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Taiwan As a Reference Point for Mainlanders in Youth Unemployment

By CHEN Gang

Chinese youths are bearing the brunt of the deceleration in the Chinese economy. China's unemployment rate among 16 to 24-year-olds has been rising since the start of 2023, hitting a record high of 21.3% in June, a number so staggering that the Chinese government subsequently ceased the release of such data.

During the country's gilded age of rapid economic development, unemployment barely registered as an issue with top policymakers. However, in recent months, officials have become more nervous about the flagging job market, exacerbated by a flood of new college graduates. Their numbers hit an unprecedented 11.6 million this year, 820,000 more than the 2022 figure. These gloomy prospects facing youths are a first in China which have witnessed decades of impressive growth since Deng Xiaoping's 1978 opening up.

To some extent, the persistent pessimism prevailing in the youth job market – aggravated by the pandemic – is a global phenomenon. According to the International Labour Organisation, COVID-19 not only affected the employment prospects of the young people, but also impacted the quality and quantity of education and training.

THE TAIWAN STORY

Across the Taiwan Strait, youths have been at the receiving short end of a similar stick. Taiwan's youth unemployment rate has remained stubbornly high at around 11.2% as of May 2023 – three times the island's overall unemployment figure of 3.5%. This is despite Taiwan's booming post-pandemic economy leading to a surge of more than 21% in its per capita gross domestic product (GDP) to US\$32,811, surpassing that of South Korea's for the first time in a decade.

Ironically, the popularity of higher education is a reason for the labour force participation rates among the 15 to 24-year-olds in East Asian economies like Taiwan which have remained stubbornly low compared to those of Western countries like the United States. Almost half of Taiwanese aged 25 to 64 hold a university degree, compared to the 36% average for Organisation of Economic Cooperation and Development countries.

Many young Taiwanese college graduates cannot find satisfactory white-collar office jobs. A large segment has turned to work in low-skilled, labour-intensive industries like food and beverage and food delivery. A survey by 104 Job Bank found that the average age of delivery workers on the island was 26 and 45% was holding a university degree or higher.

TOO MANY GRADUATES, NOT ENOUGH GRADUATE JOBS

Does a rising tide lift all boats? Taiwan suggests otherwise. A sizzling economy has done little to improve prospects for first-time jobseekers this year. Between 2016 and 2022, Taiwan's per capita GDP grew at an average rate of 5.5% annually, according to Taiwan's Economic Development 2023 report.

Yet many graduates have to continue to lower their starting pay expectations to cope with intense competition in the job market. Those graduating soon with a bachelor's or master's degree, as well as those completing their compulsory military service, are on average seeking a monthly starting salary of around NT\$32,000 (S\$1,360), about 1% higher than that of last year, according to an online job platform yes123. Meanwhile, employers are offering an average starting wage of NT\$30,471 for those with a bachelor's degree and NT\$33,625 for those with a master's degree.

The Taiwan story is a perfect reference point for Mainlanders grappling with youth unemployment. The two places share cultural, societal and educational similarities as well as similar economic conditions fuelling youth unemployment.

Taiwan's graduate employment situation demonstrates the ills of a hasty expansion of university education without a corresponding increase in quality jobs and the caustic effects of a job mismatch – with suppressed salaries and growing youth pessimism. Slowing growth over the past decade, coupled with outsourcing and automation, has additionally weakened the job market.

A GROWING GRADUATE GLUT IN CHINA

While Taiwan's university enrolment has peaked, China's woes look set to persist. China's graduate glut will likely worsen in the following years. Clampdowns on traditional engines of growth including the internet and real estate sectors have dampened hiring.

A record high of almost 13 million students sat for the 2023 college entrance examination, 8% more than that in 2022 and this has resulted in a higher number of newly enrolled college students in 2023. Well-known universities like Xiamen University and Nanjing University have expanded admissions this year.

Such competition is only fuelling an education race. More graduates have resorted to pursuing higher education in masters and doctoral programmes to stand out from the crowd and position themselves for a higher starting salary while delaying entry into the workforce in the hope that the economy will improve.

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The total number of new graduates for master's and doctoral programmes for the first time exceeded that of bachelor's degrees in Beijing this year, indicating a serious oversupply of postgraduates in future unless the Chinese Community Party can find ways to create millions more of graduate jobs.

A LEAF FROM TAIWAN

Chinese graduates could draw lessons from their Taiwanese counterparts' playbook. Taiwan's youth jobless rate is half that of the Mainland because young Taiwanese have seemingly adopted more pragmatic attitudes in accepting an imperfect first job.

University graduates on the island have long been conditioned to bleak job market conditions. A huge majority go with the flow and take the first job offer that comes along, accepting that they may have to work multiple jobs in the years to come until they find a suitable full-time position. Many are not averse to roles that pay less or do not necessarily draw on skills related to their fields of study. About one in five Taiwanese youth accept part-time and freelancing jobs.

On the other side of the Taiwan Strait, having bought into the narrative of a rising China with plentiful of economic opportunities, mainland graduates are increasingly frustrated with the fact that the skills they spent years honing are not the ones employers need.

To employers in China, Chinese youths tend to be rigid and soft, choosing to check out entirely from the job market. To them, lying flat (*tang ping*) and letting it rot (*bai lan*) are not slogans of angst and despair but reflective of retreat and less resilient attitudes.

Both sides of the Taiwan Strait must undoubtedly fine-tune their education systems to respond to the changing needs of the labour market and provide more relevant and practical skills to cater to market needs. Closing the education-enterprise gap will also entail stepping up career counselling services and enhancing occupational training for young workers.

The Chinese government in particular must deal with the growing despair among fresh graduates who have been left out of the job market. At a time of great uncertainty in the story of China's economic miracle, China has to make concerted efforts to support the young people in developing their professional skills and building their psychological resilience.

Note: This commentary is adapted from a commentary in The Straits Times by the same author with the title "From bad to worse: The plight of graduates in Taiwan and China".

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