

Today, the world's monetary system centered with the U.S. dollar is still leading the financialization, even the globalization, which means that the world is facing the enormous risk of the growth mode of modern American capitalism. Therefore, in order to avoid or ease the global impact caused by the crisis, it needs to nurture a new world monetary system countering with the old system. There should have the voice of the emerging nation-state in the new world monetary system, rather than one voice of capitalist. Naturally, this can not be achieved without long-term effort: First of all, various nation-states should pay close attention to revive the economy on time, which is laying the foundation for fighting for multi-voice and the world's monetary system. At the same time, the rapid economic rise of the socialist country with public ownership as the mainstay and the development of productivity as the fundamental task can also fundamentally avoid the relative surplus ----the root causes of crisis, and this is the hope road to make the world out of the disturbance of the crisis finally.

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Democracy ,National and Global Economic and Political Democratic

Governance

—— Thesis for the Fourth World Forum of the World Association

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Abstract: Based on the pattern of distribution of interests between employers and employees in the zero-sum game behavior analysis, we conclude that the current system of fixed benefits distribution pattern has its potential drawbacks, which is prone to “evil for evil” acts. So we suggest that we should convert the usual logic way of thinking by adopting a profit-sharing mechanism. Through the analysis of feasibility, we believe that China is ready for the profit-sharing mechanism and that the government should play a better role in the implementation of the profit-sharing mechanism.

Keywords: labor relations zero-sum game sharing

Harmonious society requires the harmony and stability among various social relationships. Since the labor relation is one of the most basic social relationships, harmony and stability among labor relations are directly related to building a harmonious socialist society. And harmonious labor relations depend on the distribution and regulation of interests between the laborers and the management. If the laborers do not enjoy the fruits of reform and opening up and also enjoy the benefits brought by technological advances together with their business owners, we cannot hope to realize a harmonious society. In another word, if employees can not enjoy the profits, the above mentioned blueprint will just become the “castle in the air”. Therefore, it can be said that the profit-sharing is the core and foundation for harmonious relationship between employers and employees, which is also the direction for the future development in the corporate labor relations.

1. Zero-sum game between employers and employees has become the bottleneck in building a harmonious society.

At present, the employer-employee relationship presents a zero-sum game pattern in China. A fixed-wage system has been used in most of the distribution of interests between employers and employees. Under such circumstances, the principle for employers to follow is to pursue the maximum profits. Wages and profits are no longer a simple interest body, but an opposite relationship that when wages rise, profits decline or vice versa. In such a distribution pattern of interests, employers and employees will try their best to ensure that they are not in a disadvantageous situation; however, the results are inevitably “double loss” for both sides. Specific situations are listed as follows:

First of all, this fixed-wage system of benefits distribution pattern increases the pressure of business owners who believe that whenever the labor wages increase, the cost will also increase. This makes the employers not attach any attention to the dignity of employees and their rights for life and property. Take the series of recent reports for example. A staff member from Huawei Company died from overwork. A female worker from Fujian Province died suddenly of high temperature after she had worked overtime. There have been recurring mine accidents, etc. All these cases indicate that what employers

care most are the pursuit of profit maximization. The result of the enlargement and generalization of this phenomenon has presented a sharp contrast between the lowest cost of cheap labor force in China with that of other countries. At present, China's manufacturing labor cost is equal to 2.2% of the United States, 2.1% of Japan 2.8% of Germany, compared even with the same in-transition countries such as the Czech Republic and Poland, it is only equal to 15% ~ 20% (from Feng Jianhua , 2006). However, this low cost has not brought huge profits to the employers. In this game pattern, employees use the “playing fair game ” principle to determine the amount of labor to give ,that is , “ labor according to how much you pay”, so what employers get is “poor treatment, so low productivity.” The two sides finally fall into a “Prisoner's Dilemma” .

Secondly, the distribution pattern between the two sides makes rights of the two sides no longer equal. Employers usually have a bestowal mentality, so it is generally easy for employees to depend on the employers. In this relationship, the employers have a strong desire to control employees, and the employees long for freedom. In the long run , both sides will inevitably generate confrontations. The conflicts between the two sides developing from recessiveness to openness can be seen evidently. In recent years, the National Labor dispute cases grow at a 30 ~ 40% annual rate, which is 3~4 times as fast as that of the GDP growth rate .Of the rapidly increasing cases, more than 90 percent labor dispute cases are sued by the workers (the total cases, 2006). In 2005, over 294,000 labor dispute arbitration lawsuits were filed by workers , of which the labor wage dispute cases and insurance benefits dispute cases accounted for 33% and 32% respectively, which becomes the focus of labor disputes (Weijie Zhang, 2006). Once the labor disputes are handled improperly, it would quickly rise to mass incidents. It thus alerts us from one aspect: there are drawbacks in the way of the current distribution of the interests.

Thirdly, the butterfly effect generated from the fixed-wage distribution system can not be ignored. Fixed-wage system also belongs to a distribution in accordance with the labor element. On the premise of different element endowments, interests distributed in accordance with labor factor are the general foundation for the income distribution gap resulting from the birth , accumulation and expansion ; but because of the cumulative effect in the market mechanism ,the income gap will expand at an accelerative speed if the distribution of income is based on the product elements. And the gap between the rich and the poor will be polarized. The poor are so poor that enterprises' expansion of domestic demand will be restricted and employees can not afford additional investment in human capital, meanwhile employers can not find enough high-tech employees. If things keep developing in this way, businesses will eventually lose the competitive advantages for sustainable development.

Finally, in this distribution pattern of benefits the workers are also destined to settle in a passive and vulnerable position. Even if the workers set up unions to take unison action , this is still an “evil for evil” pattern of zero-sum game. For example, employees might

require a “long-term contract”, while employers would choose to “close the plant, or reallocate it”. In such a pattern of zero-sum game, there will always be a gap between employers and employees, a lack of trust, inconsistency and conflicts. Thus the conflicts between employers and employees will be increasingly complex and acute. The increasing difficulty in labor disputes cases is the best proof. If China can not cope with these problems properly, labor conflicts will become the potential factor for turbulence in Chinese society.

2. A logic conversion toward a profit-sharing mechanism

We think that human rationality is always limited. As social individuals, workers have both material needs and emotional needs. Fortunately, human beings are born with a very strong feature----- creativity, which will enable both employers and employees to reconsider a solution to the above-mentioned problems, rather than let it function in the original way of non-cooperative game, which may result in a lose-lose outcome. After many rounds of battles, both parties realize that they need to make some concessions to the distribution of benefits. This makes cooperative game possible.

In fact, the “Prisoner's Dilemma” can be converted to “cooperative game”. We can find a model of cooperation from the cooperation between the plants and animals which has the nature of intense confrontation. Moss survives by forming a symbiont in the self-support type of algae and heterotrophic components of the fungal, which becomes the biosphere’s “pioneer”, living where micro-organisms are difficult to survive, and thus it creates a miracle of life (Jiang Nan, 2007). The Studies of Scientists about moss provide us with a good case in point about logic conversion. The studies indicate that if the fungi and algae don’t co-operate with each other, they will become mutual killers. Mycelia of fungi not only wrap algae so as to absorb the product of photosynthesis, but also penetrate into the cells of algae, and thus algae will wither soon, and the wreckage will be consumed by fungi. Even though the relationship between fungi and algae are highly confrontational, fungi can be deadly “killer” to algae. But they rely on symbiotic organism to maintain the ecological balance of the natural world. Since the animal and the plant can learn to defuse confrontation through cooperation, is there possibility for human beings to achieve a win-win situation through cooperation, to avoid the lose-lose outcome of the struggle? There is no doubt that this is certainly achievable.

Theorists have been working to create a theoretical basis for the realization of this logic conversion. Early in the middle of 1980s, an American economist, Martin Weitzman advanced the “Sharing Economy” theory, advocating that the wage system should be a sharing one, that is, workers’ wages should be correlated with the manufacturers’ operating index (such as profits) to form a constraint of wage cost. The main forms are bonus system, dividend system, wage stimulating system, profit-sharing system, and pure revenue-sharing system etc.. The basic characteristics of these systems are like this: part of profits will be

allocated to workers according to the operation profits of enterprises in addition to fixed wages (Martin Weitzman, 1986). Later, the sharing concept expanded, including workers' allocation of property rights, participation in enterprise management, as well as various forms of sharing the proceeds with the employees.

Such a diversification of profit sharing economy which is generally used in western countries is supposed to hold workers' benefits together with the enterprise's operational efficiency, as well as the long-term development of enterprises. This diversification of the economic way of sharing is a profit-sharing mechanism. Domestic and foreign research results also show that the sharing of economic culture and power has gradually become a world trend which not only helps alleviate the labor-management conflicts and enhance a sense of belonging among workers, but also helps enterprises improve their organizational efficiency to achieve a sustainable development.

In practice, many countries have been trying all kinds of means to create conditions for cooperation between employers and employees. They provide and improve the social security through government regulation to realize the profit-sharing between employers and employees. Sharing and cooperation have been widely accepted as an important concept and value judgment in the international arena thanks to many countries' efforts .

3.To share the profits of the labors —the basis to build a harmonious labor relationship

Now an important proposal which is worth the concerns of theoretical circle and entities is put forward about how to adapt to the trend of the times, how to choose the right timing to start profit-sharing mechanism and create a new framework based on benefits sharing, power distribution, and co-prosperity between the laborers and the management in China.

With the birth of the concept of building a harmonious society , we think it's now the good timing to start profit-sharing mechanism in China. Although labor relation in China shares the features of the early western market economy, it also has the characteristics of globalization which belongs to the "time-space compression" (Shi, Xiu ying ,2006). However, the basic conditions in China, under which employers and employees share the profits of the labors, are still better than those of other countries'.

First of all, the equality, which is premise of profit -sharing economy between employers and employees , is guaranteed by law in China. "The state respects and safeguards human rights" has been written into the new amendment of the Constitution. Moreover, the concept of putting people first and fundamental value norms that human rights are supreme have determined the equal relationship between employers and employees. Necessary adjustments have been made in all kinds of laws such as "*Labor Law*", "*Trade Union Law*", "*Labor Law and Contract Law* " and "*Employment*

Promotion Law ”and other related laws to help those workers in weak positions and to provide appropriate systematic backups for the power balance between employers and employees . Although in reality deficiencies of implementation of the legal system make the current situation somewhat unsatisfactory in the state of labor relations. Profit-sharing mechanism is still consistent with human rights and core values of democracy. The guarantee of profit- sharing provided by the legal system is becoming a trend in China.

Secondly, with Chinese characteristics, the political system is in favor of formation of profit-sharing mechanism. The political consultative system provides a platform for workers to participate in the political life and to pursue equal status and share power . Co-operation requires the two sides to engage in dialogue, coordination, and communication to maximize their own interests. This also requires the government to set up a platform for dialogue. Centralized management system can not only quickly set up the platform, but also quicken the process of coordination to benefit both sides.

Furthermore, the game between human capital and physical capital has changed, providing an opportunity to share benefits. 27 years’ rapid growth attributes to early policy of emphasizing on the role of capital. With the capital shortage alleviated, human resources and creativity of labor become increasingly important, and the scarcity rate between capital and labor reverses is also changing , so corresponding changes should be made in the social policies . The world’s cutting-edge science and technology make skilled workers and managerial workers become the objects of international competitors, especially in today’s knowledge-based economy which is no longer a simple concept of the labor force, but a scarce resource. If we do not attach importance to the profit- sharing and power sharing, we will lose the best opportunities for development in the new round of economic growth. And profit- sharing mechanism is conducive not only to retain scarce talent, but also help to avoid the loss of international capital.

Finally, the market economy requires the development of the lprofit-sharing mechanism. We know that labor contracts consist of two major components: the labor contract and the psychological contract. Market economy defines their respective rights and obligations to achieve equality through a series of labor contracts. However, because of rigidity of labor contracts, labor conflicts will easily occur. The psychological contract , however , is exactly more flexible, which depends on whether employees have cultural identity . In the event of conflicts, it has a large buffer room. The workers’ material and emotional needs are met simultaneously with the combination of labor contracts and the psychological contracts and profit- sharing is the basis for the combination.

Therefore, this paper argues that China should start a profit- sharing mechanism, and form a benefit-sharing based, power-distribution centered, harmonious labor relationship.

4. The role of government policy in promoting the profit sharing

A system is not naturally formed, so it needs proper outside propulsive force . The government should take on a most important duty as far as the system's execution is concerned. Profit-sharing is a social behavior, which needs to be accomplished by legislation, government regulation and systematic social policies. Since the government is the executive organ of the public power, the blueprint to share the profit gained from the social development should be realized primarily through the government's organizations, guidance, and coordination .Then how to realize the blueprint ?

First of all, improve the legal system continuously, and enforce the laws forcefully. Individual cognitive rationality does not represent that of the groups'. To form the co-operative game pattern between employers and employees, the norms for legal system will help form a unified cognition, increase enforcement cost of non-cooperative behavior to form the relationship of cooperative labor relations. The establishment of the labor relationship should be brought within the range of the law and everything should be done by law and regulations so as to reduce the randomness and one-sidedness and to achieve procedural fairness. On the basis of procedural fairness, further refine the legal system of labor relations, promote the labor market to operate smoothly and orderly, and thereby promote a harmonious and stable labor relation. The improvement of the legal system will provide the mechanism and legal guarantee for the implementation of the profit sharing.

Second ,set up the government's intervention mechanism to coordinate labor relations. Profit-sharing can not be achieved overnight, which requires many rounds of negotiations between employees and employers. Government should provide platforms for dialogue and negotiations for both parties and provide reference and solutions once the parties come to a standstill. In dialogues and negotiations, the government should consider the differences in the interests of both sides, as well as the possible difficulties faced by both sides, thereby, to resolve the plight for them and provide a good external environments such as the implementation of the minimum wage system, the norms and guidance for the rights and obligations of both parties in line with the market wage guideline system, as well as the further improvement of the social security system for workers to provide economic support and protection system for the existence of the labor from market (Aiping, Guo, 2006). Adopting multi-approaches simultaneously is conducive to the implementation of profit-sharing.

Third, establish independent mediation and arbitration. Mediators can consist of industrial professionals, trade unions and government representatives. When necessary, it can also be commissioned by celebrities to ensure the credibility of administrative mediation. Administrative mediation is helpful to alleviate the conflicts between employers and employees, avoid the standstill for employers and employees, and also make timely adjustments in favor of the employers. In general, the administrative mediation should follow the principle of voluntary mediation and free conciliation in order to protect the workers in weak condition . Workers can also, if necessary, get effective judicial relief in

order to safeguard the impartiality of the law.

Fourth, improve the mechanism for the demands of benefits. On the premise of profit-sharing, laborers own the dominant rights for profits. It means that when their own interests change, workers can have a say in the matter. Comprehensive mechanisms for benefits demand not only protect the interests of different interest groups, but also help to form the interest coordination mechanisms. Therefore, this article holds that the government should strengthen and improve the decision-making hearing system and the system of making government affairs known to the public. Prior to the decision-making, government should not only listen to the views from experts and scholars, but also solicit the views from the related interest sides, and strengthen communication with the community to put the views of different interests into public policy. Through the integration of benefits, it gets somewhere that the various interest groups can share social benefits reasonably; share and distribute the burden arising from social co-operation equally.

Fifth, introduce German joint decision-making system to promote joint participation in profit sharing for both employers and employees. If a system can bring benefits to both sides, it will have great incentives to implement this system. Germany joint decision-making system is such a system that the state sets special legislation to ensure that the workers are entitled to participate in internal production process of businesses and the livelihood of workers in an organized manner. On the one hand, such a system promotes the workers to participate in enterprise management orderly, and the status of workers are transformed from the object into the main body, which ease the confrontations between the laborers and the management and cultivate a sense of ownership. On the other hand, sharing economic power between workers and employers arouses the enthusiasm for laborers to improve labor productivity. Workers and employers make codetermination in many areas so that risk is shared by both sides, and also promote economic democratization and human-based labor.

Finally, the implementations of profit-sharing should start from the state-owned enterprises. State-owned enterprises are an extension of the will of the state, in the development processes it has gradually become the concept initiated by the country. Government's implementation of the fruit sharing mechanism at the state-owned enterprises' reform can serve as a demonstration effect. On the demonstration effect, to create public opinions atmosphere, implement appropriate guidance, such as proposals to adapt to WTO rules, international labor standards and SA8000 standards, implement the rule codetermination with workers, offer paid vacation, and provide enterprise annuity for workers to construct personal vision of development planning and so on. Implement various mechanisms to guide the non-state-owned enterprises, cultivate the concept of credibility, cooperation and win-win, and implement the profit-sharing mechanism.

Summary

To build benefit-sharing mechanism will have a profound impact on Chinese economic development. The co-operations between employers and employees will create greater profits and reduce internal friction resulting from mutual distrust. It will give the enterprise more room on the scale of employment and the modes of distribution, provide workers stable employment opportunities, enhance their sense of belonging and raise their job involvement. For the whole society, the diversified distribution pattern will not only promote the system innovation, but also maintain full employment, coordinate interests, improve labor efficiency and promote cooperation within the society, enhance social integration and stimulate the vitality of the entire society. As a result, the profit-sharing system will be of great help to enterprises, workers and the society as a whole .

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