

From Households to Macro-Economy: A Review of Economic Impacts of the "Double Reduction" Policy

Ching Tam

*Utahloy International School Zengcheng, Guangzhou, China
28ctam@student.uiszc.org*

Abstract. The "Double Reduction" policy has brought economic chain reactions to China's education and tutoring sector, yet existing research are mostly piecemeal, lacking effort to weave these threads into a coherent chain. By using critical literature integration approach, this paper investigates current academic studies and policy reports, reassembling their findings to trace the policy's economic impact through micro to macro levels. At micro aspect, studies indicates that a high amount of female working in education and tutoring industry have been unemployed because institutions closing up or restructuring, which further decreased female labor force participation in China. At meso level, while the depress of school-based tutoring has significantly lightened the burden of household educational expenditures, it also spawned new demands such as after-school care gaps and underground tutoring market. At the macro level, the consumption contraction and the weakening of companies' intention to hire women of childbearing age have lead to a negative impact on employment equity and economic vitality. By revealing some unintended consequences that links burden-reduction policies to labor supply, household education expenditure, and corporate hiring preferences, this paper furnishes a cross-level analytical framework for gauging the economic implications of the policy.

Keywords: "Double Reduction Policy", Female Labour Force Participation, Educational Expenditure, Tutoring Sector, Household caring

1. Introduction

For a long period of time, academic pressure on students in East Asia countries, has ranked the highest globally [1]. Shaped by traditional values, Chinese parents often believe that grades and scores is able to change their kids life, which propelled a vigorous growth in the education sector, especially after school tutoring. However, with the roll-out of the Double Reduction policy in 2021, tutoring institution were banned from offering extra classes on the weekends and public holidays, while their weekday schedule was also restricted, causing a serve blow to the whole industry.

This study will integrate a logical structured critical synthesis of existing academic literature or policy reports on the policy. This paper will be adopting a multi-level approach, running from "micro labor economics—meso market economics—macroeconomics". In the first step, using existing literature to reveal short-term economic effects. The second step, reconstructing the causal

chain based of economic theory to fill the previous gap. The last step is to implement critical analysis, conducted upon this reconstructed chain.

2. Micro-economy impacts of the Double Reduction policy

2.1. The long-term declining trend of Chinese mothers labour force participation

Before analyzing the blow that Double Reduction policy has dealt to mothers in the labour force, it is necessary to set out existing long-term trends in Chinese mothers' labour force participation rate first. Research shows that the labour force participation of Chinese female aged 5 to 64 had consistently fell from 79.39% in 1990 to 68.57% in 2019 [2].

As shown in table 1, even more the Double Reduction policy was carried out, female labour force participation in China had already been steadily declining. At the same time, by 2019 and in the years following, female labour force participation in other countries worldwide was already higher than average Chinese women. For example, according to data published by the World Bank and the International Labour Organization (ILO), Japan's female labour force participation rate had reached 72.77%.China's female labour force participation rate was already lower than other countries. Therefore, the roll-out of the Double Reduction policy could only further damage women's labour participation in China.

Table 1. Global female labour force participation 2019 [2]

Countries	Female labour force participation%	Ranking
Canada	75.59	1
Germany	74.73	2
United Kingdom	73.62	3
Japan	72.77	4
Russia	68.97	5
China	68.57	6
France	68.30	7

Based on the comparison showed by table 1, female labour force participation in China is remarkably lower than elsewhere. From the aspect of theoretical macroeconomics, changes in Chinese women's labour force participation presents a clear relationship to economic growth. In traditional families, most mothers choose to enter workforce, bringing a better income, which pushes up the country's overall consumption level and eventually increases the national aggregate demand.This increase directly shifts the aggregate demand curve to the right. When family income rises, the expenditure level of Chinese citizens strengthens at the same time, and people become more willing to consume. As consumption levels escalate, corporate sales revenue grows as well, thereby stimulating firms to expand reproduction and investment, creating a multi-step transmission effect from "consumption growth" to "increased investment" and then leading to "higher income and further consumption growth", while drives up China's GDP ultimately.

2.2. Direct impact on female employees in education and tutoring industry

2.2.1. Gender distribution patterns in education and tutoring industry

Gender makeup of China's education and training sector is heavily tilted toward women, and it is also a structural characteristic that cannot be ignored while gauging the policy's gender effects. Data from BOSS Direct Recruitment Research Institute 2021 shows that women accounted for as much as 74.6% of job seekers in the industry, against a mere 25.4% for men [3].

This extreme gender imbalance is not an accident, it is a product of several overlapping factors. The education and tutoring sector has always been seen as a "female-friendly" occupation, which dovetails with the "carer" role society expects women to act. Moreover, working hours in this sector are comparatively flexible, making employees to balance between job and family responsibilities. At the same time, the industry mostly offers a modest pay and limited space for developing career, making it less attractive to male. A reduce in education and tutoring sector will directly impact China's female labour force participation rate. If the policy wipe out around one Data million jobs in this sector, the number of unemployed women would likely reach 750,000 [3].

2.2.2. Data in the shrinking scale of the sector

The shock that Double Reduction policy brought to the sector was immediate and also brutal. Data from recruitment platforms revealed that, after the policy was carried out in July 2021, the number posted vacancies in the sector faced a rapid decline by more than 38%, with certain segments (mainly K12 subject tutoring) suffering an even greater fell [4]. Research reports shows that leading companies such as New Oriental, TAL and Gaotu pull out large-scale redundancies from 2021 to 2022, with layoff ratios around 50 to 70 percent [5].

The contraction communicates to both the stringency if enforcement and the severity of the sector's adjustment. What needs further explanation is this contraction is translated into actually unemployment or withdrawal from the labour market. For education and tutoring sector, because redundancies were concentrated within a narrow time, the workers that were affected not only with the case of frictional unemployment but with structural barriers to job transition. Data from recruitment platform revealed that former education and training workers were cut off by 80% in the first three years, while employment rates did not reach an equal improvement over the same period [5]. This indicates that a large proportion of female who were unemployed did not move smoothly into other sectors but instead they drop out of the labour market. Consequently, the reduce in recruitment demand within education and tutoring industry had ultimately leads to a decline in female labour force participation, rather than a simple statistical change in job numbers.

3. Meso and macro level impacts of the Double Reduction policy: the effect of household expenditure on the market

3.1. The contraction in demand of education services

If mother's withdrawal from the labour market leads to total family income to a fall, families will naturally cut off non-essential and service-related spending. In particular, Education services have taken a severe damage. Demand for subject-based tutoring was already rapidly reducing because of the policy itself; if adding the tighten of household budgets, the sector's decline will be further accelerated, while the market polarises toward notches that have not been strictly restricted, such as

"competency-based, non-subject" classes or "one-on-one private tutoring" [6]. Survey respondents revealed that the number of subject-based tutoring institutions has dropped by 83%, and family's participation rates in these tutoring have also fallen [7, 8]. Furthermore, 124,000 offline subject-based tutoring institutions before the Double Reduction policy were slashed to 4,176, with a reduction rate of 96.6%; online operated institutions didn't escape either, falling from 263 to 33, with a reduction rate of 87.5% [9].

At the same time, the trend of closures and transitions to non-profit status of tutoring institution indirect leads to the phenomenon of "covert after-school tutoring", bringing higher regulating difficulty, increase in tutoring fees and the risk of escalating educational inequality. Parent's "start early" mind and anxiety have never been effectively addressed by the policy's implementation, and these demands from parents are all reasons that drive tutoring institutions turning underground or into mutated forms to evade scrutiny under new regulations [10].

Taken as a whole, the impact of the Double Reduction policy on the education sector has not only been a matter of shrinking the number and scale of tutoring institutions; in fact, it has fundamentally restructured the whole after-school services from "market competition" to "public-welfare", shifting the focus from subject-based tutoring to non-subject "competency development", and replacing the old market dominated by commercial enterprises with the new structure led by government and anchored in schools.

3.2. Increase in student's after-school hours directly leads to care-giving demand

After the Double Reduction policy was introduced, after school hours for students in compulsory education have risen significantly as tutoring institutions have been reduced, generating the "care gap" before parents finish work into an issue [11]. School-provided extracurricular activities typically offer only about an hour of supervision, which fails to match the short of childcare needs of families that is working on a late-shift schedule. Students finish their classes around 3:30 to 4:30 generally, and the majority of parents are not leaving work until 5:30 to 6:00 p.m., this time mismatch did not happen to be reduced after the Double Reduction policy, instead has been amplified by the contraction of tutoring institutions [12]. This fragmented routine has become a social issue impacting families.

The Double Reduction policy was originally conceived to reduce the burden of heavy homework and after school tutoring pressure in students, and to reduce the strain of families' education expenditure together with toll on parents' energy [13]. However, multiple unintended consequences emerges in the actual implementation. Parents' anxiety is a huge factor in this point, adding to the analysis above, part of this anxiety directly comes from inadequate childcare ability, and the immediate result of such anxious behaviors is an increase in demand for caring services [14]. This is a behavior pattern driven by the anxious mentality, has directly generate substitute demand for child caregiving and other educational services, and in so doing has affected the development of the entire nanny and external childcare industry.

3.3. Adjustments in enterprise labour costs

As tutoring institutions were reduced on a massive scale, employment within education and tutoring sector itself are naturally facing great contraction, spilling over into the broader labour market, female employment in particular. Firstly, according to the vandal data provided by China's six major recruitment platforms and business registration records, online job posted by education and tutoring related enterprises fell by 89%, new business registrations dropped by 50% and the number of firms

exiting the market has tripled within the first four months the policy take place. Rough estimates indicate that the policy eliminated over three million jobs in this first four months, causing value-added tax losses exceed 11 billion yuan over eighteen months [15]. The same report further revealed, for every additional ten thousand children in a given city, monthly education-related vacancies increase by 2.2% and 2.8% of establishments, while enterprise exists rise by 0.8%.

Because of the time conflict issue mentioned above, together with the increase in time parents must devote to tutoring and other factors, the policy indirectly lead enterprises to significantly reduce their hiring preference of female in child bearing period, which raises the hidden labour costs that acts as a barrier to female job seekers. According to Li Xun (Wuhan University), in a national correspondence experiment built based on 174,58 observation samples, the Double Reduction policy caused overall interview invitations to female job seekers with children fall by approximately 5.9 to 6.1%. The effect is even stronger among women with two or more children, female applying for positions at foreign enterprises and women living in non urban areas. The author's explanation is that, are the policy was introduced, HR and employers showed a less preferential attitude toward female, leaning more toward the bias that women ought to take greater family responsibilities and that female's working efficiency is lower than men's [16].

4. Conclusion

Through a critical analysis of existing studies and data, this study has traced the chain of economic impacts brought by the Double Reduction policy through micro, meso and macro levels. Finding from studies indicate that, while the policy has achieved success in reducing student's academic pressure and families educational expenditure, it has generated three unexpected economical consequences that are listed above.

The root of these problems lies in the fact that, while the policy is aiming to reduce numbers and put strong restrictions on off-campus tutoring institutions, it failed simultaneously to in place a broadly accessible, time-matched public childcare or after school services system, which leads to the widen of family care vacuum, while the traditional gendered division of labour has made mother the default choice to fill this gap.

The significance of this study lies on its structure of a clear analytical framework that reveals how the policy has lead to a complex chain of reactions across the labour market, families gender division if labour and hiring preference, thereby offering the policymakers an alternative evaluation from another perspective. However an objective limitation of this paper is that the policy has been carried out for a comparatively short period, and this study relies on secondary research for data analysis, which lacks a large-scale longitudinal experimental validation. Future research could be deepened along in these specific directions: first, using panel data to track long-term consequences and re-employment barriers of female employees from education and tutoring sector; second, examine the pricing structure of underground tutoring marker and its Ling-term impact on educational inequality, so as to provide ample data and support for the refinement of the policy.

References

- [1] Top 10 Toughest Education Systems in the World 2024. (2024, January 15). MastersDegree.net. <https://mastersdegree.net/toughest-education-systems/>
- [2] World Bank. (n.d.). Labor Force Participation Rate, Female (% of Female Population Ages 15+) (Modeled ILO Estimate) - China. World Bank Open Data. <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS?locations=CN>

- [3] Zhilian Recruitment. (2021, August 17). 2021 Education and Training Industry Talent Market Analysis Report. <http://www.eeo.com.cn/2021/0817/498910.shtml>
- [4] China News Service. (2021, August 17). Report: K12 Education Job Postings Fell Over 30% from March to July. China News Service. <http://www.chinanews.com.cn/cj/2021/08-17/9545185.shtml>
- [5] Caixin. (2023, August 9). Two Years Since the "Double Reduction" Policy: Major K12 Education Firms Cut Over 80% of Staff in Three Years. Caixin. <https://mini.caixin.com/2023-08-09/102091454.html>
- [6] Gao, Q.C. (2023). Research on Marketing Strategies of Hangzhou M Education and Training Institution Under the "Double Reduction" Policy (Doctoral dissertation). Research Institute of International Trade and Economic Cooperation, Ministry of Commerce. DOI: 10.27054/d.cnki.ggjms.2023.000120
- [7] Zeng, L.S. (2025). Research on the Optimization of Marketing Strategies of XT Education Technology Co., Ltd. (Master's thesis). Guangxi Normal University. DOI: 10.27036/d.cnki.ggxsu.2025.001627
- [8] Xu, T.T. (2024). Research on the Implementation Dilemma and Optimization Path of After-School Service Policies Under the "Double Reduction" Policy (Master's thesis). Guizhou University of Finance and Economics. DOI: 10.27731/d.cnki.ggzczj.2024.000118
- [9] China Institute for Educational Finance Research, & Wei, Y. (n.d.). *2024 Issue 11 Briefing (Total Issue No. 255) Short-Term Effects Assessment of the Burden Reduction Policy: Analysis Based on the China Educational Finance Household Survey*. Peking University China Institute for Educational Finance Research. <https://ciefr.pku.edu.cn/cbw/kyjb/85624b8450f84154be7d3ed3787f349a.htm>
- [10] Liu, J.Y. (2023). An Electronic Questionnaire Survey on Parents' Understanding and Attitudes toward the "Double Reduction" Policy. https://hot.dzwww.com/w_u9B9?ipage=3
- [11] Zhang, Y.Q., & Shan, D.P. (2026). Causes and Promotion Paths of Service Consumption Limitations from the Perspective of 'Wealthy but Busy' Time Scarcity. *Economic Forum*, 40(5), 106-124.
- [12] Wang, L.N. (2024). Research on Problems and Countermeasures of Rural Basic Education under the Background of 'Double Reduction' (Master's thesis). Anhui Agricultural University. DOI: 10.26919/d.cnki.gannu.2024.000515
- [13] Geng, R.G. (2026). Strategies for Optimizing Homework in Junior High School Moral and Legal Education Classes. *Tianjin Education*, (14), 41-43.
- [14] Huang, Q. (2025). Analysis of Anxiety Emotions of Parents of Primary School Students under the 'Double Reduction' Background and School Relief Strategies. *Chinese Journal of Education*, (S2), 50-52.
- [15] Huang, Z., Liu, Y., Ma, M., & Yang, L.Y. (2025). Biting the Hand That Teaches: Unraveling the Economic Impact of Banning Private Tutoring in China. *Journal of Comparative Economics*, 53(4), 954-976. <https://doi.org/10.1016/j.jce.2025.07.002>
- [16] Academic Lecture September 6 School of Economics 2023 Digital Economics Seminar (14). (2023, September 4). School of Economics, Huazhong University of Science and Technology.