

The principal contradiction and its evolution in the new era of the socialism society with Chinese characteristics

From the perspective of the Marxist political economy methodology

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Abstract

Purpose – Marx suggested that it is infeasible and wrong to arrange the economic categories according to the order by which they have worked in history. Their order is determined by their interrelationship in the modern bourgeois society, which is in contrast to their natural sequence or that which is in accordance with the course of history. Sometimes, a logical sequence is precisely opposite to the historical sequence. There are many efforts to be done in the study of China's economic and social issues with Marxist logical and historical methods. The paper aims to discuss these issues.

Design/methodology/approach – When reading *Das Kapital*, we can clearly see the historical materialism methods. Another method of Marxist political economics is the scientific abstract method.

Findings – This is based on the new development idea to carry out scientific and technological innovation and change the focus of development from quantity to quality. With regard to the supply side structural reform as the main focus, people's ever-growing demand for a better life can be satisfied and the higher level dynamic supply–demand balance can be kept.

Originality/value – In fact, measures to remedy unbalanced and inadequate development of the social principal contradiction have been plainly indicated in the report delivered at the 19th National Congress of the Communist Party of China. This is based on the new development idea to carry out scientific and technological innovation and change the focus of development from quantity to quality.

Keywords Political economy, Historical materialism, The new era of socialism with Chinese characteristics, The principal social contradiction

Paper type Research paper

1. The methodology in the Marxist political economy

The political economy methods are crucial components of the Marxist political economy and they are keys to the door of this scientific theory system. The thinking methods of the dialectical materialism and the historical materialism, as well as the scientific abstract methods are demonstrated in *Das Kapital* and Marx's other books on economics. When reading *Das Kapital*, we can clearly see the historical materialism methods. In the preface to the first edition of Volume 1 of this book, Marx stated, "To prevent possible misunderstanding, a word. I paint the capitalist and the landlord in no sense couleur de rose [i.e. seen through rose-tinted glasses]" (Marx and Engels, 2009). What is the reason for this statement? What may cause possible misunderstandings? At that time, there were different



factions among workers who joined labor movements. Some petty bourgeois socialists did not regard the existence and development of the capitalist exploitation system as a historical necessity of social development, but cursed the capitalists due to their lack of rationality. Engels stated in his book review on the first volume of *Das Kapital* that Lassalle's socialism only lies to revile capitalists. This shows a divergence of opinions. Marx has clearly pointed out the historical necessity of the capitalist production stage (Marx and Engels, 1982). This book explains in depth the class antagonistic relationship in which the capital exploits the surplus value of labors, but it did not insult and condemn capitalists. Marx stated, "My standpoint, from which the evolution of the economic formation of society is viewed as a process of natural history, can less than any other make the individual responsible for relations [...]" (Marx and Engels, 2009). In other words, since the emergence and development of capitalism are an objective and inevitable historical process, capitalists and landowners in capitalist countries should not be accountable for the exploitation of capitalism. The Communist Manifesto also affirmed the revolutionary role of the bourgeoisie in their anti-feudalism and their historical role in developing their productive force. Another statement in *Das Kapital* said that methods used by the capitalists in extracting surplus labor are of their own traits and are more progressive than that of slavery and feudalism. There are three points covering its superiority. First, methods used by the capitalists for extracting surplus labor are good for the development of productivity. Second, it is conducive to the development of social relations, which not only means the improvement of capitalist productive relations but also the emergence of new relations in capitalism. Marx described the new capitalist shareholding system and the workers' cooperatives as the *aufheben* of capitalism within the capitalist system and regarded the shareholding system as a transition point toward socialism. Today, new social relations have been further developed in the contemporary capitalist countries and some new phenomena that Marx has not foreseen have appeared. Capitalism witnessed by Marx was unplanned. After the Second World War, many capitalist countries were also engaged in economic planning, shortened labor time, and established a more systematic social security system. From Marx's point of view, these new developments are not going further from socialism but closer to it. It can be said that there is further *aufheben* of capitalism in the emerging capitalist system and it is the new transition points toward socialism. These are explanations of Marx's two points about capitalist advantages on social productivity and social relations. The third merit is that it can provide social conditions for the new social system. The growth of capitalism has provided socialism with materials and social conditions. Compared with exploitation systems such as slavery and feudalism, in the view of historical materialism, capitalists still exploit surplus value but it is more progressive than in old systems. However, some scholars have misinterpreted viewpoints of historical materialism. They believe that if some social systems, including exploitation systems, are inevitable and determined by the conditions of productivity at that time, they are reasonable, fair, and just. This is wrong. The true content of historical materialism should be understood. Marxism holds that moral principles cannot be used to illustrate the course of social and historical development. The system of exploitation is not a result of the exploiting class' lack of ideas such as morality, justice, fairness, but it is a historical inevitability, which is in line with the law of economic development. It can only be explained by one law that productivity determines production relations, and production relations adapt to the development of productive forces. However, the exploiting class and their scholars consider the system to be reasonable and fair natively. Some scholars who claim to be Marxists regard this defensive view as a Marxist opinion. In Chinese theoretical circles, there are many misunderstandings on the viewpoints of Marxist historical materialism.

As is known, Marxist historical materialism regards the development of social history as a natural historical process that is objective and inevitable. Moral principles cannot be used

to explain the existence and changes of certain social systems or to explain the emergence of the exploiting system. Exploiting a system's emergence is a necessary course and it is not due to the lack of moral principles. Under different systems and in different historical eras, different classes have their own standards for fairness and value. In a slave society, even Aristotle, a famous Scholar, believed that the slave system was reasonable and fair, let alone the slave-owner class. Under the capitalist regime, bourgeoisie and its defense scholars certainly consider their system to be the most reasonable and fairest one. Even some working class people think the capitalist system is reasonable and fair because it is the capitalist who feeds them. Each ruling class has its own principle of fairness, which will become the dominant view of its society. However, the exploiting class ideology and principles of fairness cannot be regarded as those of Marxism. They must be clearly separated. Marx praised capitalism for its development of productivity and its progress compared with slavery and feudalism while he also exposed the essence of the capitalist exploitation system, especially the brutal exploitation system from over a century before. When discussing the primitive accumulation of capital, the enclosure movement in British history must be remembered. Capitalists drove out farmers, turning their land into pastures and forcing these landless farmers to become wage-earners. Primitive capital accumulation is written in history with blood and fire. Marx and Engels never said that the system of capitalist exploitation is reasonable, fair, or just. Instead, they hold a critical attitude on it. However, some scholars in China publicize bourgeoisie's defense viewpoints that were criticized by Marx and Engels, proclaiming them as Marxist historical materialism. Once, Engels bitterly attacked this point and he said modern capitalists are like slave owners and feudal masters, relying on the possession of other people's unpaid labor to make a fortune. In this way, the possessing class' polemic that the modern social system is fair, justice, and equal lost its final foothold (Marx and Engels, 2012). Lenin refuted the revisionists for their belief that capitalism was progressing, therefore "it is senseless to accuse it of greed and cruelty." "We say: capital devours you, will devour the Persians, will devour everyone and go on devouring until you overthrow it. That is the truth. And we do not forget to add: except through the growth of capitalism there is no guarantee of victory over it" (Lenin, 1990). This issue involves how to understand the polarization arisen in China and why it occurs. Scholars' opinions are diverse. Some say that it is because of corruption and monopoly, and others think that it is due to urban-rural disparities, regional disparities and industrial disparities. Liu Guoguang, Cheng Enfu and Wu Xiangong believe the reason is that the ratio of private ownership to economy exceeds that of public ownership. In fact, billionaires are strong private entrepreneurs. There are also Chinese scholars who not only deny the exploitation of capitalism, but also claim that workers exploit capitalists when they earn high wages. They say day is night.

Another method of Marxist political economics is the scientific abstract method. "In the analysis of economic forms, moreover, neither microscopes nor chemical reagents are of use. The force of abstraction must replace both." said Marx in the preface of the *Das Kapital*, Volume 1 (Marx and Engels, 2009). Economic issues and economic forms cannot be studied in laboratories like natural science but must be researched through the force of abstraction. Does the force of abstraction equate to the abstract method? Many scholars answer "yes." They, including some famous Soviet scholars, misinterpret these two concepts. They think political science, which is totally different from natural science, can only be studied with the abstract method, and cannot be researched in laboratories, while natural science is not researched with abstract method but in laboratories. This is inaccurate. Scientific abstraction includes two aspects. When we study natural science, scientific abstraction should also be used in laboratories. However, political economy cannot be researched in laboratories. It can only be researched by using the force of abstraction. What is the force of abstraction? It is the abstraction of thought, logic and another kinds of scientific abstraction. For example, the surplus value is the abstraction of profit, interest and rent, and the value is the abstraction

of exchange value or the price. These abstractions are neither from experiments nor from chemical reagents, but are abstracted by Marx with his force of abstraction – in other words, the force of abstraction of logical thinking. Leortief, a distinguished Soviet Economist, saw the force of abstraction and abstract method as the same. In Leortief's work *Objects and Methods of Political Economics*, translated to Chinese in 1950s, he said that as in all social sciences, political economics cannot be studied with experiments like physics and chemistry but with abstract method instead. This indicates that natural science is researched in laboratories and does not need an abstract method. Actually, it does. For example, Aristotle, a famous Scholar, misunderstood the phenomenon as the essence while studying falling objects. He thought when objects of different weights fell from a high altitude, their falling speeds would be different. He believed a law that the falling speeds of iron and rock were fast while that of paper and feather were slow. This concept was proven to be false and later scholars redressed his remark. Galileo put forward a different point of view: if there was no air resistance, what would happen? If a vacuum environment was created, the falling speeds of all objects would be the same. So the abstract method is to extract the most essential kernel without factors that are non-essential, interfering and complicated. Both natural and social science need the abstract method, namely, the scientific abstraction. The difference is that microscopes and chemical reagents can be used to study natural science in the laboratory. However, only the force of abstraction, in other words, the logical abstraction can be used to study political economics.

There is another question concerned with methods. In studies of political economics, including that from the USSR in the past, historical method and logic method can be applied. There was a popular opinion believing that Engels had said that these two methods were equal to each other. That is to say, where history begins, theoretical logic commences. This point of view is not comprehensive and it does not fully comply with Engels' statement. From Marx's works, it can be seen that he used both historical and logical methods. In some places, he unified these two methods but he emphasized more on the logical method. From the perspective of the historical development, there have been commercial capital and loan capital in the slave societies and the feudal society. The commercial capital and loan capital emerged before capitalist industrial capital. However, the logical structure in Marx's *Das Kapital* is not based on the ancient commercial capital or loan capital but based on the industrial capital. As for theoretical logic, industrial capital is the "light" that illuminates all things in the capitalistic world. With industrial capital, there is the capitalist system. However sometimes, historical methods are also used by Marx. For example, on the nature and functions of currency, he began from the analysis of currency's development and individual value forms to the emergence of currency forms. Sometimes, he unified historical and logical methods. For example, in the instance of the relationship between commodities and capitalism, the view based on historical methods is that the development of a commodity economy is the historical premise of capitalism. At the beginning of Chapter 4, Volume 1 of *Das Kapital*, it is said that, "The circulation of commodities is the starting point of capital. The production of commodities, their circulation, and that more developed form of their circulation called commerce, these form the historical ground-work from which it rises" (Marx and Engels, 2009). However this book also focuses on logic methods when discussing the relationship between commodities and capitalism. Commodities are cells of the capitalist economy, and all capitalist economic relations must be achieved through the relations of the commodity market. Moreover, through the analysis of commodities, Marxist labor value theory, which is the theoretical foundation of the surplus value theory, was established. In order to truly grasp Marx's intentions, we must learn Marxist economy comprehensively and systematically. Marx suggested that it is infeasible and wrong to arrange the economic categories according to the order by which they have worked in history. Their order is determined by their interrelationship in the modern bourgeois society, which is in contrast

to their natural sequence or that which is in accordance with the course of history. Sometimes, a logical sequence is precisely opposite to the historical sequence. There are many efforts to be done in the study of China's economic and social issues with Marxist logical and historical methods.

2. The application of Marxist political economic method: taking the research of income distribution as an example

What we have long advocated on the principle of distribution is the “efficiency first and fairness in consideration,” and then it is further stated that efficiency should be emphasized in the primary distribution and fairness should be emphasized in redistribution. That is to say, in the primary distribution of socialism, efficiency is emphasized and fairness is devalued. I do not agree with this opinion which is popular in academics. Promoting productivity is the fundamental task of a socialist society. Besides this, Deng Xiaoping also focused on eradicating exploitation, eliminating polarization, and gradually achieving common prosperity, which is the essence of socialism. In the “leftist” era, China neglected the development of productivity, criticizing that promoting the development of productivity was a productivity-only theory; China did not pay attention to the improvement of people's living standards and advocated poor socialism. Deng proposed the essence of socialism on this issue, which correctly inherited and developed Marx and Engels' theories. This paper calls for not only attaching importance to production efficiency, but also paying attention to fair distribution and unifying the distributive justice and efficiency. Later, given the ever-increasing trend of polarization between rich and poor, Marxist Scholars such as Liu Guoguang proposed that the balance of efficiency and fairness should be tilted toward fairness. The original formulation finally was changed. Polarization is caused by inequitable distribution. When this situation exists in society, what are the consequences if we do not consider distributive justice seriously? Can socialism not attend to distributive justice? So at the 17th session, China shifted its direction, proposing that it should deal with the relationship between efficiency and fairness in both primary distribution and redistribution. Efficiency and fairness are both important. China should unite them but focus on fairness during redistribution. It seems that there is an agreement about this affair, but there are two questions that need Marxist political economics scholars' attention. First, although the original formulation of efficiency and fairness was adjusted at the 17th session, the unity of equality and efficiency is still placed in the distribution field. That is to say, the principle of socialist distribution is to unify efficiency and fairness. For primary distribution, China should balance efficiency and fairness while for redistribution China should focus more on fairness. However, the question is what is efficiency? This refers to production efficiency or labor efficiency. Has anyone mentioned anything about distribution efficiency? No. There is only fair or unfair, reasonable or unreasonable in distribution. Efficiency is an issue of production so we should not consider it during distribution because it is illogical. The rich-poor polarization is a result of unfair distribution. How can fairness be disregarded in primary distribution? Second, some scholars do not agree that “efficiency first and fairness in consideration” considering such polarization. Some considered it to be true in the beginning because this proposition was used to counter egalitarianism; however, later gave it up when polarization emerged. I argue that it was wrong from the very beginning. “Efficiency first and fairness in consideration” is the opinion of right-wing scholars in western countries. They put efficiency in the first place, regardless of fairness in primary distribution. In western countries, left-wing scholars, neutral scholars and some governments even do not accept this point of view while China has introduced it as a principle of the socialist distribution. Does this refute egalitarianism? This understanding is wrong. Does egalitarianism equate to distribution justice? If the importance of fairness is discounted during primary distribution, does it really mean fighting against egalitarianism?

If yes, you have misread egalitarianism as distribution justice. In reality, egalitarianism is unequal distribution. It is obviously unfair that regardless of how good or bad and how much work the workers do, their gains are the same. Under such circumstances, people who work poorly and less earn the wages that should go to those who work hard and more. Distribution according to work is fair because it can promote efficiency, production efficiency or labor efficiency, but not distribution efficiency. It can make the “cake” bigger, improving people’s living standards. Therefore, some Marxist scholars suggest that in order to oppose egalitarianism, it is possible to emphasize efficiency prior to fairness in the initial stages, but it should not be insisted upon when polarization of wealth appears. In that instance, distributive justice should be emphasized.

3. Analyses of the different interpretations on the evolution of the principal social contradictions in China presented in the report delivered at the 19th National Congress of the Communist Party of China

The report delivered at the 19th National Congress of the Communist Party of China proposed a series of new concepts indicating that socialism with Chinese characteristics had crossed the threshold into a new era. The principal contradiction in the new era is the contradiction between unbalanced and inadequate development as well as people’s ever-growing needs for a better life. This is a major theoretical issue of Marxist political economy. However, there are some theoretical matters of right and wrong that need to be discerned in the theoretical academia.

To begin with, the author has read an article which said that the development of any society must go through different historical periods and the principal contradiction in different historical periods will be transformed. This can be interpreted as the change of China’s principal contradiction is because of the different stages it has experienced during its socialism development. This kind of argument is worth exploring. Why? Let us use the capitalism social system as a lens to analyze the reasons. Capitalism has experienced different periods. By now, having entered the capitalism society from the sixteenth century, western countries have developed over five to six hundred years, which can be divided into several different historical stages. In *Das Kapital*, Marx divided the capitalist social development course into three stages but in fact some western countries have progressed into the fourth or the fifth stage. Even in the case of Marx’s definition, the capitalism principal contradiction has not been transformed with the change in development stages. It can be said that the principal contradiction of the capitalism society, or of any society, is between productivity and production relations, but various societies have various manifestations. In the capitalism society, economically, it is the contradiction between the socialization of production and capitalist private possessions; politically, it is the contradiction between bourgeoisie and proletariat. This is the principal contradiction of the capitalism. Despite having gone through several historical stages, the capitalism society did not have a transformation in the principal contradiction during every period. The contradiction between the socialization of production and private possessions always exists and the only difference is its acuteness. It has triggered a cyclical economic crisis but the principal contradiction has not been transformed. Therefore, not all societies have different principal contradictions in different social stages. After the founding of the People’s Republic of China in 1949, the reason for adjusting the statement or the judgment of China’s principal contradiction comes from the uniqueness, complexity and tortuousness of its historical process.

Second, what are the principal features of the evolution of the social principal contradiction in the new era? In the past, the two principal contradictions before and after the progression were often mutually antagonistic and exclusive. However, the principal contradiction proposed at the 19th National Congress of the Communist Party of China

develops, inhabits and broadens the previous one. Both sides of the contention have been improved. Meeting people's growing material and cultural needs is to solve the problem of food and clothing, and it is on the demand side at a low level. The low productivity is the backward supply side. Today's principal contradiction shares an abstract common point with the former – China's production and social supply cannot satisfy its people. What has been changed is the specific connotation. The demand used to be the low-end demand for daily consumer goods and the social production is absolutely backward. Currently, the demand that has been extended and broadened people's needs for better quality of life, no longer the basic needs for food and clothing. Now, China's productivity is no longer lagging behind. In terms of gross domestic production (GDP), China has maintained its position as the world's second largest economy. The report delivered at the 19th National Congress of the Communist Party of China has shown that "in many areas our production capacity leads the world." Therefore, the level and quality of the supply side that meets people's needs have also been improved substantially. However, compared with developed countries, and the full-scale modernization that China will eventually achieve, the nation's productivity is still lagged behind. So as for people's needs for a better life, the supply remains inadequate and unbalanced. It should be made clear that the unbalanced and inadequate development is relative to people's ever-growing needs for a better life. While China's productivity has developed rapidly, it is still not sufficient for the nation's demands. There are still a supply-demand imbalance and inadequate supply. Moreover, the needs to be met for the people to live better lives are no longer limited to material and cultural life. Their demands for democracy, rule of law, fairness, justice, security, and ecology are also increasing. Blue sky, green mountains and clean water, a beautiful environment and a safe life are wanted by all.

Third, when did the new era and the transformation of the social principal contradiction begin? Obviously, this did not start at the 19th National Congress of the Communist Party of China, but from the 18th National Congress of the Communist Party of China. Judging from the documents of the 19th National Congress of the Communist Party of China, the new era began with the 18th National Congress of the Communist Party of China, while the report delivered at the 19th National Congress of the Communist Party of China highlighted achievements of the previous five years. However, in the new era, the starting point cannot be defined because it is a gradual process. The development of productivity is a continuous course so a single point in time cannot divide it into stages. It is strategically and generally said that the transformation began with the 18th National Congress of the Communist Party of China. In fact, the principal contradiction started to evolve before the 18th National Congress of the Communist Party of China but this is not a starting point either. Development and changes are linked and interconnected, and so is the evolution of social principal contradiction in the new era. The progression mentioned in the 19th National Congress of the Communist Party of China actually happened long before it. This was not just noticed at the session. Before that, the central committee had been aware of the change of the connotation of the principal contradiction. The supply side structural reform put forward by the central committee before the 19th National Congress of the Communist Party of China has shown that we have realized that our supply side structure and demand side structure are unbalanced.

Thanks to the rapid development during the past 40 years of the reform and opening up, China has eradicated the long-existing shortage economy, changing from a seller's market to a buyer's market. In the past, China embraced the shortage economy, but now, excess and deficiency coexist: low-end and low-quality products are unmarketable while high-end and high-quality goods are insufficient. Wealthy Chinese people travel abroad, purchasing high-grade and luxury goods. As foreign media reports, more than 40 percent of the world's luxury goods are bought by Chinese people. A lot of purchasing power flow overseas.

What does this situation mean? It means that China's high-end and high-quality goods are insufficient and the new and high-level supply-demand imbalance has emerged. Although China can produce some high-level supplies, people cannot be satisfied adequately. Under this condition, the central committee proposed the supply side structural reform as they have recognized the change in the connotation of the principal contradiction. However, at that time, it had not been established formally that the social principal contradiction had evolved. The judgment of the evolution of the principal contradiction is a momentous issue both theoretically and practically, so it cannot be determined easily. How to express the principal contradiction after its evolution? This should be considered carefully and stated rationally. Comrade Xi Jinping's speech delivered on July 26 indicated that the new era and the evolution of the principal contradiction would be elaborated on at the 19th National Congress of the Communist Party of China. He stressed that the basic situation of China – that our country is still and will long remain in the primary stage of socialism – has not changed, and that China's international status as the world's largest developing country has not changed. Meanwhile, he particularly advised that China should see the continuous development of socialism with Chinese characteristics, especially its "continuous change." "Unchanged" and "continuously changed" were both mentioned. Xi Jinping used an analysis method known as "the unification of the two-aspect theory and the emphasis-on theory." For example, the report delivered at the 19th National Congress of the Communist Party of China showed China's enormous accomplishments in the past five years as well as its shortages and the difficulties it was encountering. It talked about China's challenges and inadequate development. It used emphasis-on theory to focus on China's achievements and two-aspect theory to pay attention to its backwardness. The report delivered at the 19th National Congress of the Communist Party of China showed that the basic dimension of the Chinese context, the primary stage of socialism and China's international status as world's largest developing country have not changed while China has entered a new era and its principal contradiction has evolved. Some may ask, are they contradictory? The answer is "no!" What is the basis for saying that the basic situation of China has not changed? It is that China's socialism primary stage should go through a hundred years. During these years, China should achieve overall modernization. At first, China must build a moderately prosperous society in a basic manner, then in an all-round way and finally realize modernization comprehensively. China's goal and tasks at the primary stage have not yet been accomplished, so it must continue to develop. From this perspective, China is still at the primary stage. The main economic characteristics of the primary stage of socialism are public ownership as the main body, and various types of ownership economy developing together; distribution according to work as the main body, and various distribution modes coexist. This has to be maintained for a hundred years. This is the other basis for the unchanged basic situation of China. In other words, the basic economic system at the socialism primary stage should be maintained for a hundred years. The above two bases can prove that China is still at the primary stage of socialism. In addition, there is foundation for saying that China's international status as the world's largest developing country has not changed. While our productivity has greatly developed, the problem of food and clothing for more than 1bn people has been solved, and we have become the second largest economy. In 2015, according to Comrade Xi Jinping, China's per capita GDP was only equal to two-thirds of the world's average per capita or one-seventh of the USA. China still has tens of millions of people who live in poverty and need the minimum living security. The problem of food and clothing is not solved completely, so China is still the world's largest developing country. Besides the unchanged conditions, it can also be seen that with the rapid development of China's productivity, the people's income levels and living standards have significantly improved, and the demand structure has changed greatly, but China's supply cannot fulfill it. This demonstrates that there has been new demand side and new

supply side, which have caused the evolution of the principal contradiction of the society. Therefore, although the basic dimension of the Chinese context and the international status of China have not changed, its principal contradiction has been adjusted.

The fourth question is also a key point. Many newspapers and magazines are now propagating the evolution of the principal contradiction in the new era, but their interpretations are different. Some of them are incorrect. It is easy to understand the connotation of the contradiction's supply side, but how to accurately comprehend the unbalanced and inadequate development of the demand side? Academic interpretations mainly focus on disparities between urban and rural, between regions and in income distribution. But as far as I am concerned, there is an imbalance and insufficiency to meet people's needs for a better life. Namely, it is the imbalance between high-end, high-quality supply and demand, which means supplies cannot fully satisfy people's demands for a better quality of life. The unbalanced and inadequate development should not be taken in isolation, or it will be misunderstood. There are several reasons for saying this.

First of all, currently, people's growing needs for a better life is the result of the rapid production development in the past 40 years of the reform and opening up, as well as the expansion and upgrade in the production supply. However, under the circumstances that the demand structure has been substantially changed and improved, China's production and supply structure have not responded in a timely manner, and high-end and high-quality supplies are not enough. As a result, the new unbalance between upgraded and broadened demand for a better life and the production supply was formed. Without the ever-growing demand side that is an important aspect of the new principal contradiction, it is unreasonable to talk about the imbalance and inadequacy. There were and are many kinds of imbalanced development such as urban-rural disparities and regional gaps. In the future, they may be eased but will not be eliminated. This is an old issue and it does not have any inner connection with the evolution of the principal contradiction.

Second, the urban-rural disparities are not an example for the imbalance and inadequacy stated in the report delivered at the 19th National Congress of the Communist Party of China. Comrade Xi Jinping did not talk about it then or on other occasions. The first part of the report, "The past five years: our work and historic change" mainly discussed China's great achievements in the previous five years and "many inadequacies in our work" as well. This section addressed seven shortcomings, all separated by semicolons. At the beginning, it pointed out, "Some acute problems caused by unbalanced and inadequate development await solutions; and the quality and effect of development are not what they should be. China's ability to innovate needs to be stronger, the real economy awaits improvement [...]" This showed the unbalanced and inadequate principal contradiction facing the society and their main manifestations. Then, the report noted China's shortages from another aspect: "In work on public wellbeing there are still many areas where we fall short; and poverty alleviation remains a formidable task. There are still disparities in development between rural and urban areas, between regions, and in income distribution." It is clear that in the report, the "unbalanced and inadequate development," the connotation of the social principal contradiction, and the "disparities in development between rural and urban areas, between regions, and in income distribution" are regarded as two different and paratactic issues about our "deficiency." They cannot be confused with one another. The latter concept cannot be used to interpret the former one.

Third, owing to its entrance in the new era and the evolution of the principal contradiction, China has stood up, grown rich and is becoming strong. The prerequisite is that, "China's overall productive forces have significantly improved and in many areas our production capacity leads the world." However, many experts and scholars still think that China's productivity is lagging far behind the world. Using original tools, urban-rural

disparities, regional disparities and industrial imbalance are irrelevant to the imbalance and inadequacy of the principal contradiction.

Fourth, according to the report, “We must recognize that the evolution of the principal contradiction facing the Chinese society represents a historic shift that affects the overall situation and that creates many new demands for the work of the Party and the country. Building on continued efforts to sustain development, we must devote great energy to address development’s imbalances and inadequacies, and push hard to improve the quality and effect of development.” Xi Jinping paid great attention to this section, not only emphasizing “must recognize” but also repeatedly mentioning this explanation on other occasions. At the seminar attended by the delegation from Guizhou Province, Xi said that we should grasp and fully understand the new thesis of the new era as well as features of the evolution of the principal contradiction. Besides this, he further stressed, “The evolution of the principal contradiction facing Chinese society represents a historic shift that affects the whole landscape and that creates many new demands for the work of the Party and the country. Thoroughly implementing the new development theory, we must devote great energy to address development’s imbalances and inadequacies, and better meet people’s ever-growing demand.” He suggested us to thoroughly understand the new features of the social principal contradiction. The new features of principal contradiction transformation include the new features of the demand side, i.e., not only the upgrade of demand level but also the expansion of demand content, and the new feature of the unbalanced and inadequate supply side. The new feature in this area is by no means the imbalance between urban and rural areas, and in income distribution that has long existed in history. This feature is that the high-level and advanced supply side is underdeveloped so it cannot be balanced with the improved demand side. Furthermore, this can be seen more clearly having noted that Comrade Xi Jinping has repeatedly emphasized that this historic evolution is concerned with the overall situation. However, the urban–rural disparity and regional disparities are not.

Fifth, no matter whether before or after the evolution, the social principal contradiction is always being understood from the respect of the whole society. The former principal contradiction sees absolute backwardness in productivity and absolute poverty in the people as an overall condition. Before the 13th National Congress of the Communist Party of China, some regions and industries have developed rapidly, some new startups had been established and some people’s income and living standards had been upgraded. Yet, the principal contradiction of the whole society at that time was not yet altered. In the same way, today, China also focuses on the whole society to discuss the principal contradiction. Although there are still relatively backward regions and rural areas, and there are still disparities between rich and poor, these do not affect the judgments on the social principal contradiction.

Sixth, from the perspective of economic activities and people’s life, Chinese people want better and safer foods. This requires rural areas’ help, but their supplies are not sufficient until now. Do urban–rural disparities or regional disparities explain the unbalanced and inadequate development from this regard? To deal with the unbalances and inadequacies of the social principal contradiction, China should pay attention to the supply side structural reform, focusing development on quality over quantity. The supply side structural reform should also be implemented in rural areas. In accordance with the increased social demand, the supply structure should also be adjusted accordingly. For instance, if people want high-quality and better tasting fruits, the supply must be innovated.

Seventh, at the current stage of economic and social development, the proportion of expenditures on food for the majority of residents in China has decreased, while that on modern high-end consumer goods has increased. Chinese people buy large quantities of high-end and luxury goods, or products which are more novel, diversified, of higher quality

and security abroad. Can urban–rural disparities demonstrate that China cannot provide enough of these kinds of products?

Eighth, China needs lots of ball pens. Several years ago, Premier Li Keqiang revealed that China cannot produce the beads used for ball pen manufacturing. All Chinese people need good ball pens, but the little bead used for ball pen have to be imported because we are unable to produce the special and premium steel that is required for manufacturing. Can urban–rural disparities be used to interpret this situation? Now, this problem has been resolved. This kind of steel can be produced by TISCO, Taiyuan, a city in central China, which previously lagged behind cities in the eastern regions but has now settled the imbalance and inadequacy on this issue.

Ninth, people’s demands for better lives have extended to democracy, rule of law, fairness, justice, security and environment. These aspects certainly cannot be explained by disparities between urban and rural or income distributions. In underdeveloped mountain areas, the sky is bluer, the water is cleaner, the pollution is less, the air is fresher and the safety factor may be higher than that of city. Therefore, the unbalances and inadequacies should not be mentioned without the precondition of satisfying the people’s ever-increasing and high-level demands.

Tenth, the contradiction between unbalanced and inadequate development and the people’s ever-growing needs for a better life should be understood. What people need are not expensive cars, big houses or luxury goods, but “access to childcare, education, employment, medical services, elderly care, housing, and social assistance”, as well as “social fairness and justice.” There is shortage on the issue of people’s livelihood and China should make it up for development. The imbalances and inadequacies in this aspect are about areas and regions all around the country.

In fact, measures to remedy unbalanced and inadequate development of the social principal contradiction have been plainly indicated in the report delivered at the 19th National Congress of the Communist Party of China. This is based on the new development idea to carry out scientific and technological innovation and change the focus of development from quantity to quality. With regard to the supply side structural reform as the main focus, people’s ever-growing demand for a better life can be satisfied and the higher level dynamic supply–demand balance can be kept. China can never expect to deal with the imbalanced and inadequate issues by eradicating urban–rural disparity, regional disparity and income distribution disparity, which have never been achieved in the past. That is unreasonable.

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