

The Provincial Pattern of Population Ageing and Household Saving in China

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Paper Abstract: It is often argued that the demographic structure bears an impact on the saving rate of the economy since the old-age population generates lesser levels of household saving. This issue remains very relevant for China not only because the ageing feature has started to emerge, but significant growth in domestic saving rate has also been experienced in the country. This paper uses data from 31 Chinese provinces to examine the impacts of population aging and pension system on household saving levels in a cross-sectional framework. Our results indicate that although the rates of old age dependency remained significantly higher in certain provinces, there is no evidence for the phenomenon of declining household savings rates. We subsequently observe that the pensioners contributed to the generation of household saving across Chinese provinces.