Employment Effects of Fiscal Stimulus Policies Following the COVID-19 Pandemic

Pengyue Bu

Department of Agricultural and Forestry Economics and Management, International College, China Agricultural University, Xueyuanlu Subdistrict, Beijing, China
bupengyue@outlook.com

Abstract:

Against the backdrop of the COVID-19 pandemic's significant impact on the job market, this paper systematically evaluates the post-pandemic employment effects of China's "Six Priorities and Six Guarantees" fiscal stimulus policy through case analysis. By selecting Beijing, Hunan, Hubei, and Henan as representative provincial-level case studies, the research examines the implementation mechanisms and outcomes of key policies—including unemployment insurance funds, job retention subsidies, and skills training subsidies—using multiple sources such as government documents, employment data, and policy reports. This study finds that while some negative impacts of the COVID-19 pandemic on the financial sector were effectively mitigated by China's fiscal policies, regional variations in policy tools and their efficiency emerged across different areas. For instance, existing jobs were effectively stabilized by unemployment insurance funds and employment subsidies. Additionally, subsidies for skills training and support for innovation and entrepreneurship have created a significant number of new jobs. This study further reveals that the policy implementation models of "automatic qualification determination" and fund integration significantly influence policy effectiveness. Regarding the significance of this research, it not only provides empirical evidence for China's post-pandemic employment policies but also offers insights for building a more precise, coordinated, and efficient employment system in the future.

Keywords: Fiscal Stimulus Policy, Six Priorities and Six Guarantees, Three Funds, Ten Measures, Automatic Eligibility.

1. Introduction

In 2020, the novel coronavirus pandemic rapidly spread around the world. This presented China's national economy with unprecedented challenges. Economic downturn led to reduced demand, inevitably

impacting the labor market and causing unemployment rates to surge. China's labor market experienced significant fluctuations, with the outbreak in February 2020 pushing the unemployment rate to 6.2%—the highest level since the statistic was first released in January 2018. Subsequently, the Chinese government sought to restart work and production, effectively stimulate the economy, and stabilize employment. To achieve this, it introduced the "Six Priorities and Six Guarantees" policy, making employment a key focus. Under this policy, central government directives effectively guided local authorities. Governments across the country adopted a pragmatic approach. They integrated provincial resources to formulate more regionally tailored and locally adapted policies [1]. This not only constituted a robust response to central policies but also served as an efficient stimulus for provincial economies. This study focuses on China's "Six Priorities and Six Safeguards: Safeguarding Employment" policy, examining its impact on post-pandemic fiscal stimulus measures. The research not only contributes to optimizing employment policies but also provides crucial insights for developing a more precise and efficient macro-level employment governance system.

Employing a case study approach, this paper examines provincial measures in Hubei, Hunan, Beijing, and Hebei against the broader national framework. By comparing policy instruments and their respective impacts, it investigates how such fiscal policies stimulate post-pandemic employment and identifies avenues for future researchers to refine employment policies for greater effectiveness.

Existing literature primarily employs macro-econometric methods to evaluate the employment effects of fiscal policies. For instance, Faria-E-Castro, using a DSGE model, found that unemployment benefits were most effective in stabilizing income during the pandemic, while liquidity assistance proved more effective in stabilizing employment [2]. Li Bo proposed evaluating employment subsidy policies based on three dimensions: "precision, support intensity, and outcome validity" [3]. This paper builds upon the Central People's Government of the People's Republic of China's explicit directive that employment efforts are pivotal to achieving the "Six Priorities" and "Six Guarantees" tasks, which provides fundamental guidance for all subsequent policy formulation [4]. Using government work reports from Beijing, Hunan, Hubei, and Hebei as branches, it examines how fiscal stimulus policies can boost post-pandemic employment by comparing various policy tools and their distinct impacts.

Building on Momentum to Embark on a New Journey of Comprehensively Building a Modern Socialist Country states that the domestic and international situation in 2021 remains severe and complex. In accordance with the requirements of grasping the new development stage, implementing the new development concept, constructing a new development paradigm, and promoting high-quality development, at the same time, society should effectively grasp the tasks of "six priorities" and "six guarantees", maintain the overall situation of economic development and social stability, and lay a good foundation for the comprehensive construction of a socialist modernized country [5].

2. Case Analysis

2.1 . Beijing's "Three Funds" Policy to Safeguard Employment Stability

Beijing innovatively integrated the Unemployment Insurance Fund, the Special Fund for Skills Enhancement, and the Central Employment Special Fund to create a synergistic policy effect. By July 2020, expenditures from these three funds reached 7.23 billion yuan, benefiting over 400,000 people and maintaining the urban surveyed unemployment rate at a low level of 4.8% [6].

The policy employs the unemployment insurance fund in multiple dimensions, not only for traditional unemployment relief but also innovatively for enterprise stabilization subsidies (returning 2.59 billion yuan to 42,000 enterprises), temporary job subsidies for individuals stranded in Hubei (0.97 billion yuan), and training-based job stabilization subsidies (3.86 billion yuan). Additionally, Beijing's "three funds" policy precisely targeted key groups to safeguard employment stability: 32,000 individuals facing employment difficulties were placed in public welfare positions through the Rongguang program; flexible employment social insurance subsidies supported 350,000 jobs; and special attention was given to rural migrant workers in remote suburban areas, with 18,000 placements secured [7].

2.2 . Hunan Province's "Ten Measures" for Job Stabilization and Employment Practices

Due to the impact of the pandemic, Hunan Province has experienced disrupted logistics, insufficient market supply, blocked export channels, and restricted outbound labor migration, resulting in significant employment challenges [8]. Hunan Province has implemented a comprehensive policy package through its "Ten Measures to Stabilize Enterprises, Jobs, and Employment". This initiative strengthens support for enterprises to retain jobs, enhances unemployment insurance coverage for workers, encourages businesses to absorb employment, increases vocational skills training subsidies, boosts subsidies for on-the-job training, improves remote skills training systems, implements entrepreneurship support policies, strengthens job aggregation and dissemination, optimizes labor service mechanisms, and ensures safety protocols for employees returning to work. Since its implementation in March

2020, unemployment insurance benefits have been raised to 90% of the minimum wage standard, significantly strengthening the unemployment safety net. Differentiated subsidy designs provide enterprises hiring registered unemployed individuals with a one-time subsidy of 1,000 yuan per person, while those conducting work-based training receive a monthly training subsidy of 500 yuan per person. Additionally, 10 million yuan in supplementary funds was allocated to support entrepreneurial incubators, primarily for reducing essential expenses like rent and utilities for incubated enterprises. Wangcheng District in Changsha City introduced robust measures as early as February 6, 2020, and swiftly disbursed 13.2031 million yuan in subsidies by the 21st, demonstrating timely policy implementation [9].

2.3 . Xiangyang City, Hubei Province: "No-Application Required" Job Retention Rebate Model

Xiangyang City pioneered the "no-application required job retention rebate" model in 2025, representing a major shift in fiscal policy implementation. Over 11,000 enterprises receiving subsidies collectively stabilized 243,000 jobs. Currently, Xiangyang pioneers Hubei's first "automatic job retention subsidy" reform model: enterprises need not apply. After screening and verification by employment authorities, funds are directly disbursed to eligible enterprise accounts—shifting the burden from "enterprises running errands" to "data running errands." Additionally, over 11,000 enterprises received more than 81 million yuan in subsidies through streamlined processes and transparent standards, significantly boosting enterprise satisfaction [10].

2.4 . Employment Impact of Hebei Province's Special Poverty Alleviation Funds

Hebei's special fiscal poverty alleviation funds have generated significant and multidimensional employment effects through multiple channels: supporting industrial development, providing skills training and employment subsidies, creating public welfare positions, and encouraging entrepreneurship. These funds not only directly create abundant local and outbound employment opportunities for impoverished populations and those who have escaped poverty, but also enhance workers' market competitiveness by improving their skills. This makes wage income the core pillar for increasing income and escaping poverty, successfully achieving a shift from "blood transfusion" to "blood production." Although challenges remain in employment stability and skill matching, these funds have become a key force in Hebei Province for stabilizing employment, preventing relapse into poverty, and connecting with the rural revitalization strategy. They provide sustained momentum for consolidating poverty alleviation achievements and promoting common prosperity [11].

3. Case Comparison and Analysis

3.1 . Variations in Policy Tool Effectiveness

By comparing the four cases, the study found that employing different policy tools yields significantly divergent outcomes. First, to preserve existing jobs, unemployment insurance policies and subsidies for retained employees have proven highly effective. This policy provides financial support to enterprises, offering crucial backing at the source of funding and significantly alleviating labor cost pressures. Once labor costs decrease, layoff rates decline and employment stability increases. In practice, Beijing has stabilized 433,000 insured worker positions through this fiscal policy, while Xiangyang City in Hubei Province has benefited 243,000 jobs from its policy dividends. The government provides more than just unemployment insurance. It also subsidizes vocational training for workers, offering financial support for their professional development. For years, through "advance payment followed by reimbursement" and "credit payment" schemes, the government has first granted workers access to learning opportunities, then paid the required fees in installments. This significantly eases the financial burden of training for workers. Advanced vocational classes, pre-technician programs, technician courses etc., a wealth of targeted online and offline training programs have sprung up like mushrooms after rain. This not only enhances workers' professional competencies but also propels China's employment structure toward high-efficiency transformation. Following policy implementation, 189,100 workers in Beijing—drawn from universities and existing jobs—participated in vocational skills training. Courses in equipment manufacturing, transportation, tourism, and public security became particularly popular. Finally, the government has fostered numerous new employment opportunities, such as the flexible, low-cost "street vendor economy." This initiative has injected fresh vitality into job creation and consumption revival. Hebei prioritized support for poverty-alleviation enterprises, facilitating the resumption of operations for 803 such businesses, thereby providing robust support for the effective transition from poverty alleviation to rural revitalization.

3.2 . Manifestations of Regional Heterogeneity

Regional heterogeneity implies distinct characteristics across different areas, manifesting in the employment effects of fiscal stimulus policies through significant variations in policy tool selection, implementation intensity, target group focus, and actual outcomes. Furthermore,

this article presents in detail four representative cases, as shown in Table 1.

Table 1: Regional Heterogeneity

Region Type	Representative Cases	Core Policy Tools	Differentiating Features
Economically Developed Regions	Beijing	Unemployment Insurance Fund Integration and Utilization (Job Retention Rebates + Skills Training Subsidies)	Diverse toolkit (high funding integration) Focus on Improving Job Quality (training subsidies account for 30%)
Epidemic Hotspot	Xiangyang, Hubei Province	"No-Application Required" Job Retention Subsidy	Process Innovation Reduces Transaction Costs Substantial Subsidies
Central Transition Region	Hunan Province	Increased Unemployment Insurance Benefits + Development of Entrepreneurship Incubators	Strengthen the Safety Net Prioritize Newly Created Positions
Underdeveloped Regions	Hebei Province	Employment Subsidies from Poverty Alleviation Funds + Development of Public Welfare Positions	Policy Coordination Public Welfare Positions as the Primary Focus

As shown in Table 1, relatively developed regions such as Beijing and Hunan prioritize stabilizing employment within enterprises and enhancing job quality. In contrast, less developed regions like Hubei and Hebei, which were more severely impacted by the pandemic, focus first on addressing basic employment needs, with subsidies primarily directed toward small and micro enterprises and impoverished populations.

3.3 . Innovation in Policy Implementation Models

The case studies reveal three successful policy implementation models. Among these three models, the most crucial is the "resource integration" model advocated by Beijing. Cross-departmental collaboration is far more than simply having employees from different departments sit together for meetings. As a company expands, information gap and task obstacle between departments become increasingly complex. How can information gaps between departments be resolved? How can communication during task execution be streamlined? To address this, it is vital to consolidate dispersed and loosely connected departments. The goal is to establish a unified communication platform with shared standards. This integration, where "one plus one equals more than two," makes the functions of each position clear and visible. For job seekers, this means they can evaluate positions based on specific standards, not vague job descriptions. This significantly improves the efficiency of their job search. The "process reengineering" model exemplified by Xiangyang City stands as a key reference model for revitalizing employment. This approach focuses on streamlining previously cumbersome application procedures. For instance, businesses once required a "application-review-disbursement" process, whereas now only "system screening-confirmation-direct payment" is needed, as big data intelligently identifies enterprises poten-

tially requiring support. Finally, the "Precision Matching" model exemplified by Hubei Province integrates job recovery with rural revitalization. By leveraging e-commerce platforms and innovative online marketing, it provides employment opportunities for impoverished populations while boosting income generation for rural industries. This approach not only supports stable employment and economic recovery but also contributes significantly to the broader rural revitalization effort.

4. Conclusions

In the post-pandemic economic recovery, China's "Six Guarantees and Six Stabilizations" policy framework offers a unique perspective for evaluating the employment effects of fiscal stimulus. Based on a comparative analysis of four regions—Beijing, Hunan, Hubei, and Hebei—this study reveals both the strengths and areas for optimization within this policy. Researchers categorized the approaches of these four cities into three typical policy tools: "resource integration," "process reengineering," and "precision targeting." The findings indicate that policy effectiveness is highly contingent on local conditions. Beijing's adoption of the "resource integration" model, leveraging its advantages, stands in stark contrast to Hebei's "precision targeting" strategy designed to address rural employment challenges. The most universally applicable lesson, transcending regional differences, likely lies in "process reengineering," which significantly enhances people's sense of fulfillment and well-being. Regular assessments of cost-benefit ratios and employment multiplier effects should be conducted, distinguishing between the impacts of "job retention" and "job creation" policies to enhance resource efficiency. Simultaneously, regionally differentiated approaches should be strengthened by granting local governments greater flexibility to design tailored policy

packages based on local economic structures and labor force characteristics. For instance, manufacturing-intensive regions could prioritize job retention subsidies, resource-based areas could advance retraining programs, and major agricultural provinces could focus on supporting rural entrepreneurship. This would enhance policy adaptability and resilience. However, the study retains certain limitations. The limited representativeness of the case regions and the absence of micro-level surveys on subject behavior may affect the universality and depth of the conclusions. Future research could expand to include more diverse case types, incorporate micro-level surveys and longitudinal tracking, identify implementation gaps from the policy recipients' perspective, and systematically evaluate the policy's sustained effects and spillover effects. This would provide more comprehensive evidence for policy optimization.

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