

# China's rising youth unemployment portends major social struggles

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As the Chinese economy slows with problems in many areas—including falling consumer demand, lower investment, ongoing problems in the real estate sector, and rising local government debt, to name just some—a social time bomb is ticking away.

Tens of millions of young people, many of them with tertiary education qualifications, are unable to find employment or at least the job opportunities they were led to believe higher education would bring.

Tens of millions more, without degrees or qualifications, are either without work, being pushed into very low-paid jobs or trying to make a living in the precarious gig economy.

The most recent data showed that the unemployment rate for urban youth aged 16 to 24 years old was 21.3 percent, a record high, reflecting a continuing upward trend. In reality, the figure could be much higher.

Earlier this month a Peking University professor, Zhang Dandan, wrote an online article in the financial magazine *Caixin*, stating that if 16 million non-students staying at home and relying on their parents were included then the real youth jobless rate could be as high at 46.5 percent.

This phenomenon is so widespread that a new term “lying flat” has been coined to describe it. One indication of the sensitivity surrounding this issue is that Zhang’s article, published on July 17, was removed after a couple of days. Reuters reported that calls to her work phone went unanswered.

The issue of youth unemployment is being widely discussed on social media with the development of new terms such as “chewing on the elderly” and “professional children” being used to describe “lying flat.”

It is estimated that China has about 96 million youth aged 16 to 24 living in urban areas. Of these, 33 million are looking for jobs. Another 48 million are involved in education, which leaves another 15 million or so unaccounted for. If those who are not in employment,

education or training are counted as jobless, then the youth unemployment rate is more than double the official figure.

The government is well aware of the growing problem but has offered no solution.

Characterising more than 20 million idle educated young people as a “potential source of social instability,” an article on Bloomberg noted: “The government has suggested domestic services, such as elderly care and babysitting, as well as rural jobs. [Chinese president Xi Jinping] has repeatedly urged young people to ‘eat bitterness’—to endure hardship and develop grit. All that has done is lead to young people’s mockery.”

Chinese youth unemployment has been the subject of both comment and analysis in the recent period.

In a comment published in the *Financial Times* earlier this month, George Magnus, a well-known China researcher at the University of Oxford’s China Centre, said the “lying flat” term, expressing disillusionment, had taken root among Chinese youth and a new term “let it rot,” conveying pessimism, was also gaining popularity.

Citing research by Stanford University professor Scott Rozelle, Magnus pointed to “marked change in the occupational structure of jobs.” Fifteen years ago, the ratio of informal to formal sector jobs was 40 to 60 but this had now flipped.

As an example of the situation facing educated young people, a report by CNN cited the case of Nancy Chen who is now a “full-time daughter” in a family located in the eastern Jiangxi province.

The 24-year-old had been teaching at a private tutoring college after she had graduated from college but lost her job in 2021 when authorities banned for-profit tutoring services. She had not obtained a job since then because of “furious competition,” citing a case in her province when 30,000 people applied for three municipal government jobs.

Economic historian Adam Tooze published some revealing data in a recent post on his Chartbook site, noting that 11.58 million university graduates would enter the jobs market this year.

The numbers, he wrote, were “truly ominous for those from second or third tier universities, many of whom are first generation college students whose families have everything riding on their academic success.”

Unemployment came as a shock and was a relatively recent phenomenon.

“Ten years ago, the majority of young unemployed in cities had no college degrees. By contrast, in 2021 more than 70 percent of jobless Chinese urbanites aged 16 to 24 had a degree from a higher education institution, and over 42 percent had earned a bachelor’s degree or above.”

Tooze’s analysis went beyond the focus in most of the media coverage on college graduates, saying this obscured a “deeper and in many ways more ominous trend at work in China’s labour market.”

“Two thirds of the young people entering the labour market in China right now below the age of 24 are not college graduates, but have high school education or less. This reflects the fact that 40 percent of Chinese young people do not make it into tertiary education. Indeed, a substantial minority barely finish high school and they make up the majority of people who enter the labour market ‘early’.”

In rural areas, schools fail to teach even basic literacy skills and this education failure severely limited the opportunities for tens of millions of young people.

They can no longer find employment in farms and factories because the share of employment in these areas is declining both in relative and absolute terms. “China’s industrial workforce is aging as young workers are shut out and stay away,” he wrote.

Young workers at the bottom of the social pyramid are concentrated in labour-intensive “flexible” or informal sectors. This is not in construction, once regarded as the “classic” employer of migrant labour coming from the country to the city, as two thirds of employment is in labour-intensive services.

According to official data, the number of so-called “flexibly employed” has reached 200 million or 27 percent of the working population. Other estimates put the number at 250 million.

“Rather than decreasing as China becomes richer,” Tooze wrote, “the share of informal sector employment is actually increasing.”

He cited analysis from Caixin which estimated this year

that 5.7 million people in the education, property and construction industries are expected to be jobless—a 73 percent surge from 2019. Of these 1.3 million would be young workers, more than double the number four years ago.

There is a scramble for employment in the gig economy especially in the field of taxi driving, with the number or new licences issued to drivers increasing 32.6 percent in 2022. New drivers have been added this year at a rate five times fast than last year. This has led to a situation where some cities have stopped issuing permits.

Social inequality is widening, a fact that is not going unnoticed.

As Tooze put it: “While economic growth and wage growth for every part of the Chinese economy is slowing down, those at the top of the corporate hierarchy earn globally competitive salaries running into hundreds of thousands of dollars and their salaries continue to increase above GDP trend. By contrast ... those in the informal sector see incomes dragging behind ever-diminishing GDP growth.”

The economic data have far-reaching social and political implications. The ruling Chinese Communist Party regime maintained that the turn to capitalism, begun in earnest three decades ago, would create an economy in which education would bring higher living standards while migration from the country to the city would lead to social advancement.

For a period of time this indeed was the case as hundreds of millions were lifted out of absolute poverty. Notwithstanding the claims of bureaucrats, however, the laws of capitalist economy never cease to operate, and this happy scenario is now being shattered by reality.

At present, terms such as “lying flat” on social media indicate an air of resignation and pessimism. But there are also increasing signs of anger and hostility, marked by ridiculing of official announcements.

A new mood is developing. This portends major social and class conflicts in which the forging of a genuine internationalist socialist perspective, developed against the official capitalist dogma of “socialism with Chinese characteristics,” and the formation of a revolutionary leadership to fight for it will be the all-important issue.



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