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Revelation of the Game between V and M

——Economic Analysis in the Shortage of Farmer Workers

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Reports on the shortage of farmer workers have often been published by kinds of media since 2004 which refers to the sudden shortage of farmer workers occurring in the Pearl River Delta represented by Dong Guan. This phenomenon is inconsistent with the infinite labor supply in China.

I. Analysis on ‘The Shortage of Farmer Workers’ in Political Economics Perspective

1. Search for modern meaning of M

At the beginning of reform and opening, wage paid by foreign company was tempting very much. **Even though the wage level was set by discounting the customary one much more than a half**, residual rural labors ,even part of staffs in state-owned company or government-sponsored institution from all over the country were allured deeply and flowed into foreign companies. After entering China and knowing the situation of native pay level in China, foreign bosses realized the losses and managed to redeem them. Therefore, the pay level of staffs in foreign company remained low , while workers of native company enjoyed wage level increasing gradually with the rapid development of national economy. The Marxian residual value theory shows that merchandise value is the addition of constant capital, variable capital and residual value, viz $W=C+V+M$. The formula means that industry capitalist needs to pay for C and V in advance before production to earn residual value. Comparing with variable capital, the value of constant

capital remains changeless In the process of production, therefore variable capital plays the most important role to get more M. Foreign company earned sufficient residual value on the initial stage of entering China. However, it's more difficult to gain a lot because of increasing cost with all kinds of preferential policies abolished. Only one way left—exploiting workers to make a fortune, that is using multifarious methods attacked by Marx such as enhancing working intension, prolonging working time and deducting pay. Facts prove that the essence of pursuing residual value and maximum profit doesn't been changed by different nationalities.

2. Objective request of V

Workers can only get labor reward by the form of wage during producing residual value. According to Marxian wage decision theory, worker wage (V) consists of three contents at least: the need of reproducing labor power, the need of support family and the need of continuing education to enhance ability. With the rapid development of national economy brought by reform and opening, price of necessity for life has soared by 10 times comparing with pre-reform and opening. However, wage of farmer workers in the Pearl River Delta almost had no rise in 10 years with 8.6% lower than national pay level of farmer workers. According to statistics, most of farmer workers are young adults going out for work who have to support themselves as well as their parents and children. According with the whole national price level, the costs have upraised about 10 times too because of increasing wage. Farmers have to pay for the fundamental education for nationwide financial deficiency. Although cost of rural education is very low, farmer with low long-term income can't endure hundreds of tuition fee per-semester. If wage even can't cover their reproduction, how can they support family and improve themselves? V, as the reward of special factor—labor, is different from other factors pay. It has a minimum which can't be broken through, that is wage must meet the needs of three functions. The breakthrough means farmers tend to make the decision in favor of themselves—giving up the job.

3. Practical Game between V and M

Capital pursuing residual value and labor seeking for wage is a pair of contradiction difficult to be harmonized, which is a game course in reality. It's impossible for the both sides to get the maximum.

The central government has worked out a series of policies accelerating farmers' reward in recent years. In result, net income per capita has increased continuously since 2005. Farmers find that the comparative reward from agriculture is higher than working out. Therefore, they who can only do simple work with poor pay tend to go back for farming. This choose has low risk and helps them stay with family. (There are quite number of farmers flow into the Yangtze River delta to hunt higher income because pay of rural

workers there is higher by 16.8% than national level while 8.6% lower than national level in the Pearl river Delta.)¹ In Zhangweijing's opinion, flexibility of a factor is measured by two aspects. One is income discrepancy between the job at present and the new one. The other is net transaction cost of changing job.² Wage earned by working out without any improvement can't meet workers' needs. Moreover, rural workers have to take a potential risk, such as defaulting wage. On the other hand, with the expected reward of farming growing up, rural residual labors flow back or to regions supplying more pay. During this game process, rural workers are the undertakers of profit and loss without necessary system guarantee. Farmers can't help but protect their benefit by choosing again.

II. "The Shortage of Farmer Workers" Showing Absence of system

'the shortage of farmer workers' indicates that the rule of giving priority to efficiency with due consideration to fairness has spurred the whole economy for a period of time, but neglected the construction of fairness system. The affairs of damaging rural workers' benefit show the serious lack of fairness system.

1. Lack of disability insurance system for rural workers. According to incomplete statistics, rare rural workers can be guaranteed by labor insurance. A spot check shows that of more than 150 rural workers doing different jobs, only one has disability insurance with premium paid by employer. The workers left have no guarantee, especially the employees working in danger who suffer from death risk everyday.

2. Lack of pay insurance system for rural workers. Rural workers usually do the job with low salary, and arrears of wages often happen which are especially serious in building industry. Statistics indicates that arrears happened in more than half of building companies. The more the economy lags behind, the more serious this kind of affair is. Workers can't get money after 1-year -working full of life risk, which hurt their life badly.

3. Lack of reeducation system for rural workers. Most of them are young adults at the age between 20 and 40. Because of serious lack of education recourses (Statistics shows the arrearage reaches to 50 billion RMB in popularizing nine-year compulsory schooling in rural area.)³, they have a much lower level of education than people in town have. Education level determines that they do simple work and get poor pay.

System is the rule in terms of which people can interpersonal interact. It avoids the appearance of potential opportunism and cussed personal action, and makes behavior easy to forecast which contribute to division of labor and wealth creation.⁴ 'The shortage of farmer workers' shows the lack of normal and denormal systems to protect rural workers benefit. Reform and opening is a great practical process of breaking through the old system and building up the new one. During the course of institutional transition from planned economy to marketing economy, building a harmonious society relies on strengthening

system arrangement to guarantee rural workers benefit.

III. System Arrangement of Supplying Fair Opportunity—the Basic Assurance of Harmonious Society

‘The shortage of farmer workers’ is a query from rural workers to insurance system nowadays by way of collective resistance. According to the spirit of harmonious society, we should attach great importance to the interest of rural workers to realize social harmony and sustainable development.

1. We should pay tighten attention to rational input of labor intensive industry and offer sufficient job opportunities against a background of high-tech developing gradually and industries upgrading around the world.

2. Government should strengthen the role of macro-control, such as setting down the minimum wage standard and the maximum working time by employing all legal means, or instructing employers to provide medical insurance, disability insurance and endowment insurance for rural workers.

3. To accelerate the reform of the urban household register system by transforming the residence management policy into registration system.

4. To improve the social security system by covering rural farmers to protect their fundamental right as a person.

5. To Lay down proper policies to promote employment of rural workers. To offer related vocational training for rural workers adjusting measures to personal conditions while increasing farming income stably. By this way, the ability of rural farmers to participate in marketing competition is enhanced, which can quicken the step of transferring rural residual labors to non-agricultural industry.

Problem solving about rural workers relies on strong system because ‘society will turn into anarchy without rational restriction to freedom’.⁵ It is the urgent requirement of protecting rural workers benefit and harmonious society that we should quicken the set of social insurance system and intervene employees’ decision-making properly.

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