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## Faltering Economy in China Dims Job Prospects for Graduates



Gilles Sabrie for The New York Times

A job fair last month at Minzu University of China in Beijing. Companies have limited positions to offer graduating seniors.

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**HONG KONG** — A record seven million students will graduate from universities and colleges across China in the coming weeks, but their job prospects appear bleak — the latest sign of a troubled Chinese economy.

Businesses say they are swamped with job applications but have few positions to offer as economic growth has begun to falter. Twitter-like microblogging sites in China are full of laments from graduates with dim prospects.

The Chinese government is worried, saying that the problem could affect social stability, and it has ordered schools, government agencies and state-owned enterprises to hire more graduates at least temporarily to help relieve joblessness. “The only thing that worries them more than an unemployed low-skilled person is an unemployed educated person,” said Shang-Jin Wei, a Columbia Business School economist.

Lu Mai, the secretary general of the elite, government-backed China Development Research Foundation, acknowledged in a speech this month that less than half of this year's graduates had found jobs so far.

Graduating seniors at all but a few of China's top universities say that very few people they know are finding jobs — and that those who did receive offers over the winter were seeing them rescinded as the economy has weakened in recent weeks.

“Many companies are not expanding at all, while some of my classmates have been hired and fired in the same month when the companies realized that they could not afford the salaries after all,” said Yan Shuang, a graduating senior in labor and human resources at the Beijing Institute of Technology.

Ms. Yan said she had been promised a job at a sports clothing company over the winter. But the company canceled all hiring plans in March as the economy weakened.

China quadrupled the number of students enrolled in universities and colleges over the last decade. But its economy is still driven by manufacturing, with a preponderance of blue-collar jobs. Prime Minister Li Keqiang personally led the cabinet meeting, on May 16, that produced the directive for schools, government agencies and state-owned enterprises to hire more graduates, a strategy that has been used with increasing frequency in recent years to absorb jobless but educated youths.

“Any country with an expanding middle class and a rising number of unemployed graduates is in for trouble,” said Gerard A. Postiglione, the director of the Wah Ching Center of Research on Education in China at Hong Kong University.

A national survey released last winter found that in the age bracket of 21- to 25-year-olds, 16 percent of the men and women with college degrees were unemployed.

But only 4 percent of those with an elementary school education were unemployed, a sign of voracious corporate demand persisting for blue-collar workers. Wages for workers who have come in from rural areas to urban factories have surged 70 percent in the last four years; wages for young people in white-collar sectors have barely stayed steady or have even declined.

Economists have long estimated that the Chinese economy needs to grow 7 or 8 percent annually to avoid large-scale unemployment. But that rule of thumb has become less reliable in recent years as the labor market has split.

Relatively slow growth is still creating enough jobs to provide full employment for the country's blue-collar workers. But much faster growth may be needed to create white-collar jobs for the graduates pouring out of universities.

The International Monetary Fund predicts the Chinese economy will grow 7.75 percent this year — slower than the growth of 10 to 14 percent before 2008, but still a much faster pace than in the West. The main problem for China lies in the sheer growth in graduates; the United States produces three million graduates a year, while China has increased its annual number of graduates by more than five million in a single decade.

One response, endorsed by the State Council, is to urge more graduates to take jobs at small, private companies. But a generation of people who grew up under the government's "one child" policy has proved risk-averse and slow to join or set up new companies.

"I would not work for private companies, that is not secure — only state-owned ones," Ms. Yan said.

Many graduating seniors, seeing limited job opportunities, are applying to the country's fast-expanding graduate schools. Yang Yi, a senior majoring in applied economics at the Beijing Institute of Technology, said that after applying unsuccessfully for jobs through the winter, he was prepared to seek a master's degree.

"Hopefully the economy will have recovered when I graduate in two years," he said. "Getting a master's degree is always better than working in small companies that might not even last long."

Chinese students have been gravitating toward majors that are perceived as academically less demanding but likely to lead to careers in banking. Business administration and economics majors have proliferated, partly because the country's many new private universities find them inexpensive subjects to teach. Programs in engineering and other sciences, with their requirements for costly labs, have grown more slowly.

As in the West in recent years, financial services is an extremely popular field among college graduates, who besiege banks, brokerage firms and other

businesses in the sector with job applications. Ministry of Human Resources statistics show that average pay for banking sector employees, at \$14,500 a year, is twice the level of pay in sectors like health care and education.

Graduates from the best universities still have a strong chance of finding a job, particularly if they do not set their sights too high. Lin Yinbi, a senior graduating in trade and economics from the prestigious Renmin University in Beijing, said that he had job offers from a heating company and a supermarket chain, but was still applying for a well-paid bank job.

“The question is, What kind of job is it?” he said. “Does it align with our major? Does it pay enough? Do we have room to grow?”

Wang Zhian, a prominent Chinese broadcaster whose microblog has more than 200,000 followers, created a stir this spring by recommending that college graduates take jobs packing and unpacking homes for moving companies.

“The most important thing for graduating seniors is to figure out a way to survive, and if that means you have to become a moving company worker, then so be it,” he said. “You can’t live off your parents forever.”

*Keith Bradsher reported from Hong Kong and Sue-Lin Wong from Beijing. Chris Buckley contributed reporting from Hong Kong, and Mia Li contributed research from Beijing.*