

Study on the “high-quality development” economics

High-quality
developments

Jin Bei
*Institute of Industrial Economics,
Chinese Academy of Social Sciences, Beijing, China*

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Abstract

Purpose – As China embarks upon a new era of high-quality development, it is increasingly important and imperative for China’s economic development to live up to its real nature, which is to satisfy people’s growing needs for a better life. The paper aims to discuss this issue.

Design/methodology/approach – The paper attempts to discuss the implication of HQD and its related theoretical issues from the basic theory of economics, and literature review. It is necessary to return to Marx’s “dual character of commodity” to check the theoretical foundation of this issue, based on the duality methodology, namely, the duality of the value of use and the value of exchange.

Findings – Moving from HSG phase to HQD phase constitutes a major challenge and an arduous task that is extremely difficult both theoretically and practically. A series of new problems crop out as to the theoretical understanding and practical resolution. Fundamentally speaking, this new dynamic mechanism intrinsically requires a perfect integration of the instrumental rationality of market economy and the value-based rationality of economic development.

Originality/value – This new momentum requires a perfect match between the instrumental rationality of market economy and the value-based rationality of economic development.

Keywords Development strategy, High-quality development, Instrumental rationality, Value-based rationality

Paper type Research paper

General Secretary Xi Jinping pointed out in his Report (“Secure a decisive victory in building a moderately prosperous society in all respects and strive for the great success of socialism with Chinese characteristics for a new era”) of the 19th National Congress of the Communist Party of China that “China’s economy has been transitioning from a phase of rapid growth to a stage of high-quality development (HQD). This is a pivotal stage for transforming our growth model, improving our economic structure, and fostering new drivers of growth. It is imperative that we develop a modernized economy. This is both an urgent requirement for getting us smoothly through this critical transition and a strategic goal for China’s development.” In the theoretical sense of economics, “high-speed growth (HSG)” is a relatively easy-to-understand concept, and statistically easier to grasp and account for (albeit with many technical difficulties). On the contrary, “HQD” is a concept seemingly simple but difficult to grasp, its statistical accounting constitutes a new and complicated challenge. This paper attempts to discuss the implication of HQD and its related theoretical issues from the basic theory of economics.

1. The economic nature of “high quality”

Putting “high quality” as a core concept in the semantic context of major policies constitutes a challenge to economics. In the mainstream academic framework of modern economics, “quality”

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is basically a factor that is “abstracted,” and generally attributed to the “supposed constant” factors, or proxied by price in the “quality-price” symmetry assumption that the quality of high-priced products outshines that of the lower-priced products, i.e., “high quality entails high price.” However, if the quality factor is embodied in production efficiency or scale efficiency, resulting in the phenomenon of “good quality & affordable price” or “High Quality, Fair Price,” which is common in industrial production, especially when mass production and supply induces “mass consumption,” the analysis of economic activities and estimation of the economic nature product quality has, more often than not, become elusive for theoretical economics. For instance, as a high-tech product, today’s smartphone has a price that falls far short that of the previous prototype “Big Brother” yet outruns the latter by far in performance and quality. Given this, product quality and price are well without the “quality-price” symmetry: a negative correlation, rather than a positive correlation between the two shows the utter inability of price to reflect the quality level of the product. This phenomenon was actually common in the industrialized era after the industrial revolution, and technological progress and innovation also made this phenomenon universal. But economics seems to turn a blind eye to it, and only assumes that at a certain point in time, high-quality products have higher added value than lower-quality products, thus statically constructing a symmetric relationship between quality and price.

The root cause of this phenomenon is that after Marx pushed classical economics to a theoretical peak, economics retreated and the theories of dual characters of commodity were merged into a unitary direction, i.e., the use value of commodity merges with the exchange value in the later development of economics, which tends to completely replace the value theory with supply-demand analysis. For example, as an underlying logical basis of the economics, it is purported that the marginal utility of a product determines its value, and the marginal cost and marginal revenue determine its price. In this way, the evolution of economics and the logical system can move toward the direction of pro-mathematics characterization and analysis. This tendency of mathematical modeling of economic research renders the complex quality factors elusive: the abstract method of economic research avoids as much as possible the quality problems that are too concrete to be abstracted. With this orientation, economics seem to become more and more “pure,” “accurate” and “exquisite.” All economic relations are abstracted into quantitative relationships. The only important gauge is “price” (including wages, interest rates and other factor variables). All economic variables are converted to individual or aggregated amount measured in monetary units. In this way, all variables related to the use value are intentionally or unintentionally “abstracted” and classified as magnitudes of exchange value in the absence of quality. Therefore, economics is even called as the “second mathematics.” Almost all economic relations can be expressed by mathematics, and it is believed that only those economic relations expressed and characterized mathematically are the clearest and qualitatively most accurate variables with interlocking relationships. To this end, there are only two ways to deal with the quality factors (i.e. the concrete characteristics of use value) that exist in the real economy: the first way is to define the same product of different qualities as different products, that is, only the products with the same quality count as the same product, so there is no quality difference and measurement difficulty when analyzing the supply–demand relationship of the product. In the second way, the differences in products, including quality differences, are all classified as “monopolic” factors. In effect, products with different qualities are still defined as products without performance (quality) substitutability and are therefore equivalent to different products or similar products that are not fully substitutable. For the quality of products, and then the quality of economic development based on this, economists are often ambiguous, vague and unwilling to discuss in depth. The underlying reason is that modern mainstream economics lacks the academic basis for studying quality factors and quality phenomena as well as the analytical tools based on this.

Economists certainly know that the ultimate goal of production is to meet people’s practical needs, that is, to obtain useful products, and the so-called “useful products”

actually contain strong figurative quality characteristics. However, the ultimate goal of production is not necessarily the direct purpose of economic behavior. Moreover, if people only produce to meet their own needs, that is, the direct purpose and ultimate goal of production are completely assimilated, then productivity will be, on the contrary, greatly hampered, because such a self-sufficient natural economy actually denies the possibility of social division of labor. Therefore, human society must move toward a division of labor-based exchange economy (market economy), wherein products become commodities for exchange. In this way, the production purpose of each producer is converted from providing self-use value to providing use value to others in return for use value provided by the other parties. At this time, the attention to quality desirability reflected by use value has been shifted, from that of self-use products, to that of the products approved and accepted by the counterparts in commodity exchange. Adam Smith (1983) wrote: "No matter who he is, if he wants to buy and sell with others, he must first propose this. Please give me what I want, and at the same time, you can get what you want. This sentence is the general meaning of transaction. Most of the mutual help we need is based on this approach. The food and beverages we need every day come not out of the favor of butchers, winemakers or bread-makers, but out of their self-interest." In this way, the producer's "self-interest" motivation lies not in that the product is useful to himself, but in the usefulness of the exchanges that others can provide. This is a phenomenon of relationship "reversal," which is of crucial significance to the quality concern of human production activities, that is, due to the universalization of exchange relations, the exchange value is generated to replace the status of use value. When money becomes the plenipotentiary of exchange value, the use value is increasingly falling into a weak position; and the root of the use value – quality – is relegated to the second place and even seriously ignored.

Of course, this is not to say that economists do not know that people's actual motives are not just for self-interest. They fully know that people's behavioral motives are always complicated. Economist Marshall (1983) admits: "When we say that the motive for a person's activities is motivated by the money he can earn, this is not to say that in his mind, besides the idea of profit-seeking, there is no other consideration." However, he also clearly stated: "Economics is on the one hand a science that studies wealth; on the other hand, it is also a part of the social sciences that study human activities in society, which studies the many efforts of mankind to seek satisfaction." The measurement of such efforts and desires is, however, limited only to wealth or its general representative: the currency. Although he also acknowledged that "money is never the perfect measure of this motivation," he still believed that: "if care is taken, money can be a fairly good measure of the momentum to form most of the motivations of human life." It can be seen that economists often "keep one eye open and one eye shut." The "abstraction" and "hypothesis" made by economics are limited only to studies on the phenomena and relationships that can be measured by the currency. This method of looking at the world with only one eye is quite "risky" and may go well astray. Therefore, Marshall pointed out that economics must not forget two hypothetical conditions: "First, assume that other conditions remain unchanged; second, these reasons can produce certain results without hindrance," and "Adam Smith and many economists of the past, pursuant to their habits of talking, saved the hypothetical statement, and thus obtained the superficial simplicity. But this made them constantly misunderstood by others and caused a lot of waste and trouble in unhelpful debates; they gained superficial peace of mind, but they were not worth the candle." In other words, on the one hand, economics should be as "abstractive" as possible to use value factors, on the other hand, they must not ignore it. The value of use must remain in the minds of economists, but economics fumbles while dealing with the value of use. If the value of use and its quality factors are introduced, economics will appear to be "clumsy" and inaccurate, just like keeping two eyes open while firing a gunshot can be less accurate than with one eye closed.

While ignoring the value of use and quality factors, economics would seem to lose its roots. This is a “life-threatening” problem in economics from the beginning to the present.

Therefore, to study the issue of HQD, it is necessary to return to Marx’s “dual character of commodity” to check the theoretical foundation of this issue. From classical economics to Marx’s theory of labor value, the study of the theory of commodity value has always been based on the duality methodology, namely, the duality of the value of use and the value of exchange, none is to be stressed to the exclusion of the other. In the authentic sense of economic activity, human beings engage in productive activities, in the final analysis, of course, to obtain the use value to meet their real needs. This is a simple but common-sense fact. With the continuous improvement of real needs and the corresponding increase in production capacity, the use-value performance of products is also constantly improving, which is also the original nature of economic activities. On this fundamental issue, Marx always maintained his academic composure and put the duality theory of commodities on the logical base of economics, and always insisted on making it a “gene” to implement and determine his entire academic system. According to his logic, when exchanges become a common phenomenon, especially when they develop into a currency-based market economy, the dual characters of goods are significantly opposed, and independent supply-demand sides are thus formed: the party providing the useful product is the supply side, and the counterpart paying currency is the demand side. The immediate purpose of the supplier is to obtain a currency that represents the exchange value, and the direct purpose of the demand side is to obtain useful products with value of use. Moreover, the subjects involved in the exchange will be in the position of the supplier and the demander successively in order to achieve the ultimate goal of obtaining use value. This is the simple commodity exchange relationship and simple commodity economy defined by Marx in the symbolic form W-G-W (W: commodity, G: currency). At this point, although the party concerned with quality of use-value may have been reversed, the ultimate goal of both parties is still to obtain value in use. The further substantial change is that from the simple commodity exchange economy to the capitalist market economy, the purpose of production and exchange is reversed again, that is, it becomes G-W-G’ (W: commodity, G: currency, G’: proliferated currency). At this point, the purpose of the exchange is no longer to obtain value in use, but to obtain exchange value, that is, the proliferation of currency. The use-value of goods and the importance of quality thus “resigned from a leading post” and marginalized, that is, the use value and its quality characteristics are important only under the premise that they facilitate or do not impede the exchange economy, namely, the proliferation of money. In short, if it is possible to adopt a method to obtain more exchange value, namely, the proliferation of money without involving the use value and quality at all, is not that better? If the currency can proliferate on its own, is not that a desirable “clever move” and “shortcut!” This is exactly the logic of the so-called “virtual economy.” That is to say, in the original sense of economic activities and economic development, the use value is the purpose of production, the exchange value (currency) is the means, but now it is reversed: use value and quality are only means, and the real purpose lies in reaping more exchange value (currency). If the purpose of currency proliferation is attainable while the means or instrument of use-value and its quality characteristics are absent (or omitted), then the value of use and its quality characteristics can be completely “ignored” (Jin, 2017a).

Of course, in this case, the use value and its quality characteristics are not completely irrelevant, because in the market economy, the virtual economy is ultimately determined by the real economy. The supply and demand relationship of the real economy is competitive, only when the product quality can meet the real needs, there will be more buyers; only when the buyer is willing to buy, the seller can get the currency, namely, the exchange value of the goods is realized. This scenario can be called as commodity exchange’s desirability requirements over quality, that is, the buyer’s needs for the quality of use value must be met,

and otherwise the use value cannot play the role of achieving exchange value. More importantly, under normal circumstances, there are many suppliers producing and supplying goods, if the exchange value of the seller's products is to be realized, it is necessary to have a more favorable price-quality ratio to defeat the competitors to complete the transaction process. This can be called as the competitiveness of quality, i.e., the quality advantage compared with competitors. It is thus clear that quality desirability determines quality competitiveness. Quality competitiveness determines the value realization of the product.

Judging from the above implications of the quality of goods, it is of course related to the material and technical performance of the products. In general, the higher the performance, the higher the quality of the product, and the better its quality desirability and competitiveness will be. But the quality of goods defined or targeted by economics is by no means related only to the material and technical performance of the product. In the economic sense, product quality is relative to the actual needs of people. If there is no actual need, there is no such product quality. If the material and technical performance outweighs the actual needs and leads to higher production costs and product prices, it is considered to be "excessive quality." For example, it is uneconomical to produce shoes at high costs so that one can wear for 100 years without damage. It is superfluous in quality, not high quality in the economic sense.

In short, from the basic theory of economics, quality refers to the use value characteristics of products that can meet the actual needs. In the competitive field, quality also refers to the desirability and competitive characteristics that are more cost-effective and satisfying. It should be emphasized that the so-called "needs" are very complicated, especially with the economic development and social progress, the "needs" are also constantly evolving and changing. Therefore, when this understanding is derived into the concept of HQD, it is endowed with a strong dynamic, in its basic economic sense, it can be expressed as: HQD is an economic development mode, structure and dynamic regime that can better meet people's real and ever-growing needs.

2. The theoretical implications of moving from high-speed growth to high-quality development

As mentioned above, when discussing the quality of growth and development, this concept has a strong dynamic meaning. Real economic activities are always carried out within a certain period of time. As a process of continuous advancement, socio-economic development is staged. The way and state of economic growth and development are diverse at different historical stages. In other words, different stages of development are distinguished by their distinct qualities. In the past 40 years of China's reform and opening up, the national economy has achieved rapid growth, and the rapid expansion of its quantity and scale is its most prominent feature. Entering a new era, such rapid growth has fulfilled its historical mission, and the Chinese economy will turn to a stage of HQD. Then, from the basic theoretical analysis of economics, what are the similarities and differences between the status of HSG and HQD? What is the internal relationship between the two?

Fundamentally speaking, be it HSG or HQD, its essential meaning is first the aggrandizement of useful products produced and consumed by society. That is to say, their economic meaning is the same: the aggrandizement of use value to meet the growing needs. The value of exchange has no use-value. It is, in essence, not the purpose of rational pursuit, but the means or tool for obtaining use-value. However, since the use values of various products are difficult to measure and aggregate consistently, economic research has to use currency as the accounting unit for consistent measurement. For example, the true meaning of GDP and its growth is the total amount of products and services produced by a country (or region) and its growth, which is essentially the magnitude of use-value and its growth, calculated in monetary units. In other words, the essence of GDP is a use value, but it has to be portrayed and expressed in terms of exchange value (currency). Technically, this

substitution is based on the assumption that the product use value has a positive correlation with the exchange value. Therefore, the latter reflects the former to a large extent (which can be called “quantity-quality symmetry”). Of course, since the use value, rather than the exchange value, is what we really want to measure, accounting statistics often use non-current statistical indicators such as “constant price” and “purchasing power parity” to eliminate as much as possible the measurement deviation from the true amount of use value as a result of exchange value changes (nominal price changes) or the international difference (the deviation of the actual purchasing power of a country due to fluctuation of currency exchange rate) (Jin, 2016).

Aside from the above-mentioned essential correlation between HSG and HQD, the difference between the two is also evident. In the HSG phase, on the one hand, the main focus was on economic output, namely, the insufficient supply of products and services. At that time, the basic characteristic of China’s economic supply side was: “backward productivity.” To get rid of this, growth must be accelerated. On the other hand, the instrumental rationality of the market economy has exerted a strong force. It is manifested in the instrumental goals (income, profit, GDP, etc.) in economic relations, which have become the paramount goals pursued by society. At this stage of development, the entire China is characterized by a vigorous materialist values, and the pursuit of material achievements largely has or tends to have a strong desire for money. In particular, since the monetary system of the modern economy is dominated by credit money, the exuberant materialist values and behavior tendencies have been transformed into a mad game of irrational pursuit of monetary figures, leading to the so-called phenomena of “Irrational Exuberance” and “Bubbles.” However, we may not imprecate, instead, we must see that it is an era of great economic development achievements. The whole society and the country have progressed steadily and become richer and stronger. Over the past 40 years, China’s economic aggregate has expanded substantially, GDP has rocketed from less than 5 percent of the world to more than 15 percent, and will continue to grow. China has become the world’s second largest economy in terms of total GDP (measured by exchange rate), with a potential to surpass the USA and become the world’s largest economy. If measured by purchasing power parity, according to some international institutions, China’s economic aggregate has exceeded that of the USA. The image of the Chinese has changed from “poor” to “rich.” In the eyes of all countries in the world, today’s China is “really rich!” But, you cannot forget the nature of “money?” You cannot equate “rich” with developed economy.

After this exciting period of HSG and great achievements, the inherent contradictions and problems have accumulated and become increasingly manifest. More than a decade ago, people began to realize the Achilles heel of China’s economic development: the seriously “unbalanced, uncoordinated and unsustainable” problems. General Secretary Xi Jinping further pointed out in the Report of the 19th CPC National Congress that “the principal contradiction facing Chinese society has evolved. What we now face is the contradiction between unbalanced and inadequate development and the people’s ever-growing needs for a better life.” At this point, people cannot help but wonder: in order to achieve rapid economic growth, a lot of prices have been paid and many contradictions generated. “Is this really the economic growth we need?” Are we pursuing material wealth or even virtual coins and figures out of madness in the absence of the authentic goals of economic development? Is rapid growth exactly equal to the actual realization of economic development? In short, when the quantity problem of economic growth is basically solved, namely, the problem of “backwardness” is basically solved, the problem of the quality of economic development looms large. The low quality of economic development is mainly reflected in the structure of the real economy. The so-called economic structure, in terms of economic theory, is actually the use value of the product and its production process, that is, the supply side phenomenon. Of course, there are also structural problems on the demand side, and the structural problem of real demand is actually a phenomenon related to the use value, namely, the demands for quality.

Therefore, from the perspective of the commodity duality of the market economy, the shift from HSG to HQD denotes the shift from a situation where the goal and dynamic mechanism of economic operation are mainly focused on the increase in the total amount of products calculated by the exchange economy (currency units), to another scenario where more attention is paid to the use value of products and economic activities and the quality desirability. Of course, this is by no means to say that exchange value is no longer important at the turning point to HQD stage. The instrumental rationality mechanism of the market economy embodied in exchange value is still of great significance and will further play an important role. Income, profit, wealth, GDP, etc., are still important indicators denoting whether the economy can operate effectively and progress. However, in a new era of HQD, it will become more important to reflect the authentic nature of economic development and pay more attention to the supply side of satisfying the people's growing needs for a better life.

It is precisely because of the above changes of objective reality that the author once wrote that "the Chinese economy has entered into an era of authentic renaissance. The authentic renaissance of human development is essentially to achieve the fit between instrumental rationality and human value on the basis of highly developed productivity." That is to say, to achieve the authentic value goal of human development with the feasibility and effectiveness of instrumental rationality, yet without losing the essential purpose of economic development, this can make human development return to the track of its authentic rationality. In this sense, today's human development is not led by authentic rationality and is still in the era of "the obscurantism." Therefore, a second enlightenment must be carried out to realize the renaissance of its authentic rationality (Jin, 2017b).

In terms of politics, if we are to "remain true to our original aspiration and keep our mission firmly in mind," then, in terms of economy, we must "remain true to authentic economy and keep quality firmly in mind." That is to say, after struggling for centuries, China has finally got rid of the label of "backward productivity" and entered into a new era with greatly improved productivity. The authenticity of economic development will increasingly be reflected in the continuous progress of the use-value side, namely, the day by day improvement of quality in economy. This constitutes the fundamental reason why economic work should shift to the supply-side structural reform.

3. New quality status of economic development in the new era

Modern economics originated in the Enlightenment Era of the 18th century, with industrial revolution as its practical background. Therefore, the development of economics develops in the direction of instrumental rationality, and is largely based on the metaphor of physics, which conceives economic activity as a "machine." Thus, the concepts and analytical methods of equilibrium, optimization, maximization, control and regulation have become the mainstream mind tools of economics. For example, the American economist Richard Taylor (2016), the Nobel Laureate in Economics, said that the logic of mainstream economics can be simply expressed as: "optimization + equilibrium = economics." In this direction, and in an effort to introduce more complex mathematical methods into economics to reflect the "profundity" and "cutting-edge" of economics, the form of economics appears to be more and more "exquisite" and "elegant," but more and more away from complex reality, losing its authentic research objects. This leads to a peculiar phenomenon: the higher and the deeper economic analysis is, the more it seems to have nothing to do with the real world, the "aesthetics" of economics seems to be the self-consistency of its own reasoning logics. In this way, economics seems to have a "saucer" character: a delicate and gaudy saucer may hold few physical objects. Advanced theory and refined models suffice not a full explanation of reality, especially, it is difficult for them to predict major changes that may occur, such as the outbreak of economic crisis. This is prominently reflected in the fact that in dealing with the problem of "quantity," economics seem to be able to carry out analysis and judgment

with confidence, but once faced with the problem of “quality,” economics wears the embarrassment of powerlessness. In particular, when the “quality status” of the social economy has undergone major changes, the economic analysis methods formed under the “quality” conditions of the past societies are, no matter how sophisticated and advanced, difficult to adapt to a new era with new quality conditions. The key point lies also in that the main problem now is not the quality of economic development in the general sense, but the quality of economic development under the conditions of the new era of socialism with Chinese characteristics. Therefore, in our economic “trays,” we need to put in the new qualitative factors of this new era and the new phenomena and relationships that it ushered in, and to analyze them to obtain credible conclusions.

The American Economist Joseph Schumpeter has made important contributions to the study of economic development. His Innovation Theory has had far-reaching academic influence. Now, when it comes to innovation and entrepreneurs, almost all economists would refer to Schumpeter. However, it can be seen from the title of Schumpeter’s (1991) famous book: *Economic Development Theory – Investigation of Profits, Capital, Credit, Interest, and Economic Cycle*, that his major concern lies still in the value of exchange, i.e., the phenomena on the currency side, whereas the factors of the side of use value, namely, the supply side, is subordinate. However, Schumpeter is conceptually concerned with the quality status changes in economic development. He said: “The development we are referring to is a special phenomenon that is totally different from what we may have observed in the trend of circulation or equilibrium. It is a spontaneous and intermittent change in the circulation channel, a disturbance to the equilibrium, which is always changing and replacing the previously existing equilibrium state. Our theory of development is nothing more than a discussion of this phenomenon and the process that accompanies it.” According to this line of thinking, Schumpeter actually came down to the problem of the qualitative change of economic development, and abstracted it into the phenomenon of “new combination” of various factors in the economic cycle, and defined the “dynamic” process of entrepreneurial “innovation” and the quality status change of economic development as a process introducing new factors to achieve “new combinations.” Of course, Schumpeter did not extend the qualitative change of economic development to that of the “new era,” which is the research topic faced by today’s economists, especially those in China.

Based on the above discussion, we can use “HSG” and “HQD” as conceptual expressions to distinguish the different qualitative states of the two development stages. Then, what new changes have taken place in China’s economic quality in the new era? What methods and tools can be used to observe, study, and judge these changes?

Compared with the past 40 years, the qualitative change of China’s economy is remarkable: from low income to middle income, from poor countries with backward productivity to the world’s second largest economy, from the most important goal of GDP growth to achieving balanced and comprehensive development (which is more important), and from the full pursuit of “Mountains of Gold & Silver” to more “Green Hills and Clear Waters,” etc. Such fundamental changes in quality will lead to a substantial change in the concept of development: the spirit of the past era is – “it is better to live less for 20 years and to win large oil fields,” People praised and cheered the black smoke from the factory chimney as beautiful “Ink painting big peony.” In contrast, the new development concept of the new era is: innovation, coordination, greenness, opening and sharing.

In a market economy, the important economic nature of major production activities is indeed exchangeable, that is, most people’s behavior is to obtain more exchange value (income, profit) for the purpose of obtaining consumption rights (for consumer goods). Therefore, consumption is a property of rights, that is, people can only consume their own products. In fact, the reality is much more complicated than the theoretical logic stated above. Production is not only exchangeable, thus it regulates market activity at market prices; it also requires the support of external conditions (such as infrastructure) as well as

positive or negative economic externalities. At the same time, real consumption (of use value) is not only right-based (only possessing property rights can one consume), but also shared, that is, consumption can be made without possession of property rights. However, in the past era, non-exchange production activities and non-proprietary consumption (sharing) were not of substantial importance, so they could be “abstracted” in the general theoretical analysis framework of economics. In the new era, the economic quality has undergone tremendous changes, and the economic nature of production and consumption has significant new features. The social quality characteristics and quality requirements of production and consumption today are inevitably different from those of the past, therefore their theoretical explanations and expressions must be deepened and changed.

It is precisely because in the market economy, most of the production activities are carried out for exchange, the producers work to provide the use value to others, the purpose is to obtain more exchange value (currency), which does not have a use value in itself, so such a production mode is actually a reversal of the ends and means of production activities. Although such a mechanism can inject strong momentum into economic growth for social production, as the famous American scholar David Harvey (2016) said, it is a mechanism in which exchange value is the master and use value is the slave. When human society enters a certain stage of development, the authentic nature of economic development will surely highlight its ultimate resolve, namely, realizing the authentic renaissance at a new stage of development. Fundamentally speaking, it is the rise of “enjoyment,” and the “equilibrium movement” of “enjoyment” over “exchange” (Jin, 2018). In this sense, namely, from the value theory of economics, the new era is one in which the truth becomes gradually dominant (or the era of authentic renaissance), and there must be profound changes in the concept of development to adapt and reflect the evolutionary trends of quality status of this era. The authentic rationality of economic development is essentially motivated by the pursuit of higher quality objectives under certain economic conditions.

In the new stage of development, due to changes in economic quality, the quality requirements for development will also change (improve). The basic factors involved in HQD are not the same as in the past, that is, the policy objectives of development and the priorities of each goal will be reshuffled. Based on the past socio-economic quality or development stage, the major focus at the time was that “market economy is an exchange economy.” That is to say, in the duality of goods defined by Marx, the exchange value (claim right) is emphasized, while the use value (enjoyment) becomes instead the means of obtaining exchange value. In that era, it can be understood and theoretically expressed. But in the new era, it is biased to continue to understand the market economy in such a simple stance. Although the market economy is indeed an exchange economy, this nature does not negate the fact that market economy is ultimately an economic system that meets the people’s substantive needs, and the former nature of the market economy is ultimately determined by the second nature (creating use value to meet real needs) mentioned above. Just because the former nature can be the most effective means to achieve the latter, market economy is the most efficient and realistic economic system in human development, and so far, the most effective system to meet the real needs of people. In a certain development stage of the market economy, due to the dominance of instrumental rationality and the backwardness of social productivity, the second nature stated above is suppressed. In the new era, the ultimate nature of the market economy that is ultimately subordinated to meeting the real needs of the people will loom large.

Therefore, the new concept of development, i.e.: innovation, coordination, greenness, opening and sharing, has become a new requirement for HQD in the new era and an evaluation criterion for achieving HQD. Moreover, the realization of these requirements in the new era also inherently determines that economic operations must be oriented toward efficiency and quality, namely, to demonstrate “Quality first, efficiency first” and achieve higher quality, more efficient, fairer and more sustainable development.

4. Institutional mechanisms to promote high-quality development

From HSG to HQD, it is not only a change in the mode of economic growth and the path, but also a process of institutional reform and mechanism transformation. The realization of rapid development of the transition from HSG to HQD must be based on new development concepts for new institutional arrangements, especially for supply-side structural reforms. In other words, HQD must be achieved through certain institutional arrangements and the formation of new mechanisms.

First, HQD depends on the effectiveness of market price adjustment. The basic institutional mechanism requires that the market must play a decisive role in resource allocation. Therefore, the rationalization of the price regime of the entire economic system is a prerequisite for the HQD of the economy. The price mentioned here includes not only product prices, service prices, but also factor prices, namely, wages, interest rates, exchange rates, etc. The effectiveness of price regulation depends on the fairness of competition among market microeconomic entities (mainly enterprises). In reality, there are various types of microeconomic entities in the market system: private and state-owned, for-profit and non-profit, large and medium and small-sized, national and foreign, unitary and networked, substantive and financial, natural human and legal persons, franchises and free trade, etc. These different types of microeconomic entities have different market powers and are often very unequal to each other. If the market structure of all kinds of entities is “unevenly matched” or the powers and responsibilities are unequal, then the actual consequence of price adjustment is that it is difficult to achieve effectiveness and desirability, and the resource allocation pattern required for achieving high-quality development will not be guaranteed. Therefore, a reasonable price system and an effective price mechanism constitute one of the fundamental and decisive factors for high-quality development.

Second, the validity of price regulation and the rationality of the price system depend on the validity and rationality of the property rights system and the trading system. Only when the property rights are clear-cut, safe, reliable, effective and convenient in transactions, can the price mechanism effectively play the role of regulating economy. In this sense, a sound system of property rights protection, including an intellectual property protection system, is a fundamental guarantee for promoting HQD. As mentioned above, the relationship between property rights in the market economy and production and consumption is complex. Production activities and consumption enjoyment and their effects often exceed the boundaries of property rights, yielding “externality” and “sharing.” At this time, the ways to give play to the effectiveness and desirability of price regulation and construct a system that can make the price mechanism play a regulatory role under the condition of special property rights relationship, become an innovative pursuit that must be completed to achieve HQD of institutional arrangements. Therefore, to promote HQD, it is necessary not only to “lift price controls” as much as possible, but also to build an effective trading system in various fields, especially those special fields.

In economic theory, property rights and transactions are highly correlated, their relationship and the actual institutional arrangements determine the level of transaction costs, which, in turn, have an important impact on the quality of economic development. Although it is difficult to achieve institutional arrangements with zero transaction costs in practice, minimizing transaction costs and thus making property rights more effective, is the direction of reform that promotes HQD. In a sense, it can be said that the high transaction cost of the market operation is a manifestation of low quality of economic development, and a major obstacle that makes it difficult to improve the quality of economic development.

The above two points show that the new era not only confirms the market economy relationship, but also further develops and improves the market economy, forms and relies more on higher quality and more effective market economy system. On the one hand, the proprietary production and consumption required by the exchangeability of the market

economy will be more effective; on the other hand, the enjoyment of the market economy will be raised to a higher level, and the scope of enjoyment will be extended from individual ownership to group sharing (public service), environmental quality (ecological environmental protection), and even broader areas that embody the inclusiveness and equality of enjoyment. This is, in effect, the integration and coordination of the individual (private) and public proprietary rights of production and consumption in the market economy. In short, the HQD stage requires more effective market system and mechanism to better reflect the high degree of coordination of exchange and enjoyment of the market economy.

Third, better play of the role of the government is an important factor in achieving HQD. As mentioned above, the basis of market regulation mechanism is the dominance of instrumental rationality. Although market regulation is very effective under the “perfect” market system, in all fields, however, it cannot be ensured that the “market knows everything,” and the “market is always correct.” That is to say, in some aspects and areas, especially when economic development involves profound and extensive quality aspects, the market may be “quite at sea” and blind, and thus regulation failures may occur. From another point of view, it can also be said that the improvement of the quality level of production and consumption in the new era puts higher demands on the guarantee of public proprietary mechanism and the enjoyment of non-proprietary attributes (such as good environment). Therefore, the government must play an active role in the regulation of the market, major planning especially regional planning, providing public services, protecting the ecological environment, regulating income distribution, building social safety nets and assisting vulnerable groups, which directly reflect the quality of economic development. Therefore, better functioning of the government is an indispensable and important means for achieving HQD.

Of course, one thing always has two sides. As mentioned above, the government’s better role is an indispensable factor in promoting HQD. However, improper or excessive intervention by the government may lead to an escalation in the transaction costs of the market, which constitutes a disadvantage to the quality of development. Therefore, the government’s streamline administration and institute decentralization, the enhancement of residents’ convenience in livelihood, and the convenience of business activities have always been the direction of the reform and opening up for 40 years. There is still a long way to go and there is still a lot of work to be done. As a country of market economy already, China is, however, not a high-quality market economy with low transaction costs. Therefore, there is still a lot of work and tasks to be done to improve the efficiency of market operation. In short, the role of the government is to reduce the transaction costs of the market economy rather than increase them.

Fourth, scientific discoveries, technological inventions and industrial innovation are key drivers to achieve HQD. Only an innovation-driven economy can achieve sustained HQD. In economics, innovation is a broad-based concept with different types. Among them, technological innovation has a particularly important significance and has often received more attention. For technological innovation in an industry or enterprise, there must first be a source of new technology, which can be exogenous (such as introduction, imitation) or endogenous (such as independent R&D, learning while doing). From the perspective of social division of labor, in the real world, almost all technological innovations are a combination of internal and external resources. Of course, due to the needs of analytical research, innovative technology types can be divided into two typical categories: exogenous and endogenous.

As a latecomer country, China’s past development, especially the 40-year HSG, relies more on exogeneity-led technologies, which are manifested in economic activities such as technology introduction, investment attraction, imitation and absorption. Then, when we enter a new era and change to HQD, what kind of road will China’s industrial technology

innovation take? In the past two centuries, China has been in an era of “backward productivity.” Today, China’s economy has developed tremendously, albeit it is still a middle-income developing country, but after all, it is no longer a backward country, and it has the special advantages that many other countries are in want. The “Chinese characteristics” are largely China’s advantages, or at least, they can be transformed into China’s advantages. In terms of technological innovation in industries and enterprises, Chinese characteristics can obviously be expressed or transformed into China’s advantages.

The technological innovation of industry and enterprise features a key link in the complete chain from scientific discovery, technological invention, to R&D and industrialization, and finally enters the market realization process of technical products. Therefore, people often say that “enterprise is the entity of innovation.” In the above-mentioned division of labor, for firms, most of the high-tech enterprises are exogenous, that is, enterprises must obtain scientific and technological resources or achievements from departments engaged in scientific discovery and technological inventions (such as universities and research institutes). From a national and international perspective, the scientific and technological resources and achievements that enterprises can obtain can be domestic or foreign, and of course, international cooperation. Entering the stage of HQD, enterprises are increasingly demanding for scientific and technological resources and achievements and are able to obtain high-tech resources in various channels and in many ways, making them the source of R&D and innovation; this has become an issue of institutional mechanisms with far-reaching significance. Therefore, in the new concept of development, and in terms of institutional and policy arrangements, the meaning of “opening up” refers more than just international trade and investment. Equally important and even more important is that the openness and actuality of the entire national science and technology innovation system is, in essence, the issue of integrating scientific discovery, technological invention, industrial technology innovation, enterprise R&D and new product industrialization, to form a cooperative mechanism, that is, to ensure and promote the generation and industrialization of scientific research results via effective institutional mechanisms. In short, HQD must better solve the problem of high-tech “fountainhead” for enterprises. This is a key institutional mechanism reform task to achieve high-quality development.

5. Multi-dimensional characteristics of high-quality development

On the basis of the above discussion, there will naturally be a problem: given the transition from HSG to HQD, and that the performance of HSG in a country or region can be quantified by statistical means (using indicators such as income, output or GDP, etc.) Then, can the performance of HQD be quantified statistically? The basic method used to calculate the economic growth rate is to use the figures of exchange value, that is, the currency unit quantity to replace use-value for calculation and aggregation, to obtain total output expressed in monetary units and its growth figures, so as to determine the level of economic growth. Although there are some technical difficulties in this method, the statistical results thus obtained are basically credible and can be used for comparison and judgment. In short, the use of accounting data to determine high growth, low growth or medium-speed growth can be relatively clear and usually doubtless.

However, the accounting statistics and quantitative comparison of “high quality” development are much more complicated. The above-mentioned “quantity-quality symmetry” and “quality-price symmetry,” which are often assumed in economics, are generally absent or difficult to ensure in reality. More importantly, the so-called quality of development is essentially a comprehensive concept with both objective and subjective nature, that is, certain judgments about quality depend on its relationship with the stakeholder and the degree of concern of the stakeholder. The so-called “stakeholder” is a complex group, and individual concerns (based on individual rationality or feelings) and group concerns (based on collective rationality or evaluation choices) may differ greatly.

Therefore, just like it is difficult to accurately determine the quality of different people or groups of people, it is difficult to accurately determine the quality of development. In theory, this involves at least three basic issues. One is about the quality of development, some factors are measurable, and some are not. For the quantitative measurement of the factors that are not quantifiable in nature, only the alternative indicators can be used, which can only reflect the actual situation roughly, and often the more “precise” the number, the less credible the reality may be reflected. The second is to aggregate the main data reflecting or substituting the quality of development to make it a comparable single index. It is necessary to select the unit of measurement and determine the weight of each data value in the aggregation, in this process, it is difficult to avoid the influence of subjectivity. Third, people may perceive quality very differently, say, for the temperature factor of environmental quality, some people think that the temperature quality of 20°C is high, some 23°C and even some people considered that 15°C is the best. So, how do you determine what is the right temperature for “high quality environment?” When it comes to socio-economic issues, the subjective judgment criteria of “quality” are more likely to be different. For example, what are “rich,” “free,” “autonomy,” “happiness,” “fairness,” and “equality?” It is difficult for different people to reach a consensus.

However, the above discussion of statistical accounting and quantitative comparison of development quality does not purport that the level of development quality is completely unrecognizable and incomparable. It is only that the way of thinking needs to be changed. As mentioned in the first section of this paper, the mainstream economic thinking to date is mainly based on the metaphor of (mechanical) physics, envisioning the economy as a machine system determined by causality, the behavioral objectives of every “atoms” in the machine are all rationally determined (the simplest assumption is that everyone is a rational “economic man (Homo Economicus)”). Therefore, the operation of this economic system must have an “optimal” or “maximum” target value, and the closer the real economy is to this value, the better. Nonetheless, modern mainstream economics does not deny that this economic system will change, evolve and develop. Some economists have introduced psychology, biology and other disciplines into the economic system, and have obtained valuable research results, forming new economic schools or branches (e.g. behavioral economics or experimental economics). Some scholars even believe that the physical (mechanical) metaphor of economic thinking is outdated, and should be changed to a metaphor of biology, that is, a living body instead of a machine. Today’s world economy has entered into the “new biological era,” and the phenomena reflected in biological concepts such as “heredity,” “mutation,” “evolution,” “emergence,” “distributed system” and “neural system,” will play an increasingly important and even decisive role in the modern and future economic development. But such economic researches are still very inadequate, completely insufficient to counter or replace the dominant position of mainstream economics.

It can be seen that when China’s economy shifts from a HSG stage to a HQD stage, it calls for not only a great transformation in the direction of social behavior, but also an adaptive change and a leading innovation in the way of thinking. Although the “high quality” direction of economic development is a concept expression with considerable ambiguity, its fundamental nature determines the inaccurate characteristics of its magnitude, the value of ambiguity is, however, not incomparable. It is completely feasible in practical actions to determine the direction of efforts based on the estimation of the fuzzy magnitude (i.e. the direction of higher quality development can be determined), and the result of the efforts can also be quantitatively evaluated, although it is difficult for such quantitative evaluation to be highly accurate. In analogy, although it is difficult to quantify the “quality” of people, it does not hinder the determination of the direction of efforts to improve the quality of people. For example, work in the fields of sanitation, health, education, research, experience, culture, law and discipline is, without doubt, of positive significance to improving human quality,

and all these efforts and the results achieved can be quantitatively evaluated. Therefore, in a new era oriented to HQD, we can also develop a set of accounting indicators that reflect the quality of economic development. Scientific quantification and indexation can be applied to factors like innovation, coordination, greenness, openness, sharing, efficiency, quality, structure, safety and sustainability, which act as indicators of HQD status and achievement. That is to say, although the quality of economic development has very rich factors (multidimensionality is its basic feature, and as the level of development escalates, the meaning of development quality will also change constantly, because the needs of a better life of people, who are fundamental to the quality of development, are constantly increasing and changing), in theory, it is still possible to quantify and summarize the development quality evaluation factors at the present stage into an index system as an evaluation tool to measure the quality of development.

Of course, even if HQD can carry out, to a certain extent, evaluation of quantitative indicators, its essence is different from that of the HSG display indices, over which people's concerns are also different. HSG cares primarily about aggregates, while HQD is mainly concerned with the structure, i.e., the various components and their mutual relations. From the basic theory of economics, HSG assumes that the exchange value (currency unit) accounting amount replaces the actual value of the use-value, and assumes that the two are highly positively correlated. Whereas HQD is a multi-factor composite indexed value, which contains factors that are inherently difficult to quantify, therefore any quantitative expression may be quite different from the real situation. This difference precisely reflects the substantial difference between HSG and HQD, and also reflects their different characteristics of the times and the economic development quality. Since the direction of HSG is mainly the expansion of economic aggregates, the emphasis is on instrumental value; the direction of HQD is mainly on structural upgrading and system optimization, and more emphasis is on the value of authenticity. Therefore, in actual work, HSG is often manifested in the competition state of "championship" race, wherein the quicker one wins; whereas HQD needs more step by step work like "soft fire makes sweet malt," believing that "Roma is not built in one day," and stressing steady progress and better quality. People's feelings about the achievements of HSG, for example, escalated output, increased income and lucrative profits are more directly measurable; and the feelings of HQD achievements involve more balanced evaluations, such as quality of life, environmental quality, subjective well-being, etc.

High-quality development requires a diversity of regional development approaches and pathways. The HSG stage is mainly characterized by "leaps and bounds," "encouraging get-rich-first and get-rich-fast" and is more concerned about "GDP-first." The HQD stage, however, is mainly characterized by "steady progress" and "people sharing" and is more concerned about "greenness and environmental protection." Based on such changes, it can be expected that the regional situation of China's economic development will also undergo profound changes. The certain ambiguity of development quality evaluation reflects the multidimensionality and richness of development value, and the concern of evaluation gradually extends from the level of material achievement to the inherent essence and experience (scholars outside China call this process a transition from "materialism" to "post-materialism"), which determines that the development of each region can have multiple paths, and shall be committed to giving play to comparative advantages and creating distinctive high-quality performance. The multidimensionality and richness of development value and the geographical diversity of each region also determine that different regions have different main functions and shall not rely solely on rapid GDP growth. Although for HQD, a certain rate of economic growth, especially sustainable growth, is necessary and fundamental, but the optimization goals of pursuing HQD can be "all-in-one" and "diversified." Due to different locations, resources and historical conditions,

the economic growth rate and economic scale of each region will inevitably vary. “High growth” and huge economic scale (production scale) are not necessarily the targets that all regions can achieve. However, the characteristics of each region can be the basic factor for the development of high-quality economy. The development quality of the economic hinterland is not necessarily inferior to that of the growth centers, and the development quality of regions with relatively small economies (lower economic density) is not necessarily inferior to that of the regions with large-scale production capacity (higher economic density). As a super-large country, China’s diverse regional structure and economic and cultural characteristics constitute a huge advantage that provides various conditions and multiple options for the formation of HQD models and paths with distinctive characteristics. HQD requires diversity, and the constant improvement of economic competitiveness is based on the special advantage of differentiation, which abounds in China’s huge economy. Each region has multiple strategic options for development, which is very conducive to supporting the realization of HQD strategy.

It can be seen that the difficulty in the comparison of HQD evaluation and the complexity of the construction of the indicator system can form an important revelation: the multidimensionality and richness of the content of development quality requires the highly innovative development strategy and mode selection. Systematically creating development advantages, pursuing a path consistent with the reality and reflecting national characteristics, and satisfying people’s growing and multifaceted needs in multiple effective and sustainable ways are the essential characteristics of HQD. In short, the goal of “bigger economic scale” in China’s economy has been basically achieved in the HSG stage, and “improving the quality of development” has become the dominant direction of the new era; the speed targets of HSG can be expressed as unitary, but the development quality targets are pluralistic. Therefore, to shift to a HQD stage, it is necessary to select a viable development strategy in a new systemic way of thinking, and each region can pursue a variety of advantages based on its own reality.

6. Leading high-quality development with comprehensive strategy and modern governance system

The above discussion shows that a fundamental feature of HQD is multidimensionality, which is reflected in the strategic direction as the diversity of policy objectives. Therefore, unlike the strategic thinking of the HSG stage, the strategic thinking for achieving HQD is highlighted as comprehensive, and many important initiatives often require “full coverage.” Under the premise of portfolio diversification of policy objectives, achieving the comprehensiveness of strategic direction is the key to leading HQD. But this requirement is often elusive in reality, since there may be some conflict between multiple goals, that is, the pursuit of one goal may hamper another. Of course, the comprehensiveness of strategic direction is by no means the absence of a major target and the disregard of priorities. On the contrary, the realization of it must be promoted through the scheduled accomplishment of the major targets within a certain period.

In theory, any outcome is paid for in the real world, and economic development is even more so. It is impossible for mankind to fight for or produce anything that is effective and valuable, “at all costs,” which are, sometimes, nothing but a gesture of declaring determination. The nearly 300-years’ history of the industrial revolution in Western Europe marks, undoubtedly, the history of mankind’s tremendous development achievements. But “acquisition” is also accompanied by “loss,” and achievements always by price. Shortly after entering the industrial revolution, its cost began to loom large. Therefore, regarding the industrialized countries entering a “gold age” or “golden age,” there have been heated debates in the past. In fact, in the process of pursuing wealth, many other valuable things have been lost. Is this worth the candle?

Enlightenment thinkers in the 18th century have profoundly recognized the negative impact of economic development, namely, the social cost. They pointed out: “The pursuit of wealth has produced exquisite elegance, rendering life more comfortable, more polite and more prosperous, but also Citizens turning into selfish and profit-seekers, destroying all community consciousness and introducing wrong values – thus burying the root of moral misconduct, which is both the sign and the cause of national decline” (Gay, 2016).

From a global perspective, the inevitable cost of economic growth is manifested at least in: ecological environment destruction, polarization of income and wealth distribution, rampant corruption, accumulation of risk factors and corruption of social morality, etc. Although these phenomena are not necessarily caused by economic development itself, they are, with few exceptions in countries around the world, concomitants that are difficult to avoid completely in the period of rapid growth. Therefore, when HSG turns to HQD, it is extremely important and urgent to curb and contain these phenomena that reflect the low quality (inferiority) of development. It can be said that this is also the most important sign to evaluate the realization of high-quality development. If the above-mentioned socio-economic unhealthy phenomena are serious and there is nothing to do with them, then it cannot be called “HQD” in any case.

Adam Ferguson, an 18th-century Scottish Enlightenment Thinker who was greatly admired by Marx, once pointed out that rapid economic development may lead to “community falling apart”: the general growth of wealth is not fairly distributed, and the elite groups become stakeholders of vested interests at the expense of public interests. In this way, the division of labor nurses arrogance and selfishness to some people, and grudge and slavishness to most people. It is both a gospel and a curse. It breeds a bright future and brings great danger. In Ferguson’s view, the economic issue is a social issue, and moreover, a political issue (Gay, 2016).

It can be seen that since the 18th National Congress of the Communist Party of China, China’s strong anti-corruption actions and the ongoing “three major battles for prevention and resolution of major risks, precise poverty alleviation, and pollution prevention” and the party integrity and clean government construction with a focus on adhering to the “Eight Regulations” are all great efforts to transform into HQD. Just as high-quality life is reflected in cleanliness and sanitation, HQD must of course be reflected in the “high cleanliness” of the economy, society and even the political field: clean production, clean environment, clean government, clean business relations and clean society.

It is thus easy to understand: “security” is just as important as “cleanliness.” HQD must of course be reflected in a more secure development. The state must be able to control socio-economic risks to a certain extent and avoid a crisis out of unleashed risks. Therefore, one of the keys to achieving HQD is to weigh the relationship between freedom and security. Without freedom, there is no HQD, and if security is lost, all development results will be lost. A major issue in the economic development strategy and policy arrangement of the new era is thus to realize the modernization of the national governance system that is fine-tuned between “loose” and “strict.”

It can be seen that the socio-economic quality of HQD is not only reflected in the economic field, but also in the broader social, political and cultural fields. Fairness and justice are the inherent requirements of HQD. To promote efficiency with equity, and achieve inclusive development with high efficiency, this is the real HQD. The discussion of equity and justice is beyond the scope of this paper, but it is an indispensable warning to point out the requirements of HQD for fairness and justice, the absence of which would make HQD an air castle. It can be said that they are the basic bottom line for HQD, while inclusiveness is one of the indispensable essential features of HQD.

A touchstone judging the quality of economic development is, in the final sense, its capacity to meet people’s growing needs for a better life, which goes well beyond the simple

material needs to the increasingly manifest needs for all-round development. General Secretary Xi Jinping clearly pointed out in the Report of the 19th CPC National Congress: “China has seen the basic needs of over a billion people met, has basically made it possible for people to live decent lives, and will soon bring the building of a moderately prosperous society to a successful completion. The needs to be met for the people to live better lives are increasingly broad. Not only have their material and cultural needs grown; their demands for democracy, rule of law, fairness and justice, security, and a better environment are increasing.” Therefore, HQD must be reflected in all aspects of people’s needs for a better life, which are not only multifaceted, but also “increasing.” The higher the level of socio-economic development, the more comprehensive the human capabilities will be. The purpose of HQD is, fundamentally, to meet the needs and requirements of the full development of human capabilities. Since the development of people and their abilities orients to comprehensiveness and full-fledge, achieving HQD is inevitably a great undertaking that covers all aspects of society, and a permanent and continuous process that is never perfect. Once some of the people’s needs are met, new and higher needs would inevitably emerge, complete satisfaction is never reachable. Therefore, there must be higher quality development, and this is the cause of endless HQD.

7. Conclusion

Moving from HSG phase to HQD phase constitutes a major challenge and an arduous task that is extremely difficult both theoretically and practically. A series of new problems crop out as to the theoretical understanding and practical resolution. Dominated by the instrumental rationality of the market economy, which has an infinite pursuit of exchange value, HSG has a strong momentum and can and does reap great material achievements, but it can also pay a considerable price. When HSG shifts to a multi-dimensional HQD stage, it is no longer possible to rely solely on this “single-engine” dynamic mechanism, instead, a comprehensive strategy must be implemented to balance the various policy objectives to achieve the multidimensional purpose of HQD, i.e., to meet the people’s growing and multifaceted needs for a better life. Therefore, unlike the rapid growth stage primarily driven by instrumental rationality, the HQD stage calls for a new momentum with more authentic value and rationality, which directly aims at development strategies and objectives catering to people’s aspirations and the authentic purpose of economic development. This new momentum, with its supply side driven by innovation and demand side by people’s aspirations, is precisely the new dynamic mechanism that promotes HQD and needs to be formed and strengthened via the furtherance of comprehensive and deepening institutional reforms, and the modernization of the national governance system and governance capacity. Fundamentally speaking, this new dynamic mechanism intrinsically requires a perfect integration of the instrumental rationality of market economy and the value-based rationality of economic development.

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Corresponding author

Jin Bei can be contacted at: jinpei8859@163.com