Key Trends of Growth, Labour Market Outcomes and Inequality in China

Du Yang

Chinese Academy of Social Sciences

www.oecd.org/els/social/inequality/emergingeconomies

A V-Shaped Recovery from the Global Financial Crisis

Growth was slowing prior to the crisis and rebounded quickly
How did the crisis impact the employment?

- Job vacancy rates fell but bounced back quickly
- Up to 20 million migrant workers lost jobs temporarily (MOA, NBS surveys)
- 2/3 of those losing jobs reemployed by summer 2009 (Rozelle et al., 2009)
- By 2010, very low urban unemployment rates but lower labor force participation

Job vacancy declined during the crisis but bounced back quickly
Changes in employment of migrants versus local residents, China firm survey 2009 (% changes from 6 months earlier)

<table>
<thead>
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<th>Jun-08</th>
<th>Dec-08</th>
<th>Jun-09</th>
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<tbody>
<tr>
<td>All firms</td>
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<td>Migrants</td>
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<tr>
<td>Local</td>
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All workers affected by the crisis, but migrants more adversely affected than local workers, especially in exporting firms.

Real wages of migrants continued to increase through the crisis

NBS=National Bureau of Statistics
RCRE=Research Center for Rural Economy (Ministry of Agriculture)
PBC=People’s Bank of China
Summary: key trends of labor market outcomes

- Impacted manufacturing firms, especially exporters
- Migrants (informally employed) most adversely affected, but
- Overall, employment and wage impacts short-lived
- Resumption of trend toward increasing labor scarcity that predated the crisis

Key trends in inequality

- China had seen increasing inequality with fast economic growth
- However, to some extent the inequality trend was over-estimated because current statistical system include the migrants’ information insufficiently
- Also, increasing wages for unskilled workers could contribute more to reduce the inequality
- It seems that regional development programs and social programs tend to have impacts on reducing inequality too