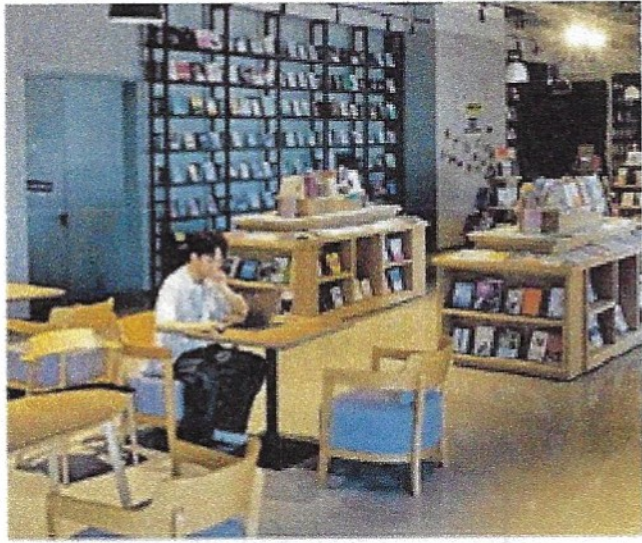


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'I didn't think the competition would be so fierce,' says Jeremy Li, above. Dali, right, has become a magnet for Gen Z drifters.



GILLES SABRIÉ FOR WSJ (3)



Wang Yuanru escaped cutthroat work culture in Dali.

China's Weakening Economy Is Creating a Lost Generation

Young people are losing faith in the promise of hard work

BY HANNAH MIAO

DALI, China—For months, Ma Yongjian didn't tell his parents where he was.

Halfway through a master's degree in computer science, the 27-year-old stopped going to class last year. Software engineering used to be a safe career choice, but the rise of artificial intelligence and a wave of layoffs at Chinese tech companies left Ma convinced he wouldn't be able to land a good job. He no longer saw the point of studying.

When his roommates left their dorm each morning, Ma would wander Beijing, sitting in parks and looking at stray cats. Earlier this year, he escaped to Dali, a magnet for drifters in China's Yunnan province known for its scenic mountains and slow pace of life.

His parents thought he was still in grad school. He didn't want to worry them.

"Before, everyone expected life would keep getting better, your income would keep growing. Now, it's different," said Ma. "When you look at the future, there isn't much hope."

A generation born during China's boom years is now entering adulthood with dwindling opportunities, fiercer competition and a growing sense of despondency that years of hard work have left them no better off than their parents—and, for some, back living with them. Steady jobs are hard to get, pushing mil-

lions into the precarious gig economy, while others buckle under a cutthroat work culture.

A weakened economy has shrunk the job market, just as record numbers of college graduates are looking to start their careers. The rapid adoption of AI is adding to the uncertainty.

Many top employers, including tech giants Alibaba and ByteDance, have been quietly cutting staff. Although the companies aren't publicly blaming AI, the technology has been a factor, people familiar with the matter say. Other industries, from filmmaking to finance, are using AI to scale back hiring.

Beijing has gone all in on the technology, urging companies to rapidly embrace AI to make the economy more competitive. But there are signs officials are also growing concerned about the impact on social stability. They've warned employers not to cut jobs as they adopt AI, people familiar with the matter say.

Note
The warnings came after Vice Premier He Lifeng polled China's biggest employers last year, and some estimated AI could wipe out 30% or more of their existing roles, the people said. He seemed shaken by the responses, one said.

As job losses pile up, the typical milestones of adulthood— financial independence, a stable career, marriage, parenthood— are feeling out of reach for much of Gen Z. Note

The urban jobless rate among 16- to 24-year-olds, excluding students, stands at roughly 19% as of August, compared with about 9% among the same age group in the U.S. It's 7.5% for those aged 25 to 29, compared with 5.3% in the U.S., and above China's overall unemployment rate of around 5%. Wage growth has stagnated.

For now, the mood is more resignation than anger, especially with many parents pitching in to help with living costs. But there's a risk young people's disillusionment could harden into something more dangerous for the Communist Party, like unrest. It could also have broader implications for China's future.

Struggling to start

Faced with an uncertain outlook, young people are delaying marriage. The birthrate has plummeted. Some Gen Z are simply checking out, living off savings. Earlier this year, the country's intelligence agency warned young people to resist "lying flat," a buzzword for doing the bare minimum.

Zhang Tian, 27, said her mother wants her to have a stable job, get married and have children. But she and her boyfriend of five years are nowhere near thinking of settling down. They're struggling just to get careers off the ground.

Zhang studied landscape architecture. It seemed smart given China's booming real-estate market. Around the time she graduated in 2021, the property bubble burst. About six months into her first job at a real-estate developer in Hangzhou, she was laid off. She eventually landed a role in Shanghai as an administrative assistant, but her salary— roughly \$1,200 a month—was lower than before. Late last year, she lost her job again.

"Dating and being in a relationship is an emotional matter, but getting married and having kids is a financial one," said Zhang. She and her boyfriend, Cheng Ming, plan to study AI in hopes of finding tech jobs. But that sector is unstable, too. Note

Cheng, after getting laid off from two real-estate firms, started taking online classes to learn about software. He landed a role in sales at a small tech company—only to see the firm go bankrupt. He was laid off yet again in April. "Inside, there's a feeling of being weighed down by society," Cheng said, "a sense of resignation."

'Fairly bleak'

The central problem is that China isn't creating enough stable, high-paying jobs.

Overall economic growth has been weak in recent years, expanding at a significantly slower pace than before the pandemic. Although a few industries favored by Beijing, such as robotics, are booming, their labor needs are limited. Muted consumer demand across China's economy has further cut into hiring as companies struggle to eke out enough profit to hire or raise wages. Note

"This generation is looking at a fairly bleak situation," said Fred Neumann, chief Asia economist at HSBC. "It's not clear where high-paying jobs will come from."

After graduating from college in 2021, Jeremy Li got his first job at a film company relatively smoothly. He went back to school for a master's in media and communication, hoping it would give him greater opportunity for career growth. But by the time he graduated in January, the job market had gotten much tighter.

Li, 28, estimated he has applied for roughly 100 jobs since he started his hunt last fall. He hasn't landed a suitable one yet.

He turned down two roles because the pay was low, around \$11,000 a year, and he would have had to move far away. For a different job at a major news agency in Beijing, he made it through two writing tests and two interviews to become a finalist, but didn't get the offer.

Li has been living with his parents. "I really want to find a job and have my own financial means so I don't have to rely on my parents," said Li. "I didn't think the competition would be so fierce."

Overall urban employment is about 7% lower than it would have been if pre-Covid job-growth rates had held steady—a shortfall of roughly 37 million jobs, according to an analysis by Steven Barnett, an economics professor at the University of Hong Kong and former China division chief at the International Monetary Fund.

Some economists believe the picture is even gloomier than official statistics suggest. Li Daokui, a professor at Tsinghua University, estimated that China's broad unemployment rate is about 10% when factoring in people who've been unable to find work for at least two years and are left out of official data.

AI threat

In the long run, AI has the potential to help China's economy. The country's shrinking population means it eventually might not have enough people to do all the work that needs to be done. Automation will help.

The trouble is the timing: AI is coming on fast, when there are still too many young people looking for steady employment, often at entry level.

A study by ShanghaiTech University analyzing 700 million job postings from five major Chinese recruitment platforms between 2022 and 2026 found that AI has reduced hiring demand the most for entry to midlevel workers with one to three years of work experience.

Technology is even starting to threaten some of the parttime gigs young people have turned to in lieu of more stable professional work, such as ride hailing, food delivery and livestreaming. The total number of people in these kinds of flexible roles, without a permanent full-time contract, is expected to rise to 320 million this year from 280 million in 2025, accounting for more than 40% of urban employment, according to the China New Employment Forms Research Center, a think tank.

Robotaxis and robots, which are rolling out quickly, will wipe out some of those roles.

While surveys suggest people in China are generally more optimistic about AI than in other countries, anxiety about the technology is brewing. A 2025 survey of more than 11,000 science and technology workers by the Cheung Kong Graduate School of Business found that more than two-thirds believe they will lose their jobs to AI within the next five years. Local governments and universities have launched programs including vocational training and AI-related courses aimed at preparing students for a changing labor market. And government authorities have been tightening pressure on companies, reminding employers that AI isn't a valid reason to fire people.

But there are others, including many parents, who say young people just need to toughen up and "eat bitterness," as they did during China's rise.

High expectations

Born in the 1990s and 2000s, China's Gen Z was raised with the idea that if they worked hard in school and went to a decent college, they could get a good job and live a comfortable life—better off than their parents, who were better off than the generation before. Surging college enrollment added to that expectation.

After years of heavy pressure to do well in school, many young people feel burned out and betrayed.

"I felt I absolutely had to get into a good school, otherwise I wouldn't be competitive in society or in the job market afterward," said Jessica Tang, 29.

During the pandemic, her mindset began to change. Stuck at home during Covid lockdowns and working overtime, Tang started to think her job at a public-relations agency wasn't necessary, so she quit.

She's been freelancing for the past three years. Recently, it's been harder to make a living. Assignments come with more requirements and her hourly earnings have halved.

Wang Yuanru, 24, said she just can't see the point in hustling in the formal job market, given all the competition.

After graduating from college, she worked for a few months for a design company, but left after her boss took credit for her work, she said. She now supports herself by selling handicrafts in Dali. "There are too many people and too few choices, if we're talking about stable jobs, so I don't choose at all," she said.

A similar despondency brought Ma, the grad-school dropout, to Dali. Growing up he got good grades, but his parents, both doctors, seemed to always expect higher test scores, he said. In college, he struggled to fit in with overachieving classmates at a top university in Beijing.

In Dali, he was able to simply enjoy his life for the first time. After a few months, though, he started to get bored—and anxious about the future. “I just feel like I’m stuck in a shut-down state, unable to move,” Ma said. He’s been living off an allowance from his parents, but knows they can’t support him forever.

Ma left Dali and recently has been traveling across Indonesia. Destination unknown.

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