

ON THE THEORETICAL FEATURES OF THE POLITICAL ECONOMY OF SOCIALISM WITH CHINESE CHARACTERISTICS AND THE NEW ISSUES

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Abstract: Marxist political economy possesses a unique theoretical quality, and provides deep insights into the laws of social development and the progress of human society. The political economy of socialism with Chinese characteristics is the product of combining the fundamentals of Marxist political economy with the practice of the economic construction of socialism with Chinese characteristics; it also plays an important role in guiding China as it records economic achievements that are attracting worldwide attention. Socialism with Chinese characteristics has entered a new era, in which the political economy of socialism with Chinese characteristics is being called upon to deal with a series of new issues as well as to make new contributions to promoting the construction of socialist modernization and the cause of reform and opening-up.

Key words: Marxist political economy; political economy of socialism with Chinese characteristics; socialism with Chinese characteristics in a new era; theoretical quality; China's economic achievements

During its 70 years of development, the new China has made outstanding advances, and now possesses the second-largest economy in the world. The country's brilliant achievements can be described as its economic miracle, the attainment of which is inseparable from the guidance provided by Marxist political economy, and inseparable from the results gained from theoretical innovations made in the context of the political economy of socialism with Chinese characteristics.

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1. The Unique Theoretical Quality of Marxist Political Economy

The greatest theoretical contribution made by Marxist political economy is its revelation of the objective necessity for the social formations of human society to develop and evolve, from primitive society through slave society, feudal society, and capitalist society to socialist society and communist society. In addition, Marxist political economy has explained the fundamental factors driving the development and progress of human society, analyzing the contradictory movements of productive forces and relations as well as the interaction between economic base and superstructure. Marxist political economy holds that the contradictions between the forces and relations of production, along with those between the economic base and superstructure, represent the fundamental social contradictions; it maintains that the movements of these two sets of contradictions promote the continuous development and change in human society. The contradictory movements in the relationship between the forces and relations of production, as well as between the economic base and superstructure, are essentially the contradictory movements in the relationship between individual interests and the common interests of society. When the relationship between individual interests and the common interests of society is one of unity, this means that the productive relations are in conformity with the productive forces, and that the superstructure is in conformity with the economic base. In such circumstances, the productive forces can develop rapidly. If, by contrast, a continuous sharpening of the contradictions between individual interests and the common interests of society means that the productive relations are in conflict with the productive forces, and that the superstructure is in conflict with the economic base, the development of the productive forces will be seriously hampered. In a capitalist society, individual interests are opposed to the common interests of society, with the capitalist class controlling the means of production and seeking maximum gains for the interests of private capital, while the proletariat is in an exploited and oppressed position. The damage that the common interests of society suffer is reflected in a worsening polarization and inequality in the possession of wealth, in cyclical outbreaks of economic crisis, in persistent economic stagnation, and so on. Under the conditions of socialist public ownership, all the members of society collectively control the means of production, with the result that the fundamental interests of society's members are consistent. Realizing this consistency between individual interests and the common interests of society allows social resources to be fully utilized, the forces of production to be rapidly developed, and common prosperity and the free all-around development of all members of society to be achieved.

The deep understanding that Marxist political economy has acquired of the factors driving the development and progress of human society, as well as of the direction in which this development and progress tends, is based on the unique theoretical qualities of Marxism. In the first place, Marxist political economy adheres to the scientific method of analysis that involves the unification of logical processes with the processes of historical development. The economic theories that are based on this method reproduce the historical process of social and economic development and the process of transformation in the realm of ideas. The historical process of social and economic development and transformation provides the foundation for the logical processes of economic theorizing; this method endows economic ideas with a distinct sense of history, and it is only economics with a sense of history that has any vitality. Second, Marxist political economy in making its analyses adheres to the holistic method; its point of departure for observing and researching economic issues consists of human beings in the midst of their social relations, rather than isolated Robinson Crusoe-like individuals. Marxist political economy never discusses the truth or falsehood of theoretical propositions at the level of purely abstract logic, let alone constructing so-called “standard” models of analysis that are divorced from reality. In its view, economic propositions based on non-historical abstract hypotheses and on logical deductions that are divorced from reality are hollow and meaningless; if economics of this sort is used as a guide to recognizing and understanding the processes of social and economic development, and if it is relied upon for making economic decisions able to influence the socio-economic process, very harmful results will ensue. Third, Marxist political economy emphasizes that scientifically valid economic propositions and viewpoints are not derived solely from the ideas of human beings, but arise from the vividness of living practice, and are thus reflections in ideological form of the vital social practice of human beings. Theories are gray, but the tree of practice is always green. People who conduct economic research should not pursue their ideas irrespective of external circumstances, and should not rely on their imagination. In the face of a complicated social reality marked by intertwined contradictions, economics can display vitality only if it rises to challenges, dares to propose answers, puts forward cogent responses to important questions, and provides guidance that allows people to correctly understand and grasp the laws of motion of socio-economic life. Fourth, Marxist political economy shows a consistent spirit of innovation. It has always been in step with the development of the times, and has always explored new phenomena, raised new questions, come up with theoretical innovations to solve new problems, and guided practice through the use of novel ideas. For Marxist political economy, there is no end to practice, and no end to theoretical innovation. The source of the vitality of Marxist political economy lies in its ability to advance with the times and adapt itself continuously to new circumstances.

The findings of Marxist political economy are among the fundamental factors driving the progress and development of human society. They are of great theoretical significance, provide powerful ideological weapons, and act as guides to action for people anxious to realize their emancipation and to pursue social development and progress. The Communist Party of China (CPC) has combined the scientific findings of Marxist political economy with the concrete practice of China's socialist revolution, construction, and reform; has explored the Chinese path of fully realizing the coordinated development of the relations between the individual interests and the common interests of society; has promoted the Sinicization of Marxist political economy; has promoted the formation and development of the political economy of socialism with Chinese characteristics; and has provided powerful theoretical guidance for realizing the rapid development of China's economy and society.

2. The Formation Process of the Economic System and Economic Development Model of Socialism with Chinese Characteristics

In the period of more than 70 years since the founding of the new China, China has passed through four historical periods. These can be summed up as follows: establishing the basic system of socialism; carrying out overall socialist economic construction; reform and opening-up; and socialism with Chinese characteristics entering a new era, that is, the period in which China has progressively formed the economic system and economic development model of socialism with Chinese characteristics.

2.1. Establishment of the Basic System of Socialism

After the founding of the new China, the top priority was establishing the basic system of socialism. The CPC, in line with the principles of Marxist political economy pertaining to the movement of contradictions between the economic base and superstructure, first completed the political task of establishing the superstructure of the people's democratic dictatorship through socialist revolution, and then went on to strengthen the construction of the socialist economic base with the support of the superstructure. In this way, the institutional foundation for developing the forces of production was laid. Since China was carrying out the construction of the socialist economic base under conditions of economic backwardness, the CPC took its lead from reality and creatively applied the principles of Marxist political economy to reforming capitalist economic relations. Acting in a timely fashion, the CPC proposed a general line for the transition period, promoted the socialist transformation, and laid the institutional foundation for implementing an overall program of socialist construction. The contents of the general line for the transition period are as follows. The period from the founding of the People's Republic of China to the

basic completion of the socialist transformation was a time of transition; the general line and task of the CPC in this transition period was to gradually realize China's socialist industrialization on a comparatively long time-scale, while also gradually realizing the country's socialist transformation in the fields of agriculture, handicraft industry, and capitalist industry and commerce. Where agriculture was concerned, the CPC guided the peasants in taking the socialist road by encouraging them to join agricultural producers' cooperatives. In the area of urban industry and commerce, the CPC carried out the peaceful redemption of the capitalist class through the forms of state capitalism, using measures that included manufacturing consignment, unified purchase and sale, the placing of state orders with private enterprises for the manufacture of goods, the marketing of products of state-owned enterprises by private shops, and public-private joint management both of individual enterprises and of whole industries. In the field of handicraft industry in the cities, the CPC mainly adopted the approach of providing active leadership and proceeding by steady steps, using various forms of organization, including cooperative groups engaged in handicraft production, supply and marketing cooperatives, producers' cooperatives, and so on. Under the guidance of the general line, China by the end of 1956 had basically completed the socialist transformation of private ownership of the means of production, creatively realized the transformation from New Democracy to socialism, cleared a path for the basic emancipation and development of the productive forces, and laid the institutional foundation for comprehensively implementing socialist economic construction.

2.2. Comprehensively Implementing Socialist Economic Construction

When the new China was founded, it faced a situation of poverty and backwardness, with many tasks needing to be carried out. In order to strengthen the material and technical basis of the socialist system, the CPC looked to the principles of Marxist political economy on the movement of contradictions between the forces and relations of production. It singled out industrialization as the central task of China's transition from New Democracy to a socialist society, as well as of the country's socialist revolution and construction. The CPC actively sought a path to industrialization that suited China's national conditions. Mao Zedong pointed out that China's path to industrialization was principally related to "the relationship between the growth of heavy industry, light industry and agriculture," going on to argue: "It must be affirmed that heavy industry is the core of China's economic construction. At the same time, full attention must be paid to the development of agriculture and light industry" (Mao 1986, 796). In exploring the path to China's industrialization, the CPC advanced a series of important ideas. While the development of heavy industry needed to be prioritized, light industry and agriculture were also important considerations. While production of the means of production had to

be given preference, attention also needed to be paid to producing the means of consumption. At the same time as industry was developed, agriculture had to be developed as well, and while importance was attached to the accumulation of funds, people's consumption and living standards also needed to be enhanced. Overall plans had to be worked out, taking all factors into consideration and realizing a comprehensive balance, so as to ensure the healthy and coordinated development of the entire national economy. Mao stressed that in the national economy as a whole balance was a fundamental issue, and that without a balance around the whole country great disorder would arise. In his opinion, "one important issue for carrying out socialist construction is comprehensive balance" (Mao 1999b, 73). The approach of making overall plans and taking all factors into consideration was manifested principally in the concrete work of formulating guidelines and policies, including making appropriate arrangements, realizing coordinated development, creating a balanced layout, keeping various factors in their proper places, and carrying out suitable decentralization. The achievement of comprehensive balance was reflected mainly in dealing correctly with the proportions of agriculture, light industry, and heavy industry; in ensuring the unity of ratio, speed, and efficiency; in guaranteeing an appropriate division of powers between the central and local governments; and so on. The basic purpose of making overall plans and taking all factors into consideration while achieving comprehensive balance was to allow the national economy to realize steady, coordinated, and proportional development. The 8th National Congress of the CPC, convened in 1956, pointed out explicitly that since the socialist transformation had gained a decisive victory, and the contradictions between the proletariat and capitalist class in China had basically been solved, the major contradiction in China had become the one between the need of the people for the creation of an advanced industrialized country and the reality that China remained mostly backward and agricultural. The requirement was for rapid economic and cultural development, but the current economy and culture were unable to satisfy this need. The main task of the CPC and of the people of the country as a whole should therefore be to concentrate on developing the social forces of production, carrying out China's industrialization and gradually satisfying people's increasing material and cultural demands. The 8th National Congress of the CPC correctly analyzed the change in the situations at home and abroad, as well as the change in the main domestic contradictions, pointing out the way in which socialist economic construction could be promoted. Mao Zedong in his report "On the Ten Major Relationships" delivered in April 1956, pointed out that "We must do our best to mobilize all positive factors, both inside and outside the Party, both at home and abroad, both directly and indirectly, and to make China a powerful socialist country" (Mao 1999a, 44). Centering on this guideline, the report discussed important issues of China's socialist construction, for example, the need to follow a path

to industrialization that was suited to China's national conditions, to draw up an overall plan for the coordinated development of industry in coastal and inland areas, to handle properly the relations between the central and local governments, and so on. Addressing the Supreme State Conference in February 1957, Mao Zedong in his speech "On the Correct Handling of Contradictions among the People," provided an in-depth summary of the historical experience of developing the socialist cause, outlined the new problems that had arisen since China's socialist transformation had basically been completed, and put forward his theories on the need to differentiate strictly between the two kinds of contradictions, which were of different natures, and to deal correctly with the contradictions among the people (Mao 1999a, 204–244). Through exploring the potential of the socialist system and socialist development path, important achievements were registered in this period, and great accomplishments were also recorded in the field of economic construction. A national economic system and an independent and relatively complete industrial system were constructed, and the level of industry, agriculture, national defense, and science and technology was continuously enhanced, at the same time as people's living conditions were continuously improved. China's Gross National Product (GNP) increased from 67.9 billion RMB in 1952 to 367.9 billion RMB in 1978, increasing by a factor of five over 29 years and recording an annual growth rate of 6.1% (National Bureau of Statistics 2019, 2). China implemented a series of basic industrial projects, covering extensive fields including metallurgy, automobiles, machinery, coal and other fossil fuels, electricity, communications, chemistry, and national defense. Agricultural production, while supporting China's construction of the infrastructure needed for industrialization, satisfied the basic living needs of a people who made up 19% of the world's total population, a real-life miracle of world importance. A series of scientific and technological achievements were also recorded, including the production of missiles, nuclear bombs, and artificial satellites. These achievements demonstrated the superiority of the socialist system, and laid the material foundation for the reform and opening-up that followed, as well as for socialist modernization.

2.3. Reform and Opening-Up

Following the Third Plenary Session of the 11th Central Committee of the CPC, the CPC employed the methods of Marxist political economy to summarize the experience and lessons of socialist economic construction. Drawing on the historical experience of the socialist countries, it outlined ways in which socialist economic construction could be carried forward. Through this process, it created an important theoretical basis for promoting the CPC and the state, and for transferring the focus of its work to economic construction and reform and opening-up. Regarding the stage of socialist development, for example, the CPC recognized that China had

established the socialist system, but that the development of the productive forces was still at a low level, and that China was still at the primary stage of socialism, in which the basic task was to develop the forces of production. On the question of ownership, the CPC recognized that implementing unitary public ownership was not appropriate to the characteristics of China's multi-level economy, and was leading to unbalanced development of the country's productive forces. Accordingly, it put forward the new theory of treating public ownership as the mainstay, and of having multiple economic forms realize co-development. Regarding the system of economic management, the CPC recognized that planning was not equal to socialism or the market to capitalism; identifying both planning and the market as economic means, the CPC put forward the reform target of establishing the socialist market economy. Where the distribution system was concerned, the CPC recognized that at the primary stage of socialism, it was necessary not only to have the principle of distribution according to work play an important role in arousing the enthusiasm of workers to participate in production, but also to ensure that the principle of distribution, based on the contribution of multiple factors, acted as an incentive enhancing the efficiency with which knowledge, technology, management, capital, and other factors of production were utilized. The CPC also put forward the theory of distribution according to which distribution according to work acted as the mainstay and various other methods of distribution coexisted with it. These theoretical innovations fundamentally altered the traditional ideas that stressed only the common interests of society, and that neglected individual interests. While safeguarding the common interests of society, and reinforcing workers' sense of being "masters of the house," these innovations recognized and paid close attention to the necessity for individual interests to exist. Every effort was thus made to arouse the enthusiasm of workers for production, and to develop their initiative. Consequently, the theoretical innovations that underlie the Sinicization of Marxist political economy and the development path of socialism with Chinese characteristics have not only avoided the drawbacks involved with highlighting individual interests under capitalist conditions and sacrificing the common interests of society. They have also overcome the weaknesses inherent in the traditional socialist central planning system, under which individual interests are neglected and the common interests of society are stressed in a one-sided fashion. China's innovations in Marxist political economy have thus found an effective means for balancing the relations between individual interests and the common interests of society, and have played a very important guiding role in promoting reform and opening-up and expediting economic development. From 1978 to 2012, China's GDP grew at an annual rate of 15.8%, while total GDP increased rapidly from 36.79 billion RMB to 54 trillion RMB in 2012, by which time it ranked second in the world. As a proportion of world economic output, China's aggregate rose from 1.8% in 1978 to 11.5% in 2012. Between 2008 and

2012, China's contribution to world economic growth exceeded 20%. GDP per capita in China rose from 381 RMB in 1978 to 38,420 RMB in 2012; after adjustment for price factors, this represented an increase of 16.2 times compared to 1978, with yearly growth of 8.7%. In 1978 China's foreign exchange reserves amounted to only 167 million US dollars, which increased to 3.31 trillion US dollars in 2012, ranking first in the world for seven consecutive years. In 1978 the value of China's total trade in goods was only 20.6 billion US dollars, while in 2012 it reached 3.8671 trillion US dollars; compared to 1978 this figure had increased by 186 times, with an annual growth rate of 16.6% and ranking second in the world.¹ At the same time as outstanding achievements have been recorded in economic development, people's living standards have also undergone remarkable improvements. The lives of urban and rural residents have been transformed; from lacking basic necessities, people on the whole have become well-off. China is advancing to the point where it is becoming a prosperous society in an all-around way. Comprehensive national power has been strengthened to a remarkable degree, international influence has increased to an unprecedented level, and the superiority of the socialist system has been fully demonstrated. By rising to its feet and becoming well-off, the Chinese nation has achieved a great leap forward.

2.4. Socialism with Chinese Characteristics Entering a New Era

Since the 18th National Congress of the CPC, the CPC Central Committee with Xi Jinping at its core has firmly grasped the central task of economic construction. It has pursued efforts to strengthen the CPC's strategic planning and unified leadership of economic work, continuously improving the system and mechanism of the CPC's leadership in this area. It has deployed the forces needed for China to advance, and has made important decisions such as sticking to the theme of high-quality development. Taking supply-side structural reform as its principal line, it has constructed a modernized economic system, mastered the strategic basis for expanding domestic demand, continued fighting the battle to prevent and resolve major risks, targeted poverty alleviation, and pressed ahead with pollution prevention and control. The CPC has unswervingly consolidated and developed the public sector of the economy, unwaveringly encouraged, supported, and guided the economic development of non-public sectors, and supported state-owned capital and enterprises, allowing them to grow larger, stronger, and better. It has established the modern enterprise system with Chinese characteristics, enhancing its competitiveness, creativity, powers of control, influence, and anti-risk capability. The CPC has established a new type of government-business relationship, in which the government takes care of and serves business while keeping the relationship unblemished. Meanwhile, it has promoted the healthy economic development of non-public sectors, and the healthy growth of the people engaged in these

sectors. The CPC has insisted on implementing an innovation-driven development strategy, and on making the self-reliance of science and technology a key strategic support for national development. The CPC is perfecting the new type of the whole-nation system, strengthening China's national strategic scientific and technological power and enhancing fundamental research, while promoting breakthroughs and independent innovation in key technologies. It is intensifying innovation, at the same time as it protects and applies intellectual property, and facilitates the construction of a powerful, innovation-oriented country that is among the world's leading nations in the fields of science and technology. We need to comprehensively implement supply-side structural reform, to promote policies aimed at reducing overcapacity, to cut excess inventory, to deleverage, to reduce costs and to strengthen points of weakness. At the same time, we should further the emergence of China as a high-quality manufacturer, accelerate the development of a modern industrial system, expand the real economy, and develop the digital economy. We should improve the governance of the macro-economy, promote innovation in the ideas and methods of macro-regulation, strengthen the autonomous functioning of macro policies, implement proactive fiscal policies and prudent monetary policies, and insist on promoting the streamlining of government and the delegation of authority. We should combine management and control, while improving services, guaranteeing food security, ensuring energy and resource security, and promoting industry and supply chain security. We should insist that the function of finance is to serve the real economy, at the same time as we comprehensively strengthen financial regulation, prevent and resolve risks in the economic and financial fields, intensify market supervision and anti-monopoly regulation, and prevent the unlimited expansion of capital. We should maintain market order, stimulate the vitality of market entities, especially micro, small and medium-sized enterprises, and protect the rights of workers and consumers. The CPC implements a strategy designed to achieve the coordinated development of different regions, promoting the coordinated development of the Beijing–Tianjin–Hebei region, the development of the Yangtze Economic Belt, the construction of the Guangdong–Hong Kong–Macao Greater Bay Area, and the development of Yangtze River Delta integration. It pursues environmental protection and high-quality development in the Yellow River basin, as well as the construction of the Xiong'an New Area at a high standard and with a high quality. The large-scale development of western China is meanwhile being promoted as part of a pattern in which new breakthroughs are being sought in revitalizing northeast China, in promoting the high-quality development of the central region, in encouraging the eastern region to accelerate its modernization, and in which the old revolutionary base areas, the regions inhabited by ethnic groups, border areas, and poverty-stricken areas are being supported so as to allow them to improve their

production and living conditions. The CPC promotes people-oriented urbanization of a new type, and strengthens the planning, construction, and management of cities. The CPC has always performed well in working out issues related to agriculture, rural areas, and rural people, prioritizing these matters in its work. It implements a strategy of rural revitalization, speeding up the modernization of rural areas and of agriculture, insisting on using technology effectively and on minimizing food losses. It oversees a strict system for preventing the degradation of cultivated land, and promotes self-reliance in the area of seed technology, providing seedlings on an autonomous and controllable basis and ensuring that food of the Chinese people is held fast in their own hands.

Since the 18th National Congress of the CPC, the balance, coordination, and sustainability of China's economic development have obviously been enhanced. GDP increased from 54 trillion RMB in 2012 to 82.7 trillion RMB in 2017, with an annual growth rate of 7.1%, and the proportion of world economic output represented by China's GDP increased from 11.4% to around 15%. China's contribution to world economic growth amounted to 30%, making China a major power source for world economic growth and a stabilizing factor within it. The number of people in China living in poverty fell by more than 63 million, with the incidence of poverty declining from 10.2% to 3.1%. The income of residents increased by 7.4% annually, outstripping the rate of economic growth, while social old-age insurance came to cover more than 900 million people, and basic medical insurance, some 1.35 billion. The spending by Chinese society on research grew at an annual rate of 11%, to a level that ranked second in the world, and the rate of contributions to scientific and technological progress increased from 52.2% to 57.5% (Institute of Party History and Literature of the CPC Central Committee 2019, 303–304). Major innovative results are constantly being recorded in areas that include manned spaceflight, deep-water exploration, quantum communication and so on, while China's high-speed rail network, e-business, mobile payments, sharing economy and so on set the pace for the world. The condition of the eco-environment has improved to a remarkable degree, and the prevention and control of air, water and soil pollution has achieved notable results. China's economic output, scientific and technological strength, and comprehensive national power have been further enhanced, and China has followed a more equitable, more sustainable and safer development path that features better quality and higher efficiency.

3. Theoretical Characteristics of the Political Economy of Socialism with Chinese Characteristics

The great achievements of socialist economic construction in the 70 years since the new China was founded have been recorded under the direction of Marxist

political economy. Meanwhile, the rich practical experience of socialist economic construction and of reform and opening-up with Chinese characteristics is providing rich soil for the formation and development of the political economy of socialism with Chinese characteristics. While possessing its own distinct features, this is evolving in one continuous line with Marxist political economy.

3.1. It Adheres to the Practice of Socialist Economic Construction with Chinese Characteristics, Taking the Socialist Mode of Production with Chinese Characteristics and the Relations of Production and Exchange Appropriate to It as the Research Object

As the CPC established and developed the political economy of socialism with Chinese characteristics, it put an end to the interference and impacts of diverse non-Marxist viewpoints, adhering to the principle of theoretical innovation that unifies the historical process with the processes of logic. Taking reality as its starting point, the CPC focused on exploring the laws of the contradictory movements of productive forces and relations of production at the primary stage of socialism, elucidating the nature and form of realization of the basic economic system at the primary stage of socialism. At the same time, it revealed the new features of the mechanism of economic operation, and provided insights into how to configure the economic system in appropriate ways. It thus provided important theoretical perspectives for improving the socialist relations of production, while insisting on the socialist direction of market economy reform.

From a theoretical angle, it is important to focus research on the socialist mode of production with Chinese characteristics, and on the relations of production and exchange that are appropriate to it. This is vital for adhering to the fundamentals and distinctive methodology of Marxist political economy, and for following the correct direction of development of the political economy of socialism with Chinese characteristics. It is crucial if the political economy of socialism with Chinese characteristics is to be applied to the tasks of better serving reform and opening-up and of furthering socialist modernization, as well as to promoting the establishment of a system of economic discourse in the Chinese style and according to the Chinese pattern.

3.2. It Adheres to Marxist Dialectical Materialism and Historical Materialism as the Basic Methodology

Marxist political economy adheres to analytical methods that include materialist dialectics, scientific abstraction, and unification of the historical process with the processes of logic. It formulates and puts forward a series of scientific positions and viewpoints, such as promoting the view that the interests of individuals are in conformity with common interests, and criticizing the ideas of methodological

individualism. It holds to the view that the class nature of economics is in conformity with its scientific nature, and rejects the practice of looking upon economics in terms of a trans-historical and supra-class vision. It maintains that the limited nature of human rationality is dialectically unified with its unlimitedness, criticizing attempts to view human rationality in subjectivist terms. It regards the social nature of humans as dialectically unified with their natural being, criticizing the practice of viewing their nature and behavior within the confines of naturalism. It adheres to the view that theoretical logic, historical logic, and the logic of practice are unified, criticizing the deductive method of subjectivism and metaphysics, and criticizing especially the tendency to the abuse of mathematics and modeling.

As the process of the Sinicization of Marxist political economy has unfolded in the 70 years since the founding of the new China, the CPC has always paid great attention to applying the methodology of dialectical materialism and historical materialism to studying the new problems and situations that have arisen as socialist economic construction and reform and opening-up have proceeded. Numerous economic theories and positions of a distinctly dialectical character have been advanced. These include the theory that socialist public ownership and the market economy are organically unified; the theory that the public economy and the non-public economy should develop on an equal basis, that of making good use of both “visible hands” and “invisible hands”; the view that it is necessary to combine strengthening the CPC’s leadership with respect for people’s pioneering initiative; the position that “crossing the river by feeling the stones” must be combined with top-level design; the contention that problem orientation and goal orientation are unified; the practice of combining implementation in pilot areas with subsequent comprehensive promotion; the goal of pursuing progress while ensuring stability; the theory that reform, development and stability are unified; and so on. It is precisely under the guidance of these theories that China’s reform and opening-up and socialist modernization have achieved progress that has been acknowledged throughout the world.

Practice has demonstrated that dialectical materialism and historical materialism are the magic weapons for bringing innovation and development to China’s economy. Only by adhering to the scientific worldview and methodology founded on materialistic dialectics and historical materialism can the political economy of socialism with Chinese characteristics answer the questions of the time; only in this way can it promote reform and opening-up and the cause of socialist modernization, in order to keep forging ahead. If this is not the case, subjectivist, dogmatist, and formalist errors will be committed. The development of the political economy of socialism with Chinese characteristics will go astray, and reform and development will be misled.

3.3. It Makes People Its Central Focus as the Principal Line of the Theoretical System

The principal line of the theoretical system is its lifeblood, furnishing its general principles and fundamental position. Xi Jinping points out that “it is the fundamental position of Marxist political economy to adhere to the people-centered development ideology.”² This important statement reveals the essence of Marxist political economy, and provides the orientation for the development of the political economy of socialism with Chinese characteristics.

Bourgeois economics constructs its essential positions using as its point of departure the abstract theory of human nature. It lays claim to the status of a super-history and super-class of economics, while in fact serving the interests of the bourgeois minority. By contrast, Marxist political economy starts out from the position of the proletariat, publicly maintaining that political economy should serve the fundamental interests of the broad mass of the people. Workers are the creators of social wealth, and labor is the only source of value; these are the manifest truths that form the real basis of economic science. Throughout the history of human civilization, however, the workers who create wealth have been denied the fruits of their labor, and today the dominant economic schools conceal this truth beneath a great pile of recondite rhetoric. Marx in his magnum opus *Capital* clarified for the first time these various chaotic and erroneous viewpoints, explaining the historical reasons and socio-economic conditions that had resulted in workers creating wealth while losing the right to control it. He further revealed the historical necessity for the workers to win back the right to control wealth, indicating the path and direction of struggle the working masses needed to follow in order to bring about their emancipation and become the true owners of the products of labor. For the classic writers who created political economy, the point of departure always involved focusing on the people, and providing theoretical guidance for the working masses to realize their emancipation. Bourgeois economists always argue that their theory is neutral, and does not serve any specific class. Nevertheless, their theory makes every attempt to conceal the fact that under the real conditions of capitalist development, the income distribution gap and social inequality show constant increases. This demonstrates fully the essence of bourgeois theory as a mechanism for defending the interests of the exploiting class and for maintaining the exploiting system.

Marxist political economy takes the people as its core, explains the position of workers and their role in social production, reveals the relations between human beings and between human beings and nature, and stresses that in their productive practice, people create not only abundant material goods but also the new mode of production, as well as the relations of production appropriate to it. In the process,

they not only create conditions for the further improvement of the productive forces, but also new economic and social conditions for the all-around development of human beings. The supreme goal that Marxist political economy pursues lies in guiding people to construct a society in which no classes or class antagonisms exist. In such a society, people are completely rid of the “dependence on human beings” that characterizes the natural economy, and of the “dependence on materials” that is a feature of the commodity economy. The development of people’s free individuality can then be realized, and the free development of each individual becomes the prerequisite for all people to achieve their free development.

As the principal thrust of political economy, making people the central focus requires that economic research be carried out based on the position of the people. Economic theory should serve the interests of the people to the maximum degree. This requires that the rich practical experience acquired by the masses in promoting the cause of socialism with Chinese characteristics should be elevated to the level of systematized economic theory, which should in turn direct the productive practice of the masses; it requires verifying the truthfulness of economics through the productive practice of the masses, thus promoting the further development of economics. Xi Jinping points out that

while comprehensively deepening reform, we should adhere to the Marxist view of the masses, stick to the CPC’s mass line, “take the willingness of the masses as that of the CPC,” view the task of realizing, maintaining and correctly developing the fundamental interests of the great majority of the people as our foothold and point of departure for carrying the reform forward, and make the fruits of development benefit the whole people to a greater extent and in a more equitable way. (Xi 2020)

Guided by this thought, political economy strives to follow the path of realizing common prosperity. It sets out to realize a series of new ideas: firmly grasping the core of economic construction; promoting the sustained and healthy development of the economy; further expanding our achievements, and laying a more solid foundation for guaranteeing social equity and justice as well as for realizing common prosperity; striving to synchronize the growth of residents’ incomes with economic development and to have higher labor productivity match increases in the payment of labor; ensuring that workers’ incomes grow constantly on the basis of economic development; seeking to raise the proportion made up by residents’ incomes in the distribution of national income; increasing the proportion of primary distribution representing payment for labor, so that the distribution of national wealth favors workers; giving consideration to both efficiency and equity in primary and secondary distribution, while in secondary distribution, placing

greater emphasis on equity, so as to ensure that the principle of equity and justice is fully reflected; energetically addressing the problem of a comparatively huge income distribution gap, so as to make the distribution of gains more reasonable, and to ensure that the results of development better and more fairly benefit the whole people; and making new progress in guaranteeing that all the people receive education, payment for their labor, livable accommodation, medical care when they are ill, and support when they grow old.

3.4. It Takes the Basic Socialist Economic System as the Logical Starting Point for the Theoretical System

As the starting point for its research, Western economics takes the relative scarcity of resources. This determines that its theoretical system focuses on studying the relations between man and object. Marxist political economy takes as its starting point the ownership relations formed by people around the means of production under specific historical conditions. This determines that Marxist political economy focuses on studying relations between people. Under the guidance of Marxist political economy, the political economy of socialism with Chinese characteristics pays great attention to studying the basic economic system of socialism. Most Chinese textbooks of political economy place the basic economic system of socialism at their core, and take this system as the theoretical starting point for the whole system of political economy. Developments during the seventy years since the founding of the new China have fully demonstrated that taking the basic economic system of socialism as the logical starting point of economics is scientific, and accords with the reality of China's development of the socialist economy and with its institutional change.

In the future society as envisioned by the classic writers, the means of production are owned by the whole society, distribution according to work is implemented, and social production is conducted in an organized and planned manner. The classic writers imagined the society of the future as being based on highly developed productive forces, while in reality socialism has mostly been established on the basis of economic backwardness; consequently, we can only explore the path of socialist development by proceeding from the reality, and cannot take our lead indiscriminately from the assumptions of the classic writers. As the new China after its founding set out to implement the socialist transformation of capitalist ownership, it affirmed the principal status of socialist public ownership, thus providing the fundamental systemic guarantee for the comprehensive socialist economic construction that followed, as well as for the formation of an independent national economic system and industrial system. With reform and opening-up, the CPC insisted on combining the basic principles of Marxism with China's concrete realities, starting from the basic national conditions that applied during the primary

stage of socialism. The CPC carried out an in-depth exploration of all aspects of ownership, of distribution methods, of the economic system, and so on. Proceeding in a creative fashion, it established an ownership structure in which public ownership formed the mainstay and in which diverse forms of ownership developed in parallel. In the distribution system, distribution according to work became the mainstay, and a range of other distribution methods coexisted with it. The overall economic system combined socialism with the market economy. Together, the above three features constitute the basic economic system of socialism, and reflect the superiority of the socialist system. They also reflected the level of development of the social forces of production at the primary stage of China's socialism, and allowed a solid institutional foundation to be laid for the development of socialism with Chinese characteristics. Once the basic economic system of socialism had been established, it became objectively necessary for the national governance system to be improved and perfected, and for the national governance capacity to be enhanced, transforming the institutional superiority of the basic economic system of socialism into superiority in the field of national governance. The need emerged for a comprehensive enhancement of the national governance capacity, so as to provide a sound institutional guarantee that the remaining drawbacks in the system and its mechanisms would be eliminated. These drawbacks made it difficult for the market to play a decisive role in resource allocation, and dealing with them has improved the functioning of the government as it strives to construct a modern economic system, to promote high-quality development, and to realize the dream of a great rejuvenation of the Chinese nation, making possible the comprehensive progress of society and the all-round development of human beings.

3.5. It Reveals the Law of Socialist Economic Construction with Chinese Characteristics as the Basic Task of Theoretical Research

Engels once remarked that “Political economy is . . . essentially a *historical science*” (Marx and Engels 2010, 135; italics in the original). Marxist political economy emphasizes that the unification of the logical process and the historical process is the fundamental principle underlying the formulation and development of economic theories. The scientific views and propositions of economics do not arise out of people's subjective imagination, no matter how refined the form of their expression may be, but have their origins in objective socio-economic practice and in the operation of the laws of socio-economic activity under specific historical conditions. There is no such thing as a panacea-like economics that is universally applicable, and an economics that is divorced from reality and lacks a sense of history has no vitality.

In the 70 years since the founding of the new China, the Sinicization of Marxist political economy has seen the rich practice of China's socialist revolution,

construction and reform thoroughly assimilated. In its Chinese setting, Marxist political economy has taken revealing the substantive characteristics and inherent regularity of the development path of socialism with Chinese characteristics as the basic task. It has developed a series of theoretical innovations that are down-to-earth, that are attuned to China's national conditions, and that are able to tackle real problems. These include, for example, theories relating to the economic program of New Democracy proposed during the period of socialist revolution and construction; theories of the major contradictions within socialism; theories stressing the need to take a holistic view and to pay attention to the comprehensive balance; theories of development based on agriculture, theories dominated by industry, and theories calling for coordination between agriculture, light industry, and heavy industry; and so on. In the new period of reform and opening-up, innovative theories have addressed the nature of socialism, the basic economic system during the primary stage of socialism, the socialist distribution system, the socialist market economy, socialist economic development, the economic functioning, and macro-regulation of the socialist state; opening-up; and so on. In the new era of socialism with Chinese characteristics, further theories are being advanced dealing with questions such as people-centered development; adapting to, grasping, and leading the new normal of economic development; and new development in areas including innovation, coordination, and the "greening" of the economy. New theories now address issues of opening-up and sharing; of making the market play the decisive role in resource allocation and the government perform better in its various roles; of supply-side structural reform and of innovation in macro-regulation; of the synchronous development of new-type industrialization, informatization, urbanization, and agricultural modernization; of strengthening the real economy, constructing a modernized economic system, and avoiding the pursuit of virtualization; of constructing the general domestic cycle as the mainstay and realizing the mutual promotion of the domestic and international cycles; of balanced development and security; of constructing a community with a shared future for mankind; of leading economic globalization of a new type; of strengthening the CPC's unified leadership on economic work; and so on. These theories have provided important guidance for China's socialist revolution, construction, reform, and development, and are among the fundamental reasons why China's economic and social development has attained such magnificent success.

4. New Issues Faced by the Development of the Political Economy of Socialism with Chinese Characteristics

The great achievements of socialist economic construction in the 70 years since the founding of the new China reflect the guidance provided by the theoretical

innovation surrounding the Sinicization of Marxist political economy. At a new historical starting point, we should continue to promote this process of Sinicization, press ahead with developing the political economy of socialism with Chinese characteristics, and provide theoretical guidance for further rejuvenating the Chinese nation and constructing a great modern socialist country.

4.1. Study in Depth the Meaning and Features of the New Historical Position of China's Development in the New Era

During its 70 years of development the new China has achieved profound change, first rising to its feet and then becoming well-off. Now China is experiencing the historical leap from being well-off to growing strong, and it is thus evident that developing the political economy of socialism with Chinese characteristics requires researching the underlying meaning of the new historical position, exploring the laws of economic development that are allowing China to increase its strength, and providing theoretical guidance for constructing a prosperous, strong, democratic, culturally advanced, harmonious and beautiful modern socialist country.

4.2. Study in Depth the New Changes to the Major Contradiction in China's Society, and the New Requirements These Changes Indicate for the Goals of Social Production

The major contradiction in China's society has changed, and can now be summed up as the contradiction between unbalanced and inadequate development and the people's ever-growing need for a better life. Promoting the development of the political economy of socialism with Chinese characteristics thus requires devoting great energy to exploring the regularity of development and change, and to determining how the major social contradiction of the primary stage of socialism finds expression in this development and change. How, for example, is this contradiction expressed in the areas of production, exchange, distribution, and consumption; in the economic system and business organization; in global economic governance, national economic governance, corporate governance, and so on; in urban and rural areas; at the macro, micro, and meso levels; and in industry, agriculture, finance, and other fields? The political economy of socialism with Chinese characteristics is called upon to provide theoretical guidance for resolving the problem of unbalanced and inadequate development, for promoting the transformation of the development mode, for optimizing the economic structure, for fostering the driving forces of innovation and development, and for satisfying more fully the ever-growing needs in respect of the economy, democracy, law, equity, justice, security, the environment, and so on.

4.3. Study in Depth the New Features and New Trends of the Scientific and Technical Revolution and of Industrial Change

Following the changes to industry experienced during the development stage of mechanization, electrification and automation, human society is entering a new stage in the unfolding of the scientific and technical revolution and of industrial development, a stage featuring artificial intelligence and digital technology. In order to promote the development of the political economy of socialism with Chinese characteristics, we need to make an in-depth study of the laws of development of artificial intelligence and of the digital industry, and of how these laws are expressed. For example, we need to study the principles underlying industrial change and development, to research the meaning and characteristics of the modern economic system, to examine how finance serves and promotes the real economy, to answer the question of how intelligent technology will be transformed into competitiveness, to determine how this technology can renovate traditional manufacturing, and so on. In this way, we can provide theoretical guidance for China's developing artificial intelligence industry and digital economy, and promote the transformation of the economy from high-speed growth to high-quality development.

4.4. Study in Depth the Changes to and New Features of China's Relations of Production in the New Era

China's basic socialist economic and distribution systems have now been established, and the socialist market economic system has come into being, but these systems remain imperfect. Promoting the development of the political economy of socialism with Chinese characteristics requires further strengthening research on the basic socialist economic system and the forms of its realization. For example, it is necessary to strengthen research on distribution within the state-owned sector and on the reform of state-owned enterprises; on the operation and supervision of the state-owned capital and management system and its mechanisms; on the system of managing rural land, and on the development of the collective economy; on enhancing the dominant position of public ownership in the mixed-ownership economy; on the non-public sectors of the economy; on the form of realization of distribution according to work; on the factor market and the mechanisms through which factor prices are determined; on the manner in which public ownership and the market economy are combined; on the construction of a system of scientific and technological innovation of a new type for the whole nation, and on the theoretical basis for it; and so forth. In sum, it is necessary to provide theoretical guidance for a further deepening of economic system reform, and to construct a more mature and established socialist economic system and economic structure.

4.5. Study in Depth the Changes to and New Features of the International Environment That China Faces

The world is undergoing changes unprecedented in the past hundred years, and China is confronted with a brand-new external environment. Promoting the Sinicization of Marxist political economy therefore requires a deep understanding of the complex meaning of these changes, and it is necessary to reveal the principles that underlie the new developments in the world economy and politics. For example, it is necessary to strengthen research on political economy in a world that is being transformed at an unprecedented rate. It is necessary to strengthen research on the fourth scientific and industrial revolution; on Marx's theory of world history, and on the new type of economic globalization; on Lenin's theory of imperialism, and on contemporary capitalism; on global economic governance and innovation; on the normalization of stagnation in the capitalist economy; on critiques of neoliberalism; on the politico-economic significance of the "Belt and Road Initiative"; on how political economy should analyze the construction of a community with a shared future for mankind; and so on. It is necessary to provide theoretical guidance for charting a correct course of economic globalization, for improving the global governance structure, and for constructing a community with a shared future for humankind.

Notes

1. See <http://www.people.com.cn/24hour/n/2013/1106/c25408-23443755.html>.
2. See <http://politics.people.com.cn/n/2015/1124/c1024-27850951.html>.

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