



# The Enlightenment of Marx's Economic Thought on China's Economic Reform and Construction

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## Abstract

Since the founding of the People's Republic in 1949, China's economic system construction has shifted from a planned economic system to a market economic system. Facts have proved that this transformation of China is correct, and China's economy has thus achieved its development and development for nearly 40 years. However, with the development, it is the "sequel" of a series of reforms, such as: the gap between the rich and the poor, the deterioration of the ecological environment, and the imperfect social security system. To this end, in addition to learning from the experience and lessons of the economic development of mature capitalist countries in the West, we should be guided by Marx's economic theory. Because Marx's economic thought has great guiding significance for the reform and development of contemporary Chinese economy.

## Subject Areas

Business Theories

## Keywords

Marx's Economic Thought, Reproduction Theory, Socialism, Market Economy

## 1. Problem Generation

Since the founding of New China, China has experienced two economic periods: First, the planned economy period; Second, the market economy period.

At the beginning of the founding of New China, influenced by the Soviet Union and Marxism, China chose the planned economic system without hesitation.

The Chinese communists are full of enthusiasm, with a view to embarking on the path of communism through the planned economy, so that hundreds of millions of Chinese people will live a happy and happy life. However, with the passage of time, the drawbacks of the planned economy are gradually exposed: low production efficiency and slow economic growth have gradually become problems that plague China's economic development, and three years of natural disasters have made the Communists suffer [1]. As a result, people began to rethink Marx's economic thinking and began to reflect on the planned economic system. Thus, the great product of the combination of Marxism and Chinese historical practice: the socialist market economy has embarked on the historical stage.

In 1978, the convening of the Third Plenary Session of the Eleventh Central Committee marked the beginning of a new era in China's economy. After the unremitting efforts of the Chinese Communists, China's economy has achieved rapid growth in the past forty years. However, with the deepening of the reforms, the problems have surfaced. The widening gap between the rich and the poor, the deterioration of the ecological environment, and the imperfect social security system are all problems in front of the Chinese Communists [2].

How to solve these problems, from this, the New Keynesian School, the neo-liberal school and other Western economic theories gradually entered the theoretical circle of China. But China's economy still needs the guidance of Marx's economic theory, which is the reality. General Secretary Xi Jinping emphasized in the 28th collective study of the Political Bureau of the CPC Central Committee: "In the face of extremely complicated domestic and international economic situations, in the face of diverse economic phenomena, studying the basic principles and methodology of Marxist political economy is conducive to us. We master scientific economic analysis methods, grasp the laws of social and economic development, improve the ability to control the socialist market economy, better answer the theoretical and practical issues of China's economic development, and improve the ability and level of leading China's economic development. "... Marxist Politics Economics is an important part of Marxism, and it is also a compulsory course for us to uphold and develop Marxism. "... We should be based on China's national conditions and development practice in our 2 country, revealing new features of the new law, refining and summarizing the results of regular practice of China's economic development. Raise the practical experience into a systematic economic theory and constantly open up a new realm of contemporary Chinese Marxist political economy".

## 2. Research on Marx's Economic Thought Theory

Based on the theory of labor value and the theory of surplus value, Marx explained the operation of real capitalist economy through the in-depth analysis of the general trend of capitalist capital competition and accumulation, social capital reproduction, and the decline of profit rate and the capitalist economic crisis and economic cycle. The general law is in [3].

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## **2.1. Marx's Economic and Social Reproduction Theory Has Rich Economic Development Ideas**

### **1) It contains a dialectical relationship between balance and non-equilibrium**

Marx divided the total social products into two major categories, the department that produces the means of production is the first category, and the department that manufactures the consumption materials is the second category. In the process of capitalist reproduction, there are always two major proportions of imbalances. If the economy wants to maintain a stable and balanced growth and re-production wants to continue to expand, it must maintain an appropriate proportional relationship between the two major sectors. When the production of the first category is greater than the demand for social material data, it will make the production relatively surplus; if the production of the second category is greater than the demand for the consumption data of the whole society, the consumption data will be surplus. Only when the proportion of the two major categories is coordinated, social reproduction is likely to proceed in an orderly manner.

### **2) It contains the dialectical relationship between supply and demand**

Marx analyzes the realization of total social products from the perspective of total supply and aggregate demand. From the perspective of total supply, the total social product includes two parts: investment supply and consumption supply. In terms of investment supply, it provides all products of the first category; for consumption supply, its supply is II, all products of the department. From the perspective of aggregate demand, the total needs of the whole society include investment demand and consumer demand. Investment demand is the desire of two major entrepreneurs to supplement the production materials consumed in the process of manufacturing production materials and consumption materials; consumer demand refers to the two major categories of capitalists and workers to meet their respective needs. The desire to purchase consumer materials is generated by production and life. We all know that the social reproduction process includes production, distribution, exchange and consumption. Production can be simply understood as supply, and consumption can be simply understood as demand. Production as the starting point of the social reproduction process has a decisive role; while consumer demand as the end point, in turn, affects supply production. This is because the realization of the total social product is whether the production and consumption data consumed by the total production of products can be compensated in the total product, that is, whether the total social product is sufficient for value compensation and physical compensation.

## **2.2. Marx's Economic Theory Reveals the Objective Law of Economic Development**

### **1) The law of the development of social productivity**

The relationship between man and nature that occurs during the production of material data is realized as productivity, that is, the ability of people to carry

out production activities, in which laborers play a dominant role. The surplus labor force is the product of the development of the labor level to a certain stage. The proportion of surplus labor and necessary labor changes correspondingly with the development of productivity. The increase of surplus labor will promote the development of social division of labor. When the society shares the means of production, the social division of labor will allocate social labor in proportion. Under the premise of private ownership, resources can only be allocated through the “price” of goods.

### **2) The general law of the development of social production relations**

The production relationship is the social relationship formed when people carry out the production of material materials. All production relations are interest relations and manifested in the form of ownership. Under different ownership systems, workers enjoy different social status.

The production relationship is the relationship between people in the process of social reproduction. The process of social reproduction includes production, distribution, exchange and consumption. The ownership of production materials determines all aspects of the social reproduction process.

### **3) General law of social form development**

Productivity determines the relationship of production, the economic base determines the superstructure; the production relationship counteracts productivity, and the superstructure counteracts the economic base. The contradiction between productivity and production relations, economic foundation and superstructure promoted the replacement and development of social forms. From the perspectives of productivity and production relations, economic base and superstructure, Marx reveals the movement law of capitalist economy through the study of the root causes of capitalist economic crisis and the cyclical fluctuation of economic development, and discovers the basic contradiction of capitalist system. The capitalist system has irrationality and non-permanence, and infers the historical inevitability that capitalism will be replaced by socialism and communism.

## **3. The Practical Significance and Enlightenment of Marx’s Economic Theory**

### **3.1. Use Marx’s Economic Equilibrium Theory to Promote the Coordinated Development of China’s Economy**

The core viewpoint of Marx’s economic equilibrium theory is that the total social capital is distributed to all sectors of social and economic production in a balanced proportion, so that the total supply and total demand of the whole society are balanced, so that the economy can coordinate development. Nowadays, China’s economic overcapacity and the troika that drive economic growth: investment, consumption, and exports, the contribution rate of investment to China’s economy has remained high. Although high investment has met the urgent need for capital for economic development in the early stage of reform and

opening up and the primary stage of socialism, the transition-dependent export-oriented investment has brought some industries such as China's manufacturing and real estate to near saturation, and there is a serious excess of production capacity. In contrast, consumption has never played its leading role. Marx once said: "The final reason for all real crisis is always that the poverty of the masses and their consumption are limited. In contrast, capitalist production strives to develop productive forces. It seems that only the absolute consumption power of society is productivity. "The boundary of development", the national "Twelfth Five-Year Plan" outlines: "Building a long-term mechanism to expand domestic demand and promoting economic growth to rely on consumption, investment, and export coordination." Here, the order of investment, exports, and consumption has quietly changed. It shows the important role of consumption in China's economic development. Therefore, in the face of the imbalance of economic growth dynamics, we must use Marx's economic equilibrium theory, establish a scientific development concept, deepen the reform of the income distribution system, and achieve the internal balance of economic growth dynamics [4].

### **3.2. The Use of Marx's Theory of Social Capital Reproduction to Realize the Optimization and Upgrading of China's Industrial Structure**

Marx's theory of social capital reproduction describes the idea that the normal operation of industrial capital must maintain the balance of total and structural balance. The core content is the need to maintain the rationality of the proportional relationship between various sectors of society and between various sectors. This requires that China's economic development is not allowed to coordinate development in a proportional manner, providing a theoretical basis for China to rationally adjust the industrial structure relationship and achieve industrial structure optimization and upgrading. Since the founding of the People's Republic of China in 1949, China has experienced the proportional relationship of 1960-1965 "agricultural light and heavy", the transformation of heavy industry to processing-oriented in 1972-1982, the reversal of industrial structure in 1988-1991, and the acceleration of basic industrial development in the 1990s. In the whole stage, China's industrial structure has been greatly optimized, but there are still many problems. For a long time, China's economic growth has been driven by high investment in fixed assets such as heavy industry, while the tertiary industry with a large labor force has been developing slowly. The proportion of the secondary industry is relatively high, the proportion of the tertiary industry is relatively low, the foundation of the primary industry is weak, the income gap between urban and rural areas and residents is widening, and the gap between the rich and the poor is increasing. Therefore, on the basis of applying Marx's theory of social capital reproduction, we will vigorously develop the tertiary industry, promote development through innovation, improve independent innovation and research and development capabilities,

promote the optimization and upgrading of industrial structure, conform to the trend of economic development, and use sustainable development. Optimize ideas and develop industrial structure.

### **Conflicts of Interest**

The author declares no conflicts of interest regarding the publication of this paper.

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