

Economic Zeitgeist in Xi Jinping

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Abstract

Purpose – Xi Jinping’s speech on the theme of “Continuously Exploring the New Zeitgeist of Marxist Political Economy in China,” dated back to November 2015, has illuminated the historical background, social roots, practical basis, basic characteristics, Zeitgeist, ideological realm and other issues relative to the development of “Systematic Economic Theory” with Chinese characteristics (hereinafter referred to as SETCC). The paper aims to discuss these issues.

Design/methodology/approach – Exploring the SETCC marks a fundamental postulation for the development of contemporary Chinese Marxist political economy, and an important indicator of the Chinese wisdom thereof.

Findings – Unswervingly adhering to the new development concept as the leading factor, General Secretary Xi Jinping’s elucidation of the theoretical propositions and practical topics of building a modern economic system has, starting from the five aspects of development mainline, strategic support, fundamental approach, necessary road and institutional guarantee, and their interrelationships, unfolded new connotations and opened up a new realm of Xi’s New Economic Zeitgeist with new explorations on the structure and system of SETCC.

Originality/value – This paper first explains the development of Xi Jinping’s economic thoughts and reveals its systematization characteristics.

Keywords Systematic economic theory, The “second coupling”, Liberation and development of productive forces, The new development concept

Paper type Research paper

Exploring the “Systematic Economic Theory” with Chinese Characteristics (SETCC) marks a fundamental postulation for the development of contemporary Chinese Marxist Political Economy, and an important indicator of the Chinese Wisdom thereof. In November 2015, Xi Jinping stated in the 28th Collective Study of the Political Bureau of the CPC Central Committee: “We must seek foothold upon China’s national conditions and development practices, further study the new cases and new problems facing the world economy and China’s economy, reveal new features and new laws, refine and summarize the regular achievements of China’s economic development practice, recapitulate practical experiences into Systematic Economic Theory, constantly explore the new realm of contemporary Chinese Marxist Political Economy, and contribute Chinese wisdom to the innovation and development of Marxist Political Economy.” Xi Jinping’s profound exposition of the historical background, social roots, practical basis, essential characteristics, temporal significance and ideological perspective of the formation of SETCC constitutes the theoretical and ideological essence of his speech on the theme of “Continuously Exploring the New Zeitgeist of Marxist Political Economy in China” (Party Literature Research Centre of the CPC Central Committee, 2018, p. 7). Since the 18th CPC National Congress, the exploration of Xi’s New Economic Zeitgeist on SETCC is both an application and embodiment of the theoretical and ideological essence of the theory.



1. The essential feature and scientific evidence of the systematic economic theory with Chinese characteristics

The exploration of Xi's New Economic Zeitgeist on SETCC is based on the essential feature and scientific evidence of the "Second Coupling" as professed by Chairman Mao Zedong, namely, the integration of the basic principles of Marxist Political Economy with the reality of contemporary China.

"Our party has always attached importance to the study, research and application of Marxist Political Economy." (Party Literature Research Centre of the CPC Central Committee, 2018, p. 2) In February 1956, at the historic moment when the socialist transformation of means of production was about to be completed and the basic system of socialism in China was about to be established, Mao Zedong proposed, from the preliminary investigation for his renowned speech "On the Ten Major Relationships," that: "Don't copy everything mechanically from the Soviet Union again, think with our own minds. The basic principles of Marxism-Leninism should be combined with the concrete reality of China's socialist revolution and construction, to explore the path of building socialism in our country." He pointed out from the strategical position of the guiding ideology for socialist political economy: "We must conduct the Second Coupling to find the path for building socialism in China" (Party Literature Research Centre of the CPC Central Committee, 2013, pp. 550, 557). At the beginning of the exploration of China's socialist political economy, Mao Zedong has, with great foresight, put forward the guiding ideology of the "Second Coupling," highlighting the basic characteristics of the integration of the basic principles of Marxist Political Economy with China's concrete reality, and clarified the scientific evidence for the development of SETCC.

In October 1984, the "Decision of the Central Committee of the Communist Party of China on Economic System Reform" put forward the conclusion that "the socialist economy is a planned commodity economy based on public ownership." Deng Xiaoping believes that this conclusion bespeaks the "new words" commensurate with the actual reform of China's economic system. What counts is to "address some new problems in the new situation with our own practice" and "write the first draft for political economy," by "integrating the basic principles of Marxism with the practice of Chinese socialism" (Deng, 1993, pp. 83, 91). Deng has endowed a new connotation to the idea of the "Second Coupling" and reaffirmed an essential feature of socialist political economy with Chinese characteristics: "the integration of the basic principles of Marxism with the practice of socialism in China."

Since the 18th CPC National Congress, the CPC Central Committee led by Comrade Xi Jinping has continued to write a "new chapter" on the "Second Coupling" and has persisted that the basic principles of Marxist Political Economy be combined with the new practice of reform and opening up in the new era to advance socialist political economy with Chinese Characteristics (hereinafter referred to as SPECC), which constitutes a more solid academic rationale for the development of SETCC.

In July 2014, in his interpretation of the "big logic" of the new economic normal, Xi proposed that "party committees and governments at all levels should learn to use political economy well," emphasizing that the pith of "learning well to use well" is to face up to the reality of economic reforms and development, while focusing on "continuously improving the governance capability to promote reform and opening up, to pioneer in the social and economic development, and to improve the quality of these developments" (Xinhua News Agency, 2014). In November 2015, regarding the new reality of promoting supply-side structural reforms, Xi emphasized: "In the face of extremely complicated domestic and international economic situations, and a variety of economic phenomena, learning the basic principle and methodology of Marxist Political Economy is conducive to mastering the scientific economic analysis methods, understanding the economic activity process, grasping the law of socio-economic development, and elevating the ability to control the socialist market economy, to better address the theoretical and practical issues of China's economic development" (Party Literature

Research Centre of the CPC Central Committee, 2018, p. 3). At the Central Economic Work Conference held in December, 2015, Xi emphasized the principle of “adhering to the major principles of SPECC” from the strategic stance of “adapting to the new situation of competition in comprehensive national strength in the wake of international financial crisis” (Xinhua News Agency, 2015). In July 2016, Xi reiterated the “adherence and development of SPECC” and stressed that “we must reinforce research and exploration, enhance the recapitulation of the understanding of regularities, constantly improve the theoretical system of SPECC, and promote the construction of economic disciplines that fully embodies Chinese characteristics, Chinese style, and Chinese stamina” (Xinhua News Agency, 2016). Since the 18th CPC National Congress, a series of Xi’s speeches on learning well to use well the political economy have profoundly tapped the ideological essence and essential characteristics of the “Second Coupling,” and enriched the connotation of SETCC.

The historical process of building a well-off society in an all-round way is unfolding on a magnificent scale, generating rare theoretical opportunities for the innovation of SETCC. New practices breed “new words” unspoken by the “ancestors,” contributing Chinese wisdom to the innovative development of Marxist Political Economy. Since the 18th CPC National Congress, the Party Central Committee led by Comrade Xi has deeply comprehended and grasped the trend changes and stage characteristics of contemporary China’s economic relations; implemented the “Four-Pronged Comprehensive” Strategic Deployment to achieve the strategic goal of building a moderately well-off society in an all-round way; proposed a series of new theories such as the new economic normal and supply-side structural reform; promoted the new development of SETCC; and endowed new connotations to the essential characteristics and scientific evidence to the “Second Coupling” in the new era.

Actually, by adhering to the essential characteristics and scientific evidence of SETCC, it inherently contains questions about how to deal with various economic and economic trends abroad.

The communication, combination, confrontation and other approaches formed by the development of SPECC are not only focused on absorbing and tapping the essence of various economic theories, but also good at discarding and criticizing their dross. The actual exploration of SETCC has proven that, for the various economic doctrines of foreign countries, we should neither improperly belittle ourselves, treating them as “creeds” and worship them, nor swell with pride, and dismiss them as devoid of any merit in research and reference. However, in terms of fundamental characteristics and academic rationale, “it is still necessary to uphold Marxist political economics, especially contemporary Chinese socialist political economy, which can never be marginalized” (Party Literature Research Centre of the CPC Central Committee, 2018, pp. 6-7).

2. SETCC: fundamental orientation and major principles

The exploration of Xi’s New Economic Zeitgeist on SETCC takes the major issue of liberating and developing productive forces as its fundamental orientation and major principle.

As put by Mao Zedong in early 1956, in the initial exploration of socialist construction and development, the fundamental purpose of the study of socialist political economy is to liberate and develop productivity. He emphasized: “Our party, our government, and our departments at all levels must invariably carry out the task of promoting the development of productive forces,” and the superstructure must also “bespeak the requirements for this economic foundation and the development of productive forces” (Party Literature Research Centre of the CPC Central Committee, 2013, pp. 513, 515). Soon, Mao once again raised this issue and reiterated that “the purpose of the socialist revolution is to liberate the productive forces,” and the establishment of socialist ownership will “inevitably lead to the liberation of productive forces” (Mao, 1999, p. 1). Whether it is to liberate productivity or develop

productivity, it is, without exception, to achieve a “great goal,” which is what Mao believes “to strive to change China’s economic, scientific and cultural backwardness within a few decades and quickly reach the advanced level in the world” (Mao, 1999, p. 2).

In the process of reform and opening up, taking as the fundamental starting point that “the primary task of socialism is to develop productive forces and gradually improve the material and cultural living standards of the people” (Deng, 1993, p. 116), Deng Xiaoping made multi-faceted interpretations to the liberation and development of productive forces as the fundamental orientation of SPECC. In particular, on the issue of the relationship between liberating and developing productive forces, Deng emphasized: “In the past, we only talked about developing productive forces under socialist conditions. We did not say that we must liberate our productive forces through reforms, this is incomplete understanding, both the liberation and the development of productive forces should be fully addressed” (Deng, 1993, p. 370). “To fully address” the liberation and development of productive forces has become a basic premise and fundamental provision of Deng’s recapitulation of the essence of socialism, and also the deepening of connotation of the fundamental orientation of SPECC.

Since the 18th CPC National Congress, the Party Central Committee led by Comrade Xi Jinping has taken full account of the new reality of China’s socio-economic development to propose that “Productivity constitutes the most active and revolutionary factor in promoting social progress. The fundamental task of socialism is to liberate and develop social productive forces” (Party Literature Research Centre of the CPC Central Committee, 2015, p. 74). Xi’s New Economic Zeitgeist insists that only by making a general investigation based on full consideration of the evolutionary contradictions between productivity and production relations, as well as those between the economic foundation and the superstructure, can we fully grasp the basic features and development orientation of the society; reveal the essence and development law of economic relations at the primary stage of China’s socialism; adhere to the fundamental orientation and major principle of liberating and developing productive forces; and truly innovate SETCC.

Since the 18th CPC National Congress, the focus and foothold of Xi’s New Economic Zeitgeist is: “To build a well-off society in an all-round way, and realize socialist modernization and the great rejuvenation of the Chinese nation, the most fundamental and urgent task is, nevertheless, to further emancipate and develop social productive forces” (Party Literature Research Centre of the CPC Central Committee, 2014, p. 549). The strategic goal of building a well-off society in an all-round way derives from an overall understanding and judgment of the basic features and development orientation of the contemporary Chinese society. It is necessary to integrate the liberation and development of social productive forces into the whole process of building a well-off society in an all-round way, which will stimulate new potential energy and new power to achieve an overall escalation in this respect. Only in this process with the “most urgent task” can we truly achieve the gradual satisfaction of people’s expectations and demands for a better life, and promote the five major civilizations of material, spiritual, political, social and ecological civilization, to accelerate the realization of the fundamental goal of the free and comprehensive development of the people. This explains why Xi’s New Economic Zeitgeist maintained the “liberation and development of productive forces” as the foremost “major principle” and fundamental orientation of SPECC, which also constitutes the logical conclusion of the development of Marxist Political Economics in China.

The liberation and development of social productive forces has always been the fundamental orientation and major principle, no matter in the initial path-finding of China’s socialist construction, where Mao Zedong proposed the theories of “basic contradictions of the socialist society” to “coordinate the development of agriculture, light industry and heavy industry with overall consideration, paying attention to the overall balance, and take

agriculture as the basis, and industry as the leading factor,” or in the continuous deepening of reform and opening up, where important theories covered the “essence of socialism, the basic economic system in the primary stage of socialism, and the socialist market economic system,” etc.

In May 2018, Xi Jinping pointed out in his speech commemorating the 200th Anniversary of the Birth of Karl Heinrich Marx: “The liberation and development of social productive forces is the essential requirement of socialism and a major issue for the Chinese communists to explore in succession and focus on addressing” (Xi, 2018, p. 18). Xi Jinping’s major theoretical contribution in the exploration of SETCC is reflected in the liberation and development of productive forces as the fundamental orientation and major principle, which is reflected in the innovation on the major issue for the Chinese communists to “explore in succession” and “focus on addressing.”

3. SETCC: guiding philosophy and major contents

The exploration of Economic Zeitgeist in Xi Jinping’s New Era on SETCC takes the new development concept as the guiding philosophy and major contents.

In the Report of the 19th CPC National Congress, Xi’s exposition of the major achievements in economic construction since the 18th CPC National Congress has, first and foremost, affirmed the historical achievements of “unswervingly upholding the New Development Concept, resolutely correcting the development concept, transforming the development mode, and incessantly uplifting the development quality and efficiency” (Xi, 2017, p. 3). This is a profound illumination of the New Development Concept as the leading philosophy of Xi’s New Economic Zeitgeist and the mainstay of SETCC. Facing up to the changes in the primary contradictions in the new era and the prominent issues in development, such as the development quality & efficiency and innovation capacity urgently needed to be improved, the overall level of the real economy to be escalated, the gaping gap between regional and sectoral development, the multiple drawbacks in social and public services, the ecological environment protection to be strengthened, etc., the significance of unswervingly adhering to and actualizing the new development concept looms large.

The contents and approaches of development constitute a major issue not only to the development of the contemporary Chinese society, but also to the world today. Since the 18th CPC National Congress, the Party Central Committee led by Comrade Xi Jinping has made new explorations and novel theoretical interpretations on development issues from the perspective of governance, administration and building a well-off society in an all-round way. The New Development Concept runs through the whole process of Xi’s new era of developing socialism with Chinese characteristics since the 18th CPC National Congress, and has also become the mainstay of Xi’s New Economic Zeitgeist on SETCC.

At the successive Central Economic Work Conferences held after the 18th CPC National Congress, the new development concept has always been placed on the top agenda. At the Central Economic Work Conference held at the end of 2012, Xi emphasized: “We must adhere to the strategic ideology taking development as the absolute principle, and we must not waver in the slightest,” “We must comprehensively deepen reforms and resolutely eliminate all obstacles of ideological concepts and institutional mechanisms that impede scientific development.” At the Central Economic Work Conference held at the end of 2013, Xi explained the innovative concept of “implementing innovation-driven development” and the coordination concepts of “promoting regional coordinated development” and “focusing on sustainable development,” and explored in depth the concept of sharing: “letting the people share tangible benefits,” as well as the concept of opening up: “constructing the 21st Century Maritime Silk Road, strengthening the interconnection and interoperability of the sea-lanes, and tightening the mutual interest ties.” At the Central Economic Work Conference held at the end of 2014, Xi stated in his illumination of the

concept of innovation and coordination that “innovation in the industrial entity” must be embodied in the creation of new growth points turning innovation into real industrial activities. From the perspective of the linkage between regional coordination and synergetic development, he proposed to “improve regional policies and promote coordinated development, synergetic development and common development of all regions.” The five aspects of the new development concept are near perfect, and their internal links become manifest. The Central Economic Work Conference was held at the end of 2015 at an important time node in the “Thirteenth Five-Year Plan” period. Guided by the principle of “firmly establishing and implementing the development concept of innovation, coordination, greenness, openness and sharing,” Xi elucidated the “key tone” of economic reform and development. At the last Central Economic Work Conference of the 18th CPC held at the end of 2016, Xi pointed out that with the new development concept as the “pilot” and “guide,” a set of policy frameworks for sustainable and healthy development of China’s economy has been initially formed, tested and highlighted in the practice of China’s economic reform and development guided by the new development concept.

In the Report of the 19th CPC National Congress, Xi highlighted the great significance of adhering to the new development concept in his interpretation of the socialist ideology with Chinese characteristics in the new era, and proposed new requirements for “development as the basis and key to solving all problems in China,” which purport that “development must be scientific, and we must unswervingly implement the New Development Concept of innovation, coordination, green, openness, and sharing” (Xi, 2017, p. 21).

The new development concept’s role of “overall management, fundamental management, directional management, and long-term management” profoundly reveals its general characteristics, which are reflected in the interdependence, mutual action, complementarity and close ties of its factors: innovation constitutes the “first drive” to lead development, and coordinate the “intrinsic requirements” for sustained and healthy development. Greenness constitutes “the necessary conditions for sustainable development” and therefore an “important manifestation” to satisfy the people’s pursuit of a better life. Openness builds the “necessary road” for national prosperity. Sharing manifests the “essential requirements” of socialism with Chinese characteristics. These five aspects are diversely focused but mutually supportive, forming an organic whole that “upholds innovation, emphasizes coordination, advocates greenness, advances openness, and promotes sharing” (Party Literature Research Centre of the CPC Central Committee, 2016, p. 56).

This overall feature is also reflected in the “piloting” and “guiding” roles of the new development concept, which are embodied in, fundamentally based upon and completely inseparable from the “general layout” of the five major aspects of constructing economic, political, cultural, social and ecological civilizations: innovation construction relies on scientific and technological innovation, innovative driving force and innovative talents to occupy the “highland” of innovation, and exert first-mover advantage, focusing on forming a more complete institutional framework for promoting innovation; “coordination” construction adheres to the overall planning and coordination of the development of all regions, urban-rural areas, the five major civilizations, as well as the economic and national defense construction, and aims to broaden the development space, deepen and comprehensively enhance the sustainable development; “greenness” construction aims at providing more high-quality ecological products for the people, promoting the formation of green development methods and lifestyles, adhering to the principle of green development to achieve, in a coordinated manner, prosperity for the country and the people, and beautiful scenery for China; “openness” construction expands the connotation, vision, scope and level of opening up to the outside world, to create a new pattern with deep integration and mutually beneficial cooperation; and the construction of “sharing” focuses on solving the problem of social equity and justice to enable the broad masses of people to share the fruits

of reform and development. These five aspects of the new development concept and their overall functioning process are unified in the “Five in One” layout and shall be achieved in the historical process of realizing the construction of a socialist modernization power with Chinese characteristics and the great rejuvenation of the Chinese nation.

This overall feature is also reflected in “action object” of the new development concept. The introduction of the new development concept embodies the exploration of the lessons learned from the success or failure of global economic growth and development, especially the various dilemmas in developing countries. The new development concept actually provides a Chinese path-finding model for countries and nations aspiring to accelerate development while maintaining independence. A series of ideas put forward by the new development concept on development clues, directions, strategies, goals, steps, focuses and performances can shed light on many countries in the world to get rid of the “stereotype” traditional growth models and get over the so-called “Middle Income Trap.”

With its overall characteristics of “overall, fundamental, directional and long-term management,” the new development concept has become an important theory of Xi’s New Economic Zeitgeist, and a leading concept and mainstay of SETCC.

4. Recapitulation of “systematic economic theory” by the economic Zeitgeist in Xi Jinping’s New Era

Xi’s New Economic Zeitgeist has two important recapitulations on the exploration of SETCC: once in the 28th Collective Study of the Political Bureau of the CPC Central Committee, Xi put forward in his speech on the theme of “Continuously Exploring the New Zeitgeist of Marxist Political Economy in China”; and once at the Central Economic Work Conference held after the 19th CPC National Congress. These two recapitulations are integrated in harmony, reflecting the latest achievements in the development of Xi’s New Economic Zeitgeist, thereby opening up a new realm of SETCC.

In the 28th Collective Study of the Political Bureau of the CPC Central Committee, Xi made a recapitulation on the six aspects of the basic contents of SETCC for the first time since the 18th CPC National Congress, stressing the unswerving adherence to: the people-centered development idea; the new development concept; the improvement of the socialist basic economic system; the improvement of the socialist basic distribution system; the direction of socialist market economic reform; and the fundamental national policy of opening up to the outside world. The recapitulation of these six aspects highlights the initial achievements of SETCC in Xi’s new era. In the initial recapitulation of SETCC, Xi’s New Economic Zeitgeist highlights the adherence to two important theories concerning the basic economic system of socialism with Chinese characteristics: first, the basic economic system theory of primary stage of socialism with public ownership as the mainstay and co-development of multiple ownership economic entities; and, second, the theory of socialist basic distribution system. Xi’s New Economic Zeitgeist also highlights the theory of adhering to the fundamental national policy of opening up to the outside world: since the 18th CPC National Congress, the characteristics and trends of in-depth integration of China’s economy into the world economy have become increasingly prominent. Opening up to the outside world must focus on developing a higher level of open economy featuring the active participation in global economic governance to promote the development of the international economic order in the direction of equality, justice, cooperation and win-win. At the same time, we must resolutely safeguard China’s development interests, and actively guard against various risks to ensure national economic security.

Shortly after the 19th CPC National Congress, at the Central Economic Work Conference held at the end of 2017, the new recapitulations of Xi’s New Economic Zeitgeist have

highlighted its innovation in the exploration of SETCC. With a profound grasp of the time-phased characteristics and trend changes of the new era, this recapitulation firmly adheres to the major principles of SPECC, and the new development concept as the mainstay, and puts forward the theoretical essence of “Seven Adherences,” which has formed a systematic framework that covers three aspects: the essential characteristics and core positions of socialist economic relations with Chinese characteristics; the theoretical pillars of economic reform and development; and the fundamental methods and strategic thinking, thus enhancing the theoretical realm of “SETCC.”

The new development concept is the mainstay of SETCC. As a theoretical recapitulation of China’s political economy since the founding of New China, especially since the reform and opening up, the new development concept provides a new answer to the major strategic issue of “What to develop and how to develop.” In Xi’s New Economic Zeitgeist, the new development concept as the mainstay is epitomized in the “development concepts of innovation, coordination, greenness, opening, and sharing, which are the sublimation of China’s perceptual knowledge gained in the practices of economic development, and the theoretical recapitulation of such practices. We must persist in applying the new development concept to lead and promote China’s economic development, continuously solve the tricky problems and create a new situation in economic development” (Party Literature Research Centre of the CPC Central Committee, 2018, p. 4). Guided by the new development concept, a set of systematic and institutional frameworks to promote the sustained and healthy development of China’s economy has formed the empirical ground for the concept to become the mainstay of SETCC.

Adhering to the theory of CPC leadership in economic work and people-centered development is the essential feature and core position of SETCC. Adhering to the theory of CPC leadership in economic work is, in essence, to uphold the party’s centralized and unified leadership over economic work, so as to ensure that the socialist economy with Chinese characteristics develops in the right direction. Adhering to the theory of people-centered development is, fundamentally, to take as the starting point and foothold for economic development the “People-Oriented Theory” that seeks happiness for the people and the revival of the nation, and the “People’s Happiness Theory” that realizes the people’s aspirations for a better life. In the process of incessantly solving the primary contradictions of socialism, we will continue to promote the “Five In One” overall layout and coordinate the promotion of the “Four-Pronged Comprehensive” strategic deployment, and persist in elevating the well-being and all-round development of the people, to make steady progress in realizing prosperity for all. These two basic theories are profound expressions of the fundamental characteristics and core positions of SPECC.

The new normal of economic development, socialist market economic system reform and supply-side structural reform are the theoretical pillars of SETCC regarding economic reform and development.

China’s economic development has entered the “new normal,” which emphasizes the accurate grasp of new features, new requirements, overall situation and principles for accurate adaptation and leadership. The aims are to promote comprehensive deepening of reforms, earnestly complete the historical tasks of model transformation and structural adjustment; realize medium-high speed of economic growth, move the industry to the medium-high-end; and promote the comprehensive implementation of the innovation-driven development strategy. The new normal of economic development is fundamentally to “embark on a new road of development with higher quality, better efficiency, optimized structure and full advantage, and promote China’s economy to a higher level, better division of labor, and more reasonable structure in phased evolution” (Huo, 2015).

The theory of deepening socialist market economic system reform puts forward two questions about “Dialectic Law and Two-Point Theory”: first, on the issue of the integration of

socialist economic system with market economic system, we must highlight the “Dialectic Law and Two-Point Theory,” and give full play to the strengths of both market economy and the socialist basic system; second, on the issue of the market’s decisive role in resource allocation and better play of the role of the government, we must also highlight the “Dialectic Law and Two-Point Theory.” The core issue lies in the well use of the “invisible hand’ and the ‘visible hand,’” to “accelerate the transformation of government functions, delegate power sufficiently and appropriately to the market and society, and achieve well-functioning and well-regulated government administration” (Party Literature Research Centre of the CPC Central Committee, 2016, p. 67). Fundamentally, it is necessary to deepen the reform of the socialist market economic system and resolutely remove the system and institutional obstacles to economic development.

The supply-side structural reform theory emphasizes adapting to the changes in the major contradictions of China’s society in the new era, and insists on improving macro-control and promoting the supply-side structural reform as the main line of economic work. The key point lies in: to exert force from the supply side; to promote industrial optimization and restructuring, develop strategic emerging industries and modern service industries, and increase the supply of public goods and services; and to focus on the demand side, and grasp the changes in scale, structure and quality of aggregate demand, which have an effective counteraction on the supply-side structural reform. Marx believes that the “supply aggregate and demand aggregate interact with each other as two entities and two forces”, and fundamentally “show the social nature of production and consumption” (Marx and Engels, 2009, p. 215). Therefore, equal importance shall be attached to: the decisive role of the production links and process of the supply side, and the reaction of the consumption links and process as the demand side; the structural reform of supply, and the structural adjustment of demand; the decisive role of the market in resource allocation, and the better role of the government; and the development of social productivity, and the improvement of social production relations.

Adhering to problem-orientated and correct work strategy is the fundamental method and strategic thinking of SETCC. Adhering to the problem-oriented deployment of new strategies for economic development is, fundamentally, to strengthen problem orientation, focus on resolving prominent issues and obvious shortcomings, and respond to the people’s demands and expectations. These are the basic methods for exploring the theoretical and practical issues of socialist economics with Chinese characteristics. Adhering to the correct work strategy and method means the adherence to the general tone of work for stability and progress; to improving the quality and efficiency of development, and to stable macroeconomic policies, accurate industrial policies, flexible microeconomic policies, realistic reform policies and pro-poor social policies, etc. We will strengthen the guidance of expectation, deepen innovation-driven reform, and promote stable and healthy economic development, social harmony and stability. Fundamentally, it is to seek progress while ensuring stability, maintain strategic composure, adhere to the bottom line thinking and move forward step by step.

Judging from the strategic height of Xi’s scientific system of socialism with Chinese characteristics in the new era, these two recapitulations of SETCC proposed for the new era have their internal unity and together constitute the overall structure of socialist economy with Chinese characteristics in Xi’s new era, they jointly reflect the latest development and theoretical crystallization of SPECC.

5. The extension and innovation of the “systematic economic theory” in the construction of the modern economic system

Since the 19th CPC National Congress, the Party Central Committee led by Comrade Xi Jinping has faced up to the new challenges in socialist economic reform and

development with Chinese characteristics in the new era, and has taken the advancement of the new development concept as the lead. The new theory of building a modernized economic system with supply-side structural reform as the main line has expanded and innovated the theoretical connotation of Xi's New Economic Zeitgeist and sublimated the realm of SETCC.

At the 19th CPC National Congress, while interpreting the ideological essence of socialism with Chinese characteristics in the new era, Xi Jinping put forward that: "it should be clarified that in the new era, the major contradiction of our society is that between the people's growing needs for a better life and the unbalanced and inadequate development. We must adhere to the people-centered development ideology and constantly promote the all-round development and the common prosperity of all people" (Xi, 2017, p. 19). This is the theoretical guidance and practical guide for SPECC in the new era.

In terms of the new changes of the major contradictions of society, adhering to the new development concept is prominently reflected in four aspects: first, adhere to and improve China's socialist basic economic system and distribution system, unwaveringly consolidate and develop the public sector of the economy, unwaveringly encourage, support and guide the development of the non-public sector of the economy; second, further enable the market to play a decisive role in resource allocation, and better play the role of the government; third, focus on promoting the simultaneous development of new industrialization, information technology, urbanization and agricultural modernization; and fourth, actively participate in and promote the process of economic globalization and develop a higher level of open economy. Adhering to the new development concept and continuously expanding China's economic strength and overall national strength are the basic strategies for comprehensively building a modernized socialist power, and are also the fundamental requirement and realistic basis for handling and solving the major social contradictions.

Taking the new development concept as the leading factor and building a modern economic system is the fundamental requirement for dealing with and solving the major contradictions of the society. It is a new topic for the development of Xi's New Economic Zeitgeist and a new basis for the development of SETCC.

China's economy has shifted from a high-speed growth stage to a high-quality development stage. In this strategic process of transforming the development mode, optimizing the economic structure, and switching the growth momentum, the construction of a modern economic system is an urgent requirement and a barrier-breaking strategic goal. The modern economic system is an organic whole consisting of the interrelationship and intra-relations of all links, levels and sectors of socio-economic activities. In terms of structure, it mainly includes: an innovation-driven industrial system with coordinated development; a unified, open, competitive and orderly market system; an income distribution system embodying efficiency, promoting equity; an urban-rural regional development system demonstrating local advantages, coordination and linkage; and a resource-saving, environment-friendly green development system; a diversified, balanced, secure, efficient and comprehensive open system, giving full play to the role of the market and better playing the role of the government. These seven systems are unified and integrated, and we must focus on the "Integrated Construction and Advancement" (Xinhua News Agency, 2018).

Obviously, the construction of a modernized economic system is a major decision-making deployment that "focuses on realizing the 'Two Centenary Goals' and adapting to the new requirements of the new era of socialism with Chinese characteristics." Therefore, Xi pointed out: "Building a modern economic system is a 'big article.' It is not only a major theoretical proposition, but also a major practical issue that needs to be discussed in depth by integrating theory with practice" (Xinhua News Agency, 2018).

Since the 19th CPC National Congress, the extension and innovation of Xi's "Systematic Economic Theory" has been focused on the five aspects of the modern economic system, namely, development mainline, strategic support, fundamental approaches, the necessary roads and institutional guarantees, and their inherent and comprehensive relationship.

Continuously deepening the supply-side structural reform constitutes the main line of development for the modern economic system. We must vigorously develop the real economy and build a solid foundation for a modern economic system. We must adhere to quality first and give priority to efficiency: regarding the direction of supply-side structural reform, we must strive to reform economic development quality, efficiency, and momentum; improve total factor productivity; and focus on accelerating the construction of an industrial system with coordinated development of real economy, technological innovation, modern finance and human resources. Regarding the goals of supply-side structural reform, efforts should be made to build an economic system with an effective market mechanism, dynamic micro entities and well-regulated macro-control, and continuously enhance China's economic innovation and competitiveness.

Accelerating the implementation of innovation-driven development strategies and the construction of an innovative State constitutes the strategic support for building a modern economic system. We must focus on innovation, aim at the forefront of the world's science and technology, strengthen and achieve forward-looking basic research, and make major breakthroughs in leading original achievements; strengthen the construction of national innovation system, consolidate strategic scientific and technological strength; and establish enterprise-led, market-oriented, industry-university-research integrated technology innovation system, beef up the support for SMEs' innovation and promote the transformation of scientific and technological achievements.

Implementing the rural revitalization strategy and regional coordinated development strategy is the fundamental way to build a modern economic system. Implementing the rural revitalization strategy is a big plan that cannot go amiss. We must adhere to the prioritized development of agriculture and rural areas, build a modern agricultural industrial system, production system and distribution system; improve the agricultural support and protection system, establish and improve the system, mechanism and policy for urban-rural integrated development; and accelerate the modernization of agriculture and rural areas. Implementing a regional coordinated development strategy constitutes the groundwork for optimizing the spatial layout of the modern economic system. It is necessary to promote the coordinated development of the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Belt, as well as the Greater Bay Area of Guangdong, Hong Kong and Macao. We will intensify efforts to support and accelerate the development of revolutionary old areas, ethnic areas, border areas and poverty-stricken areas; reinforce initiatives to promote the new-pattern large-scale development of the western region; deepen and accelerate the reforms for the revitalization of old industrial bases such as the Northeast; give full play to local advantages to promote the rise of the central region; take innovation-driven measures to realize optimized development of the eastern areas; and establish more new mechanisms for effective regional coordination and development.

Promoting the formation of a new pattern of comprehensive opening up, and actively participating in and promoting the process of economic globalization, is the "necessary road" to build a modern economic system. We must focus on developing an open economy, improving the international competitiveness of the modern economic system and making better use of global resources and markets. We must focus on the construction of the "Belt and Road," adhere to the principle of attaching equal importance to "Going in (Introduction)" and "Going Out (Going global)," follow the principle of "co-consulting, joint construction and sharing," elevate innovation capabilities in open cooperation and form a pattern of opening up with a two-way interactive linkage between land and sea, between

home and abroad and between the east and west. It is necessary to expand foreign trade, foster new operation models of trade business and promote the construction of a strong trade power country.

Deepening economic system reform is the institutional guarantee for building a modern economic system. We must speed up the improvement of the socialist market economic system, resolutely iron out the flaws in various system and institutional aspects, and stimulate the vitality of innovation and entrepreneurship in the whole society. The reform of the economic system must focus on improving the property rights system and the market-oriented allocation of productive factors. We must improve the administration system for various state-owned assets, deepen the reform of state-owned enterprises and develop the mixed-ownership economy, to foster world-class enterprises with global competitiveness.

Unswervingly adhering to the new development concept as the leading factor, General Secretary Xi Jinping's elucidation of the theoretical propositions and practical topics of building a modern economic system has, starting from the five aspects of development mainline, strategic support, fundamental approach, necessary road and institutional guarantee, and their interrelationships, unfolded new connotations and opened up a new realm of Xi's New Economic Zeitgeist with new explorations on the structure and system of SETCC.

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