From bad to worse: The plight of graduates in Taiwan and China

Taiwan is a perfect reference point for mainlanders in viewing the issue of youth unemployment.

Chen Gang

The Chinese economy is struggling and youth are bearing the brunt. China's unemployment rate among 16-to-24-year-olds has been rising since the start of the year, hitting a record high of 23.3 per cent in June – a number so staggering that the Chinese government subsequently ceased the release of such data.

During the country's golden age of rapid economic development, unemployment barely registered on the radar. But in recent months, officials have become more nervous about the flagging job market, exacerbated by a flood of recent college graduates. Their numbers hit an unprecedented 8.6 million in 2023, 500,000 more than the 2022 figures.

These gloomy prospects facing youth are felt not only in China, which has witnessed decades of impressive growth since Deng Xiaoping's '80s opening up.

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

AN ORIGINAL TAIWAN STORY?

Across the Taiwan Strait, youth unemployment rate has remained stubbornly high, at around 8.2 per cent as at May – three times the island's overall unemployment figure of 2.5 per cent.

This is despite Taiwan's booming post-pandemic economy leading a surge of more than 21 per cent in its per capita gross domestic product (GDP) in 2021 ($444 billion), exceeding South Korea's for the first time in a decade.

Ironically, the popularity of higher education is a reason why the labour force participation rate is at 24.4 per cent in Taiwan. In many East Asian economies like Taiwan have remained stubbornly low compared to Western countries like the United States. Almost half of Taiwanese aged 25 to 64 hold a university degree, compared with just 36 per cent average for Organisation for Economic Co-operation and Development countries.

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

TWO GRADUATES, NOT ENOUGH GRADUATE JOBS

Does a rising tide lift all boats? Taiwan suggests otherwise. A shrilling economy has done little to improve prospects for first-time job seekers there in 2023. Between 2016 and 2022, Taiwan's per capita GDP grew at an average rate of 5.6 per cent annually, according to the island’s 2023 economic development report.

Yet many graduates must continue to lower their starting salary expectations to cope with intense competition in the job market. Those who will graduate soon with a bachelor's or master’s degree, and those finishing compulsory military service, are seeking a monthly starting salary of around NT$32,000 (US$1,364) on average, about 21 per cent lower than in 2022, according to online job bank yest4U.

Meanwhile, employers are offering an average starting wage of NT$30,471 as a starting wage for those with a bachelor's degree, and NT$28,625 for those with a master’s degree.

Taiwan is a perfect reference point for mainland Chinese grappling with youth unemployment. Both places share cultural, societal and educational similarities and similar economic conditions fuelling youth unemployment.

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

A CROWDING GRADUATE GLOOM IN CHINA

While Taiwan's university enrollment has peaked, China's looks set to persist. China's graduate glut will most likely worsen in the following years. Graduations on traditional engines of growth, including the Internet and real-estate sectors, have dimmed hiring.

Economist Chen Gang and his colleagues at the Brookings Institution have proposed four ways China's leaders can help ease the glut: investing in education and training, improving access to the country's high-tech industries, promoting entrepreneurship, and enhancing vocational education.

A LEAF FROM TAIWAN

Would Chinese graduates take a leaf from their Taiwanese counterparts' playbook? In reality, Taiwan's youth jobless rate is half that of the mainland only because young people in Taiwan have most likely adopted more pragmatic attitudes in accepting an imperfect first job.

University graduates on the island have become accustomed to bleak job market conditions for a long time. A huge majority go with the flow and take the first thing 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 more pragmatic in their expectations of salaries and benefits.

Employees in China, however, say Chinese youth tend to be rigid and soft, choosing to check out entirely from the job market. To them, living flat (flat is flat) and letting it rot (het ren) are not synonyms of rejecting and despising but a reflection of retreat and less resilient attitudes.

Both sides of the Taiwan Strait must undoubtedly evolve their education systems to ensure they better address the needs of the labour market and provide more relevant and practical skills for young workers. Closing the education-enterprise gap will also entail stepping up career counseling services and enhancing occupational training for young workers.

The Chinese government in particular must deal with the growing despair among fresh graduates unable to find jobs. At a time of great uncertainty in the world, a new miracle, China must support its people by developing their professional skills and psychological resilience.

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