

Population Problem and Future Social Welfare System

Yong Duan

College of Engineering, China Agricultural University, Beijing, 100083, China

Keywords: Social economics; Social welfare; Socialist system; Collectivization

Abstract: The key to the contradiction of too many or too few people lies in who pays and who earns. If companies reduce costs and increase income by laying off workers or using robots, and then hand over this income to the government for pension payments, the problem would be solved. Capitalist countries cannot turn the money of businesses and the wealthy into government funds, and thus cannot resolve the issues of too many or too few people. With the development of artificial intelligence, more and more jobs will be replaced by AI and robots, leading to a rapid increase in unemployment. The government should implement a basic communist welfare system. Among the relief systems, work relief is more important than giving money. There are numerous jobs around us that need to be done but no one is willing to pay for them. The government can provide a large number of job opportunities by adopting the policy of work relief. Now, every Chinese person prioritizes their own interests. The lives of many disabled people and those without insurance are in hardship and no one cares about them. China needs to launch a new era of collectivization movement and create a group of new collective organizations.

1. Introduction

As the problems of population aging and unemployment caused by robots become increasingly severe, people have begun to debate whether there are too many or too few people now. We often hear about companies laying off large numbers of employees, as if there are too many people. On the other hand, we frequently hear about China's low birth rate and the scarcity of people. What is the key to the contradiction? What measures can fundamentally guarantee the basic needs of the majority. Can giving out money solve all problems? This article will provide a relatively clear answer to these questions.

2. The Puzzle of Too Many or Too Few People

A couple has two children, which "replaces" them. Considering the early mortality rate, 2.1 is usually referred to as the "replacement level". Since 1950, the fertility rates in Europe and the United States have been declining steadily, falling below the replacement level in the 1970s, and dropping to around 1.6 in 2021. In 1991, China's fertility rate fell below the replacement level for the first time. Many people expected this figure to rebound after the relaxation of the two-child policy in 2016, but the fertility rate continued to decline in 2017. During the seventh national census in 2020, it dropped to 1.3. According to the neutral projections of the United Nations, the proportion of the working population in Europe and America began to decrease around 2010, and this trend will continue until the end of this century. The proportion of the working population in Asia also began to decline steadily from around 2020 until the end of this century [1].

Japan faces a severe labor shortage, with its citizens retiring at age 65. A 2021 legislation "permitted" retirement at 70, while Germany, the United States, and Australia all maintain 67-year retirement ages. The population dependency ratio (PDR) is calculated by dividing the combined number of children and elderly by the working-age population. Canada's PDR stands at 53%, followed by the U.S. (54%), Australia (54%), Germany (57%), the UK (58%), and France—which surpassed 60% in 2016. Japan's PDR reaches 71%. However, delaying retirement only provides temporary relief, failing to address the root cause and unable to halt the overall trend of population aging.

Companies often lay off large numbers of employees and robots are replacing humans, as if there

are too many people. When companies have too many employees, costs rise, leading to layoffs, which in turn increases unemployment and lowers living standards. On the other hand, China's birth rate is getting lower and lower, as if there are too few people. So, is there too many or too few people? The key to this contradiction actually lies in who pays and who earns.

The government is responsible for distributing pensions to retirees, with funding primarily sourced from young people social security contributions. When the birth rate declines and the population shrinks, the government claims there's a shortage of workers and calls for encouraging childbirth while delaying retirement. Most companies, however, don't complain about having too few employees—they're actually concerned about having too many, since they need to pay salaries. Consequently, businesses frequently lay off workers and increasingly replace human labor with machines and robots. This demonstrates that the two opposing views about workforce size stem from different stakeholders: the government emphasizes population scarcity, while businesses highlight workforce abundance [2-3].

How can we resolve the contradiction between too many and too few? If companies reduce staff or adopt robots to cut costs and boost revenue, then transfer these funds to the government for pension payments, the issue would be resolved. However, the crux lies in the fact that businesses do not want to voluntarily contribute extra funds beyond their regular tax obligations. Both the birth rate decline and robot adoption are merely surface-level phenomena, not the core of the problem. In the long run, as long as social productivity grows, it can sustain both current and future populations. The key question is: Who will provide this support? In theory, both enterprises and the government should shoulder this responsibility, but companies generally resist. They not only refuse to retain surplus workers but also avoid employing those with low productivity. Thus, the remaining population must be supported by the state. The government must ensure pension payments while also providing financial assistance to the unemployed and impoverished. As robots inevitably replace most human labor and ultimately all human labor, what will people rely on for survival? There is only one viable solution: relying on the state to provide support – and that can only be achieved through socialism [4].

This raises the central question: How can corporate and wealthy capital be transformed into public funds? Two primary approaches exist. The first involves tax increases, but this faces significant resistance due to the complexity of revising tax laws and regulations. The second approach is quantitative easing, which includes printing money or issuing government bonds. While bond issuance may not directly cause inflation, the underlying mechanism of repaying these bonds still requires currency printing. However, printed money remains government-owned. Essentially, printing money amounts to the government collecting taxes from all citizens. But with sufficient funds, the government can ensure pension payments.

It should be noted that China and the United States are completely different in their approach to printing money. After the Chinese government prints money, this money is used to pay pensions on one hand, and on the other hand, to improve the welfare of the poor, including poverty alleviation, infrastructure projects such as bridges and roads in remote areas, and supporting the revitalization strategy of underdeveloped regions like Northeast China. Therefore, the essence of China's money printing is socialist transfer payments, which essentially tax enterprises, the wealthy, and the middle class, not everyone. In contrast, the U.S. prints money to tax everyone, offering little or no welfare to the poor. The Federal Reserve is a private organization, and the money it prints goes to monopolistic conglomerates. Moreover, the government continuously cuts taxes for the wealthy and provides subsidies to businesses. Thus, the essence of the U.S. governments money printing is not socialist economic policy. Additionally, since the dollar is the world currency, the U.S. prints money not only to tax Americans but also to tax the entire world, reaping the benefits of the global economy.

All European countries use the euro, and their governments cannot print their own money, making the issue of pensions even more difficult to solve. On January 19, 2023, 1.12 million people participated in strikes in nine cities including Paris, Marseille, and Lyon. On January 31, eight major French trade unions organized a second strike, with the unions reporting 2.8 million participants. Then, until the 14th round on June 6, the strikes were large-scale and long-lasting. Such social

conflicts will continue to intensify because capitalist countries cannot turn the money of enterprises and the rich into government funds, and thus cannot solve the problems of too many or too few people.

From the perspective of enterprises, some companies complain about having too many employees and carry out large-scale layoffs, while others claim to be short of labor and unable to hire enough people. However, these perceived shortages are often temporary or localized. The real challenge lies in long-term labor overcapacity. Companies struggle to hire because they can't afford high wages – if they were willing to pay more, hiring would be straightforward. Even if labor shortages persist now, widespread adoption of robots will ensure sufficient workforce availability in the future.

From a family perspective, is the rising dependency ratio—where there are too many elderly and too few young adults—a major concern? The crux of the issue ultimately lies in who will provide care. If seniors have sufficient income or savings, they can largely manage their own retirement living arrangements and medical expenses without relying on their children. An elderly person is able to take care of himself for most of the time from retirement until his death, with only a minority requiring long-term care. However, when many elderly individuals earn insufficient income to support themselves, they inevitably depend on their children for both financial and physical care. Yet not all children are willing to care for their parents, and even those who wish to may lack the capacity or time. The key challenge is ensuring most seniors have adequate financial means. If the government could pool resources from businesses and affluent individuals, redistributing them through social welfare programs like subsistence allowances and poverty alleviation initiatives, most seniors would no longer face care shortages. This approach would also mitigate the societal harm caused by low birth rates [5-6].

3. Primary Communism

With the development of artificial intelligence, more and more jobs are being replaced by AI and robots, leading to a rapid increase in unemployment. If no strong measures are taken, it will inevitably lead to serious social conflicts and even social unrest. Japan sacrificed technological progress to protect employment, resulting in its technology and productivity levels being unable to compete with China, especially lagging behind China in electric vehicles and AI. China cannot follow Japan's path. So what should be done? The government should implement a basic communist welfare system, which mainly includes the following four aspects.

First, the subsistence allowance system, which provides a certain amount of monetary subsidies every month to every person with no income or low income according to the minimum standard of living.

Second, free housing is provided for those who have no houses. With the development of social productivity, the area of free housing should be gradually increased.

Third, free health care.

Fourth, child-rearing and education subsidies. Not only should kindergartens, primary schools, middle schools, universities, and vocational education be free, but also living subsidies and education subsidies should be given to those who have children.

These measures directly impact everyone's interests, as the lack of these basic living conditions is the primary cause of social conflicts. Implementing these elements in a basic communist system can effectively ensure social stability. Many Westerners believe that tolerating the lazy and welfare systems hinder social progress. However, reality has proven this view to be extremely harmful. In the United States, the government's failure to address homelessness has led to rampant shoplifting, soaring crime rates, widespread drug abuse, frequent shootings, and a series of severe social issues.

In ancient China, agriculture was the mainstay of the economy. As long as farmers owned land, society could remain stable. When large tracts of land were consolidated and many farmers lost their land, society fell into turmoil. After the Communist Party of China seized power, it implemented land reform, allocating land to farmers, which earned it enthusiastic support from the masses. Following the reform and opening-up, the household responsibility system was introduced, which mobilized farmers' enthusiasm and ensured China's food security. Later, a large number of farmers migrated to cities for work, reducing the proportion of agricultural income, while rural land still provided a

livelihood for unemployed migrant workers. However, urban unemployed individuals could not rely on land for livelihood and had to depend on the government's welfare system. When urbanization reached a certain level, the government had to invest sufficient financial resources in the welfare system. On the other hand, the welfare level should not be too high and should be below the average wage income to avoid dampening people's work enthusiasm and hindering the development of overall social productivity.

As artificial intelligence replaces more jobs, the welfare standards of early communist society should progressively expand. When most positions are automated, we should transition to an advanced welfare system that provides premium living conditions free of charge to all citizens based on societal productivity levels. Minimum living allowances should be incrementally increased, with free housing sizes expanding from 10 square meters per household to 20, 50, 100, 500 square meters. In the future, everyone will have access to luxury villas or even grand castles, along with free cars, airplanes, and space tourism.

Without implementing such welfare systems, social productivity would face severe overcapacity. The ultimate goal of productivity development is to meet the living needs of the people. Without addressing these needs, production would lose both motivation and market demand. Capitalists would rather discard milk than provide it to the poor, which is why the future world must adopt socialist and communist production relations. Capitalism can never resolve the issue of overproduction, while socialism ensures an infinitely expansive market.

4. Work Relief and High Welfare

The ultimate goal of socialist countries' development is to improve the welfare of all people fairly. However, high welfare is predicated on high efficiency. During the process of economic development, the principle of giving priority to efficiency while taking fairness into account should be adhered to. We cannot blindly increase welfare without considering objective conditions. On the contrary, the government should moderately compete with the people for benefits, restrain the power of trade unions and workers, and protect the interests of enterprises. Only when enterprises develop can employment increase. Unemployment can never be completely solved at any time. The government must have a relief system for the unemployed and low-income earners. Among the relief systems, work relief is more important than giving money.

There are numerous jobs around us that need to be done but no one is willing to pay for them, such as helping the disabled and the poor, providing end-of-life care, protecting and beautifying the environment, controlling pollution and desertification, etc. The government can provide a large number of job opportunities by adopting the policy of work relief. This is the simplest, most direct and most reliable way to solve employment and basic living security. The scale can be large or small, and can be as large as all the labor force. Labor is not only a means but also an end. People have the need to work, and labor can largely meet people's spiritual needs. Eating all day and doing nothing is not only bad for physical and mental health, but also harmful to social atmosphere. For prisoners, labor reform is much better than simple imprisonment.

The growth impetus of a market economy mainly relies on market-driven forces. However, Chinese people tend to save more and consume less, making it difficult to boost economic development through consumption. To address this issue, a strategy of low wages and high welfare can be adopted. After wages are paid, they can be saved, but welfare benefits are generally non-storable. For instance, items like rice, cooking oil, and mooncakes cannot be stored for long periods. Other welfare benefits, such as housing, free medical care, and free education, are also non-storable. This way, high welfare can drive social consumption. The essence of this approach is to use a socialist economic model to solve the problem of market limitations. The more welfare there is, the greater the social demand, and the issue of overcapacity can thus be resolved.

Both work-for-relief programs and high welfare require government investment. Where does the government's money come from? It can come from the savings in expenditures achieved by lowering wages. If the people have sufficient welfare, they won't rely on high wages. However, a policy of low wages and high welfare can dampen the enthusiasm of workers for production and innovation.

Therefore, such a policy needs to be combined with a market economy and appropriate trade-offs made. We should take two approaches simultaneously, with wages and welfare growing alternately and constantly adjusting.

5. The Collectivization in the New Era

In China's feudal society, the family was the basic unit of society, adhering to collectivism, where the clan leader held the power of life and death over family members. This social system adapted to the development of productive forces in ancient society and could effectively ensure the living needs of family members to a large extent. At the same time, this system severely suppressed individual rights, earning it the name of a "man-eating system." The modern Western intellectual liberation movement promoted liberalism and individualism, opposing feudal authoritarianism and awakening individual independence, leading to the prevalence of individualism in modern society. After the May Fourth Movement in 1919, China began to embrace Western liberal ideas, and the reflection on socialism after the Cultural Revolution once again popularized the ideas of freedom and democracy, resulting in the proliferation of individualism and serious social problems. Now, every Chinese person prioritizes their own interests, with a very indifferent collective consciousness and spirit of mutual aid. Many disabled people and those without social security face hardships that go unaddressed, as if helping them is solely the government's responsibility. The polarization is severe, with the rich indulging in luxury while the poor struggle on the brink of death. When people encounter serious illnesses, car accidents, or other life disasters that cannot be resolved, those around them remain silent and avoid them at all costs. Those attempting to raise donations are often suspected of being fraudsters [7-8].

Now China's GDP is about to reach the world's first place, but China's social atmosphere and economic strength are completely mismatched. GDP growth is not our ultimate goal; the happiness of most people's lives is the ultimate goal. Therefore, every Chinese person should take action to completely change this situation.

Solving social problems cannot rely solely on the government, and China needs to launch a new era of collectivization movement to create a batch of new collective organizations. These collective organizations differ from ancient families and various past collective organizations. This kind of collectivism fully respects the individual rights of each member, allowing free entry and exit, with management led by elected leaders. At the same time, the collectives have reasonable organizational systems that clearly define the responsibilities, rights, and interests of each individual. Within the collectives, people live together, help each other, and focus on assisting vulnerable groups. The forms of collectives can be diverse, ranging from large to small, and can be established or dissolved at any time. However, the establishment of collective organizations should form a massive social movement, which the government should vigorously promote and provide sufficient financial support. Collectivist ideas should spread to every corner of China, giving hope to all those facing hardships in life and spreading love throughout the world [9-10].

In collective organizations, while promoting mutual assistance and selfless dedication, it is essential to establish a reward system for such contributions. For instance, if monetary rewards are not feasible for helping others, a work-point system could be implemented. Contributors who accumulate points may later receive preferential treatment when needing assistance. Different collectives should adopt a work-point certification system to ensure mutual recognition. When accumulated points reach a certain threshold, relevant government departments should award honorary titles. Organizational systems should gradually standardize practices, implement scientific management, and continuously accumulate experience. Through such institutional mechanisms, we can foster a social ethos of voluntary dedication throughout society.

6. Conclusion

Both overpopulation and underpopulation are superficial issues. Fundamentally, addressing fiscal transfer payments is the key to simultaneously resolving the problems of both overpopulation and

underpopulation. At the same time, the government must take measures in areas such as basic welfare, work-for-relief programs, and collectivization to ensure the sustained and stable development of society.

References

- [1] Zhang Wuchang. *Chinas Economic System (In Chinese)*. Beijing: CITIC Publishing Group, 2nd edition, 2017.
- [2] Wu Yifeng. State ownership and privatization in Western countries (In Chinese). *Academic Review*, 2001,09:10-15.
- [3] Yang Weidong. Research on Nationalization and Privatization: The Historical Trajectory of Western State-Owned Enterprises Advancement and Retreat (In Chinese). *Journal of Wuhan University (Philosophy and Social Sciences Edition)*, 2012,01:100-105.
- [4] [US] J. Stiglitz. *The Role of Government in a Market Economy: Why Governments Intervene in the Economy (In Chinese)*. Beijing: China Materials Publishing House, 1998.
- [5] Duan Yong. *Self-Organizing Life Philosophy (In Chinese)*. Beijing Agricultural Science and Technology Press, 2009.
- [6] Wang Liping. *On Improving the Investment Attraction Function of Local Governments in China (In Chinese)*. Shanghai Jiao Tong University, 2007:4-5.
- [7] Peng Kaiping. *My Heart Can Be a Mirror: The Flow of Blessings (In Chinese)*. Beijing: Tsinghua University Press, 2016.
- [8] Ding Li. *Geopolitical grand strategy (In Chinese)*. Taiyuan: Shanxi Peoples Publishing House, 2010.
- [9] Wang Yanan. *China Bureaucratic Politics Research (In Chinese)*. Beijing: Commercial Press, 2010.
- [10] Marx, Karl, & Engels, Friedrich. *The Works of Marx and Engels (In Chinese)*. Beijing: Peoples Publishing House, 2009.