

THE CHINESE WISDOM OF CONTEMPORARY POLITICAL ECONOMICS

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Abstract: The political economics of socialism with Chinese characteristics highlighted “Chinese wisdom” in the process of its theoretical innovation of contemporary political economics, which adhered to the principles and methods of combining Marxist political economics with Chinese reality, while getting a full, systematic and profound knowledge of political economics and firmly grasping the stage characteristics of China’s economic and social development. Therefore, it firmly adhered to “dialectics and the doctrine that everything has two aspects” in the aspects of the basic economic system of socialism with Chinese characteristics and the socialist market economy. Moreover, it persevered in maintaining stability in the general work guideline and put forth the major principles of the political economics of socialism with Chinese characteristics, which emphasized to grasp the “new normal” of economic development, while pushing forward the supply-side structural reform. And more than anything else, it made a full exploration of “systematized economic theory” that took “the new concepts of development” as a guide. In the course of gaining a qualitative leap from “the first draft of political economics” to “Marxist political economics in contemporary China,” these theoretical innovations kept a good practice of summing up the laws of economy to improve and perfect the theoretical system of the socialist political economics with Chinese characteristics.

Key words: the political economics of socialism with Chinese characteristics; Xi Jinping; the governance of China; Chinese wisdom

Taking “the second combination” as principle and method, the new development of the political economics of socialism with Chinese characteristics is closely connected and integrated with the new ideas, new thoughts and new strategies of the

governance of China initiated by Xi Jinping since the 18th National Congress of the Communist Party of China (CPC). It gives expression to the new realm of the development of Chinese Marxism in the twenty-first century, while highlighting the “Chinese wisdom” of contemporary political economics.

Manifesting the “Chinese Wisdom” of Contemporary Political Economics in the New Course of “Second Combination”

The establishment of the basic socialist economic system in China in 1956 was the historical starting point of the political economics of socialism with Chinese characteristics. The speech of “The Ten Major Relationships,” written by Mao Zedong in April 1956, is celebrated as the landmark of the search for an alternative mode of socialist development. In the investigation and research of the preparation of the speech of “The Ten Major Relationships,” Mao Zedong outlined how the People’s Republic of China would construct a socialism different from the model of development undertaken by the Soviet Union. Mao Zedong addressed:

Don’t copy the experience of the Soviet Union mechanically any more. We should think with our own mind. The basic principles of Marxism-Leninism should be combined with the concrete reality of China’s socialist revolution and construction to explore the road of building socialism in China. (Mao 2013, 550)

“We’re going to carry out ‘the second combination’ to find out how to build socialism in China,” he declared (Mao 2013, 557). In December 2013, in his speech in commemoration of the 120th Anniversary Symposium on the birth of Mao Zedong, Xi Jinping pointed out that Mao Zedong

took the experiences and lessons of the Soviet Union as a warning and brought forward the strategic thinking to create new theories and carry out “the second combination” of the basic principles of Marxism-Leninism with the reality of China, while finding out the right way to carry out the socialist revolution and construction in China and build a powerful socialist country. (Party Documents Research Office of the CPC Central Committee 2014, 691)

Xi Jinping paid tributes to the significance of the principle of “the second combination” and the strategic idea to conduct the socialist construction declared by Mao Zedong. The principle and method of combining Marxist political economics with Chinese reality has been abided by since the initial creation of the political economics of socialism with Chinese characteristics.

The year 1984 is an important year for the reform and opening-up of China. In this year, when touching upon the argument that the socialist economy is a planned

commodity economy on the basis of public ownership, which was put forward by the Third Plenary Session of the 12th CPC Central Committee, Deng Xiaoping regarded it as “the new words” suited to the reality of the reform of China’s economic system at that time. Therefore, it gave us the impression of “writing a first draft of political economics.” It is “a kind of political economics which accomplished the combination of the basic principles of Marxism and the practice of Chinese socialism” (Deng 1993, 83). In November 2015, when looking back the regular characteristics of the development of Marxist political economics in China since the reform and opening-up, Xi Jinping pointed out that “the CPC has enriched Marxist political economics by combining its basic principles with new practices in reform and opening-up and made many key theoretical achievements since the Third Plenary Session of the 11th CPC Central Committee” (*People’s Daily* 2015a). The principle and method of “the second combinations” is the fundamental principle of the development of the political economics of socialism with Chinese characteristics in the course of the reform and opening-up as well.

Xi Jinping adheres to the fundamental direction of the exploration of the road of socialist construction with Chinese characteristics all the time since the 18th National Congress of the CPC, applying the principle and method of “the second combination” creatively, making theoretical innovations of the political economics of socialism with Chinese characteristics in many aspects and initiating a new realm of contemporary Marxist political economics.

At the China’s Central Economic Work Conference in 2013, taking a broad and long-range view from the governance of China, Xi Jinping put forward the requirement of strengthening the leadership of the CPC to deepen the reform in an all-round way and being brave and enterprising strategically, while proceeding step by step tactically (*People’s Daily* 2013a). In July 2014, in the exploration of the “big logic” of “new normal” of the economy, Xi Jinping called for that the CPC committees and governments at all levels should be proficient in learning and using the political economics, laying stress on “be proficient in” to purport the continuous improvement of the capacity and standard of promoting the quality of the reform and opening-up, while leading the economic and social development to improve their quality and effectiveness (*People’s Daily* 2014a). Xi Jinping made the remarks in November 2015 while presiding over a group study session of the Political Bureau of the Central Committee of the CPC on the basic theory and methodology of Marx’s political economics.

Xi said,

In face of the extremely complex economic situation at home and abroad as well as varied economic phenomena, the study of Marxist political economics could help conduct economic analysis in a scientific way, improve the capability of

managing the socialist market economy, and better answer problems of economic development. (*People's Daily* 2015a)

At the Central Economic Work Conference that was held in Beijing from December 18 to 21, Xi Jinping said the country's emphasis next year will be on supply-side structural reform to adapt to the "new normal" of economic development. He called for persevering in the grand principle of the political economics of socialism with Chinese characteristics, given its importance as the active choice to adapt to the new situation of comprehensive national strength competition after the international financial crisis (*People's Daily* 2015b). Xi Jinping urged economists, government officials and entrepreneurs at a symposium that was aimed at pushing forward the supply-side structural reform to make efforts to develop political economics of socialism with Chinese characteristics while making use of the achievements of Western economics, emphasized the importance of strengthening research and exploration of the laws of economics in managing economy to ensure the continuous improvement of the theoretical system of socialist political economics with Chinese characteristics, and promoting the economic discipline construction that fully embodies Chinese characteristics, Chinese style and Chinese dignity (*People's Daily* 2016a). "The general work guideline of making progress and maintaining stability is an important principle of the governance of China. It is the methodology of completing economic assignments as well," Xi Jinping addressed at the Central Economic Work Conference in 2016 (*People's Daily* 2016b). The spiritual essence of Xi Jinping's speech on getting a full, systematic, profound knowledge and good use of political economics lies in firmly grasping the stage characteristics of China's economic and social development to renew a new chapter of "the second combination" and show forth the "Chinese wisdom" of contemporary political economics in the course of promoting the new ideas, new strategies and measures of economic reform and development.

In view of the profound understanding of the basic characteristics of the change of the present times, while responding to major challenges, resisting major risks, overcoming major obstacles and resolving major contradictions due to the background of the development of contemporary China and the world, Xi Jinping gave an excellent answer to "the second combination" with a strong sense of historical responsibility and a sense of mission since the 18th National Congress of CPC. In this excellent answer, the "Chinese wisdom" of political economics exhibited its inner theoretical charm and realistic inspiring force. Its fundamental incarnated a series of new concepts and theories reflecting Xi Jinping's economic thought, including the persistence in the thought of people-centered development, adhering to the "dialectics and the doctrine that everything has two aspects" on the basic economic system of socialism with Chinese characteristics and the socialist

market economy, setting up and carrying out the new concept of development, grasping the new normal of economic development, pushing forward supply-side structural reform, the implementation of “the Belt and Road Initiative,” persevering in maintaining stability in the general work guideline, and so on.

Highlighting the “Chinese Wisdom” of Contemporary Political Economics in Upholding and Developing Some “Major Principles”

The new idea, new ideology and new strategy of the governance of China put forward new requirements and new tenor for the development of the political economics of socialism with Chinese characteristics. A series of ideas, strategic judgments and policies had been put forward since the 18th National Congress of the CPC, embodying the theoretical contribution of the political economics of socialism with Chinese characteristics, and turning out to be the basic identification of “Chinese wisdom” which sublimates the political economics.

In these theoretical contributions, the most significant is the theory of “new normal” of economic development and supply-side structural reform. At the Central Economic Work Conference in 2014, Xi Jinping expounded a major issue in the governance of China that called for historical and dialectical understanding of the stage characteristics of China’s economic development and grasping the “new normal” of economic development accurately. The Central Economic Work Conference that was held in Beijing from December 18 to 21, 2015, which was preparing to launch the 13th Five-Year Plan (2016–2020), announced an overarching strategy to lead the economy’s ongoing transition (*People’s Daily* 2015b). Xi Jinping said the country’s emphasis next year will be on supply-side reform. He was speaking at the conclusion of the Central Economic Work Conference. Xi Jinping addressed further at the Central Economic Work Conference that was held in Beijing from December 14 to 16, 2016, that the ultimate goal of the supply-side structural reform

should be focused on meeting the demand, thereby requiring the intensive study of market change to discern the realistic demand and potential demand, better satisfying the growing material and cultural needs of the people in the emancipation and development of social productive forces. (*People’s Daily* 2016b)

Making a plan according to the change of the times and taking new measures according to the change of the situation, this is just the vitality of innovation and invigorating sense of era resulting from “Chinese wisdom” of political economics.

Xi Jinping also put forward the question of adhering to the “major principles” of the political economics of socialism with Chinese characteristics at the Central Economic Work Conference of 2015. Among them, the two “major principles” are outstanding, that is, adhering to the liberation and development of the productive forces and adhering to the direction of the socialist market economy reform.

The emancipation and development of social productive forces becomes the most fundamental and urgent task of realizing the goal of building a well-off society in an all-round way and realizing the Chinese nation’s great rejuvenation of the China dream, becoming the focus point of new ideas, new ideology and new strategy of the governance of China since the 18th National Congress of the CPC.

China should insist on a “bottom line mentality,” while improving industrial competitiveness and increasing growth quality. Earnest efforts should be made in transforming the economic growth mode and economic restructuring to foster a leap in productivity. Higher priority should be given to economic restructuring and boosting innovation, in line with stabilizing growth, economic restructuring, guarding against risks. (*People’s Daily* 2014b)

Xi Jinping said at a seminar attended by non-CPC representatives in July 2014 when he put forward the question of adapting to the new normal and jointly promoting the sustained and healthy development of the economy. Xi Jinping’s proposal of achieving the overall leap of our social productive forces is a profound explanation for the fundamental starting point and strategic goal of the new normal of the economy. In terms of the strategy of supply-side structural reform, we should insist on maintaining stability, a good grasp of the rhythm and intensity, the tactics to seize the key points and grasp five major tasks: cutting industrial overcapacity, destocking, de-leveraging, lowering corporate costs and improving weak links. The fundamental point and the ultimate goal are to “promote the overall improvement of the level of our social productivity.” Xi Jinping touched upon the above issues, while proposing that the country’s emphasis next year will be on supply-side structural reform, or a package of supply-side policies to release new demand and boost new productivity at the Central Economic Work Conference in 2015. From the proposal of achieving the overall leap of our social productive forces of the new normal of the economy to promoting the overall improvement of the level of our social productivity of the supply-side structural reform, the series of discourses of Xi Jinping guided the path of China’s economic reform since the 18th National Congress of the CPC, providing the theoretical basis of political economics for the rule of the governance of China.

Persevering in the major principles of emancipation and development of social productive forces highlights the main line of the political economics of socialism

with Chinese characteristics, enriching the profound meaning and ideological characteristics of the political economics of socialism with Chinese characteristics. Since the 18th National Congress of the CPC, Xi Jinping has put forward a proposal on the strategic goal of building a well-off society in an all-round way, which has declared that the most fundamental and urgent task should be focused on further emancipating and developing the productive forces of the society by completing the building of a moderately prosperous society in all respects, while realizing socialist modernization and realizing the great rejuvenation of the Chinese nation (Party Documents Research Office of the CPC Central Committee 2014, 549). Xi Jinping also put forward a proposal from a comprehensive grasp of the relationship between economic and social development, which declared to deploy all aspects of reform around the first priority of development and emancipate or develop the productive forces while providing a strong traction for the reform, so as to promote the production relations adaptable to productive forces, and the superstructure congruous with the economic base; meanwhile, he put forward a proposal from the significance of the accurate grasp of the comprehensive deepening of the reform. "The productivity is the most active and revolutionary element in promoting social progress. The fundamental task of socialism is to emancipate and develop the productive forces of the society," Xi Jinping addressed (*People's Daily* 2013b). The series of his discourses upon persevering in the major principles of emancipation and development of social productive forces are radiant with profound implications for new ideas, new ideology, and new strategy of the governance of China.

The main line of deepening the reform of the economic system is upholding the orientation of the socialist market economy reform. "We should adhere to the orientation of reform of the socialist market economy, while enhancing the systematic approach, integrity, and synergy of the reform and promoting further reforms with greater political courage and wisdom"; the foregoing was emphasized in 2012 when the first Central Economic Work Conference was held next to the 18th National Congress of the CPC (*People's Daily* 2012). At the last meeting of the Central Economic Work Conference in 2016, Xi Jinping reasserted the crucial issue to "uphold the basic economic system of socialism with Chinese characteristics and the direction of reform towards the socialist market economy" (*People's Daily* 2016b). Adhering to the orientation of reform toward the socialist market economy is an important issue running through the total five Central Economic Work Conferences since the 18th National Congress of the CPC.

The socialist market economy is an economic system that confirms market's "decisive" role in allocating resources under socialist conditions. It is an economic relationship based on the basic socialist economic institution. On the issue of adhering to the orientation of reform toward the socialist market economy,

Xi Jinping proposed the two questions of “dialectics and the doctrine that everything has two aspects”. First, we should adhere to “dialectics and the doctrine that everything has two aspects” in the integration of socialist economic institution and the socialist market economy, and continue to work hard in the combination of the basic socialist institution and the socialist market economy, giving full play to the advantages of the two aspects (*People’s Daily* 2015a). Second, concerning the relations between market’s “decisive” role in allocating resources and the better role of government, it is also necessary to talk about “dialectics and the doctrine that everything has two aspects” so as to get a flexible and effective application of both “the invisible hand” and “the visible hand.” The roles of the government and the market are not antagonistic, but complementary to each other; meanwhile, not simply making the market more effective or the government less effective, but obtaining an overall understanding, while utilizing complementary advantages, combining organically and functioning synergistically (Xi 2016a). In the Third Plenary Session of the 18th CPC Central Committee, Xi Jinping mentioned that

the reform of the economic system was still the key to deepen the reform in an all-round way. How to deal with the relationship between the government and the market was the core issue of the reform of the economic system yet. (Party Documents Research Office of the CPC Central Committee 2014, 498)

These two problems that we should cling to “dialectics and the doctrine that everything has two aspects” in the development of the socialist market economy are major issues in the political economics of socialism with Chinese characteristics, to which the new realm of the “Chinese wisdom” of Marxist political economics is given profound expression since the 18th National Congress of the CPC.

Taking “the New Concept of Development” as the Guideline and Manifesting the “Chinese Wisdom” of Contemporary Political Economics

What kind of development and how to develop are the two major problems confronting all countries in the world today. Many developing countries and developed countries trapped in the economic crisis and slow development have been put in a tight spot due to their failure to extricate themselves from the stereotypes of traditional ideas. The practical and theoretical innovation of “the new concept of development” is the outstanding contribution of the political economics of socialism with Chinese characteristics to the development of the world. When preparing to launch the 13th Five-Year Plan in 2015, Xi Jinping pointed out that “the concept of development” was the forerunner of action and it was a critical factor that

determined the overall situation, the orientation, the fundamental and the long-range goal, and it epitomized the thinking, aspects, key point of development as well. The concept embodies the essence of things and the inherent nature of the whys and wherefores. New concepts should be established to seek new developments. "The new concept of development" was the essence and the whys and wherefores of not only the layout of the 13th Five-Year Plan but also the exploration on the problem of development of the political economics of socialism with Chinese characteristics.

"The new concept of development" is provided with a general characteristic that determines the overall situation, the orientation, the fundamental and the long-range goal, declaring publicly the "Chinese wisdom" of contemporary Marxist political economics in the aspects of the tenor of development, the quintessence of methodology, the guideline of practice and the influence of thought, and so on.

First, the general characteristic of "the new concept of development" is reflected in the relationship between its connotation and its sense of orientation, which are inseparably interconnected to bring out the best in each other. While highlighting the organic connections of innovation, coordination, green development, opening-up and sharing in "the new concept of development," Xi Jinping hailed that innovation was "the first motive force" in the development, coordination as "the inherent requirement" of sustainable and healthy development, green development as "the prerequisite" for sustainable development and the important embodiment of the people's pursuit of a better life, opening-up as "the inevitable course" which guarantees prosperity of the nation and sharing as "the essential requirement" of socialism with Chinese characteristics. "The first motive force," "the inherent requirement," "the prerequisite," "the inevitable course," "the essential requirement," these above five aspects of development are linked together and exert joint efforts. Each one has its particular emphasis through bolstering mutual cooperation, taking shape as an organic whole of "advocating the innovation, emphasizing the coordination, promoting the green development, cultivating the opening-up, and advancing the sharing."

Second, the general characteristic of "the new concept of development" is also reflected in its overall and continuous process of action. The guiding role of "the new concept of development" is embodied in the "general layout" of the five major construction of economic, political, cultural, social and ecological civilization, which is based on and cannot be separated from the general layout for a moment. "Innovation" aims to form an institutional framework for promoting innovation, creating more reliance on innovation and giving full play to the leading development of the predominance; "coordination" should adhere to the coordinated development between regions, urban and rural areas, between material civilization and spiritual civilization, as well as between economic construction

and national defense construction. We should broaden the development space and enhance the sustainability in the coordinated development as well. “Green development” should prosper the country and benefit the people, providing more quality ecological products to the people, while promoting the formation of green style of development and life and cooperating to advance the process of people’s prosperity and national mightiness and beautifulness; “the opening-up” should enrich its connotation and improve its standard, cooperating with advancing strategic mutual trust, economic and trade cooperation and people-to-people exchanges, while creating a new situation in the cause of opening-up to form a mutually beneficial cooperation pattern of deep integration; “sharing” should pay attention to solving the problem of social justice and fairness, making the achievements of reform and development available to the masses of people. The five aspects and the whole mechanism of “the new concept of development” are unified in the general layout of “Five-in-One.” It is also unified in the strategic layout of “Four Comprehensive” and unified in the “Two Centennial Goals,” and the historical process of the Chinese nation’s great rejuvenation as well.

Third, the general characteristic of “the new concept of development” is also reflected in the performance evaluation of its function. The process of being guided and conducted by “the new concept of development” is the whole process of the national economic and social development. As to the performance appraisal of “the new concept of development,” first of all, we should consider the integrity of performance evaluation, in which we need to emphasize the evaluation of the overall development performance of our economic society from the perspective of “higher quality, efficiency, fairness and sustainability.” Second, we should lay stress on the policy framework to lead the sustainable and healthy development of economy in terms of the orientation of development, that is, a performance evaluation lays emphasis on governance structure and institutional innovation. The performance evaluation of “the new concept of development” is not simply using social wealth and economic growth as a standard alone. Furthermore, it takes a fundamental standard that pays much attention to the comprehensive, coordinated and continuous progress of economic society, which aims to continually meet the growing material and cultural needs of the people and promote the overall progress of the society together with the all-round development of people.

Fourth, the general characteristic of “the new concept of development” is also reflected in its discussion on the major issue of development. This discussion contains great significance both to China and the whole world. It is a discussion of the law of human social development. The proposal of “the new concept of development” comprises the research on the gain and loss of global economic growth and development. It embodies a probe into the plight of growth and development in many Western countries in particular. “The new concept of development” puts forward a

series of theoretical views and practical guidance on strategy, ideas, orientation, steps, essentials and performance of development, which gives the developing countries important inspirations to stride across the trap of sluggish growth of the West.

The major theoretical and practical issue related to development put forward creatively by “the new concept of development” is the precursor of guiding principle of decisive engagement and strategic victory to complete the building of a moderately prosperous society in all respects. Taking “the new concept of development” as the guideline has made our economy develop toward a higher quality, more efficient, more impartial and more sustainable direction. Meanwhile, a set of institutional frameworks that lead to the sustainable and healthy development of China’s economy have been preliminarily formed. “Implementing ‘the new concept of development’ unswervingly,” Xi Jinping proposed at the opening session of a workshop for provincial and ministerial officials in preparation for the 19th National Congress of the CPC (*People’s Daily* 2017). The proposal is not only a judgment of the new achievements made in the cause of socialism with Chinese characteristics since the 18th National Congress of the CPC but also a request to promote the development of the cause of socialism with Chinese characteristics further. “The new concept of development” is the refinement and sublimation of the issue on fulfillment of development, which is a long-term concern of the CPC. It is a worldwide contribution to help the developing countries to stride across the trap of sluggish growth of the West as well. Therein, it highlights the ideological strength and practical significance of the “Chinese wisdom” of Marxist political economics in a more extensive sense.

Reflecting the “Chinese Wisdom” of Contemporary Political Economics in the Exploration of “Systematized Economic Theory”

The “systematized economic theory” of socialism with Chinese characteristics is established in China’s actual condition and the practice of the development of socialist economic relations from beginning to end. Insisting on the revelation and refinement of the regular results formed in this practice, the systematic theoretical system, which covers economic system, economic institution and economic operation, is preliminarily constructed, creating a brilliant chapter of political economics of “Chinese wisdom.”

This “systematized economic theory” abided by a major principle of adhering to the principle of emancipating and developing the productive forces and adhering to the orientation of the socialist market economy reform. Hence, it put forward three important dimensions on the question of the basic socialist economic system and its corresponding economic relations.

First, insisting on the ideology of people-centered development, adhering to the following principles as the starting point and the foothold of economic development, such as enhancing the well-being of the people and promoting the overall development of the people, making steady progress toward the direction of common prosperity. We should firmly adhere to this fundamental position in deploying economic work, formulating economic policies and promoting economic development.

As a result of the development of reform and opening-up in the past 40 years, the level of social productivity in China has been obviously improved. While praising the improvement of people's living standards, their desire for a better life is ever stronger: from better education to higher incomes, from more stable jobs to more reliable social insurance, higher quality of medical services, more comfortable living conditions, more beautiful environment and richer cultural life. (*People's Daily* 2017)

Xi Jinping addressed the opening session of a workshop for provincial and ministerial officials which was held in Beijing in preparation for the 19th National Congress of the CPC in July 2017, stressing that the future of a political party or a regime is ultimately determined by whether the people are for or against it. It is a profound expression of the core position of the political economics of socialism with Chinese characteristics to adhere to the ideology of people-centered development.

Second, we should adhere to the theory of developing and perfecting the basic socialist economic system, while unswervingly consolidating and developing the public sector of the economy, supporting and guiding the development of the non-public sector of the economy unswervingly as well. We need to push forward all kinds of ownership to learn from other's strong points to make up one's deficiencies, promoting the development mutually and developing jointly hand in hand. Xi Jinping reiterated that China's fundamental economic structure would continue to be based on "diverse" forms of ownership which would develop side by side with a state sector that would play the "dominant" role. It is a fundamental policy established by the CPC and an important part of the socialist system with Chinese characteristics, and also the necessary requirement to perfect the socialist market economy system. The status of the public ownership of the economy cannot be shaken, and the leading role of the state-owned economy cannot be shaken as well. The public ownership economy is formed in the course of the long-term development of the country. It is an important guarantee for consolidating the party's ruling position and adhering to the socialist system in China. Furthermore, it is the institutional guarantee for the people of all ethnic groups to share the achievements of

development. When touching upon the issue of developing and perfecting the socialist economic system,

any point of view that wants to negate the public ownership economy or wants to negate the non-public economy, is not in accordance with the fundamental interests of the vast majority of the people. All of them are wrong because of their lack in conformity with the requirements of China's reform and development. (Xi 2016b)

Third, we should adhere to the theory of developing and perfecting *the basic socialist income distribution system*, adjusting the pattern of income distribution, making efforts to promote the growth of residents' income and economic growth synchronously and the improvement of labor remuneration in proportion to the increase of labor productivity, keeping continuous increase of the income of urban and rural residents and safeguarding social fairness and justice, moreover, giving a satisfactory solution to the problem of income disparity and obtaining more development achievements to better benefit all the people. Thereby, we need to insist on taking all the poor people out of poverty in rural areas as a symbol of building a well-off society in an all-round way. When touching upon the issue of distribution, Xi Jinping pointed out that we need to make a cake bigger as well as a more equitable distribution, making the superiority of the socialist system more fully reflected to give the people a greater sense of gain, while expanding the middle income class to form the olivine pattern of distribution gradually. In particular, we should strengthen the efforts to help the poor people, so as to win the fight against poverty in rural areas resolutely (Xi 2016c).

This "systematized economic theory" takes "the new concept of development" as guidance putting forward six aspects of basic theory on the problems of the socialist economic system and the economic operation.

First, it raises the theory of "new normal" of China's economic development. It presents the historical tasks of pushing forward the overall deepening of the reform, and effectively transforming the development pattern, while adjusting the industrial structure to actualize the strategy of a moderate to high speed of economic growth and a moderate to high end of industry so as to implement innovation-driven development in an all-round way. Ultimately, we should

open up a new road of development with higher quality, better efficiency, more favorable structure and full release of advantages to promote the economy to evolve to a higher stage of more advanced economic pattern and more optimized division of labor, and more reasonable industrial structure. (People's Daily 2015d)

Second, it raises the theory of the supply-side structural reform, which is a major strategic decision of economic reform worked out on the situation of the superposition of many contradictions in the international economy and the development of China's economy, while various risks intertwined with each other and multiple challenges increased sharply. It is an important achievement in the exploration of the political economics of socialism with Chinese characteristics. Deepening the supply-side structural reform, we need to exert from the supply side, while promoting the industrial optimization and recombination, reducing the cost in business, developing strategic emerging industries and modern service industry and increasing the supply of public goods and services. It calls for a focus on the demand side to solve the excess capacity and reduce the inventory effectively, reacting on the structural reform of supply side while expanding the aggregate demand appropriately. The structural reform of supply side interacts with the "new normal" of economy, paying attention to the decisive role of production and highlighting the reaction of exchange, distribution and consumption as well. Moreover, it lays stress both on the structural adjustment of supply side and on the demand side, attaching importance to the decisive role of the market in the allocation of resources and emphasizing the favorable role of the government as well. Meanwhile, it highlights the development of social productivity and lays emphasis on the improvement on the social relations of production as well.

Third, it puts forward the theory of mutual coordination of promoting the new industrialization, information technology, urbanization and agricultural modernization, concerning the basic realization of China's industrialization and a large increase of the level of information technology, together with an obvious increase of the quality of urbanization and a harmonious development of significantly effective agricultural modernization and rural urbanization construction.

Fourth, it puts forward the reform and innovation theory of the financial system and its organization. It proposes the idea that the finance is important core-competitiveness of the country, while financial security is an important part of national security and financial system is an important basic system in the economic and social development. It tries to fulfill the task of serving the real economy and preventing the financial risk, so as to deepen the financial reform. It is beneficial to speed up the transformation of financial development, while promoting the virtuous cycle and sound development of economy and finance.

Fifth, it adheres to the basic national policy of opening-up to the outside world to improve the open economy in a larger range, wider domain and deeper level, striving for more room for China's economic and social development through the greatest advantage of opening-up. Moreover, it designs the plan of "the Belt and Road Initiative" and building an open system of interoperability and mutual integration. Xi Jinping proposed,

The basic national policy of opening up to the outside world should be implemented unswervingly and the opening-up strategy should be carried out more actively and forwardly. Meanwhile, the level of our open economy should be advanced steadfastly. China should be committed to attracting more foreign investment and expertise, while improving the opening-up policies and pushing forward reforms to add new impetus and vitality, and provide new room for economic growth. (*People's Daily* 2015c)

Sixth, it insists on the general keynotes of maintaining stability, taking the task of improving the quality and efficiency of development as the center. Moreover, it abides by the policy guidelines that the macroeconomic policies must be stable and industrial policies should be accurate, while microeconomic policies must be flexible and the policies of reform should be sturdy. Meanwhile, social policies should be acted as a solid total support. It advocates to strengthen the guidance of the expectations of the masses and to deepen the “innovation-driven” economy, while promoting the smooth and healthy development of the economy and enhancing social harmony and stability.

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