

Obstacles and New Requirements for China's Current Employment in the Context of Modernization: Based on Marx's Principle of Dialectical Relations Between Productive Forces and Production Relations

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Abstract: Employment is a historical issue that occurs at a specific stage in the process of modernization. According to Marx's theory of historical materialism, employment is a problem that arises in modernization, particularly in industrialization and urbanization. China faces two challenges in its modernization process: insufficient development of its productive forces and current production relations that do not facilitate the development of productive forces. China is in the primary stage of socialism, where mechanized production replaces traditional production modes, resulting in a continuous decline in labor demand while labor supply is increasing. The internal production forces and production relations within society cannot interact, leading to oversupply in the labor market and resulting in a surplus of labor. At the same time, modernization requires a fundamentally new approach to employment in China, while the current employment situation is far from meeting modernization requirements. Therefore, the Chinese government must follow Marx's theory of historical materialism, and deeply reform and innovate its systems and mechanisms to achieve complete unity between production relations and productive forces. Only then can employment problems be solved.

Keywords: Productive Forces and Production Relations, Marx, Historical materialism, Employment, China

1. Introduction

China is one of the countries with the largest population in the world, possessing a vast labor force resource. Since the implementation of the reform and opening-up policy in 1978, China's national economy has continued to develop rapidly and healthily. Nevertheless, in modernization in China, the relatively advanced socialist production relations are unsuitable for the current development of China's productive forces. The Chinese government has adjusted production relations through economic system reform, industry structure adjustment, and technological innovation, which has resulted in severe unemployment issues. Accordingly, China's government attaches great importance to the issue of employment, and regards employment as the priority to safeguard people's livelihoods and the primary strategy to ensure social stability. Research in the academic community on China's employment issues primarily focuses on empirical studies, with little analysis of its essence through

Marxist historical materialism theory. In practical terms, this article will use Marx's principle of the dialectical relationship between productive forces and production relations to analyze the root causes of China's employment issues, providing theoretical suggestions for understanding and effectively addressing the current employment problems in China.

2. Literature Review

2.1. More quantitative research, less philosophical analysis

In terms of research methods on employment, there are approximately two approaches: one is the mathematical and empirical analysis based on neoclassical economics, which measures the causal relationships between factors under market economy conditions and uses it as a basis to identify the path of employment growth, emphasizing empirical analysis. There is another approach that utilizes Marxist political economy's analytical methods. This approach emphasizes the importance of social relations in addressing employment issues by focusing on the dialectical relationship between productive forces and social relations from the perspective of historical materialism. The research paradigm and empirical research methods of neoclassical economics are essential and necessary. However, if we only explore the patterns of employment changes through concepts, numbers, or symbols, it would be too simplistic. Therefore, studying this issue through historical materialism will be more comprehensive and profound.

2.2. The liberation of productive forces: migrant workers since the reform and opening-up

Academic scholars have been highly concerned with the issue of migrant workers in China since the implementation of the reform and opening-up policies. As a result of its open-door policies and reform, China has become the “world’s factory” and has given rise to a new working class of rural migrant workers. Some scholars focus on the subjective experiences of the second generation of dagongmei/zai, female migrant workers/male migrant workers, who have developed new forms of power and resistance unknown to the previous generation of workers [1]. The relationship between class and precarity is deconstructing [2], which means the blending of employment situation and rights in the West with the idea of the precarity of migrant workers in China is misleading. Some scholars believe that the policy liberated a large number of young labor force from the constraints of land and family. The labor force in rural areas has been transformed into a low-cost labor force in urban areas, becoming the core engine of the country's economic prosperity [3].

2.3. Productivity Improvement and Innovation of Production Relations: Artificial Intelligence

China is vigorously developing productive forces by creating new forms of employment through artificial intelligence. Artificial intelligence has a job creation mechanism that will increase the demand for talent in chip R&D and manufacturing, algorithm development, and data mining, promoting job growth and employment opportunities. Some scholars have explored the impact of AI technology on company productivity and employee profiles, and empirical estimates suggest that AI technology is positively correlated with productivity and employment [4]. Using cross-sectional datasets and panel databases, scholars found a positive and significant correlation between the use of AI and business productivity [5].

3. Methodology

3.1. Current basic employment situation in China

China's surveyed urban unemployment rate stood at 5.2% in May 2023, unchanged from April's 16-month low. The unemployment rate of the population aged 25-59 decreased to 4.1% in May from 4.2% in the previous month, while the rate for those aged 16-24 climbed to a record high of 20.8% from 20.4%. Meanwhile, the jobless rate in 31 large cities and towns was unchanged at 5.5% in May. The average weekly working hours of employees in enterprises across the country inched down to 48.6 hours in May from 48.8 hours a month earlier. For 2023, the government has targeted a jobless rate of around 5.5%, with the creation of about 12 million new urban jobs. China has set a GDP growth target of around 5% for 2023.[6]The statistics come from not only the National Bureau of Statistics of China, but also websites such as Trading Economics, Macrotrends and Economist Intelligence.

3.2. The Dialectical Relationship Principle of Marx's Productive Forces and Relations of Production

Given our focus on Marx's theory of historical materialism, the theory of the fundamental contradiction in society is adopted to guide the research. All social issues originate from this contradiction, and their causes and solutions can be traced back to the fundamental contradiction in society. The fundamental contradiction in human society lies in the contradiction between productive forces and relations of production, as well as the contradiction between the economic base and the superstructure. Among them, the former is the more fundamental contradiction. Productive forces determine relations of production, and relations of production, in turn, influence productive forces. The contradictory movement between these two is carried out in accordance with the law that relations of production must adapt to the development of productive forces. This involves changing the relations of production that are inappropriate or even hindering the development of productive forces, stabilizing relations of production that are fundamentally adaptable to the development of productive forces, and reforming their specific forms. It can be seen that the development of productive forces is the ultimate driving force. The basic elements of productive forces include the labor materials, the objects of labor, and the laborers, with the laborers being the most active factor. Therefore, the issue of employment for laborers reflects the contradiction between productive forces and relations of production. The issue of employment is not only a problem of internal productive forces, but also a problem of designing internal production relations within an organization [7]. Currently, China is in the primary stage of socialism and implementing a socialist market economy. The level of development of productive forces does not adapt to the socialist relations of production, resulting in problems such as difficulty in employment. Therefore, while China is adjusting the relations of production through reforms, it is also continuously developing productive forces and resolving the issue of employment through the dialectical movement of contradictions to meet practical needs.

4. Results: The Causes and Manifestations of Employment Issues Associated with Modernization in China

China's modernization has brought about significant employment issues, even though it has spurred rapid economic development. This is due to:

4.1. The laborers were liberated from the land

China started its modernization process in 1840. In 1978, China began to implement the policy of reform and opening up, gradually implementing market-oriented reforms and adopting a market economic system. The main characteristics of a market economy are that production factors are owned by different owners and resource allocation is based on the market. The majority of the labor force is no longer engaged in agriculture or manufacturing, but in the service industry such as trade, finance, entertainment, management, and education.

As of 1978, about 80% of China's population still lived in rural areas. The reforms and opening up policies have freed a large number of the young labor force from the constraints of land and family, transforming the rural labor population into a low-cost workforce in the cities, which has become the core engine of the country's economic prosperity.[8] It is evident that without the massive influx of cheap migrant workers from Chinese villages, the large-scale export-oriented factories during China's prosperous period, as well as impressive urban housing development, skyscrapers, and highways, would not have been possible. This is the law that the productive relations must be adapted to the development of productive forces. When the productive relations meet the objective requirements of the development of productive forces, they will greatly promote the development of productive forces.

4.2. China's modernization process is also a process of participation in globalization

In the process of economic globalization, a crisis in one country also requires collective responsibility from the world. For example, the 2008 US subprime crisis triggered a global financial crisis, which spread from developed countries to developing countries, from the financial sector to the real economy. The impact of the international financial crisis caused many export-oriented foreign-funded enterprises to withdraw their investments, leading to dismissals of managers and employees and triggering a "returning home tide," exacerbating China's severe employment situation [9]. It can be seen that the contradictions between production methods in countries with different social systems have exacerbated China's employment problem.

4.3. Imbalance between economic progress and education development

There is a tense supply and demand relationship in employment, and the contradiction between job positions and the employed population is great. China attaches importance to talent cultivation in the process of modernization and implements the expansion of universities. Every year, countless graduates enter the job market, and there are more people with employment needs.

4.4. Contradiction between economic development and society

China still has occupational and gender biases. Women have a narrower employment scope, lower employment rates, and face greater employment pressure. In addition, there is unequal employment in recruiting by employers, which also increases the difficulty of employment.

4.5. The employment issue brought about by China's modernization

Since the reform and opening-up policy in China, the vigorous economic development has proven that the market economy is a production mode suitable for the current level of productivity in China. However, this development has also led to some contradictions, as "general surplus labor, as labor beyond a certain amount of need, must always exist." This contradiction is mostly manifested in unemployment.

Firstly, the current unemployment rate in China remains high. According to data released by China's National Bureau of Statistics as of May 2023, there were over six million young people aged

16-24 still looking for jobs. The national urban survey unemployment rate was 5.2%, and the youth unemployment rate was high, particularly for those aged 16-24 and 25-29, at 20.8% and 4.1% respectively.

Secondly, there is a significant pressure to create new jobs. As one of the most populous countries in the world, China has a large population of working people. Since the 1970s, China has had about 20 million people enter the working age each year, which means that the country's employment resources are not sufficient to create enough new jobs for those entering the workforce. Moreover, the rural reform has led to a large number of surplus laborers who need new employment fields and opportunities with a considerable portion migrating to the cities, adding significant pressure to urban employment. According to statistics, there are approximately 150 million surplus laborers in rural areas, and a vast number of migrant workers enter cities every year, which represents a significant threat to cities already facing a challenging employment situation.

Thirdly, the elasticity coefficient of employment decreases as the economy grows. Normally, high economic growth should lead to high employment. Despite achieving high economic growth rates through an extensive fiscal policy, China still had to face the issue of high unemployment rates [10]. Small and medium-sized enterprises (SMEs) are the primary source of job opportunities in any country, and in China, SMEs provide more than 75% of employment opportunities. However, the development of SMEs in China has been suppressed by multiple taxations, which limits their ability to absorb more labor [11]. The heavier the tax burden on a country, especially for taxes in areas that can increase employment, the higher the unemployment rate. Irrational taxation is an unreasonable production relation that hinders the development of productive forces.

Finally, excessive work leads to a crowding-out effect, where workers remain in a state of employment exceeding the average working hours and intensity for a prolonged period. Many industries in China have excessive work, such as garment manufacturing, construction, mining, and low-tech manufacturing production lines [12]. A large number of rural migrant workers enter these fields, which results in overflow pressure on staff, lowering their wages, leading to long-term, low-paying jobs with long working hours. Excessive work occupies many job opportunities, leading to unemployment for those with the ability to work.

5. Discussion: The solution of employment issues in China during the primary stage of socialism

Employment is a historical issue of a particular phase of development. Unemployment did not exist in agricultural societies, and it is a unique phenomenon in industrial societies. For instance, during the time of slave societies, although humans could use a certain amount of copper or even iron tools for production, human labor remained the main driving force, and enslaved people were the most important means of production. The reason why the issue of employment and unemployment emerged in the capitalist industrial era is that the machine production methods adopted by capitalist industrialization are much more advanced than those used in the past. This advancement is visually represented by the adoption of machine power, which leads to higher production efficiency. In substance, this signifies that the mode of production of this form is decomposed into different constituent elements in each field and production process under the conditions of large-scale social production. Such a process deepens the degree of the social division of labor and expands its scope. From the perspective of productive forces, technological progress causes the simplification of the production process, automation of production machines, and decreases the reliance on workers' skills, crafts, traditions, and knowledge, or even eliminates the need for worker participation. From the perspective of production relations, capital exercises greater control over labor processes and workers, enabling laborers to be reorganized within the labor process or excluded from it, becoming an unemployed person."

The market economy system in China combines the socialist system with capital, and socialism attempts to control capital in order to fundamentally solve the employment problem. As a result of capital pursuing surplus value, it inevitably suppresses people's social consumption levels, causes insufficient effective demand, and produces crises of overproduction and unemployment. Engels once said, "In all societies where production spontaneously develops (today's society is also such a society), it is not the producers who control the means of production, but the means of production that control the producers." The emergence of the socialist system is intended to eliminate the antagonism between owners of the means of production and laborers, to make the working people become the masters of the country and society, to become the subject of the means of production, and to fundamentally solve the employment problem. Although China, currently still in the primary stage, faces the problem of unemployment, with the improvement of productivity and the deepening of production relation reform, China is actively addressing the employment problem.

First of all, China is striving to promote the transformation of demographic dividends into human capital dividends. This involves improving the quality of labor while ensuring an adequate labor force quantity. Next, thoroughly deepen reforms, grant more freedom to the market, encourage the development of a non-public economy, and provide more job opportunities. This is aimed at making the current productive relations more suitable for productivity. In addition, the concept that people are the primary productive force is established. Labor is the total of physical and intellectual abilities of individuals. People are the masters of society and the core of the productive force. This is because the economic system, primarily composed of public ownership and coexistence with other non-public ownership, has already broken the domination of capital over labor and restored the dominant position of labor within the production elements. At last, China is vigorously developing productive forces by creating new forms of employment through artificial intelligence. Artificial intelligence has a job creation mechanism that will increase the demand for talent in chip R&D and manufacturing, algorithm development, and data mining, promoting job growth and employment opportunities [13].

6. Conclusions

In order to analyze China's current employment problem and predict future trends, Marx's historical materialism research method was used. It was found that the employment problem is a phased historical problem, which emerged after the birth of capitalist production relations. By analyzing the contradictory movement of productive forces and production relations, it was discovered that the employment problem is both an issue of internal productive forces and a design problem of production relations. China is a socialist country in the primary stage of development, and due to the insufficient development of productive forces and the issue of capital properties, there are serious employment problems in society. According to Marx's historical materialism methodology, China today must innovate and develop productive forces, as well as reform production relations that do not suit laborers, in order to truly solve the employment problem.

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