

A Survey and Analysis of Youth Unemployment Rate in China

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Abstract:

With the continuous restructuring of China's industrial structure since the reform and opening up, China's youth unemployment rate has shown a rapid growth trend in recent years, and the Chinese government has ceased to officially publish this data as of June 2023. Through the analysis of the data, it is found that the continuous rapid growth of unemployment rate in China in recent years is caused by a number of factors such as China's economic transformation, imbalance between supply and demand in the labor market, epidemics, and brain drain. Among these reasons, the difficulty of young people with low educational attainment in finding suitable jobs should be the direct cause of the increase in unemployment, while the imbalance between supply and demand in the labour market should be the root cause. Combined with the analysis of data and special cases, the author predicts that China's youth unemployment rate will continue to rise in the next five years, and at the same time puts forward a number of feasible solutions to solve the problem from different perspectives.

Keywords: youth unemployment, China, labor force, employment

I Research Introduction and Situation Overview

Background: Since China's reform and opening up in 1978, the industrial structure of China has been in a relatively obvious stage of change. According to the official data released by the Chinese government, in 1978, the proportion of China's primary industry was about 28% of the overall, the proportion of the secondary industry was relatively the highest, reaching about 48%, and the proportion of the tertiary industry was the smallest, at 24%. However, when looking at

2021, it is obvious that in 43 years, China's primary sector has rapidly declined to only 7.3%, while the tertiary sector's share has jumped to 53.3%, more than half of the overall. According to Pan Wenqing, Li Zeyi, and Hao Yuanhang's (2024) paper "Demand Structure Change and the Dynamic Evolution of China's Industrial Structure--An Essay on China's "De-Industrialization" Problem" published in the Economic Journal: "With domestic consumption becoming the main driving force of China's economic development in the future, the rising share of value added of the tertiary industry will be a long-term de-

velopment trend, but the moderate expansion of the share of investment and export in final demand can somewhat slow down the “premature and rapid” decline of the share of the secondary industry, especially the manufacturing industry”. The downward trend of the secondary industry, especially the share of manufacturing industry, is “too early and too fast” (p1). China is still in the stage of industrial structure transformation, and the share of tertiary industry will continue to increase in the near future, so the overall labor market in China will keep changing in terms of demand. Obviously, in order to serve the development of the tertiary industry, China’s labor market will need high-level educated talents in finance, scientific research, and other industries more than ever before. Liu Xinze pointed out in his 2023 published paper, “Research on the Impact of Higher Education Financial Inputs in Eastern China on the Economic Development of the Region,” that, “Higher education institutions have been increasing their ability to serve the country’s major strategies, and quality control guidelines and assessment methods have been continuously optimized, and the quality of higher education and the level of talent cultivation have been continuously improved. “(p1) This also demonstrates the Chinese government’s determination to focus on investing in higher education in order to better adapt to the changing labor market in the country, thus helping the development of China’s tertiary industry.

Situation Summary: Since the outbreak of the New Crown Epidemic in December 2019, the economic development of almost all countries around the world has been hit by the epidemic to a greater or lesser extent. According to Wu Diyan’s (2021) article “A Systematic Analysis of the Impact of the New Crown Epidemic on the Economies of the World Countries” published in *Northeast Asian Economic Research*, “The epidemic in 2020 caused a general disaster to all countries in the world, the countries with the most serious overall epidemic are the large populated countries, the largest economic loss caused by the epidemic is the large economic countries, and the larger per capita economic loss is the European and American-developed countries”, (p1) from this it can be seen that the epidemic has had a certain impact on economies all over the world, and China has suffered a greater overall impact in it. When the economy is hit, it tends to cause a large number of small and micro-enterprises to close down, which further leads to an increase in the number of unemployed people. According to data released by China’s National Bureau of Statistics, during the five-year period from March 2018 to March 2023, China’s youth unemployment rate (16-24 years old) as a whole has shown a continuing trend of rapid increase, rising from about 10% in March 2018 to about 17% in June 2020, and recovering to about 11% in the following six months, and then con-

tinuing to rise subsequently, reaching in March 2023 up to about 20%, a figure that is roughly double that of the same period in 2018. When looking at the middle-aged unemployment rate (25-59 years old) over the same period, a different situation from the youth unemployment rate could be found: China’s middle-aged unemployment rate showed a short-term rising trend in March 2020 and the end of 2021 as a result of the sudden outbreak of the epidemic, but the overall five-year period has maintained a stable fluctuation, and there has been no overall trend of increasing or decreasing. From the official data released by the Chinese government in the past five years, it can be found that when we distinguish the employed population into youth and middle-aged people, the two are in a very different situation in the employment situation, and it is clear that only the youth population’s unemployment rate has continued to increase over the past five years in China. Although affected by the epidemic, the employment of the middle-aged group in China is clearly more stable.

II Analysis of Causes

After understanding the background related to China’s economic transformation and the general situation of the recent direction of China’s youth unemployment rate, now is time to further analyze the reasons for the continued rapid increase in China’s youth unemployment rate. At the beginning of the analysis, we need to further categorize China’s youth population in order to more accurately find the direct cause of this phenomenon. After differentiating the youth through whether the education level is university or above, according to the official data released by the National Bureau of Statistics of China in 2020, about 15.467% of mainland China had university education in 2020, which is about 0.6537% higher compared to 2010, and the overall education level of mainland Chinese residents has increased. However, at the same time, the author realized through the study of the data that although the Chinese government has been increasing investment in the education industry, and the education level of Chinese residents has also been improved, but at present the low-educated people are still the main force in the job market. And when looking at the number of young Chinese graduates with high academic qualifications (undergraduate and above), according to the data released by the National Bureau of Statistics 2023, the number of postgraduate graduates in China in 2023 will be 10,147,555, and the number of graduates from general undergraduate and specialized programs will be 10,470,258, with the total number of graduates from all academic qualifications being about 60,095,700 (including pre-school education and(including preschool and special education), which means that the proportion of highly educated people is about 19.1%,

compared with the overall education level of the Chinese population, there is a significant increase, but the same as the overall situation is that the low-educated young people are also the main force of employment in the youth labor market. Meanwhile, according to the official data released by the Chinese government, the number of higher education graduates in China will remain at around 7.5 million from 2018 to 2021 without any significant increase, and the number of higher education graduates will start to rise significantly only after 2022, according to the official data released by the Chinese government. In addition, by collecting data on the employment rates of graduates from the top three Chinese institutions in Beijing and Shanghai from 2018 to 2022, it can be found that the employment rates of these three top institutions have declined over the five-year period, but only by 1% to 2%. Through the combined analysis of the above data and step-by-step deduction, it can be found that today's youth employment market is still the main part of the market for the low-educated youth population, while the unemployment rate of highly educated youth has not shown the same magnitude as the overall decline in the youth unemployment rate in recent years, so it is easy to find out that in recent years China's youth unemployment rate has continued to rise rapidly as a direct result of the low-educated youth in the Nowadays, it is increasingly difficult to find a job in the domestic labor market, and the unemployment rate of low-educated youths is rising at a faster rate than the overall youth unemployment rate.

After analyzing the direct cause of the rising youth unemployment rate in China in recent years, we need to take this direct cause as an established fact for the current discussion, and thus reason out the underlying causes of this phenomenon. In the first part, we mentioned that China has been undergoing industrial structure transformation since the reform and opening up, with the proportion of primary industry rapidly declining, the proportion of secondary industry slowly decreasing, and the proportion of tertiary industry rapidly increasing. Further analyzing the results of this phenomenon, it is easy to conclude that rural residents tend to go to cities and towns where the secondary and tertiary industries are more developed for employment, and because the tertiary industry usually requires a higher level of education than other industries, higher education has gradually become one of the conditions for young people in China to find a job more easily and to get a higher salary. This is also the same basic environment as in mainland China in recent years. However, the actual situation is that we can see from the data in the first part that China's tertiary industry has been expanding almost continuously and at a very high speed, but the number of graduates of China's highly educated people in recent years, as mentioned above, has not changed signifi-

cantly, or the growth rate is too slow to satisfy the rising demand of the fast tertiary industry for highly-educated laborers, which will bring about an imbalance between demand and supply in the labor market. This will lead to an imbalance between demand and supply in the labor market. At the same time, the data released by the National Bureau of Statistics shows that the total number of young graduates has been on an increasing trend in recent years, and combined with the fact that there is no significant change in the number of highly educated graduates, it can be found that the number of low-education graduates is in fact on an increasing trend. Therefore, combining all the above analyses, we can further discover the huge imbalance in today's domestic job market: the market demand for highly educated youths is increasing due to the rapid expansion of the tertiary industry, but there is no significant change in the number of corresponding graduates in the country on the supply side; the market demand for the low-educated is decreasing, but the supply of low-educated people to the market is rising. Through this phenomenon, combined with simple macroeconomics and microeconomics theories, we can clearly deduce the root cause of China's rising youth unemployment rate in recent years, which is summarized as the imbalance between supply and demand in the labor market.

After deducing the direct and fundamental causes of China's rising youth unemployment rate through the phenomenon, now is time to consider whether other objective factors in recent years have also directly or indirectly contributed to this phenomenon. As we know, young talents are an indispensable and important force for the future economic development of the country, and the loss of young talents will definitely affect the development of the national economy to a certain extent, and directly affect the data of youth unemployment rate. According to Yang Haikun's article "Research on Talent Loss and Countermeasures of Private Enterprises in China" published in 2017, "With the accelerated process of economic globalization and the rapid development of China's economy, private enterprises have become an important part of China's socialist market economy. The competition for talents among enterprises is becoming more and more intense, and the current international community is, in the final analysis, a competition for science and technology, and a competition for talents. But with the general situation of globalization and the government's deepening reform of state-owned enterprises, China's private enterprises in attracting talent, retaining talent and other aspects of the advantage is not obvious, how to create a talent advantage for private enterprises is a very serious test for the government (p2)." From this, we can see the impact of the brain drain problem on the domestic economic development, especially the development of private enterprises. As we

know, the brain drain usually refers to highly educated talents, who often choose to go to developed countries to engage in tertiary industry-related work due to their own ability and consider their own development. At this time, considering the domestic tertiary industry labor market is in short supply, the problem of brain drain will undoubtedly in the original market imbalance on the basis of further adverse effects on the labor market, and the loss of these highly educated talents who can find jobs in China has also directly elevated China's youth unemployment rate. In addition, the excessive flow of highly educated people abroad will also affect the speed of China's industrial transformation to a certain extent, and even directly affect the development of some high-tech industries.

Finally, as this section discusses the changes in China's youth unemployment rate in recent years, the epidemic must be an important factor that cannot be bypassed. Through the official data released by China's National Bureau of Statistics and focusing on the changes in China's youth unemployment rate during the two epidemic outbreak periods of early 2020 and early 2022, we can find that China's youth unemployment rate has been in a more stable fluctuation since December 2019 when it was about 12%, and then six months later in June 2020 when it rose to 15%. Meanwhile China's youth unemployment rate rises from about 15% in March 2022 to about 20% in June 2022. From this it can be clearly deduced that the epidemic had an impact on the increase in China's youth unemployment rate. However, at the same time, through our analysis in Part I, we find that the overall unemployment rate in China will also be affected by the epidemic, but will return to the pre-epidemic level some time after the outbreak, a phenomenon that is very different from the change in the youth unemployment rate. In this case, the impact of the epidemic on the employment situation does not explain this phenomenon of variability, but rather the underlying and direct causes mentioned in the previous section. Therefore, the impact of the epidemic on youth unemployment is relatively limited and cannot be considered the main cause of the overall phenomenon.

III Trend Projections

After the background in Part I and the specific analysis of the causes of the overall increase in China's youth unemployment rate in Part II, it is noted that as of June 2023, the Chinese government has stopped publishing official data on China's youth unemployment rate and has not yet re-published it. Therefore, now is time to forecast and analyze the trend of China's youth unemployment rate from June 2023 onwards with the available data and background information. Before drawing any concrete conclusions, we need to analyze the changes in China's future

industrial structure in the context of the relevant policies that have been introduced by the Chinese government.

According to the important instruction of General Secretary Xi in the Third Plenary Session of the 19th CPC Central Committee, China should "adhere to the general tone of seeking progress while maintaining stability, closely follow the change of the main contradiction in China's society, and follow the requirement of high-quality development; at the same time, hold the supply-side structural reform as the main line, and comprehensively push forward the work of stabilizing growth, promoting reforms, adjusting the structure, benefiting the people's livelihoods, and preventing risks, vigorously push forward the reform and opening up, and innovate and improve the macro-controls".opening up, innovating and improving macroeconomic regulation and control, promoting quality change, efficiency change and power change, making solid progress especially in fighting the battle against major risks, precision poverty alleviation and pollution prevention and control, guiding and stabilizing expectations, strengthening and improving people's livelihoods, and promoting sustained and healthy economic and social development."From a review of Chinese President Xi Jinping's speech at this important meeting, we can conclude that China is now pursuing the quality of its economic development even more, intentionally slowing down its economic growth rate relative to the past era of rapid development. At the same time, President Xi Jinping emphasized the need to continue to deepen reforms, which implies that the proportion of the tertiary sector in China's economy will be further expanded in the future; at the same time, President Xi Jinping also emphasized the improvement and enhancement of people's livelihoods, which is likely to mean that the central government will introduce policies more conducive to the improvement of the current job market environment. Ding Shouhai, Ji Cheng (2024) in his article "Exploring the Problem of High-Quality Employment for Chinese Youth in the New Era - An Examination Based on Data from the Platform Employment Specialized Survey" published in Contemporary Economic Research, points out that "According to the data from the Platform Employment Specialized Survey, it can be concluded that the employment quality of young people between the ages of 16 and 24 years old-The quality of employment of workers aged 16 to 24 is on the low side as a whole compared with that of workers in other age groups: low wages, long working hours, high labor intensity, low percentage of social security participation, and low evaluation of job satisfaction. The main reasons for this situation are the continued expansion of quantitative employment conflicts, the relatively low human capital of young workers, and the inadequacy of the youth social security system."Considering the fact that

the number of highly educated young graduates in China has grown significantly in the last two years compared to the previous period, and combining this with the rapid growth rate of China's overall youth unemployment rate over the past five years, the growth rate of China's overall youth unemployment rate will be slower in the next five years, but it will not change the overall trend of being in a growth mode.

This is because the root cause of China's rapid growth in youth unemployment, namely the current imbalance between supply and demand in China's labor market, has not been resolved. In five years' time, with the Chinese government's intervention and support for primary industry and rural employment, China's youth unemployment rate may be maintained and stabilized at a certain level.

IV Suggestions for Solution

After analyzing the specific reasons for the continuous growth of China's youth unemployment rate in recent years and predicting the future trend of this data, now is time to give some suggestions for the current job market environment. Ding Shouhai and Ji Cheng (2024) in their article "Exploring the Problem of High-Quality Employment for Chinese Youth in the New Era--An Examination Based on Data from a Special Survey on Platform Employment" published in *Contemporary Economic Studies* said, "To help improve the problem of youth employment in today's China, it is necessary to build a youth-friendly policy system at the macro level, and to construct a youth-friendly policy system at the macro level. employment-friendly policy system, macro-control should be benchmarked, a sound special system of social security for new forms of youth employment should be developed, and a special policy system of youth labor regulation should be constructed; at the meso level, a good industrial environment and education supply should be created for high-quality employment of young people; and at the micro level, enterprises should be stimulated to hire young workers, and efforts should be made to improve the quality of the human capital and the skill level of the young workers. "In our opinion, we have already seen an overall improvement in the number of highly educated young people in China, but how to keep these high-level talents is still a thorny issue in China today. As Ding Shouhai and Jicheng have suggested, it is necessary to build a more youth-friendly and suitable employment policy system. Secondly, according to our analysis of the root causes in Part II, how to help young people with low education to find suitable jobs for themselves has become an important

issue to reduce the growth rate of youth unemployment in China, and even to reduce the overall unemployment rate in China in the future. The central and local governments should increase employment support for this group of young people, otherwise it will become a serious social problem. Finally, as the Chinese government has always insisted, we should continue to invest more in the construction of education, especially higher education, in order to adapt to the future industrial structure after the transformation.

V Summarization

The rapid growth of youth unemployment in China in recent years has been caused by a combination of epidemics, brain drain, and the imbalance between supply and demand in the labor market, but the root cause lies in the fact that China is in the midst of an industrial restructuring phase. Considering the various factors, we believe that the growth of China's youth unemployment rate will gradually slow down in the future, but it will still remain on the rise. In order to solve this problem, the government needs to build a policy system that is suitable for the employment of young people in China today, and focus on supporting the employment of young people with low qualifications, as well as continue to increase investment in education, especially higher education.

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