

Five Focus Points to Uphold and Improve the Basic Socialist Economic System With Chinese Characteristics

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Abstract

The basic economic system is an important content of the institutional system of socialism with Chinese characteristics. To uphold and improve the basic socialist economic system with Chinese characteristics, at the china eighteenth CPC Central Committee the Third Plenary Session, Communist Party of China formulated a series of new measures and moves, which reflect the new requirements of our party to the socialist modernization construction, and indicate five focus points to uphold and improve the basic socialist economic system with Chinese characteristics, that is protecting the fundamental interests of all the people, inspiring the creative spirit of the people, standardizing the economic entities of the socialist market economy, meeting the objective needs of the social productive forces, and consolidating and strengthening the dominant position of the public ownership in the dynamic development of the economy, by using the ownership structure theory.

Key words: The basic socialist economic system of socialism with Chinese characteristics; The public ownership; The socialist market economy

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INTRODUCTION

The eighteenth Communist Party of China central committee held its third plenary meeting, passed the “CPC Central Committee decision on the major issues of overall deepening reform” (hereinafter referred to as the “Decision”), and formulated a series of new measures and moves about upholding and improving the Chinese characteristics basic socialist economic system. For furthering the in-depth development of the socialist modernization with Chinese characteristics, effectively implement these new measures, understand the basic concepts of them, and initiative to seize the focus points of them will have important practical significance for us all.

1. SAFEGUARD THE FUNDAMENTAL INTERESTS OF THE PEOPLE, HIGHLIGHT THE CHARACTER OF SOCIALIST PUBLIC OWNERSHIP

Ownership is the essentials of determining the nature of the production relations. It based on the ownership of the means of production, reflecting the relationship between people’s material interests. The socialist Public ownership with Chinese characteristics is to uphold the basic principles of safeguarding the fundamental interests of the masses, to take the all-round development of human being’s as the goal, and to build an equality, democracy, freedom, and solidarity social development environment efforts at realizing a harmonious coexistence between the human and the nature, man and society, and man and man,

highlighting the true nature of socialist public ownership. In this regard, the “Decision” affirmed that the non-state economy’s social status, as “an important part of socialist market economy”, expressed CPC’s basic attitude about the non-state economy property right, which is “also inviolable”, and put forward some relevant measures to support the healthy development of non-state economy under the equality principle, such as right, opportunity and the rule. This is my party’s another significant leap of the understanding on the status of the non-state economy, after the fifteenth Communist Party of China central committee defined our ownership structure as the “basic economic system”. It confirms the social status of non-state economy, corrects the discrimination from the view of enterprise nature point in the past, turns to the view of political point, and recognizes that the citizen in the non-state economy is still the Chinese People, whose interests should be proper maintenance and protect. Thus, the “Decision” expands the benefit body in a larger scope. This is the improvement of the basic economic system, which is the result of our party keeping pace with the times, promoting the socialist economic construction with Chinese characteristics, complying with the 35 years’ reform and opening up, with the growing trend of people’s property income. On the other hand, the “Decision” stressed that we “will strengthen the supervision of nation-owned assets mainly in the way of managing capital”, and “transfer part of the state owned capital to the social security fund” “to protect and improve people’s livelihood”, at the same time “increasing the investment in corporate welfare”. This is the system arrangement to strengthen the public welfare expenditure of state-owned capital income, which will alleviate the tension of public finance, provide basic public services for vulnerable groups, give them a fair start of development, and actually ensure the interests of the state capital shared by all the people.

2. GIVING FREE REIN TO THE PEOPLE’S PIONEERING SPIRIT, PROMOTE THE DEVELOPMENT OF THE PRODUCTIVE FORCES

The alternate of the ownership forms lies in the old production relations unable to adapt to the growing development of the productive forces. As a socialist country, established on the basis of insufficient developed productive forces, China should regard whether to promote the development of productive forces as a measure of the social production relations. Poverty is not socialism. And the people, as “the characters and writers of the history”, should promote the development of productive forces by exercising the people’s initiative, creativity, and imagination, combined with their actual

production work, in their respective jobs. The people’s pioneering spirit is “the driving force” of the reform. In this regard, the “Decision” for the first time clearly stated that “the important form of the realization of the basic economic system of socialism with Chinese characteristics is the mixed ownership economy, which is cross-shareholding and mutual integrated by state-owned capital, collective capital, and private capital.” And at the same time, the “Decision” put forward three “allow”. The first is “allowing more and more state-owned economy and other ownership economy develop to be a mixed ownership economy”. The second is “allowing non state-owned economy shareholding capital in the state-owned capital investment program”. The third is “allowing the employee shareholding capital in the mixed ownership economy, and makes it to be the community of the capital owners and the workers”. The fundamental point of this measure is to give free rein to the people’s pioneering spirit, pool the wisdom of the people, including the people in the non-public economic entities, and promote the development of the social productive forces. The People’s Republic of China was established by the bloody battles of the entire Chinese people; the socialism with Chinese characteristics was created through hardships of all the Chinese people independently and creatively. Similarly, the socialist construction with Chinese characteristics will also continue to join hands to people across the country, gathering their power, giving free rein to their pioneering spirit. Since it belongs to the people, the People’s Republic of China would be ruled and built by the people. Obviously, the essence of socialism provided by Marxism is carried out and implemented in a deeper form.

3. PERFECTING THE SOCIALIST MARKET ECONOMIC SYSTEM, IMPROVE THE VITALITY AND EFFICIENCY OF THE OWNERSHIP ECONOMY

It is proved by theory and practice that the socialist economic construction with Chinese characteristics must continue to uphold and improve the socialist market economic system, make the most of socialism and market economy effectively, and make a good combination with them, based on the reality of China’s economy, neither to go the closed, rigid road like the past, nor to go astray in the wrong way of changing the flag of socialism. The socialist market economic system is the power workings to promote the development of the economic system. So China uses the market economy as a means of resource allocation. The reason is that the market economy has the advantage of stimulating the vitality of the body of the economic entities, which will effectively improve economic efficiency, and promote socialist economic construction. However, in order to take this advantage of

market economy, we must meet the fundamental needs of it. The market economy requires every economic body to be an independent legal representative, which makes it have clear relations of property rights to establish a market economy working. Only in this way, the socialist market economy with Chinese characteristics could comply with the rules of market economy. So, our party is trying its best to be good at this. We must continue to overcome all sorts of existing drawbacks of the planned economy system, deal with the relationship between government and the market, and let the market play an effective role in the resource allocation. In this regard, the “Decision” pointed out the position of the relationship between the government and the market in theory. It amended the function of the market in the allocation of resources from “basic role” to “decisive role”, and pointed out the direction of adapting to the requirements of the market economic development for the ownership economy in our country, for example, improving “the property rights protection system” of the public and non-public economy, “establishing the structure of corporate governance with perfect coordination, effective checks and balances characteristics”, “encouraging qualified private enterprises to establish a modern enterprise system,” etc.. This important theoretical adjustment in the “Decision” clarifies the core position and function of the market in the allocation of resources. This not only helps to solve the practical problems, such as not perfect established market system, too much government intervention and not in placed regulation, but also helps to coordinate the relationship between the government and the market, which will contribute to change the mode of economic development and the government functions, and to create conditions to suppress negative corruption. More importantly, it helps to deepen the reform of state-owned enterprises, make our businesses more in line with the market economy requirements, and achieve the fundamental combination with the market economy. So that the socialist market economy can make full use of the advantage of market economy to improve the ownership economic vitality and efficiency. No doubt, this will be an inevitable trend of the development of our country’s ownership economic system.

4. ADAPTING TO THE OBJECTIVE REQUIREMENTS OF THE SOCIAL DEVELOPMENT OF PRODUCTIVE FORCES, PROMOTE THE SOCIALIZATION OF CAPITAL

The Communist society will inevitably replace Capitalist society. The reason is that it can adapt to the trend of the social development of the productive forces and overcome the basic contradiction inherent in the capitalist society,

which is the contradiction between the private ownership of the production means and the socialization of production. Productive forces have the character of socialization of development, which requires the Communist society establishes social ownership, based on the personal ownership. This is one of the main principles that the “Decision” effort to implement. The “Decision” advocates that “the mixed ownership economy implements the employee stock ownership, so that it can be a community combined with the capital owners and the workers’ benefit”, “encourages non-public enterprises to participate in the reform of state-owned enterprises, develops the mixed ownership enterprises which is controlled by non-public capital, and encourages the qualified private enterprises to establish the modern enterprise system.” From the side of the subject of ownership, the expanding trend of its development indicates that the people is the owner of the means of production, and reflects the nature of the socialist public ownership and the essential requirement of the Communist society. While from the side of the object of ownership, the expansion of the ownership subject is also the socialization of means of production and the capital. It embodies the positive adaptation of the socialist production relations and the socialist basic economic system adapting to the objective requirements of social development of productivity. At the same time, it shows that the socialist market economy with Chinese characteristics highlights the advantages of socialism and socialist market economy, to regulate the market economy and to prevent the rise of its disadvantage. Also, it shows that the concept of combining the socialism and the market economy is beginning to deepen from theory to reality, and has begun to get implemented in real specific level. In the end, this will make the modern enterprises have the characteristics of being the organic unity of the capital socialized development and the main independent economic body of the market economy. The former is the objective requirements of the productive forces, and the latter is the objective laws of the market economy. Only with this characteristics, the socialist market economy could adapt to the development trend of productivity, at the same time adhering to the socialist public ownership, increase the level of the productive forces, and promote the development of society.

5. CARRYING OUT THE OWNERSHIP STRUCTURE THEORY, CONSOLIDATE AND STRENGTHEN THE SUBJECT STATUS OF PUBLIC OWNERSHIP IN THE ECONOMIC DEVELOPMENT DYNAMICALLY

In a society, the ownership structure consists of the relationship between the various forms of ownership. The

development of the ownership form is accompanied by the development of the realization form of ownership. The realization form of ownership is the manifestation of the ownership form, is the expansion of the ownership form in the production areas, and is the carrier of the ownership nature reflecting in the production practice and the business activities. It is the specific activity way of directly reflecting objective production relations and the operational practice of promoting the development of the ownership form. With the action of the realization form of ownership, every ownership form in a same society competes in expanding its development space, and enhancing its own economic strength. Thus, cause a corresponding change in the ownership structure. When this amount of growth reaches a certain limit, that is, when the power of the dominant ownership form is too weak to maintain the core position in social economy, while the power of a subordinate ownership form in origin has expanded to be able to replace the position of the dominant ownership form and play a leading role in the social development, the nature of the original ownership of society must change. In short, in the historical process of the replacement of the ownership form, the ownership structure plays a key role. It is the balance showing the dynamic change of the social nature. The ownership structure theory is the inner theoretical foundation of the basic economic system, now is also the guiding theory of how to develop the realization form of ownership. The difference between the two is that the former mobilizes the enthusiasm of every kind of ownership forms in the same society, while the latter applies it in the enterprise.

The “Decision” makes it clear that “the mixed ownership economy is the important realization form of the basic economic system with Chinese characteristics,” and encourages all kinds of ownership economy develop and participate in it, including non-public economy. This fully proves that the ownership structure theory has withstood the test of the practice in the past. Overall, the basic economic system of socialism with Chinese characteristics has adapted to the realistic condition of China’s productivity level, which is in a multi-level and unbalanced realities. Since 1997, the basic economic system of socialism with Chinese characteristics has inspired the energy of various ownership forms, and promoted China’s economic development. At the same

time it has traced the ratio changes of the ownership structure. In the end, it fundamentally guarantees the dominant position of the public ownership. The reasons that the “Decision” taking the mixed ownership economy as an important realization form of the basic economic system with Chinese characteristics lies in two. One is let the ownership structure theory be used, practiced and tested in a more micro, more realistic level. The other is according to the ownership structure theory develop the realization form of ownership, which is thought as the source of the economic development. That is to say, the development of the ownership form is through the development of the realization form of ownership. And in the racing development of various kinds of ownership form, the vigor and vitality of the basic economic system with Chinese characteristics will be developed and enhanced. Obviously, the measure in the “Decision” is echoed with the basic economic system with Chinese characteristics. The purpose of it is to provide power for the development of the basic economic system with Chinese characteristics, and to embody the essence and the superiority of the socialism, which refers to promoting the development of the productivity forces and protecting the fundamental interests of all the people.

CONCLUSION

Overall, the basic idea of the series of new ideas, new judgment, and new initiatives of adhering to and improving the basic economic system with Chinese characteristics in the “Decision”, is to practically implement the basic idea of establishing the socialist market economy. Taking good use of the advantages of public ownership and the market economy, promote the socialist economic construction. This is the concrete embodiment of the self-confidence on the road of the socialism with Chinese characteristics, on the theory of the socialism with Chinese characteristics, and on the system of the socialism with Chinese characteristics.

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