



By: *Yi Fuxian*

Beijing's economic strategies are not working for China's young people



For several years now, a significant share of young Chinese people, disillusioned with their economic prospects, have embraced “lying flat,” a principled rejection of careerist competition (the proverbial “rat race”).

Since such attitudes do not bode well for the country’s economic future, Chinese authorities have responded by portraying the movement as a **foreign-backed effort** to undermine national development and morale.

This is not a new tactic. When I spearheaded opposition to China’s one-child policy, I was accused of colluding with hostile foreign interests to undermine the country through overpopulation.

Now that China’s population decline is undeniable, I am accused of exaggerating the crisis and bashing China.

In fact, “lying flat” is a direct result of the one-child policy. Just as biological homeostasis—avoiding deviations in blood pressure or blood sugar, for example—is necessary to prevent illness or death, so economic homeostasis requires maintaining the right balance between consumption and production.

Introduced in 1980 in the belief that a smaller population would improve employment, the one-child policy produced the opposite result.

By reducing children—well-known “super-consumers”—it weakened household bargaining power, driving the share of household disposable income in GDP from about **two-thirds** in the 1980s (broadly in line with peer economies) to just **44% today**.

That is why Chinese domestic consumption and job creation remain subdued.

Youth unemployment

Faced with less income accruing to households and a weak social safety net, many workers are compelled to log longer hours to make ends meet.

And competition for employment is so intense that those who hold a job feel pressure to work overtime just to keep it.

As a result, the average Chinese work week has risen to around **49 hours**—and as high as 60 hours in some cases—compared to 38 hours in the United States, 33 in Germany, 37 in Japan, and 42 in Vietnam.

Moreover, Chinese youth unemployment (ages 16–24) is especially high, reflecting a mismatch between surging higher-educational attainment and an underdeveloped services sector.

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Policies promoting a “**talent dividend**” and “**new productive forces**,” along with family pressures, have increased the number of annual graduates from 1.01 million in 2000 to 12.22 million in 2025.

Yet weak consumption still limits the growth of the **services sector**—the main employer for recent graduates—to just 47% of jobs, far below the 70–80% typical of advanced economies with similar levels of **higher education**.

After China’s **youth unemployment** rate hit 21.3% in June 2023, the government halted data releases for months before issuing revised, lower figures.

But this obviously did not change the harsh underlying reality. During last year’s civil-service exams, **2.8 million applicants** competed for just 38,100 positions.

With the job market so bleak, some universities are adopting “educational downshifting,” offering vocational training to undergraduates and encouraging PhD candidates to pursue more employment-oriented master’s degrees.

No wonder graduates who can rely on financial support from their one-child families are “lying flat.”

“Lying flat” reflects privilege

But “lying flat” reflects privilege. Among the millions of young Chinese who can neither find stable employment nor rely on family support, many have been forced into the gig economy, working as food deliverers, ride-hailing drivers, couriers, or live-streamers.

China now has about **240 million flexible workers**—nearly one-third of its labor force.

Yet heavy investments in AI, robotics, drones, and autonomous driving are already squeezing these jobs, pushing unemployment among those aged 25-29 to a record 7.7% in March—a trend that is likely to accelerate.

Worse, unlike in the US, where AI adoption may ease persistent inflationary pressures, China’s aggressive push into AI will intensify deflationary pressures alongside already weak consumption.

China now accounts for about 17% of global GDP and 28% of global manufacturing value-added, but only 12% of global household consumption

Of course, China’s combination of too few consumers (children), low household incomes, and long working hours has also pushed hundreds of millions of workers into export-oriented manufacturing.

The decline in household income as a share of GDP mirrors the expansion of state fiscal capacity and extensive industrial subsidies, which have produced a pathological manufacturing boom—akin to hypertension and hyperglycemia in the human body.

Hence, China now accounts for about 17% of global GDP and 28% of global manufacturing

value-added, but only 12% of global household consumption.

A more balanced economy would be healthier for both China and the world.

Engineer-led governance

China’s export-driven model has harmed manufacturing abroad, especially in the US, its largest export market.

The US has responded by imposing tariffs, cutting its share of **goods imports** from China to 8%, down from 22% in 2018.

If other countries follow suit, the five million-plus STEM graduates that China produces annually for manufacturing may struggle to find jobs.

These weaknesses undercut the argument that China’s “**engineer-led governance**” model is worthy of emulation.

If anything, its manufacturing success and infrastructure achievements reflect a continuation of the status quo.

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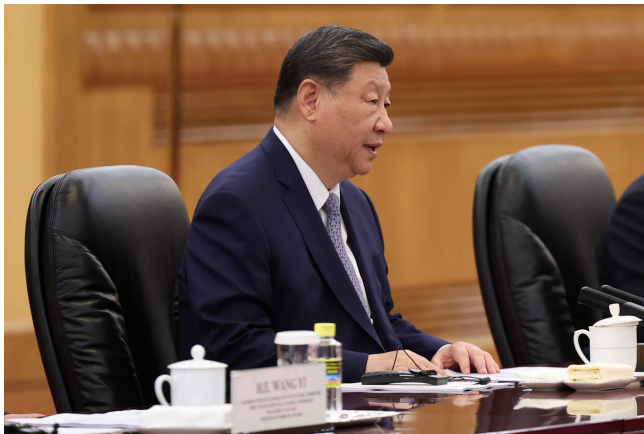
The Qin Dynasty (221-206 BC), which pioneered this approach and built the Great Wall, lasted only 15 years.

The Communist Party of China’s Great Leap Forward and one-child policy then followed the same logic.

Narrowing the window for family formation

Today's manufacturing boom likewise comes at the cost of demographic and even civilizational sustainability.

China's household income share is so low that many families struggle to raise even a single child. Long working hours deprive young people of time to build relationships.



China is churning out everything except the people it will need to sustain its economic development over time - Xi Jinping

The government's pursuit of "new quality productive forces," together with "educational downshifting," is narrowing the window for family formation, leading to delayed marriage, rising singlehood, and lower fertility.

High youth unemployment further discourages marriage while eroding the financial capacity to raise children.

China's share of global manufacturing may have risen from 3% in 1990 to 28% today, but its **share of global births** has fallen from 17% to 6%, and it is projected to drop below 3% by 2050.

China is churning out everything except the people it will need to sustain its economic development over time.

The problem is not that Chinese youths are lying flat. It is that the country's leaders are lying to them—and to themselves.

Yi Fuxian, a senior scientist at the University of Wisconsin-Madison, spearheaded the movement against China's one-child policy.