

**CHINESE SOCIETY 2023/24:  
LACKING IN CONFIDENCE**

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## Executive Summary

1. China's post-COVID recovery faced a setback in 2023, falling short of the anticipated robust rebound. Instead, concerns proliferated regarding unemployment, salary reductions, wage arrears and mounting household debts.
2. Underlying these apprehensions was a lack of confidence in the economy's ability to generate business opportunities, ensure social security and fulfil people's aspirations for social mobility. The emerging demographic challenge of low fertility and population decline added another layer of concern.
3. The labour market continued to slide for first-time entrants, with the official unemployment rate for those aged 16 to 24 peaking at 21.3% in June. Subsequently, the government ceased publication of the figure.
4. Following years of decline, the gap between high- and low-income earners has widened since the onset of the COVID pandemic, hindering the progress of China's "common prosperity" agenda (2020-2035) with a slow and challenging start.
5. In 2023, China experienced an upsurge in social protests after years of relative calm during the pandemic. The construction sector witnessed the highest number of worker protests, triggered by wage arrears from struggling property developers, while similar protests erupted for the manufacturing sector due to factory closures and relocations outside of China.
6. Over the past four decades, China has consistently emerged stronger from major political and economic crises, such as the Cultural Revolution (1966-1976), Tiananmen Square Incident (1989), Asian Financial Crisis (1997) and Global Financial Crisis (2008). The pivotal question is whether this time is different.
7. Should history repeat itself, China is likely to overcome the setbacks of 2023, charting a course towards sustainable development and social mobility.

Improvement in education and health could mitigate the socioeconomic challenges posed by population ageing and decline.

8. In a more pessimistic scenario, challenges such as youth unemployment, job insecurity, household debts and social distress may persist, leading to a vicious cycle where current economic woes and long-term demographic trends reinforce each other, potentially trapping China in a state of low fertility and middle-income status.
9. The prevailing scenario hinges on how swiftly and effectively the Chinese government and society address the confidence deficit. Early indications of progress or stagnation are expected to surface in 2024.