countries, such as France and Sweden, have long implemented pro-natalist measures, their overall impact has been too limited to reverse the downward trend in fertility rate. This suggests that no single population policy can fundamentally solve the problem; rather, the issue needs to be understood and addressed within a broader socioeconomic context. Furthermore, while widely used as an important indicator, the fertility rate itself has inherent limitations and should therefore be applied and interpreted with greater caution.

Heckman emphasized that demographic changes are closely tied to factors such as rising educational attainment, delayed marriage and childbearing, and evolving family structures, calling for the development of a more comprehensive policy framework. A shrinking population does not necessarily imply a decline in economic potential. The key lies in enhancing the quality of human capital, particularly skills, across multiple dimensions, including cognitive abilities, emotional competencies, social skills, creativity, execution, and adaptability. He advocated promoting synergy between families and schools in education and establishing a diversified mechanism for skill formation. Individuals with strong self-control and well-developed social-emotional skills tend to enjoy better health, and such capabilities should be cultivated starting from the preschool years.

Centering on the concept of “investing in people” across the entire

life cycle, **CAI Fang** argued that investment in physical assets and investment in people is in fact closely intertwined, and that greater emphasis should be placed on the latter. First, at a more advanced stage of development, public goods will play an increasingly important role in improving the quality of people's lives. Second, while people's well-being has been improved and safeguarded in the course of development, there remain shortcomings and bottlenecks in China that need to be urgently addressed. Third, in China, the returns on investment in physical assets are showing a declining trend, whereas the returns on investment in people are rising. Fourth, the constraints on China's economic growth have shifted from the supply side to the demand side, with insufficient household consumption emerging as the primary challenge on the demand side.

From a life-cycle perspective, CAI outlined several key areas for "investing in people." First, reduce the "three child-related costs"—the costs of childbirth, childrearing, and education—by incorporating them into the basic public services framework, with the government bearing the primary expenditure. Second, the age structure changes caused by the declining fertility rate in China follow a pattern of generational succession across different age cohorts, allowing for resource reallocation—what can be described as "shaving the peak to fill the valley." Educational resources across different stages should be coordinated to substantially increase investment in education. Third, structural employment challenges should be addressed by focusing on "the young and the elderly." Under the impact of artificial intelligence, young workers face the depreciation of entry-level skills, while older workers encounter a "digital divide." The resulting skills gap should be tackled through public employment services. Fourth, the potential growth in labor productivity can outpace the speed of population aging. The key

challenge facing elderly care is not a lack of funds, but how to ensure equitable access to the dividends generated by productivity growth, particularly ensuring that older people can share in these gains on an equal footing.

Drawing on corporate practice, **CHEN Dongsheng** shared his perspectives on the era of longevity. First, humanity has entered a longevity era characterized by low birth rates, low mortality rates, linear population growth, rising life expectancy, and a shift in the population age structure from a pyramid to a columnar shape. Second, technological advancement and changes in lifestyles have reshaped the definition of age, thereby driving fundamental transformations in the socioeconomic landscape. Third, a longevity society and longevity era will give rise to a “longevity economy.” Chen noted that Taikang Group has established 40 elderly care communities across China, committed to enabling seniors to reintegrate into society and create new value. Fourth, the longevity era will generate enormous demand for medical care, elderly care, rehabilitation, and nursing services. His company is currently exploring an integrated service model that combines institutional, community-based, and home-based elderly care.

**Phil Witherington** stated that the world is undergoing profound demographic changes. As the trend of population aging intensifies and fertility rates continue to decline, greater pressure is being placed on public healthcare systems, social security systems, and traditional family-based elder care models. At the same time, the rapid development of technologies such as artificial intelligence and the rising level of automation are creating new opportunities. Witherington called for a shift in mindset to regard population aging and technological transformation as key drivers of economic transition. By enhancing labor productivity and output per capita, it is possible to achieve sustained economic growth and

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improvements in public well-being.

Witherington pointed out that insurance and asset management institutions will play an increasingly important role in addressing demographic changes. As an international institution with a strong presence in the Asian market, Manulife regards China as one of its key strategic markets globally and places customers' health and well-being at the core of its business. To better leverage the role of the private sector, he made three suggestions. First, continue to advance high-standard opening-up in the financial sector and expand channels for international institutions to participate in policymaking. Second, expand and diversify cross-border investment instruments and scale to support residents in achieving diversified global asset allocation. Third, explore public-private partnership mechanisms to integrate health management with insurance products, thereby reducing the long-term burden on public healthcare systems.

On the topic of “Strategies for the Dual Challenges of Demographic Change and Artificial Intelligence—Investing in People,” **BAI Chong-En** outlined three major challenges facing China and proposed corresponding strategies.

The first challenge is the structural demographic contraction. Following the demographic changes, the population in the most innovative age group (25 to 45) will shrink. The impact will vary across different age groups and regions. BAI proposed establishing a mechanism for allocating public funds based on population size, whereby regions with population growth receive more fiscal resources to improve the efficiency of public spending.

Second, AI is set to displace a large number of jobs. Most positions that are less susceptible to substitution are concentrated in the service sector. BAI suggested actively facilitating employment transitions,

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particularly in the residential services industry, while optimizing the allocation of educational resources.

The third challenge lies in structural mismatches between education and talent. Undergraduate education remains a weak link. In the age of artificial intelligence, it is crucial to cultivate students' abilities to identify and formulate questions, break down complex problems into manageable ones, engage in lifelong learning, adapt to new environments, and exercise value-based judgments. Compared with conventional problem-solving skills, Chinese students still show relative deficiencies in creativity and critical thinking. BAI recommended aligning evaluation metrics with these competencies to better address challenges. In addition, efforts should be made to attract top global talent and foster a diverse community of innovators.

**Bob Sternfels** focused on how to turn the challenges posed by demographic change into opportunities. He started by comparing key indicators, including the population aged 60 and above, working-age population relative to retirees, total working hours, and youth unemployment rates, concluding that China faces considerable challenges in the context of demographic change.

Sternfels then proposed three considerations for turning these challenges into opportunities.

First, use robots to extend individual participation in the labor force. Globally, China is a leader in robotics. Innovation in the sector grew tenfold from 2024 to 2025, with the number of humanoid robot models up from 35 to 330. However, the key to innovation lies in whether humanoid robots can augment, rather than replace, human labor.

Second, view the 340 million elderly people as an asset. The longevity economy represents a vast market, and the Chinese people place great importance on health and well-being. This creates

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opportunities for Chinese companies to establish a strong foothold in this sector, both domestically and globally.

Third, accelerate the transformation and upgrading of the labor force's skills, while ensuring employment stability. It is essential to promote lifelong learning, optimize education models, and reshape core skills. Efforts should focus on cultivating unique abilities that AI cannot easily replace, such as the ability to inspire and guide, value-based judgment, innovation, and teamwork. These should serve as the key directions for reshaping skills.

**Francois Bourguignon** discussed the impact of demographic change on income distribution and disparities in living standards from a global perspective. He noted that the world is currently experiencing pronounced divergence, with population growth slowing or even declining in some emerging economies, including China, while regions such as sub-Saharan Africa continue to see rapid population growth. By 2050, Africa's population is projected to increase by approximately one billion, accounting for 20% of the global population. It will have significant implications for global inequality. Bourguignon observed that since the Industrial Revolution, global income inequality has long been widening and getting entrenched. However, the past three decades have marked an important turning point, driven primarily by China's rapid development and the overall progress of developing countries. Nonetheless, in recent years, factors such as insufficient job creation and sluggish economic growth have created difficulties in some developing regions, particularly in Africa, leading to a resurgence in global inequality. The rapid population growth in Africa over the next 15 to 20 years will further exacerbate this trend. As an early investor in Africa, China can play an important role in promoting sustainable development in the region.

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#### — Background Information —

The China Development Forum (CDF) is hosted by the Development Research Centre of the State Council and organized by the China Development Research Foundation. Since its inception in 2000, the Forum has been dedicated to the mission of “engaging with the world for common prosperity.” It has served as an important platform for high-level, professional dialogue among China’s senior government officials, global business leaders, representatives from international organizations, as well as scholars from both China and around the world.



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