

The Approaches to Improving the Confidence for the Basic Economic System of Socialism with Chinese Characteristics

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Abstract

The confidence for a system stems from the satisfaction with the theories behind. Marx's ownership theory is the theoretical foundation of the basic economic system of socialism with Chinese characteristics, and is also the prerequisite for the improvement of the confidence for the basic economic system. Besides, since practice is the sole criterion for testing truth, the appealing and fruitful achievements obtained in the practice of socialist modernization drive in China could serve as the objective reasons for us to enhance our confidence for the basic socialist basic economic system. As for the approach to improvin confidence for the system, it is firmly believed to be necessary that we should improve ourselves in an all-round way, among which we should comprehensively accelerate the development of the basic economic system, which is a feasible method for enhancing our confidence towards this system.

Key words: Basic economic system of socialism with Chinese characteristics; Confidence; Marx's ownership theory; Ownership structure

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INTRODUCTION

After the thirty years of reform and opening up, the Communist Party of China has made a clear appeal in the 18th National Congress of CPC that the whole Party Members should firm the confidence for the socialist road with Chinese characteristics, for the theory of socialism with Chinese characteristics, and for the socialist system with Chinese characteristics. To a large degree, the socialist basic economic system, which is full of Chinese characteristics and which takes the public sectors as the mainstay and the diverse sectors of the economy developing side by side, is a product through practices guided by the socialist theoretical system with Chinese characteristics. Besides, it is also a crystallization of the theories developed during the opening-up process of the socialist road with Chinese characteristics, as well as an important part of the socialist system with Chinese features. In this sense, enhancing the confidence for the basic economic system of socialism with Chinese characteristics could contribute to the implementation and development of socialism with Chinese characteristics and to the achievement of the "Chinese Dream".

1. HAVE A PROFOUND UNDERSTANDING OF MARX'S OWNERSHIP THEORY

The confidence for a system stems from the confidence for the theory behind, while the confidence for the theory originates from a deep analysis of the theory itself. Therefore, in order to improve the confidence for the basic economic system of socialism with Chinese characteristics, we should have a profound understanding and command of the socialist theoretic system, of the Marx's ownership theory, and of the ownership theory of Marxism. We should know that the theory of Marxism is the "source" of the theoretical system of socialism with Chinese characteristics, while Marx's ownership theory

is the primary theoretic basis for the building of the confidence for the basic economic system of socialism with Chinese characteristics.

First, Marx's ownership theory is a systematic structure which shows the nature of the ownership layer by layer. It is composed of the nature of ownership, the pattern of ownership, and the realization form of ownership, among which the nature of ownership is an internal decisive factor. According to Marx, ownership is an economic concept that reflects the relationships between the objective economic conditions and the owners and laborers, that is, it reflects the economic relations between people as well as reflects the nature of the whole society through the occupying relations between people and things. Marx divides ownership into public ownership and private ownership based on the number of owners of objective economic conditions (if the objective economic conditions are occupied by the majority of the people, then it is public ownership; vice versa). This division of ownership is from the perspective of the specific nature of the society. Pattern of ownership, in brief, is the implementation form of such two kinds of ownership. With the development of the history when the means of production were respectively owned by the slave owners, feudal lords and capitalists, three types of private ownership have taken shape which are slave ownership, feudal lord ownership and bourgeois ownership. Similarly, public ownership is based on the fact that the means of production is owned by the majority of people in the society. Nevertheless, due to the differences in the productivity levels, it has been classified into four categories including the public ownership in the primitive society, the public ownership during the primary stage of socialism, the socialist public ownership and the communist public ownership. Although the pattern of ownership is determined by the nature of the ownership itself, it should truly reflect the nature of ownership in the economic development, and should make use of its own form of expression, that is, its realization form. It is because the pattern of ownership is the manifestation of the nature of ownership and because the realization form of ownership is the expression form of the ownership itself that we believe the inherent nature of ownership is the core of the ownership theory, and that it affects the three layers of ownership which unifies with each other as a whole. Therefore, to maintain the public ownership as the mainstay, the basic economic system of socialism with Chinese characteristics should showcase its nature of ownership, and draw a clear line between a variety of private ownerships and itself.

Second, Marx's ownership theory is an economic organism which promotes social changes. If the nature, pattern, and the realization form of ownership constitutes the logical structure of Marx's ownership theory, then the interaction between them that stimulates economic development and social changes is a good reflection of

this economic organism. In fact, we can see that during the process of social and historical development, there have been different kinds of ownerships in one society which is always in a "dominant-subordinate" form, thus different ownerships can be seen. As far as the structure of ownership is concerned, it is the relations between the various patterns of ownership in the same society, and it is an important part to promote the change of the nature of society. Under the influence of the realization form of ownership, various patterns of ownership continuously expand their room for development, in this sense, the internal components of the structure of ownership will make changes correspondingly. When the change is beyond the limited scope, in particular, when the change leads to the change in terms of the nature of ownership structure, the prevailing society will be replaced by another one. Then Marx's ownership theory has accomplished its function of promoting social changes. Take the substitution of feudal society with capitalist society as an example, it is the changes in the pattern of capitalist that finally enables itself to gain enough power to rise from the "subordinate" status to the "dominant" one. It is the same with the replacement of slave society with feudal society. Proceeding from the perspective of social economy, Marx has objectively explored the internal mechanism of economic development and analyzed the mechanism of social changes, which enables him to consider the development of human society as a natural historical process, and which finally produces the famous Marx's ownership theory. Then it is not difficult to understand the core importance of the ownership theory in looking at the relations of social production, and it is not difficult to understand why each country is so concerned about the source of its ownership theory. The proposal of the basic economic system of socialism with Chinese characteristics serves as good evidence for this point.

Finally, the pursuit of reality and creativity is an inherent requirement of Marx's ownership theory. Reality reflects the spirits of Marxism, that is, seeking truth from facts and advancing with the times. According to Marx, only by grasping the reality of the natural conditions, production conditions and historical conditions that the society is in can we establish a targeted social and economic relations. In the "Marx Economics Manuscript (1857-1858)", Marx pointed out that the ownership in the primitive society included three patterns which were Asiatic ownership pattern, ancient ownership pattern, and Germanic ownership pattern. They are different in the aspect of occupying relationship, basically because of "the properties of climates and soil, the way of using soil determined by the natural conditions, relations with hostile tribes or tribal neighbors, as well as the turbulence caused by migration and historical events" (*The Collected Works of Marx and Engel*, 2009, Vol. VIII, p. 135). In this sense, the actual situation of the development of China's productive forces coupled with the experience and

lessons gained during the economic development is the realistic basis for establishing the basic economic system of socialism with Chinese characteristics. In the final analysis, to improve the reality of social and economic development is to insist on its historicity, strengthen its relevance and create the possibility for development.

Creativity plays a crucial role in the development of Marx's ownership theory. The key to accelerating social changes lies in the change in the ownership structure. The change in ownership structure has to base itself on the development of various ownership patterns. The development of ownership patterns has to be helped by the realization forms of ownership. Nevertheless, the positive role played by the realization forms of ownerships has to be ensured by a diversified development of themselves, which in turn seems to be an adaptation to the diverse realistic conditions. In this sense, creativity is not only to adhere to the principle of reality, but also serves as an important condition for the improvement of confidence for the basic economic system of socialism with Chinese characteristics.

2. FULLY UNDERSTANDING THE ACHIEVEMENTS MADE DURING THE PROCESS OF THE ESTABLISHMENT OF THE BASIC ECONOMIC SYSTEM

Practice is the sole criterion for testing truth. The establishment of the basic economic system of socialism with Chinese characteristics proceeds simultaneously with the growth of socialism with Chinese characteristics. The complementary feature, simultaneity, and interaction of them have enabled the agreeable achievements made in the socialist modernization to further solidify the position of the basic economic system in the socialist economic development, and have become the objective reasons for enhancing the confidence for the basic economic system of socialism with Chinese characteristics.

The Communist Party of China has not developed a correct understanding of the non-public economy from the outset, but it has undergone "three stages" (Long, 2009) in the development of the "basic economic system" which goes from a single public ownership structure to "the structure of the dominant complementing the rest" then to the "structure of the main body complementing the rest" and to the "common development structure". The reasons behind are as follows: first, it is for the influence of Marx and Engels who envisaged that the future society would only have a public ownership; besides, it is due to the impact of the experience gained from the socialist economic development of the former Soviet Union's; in addition, it is because of the long time spent on the understanding of China's national conditions as well as because of the inexperience in exploring the road of socialism with Chinese characteristics.

The first stage is from the Third Plenary Session of the

Eleventh CPC Central Committee to the Third Plenary Session of the Twelfth CPC Central Committee when the single public ownership structure made a transition into "the structure of the dominant complementing the rest". Later in the Sixth Plenary Session of the Eleventh CPC Central Committee, the statement that "the non-public economy is an indispensable complement to the socialist economy" was proposed. Another idea was put forward in the 12th National Congress of the Communist Party of China that "the socialist state-owned economy secures a dominant position in the national economy", "while the individual economy of laborers... is taken as an indispensable and significant supplement to the public economy" (The Selected Important Documents Since the 12th National Congress of the Communist Party of China, 1986, Vol. I, p. 20). When it comes to the Third Plenary Session of the Twelfth CPC Central Committee, a structure which took the state-owned economy as the leading part and regarded the individual economy, private economy as well as the "Three Capital" economy as the complementing part began to take shape.

This is the first time that the Communist Party of China has brought some adjustments to the ownership structure, and is the first time that the ownership structure of China has made a qualitative leap forward. While these adjustments failed to give a clear definition of the economic position of the collective ownership, and although these changes showed some discrimination towards the non-public economy, they have recognized and acknowledged the common development of several economies and highlighted the great political courage and determination to emancipate thoughts from the second generation of China's collective leadership with Deng Xiaoping as the representative.

Thought is the guide of people's behaviors, thus a small change in one theory will lead to an immense change in the practice. Therefore, under the guidance of the above-mentioned thoughts, "the Gross National Product, national fiscal income and the average income of urban and rural residents were generally doubled during the nine years between 1978 and 1987"; "the vast majority of over one billion people had enough food and clothing, and some areas even moved forward toward a moderately prosperous life"; "a total of 70 million urban jobs were created. The township enterprises in rural areas came to the front, with 80 million farmers totally or partially landed jobs in the non-agricultural industries"; "we have significantly improved the imbalance in the major proportion of the national economy, which then went on a track of coordinated development"; "it can be said that the past nine years have witnessed the fastest growth of the national economic strength, and people have benefited the most during this period" (The Selected Important Documents Since the 13th National Congress of the Communist Party of China, 1991, Vol. I, p.5).

The second stage is from the 13th National Congress

of the Communist Party of China to the Third Plenary Session of the Fourteenth CPC Central Committee when the “structure of the dominating complementing the rest” turned into the “structure of the main part complementing the rest”. In the 13th National Congress of CPC, the concept of “maintaining the dominance of the public ownership” was amended, which gave way to the birth of the concept of “making the public ownership as the mainstay”. Besides, the Congress also initially expounded the idea that the ownership structure should maintain the public ownership as the mainstay supplemented by a variety of economic sectors. Later in the 14th National Congress of CPC, the idea was totally clarified.

In practice, although the Communist Party of China held much “discrimination” towards the non-public economy, it cannot get rid of the dynamism of the economy caused by the adjustment of the ownership structure and cannot prevent the people from widely participating in the economic activities. “From 1992 to 1996, the average annual growth of GDP increased by 12.1% ... the ‘Eighth Five Plan’ was successfully completed, the implementation of the ‘Ninth Five Plan’ made a good start. ... In accordance with the requirements of developing the socialist market economy, we have made great progress... in the institutional reform”, “foreign economy and technological cooperation and exchanges continued to expand, a substantial growth was made in foreign trade and foreign investment, and we can see a significant increase in foreign exchange reserves” (The Selected Works of Jiang Zemin, 2006, Vol. 2, pp.5-6).

The third stage is from the 15th National Congress of the Communist Party of China to the present. In the Fifteenth National Congress of CPC, it was solemnly declared that “the basic economic system in the primary stage of Chinese socialism is the pattern with the public sector remaining the mainstay and diverse sectors of the economy developing side by side” (The Selected Works of Jiang Zemin, 2006, Vol. 2, p.19). From then on, China’s ownership structure has been theoretically defined as a “structure with diversified subjects” enjoying common development; moreover, the Congress also emphasized its longevity, stability and security as the form of “basic economic system”. The 16th and 17th National Congress of the Communist Party of China even gave more resolute attitude. They clearly proposed two “unswervingly” thoughts, i.e., unswervingly consolidate and develop the public economy and unswervingly encourage, support and guide the development of the non-public economy. They even requested the two “unswervingly” thoughts to be “realized as a whole during the process of the socialist modernization drive”, “give play to their own advantages in the market competition for common development” (The Selected Works of Jiang Zemin, 2006, Vol. 3, p.548). In the 8th National Congress of CPC, the basic socialist economic system was amended to be modified by the “Chinese characteristics”, and it was integrated into the

system of socialism with Chinese characteristics. This modification not only shows China’s determination to adhere to the thoughts of “two unswervingly”, but also highlights a deep understanding of the system in terms of its features of being comprehensive, fundamental and self-confident. This self-confidence stems from the enhancement of people’s satisfaction as well as from the great achievements made by the reform and opening up. At present, China has completed all the levels of sound planning for the reform and opening up, for the socialist modernization drive, and for achieving the grand goal of building a moderately prosperous society in a comprehensive way.

In summary, the process of the establishment of the basic economic system of socialism with Chinese characteristics is not only a process of making bold attempts, constantly summarizing experience, and making innovations by the Communist Party of China, but also is a process of making steady progress stimulated by China’s achievements in its economic development. It is this process that reflects the superiority of the basic economic system of socialism with Chinese characteristics, enhances people’s satisfaction with itself, and improves its inherent self-confidence.

3. COMPREHENSIVELY PROMOTING THE DEVELOPMENT OF THE BASIC ECONOMIC SYSTEM

Since improving oneself plays a crucial role to enhance one’s self-confidence, enriching the realization forms of the basic economic system and giving full play to the rule of government are realistic and feasible methods to improving the basic economic system of socialism with Chinese characteristics and enhancing our confidence for it.

First, we should enrich the realization forms and consolidate the position of public ownership as the mainstay.

Public ownership is the essence of socialism. Maintaining public ownership as the mainstay is an important part of the basic economic system of socialism with Chinese characteristics, and is also the aspect needed to be consolidated and improved in order to develop the basic economic system. To this end, we should enrich its realization forms.

On the one hand, we should enrich the pattern of public ownership itself, that is, the expression form of the nature of ownership. In the socialist market economy where there is a common development between public economy and non-public economy, “any pattern of ownership that is in line with the principle of ‘Three Benefits’ proposed by Deng Xiaoping is allowed to serve socialism” (The Selected Works of Jiang Zemin, 2006, Vol. 2, p.19). Therefore, in addition to developing the state-owned economy, collective economy and mixed ownership economy, we should also strive to innovate and

promote the development of other patterns of ownership on the basis of the features of different industries. In this sense, it is quite important to fully understand and take advantage of the characteristics of the economic environment in this period. First, we can make full use of the advantages of non-public economy to promote social and economic development; second, we can utilize the competition between the public economy and other patterns of ownership economy, driving the former not to slack off; third, we can give full play to the radiations and guiding role of the public economy on the part of the non-public economy; fourth, we can clarify the unity of the economic goal and the political objective of public economy, that is to say, it should not only pursue its own economic development, but also should consolidate its position as the mainstay of the society and play a commanding role by virtue of its enhanced strengths.

On the other hand, enriching the realization forms of public economy, i.e., the realization forms of the ownership pattern, is to stimulate and motivate productive forces from a micro perspective, and thus improve public economy's capacity for development. In theory, "any management method and organizational form that reflects the law of social production can be utilized boldly"(The Selected Works of Jiang Zemin, 2006, Vol. 2, p.20), but in practice, the arrangement and improvement of the various social mechanisms and elements that have relation to the realization forms of public economy have become the key factors of influencing the realization of public economy. Hence the development of public ownership's realization form should not focus on exploring new forms, but should try to improve the existing realization forms, as well as better the building of the relevant social mechanisms and elements.

Second, we should give full play to the role of the government, and properly deal with the relationship between government and the market.

We should have a clear understanding that the development of the basic economic system of socialism with Chinese characteristics is under the circumstance of the socialist market economy. There are "two hands" in the socialist market economy: the market and the government. The former holds the principles of freedom, equality, and competition, but it often makes economic development go blind and lag behind; The latter makes use of such means as authority, plan, and system, while it often restricts and imposes limitations to the economic development. Under the conditions of socialist market economy where public economy and the non-public economy enjoys common development, we must organically combine these two hands, namely, effectively locate the role of the government and give full play to it; besides, we should properly deal with the relationship between the government and the market. Only by doing this can we secure the foundation of the basic economic system of socialism with Chinese characteristics as well as improve our confidence about it.

First of all, we should let the government play the role of reforming and improving the specific economic regulations and mechanisms. As the basic element of the socialist system with Chinese characteristics, and as one of the important pillars of the fundamental socialist political system with Chinese characteristics, the basic economic system of China's socialist system enjoys relative stability. But that does not mean that the government cannot make any amendment and improvement in the various economic regulations built on the basis of the basic economic system in a manner suitable to particular time. Instead, only by holding the invariance of the basic economic system and by adhering to the variability in removing the defects of the institutions can the government effectively enhance the adaptability of the basic economic system, thus improve the system's stability.

In addition, we should let the government work as a bond connecting the public economy and the non-public economy so as to complement each other's advantages. Marx's ownership theory and Western Economics proceed from their own standpoint, thus they put forward their own ideas towards the efficiency of public ownership. The former argues that the public ownership is efficient from the perspective of the contradictory movement of the relations between production forces and the relations of production, and also from the standpoint of the economic relations among the people. The advantages are summarized as three points: first, it meets the objective requirements of the development of the productive forces; second, it is able to adapt to the needs of large-scale socialized production; third, it can properly deal with the interest-based relationship between the people. As for the Western Economics, from a microscopic point of view, it notes that the efficiency of the ownership should be analyzed through enough market competition and sharpness of property relations. These statements suggest that public ownership is inefficient relative to the private ownership. That is because, on the one hand, public ownership is not an independent economic entity which lacks inherent vitality and power; on the other hand, namely, from the aspect of property relations and risk shouldering, the property relations of public ownership is fuzzy, and the responsibility is not held. Apart from this, the decision-makers rarely bear the cost of any decision and choice, and the power and responsibility of they do not draw a clear line.

The fact is that the place where the public ownership have limitations is the place where the private ownership have advantages, and vice versa. In order to integrate their advantages as well as adhere to the basic requirements of the public ownership and create a fair, free and harmonious social environment, we should further let the government play a regulatory role. In the first place, the government should deepen the economic reform, transform the operating mechanism of state-own enterprises, and establish a modern corporate system with "clarified

property right, clearly-defined rights and duties, separation of government and enterprise, and scientific management” based on the specific circumstances of the country and according to the actual differences in various industries. It can solve the problem of the enterprises with public ownership as independent economic entities by means of the corporate identity. This is a lesson we learned from the private economy and is a complement to the defects of public economy, which are all intended to stimulate the internal dynamism and motivation of enterprises. In the second place, the government should focus on improving the well-being of the people, promote social development, and protect the fundamental interests of the people across the country at the macro level. The reform of public economy’s operating mechanism will inevitably make the degree and scope of the equality that it reflects show a narrowing trend, that is, the coverage of equality will reduce from the whole society to the members within the enterprises. All the members of society only share the dividends and taxes paid by the state-owned enterprises. This imperfect performance of the public ownership is an important reason for the big wealth gap between the rich and the poor. In this sense, the goal for the Communist Party of China in the next decades is to improve the well-being of the people, enhance social development, so that all the people could truly share the “benefits” of socialist system, thus highlighting the superiority of socialism. Only through marketization at a micro level and through socialization at the macro level can we effectively deal with the relationship between the efficiency and fairness of the current public economy (Gu, 2012, Vol. 11, p.5).

Last but not least, we should let the government play the role of eliminating economic fluctuations. Under the impact of the interest mechanism, market economy has the function of “automatic operation”. Although it is able to complete the entire operation of the market economy, “market failures” often take place; under the conditions of economic globalization, the market economy is easily affected by the international environmental, thus suffering from the “resonance” of global economic crisis; when stricken by uncontrollable natural disasters, it is likely that the market economy will also undergo comprehensive

damages. All the above-mentioned situations need government to proceed from an overall situation and in the interest of the vast majority of people, directly make use of its administrative power to resolve the problems in the market that market itself cannot deal with.

Of course, in the process of improving the basic economic system of socialism with Chinese characteristics, the roles that government should play are far beyond those mentioned above. Nevertheless, as long as the government is guided by the principle of “developing market, complementing market, standardizing market and improving market” and can properly handle the relationship between the market and itself, the basic economic system of socialism with Chinese characteristics will be effectively consolidated and improved.

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