

Study on the Labor Cooperation of Bohai Rim Region

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Abstract Along with the accelerating mobility of intra-regional production factors among different bodies of Bohai rim region, both national and regional governments have been paying more and more attention to the eliminating barriers of various elements' mobility gradually and the optimizing the allocation of resources to achieve the common prosperity of the region. This paper takes the development of labor cooperation in Bohai rim region as a study object, utilizing the method of the actual analysis combining with the theory studies to analyze the regional development status of labor cooperation. And then, the conditions for cooperation and some existing problems are discussed. In the end, some corresponding countermeasures and suggestions are put forward.

Key words Bohai rim region, labor cooperation, countermeasure

1 Introduction

Bohai rim region was placed in the list of the national key areas for opening up and developing, and then the national departments concerned made a special plan for the region in the early 1990s. This stands for the formal establishment of intra-regional economic cooperation of Bohai rim region, the regional mutual advantages and horizontal integration developed a wide economic development space for Bohai rim region. Along with the accelerating mobility of intra-regional production factors among different bodies of Bohai rim region, both national and regional governments have been paying more and more attention to the eliminating barriers of various elements' mobility gradually and the optimizing the allocation of resources to achieve the common prosperity of the region. With the increasingly development of regional economic cooperation, the regional labor cooperation, as a part of the regional economic cooperation, will step faster and faster.

Foreign studies on the field of regional labor cooperation mainly contain Schultz and Becker's human capital theory, Roomer and Lucas's new economic growth theory. The available literature of regional labor cooperation mainly focus on the study of human resources cooperation and labor transfer theory, however, less on the regional labor cooperation. The domestic studies on regional labor cooperation mainly contain some related papers and articles using the actual analysis on regional labor cooperation of the Yangtze River Delta and the Pan-PRD. However, it's hardly to find actual analyses on regional labor cooperation of Bohai, and even harder to get a domestic monograph on the theory of regional labor cooperation. This paper, based on the theories mentioned above and the research results of some related scholars, tries to make an initial research on the issue of regional labor cooperation of Bohai.^[1]

2 The Basic Situations of Bohai Rim Region

In May of 1986, the mayors from 14 cities, (Dandong, Dalian, Yingkou, Panjin, Jinzhou, Qinhuangdao, Tangshan, Tianjin, Cangzhou, Huimin, Dongying, Weifang, Yantai, and Qingdao) which are around the Bohai Sea in north China, held a joint conference, deciding to establish the Bohai rim regional economic zone formally. The Bohai rim regional economic zone mainly refers to the scope of the three provinces and the two municipality cities, namely Beijing, Tianjin, Liaoning, Shandong and Hebei. In 2001, the State Council of China decided that Shanxi province and Inner Mongolia Autonomous Region also belonged to the Bohai rim regional economic zone. And in this paper, the Bohai rim region includes two municipality cities (Beijing and Tianjin) and five provinces or autonomous regions (Hebei, Shanxi, Shandong, Liaoning and Inner Mongolia Median Region). The land area of the Bohai rim region is 1.12 million square kilometers, and the population is 260 million. There are 13 cities' urban populations beyond one million among the 157 cities which account for some one quarter of China's cities.

The superior geographical location of the Bohai rim region where is the combination of North China, Northeast and East of China. And it has convenient transportation of sea, land and air. There are

more than 40 ports in the Bohai rim region, which is the most concentrated ports area around the country. So with the advantages mentioned above, the transportation network of Bohai rim region is one of the most concentrated areas.

As an important base of scientific researches, Bohai rim region has competitive advantages in technology and talent in China. With 276 colleges and universities (accounting for 27% of China's universities), and some one third China's teachers in the universities working there, so it has superior strength to organize scientific research and technological development for Bohai rim region. Meanwhile, Bohai rim region is the most concentrated area of science and technology talents in China. E.g. Beijing and Tianjin have many well-known universities and scientific research institutions. Qingdao, Dalian, and Shijiazhuang also have some well-known universities.

The Bohai rim region is rich in natural resources: with an area of 77,000 square kilometers, Bohai sea, as China's biggest inland sea, has plentiful marine resources; the various mineral resources there occupies an important place in China; with the oil fields of Liaohe, Huabei, Dagang and Bohai, Bohai rim region is very rich in oil resource; there are some large coal fields, such as Datong, Pingshuo, Yangquan, Kailuan and Jiaobei; besides, the region is rich in some other resources. E.g. tourism resources, agricultural resources and so on.

Beijing and Tianjin are the two strongest economic cities in Bohai rim region. From 1990 to 2005, Beijing has maintained a high-speed GDP growth at the average annual growth rate of 19% (about 42.09 billion yuan per year); the GDP of Beijing grows up to 681.45 billion yuan from 50.082 billion yuan and totally added up to 631.368 billion yuan. And the GDP of Tianjin grows up to 36.686 billion yuan from 31.095 billion yuan and totally added up to 335.291 billion yuan with an average annual increase of 17.87% (about 22.353 billion yuan per year).^[2] Other provinces and municipalities also had made significant economic progresses.

3 Present Conditions and Development of Bohai Rim Region

In October of 1992, the 16th Congress put forward that the speed of development and opening up of Bohai rim region shall be accelerated. And then Bohai rim region was placed in the list of the national key areas for opening up and developing. The national departments concerned made a special plan for the region. This stands for the formal establishment of intra-regional economic cooperation of Bohai rim region, the regional mutual advantages and horizontal integration developed a wide economic development space for Bohai rim region.

In 1994, Talent Market of Northern China, the first regional talent market with national level, was born in Tianjin.

In February of 1997, Talent Market of Northern China, Talent Service Center of Hebei and Mayors' Joint Office Meeting of Bohai Rim Regional Economic Cooperation worked together, holding the 1st Conference of Intellectual Resources Exchange of Bohai rim region. The conference, based on personnel exchange, carried out a series of cooperative activities, which included the cooperation and transfer of scientific and technological achievements. This kind of conference is designed to strongly promote personnel exchange of Bohai rim region, and advance the process of talents integration. Till now it has been held 14 times with a history of 11 years. According to some incomplete statistics, till 2008, there are more than 20,000 recruiting companies had attended the Conference of Intellectual Resources Exchange of Bohai Rim Region, and received over 400,000 job hunters with various job application letters.

This activity lays a solid foundation for the promotion of the harmonious development regional economy and society, and for strengthening the closely cooperation between the institutions of Bohai rim region. Through the communication of employers and employees, the developing tendency of the regional personnel exchange cooperation is shown.

Along with the speeding up pace of opening up and developing of the new coastal region of Tianjin, there are many large enterprises and groups from both at home and abroad successive settled in the new coastal region of Tianjin. This situation aroused sharply demand for labor, causing an enormous amount of employees coming from Beijing, Heilongjiang, Shandong and Gansu flood into the new coastal region of Tianjin. Such a flood of labor factors, which is heading for Tianjin and Beijing, is an unplanned flood for its local region, and it's hard to control by the local governments. Once confliction happens, the benefits of the labor are difficult to be protected.

The economic cooperation of Bohai rim region started earlier than others, but with a low speed. And the progress of regional labor cooperation falls behind the regions of Yangtze River Delta and

Pan-Pearl River Delta. Because there are some limitations for the regional labor cooperation: first, the directions of the labor mobility are obviously, there is huge quantity of high-quality labor force flows into Beijing and Tianjin from the neighboring areas of the two cities, however, few supplement for these out-flowing areas. Without question, this kind of situation will result in the intensification of the unbalanced development of regional economy; second, the relations among the regional economic bodies are limited by the administrative regions. The administrative boundaries, system obstacle, local protectionism and stripe-and-block partition in administrative areas serious hinder the progress of cooperation.

4 Condition Analyses for Bohai Rim Regional Labor Cooperation

4.1 The Great demand in the Bohai rim Regional Labor Market

The economy of Bohai rim region has gotten to a new stage in the 21st century: e.g. the rapid development of tertiary industry of Beijing; gradient transfer of Beijing old industrial enterprises; the construction and development of the new coastal region of Tianjin; the party's perfecting regional policies which would break administrative boundary and offer good development opportunities to improve the regional economy; meanwhile, there are many large enterprises and groups from both at home and abroad successive settle in the new coastal region of Tianjin, causing a great mount for employees. All of these conditions will surely improve the Bohai rim regional labor cooperation greatly. Relatively speaking, compared with the area of Beijing-Tianjin, Hebei, Shandong and Liaoning are rich in labor resources but with lower economic development. So the regional labor cooperation will not only ease the labor demand of Beijing and Tianjin, but also relief the pressure of employment in their surrounding areas and increase the income of labors to promote the regional labor cooperation to realize the leap-forward development.

4.2 Unique Location Advantages

Bohai rim region, located in the west bank of the Pacific Ocean, is the center of the increasingly active Northeast Asia economic zone. It contains two major municipalities, 5,700 km long coastline, thousands of large and medium-sized enterprises, over 40 different-sized harbors around and so on. Doubtlessly, it is one of the most intensive regions of China's urban agglomerations, industrial areas and port districts. What's more, there are many China's most successful development zones and hi-tech parks. Bohai rim region has China's most densely region of abundant intellectual resources, and the old industrial bases also home there, at the same time, it's the political and cultural center of China. So the unique location advantages will surely be attractive for the labor factors.

5 Restrictive Factors of Bohai Rim Regional Labor Cooperation

Though there are some unique location advantages that Yangtze River Delta and Pan-Pearl River Delta do not exist, the process of regional cooperation is quite slow, and the labor cooperation has not developed to the stage of substantive cooperation, not to say to carry out the integration of cooperative game as Pan-Pearl River Delta.

5.1 Disadvantages of Convergent Industrial Structure

There exists industrial structure convergence among the different economic bodies of Bohai rim region. The industrial structure assimilation, also called industrial structure convergence, refers to the tendency of similarity in the industrial structure development process of different areas in the same region, or refers to the emerging and enhancing tendency to be the similar structures in the process of different areas' industrial structure alterations.^[3] Xu Jian, the post-graduate from China University of Petroleum, did a special research on industrial structure duplication in peripheral zone of Bohai Sea, and his research shows that: the areas of Bohai rim region share great mount of main external variables which determine the economic behaviors, e.g. historical basis, resource structure, socio-cultural, local systems and so on. Virtually, the region forms a "no difference platform" to receive the industrial transfer, and the heterogeneity of the environment results in the uncertain industrial and technical transfer coming from the internal and external areas, and then form the industrial similarity in some related areas. The convergent industrial structure of Bohai rim region will make the comparative advantage harder to develop. In this case, it leads to not only the loss of scale economy and the emergence of excessive competition, but also the surplus of production capacity and resource waste, all of these will against the increase of industrial competitiveness.^[4] Meanwhile, administrative barriers, which cause the inter-regional market segmentation, have severely hindered the integration process of the Bohai rim region, so competition is stronger than cooperation among the inter-regions.

Table 1 Industrial Structure State Table of Bohai rim region in 2007

Unit: hundred million yuan

Region	Regional Industrial Proportion	Primary Industry		Secondary Industry		Tertiary Industry	
		Output Value	Specific Gravity	Output Value	Specific Gravity	Output Value	Specific Gravity
Beijing	9006.2	101.3	1.1	2479.3	27.5	6425.6	71.4
Tianjin	5018.28	102.86	2.1	2891.33	57.6	2024.09	40.3
Hebei	13863.5	1971.2	14.2	7252.5	52.3	4639.8	33.5
Shandong	25887.7	2509.1	9.7	14773.4	57.1	8605.2	33.2
Shanxi	5696.2	313	5.5	3394.7	59.6	1988.5	34.9
Liaoning	11021.7	1178.4	10.7	5829.5	52.9	4013.8	36.4
Inner Mongolia	6018.81	784.08	13	3079.81	51.2	2154.92	35.8
Nationwide	246619	28910	11.7	121381	49.2	96328	39.1

DATA SOURCES: Bulletin of Statistics of State Statistics Bureau

The little difference of industry structure limits the space for the regional labor cooperation. Along with the deepening integration of regional economy and the development of regional industrial structure, the original allocation of resources can not achieve optimal results; naturally, the rearrangement of resources is needed. Because of the regional duplication of resources, the less and less difference in industrial structure which will make the regional factors of production and natural resources more difficult to realize the complementary advantage. In this case, the economic entities are difficult to provide lower-cost products and services for each other since it is not conducive to the formation of the regional industrial output and the efficient distribution structure.

5.2 Macro Adjustment System for Regional Labor Cooperation

Keynes' employment theory notes that, besides frictional unemployment and voluntary unemployment, there is an enormous amount of involuntary unemployment. And the unemployment results from insufficient effective demand of the whole society. If lack of aggregate demand or effective demand, this kind of situation means the demand of consumption and investment is insufficient, and then the unemployment will appear. To solve the involuntary unemployment, the issue of insufficient effective demand must be worked out first. In fact, there exist two major problems nowadays: one is unemployment; the other is the difficulty of enrolling new workers. There is great effective demand in the area of Beijing-Tianjin, however, the labor market service do not match with the demand, so just relying on the adjustment function of human resources market can not realize the sufficient employment. Meanwhile, people who provide services can not meet the market demand with their practical ability, specialty structure and professional knowledge. So the key to solve this problem is to set up macro-control system and make the system more proper. Since the government is the body of the macro-control system, it should fully play its role in macro control policy and system making for the labor cooperation to realize the balance between sufficient employment and effective demand.

5.3 Unsoundness of Supervision System in Service Market

R. Coase (1992) notes that the externality of economy cannot be eliminated by free exchange under the market mechanism.^[5] The negative externality of economic system must be limited by the force from out-of-market. Key and Vickers note that the market economic system has uncertainty, asymmetry and incomplete information. However, not all the institutions can afford the high cost for collection and classification of information. So the government has the responsibility to take necessary measures to reduce the asymmetric and incomplete information in the economic system.^[6] The main function of service market supervision system is to relief the unbalanced situation between supply and demand in the regional labor market which caused by the externality and information asymmetry, and at the same time, it will protect both sides of the market. At present, Bohai rim region does not establish the supervision system for talent market including the professionalism of law enforcement, industry self-regulation and social monitoring. So the process of regional labor cooperation is developing quite slowly with the continuously conflictions and torts.

5.4 Social Security of the Regional Labor Cooperation

This problem mainly acts in two aspects: one is the legal rights of the workers can't be protected in

many cases. For example, some employing units don't implement the payment right, encroach long working hour with low salary. The workers have no access to the sanitation and security, social insurance, social welfare and so on. Such conflicts are common, which hinder the development of the cooperation. The other is the mobility of labor in the trans-province with low salary, poor treatment and limited security. Being short of employment information, the low degree of organization in the blindly transportation, the migrant labor lack long-term validity and stability. Even worse, at the same time, some farmers have outmoded ideas, low quality and weak idea about labor mobility of trans-province and the fund is a barrier for the poor farmer households who seek migrant work.

5.5 The Low Comprehensive Quality of the Labor

With the deepening economic cooperation and the rising high-tech industry, the cooperative aspects have been broadened, calling for higher capacities of the workforce. In recent years, Pan-PRD region has strengthened the cultivation of the labor brands, such as "Chuan Cook", "Chuan Construction", "Guangxi Electricity", assembling production, vehicle joint", however, the overall quality of labor is not high, which leads to the weak competitive capacity in the employment market, as a result, the choice of labor is still in the labor-intensive industries and lower service industries. The low comprehensive quality of the labor, especially the low skill level, has been the block of the service export.

6 Conclusions

Based on the conditions that mentioned above, some corresponding suggestions for improving:

(1) Labor cooperation system among regional government. The labor cooperation among the regional governments, which follows the guide of the cooperative policies, based on the consensus reached by different local governments with the same benefit. And the regional labor department is also needed. By forming the labor cooperation among the regional governments and promoting the development of the cooperation, it will realize the overall advantage of the regional labor cooperation.

According to the present condition of labor cooperation in China, the target mechanism is still not clear. E.g. the main channel of the cooperation in the Bohai rim region is the talents hunting, fewer channels are the labor intermediary organization, so, and both the supplier and demanders are blind in the market, whether there're suitable aims or not is beyond the prediction and leads to the unawareness. The areas with affluent labor, such as Pan-PRD region where offers labor training, so they could provide the unilateral information that there're plenty workforce in its area, if needed, demanders can find the suppliers. Well, if not needed, the suppliers will be out of work still. So it can decrease the blindly and unnecessary investment of the cooperation, government should guide the supplier and demanders, if pertinent training is involved, not only the benefits mentioned above will be gained, but also the improvement of the efficiency in the labor cooperation be achieved.

(2) Guarantee mechanism of the regional labor cooperation. To ensure the stability and smoothly development of the regional cooperation, it's necessary to found a definite guarantee mechanism of the regional labor cooperation, which includes the working condition, wage, treatment, insurance, living condition and so on. In most cases, the labor providers are the vulnerable groups, it's crucial to make the related policies to carry out and implement the supervision, which will protect the providers' benefits. All in all, no matter whom the provider is, and no matter how intense the competition is, it behooves to the labors to get the interest guarantee in the labor cooperation, including signing and implementing a contract.

(3) Scientific industrial policy formulation for the promotion of industrial structure adjustment. The problem of the convergence among different provinces and cities in the Bohai rim region has blocked the development of regional labor cooperation. The key to solve the problem is to cancel the administrative barriers. First of all, it requires desalination of the feature administrative areas, and then strengthens the function of the economic areas and breaks the boundaries among the departments and areas. Inline with principle that demands bilateral benefit, complementary advantages, structural optimization and benefit priority, then uniting each other, and promoting the linkage of every aspect which includes program, industry, market, transportation policies and regulations. By integrating the regional resource, adjusting the industrial structure, and strengthening the chief industry in a trans-region, the formation of the industrial advantage will improved with a lower cost.^[7]

(4) Found regional organization for cooperation. Found the regional organization of cooperation which should consist of all the five provinces and two municipality cities, and strengthen the function of regional management of the government. Besides, complete the local coordinated mechanisms, set up the integrative control among the regional governments gradually, and break the boundaries among the

departments and areas. In the mean while, negotiate in unity, combine the existing resource, adjust and aggregate the industry of convergence to improve the concentration degree, form the regional scale benefit and increase the comprehensive competition. With the economic growth and development of enterprises, the mobility of labor factors and the improvement of the regional labor cooperation will inevitably be promoted.

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