

## **China Economy Seminar | Joint with | Seminar in the Economics of Science & Engineering**

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SPEAKER: Cheng LIU (Shanghai Normal University School of Law and Politics)

PRESENTATION: Creative Labor in Micro-economics vs Technological Progress in Macro-economics

### **ABSTRACT:**

The current macro-economic theories are out of line with micro-economic theories. Mainstream economics recognizes the role of creative labor in the form of technological progress in macro-economics, but denies it in micro-economics. So we should review the history of economic theories to trace back to the common ground of different theories, i.e., the commonness of the labor theory of value. Besides, such new classification of labor as creative labor and repeated labor rather than simple labor and complicated labor or physical labor and mental labor is also needed.

To summarize the theories of William Petty, Adam Smith & Karl Marx, etc., it's easy to find that wealth is the result of the combination of labor and natural resources. To review the history of economic growth, it's also easy to find that the results of creative labor, including social division of labor (The independence of animal husbandry & fishery can utilize natural resources better, specialized division of labor & independence of commerce can utilize human resource better), management innovation (Three shifts can fully utilize the machines), and technological progress (Technological progress can improve productivity), is the only source of the rate of surplus value-Smith has already found that specialized division of labor could improve productivity, and nearly all economists including Marx recognize that technological progress contributes to economic growth. To conclude, creative labor is the only source of the rate of surplus value in micro-economics, and technological progress is a form of creative labor in macro-economics.

Considering that creative labor is the only source of the rate of surplus value and the main source of economic growth (The increase of resources has limited role in economic growth), economic growth should be distributed fairly among relevant parties, including employers and employees. As a result, labor policy is to ensure the fair distribution between employers and employees.

Key Words: Creative Labor, Division of Labor, Management Innovation, Technological Progress, Micro-economics, Macro-economics, Rate of Surplus Value

### **BIO:**

[Cheng LIU](#) is a professor at Shanghai Normal University School of Law and Politics, teaching Labor Law, Social Security Law, Legal Philosophy, and Anglo-American Legal History. His research focuses on Civil and Commercial Law, and he is the Director of the School's Law and Social Development Research Center.

He serves on boards of academic institutions such as the School's academic committee, and the editorial board of Peking University Press. He's a legal consultant to Shanghai Municipal Trade Union Council. He's the Vice President of Asian Society of Labor Law, and Deputy Secretary-General of China Social Law Studies Society. He has published two books both independently and jointly, one text book on labor law, and about 80 academic articles. His essays on Social Rationality and Social Security Law and Union Representative's Right of Action were awarded nationally.

He earned his master's degree in Economics from Renmin University School of Business, and J.D. from Peking University.

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