

## Jobs paradox confounds China's graduates, manufacturers

English.news.cn 2011-01-18 18:59:07  
by Xinhua writer Wang Jian

NANJING, Jan. 18 (Xinhua) -- The tides of supply and demand have turned at a once thriving labor market in east China's manufacturing region.

Employers at Nanjing's Andemen manual labor market are strangely idle, except when a rare jobseeker ambles in and sparks a flurry of activity.

No longer signing up eager workers en masse, employers vie for attention, bidding up offers of pay and conditions, while jobseekers hold out for the best deal.

The average monthly salary on offer in Andemen has risen by 300 yuan (45.5 U. S. dollars), about 20 percent, from a year ago, but recruiters still struggle to get people to keep their assembly lines running.

"Everything is getting more expensive," complains welder Zong Qun, from nearby Anhui Province. "I have to spend at least 450 yuan more each month, which means the 300-yuan wage rise has no appeal at all."

Yuan Liang, a manager of the Andemen market, says many migrant workers are returning home for the Chinese New Year break earlier than scheduled in order to relieve themselves of the cost of city living.

With a demographic shift from a rural labor surplus to rural labor deficit, China now has an estimated shortfall of 10 million workers.

Demand for labor is greatest in the country's two biggest export regions: the Pearl River Delta, which feeds into Hong Kong, and the Yangtze River Delta that funnels into the financial center of Shanghai.

The labor shortage has intensified as these long-term trends coincide with gathering Western demand and rising consumer prices.

The government's 600-billion-U.S.-dollar economic stimulus spending in 2009 and 2010 has also created many more jobs in China's interior.

As a result, companies are compelled to raise wages and improve conditions to attract increasingly discerning workers, and some are driven inland or even overseas to find cheaper and more sufficient labor.

### REVERSAL OF FORTUNES

Experts attribute the shrinking manual labor pool to expanded college enrollment, which has soared more than seven-fold in the last decade, and the country's "one child" policy, which has been in place since 1977.

However, in a reversal of fortunes, while blue-collar workers are gaining bargaining power, a university education has plunged in value.

Up the road from Andemen, a job fair for students throngs with soon-to-be graduates jostling for scarce jobs.

The starting salaries for college graduates have remained at around 1,500 yuan per month since 2003. However, migrant worker salaries rose significantly over the same period, from an average of 700 yuan to 1,200 yuan per month, according to Cai Fang, director of the Institute of Population and Labor Economics with the Chinese Academy of Social Sciences, in a Global Times report in November last year.

About 1.76 million of China's graduates -- 27 percent -- were jobless as of July 2010, according to the Ministry of Education.

Many want a brake on college expansion, saying it has produced too many graduates too quickly and lowered the quality of education, but some argue colleges should adapt their programs and curricula to market demand and offer more "practical" and skills-related courses.

Others reject the notion that unemployment and low starting salaries undermine the education system, arguing education pays off in the long run.

"Compared with rural migrant workers, degree holders are more likely to have their wages rise as they gain professional experience," says Cai Fang.

## **LONG-TERM PARADOX**

The paradox of the blue-collar labor shortage and white-collar labor surplus indicates a contradiction between the country's industrial structure and its conditions of labor supply.

As the world largest exporter and the "world's factory," China remains predominantly a labor-intensive, manufacturing economy.

Its current development greatly depends on an abundance of cheap manual labor, while the economic system fails to create enough white-collar jobs to meet students' expectations, says Yao Shujie, professor of economics at Nottingham University, in the United Kingdom.

"The paradox of the manual labor shortage and college graduate unemployment will be a long-lasting issue," Yao says. "How long it will exactly last depends on how China is able to transform its economy from a low-skilled, labor-intensive manufacturing one to a high-skilled and more diversified economy where more and more high-paid and high-skilled jobs are created."

Guo Yue, a labor researcher at the All China Federation of Trade Unions, says the development of the service industry is the key to resolving graduate unemployment.

"China needs to promote the growth of high-end industries in the service sector, such as finance, law, and information so as to create more white-collar jobs for college students."