

# How China's skewed sex ratio is making President Xi's job a whole lot harder

October 19 2017, by David Skidmore

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As odd as it sounds, China's economic policy is being held hostage by its heavily skewed sex ratio.

China's excess of young, unmarriageable males poses an acute dilemma for [President Xi Jinping](#) and other leaders as they set the country's path for the next five years during the [19th Chinese Communist Party Congress](#), which opened on Oct. 18.

After years of heavy spending and [investment](#) to boost growth and employment, China is at risk of economic stagnation if it doesn't restructure the economy. Yet there is peril that doing so will lead to dangerous levels of unrest among the millions of unmarried men – known as "bare branches" – who will be laid off from shuttered unneeded steel, coal and auto factories.

So far Xi has tempered reform and kept the money taps open in order to avoid political instability. As the costs of domestic economic imbalances rise and international pressures to cut excess industrial capacity grow, Xi will have to decide what to do about the bare branches strewn in his way. And that won't be an easy task, as [my research](#) on the intersection of economics and politics suggests.

## China's spending spree

This dilemma has been building for almost a decade, since Chinese

leaders responded to the 2008 [global financial crisis](#) by channeling massive investments into infrastructure and heavy industry to sustain economic growth and prevent political unrest.

The proportion of China's economy devoted to investment [shot up](#) from roughly a third to close to half – a level [unprecedented](#) among modern economies (that compares with only [20 percent](#) in the U.S. in 2015). Since 2008, for example, [China's crude steel production capacity](#) has more than doubled, reaching close to half of the world total.

This investment has proven [remarkably successful](#), at least in the short term, helping China avoid the economic downturn experienced by Western countries. China's investment binge also created the world's [largest bullet train network](#) and [made it a global leader](#) in solar panel production.

The binge, however, has also left China with a morning-after hangover that threatens to become a "national financial and economic crisis" unless it implements reforms, [according to a group](#) of Oxford-based economists. The report suggests that China focus on fewer but higher-quality infrastructure projects while accelerating a shift in demand from investment to consumption.

Yet China [continues to rely](#) heavily upon infrastructure investment to drive growth. Besides steel, the economy also remains plagued by industrial overcapacity in autos, cement, glass, solar cells, aluminum and coal. Recent [efforts](#) to close old and inefficient factories have had little effect so far.

This has international consequences as well because all that excess steel, glass and aluminum must go somewhere and often ends up in other countries, hurting domestic markets. Steel exports to the U.S., for example, [surged 22 percent](#) from August 2016 to July 2017, [prompting](#)

[retaliatory threats](#) from President Donald Trump.

So why did Chinese policymakers extend the investment spree so long? Why have they been reluctant to close down factories producing excess [steel](#), [solar cells or glass](#) or stop funding the development of uninhabited "[ghost cities](#)"?

While there are many factors at play, one deserves more attention than it has received: China's leaders fear the consequences of high unemployment among "bare branches," a term used in China for young, low-status men who, because they are typically unmarriageable, represent endpoints on the family tree.

## **Growth of the 'bare branches'**

Bare branches are a result of one of the most skewed sex ratios in the world.

China has [106.3 males for every 100 females](#), compared with a global ratio of 101.8 to 100. In coming years, the workforce imbalance will only worsen because there are [117 boys under age 15 for every 100 girls](#). This is a result of extreme gender discrimination favoring males, a tendency exacerbated by [China's one-child policy](#), which was in force from 1979 to 2015. Typically, unwanted female fetuses, identified through ultrasound, are [aborted](#).

This has resulted in a surplus of young bare-branch males. Bare branches are typically low status, since better-educated and higher-income males have better odds of attracting marriage partners. Lacking either skills or the strong community ties brought on by family life, these young, unmarried men make up a large proportion of the internal migrant population that relocates from rural areas to cities in search of work.

Researchers [Valerie Hudson and Andrea den Boer](#) established that societies with large and growing numbers of bare branches are at risk of rising crime and civil unrest. This is especially true if inadequate employment opportunities are available for unmarried young men. The skewed sex ratio is accompanied by other worrisome trends, including [high income inequality](#) and the [rising number of elderly](#) that must be supported by each working-age person.

## **A growing risk of unrest**

It's this fear of rising unemployment and unrest that has caused China's hesitation to carry out economic reform.

Some economists believe that China's [official unemployment rate](#) of 4 percent understates the [reality](#), which may be more than double that. The rate of unemployment is politically sensitive since unemployed workers are more likely to engage in civil unrest and other anti-regime activities.

And males are [overrepresented](#) in the industries that would be hardest hit by reform like construction and heavy industry. On the other hand, females make up a disproportionate share of workers in the service sector, which must expand in order to sustain economic growth as spending on infrastructure and industry slows.

China's growth model has actually exacerbated the unemployment problem because infrastructure, construction and heavy industry are relatively capital-intensive, meaning that a given level of investment produces fewer jobs than would be the case were the same investment devoted to service sectors (which are relatively labor-intensive). In other words, a greater emphasis on services would soak up more labor overall and reduce dangerous levels of unemployment.

If China shifts to sector-led growth, the risk of unrest will grow as

women find more jobs [at the expense of men](#), especially those bare branches. So even if China manages a "soft landing" that [increases employment overall](#), [civil and political unrest](#) could rise as well if the proportion of bare branch males among those who remain unemployed also climbs.

This helps explain why Chinese authorities have directed massive amounts of investment into those male-dominated sectors following the global financial crisis. And why, in recent years, they have been slow to implement economic reforms that [they themselves acknowledge](#) are needed for the overall health of the Chinese economy.

From the perspective of Beijing, better some inefficient investments than the political risks of tossing millions of unemployed young males into the streets of urban China.

## **No good options**

In his opening address to the 19th Party Congress, [Xi made the usual promises](#) about deepening market reforms, reducing industrial overcapacity and shifting the economy from investment-led to consumption-led growth and focusing on fewer but higher-quality infrastructure projects. Given that these promises are not new, there is room for skepticism about implementation.

But even if reform is successful, it will mean large numbers of unemployed bare branches. That is why economic restructuring must be accompanied by generous unemployment benefits, job retraining programs and support for workers who need to relocate in order to find jobs. The gender composition of the service sector must also change in order to absorb unemployed males.

In short, Xi could forestall reform, thus keeping the bare branches busily

employed at the risk of an economic crisis and [punitive tariffs](#) from trading partners like the U.S. Or he could cut investment and close thousands of factories, creating a significant risk of [domestic unrest](#) and potentially necessitating some combination of a strengthened social safety net and [political repression](#) to contain it.

Whichever path Xi picks, bare branches will be part of the journey.

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