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Shaohui Chen was born in Anxi, Fujian in November, 1962. As a professor in Economic College of Fujian Normal University ,he presently assume the post of the dean of Financial Department and has been conferred many honorable titles such as doctor in economy, post-doctor, tutor of doctorate candidates and the leading professor of the Second-rate National Doctoral Program in research of economic history. He has plunged himself mainly in the areas ranging from the employment to social security, from the financial situation of state-owned assets to contemporary economic history in china. In the meanwhile, he has also touched upon a comparative research in regional economy across Taiwan Strait. To the date, he has been in charge of 10-odd projects all at the provincial or national level. He once reaped the 1st, 2nd and 3rd Prize of Fujian Provincial Excellent Achievements in Scientific Research in Social Science, the Second Top Ten Excellent Young Lecturers in Scientific Research granted by Fujian Normal University. In addition, his name was also listed in the second batch of Excellent Young Lecturers. Moreover, he also holds the post of FNU Research Fellow in study of the cross-strait region while assuming the standing board member of Fujian Provincial Academic Society of State-owned Assets.

He has entitled three academic volumes including the book. A Research in Financial Situation of State-owned assets has come off the press, courtesy of China Financial and Economic Publishing House. Over 80 academic papers have been carried by such journals as Recent Development in Economy, Financial Research and Research in Present Economy, over ten of which have been reprinted in full or copied as literatures in store by Renmin University of China, Digest of China University Art Journal , etc.

**New Corporatism:  
The Target Mechanism to Integrate the Labor-Capital  
Relationship in Chinese Private Enterprises**

**[CN] Shaohui Chen**

The course of every country's industrialization suggests that the adjustment of labor-capital relationship is a major problem which human society is facing since the era of industrialization, China is not an exception. With the rapid transformation of China's economy from the traditional pattern to industrialization, marketization and modernization, the problems of labor-capital relationship in enterprises, especially private enterprises, have become increasingly prominent, and directly affect the sustained and healthy economic development and social harmony. However, the integrative mechanisms of China's traditional labor-capital relationship can not effectively resolve the current increasingly fierce confrontation and conflict, which needs to seek new alternative mechanism.

## **I. The Theory of the Western Countries about Labor-Capital Relationship**

The theory and the practice of Corporatism origins from the western countries. In Chinese academic circles, Corporatism has several translations. Corporatism is called "tripartite partnership". Western scholars have such a definition of Corporatism: A part or a stage of the class conflict between the labor-capital relationship. It represents that the workers have the right to exert political influence in the conflict of labor-capital relationship. The large-scale production of Capitalism will inevitably lead to capital concentration, but capital concentration promotes the workers to unique, then, the government, workers and employers must reach a compromise and consensus to make decisions and manage the country together. And the essence of Corporatism is to "compromise" and "consensus." From this point of view, Corporatism highlights the role of organizations and social groups, calls for the government intervention to play a balancing role.

Along with the changes and the development of society, cooperative system has gone through two stages of the old and new Corporatism. The former one also is known as Country Corporatism or Authority Corporatism. Its basic feature is to enhance the power of the state and reduce the influence of other interest groups, especially the organization of labors. The new Corporatism (also known as the Democratic Corporatism) system has come forth after the 20th century, referring to the formal or informal organization approved by the state which collaborates between the labor and capital relation and has a major impact on the industrialized countries. Sweden, Austria, Germany and other countries is such an important representative of the pattern.

The theory points of New Corporatism about the labor-capital relationship can be summarized as the following aspects: first, to deal with labor-capital relationship. Second, the system itself mainly takes the tripartite cooperation among the government, enterprises

and trade unions as the core. Third, the cooperation between the two classes is free, not compulsory. Fourth, the new form of Corporatism has the main performance of "social partnership" in which the country, employers and workers determine economic and social policies through negotiation.

Compared with the New Liberalism, the New Corporatism has the following advantages: (1) with the welfare system as the representative, the labor-capital relationship of the New Corporatism has aroused the long-term labor market flexibility. (2) The enhancement of trade unions in economic development is an important "useful constraint" which contributes to the formation of long-term capital industry momentum. (3) The labor-capital model of the New Corporatism is the engine of economic growth rather than an obstacle.

In short, the New Corporatism system is such a management system : the workers and employers become the corresponding interest groups, they cooperate with each other to deal with the economic interests, under the participation of the government, at all levels and in various ways (such as collective bargaining, the tripartite consultations, collective agreements, industrial democracy, etc.), which gains both sides best economic effect and will also contribute to promote the national macroeconomic growth and social and public interests.

## **II. The Definition of Chinese Private Labor-Capital Relationship Model**

From the policy direction of China in recent years, it seems cautious to import experience of the New Corporatism. For example, improve the role of the trade union organizations at all levels through legislative amendments and other means, enhance the role of labor unions in safeguarding the rights of workers. But, generally speaking, As the role of the inertia in the traditional administrative system of labor-capital relations and the immature of Chinese private enterprises, this stage of Chinese private enterprise labor-capital relationship model reflects some features of the Old Corporatism (Authority Corporatism).

Why do we make this stage of China's private enterprises labor-capital relationship as national integrative mode? The main reasons are as follows: (1) government intervenes in the private enterprise labor contracts and compresses the collective labor-capital relationship. (2) With the core of the labor law, the country's public power for both employers and employees directly involved in labor relations, interference and management, in line with the government's integration forces, and even criminal sanctions as a means to impose civil sanctions. (3) In the facet of the labor, labor safety and health monitoring, using the bureaucratic selfishness and lack of trade union organizations with the participation of workers. (4) In the area of social welfare, which should have been the

concept of social security for workers in government payments, under the influence of the concept of integration, the social welfare provisions becomes the responsibility of employers and the favor of the government. (5) In the labor market policy, the government pays more attention to socio-economic development plan, but less attention to the interests of the workers.

In such a country-driven labor relations model, the traditional administrative adjustment and guarantee mechanisms is gradually withdrawn, but the labor cooperation mechanism adapt to the market economy has not yet timely formed. Therefore, with China's scarce capital and surplus labor, China forms the serious conflict of "Strong capital" and "weak labor" the labor market and the private enterprise.

How to effectively ease the increasingly sharp conflicts between employers and employees in the private enterprise and reduce social conflicts? The writer believes that in the "strong capital, weak labor" national situation, AS the workers and their organizations (unions) are at full disadvantaged status, if there is not a third force's support, it will be very hard to have a peaceful balance of capital to safeguard their legitimate interests capacity. And if there is not an appropriate mechanism to integrate the existing labor relations, the problems will be more severe.

### **III. New Corporatism Pattern: the Rational Choice of the Integration in China's Private Enterprises Labor-Capital Relationship**

Based on the definition of China's private enterprises belonging to the integration of the state's labor-capital relationship model and the understanding of the current state's relationship, in my opinion, the rational choice of the integration of China's private enterprises labor-capital relationship should undoubtedly be New Corporatism labor-capital relationship coordination mechanism model. Because it is consistent with the "prisoners dilemma" model proved both consistency of the game to maximize the total effectiveness of the principles, The fact that the role of cooperation pattern in Japan, Germany and the Nordic played in economic development can corroborate this problem. However, the conditions for this model were particularly harsh, and in China it can not be established in the near future. Therefore, the integration of the basic ideas can be designed as two stages: First, the short-term goal. In view of the situation of imbalance of the labor-capital relationship at this stage and the reality of the conflict, the government should play the traditional administrative advantages, building a labor-capital relationship coordination mechanism which is more marketization and more legalize. Second, the long-term goal. As the market economy become more matured, the system of laws and regulations are more in order, the improved balance and strength in labor organizations, all this show that the implementation of the New Corporatism labor-capital relationship coordination mechanism

model has come. It should be gradually changed to a non-government-led labor-capital coordination mechanism.

### **1. Short-term goals: establish and improve the coordination mechanism of the government-dominated labor-capital relationship**

At present, we should establish a private enterprise labor-capital relationship adjustment mode dominated by the government, accelerate the development of labor and capital organizations, and create conditions for the adjustment of the labor-capital relationship from the government dominated mode to society dominated mode. In recent years we should focus on three tasks: (1) national legislative setup should improve the rules in the adjustment of labor-capital relationship in the legal aspects. (2) Vigorously enhance the degree of organization of the workers to improve the restrictions of the employers in the relationship. (3) Establish and improve the system of tripartite consultation mechanism in the labor-capital relationship with the core of collective bargaining.

### **2. Mid-long term goals: establish the independent labor-capital relationship coordination mechanism at the basis of the New Corporatism**

The ideal model for the integration of China's private enterprise labor-capital relationship undoubtedly should be the New Corporatism coordination mechanism model. Because it is consistent with the "prisoners dilemma" model which proved to achieve the principle of maximize the total effectiveness. The specific form of the model is : workers and enterprises independently develop its own coordinating labor-capital relationship; trade unions and enterprises representatives participate in the coordination of labor-capital relationship; government plays the role of guidance and coordination; administrative supervision, judicial arbitration protect the labor-capital relationship according to the law; Labor-capital subjects regard cooperation as the goal, consultation as the basis, negotiation as the means, gradually forming the "subject to consultation, the government makes timely adjustments" in the market economy labor-capital relationship adjustment mechanism.

Although the situation, which is still in the market economy development and the growth stage of our government-dominated pattern, is hard to have the harsh conditions for the New Corporatism adjustment mode, it does not mean that we do not have the actual needs to establish new patterns. The successful experience of the exploration in the New Corporatism labor-capital relationship microscopic model in Shanghai, Guangdong and other places shows that, integrating the Chinese labor-capital relationship with the New Corporatism, establishing an independent adjustment mode for the labor-capital relationship, is not only very necessary, but also practical feasible. In recent years, the central government put forward a scientific concept of development and the theory of a harmonious socialist society. This is not only the summary of reform and development in the past period of time, but also the new thinking of every social development work, including the labor-capital relationship.

In such a good policy direction and the mood of the public, we believe that, using the

New Corporatism mechanism to integrate the labor-capital relationship will have a strong actual needs and the inevitable development trend, which is an inevitable choice in China's development of the market economy and the establishment of a modern enterprise system.

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