

Research paper on chinas problem with graduate unemployment

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China frequently fills the content of newspaper and magazine articles with positive predictions of its economy. Since the year 2000 China has been growing its economy at a fast pace. A chart from the Wall Street Journal, charting China's economy in the last years under leader Hu Jintao, it shows that from that China consistently showed a 10% increase in GCP from the year prior. In 2006 the GDP grew almost 15%. Yet regardless of all the impressive growth there are not enough for employment opportunities, and various solutions being offered as a way to help the gap.

Problem: The expansion policy of the college enrollment rate brought about too many graduates, which caused to the involution of quality of education in college.

China's economic growth success has led to another success of more Chinese able to pursue higher education. The enrolment rate of higher education has been keeping pace with the growth of GDP. In 1998 the rate increased 9.8%. (Wang and Liu, 2010). In Lui and Wang's study "China's higher education expansion and the task of economic revitalization" attending and receiving postsecondary institution, this made it the largest higher education system in the world. This all started from June 1999 when the central planning of the government decides to expand the higher education system for China. Solution: A solution to this problem would be to restrict the amount of students enrolling in college. There are merits to this that would allow for a natural allocation of students in college rather than an artificial number derived from central planning.

Improve: They had four reasons for this expansion. 1) to ease pressure of not enough qualified post graduate students in the labor market 2) meet the

demand of the public for higher education 3) the government wanted to compete with the global trends and 4) this they thought would lead to better future development (Want and Liu, 2010). But these reasons create an artificial market for this.

These were all secondary factors though to a larger crisis which not just affected China but all of Asia. This was the Asian Financial Crisis of 1997.

Two theories guided the Chinese government decision to increase university students by 22% after the Asian Financial crisis. These were the Keynesian economic principle and human capital theory. Both will be shortly explained.

Interested about the first theory is that it is often used to make arguments in the world of free market capitalism. Keynesian generally believed in the free market but thought that government should step in during tough times and make investments that could help the economy in the long term. These short-term solutions would lead to better things over the long-run. The government spending in short run would help to put money into the economy that people would spend and go to other people so now we have a way to live until the economy is better.

Problem: A second problem in China is that many corporations in China did not trust in graduates and never give them chances to earn work experience and training. Human capital theory also played a part in China's decision to increase education for so many. The theory of the good of human capital comes from different economists. The basic belief is that if there are more educated people in the economy, they will be more productive and it will be a better economy for everyone. The current thought is that this is an investment which pays the highest dividends in the short long run, while not

doing a huge amount in the short term.

Solution: A solution to this problem would be for the Chinese government to persuade corporations to offer training, given them incentives, or force them. They certainly have the pull to do such. Human capital, trained people is going to create more opportunities. Some, such as Armer and Liu (1993) believe that only primary and junior high will be able to do well for the economy. Many it agrees comes down to how the education is used and what type of economy is already existing tin the place where the graduates are.

Problem: If education came from corporations in the form of training, it would be better suited for the market rather than higher education that does not have a market. While some things such as the markets have been allowed to go from central control to market controlled. Education in China is still formed from central planning of the government. That more students would be enrolled was seen as a positive thing since China, had a small number compared to it's size before 1998. But sometimes solutions are also problems, as has been the case with higher education in China.

Improve: Industry and production are at the heart of China's economy. As Limin Bai points out in his article, " Graduate Unemployment: Dilemmas and Challenges in China's Move to Mass Higher Education" presents the problem that China's economy is not prepared to deal with so many new graduates and that unlike more western economies they are not as free to adjust to accommodate the growth.

Problem: A third problem is that many Many firms reduced their employees due to the global financial crisis in late 2008, the same year that 6 million

graduates entered the work force. The growth, because it is artificial and not due to a natural demand, has cause the number of graduates to rise five fold in just thirteen years from 926, 000 that graduated in 1995 to 6 million that graduated in 2008. Researcher on this issue Mutian Lui in his article “ Graduate Unemployment in China” Motivations, Results, and Implications” (2009) says that this is a sign of successful education reform; but that the growth has also created sever problems. He writes:

The intensification of reforms began in 1999 when the rate of growth suddenly rose to 47%. What was the motivation behind such a sudden increase? Why did the government not accommodate this change? More importantly, how is China going to manage the situation while recovering from the 2008 financial crisis? (Lui, 2009).

Solution:

A solution to this problem could be found in community organizations should provide more jobs for young people and local employment service agencies should have more cooperation between each other. The New York Times profiled one such student, Wang Zengson, who is desperate for a steady job, but because of his high education level is not satisfied getting a job to work for a factory. He is from the city of Guangzhou, a city that has much economic opportunities for it's 15 million people. The city makes many things from t-shirts to tablets and solar panels. The factories are very desperate for workers to the point that many are offering special pay offers and better benefits in order to get people to come and work for them. They quoted him to say, “ I have never and will never consider a factory job.” For Chinese youth in their early twenties with college degrees, the likelihood that

they will be unemployed is four times as likely as people in the same age group who only have an elementary education. (Bradsher, 2013).

Wang Zengson is not alone in being there to work but not wanting such jobs. Ever since he graduates from a community college three years ago he has been unemployed because he does not want to work a factory job. The article goes onto list the positive effects of China's expansion of education. There are many great scientists and engineers that China has produced because of its expansions in education. They work for cutting edge companies and are more globally competitive than many of China's workers from the past. But the problem is that China is also making many graduates, millions of them, who do not have very much marketable skills, but refuse to work factory jobs because they want office jobs with higher pay.

Mutian Lui finds the rising unemployment in China as the country's " most pressing issue." The statistics are quite surprising. Unemployment in 2006 was as high as 43. 3% for graduates of vocational programs, and 60. 6% for graduates of post-bachelor programs. In 2009 less than 20% of graduates could find jobs, much different from the 50-60% who were finding jobs just two years before. (Lui, 2009).

Interesting is that part of the solution to one problem is a problem all by itself. China began increasing it's college educations in response to the Asian Financial crisis and the 2008 financial crisis has caused companies to cut jobs that could have been ideal for college graduates.

The army has stepped in to provide one solution to this complex problem. The People's liberation Army of China has made the decision to recruit many of these college graduates who are currently without employment. In 2009,

they set the goal of recruiting 120, 000 college graduates as was reported by China's state news agency Xinhua.

This is one solution, but just hiring 120, 000 out of the estimated 6. 1 million college students who graduated that summer, it is a small, partial solution to one large problem.

One other possible solution would be for unemployed skilled workers to find jobs elsewhere in the global marketplace where their skills could be used.

One problem to that though, as Lui points out in his essay is that, " As with many products produced in China, Chinese diplomas, especially those from non-wold-class schools, have low value in the global job market." (Lui, 2009).

So they are not qualified for high end position, and do not want to work low labor. One serious solution that could only come from the central planning of the Chinese government would be not just to expand the numbers of students in the education system but to improve the quality of the education that they are receiving.

Educated unemployment" is becoming a more frequent source of criticism for China (Lui, 2009). The government knows of the problem and is looking at three ways that it can combat it by making better opportunities available with trainee programs. They are also trying to change graduates expectations, and some of these efforts include getting students into local party posts in less populated areas. The third is continuing an old strategy of increasing access to education by upping the quota for master's degrees and PhDs degrees.

While these are steps in the right direction, as Lui points out, " Their

successes seems doubtful as they treat only symptoms of graduate unemployment and not it's underlying cause" (Lui, 2009).

These underlying causes, unfortunately for the current graduates, may, to fully be solved involve solutions that would change some of the inflexible systems in China. Merely hiring some of the graduate students to work for the military is not a serious effort to solve the problem, but only to get around it and help some people along the way. Short of cutting the quotas for education, which China does not seem to be hinting it will do, the current solutions proposed to not address the whole large problem.

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