

# China's middle-class dream shattered: millions of graduates face unemployment

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This summer will be a huge disappointment for millions of Chinese university and college graduates. After spending a fortune, usually of their parents' money, on school fees, and years of hard work, most of them will not even find a job.

A number of Chinese government departments acknowledged this fact last month. A report by the National Development and Reform Commission, the former central planner, warned that China faces serious challenges this year because there will be no work for 60 percent of the 4.13 million new graduates. Only 1.6 million jobs will be available for them—down 22 percent from the previous year. In addition, many of the 2005 graduates still have not found work.

Zhang Xiaojian, vice minister of labour and social security, told the official Xinhua news agency on May 7: "It is hard to create new jobs in large numbers due to surplus production capacity, more trade frictions and revaluation of the yuan. As a result, it will be less easy to tackle employment pressure."

For millions of students, the likelihood of being unemployed or forced to accept low-paid work is only going to increase in coming years.

Last year, 5.04 million students were enrolled in universities and colleges—4.7 times more than in 1998. The number of students in higher educational institutions reached 23 million—the highest total in the world. Without any improvement expected in the labour market in coming years, most students will fall into the ranks of China's highly exploited working class.

Those who find work are confronting low wages. A government survey reported that in 2005, the average monthly salaries of employed graduates grew to just 1,588 yuan (\$US198) from 1551 yuan (\$194) in 2003. Meanwhile, the cost of living has risen far more

quickly, so real wages declined or stagnated.

An article by *China Daily* on May 9 drew attention to the desperate plight of new graduates: spending almost every day looking for employment with little time for sleep, while their parents were financially drained. "As students on whom families pin high hopes, none feel at ease ending years of admirable university study and life by returning home jobless," it said.

Zhang Yue, who graduated from the Central University of Finance and Economics last July, said he had sent hundreds of applications and participated in many jobs fairs in Beijing, Shanghai and other cities. But he had received few replies.

"Because of the media coverage, I had expected difficulty in job hunting, but I never anticipated that it would be this difficult. Only a very few recruiting units gave me interview notices," Zhang said. A private company in Beijing offered him a monthly salary of less than 1,500 yuan (\$185) and Zhang was extremely disappointed.

Zhang's situation is typical for millions of college students. He comes from a rural family in Anhui province whose income is just a few thousand yuan a year. When he was admitted to university in 2002, his family had to borrow money to pay the 10,000 yuan (\$1,250) in tuition fees and other costs.

"With a salary that low in the capital, I feel I cannot even meet my minimal daily expenses, not to mention repay my parents for their support and pay off the huge amount of my bank loans," Zhang told *China Daily*.

The introduction of user-pay systems in public education, along with housing and health care, has kept the children of millions of workers and peasants out of higher education. Even those who manage to get to university and complete degrees often find themselves losing out amid the cut-throat competition. China is

essentially functioning as a vast reserve army of cheap labour for global capital, to help drive down wages around the world in every sphere of work.

A May 14 *Financial Times* article commented on the huge potential pool of cheap and educated labour in China and India. “Western students clever enough to succeed in science or engineering are clever enough to know they will compete against growing global armies of educated rivals trained to work hard for less. Alarmists might decry this competition as ‘cognitive sweatshops’. Pragmatists see the contest as a buyer’s market in brains.”

The article continued: “High-bandwidth networks further amplify corporate capacity more easily to outsource their science and engineering processes. Innovative companies will chase ‘cheap smarts’ as relentlessly as today’s cost-conscious multinationals pursue cheaper manufacturing and call-centre capacity. Try commanding a premium wage as a post-doctorate in that marketplace. Knowledge is *not* power; it is on sale” (Emphasis in original).

For decades after China’s 1949 revolution, “knowledge is power”—the famous slogan of the Renaissance-era British materialist philosopher, Sir Francis Bacon—was featured in Chinese schools, campuses and textbooks. It encouraged students to believe that learning was not just about getting a job, but had a connection to progressive ideas of the Enlightenment, the overcoming of superstition and religion by reason and science.

The Stalinist regime, which was never based on genuine socialism, is now running the world’s fastest growing capitalist economy. “Knowledge on sale” is not far from describing government education policy. Beijing, like many capitalist governments around the world, has turned education institutions into certificate factories. Once respected Chinese universities have become notorious for corruption in scholarship and faked academic research. This atmosphere suppresses critical and independent thought among students, while promoting illusions of “opportunity” and “individual success” under the market economy.

The reality, however, is that only the top elite graduates manage to secure well-paid corporate and professional positions. Some lucky ones join the privileged state bureaucracy—if they have personal or family connections with the regime. Most have to wait

in long queues for interviews with employers. Their social status is little different to tens of millions of ordinary factory workers, service personnel and rural migrants who are struggling to make a miserable living.

On May 10, Premier Wen Jiabao held a meeting of State Council to discuss the issue. The Chinese leaders decided to cut enrolment levels, both to reduce the number of unemployed college youth, and because of shrinking funding for teachers and other resources for public higher education.

The regime is well aware that it is sitting on a social time bomb. In 1989, university students initiated the mass anti-government protests in Beijing, which rapidly spread into working class communities across the country. With social inequality today much worse and more blatant than in 1989, the authorities fear that the frustration of the youth will feed into wider discontent.

In the 1990s, as rising rural unrest shattered the regime’s traditional support in sections of the peasantry, Beijing tried to cultivate a base of support among the emerging urban middle-classes. But the market is now pushing more and more supposedly “middle-class” elements, especially educated young people, toward the bottom of society.

Layers of disaffected intellectuals have already become political dissidents, voicing criticism of the government. The Beijing leadership is anxious that currents could emerge with “dangerous” political ideas that could spark a movement of workers, peasants and youth fighting for democratic rights, social equality and genuine socialism.



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