

Unemployment is becoming a way of life for China's young

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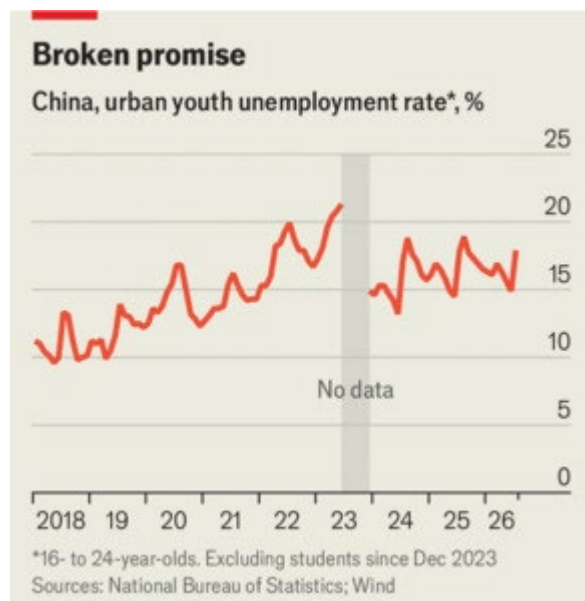
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Some are pretending to work to keep up appearances

FEW COULD have predicted the fallout last month after Xingyu Automotive Lighting, a big car-parts maker in eastern China, decided it had hired too many people over the summer. The company gave an ultimatum to some 140 fresh graduates who had been employed there for just a few weeks: either resign with half a month's salary or pick up a screwdriver and take a poorly paid job on the factory floor. More than 100 chose to leave. In China, where worker-protection laws are feeble, sudden lay-offs of this sort are nasty, but hardly unheard of.

Yet when the news became public, it sparked an unusual outpouring of outrage. The *People's Daily*, a Communist Party mouthpiece, slammed the company for "trampling on society's trust". Volkswagen, a German carmaker supplied by Xingyu, said it was investigating the dismissals. As the pressure built, the company apologised, then fired its head of human resources and cut some of its executives' salaries as an act of contrition.

Why the fuss? The lay-offs tapped into a deep well of public sympathy for China's young people. They are struggling in a brutal job market that has upended people's expectations of what it takes to succeed in China. A decade ago a university degree was still a ticket to a decent career. But a record 12.7m graduated this year, nearly 500,000 more than last year and twice the number that did so a decade ago. Demand for these young workers, meanwhile, has plummeted amid a property-market slump and flagging consumption. And despite government attempts to fix it, the problem is becoming only more entrenched.



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When China's official gauge of youth unemployment reached 20% in 2023, it caused so much alarm that officials suspended the data series and, after a few months, started releasing an "optimised" (and much lower) rate, based on a different methodology. But this summer even the adjusted rate has been creeping up towards 20% as well (see chart). Officials have already ordered state-owned companies to hire more graduates. They will be hoping that Xingyu's humiliation will prompt private companies also to take note, says Jenny Chan, a sociologist at the Hong Kong Polytechnic University. She says the government wants everyone to "share the national responsibility" and avoid lay-offs if at all possible.

The industries that once soaked up a lot of young people are now struggling. A regulatory crackdown has destroyed hundreds of thousands of tutoring jobs. Chinese entertainment companies, meanwhile, are rapidly adopting artificial intelligence to churn out shows without the need for actors or producers. Tech companies are quietly laying off engineers. And China's vast gig economy, once a reliable last resort for jobseekers, is now overstuffed with underemployed drivers, so average earnings have slumped.

Years of high youth unemployment are starting to reshape Chinese society. This intensely competitive country places a higher value on hard work than most. But now many young people are getting used to the fact that no one wants their labour. Some have dropped out of the rat race altogether and say they are now "lying flat", or giving up finding a job until the economy improves. Others have become self-described "full-time children", staying at home to cook and clean for their parents for pocket money.

Those who cannot cope with so much family time can at least pretend to go to work. Since last year, offices have been set up in several cities across China by firms with names like "The Pretend to Work Company". For a small daily fee of 30 yuan (\$4.50) or so, people can sit at a desk, hang out by the office water cooler, and enjoy the routine of office life as they submit job applications (or scroll on their phones).

Public libraries are another favoured place for the pretend workforce to hang out. On a recent Thursday afternoon the tables in Beijing's Capital Library, one of the city's biggest, were packed with young folk. Some were polishing CVs; others playing computer games. "There's loads of pretend workers around here," said one man in a T-shirt and shorts who had been laid off from a tech firm six months ago. For his part, he said he was taking a voluntary break from full-time employment to work on some of his own software projects. And read a lot more books.

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