

Unemployed graduates in China to reach 3 million in 2009

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The global financial crisis is predicted to create an army of three million unemployed university graduates in China this year, or about 40 percent of the 7.8 million graduates, according to the Chinese Academy of Social Sciences. The overall number of jobseekers is expected to swell to 48 million, as economic growth slows to 6.5 percent or less in 2009.

The prospects are bleak for college graduates. Zhao Beiping, a student career counsellor at Wuhan University of Technology, told the *Financial Times* last month: “Graduates are fixated on getting jobs as civil servants, in foreign companies or big state-owned companies, and in the big cities—in short, jobs which, they have been led to believe, are best-paid and safest.”

The message was that students have to lower their expectations. With rising unemployment, many graduates will have to accept low-paid jobs. Graduates from Wuhan University of Technology, for instance, have already had to lower their starting monthly salaries from between 2,000 and 4,000 yuan (about \$US300 to \$600) to just 1,800. Some have to compete with rural migrant labourers for jobs.

Zhang Ming, from the China Youth University of Political Science, told the *Financial Times* that he went to job fairs held at two prestigious universities in Beijing in March. “But the morning was reserved for their own students, and by noon, there was almost nothing left,” he said. Zhang was thinking of looking for work in the export factories of southern China, but with exports down and job losses there, he said he might have to go to more economically backward provinces.

Graduate numbers have been rising as a result of

Beijing’s policy of expanding university education over the past decade to supply cheap skilled labour for local and global corporations. In 1998, 3.4 million Chinese students attended university. By 2008, the figure had increased more than six-fold to 21.5 million.

The *Wall Street Journal* explained: “China is suffering from a higher-education equivalent of a global credit bubble.” Most Chinese children receive basic education so that even poor farmers can be trained to operate factory machinery. At the top of the education ladder are 75 elite universities that are well funded by the central government. In between are 2,100 less prestigious campuses where the vast majority of students are taught in what are little more than substandard degree factories.

The *Wall Street Journal* commented: “While experts say the country needs mid-level technical staff, many of these universities have tended to lure tuition-paying students with programs such as English, tourism, government, journalism and law. These are cheap—no large outlays for equipment are necessary—and appeal to Chinese sensibilities, which see education as a path to a government or other white collar position, and not as training for a technical job.”

The lack of technical staff has driven up wages in recent years, lowering the profitability of US corporations operating in China. According to the *Wall Street Journal*, Beijing should focus more centrally on providing technically trained graduates to meet the needs of global investors.

When it ordered the university expansion in 1998, Beijing paid little toward the programs that ultimately cost nearly \$US100 billion, forcing campuses to accumulate large debts and charge extortionate tuition

fees. The policy of “user pays” was part of Beijing’s unleashing of market forces across the board, from the dismantling of state industry to the privatisation of urban housing and healthcare.

In the economically backward province of Anhui, its 50 universities now owe \$1.2 billion to banks. Some institutions have had to use half their tuition fees just to make debt payments. Even the more developed Guangdong province had to spend \$30 million last year to prevent a number of campuses from defaulting. Teachers’ wages and equipment purchases had to be cut, while class sizes have generally doubled across the country.

Nanjing University of Chinese Medicine, for example, enrolled just 1,500 students until 1998 and also ran hospitals and research institutions. By government order, the university was forced to increase enrolments by a third. As the tiny campus in downtown Nanjing could not hold the new students, they were forced to stay in local hotels. Cafeterias were converted to classrooms. In 1999, the university was forced to borrow \$200 million from a consortium of banks to expand further. The campus was moved to Nanjing’s Xianlin University City, which houses 11 other universities and is plagued with corruption and profiteering.

Such “university cities” have sprung up across China as part of the property boom. In 2004, government auditors found that only half of the Nanjing “university city” was used for education. The rest comprised commercial projects run by corrupt officials and real estate speculators.

Teachers at the Nanjing medicine university were angry, the *Wall Street Journal* reported. Ji Wenhui, a scholar of classical Chinese medical texts, complained that the library’s holdings had increased by just one half—compared to the 11-fold increase of students to 17,000. The university had 1,200 faculty and staff, only 20 percent more than when it was much smaller.

Ji told the newspaper that the school was at one point paying \$60 million a year in interest, compared to total revenues of just \$30 million. In 2006, the provincial government intervened to restructure the university’s loans by using one-quarter of its budget to pay off debt and cutting teachers’ salaries by a quarter.

The sharp rise in unemployed graduates has provoked fears in Chinese ruling circles of social unrest. Beijing is still haunted by the spectre of the large-scale student demonstrations in Tiananmen Square in 1989, which unleashed broader protests by workers that were only crushed with the use of tanks and heavily-armed troops. The Tiananmen Square massacre paved the way for a flood of foreign investment to exploit China’s cheap labour under police-state conditions.

Chinese capitalism’s high rates of economic growth over the past 20 years have only intensified the country’s social and economic contradictions, which will inevitably produce explosive social struggles.

In the 1980s, university graduates joined the privileged state bureaucracy, while workers were employed by state industry. Today, most workers are private sector employees with little social protection, and are now suffering mass lay-offs, due to the global economic crisis. Most university graduates are not part of the emerging middle classes, but are merely skilled labourers, subject to the same capitalist exploitation.

Last month, to head off discontent, the Chinese regime ordered local authorities and state enterprises to hire more graduates. However, many of the state industries that used to guarantee jobs to graduates have been sold off or destroyed. In the civil service exam last year to join the state bureaucracy, there were only 1.3 jobs available for every 100 applicants.

Unrest is already widespread among Chinese students and graduates. Among workers and the rural poor, tens of thousands of sporadic protests are taking place against job losses, social inequality and rampant official corruption. What Beijing fears is that, as in the past, protests among students will ignite a broader class movement of the working people against the regime and the intensifying capitalist exploitation.



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