

# *Analysis of Employment Problems in China and the United States*

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**Abstract:** The background of employment research in China and the United States stems from the impact of globalization and technological progress on the labor market. Close economic, technological, and trade ties between the two countries have led to interlinked employment structures and unemployment rates. Through the method of literature review, this paper discusses employment problems in China and the United States. The study found that China's industrialization and urbanization have intensified competition for jobs, while the United States faces automation and outsourcing challenges in traditional industries. In addition, China mainly faces the adjustment of labor structure under the economic transformation, while the United States suffers from the income polarization caused by industrial hollowing and technological development. Therefore, flexible policy adjustment and international cooperation are the keys to solving the employment problem.

**Keywords:** Employment issue between China and the United States, Globalization, Labor market, Economic structure, International economic situation

## 1. Introduction

With the deepening of globalization, China and the United States, as the world's two largest economies, are increasingly closely linked economically. However, frequent trade frictions in recent years have made the employment situation in the two countries a concern. Studies show that the impact of trade on employment is diverse, including both direct effects and indirect effects through global value chains [1]. Some studies have discussed the relationship between China-US trade and employment. By analyzing the relationship between US manufacturing employment and China-US trade, it is believed that the negative impact of imports on employment varies according to different industries [2]. At the same time, the input-output model based on the global value chain has gradually become an important tool for analyzing the relationship between trade and employment, especially in the calculation of the indirect impact of trade frictions on various industries [3].

This study uses the analysis method of literature review to discuss the employment problems in China and the United States. The main research contents include globalization and technological progress, labor mobility and structural unemployment, employment status in China and the United States, and policy intervention and market response. This study not only enriched the theoretical research on the relationship between trade and employment between China and the United States, but also provided empirical evidence for the two governments to optimize employment policies and reduce the adverse impact of trade conflicts on the economy and employment. This is of great

significance for easing the reverse trend of globalization and promoting the sustainable development of the two countries and even the global economy.

## 2. Literature review

In the study of employment in China and the United States, scholars generally pay attention to the impact of economic structure changes, labor market dynamics and policy adjustments on employment in the two countries. The dynamic changes of the labor market, the transformation of the economic structure and the policy responses of the two countries are deeply analyzed. This review will review relevant literature from several aspects, such as globalization and technological progress, labor mobility and structural unemployment, policy intervention and market response, in order to present the complexity of the employment situation in China and the United States and its impact on future development.

### 2.1. The impact of globalization and technological progress

Globalization is widely recognized as an important force shaping the world economy today. For China and the United States, globalization brings not only market opening and optimization of resource allocation, but also the formation of transnational production chains. In his book, *The World Is Flat*, Thomas L. Friedman pointed out that the rapid development of science and technology and the integration of the global economy have blurred geographical boundaries, and enterprises can easily find areas with low labor costs for production around the world [4]. This has created the conditions for the transfer of many low-skilled jobs.

In China, the continuous industrialization process has attracted a large amount of foreign investment, which has kept the economy growing at a high rate. However, it also brings challenges such as low quality of employment and lack of skills. Many migrant workers face high labor intensity, low wages and a lack of social security. With the emergence of new technologies, such as artificial intelligence and robotics, jobs in traditional industries are being squeezed, especially low-end jobs in manufacturing and services, which has led to more obvious unemployment problems.

By contrast, the structure of employment in the United States has also undergone dramatic changes. Digital technologies are changing the way work is done, requiring an increasing number of highly skilled workers. For example, although employment opportunities in high-skilled industries such as healthcare and information technology have increased, the disappearance of low-skilled positions due to automation has left many workers facing unemployment or employment insecurity [5]. Automation has led to the disappearance of low-skilled jobs, outsourcing strategies have exacerbated unemployment, traditional industries have been hit, and new industries are growing rapidly, but there is structural unemployment in the overall job market.

### 2.2. Labor mobility and structural unemployment

In China, mass migration from rural to urban areas has been an important driver of economic growth. However, this increased mobility not only increases the share of the urban population, but also intensifies competition for jobs within cities. Chinese workers face significant regional differences in job hunting, with opportunities abundant in the eastern coastal regions and relatively scarce in the central and western regions [6]. As a result, many migrant workers find it difficult to find satisfactory jobs even if they enter the city, leading to the phenomenon of "excess employment." America's structural unemployment is equally significant. According to Jiang Xufeng's research, due to technological changes and industrial adjustments, there is a mismatch in employment opportunities among different industries [7]. For example, while the decline in

traditional manufacturing jobs is significant, the demand for labor in fields such as technology and health care is rising. Faced with this transition, many middle-aged workers are trapped in unemployment due to a skills mismatch. At the same time, the young workforce is also hampered in the job search process due to a lack of experience. Labor mobility is not a complete solution to the problem of unemployment, and some areas have lost population due to economic difficulties, resulting in a "hollowing out" and a lack of re-education opportunities for residents, increasing the risk of long-term unemployment. Policymakers need to carefully balance economic growth with labor market developments.

### 3. China and US's employment analysis

#### 3.1. Analysis of current employment situation in China

In recent years, China's employment has faced multiple challenges, and the transformation and upgrading of the economic structure have led to increased conflicts between traditional and emerging industries. Due to the disconnection between talent training and market demand, some highly educated job seekers encounter "employment difficulties" when looking for jobs, especially in low-skilled industries, where the contradiction between insufficient job supply and shortage of high-skilled talents is prominent [8]. As shown in Figure 1, we can see that China's unemployment rate from 2010 to 2018 was constantly rising, and once had signs of breaking 5%. Especially after 2018, the youth unemployment rate continued to rise and became the focus of social concern. According to relevant statistics, the unemployment rate of 15- to 24-year-olds has reached an all-time high, which reflects the mismatch between the demand of college graduates and employers.

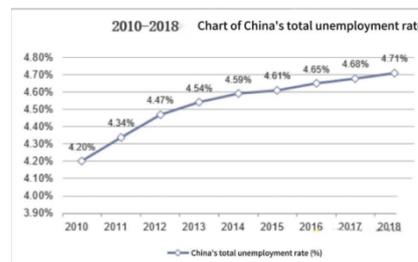


Figure 1: Chart of China's total unemployment rate between 2010-2018 [9]

The lack of practical skills and experience among college graduates is out of step with the needs of the market. This requires educational reforms and policies that promote vocational training to improve young people's employability. Scientific and technological progress has a significant impact on the labor market, automation replaces low-skilled jobs, the aging society trend accelerates, and the demographic dividend fades or leads to a decline in labor participation [10]. The combination of industry, university and research, the innovation of the education model and the improvement of talent training quality are the keys to coping with the employment challenge.

#### 3.2. Analysis of employment status in the United States

In recent years, American jobs have been affected by economic, technological and global events. The COVID-19 pandemic in 2020 has led to a sharp rise in unemployment, with services and tourism hit hard. With the promotion of vaccines and the control of the epidemic, the economy has gradually recovered, the labor market has recovered, and the overall unemployment rate has dropped to a low level. The blue bar chart shown in Figure 2 above indicates the monthly changes in non-farm employment in the United States. From September 2020 to September 2023, it can be seen that the monthly changes of non-farm employment generally show a fluctuating downward

trend, with significant growth from early to mid-2021 and then gradually slowing down. The red line chart shows the change in the US unemployment rate, with the overall trend falling from a high in September 2020 to around 4% in September 2023, showing signs of a gradual recovery from the pandemic. There are significant differences by region and industry, with increased demand in high-tech industries and remote work, and recruitment difficulties in traditional manufacturing and certain service industries. Changes in wages and working conditions lead to increased employee mobility, and enterprises re-examine employment strategies and welfare policies [11]. The red bar chart below in Figure 2 shows the monthly change in nonfarm payrolls reported by ADP. The volatility from September 2020 to mid-2021 was high, followed by a gradual leveling off, showing a similar pace of economic recovery as the chart above, but with greater volatility.

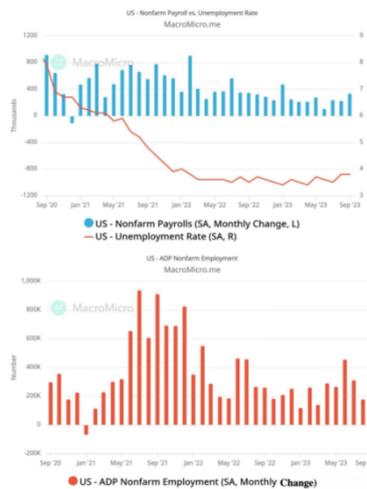


Figure 2: US - Nonfarm Payroll vs. Unemployment Rate between 2020 and 2023 [12]

Automation and artificial intelligence developments are changing the nature of work, and skills training and continuing education are increasingly important. The U.S. job market is influenced by social factors such as the minimum wage, union rights, and work-life balance, and the policy changes aim to improve workers' rights and reflect public concerns about economic fairness and working conditions.

## 4. Measurements

### 4.1. Chinese government measures and market reaction

The Chinese government has adopted the "stable employment" policy to optimize the economic structure and expand employment opportunities. The development of the digital economy and high-tech industry drives new jobs in software development, information services and other fields, but also raises the skill requirements of posts, resulting in employment difficulties for some low-skilled labor [13]. Tax breaks and loan support policies to support small and medium-sized enterprises and stabilize the employment base. The flexible employment model has been encouraged by the government and accepted by the market, but the problem of labor security still exists. Vocational skills upgrading programs help low-skilled workers transition to employment and enhance their competitiveness, and are especially popular in emerging industries [14]. Traditional manufacturing practitioners have resistance to the transformation, and some regions have limited market digestion capacity. The government should further improve the policy to solve the problem of labor rights and market employment differentiation.

The Chinese government has adopted preferential tax policies such as tax rebates, tax cuts and subsidies to stimulate people to start businesses. Start-ups can enjoy tax cuts and subsidies, reducing the risks and costs of starting a business. And tax cuts and subsidies can reduce operating costs for businesses, so that companies have more resources to hire and train young workers, which creates more jobs.

#### **4.2. U.S. government action and market reaction**

The US government has adopted a policy of raising tariffs and subsidies to attract manufacturing back, aiming to increase local employment. The Inflation Reduction Act provides subsidies for green energy and advanced manufacturing, and the market is generally optimistic. However, the spread of automation technology reduces job growth potential, especially affecting the re-employment opportunities of low-skilled workers [15]. Protectionist trade policies increase the cost of imported products, reduce consumer spending and affect employment in services and retail. The US government has promoted community colleges and skills upgrading programs to help workers shift to high-demand fields, and the market has responded positively. However, the training threshold and time cost are high, which limits the participation of low-income groups and some unemployed people, and the employment effect needs time to show. During the economic recession, the United States maintained the stability of the consumer market through unemployment benefits and economic subsidies, and the unemployment rate fell in the short term [16]. However, the stimulus policy has led to excessive reliance on short-term demand by enterprises, and job cuts have occurred after the end of subsidies in some industries, and the market is worried about the sustainability of the policy.

#### **5. Contrast and common ground: Policy and market interaction**

China has increased employment opportunities through economic restructuring and the development of the digital economy, and the number of jobs in emerging industries has grown rapidly, but the adaptability of low-skilled workers is limited. The United States has tried to restore employment through the return of manufacturing, but the return of low-skilled jobs is not as effective as expected. China's flexible employment policy is supported by the market, and the platform economy relieves the employment pressure, but the issue of labor rights and interests is questioned. In contrast, the United States is cautious about flexible employment, and policies to absorb a diverse workforce have lagged slightly. The two countries attach importance to the upgrading of labor skills, but the market digestion speed is different. China's training program is effective for emerging industries, but the United States is limited by the implementation threshold, and some low-income groups do not benefit. Fiscal stimulus policies boost employment and consumption markets in the short term, but rely on external support to affect market confidence in the long run. The differences in employment policy paths and market responses between China and the United States reflect the differences in economic structure and emphasize the importance of policies for market adjustment. Future policy design needs to focus on long-term sustainability and support for vulnerable groups, and mitigate the impact of technological upgrading and globalization on the job market.

#### **6. Conclusion**

The employment issue in China and the United States highlights the importance of economic structural transformation, flexible employment models, skills upgrading and fiscal policy. China attaches great importance to the development of emerging industries to attract employment, but the adaptability of low-skilled workers is limited; The effect of the US manufacturing reshoring policy

is limited, and the flexible employment attitude is cautious. Both countries need to strengthen skills training, protect labor rights, and reduce their reliance on short-term fiscal stimulus to promote long-term sustainable job growth and effectively mitigate the challenges posed by technological upgrading and globalization.

A comprehensive study of employment issues in China and the United States shows that the two countries have different challenges and strategies in terms of economic structural transformation, flexible employment policies, skills upgrading and fiscal stimulus. This study highlights the importance of skills training and the need for long-term sustainable employment growth in response to globalization and technological change. This study also has some shortcomings, such as insufficient in-depth analysis of policy implementation details and insufficient consideration of social and cultural factors. In order to improve the research, future research on the level of policy implementation can be strengthened, and the impact of social culture on the implementation of employment policies can be deeply explored. In the future, China and the United States can further strengthen cooperation to jointly address the challenges brought about by globalization and technological change, and promote more inclusive and sustainable employment development through knowledge sharing and experience exchange, so as to provide better job opportunities and security for workers and promote common economic and social prosperity of the two countries.

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