The CPC's Century-Long Exploration of a Socialist Ownership System

Fang Fuqian (方福前)*
School of Economics, Renmin University of China, Beijing, China

Abstract: *Throughout its century-long history, the Communist Party of China (CPC) has been striving to explore and implement an ownership system of the means of production. Upon its founding in 1921, the Party envisioned to create a sole ownership system after the victory of the National Revolution. In war times, land issues dominated the agenda of the Party's work on the ownership structure since most of its bases and liberated areas were in the countryside. After the founding of the People's Republic of China in 1949, China established a basic socialist economic system through "one industrialization and three transformations," i.e. socialist industrialization and the transformations of agriculture, artisanal production, and capitalist industry and commerce. This nascent socialist economic system was characterized by the sole public ownership of the means of production and a highly centralized planned economy. Since the reform and opening up in 1978, the Party took bold steps to explore and reform the socialist ownership system under the principle to keep public ownership as the mainstay and allow diverse forms of ownership to develop side by side. In the new era, the Party has redefined China's basic socialist economic system by creating a mixed ownership structure at two levels with public ownership as the mainstay. China's increasing economic vitality and dynamism have witnessed the exploration and growth of this mixed ownership system.*

Keywords: *Ownership structure, sole public ownership, mixed ownership, exploration, implementation*
JEL Classification Code: P30
DOI: 10.19602/j.chinaeconomist.2022.05.03

The ownership of the means of production is the foundation for the relations of production. The form and structure of such an ownership system determine the entire relations of production and hence the nature of economic system. As a proletarian party and the pioneer of the Chinese working class, the Communist Party of China (CPC) set the goal upon its founding in 1921 to overthrow the semi-colonial and semi-feudal rule over Old China, eradicate exploitation and oppression, establish a free and equal socialist society, and ultimately realize communism. Back then, China was a large semi-colonial and semi-feudal Oriental country with very low levels of productivity and economic development. There was no precedence to follow as guidance to achieve this goal. Carl Marx and Friedrich Engels only made principal discussions without offering specific guidelines. How to establish the right form and structure of the ownership system according to China's evolving productivity and economic development became a key question for the CPC over the past century.

1. Vision upon the Party's Founding: Sole Public Ownership

An ideal goal for the Communist Party of China (CPC) upon its founding was to eradicate capitalist

* CONTACT: Fang Fuqian, email: fangfq@ruc.edu.cn.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

private ownership after seizing power and establish a sole public ownership system of the means of production. Among the CPC's founding members, there was a consensus that public ownership would replace private ownership despite different opinions on how this process should take place and how long it might take. In this respect, the views of Chen Duxiu and Li Dazhao were the most representative.

Chen Duxiu was among the earliest followers of Marxist materialistic conception of history. Upon the CPC's founding, he clearly recognized the decisive status and role of economic systems in shaping social systems. "Throughout history, all institutional changes stemmed from changing economic system... Our efforts to change the society must proceed with re-engineering the economic system,"[1] noted Chen Duxiu in a letter to Cai Hesen, an early leader of the CPC, in August 1921. Given its importance, the CPC had to envision a socialist economic system to be established for New China. According to Chen Duxiu, "socialist system boils down to the concentration of capital and the public ownership of property." The only difference with the definition of capitalism, he said, was the "public" instead of "private" ownership of property. With this change of just one word, "methods of capitalist production and distribution are transformed. Under the public ownership of property, i.e. the socialist system, the means of production are no longer owned by the few; statistical accounting for social needs prevents anarchy since all goods are manufactured to meet social needs rather than for sale."[2] From these statements, it can be learned that Chen Duxiu's vision for China's social and economic systems was "public ownership in a planned economy" rather than a commodity or market-based economy. Yet Chen also believed that the CPC would not establish a socialist economic system immediately after seizing power, and instead, a transition period would exist before completing socialist transformation. He referred to this transition period as one "towards a socialist society" characterized by the coexistence and joint development of various economic elements.

"After the success of the National Revolution, China's economic system will naturally consist of the four elements of artisanal industry and agriculture, smallholders, private capitalist mass production, and state capitalism. When we decide to adopt one economic system, it does not mean that only one system would be followed while all others prohibited. Instead, what we mean is that one economic system would become the primary production system for the whole society. In our view, China's economic development after the National Revolution may not follow private capitalism as the primary production system for the whole society whether in the objective or subjective sense; instead, state capitalism can be pursued as a transition towards non-capitalist state industries and ultimately a socialist society."[3]

Chen Duxiu considered this transition period as necessary given China's underdeveloped economy and control by foreign capital. "Needless to say, capitalist countries control every facet of China's economy from customs duties to industry and commerce, finance, transportation and mining."[4] Chen further argued that the private ownership of the means of production could not be abolished until after proletarians seize power and create a communist society in full swing. "Private ownership of property cannot be abolished unless a communist society takes hold… except that large enterprises and land would be nationalized as instructed by the *Communist Manifesto*."[5] In Chen's view, this transition period could be rather long. "It inevitably takes many years to bring private properties under public ownership after the revolution. After eliminating the system of private property, it takes even more time for private property to lose people's support."[6]

Notably, socialist state-run economy or state-owned economy was absent in the ownership structure or economic elements during the transition period "towards a socialist society" as envisioned by Chen.

---

[1] Chen, Duxiu. *Selected Articles of Chen Duxiu* (Vol.3). Beijing: Life Reading Xinzhi Sanlian Bookstore, 1984, p. 157.
[2] Chen, Duxiu. *Selected Articles of Chen Duxiu* (Vol.2). Beijing: Life Reading Xinzhi Sanlian Bookstore, 1984, pp. 291-292.
[3] Ibid 1, p. 410.
[4] Ibid 2, pp. 299-300.
[5] Ibid 2, p. 486.
[6] Ibid 2, p.46.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

"The economic nature of so-called state capitalism is subject to its political structure," he contended, "in a country where workers, farmers and other groups of the oppressed and exploited class rise in revolution, state capitalism is the only path to move away from capitalism and pursue socialist economic development."[7] In this statement, he envisioned a transition towards socialism via state capitalism. As can be learned from Chen Duxiu's above-mentioned thoughts, he seemed to regard socialism and communism as the same and interchangeable concepts without recognizing them as different yet continuous stages of social development. He believed that both socialism and communism should practice the public ownership of the means of production, leaving no place for private ownership. The roadmap of the evolving ownership of the means of production in China as envisioned by Chen can be described as follows:

Capital concentration, private property ownership (Old China)

↓

Four economic elements of state capitalism (transition stage)

↓

Capital concentration and public ownership of property (socialism and communism)

Around the May Fourth Movement in 1919, Li Dazhao explained on various occasions the inevitability for capitalist private ownership to be replaced by socialist public ownership. "The destruction of capitalism is the destruction of the private ownership system," he argued, and the new society would replace capitalist private ownership system with a "collective production system"[8] (i.e. socialist public ownership). Regarding how socialist economic system and public ownership should be established, Li called for "transforming capitalist production systems" by nationalizing all important means of production and all institutions of transaction. Specifically, "all enterprises, railways, mines, vessel companies, transportation undertakings, large manufacturing industries and major department stores owned by big capitalists should be nationalized." "All banks below national banks should be nationalized" and run by the State. National bourgeoisie industry and commerce should be treated differently. "Steps should be taken to nationalize small industrial, commercial and transportation agencies."[9]

Li Dazhao clearly recognized that a policy of redemption should be offered to the bourgeoisie class for them to join hands with the working class in building the country and developing the economy. Under the new system, "although the working class stays in power, they cannot command engineers, craftsmen and industrialists. Since class is abolished, we may cooperate with the well-intentioned former bourgeoisie class." One way to co-opt them was to pay them an "annuity compensation." As for rural land ownership and farmers, Li suggested that the "State should confiscate land from landlords" and realize "farmland ownership by farmers" and intensive large farming operations. "Except for land plots originally owned by farmers," he said, "all land should be owned by the State."[10] "After the founding of the National Revolutionary Government, if a new land policy can be introduced under the principle of land ownership by farmers, if small farms can be connected to form large farms, and if the mode of operation becomes less extensive and more intensive, then arable land will be sufficient and more efficient, and problems facing farmers throughout our history can be solved.[11]" Similar to Chen Duxiu's

[7] Chen, Duxiu. *Selected Articles of Chen Duxiu* (Vol.3). Beijing: Life Reading Xinzhi Sanlian Bookstore, 1984, p. 410.
[8] Li, Dazhao. *Collection of Li Dazhao's Writings* (Vol. 3). Beijing: the People's Press, 1984, pp. 84-85.
[9] Ibid, pp. 611-612.
[10] Ibid, p. 612.
[11] Li, Dazhao. *Collection of Li Dazhao's Writings* (Vol. 3). Beijing: the People's Press, 1984, p. 833.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

views, Li also called for realizing the planned economy based on the public ownership of the means of production. He believed that "socialism allows for the planned value appreciation of goods."[12]

As can be learned from the above discussions, both Chen Duxiu and Li Dazhao as the earliest leaders of the CPC called for realizing the public ownership of the means of production as a prerequisite for a socialist society. While Chen believed that a relatively long transition period was required for achieving such public ownership after the working class seized power, Li considered it necessary for big capitalists and national capital to be treated differently.

As historic literature suggests, Chen and Li's vision for the "transition period" and "differentiated treatment" were not fully adopted by the CPC's founders. In its nascent stage, the CPC appeared to envision a sole public ownership of the means of production after the victory of the proletarian revolution, as manifested in the resolutions of the first three CPC National Congresses or the Party's programs.

In November 1920, the CPC drafted the *Manifesto of the Communist Party of China* on the eve of its first national congress. As noted in paragraph 1 of Article 1 *The Ideal of Communists*, "Views regarding the economy: Communists call for bringing the means of production - such as machines, factories, raw materials, land and transportation agencies - under the common ownership and use by the whole society."[13] The expression of "common ownership and use" was revised into "public ownership of the means of production" in the *Draft Constitution of the Communist Party of China*. The *Constitution of the Communist Party of China (Party Constitution)* adopted at the First CPC National Congress contained four articles, and Article 3 called for "eradicating capitalist private ownership and confiscating the means of production such as machines, land, factories and semifinished products." The *Declaration of the Second CPC National Congress* stipulated that the CPC's goal was to "organize the proletarian class to establish the politics of workers' and farmers' dictatorship through class struggle, eradicate the private property system, and gradually build a communist society."[14] Obviously, the first two CPC National Congresses both identified the public ownership of the means of production including land as the goal and priority after the victory of the revolution. Notably, this expression put "eradicate the private property system" before "gradually build a communist society."

The Party's vision for establishing a sole public ownership system for all the means of production put forth in its nascent stage primarily stemmed from the ideas of Carl Marx and Friedrich Engels in the *Communist Manifesto* of 1848. This idea stemmed from a famous slogan in the *Communist Manifesto*: "Communists may summarize its theories in one statement: to eradicate private ownership."[15] Yet this conclusion was drawn based on their analyses of the basic contradiction between productivity and the relations of production and increasingly fierce class struggles in capitalist countries of Western Europe, where full-fledged capitalism and acute social contradictions created the material foundation and class strength for socialism (communism) to replace capitalist systems.

Upon the CPC's founding, however, China was still a semi-colonial and semi-feudal society where capitalism had yet to develop. More importantly, the full expression made by Marx and Engels was that "In this sense, Communists may summarize their theory into one statement: to eradicate private ownership." To put "in this sense" into context, the preceding statement is that the "communism is characterized by abolishing the capitalist ownership rather than ownership in the ordinary sense... Modern capitalist private ownership is the ultimate and complete manifestation of the manufacturing and possession of

---

[12] Ibid, p. 670.

[13] Database of the CPC national congress, http://cpc.people.com.cn/img/17dadata/images/10.jpg.

[14] Database of the CPC national congress.

[15] The Central Compilation and Translation Bureau for Works of Marx, Engels, Lenin, and Stalin. *Marx Engels Selected Works* (Vol.1). Beijing: the People's Press, 1995, p. 286.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

products based on class antagonism and the exploitation imposed by some people upon others."[16] From this statement, it can be learned that the *Communist Manifesto* called for abolishing the modern capitalist private ownership based on the antagonism between the capitalist class and the working class stemming from the employment and exploitation of labor by capitalists rather than private ownership in the general sense.

In the first half of the 20th century, the "modern capitalist private ownership system" that the *Communist Manifesto* vowed to abolish did not even take shape in China. Moreover, our understanding of the basic principles of Marxism cannot be confined to one statement or paragraph and should instead be based on Marx and Engels's relevant statements and the context and conditions of an opinion in order to be complete and accurate. Otherwise, mistakes like dogmatism, bookishness and mechanical application cannot be avoided.

In the Preface of the 1872 German-language edition of the *Communist Manifesto*, Carl Marx and Friedrich Engels admonished the readers that the "actual application of these principles, as stated in the *Manifesto*, should change according to current conditions." The *Communist Manifesto* called for "eradicating private ownership" but did not claim to eradicate all forms of private ownership immediately after the proletarian class seized power, and still less did it specify how and through what transition stage should public ownership replace private ownership. Despite their knowledge of basic Marxist principles and awareness of China's national conditions, the CPC's founders were still making initial explorations in applying Carl Marx and Friedrich Engels's into the practice of the Chinese revolution upon the founding of the CPC.

2. Wartime Era: Ownership Explorations Surrounding Land Issues

After the Nanchang Uprising on August 1, 1927 and the Autumn Harvest Uprising, the CPC created its own army and base, which unveiled a new chapter of the CPC's independent leadership of armed revolutions to overthrow Old Society and establish a new government.

During the Land Revolution (1927-1937), Chinese communists focused on developing their strengths, expanding the revolutionary bases, and eliminating enemy forces. Under this priority, economic work centered around developing production in the revolutionary bases to collect food and raise funds. Since most bases were in the countryside, the Party focused on the land system in exploring and practicing an ownership system of the means of production.

On August 7, 1927, the CPC Central Committee held an emergency meeting in Hankou, which adopted the general principle of land revolution and armed resistance against Kuomintang reactionaries. The August 7 Meeting unveiled a new era of confiscating land from landlords and the redistributing land to landless farmers under the CPC's independent leadership.

In December 1928, the CPC enacted the first *Land Law* at Jinggangshan Highlands, which said that "all land shall be confiscated and possessed by the Chinese Soviet Government," that farmers could cultivate land individually or collectively, and that "the sales and purchase of land shall be prohibited after the land plots are confiscated and distributed by the Chinese Soviet Government."[17] In hindsight, this *Land Law* was marred by inexperience: The CPC's knowledge about rural economic conditions was inaccurate and key clauses were radical and wrong. According to this *Law*, all land - and not just the land of landlords - should be confiscated; land should be owned by the Chinese Soviet Government rather than farmers or farmer collectives, who only had the right of land use (farming right). The *Law* was intended to establish the government (Soviet) ownership of land. Obviously, such land ownership reform

[16] The Central Compilation and Translation Bureau for Works of Marx, Engels, Lenin, and Stalin. *Marx Engels Selected Works* (Vol.1). Beijing: the People's Press, 1995, p. 286.

[17] Literature Research Center of the CPC Central Committee. *Collected Works of Mao Zedong* (Vol.1). Beijing: the People's Press, 1993, p. 49.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

would discourage farmers from supporting the revolution. These mistakes and radical measures later became gradually corrected. The *Ten Political Programs for the Current Stage of the Chinese Revolution* adopted at the Sixth CPC National Congress held in Moscow in June and July 1928 called for "confiscating enterprises and banks funded with foreign capital" and "confiscating all land from the landlord class and returning farmland to farmers." The statement that "all land shall be confiscated and possessed by the Chinese Soviet Government" was no longer mentioned.

To delve into the reality of farmers and the countryside and rectify the mistakes of subjectivism and bookishness, Comrade Mao Zedong conducted a series of surveys during the Jinggangshan period on the basis of his survey of farmers' movement in Hunan Province from January to February 1927. These surveys were carried out at various localities, including Xunwu, Xingguo, Dongtang, Changgang townships and Caixi township, followed by supplementary surveys in Ninggang and Yongxin counties in 1928. On April 2, 1931, Mao Zedong published a "Notice on the Survey of Population and Land Status" in the name of Director of the General Political Affairs Department of the Central Revolutionary Military Committee, calling upon Party organizations and the military to survey rural population and land. Those surveys on the economic conditions, the masses and the class strength in revolutionary bases served as reference for improving rural land system and developing the economy, the Party, and the revolutionary armed forces led by the Party.

Soon after the Central Red Army arrived at Northern Shaanxi Province after the Long March, the Central Executive Committee of the Chinese Soviet Republic issued the *Order on the Change of Policy towards Rich Farmers* on December 15, 1935 with the intention to mobilize all forces to fight Japanese aggressors and reactionaries. The *Order* stipulated that "for the land of rich farmers, except those leased to tenant farmers at high rents as in the old feudalistic ways, which shall be confiscated as from landlords, all land plots of rich farmers, self-cultivated or operated by hired hands, shall be exempt from confiscation regardless of the quality of land." "Movable properties, cattle and tillage implements of rich farmers, except those leased at a usuary to deprived farmers, shall not be confiscated." "Except for the universal progressive tax, no local government may levy any tax on or request special donations from rich farmers." "Government at all levels shall guarantee the freedom of rich farmers to operate industry and commerce and hire laborers as long as such rich farmers are not in violation of Soviet laws."[18]

In February 1937, the CPC called for "ceasing to confiscate land from landlords across the country" in a telegraph entitled *To Kuomintang's Third Plenary Session* in the interest of establishing the Chinese United Front against Japanese Aggression, and took the lead to cease the landlord land confiscation movement in Shaanxi-Gansu-Ningxia border region.

On August 25,1937, the Luochuan Conference of the Politburo of the CPC Central Committee adopted the *Ten Programs for Resisting Japanese Aggression and Saving the Country*, calling for lowering rents for tenant farmers as a basic policy for addressing land issues facing farmers. In his article *Various Policies that Should be Implemented by the Anti-Japanese Resistance Bases* published in December 1940, Mao Zedong suggested that while reducing land rents to form a broad united front against Japanese aggression, "we should guarantee the land ownership of landlords and in principle, make no change to the operations of rich farmers," and admonished the whole Party not to commit leftist mistakes on the land system.[19]

On January 28, 1942, the Politburo of the CPC Central Committee further put forth the principle to "reward rich farmers to develop production and unite rich farmers." While recognizing the capitalist nature of rich farmers' mode of production and identifying rich farmers as the bourgeoisie class in the countryside, this decision also noted that rich farmers were an indispensable force in resisting Japanese

[18] Literature Research Center of the CPC Central Committee. Collected Works of Mao Zedong (Vol.1). Beijing: the People's Press, 1993, pp. 374-375.

[19] Literature Research Center of the CPC Central Committee. Collected Works of Mao Zedong (Vol.2). Beijing: the People's Press, 1993, p. 320.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

aggression and maintaining production. In addition to resisting Japanese aggression, rich farmers also demanded their democratic rights. Instead of weakening the class of the rich farmers and their production, the Party's policy should reward rich farmers for production and unite them while improving workers' living conditions.

With the victory of the War against Japanese Aggression and the beginning of the Liberation War, strife between the CPC and Kuomintang became the primary contradiction. With changing priorities and goals, the CPC adjusted its land policy. On May 4, 1946, the CPC Central Committee released *Instructions on Land Issues* (a.k.a. the *Instructions on the Settlement of Rent Cuts and Land Issues* of the CPC Central Committee, or the "*May 4 Instructions*") to change the policy of reducing rent and lowering interest rate into the confiscation and redistribution of land from landlords to farmers. The *May 4 Instructions* opened a new chapter of land legislation and revolution in the liberated areas.

On September 13, 1947, the CPC's National Land Conference adopted the *Outline of China's Land Law*, which came into force as of October 10 in the same year. The *Outline of China's Land Law* stipulated that the feudal and semi-feudal exploitative land system shall be abolished, and that land shall be allocated to the tillers. Land properties shall be confiscated from landlords, and surplus land properties shall be taken from rich farmers; the land ownership rights of all ancestral halls, temples, monasteries, schools and organizations, together with all debts of the countryside owed before the land reform, shall be abolished; land plots shall be allocated by individual townships or villages to farmer households as evenly as possible in terms of amount and quality. All land deeds and debt agreements before the land reform shall be revoked; the properties and other businesses of industrialists and commercialists shall be protected under the law and free from infringement. The *Outline of China's Land Law* was enacted based on the CPC's lessons and experiences over the two decades of land revolution, evolving domestic and international situations, and the development goals of the new government. It laid the legislative groundwork for eradicating the feudal and semi-feudal land ownership and exploitative systems across the country.

Over the years of revolutionary struggles and economic development, Chinese communists led by Comrade Mao Zedong became aware of the semi-colonial and semi-feudal nature of the Chinese society, of China's reality as a populous and less developed country in stark poverty, and of the importance for the working class to unite farmers, the petty bourgeoisie class, and the national bourgeoisie class for the victory of the New Democratic Revolution. Chinese communists also recognized that the relations of production must be compatible with and thus conducive to productivity, and that new economic systems must suit China's national conditions, meet people's needs and promote economic development. As the victory of the Liberation War appeared within reach, Chinese communists shifted their attention from land to other production factors such as capital, labor and entrepreneurs. They started to analyze different economic elements to adopt targeted and differentiated revolutionary and reform programs and policies. Work was also underway to design the ownership form and structure of the means of production under the new government.

In his report entitled *Current Situation and Our Tasks* delivered at Yangjiagou Village in Mizhi County, Northern Shaanxi in December 1947, Comrade Mao Zedong elaborated the *Three Economic Programs of the New Democratic Revolution*: "land should be confiscated from the feudal class and given to farmers; monopolistic capital led by Chiang Kai-shek, Soong Tzu-wen, Kung Hsiang-hsi and Chen Li-fu should be confiscated by the New Democratic Government; and national industry and commerce should be protected."[20]

Unlike the Party's economic goals put forth at its first and second national congresses, these economic programs were intended to redesign the ownership and economic systems of New China

[20] Mao Zedong. Selected Works of Mao Zedong (Vol.4). Beijing: the People's Press, 1991, p. 1253.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

according to its national conditions. At the Second Plenum of the Seventh CPC Central Committee held in March 1949, Mao Zedong further laid out the vision for an ownership structure or economic system with five co-existing economic elements, i.e. state-run economy, cooperative economy, individual economy, private capitalist economy, and state capitalist economy. "State-run economy is socialist, and cooperative economy is semi-socialist in nature," he said, "these plus private capitalism, individual economy and the state capitalist economy with public-private cooperation are the key economic elements of the People's Republic of China, and constitute the economic form of new democratism."[21] Unlike Chen Duxiu's earlier vision of the four types of ownership, Mao Zedong's design of an ownership structure consisting of five economic elements contains socialist state-run economy and semi-socialist cooperative economy. The *Common Program of the Chinese People's Political Consultative Conference* (a *de facto* interim constitution) instituted on the eve of the founding of the People's Republic of China in 1949 once again identified the five types of economic ownership as the economic elements of the People's Republic of China.

As can be seen from the above discussions, the Communist Party of China started with land issues in addressing ownership issues as it entered China's political stage in the wartime. Land ownership and land reform were major concerns during the Second Revolutionary Civil War, the War against Japanese Aggression, and the early stage of the Liberation War. Our Party's approach to land ownership differed across those three stages, and such difference stemmed from evolving primary social contradiction, potential revolutionary forces, and the goals and needs of political and military struggles in various stages. In exploring the land system, our Party made detours and mistakes. By systematically learning Marxist theories, drawing upon the lessons of the Soviet Union's ownership reform, and in particular, investigating the nature, conditions and economic status of the Chinese society for close to three decades (1921-1949), Chinese communists led by Comrade Mao Zedong envisioned the ownership form and structure of the means of production in the early stage of the founding of New China.

3. "One Industrialization and Three Transformations": Create the Sole Public Ownership System

The period from the founding of the People's Republic of China in October 1949 to the end of 1952 saw an economic recovery of New China. In this period, our Party confiscated bureaucratic capital as a chief initiative to reform the ownership of the means of production, transformed state-run enterprises, and carried out all-round land reforms. This recovery period was followed by a transition towards a socialist society. From the second half of 1952 to 1953, Comrade Mao Zedong stressed on various occasions that "in a rather long period, we should take steps to achieve the country's socialist industrialization and complete the socialist reforms of agriculture, artisanal production and capitalist industry and commerce"[22] as the general line and task for the transition period.

The socialist transformation of agriculture and artisanal production aimed to transform individual farming and artisanal production into the cooperative economy. Private capitalist industry, commerce and financial industry were transformed into socialist enterprises owned by the whole people in the form of state capitalism. Those enterprises ranged from processing to marketing, state monopoly of the purchase and sale of products, consignment distribution, as well as public-private joint ventures. Through "one industrialization and three transformations," China implemented the public ownership of the means of production in the form of ownership by the whole people and collective ownership, putting an end to private capital ownership and individual ownership. By 1956, China had basically established a basic socialist economic system.

[21] Collected Works of Mao Zedong(Vol.4), p. 1433.
[22] Collected Works of Mao Zedong(Vol.6), p. 316.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

Such public ownership and socialist systems reflect unique characteristics. For instance, the redemption of national capital, agricultural collectivization and individual industry and commerce followed a gradualist path of transformation from primary to advanced cooperatives. This basic system, however, was still modelled after the Soviet Socialist economic system after the October Revolution and characterized by the sole public ownership of the means of production (including ownership by the whole people and their collective ownership) and a highly centralized planned economy. By 1956, China's agriculture and countryside had completely established the collective ownership of land, production and operation. In the industrial economy, enterprises owned by the whole people, collectively owned enterprises and public-private joint ventures accounted for 54.5%, 17.1% and 27.2%, respectively, and private and individual enterprises only made up 0.04% and 1.2%. In 1949, these five ratios were 26.2%, 0.5%, 1.6%, 48.7% and 23.0% (Table 1).

In the decade from 1956 to 1966, our Party became aware of the flaws of the Soviet-type sole ownership structure and the highly centralized planned economic and administrative systems, and took corrective actions. In his article *On the Ten Major Relationships* published in 1956, Comrade Mao Zedong called for balancing the relationship among the State, the units of production and producers. "It's not right, I'm afraid, to place everything in the hands of the central or the provincial and municipal authorities without leaving the factories any power of their own, any room for independent action, any benefits... There must be both centralization and independence... Every unit of production must enjoy independence as the correlative of centralization if it is to develop more vigorously."[23]

In his report entitled *Concerning New Problems Emerging after the Climax of the Transformation of Capitalist Industry and Commerce* delivered at the Eighth CPC National Congress, Chen Yun envisioned China's socialist economy after the "industrialization and three transformations" as follows: "Regarding industrial and commercial operations, state and collective operations should serve as the mainstay of industry and commerce, but there should also be a certain extent of individual operations. Such individual operations are a supplement to state and collective operations. Regarding production planning, most industrial and agricultural production across the country takes place according to plans, but some products are manufactured freely according to market changes within a permitted scope of state planning. Planned production is the mainstay of industrial and agricultural production, and free production according to market changes within the permitted scope of state planning serves a supplement to planned production. Regarding the socialist unified market, the national market is the mainstay, but the state-led free market within a certain scope serves as a supplement to the national market and forms a part of the unified socialist market."[24] The *Resolution of the Eighth CPC National Congress* adopted

Table 1: Changing Shares of Various Economic Elements in China's Gross Industrial Output (%)

Year	Total	Industrial enterprises owned by the whole people	Collectively owned industrial enterprises	Public-private joint ventures	Private industrial enterprises	Individual industrial enterprises
1949	100	26.2	0.5	1.6	48.7	23.0
1952	100	41.5	3.3	4.0	30.6	20.6
1956	100	54.5	17.1	27.2	0.04	1.2
1957	100	53.8	19.0	26.3	0.1	0.8

Source: *China Statistical Yearbook (1984)*.

[23] Literature Research Center of the CPC Central Committee. *Collected Works of Mao Zedong* (Vol.7). Beijing: the People's Press, 1999, p. 29.

[24] The Document Editing Committee of the CPC Central Committee. *Collected Works of Chen Yun*(Vol.3). Beijing: The People's Press, 1995. Inside the book, the title of this report has been changed into "New Problems after the Basic Completion of Socialist Transformations."

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

Comrade Chen Yun's "Three Mainstays, Three Supplements" suggestion.

While taking stock of lessons and experiences, Mao Zedong's article and Chen Yun's report touched upon the problems and contradictions of the sole ownership system and highly centralized planned economic system. They made preliminary explorations and developed initial ideas on the reform and adjustment of socialist ownership structure of the means of production and pathways for reforming and adjusting the economic system. Yet the incompatibility of sole ownership and planned economic systems with the level of China's productivity was not clearly recognized in theory, and no major reform or adjustment was made to the sole ownership system and its structure arising from the "one industrialization and three transformations." In the subsequent decade-long Cultural Revolution, political movements overrode other priorities. There emerged an extreme leftist fervor that "we prefer socialist grass to capitalist rice." As a result, explorations on the ownership form and structure of the means of production came to a halt.

"One industrialization and three transformations" was a campaign to overhaul the ownership system of the means of production and economic systems left over from Old China. It laid the groundwork for China's basic socialist economic system with the public ownership of the means of production as the mainstay. As a revolution of economic systems and the relations of production, "one industrialization and three transformations" put an end to the control of China's economy by foreign capital and the monopolies of the Four Major Families in Old China, eradicated inequalities in which capitalists exploited workers and landowners exploited peasants, and turned working people into the masters of their own country. This campaign laid the institutional foundation for China's social and economic development.

By practical standards, China's socialist transformation has yielded great achievements. Great endeavors were made to revolutionize the old relations of production and establish new relations of production. Yet "one industrialization and three transformations" was carried out with flaws. First, it followed a hasty rather than gradualist approach in establishing the public ownership of the means of production and the basic socialist economic system. Originally, Comrade Mao Zedong envisioned to "in a rather long period, we should take steps to achieve" socialist transformation, and our Party planned to complete socialist transition with two to four "five-year plans." But in reality, this transformation only took three to four years. The relations of production and economic systems created in a rush could hardly meet the needs of productivity and economic reality. Although political or institutional revolutions could vastly unleash productivity, the development of productivity is a continuous process, and it takes time for the new relations of productivity to suit and promote productivity.

The second problem was the pursuit of a high degree of purity in the public ownership of the means of production. After "one industrialization and three transformations," ownership by the whole people and collective ownership represented 90.1% and 9.9% of China's industrial economy, and private and individual enterprises ceased to exist. Collective land ownership was achieved in the agricultural economy, and People's Communes were established throughout the countryside. Such "pure public ownership" was premature for China considering its poor productivity at the time.

From history one may draw lessons to guide future development. It is not advisable, however, to be critical of our predecessors in hindsight. Despite the mistakes, "one industrialization and three transformations" and "pure public ownership" were unavoidable at the time. There was no blueprint nor precedence to follow in establishing a socialist system in China, a semi-colonial and semi-feudal country with backward productivity and economic development. The prerequisites and material foundation for replacing private ownership with socialist public ownership envisioned in Marxism as our guiding ideology were rather different from China's actual conditions. Despite the Soviet Union's experience in creating a socialist system, the October Revolution was accomplished almost overnight, and the former Soviet Union's national conditions before the October Revolution were in no way similar to Old China's. As it turned out, the Soviet model of socialist public ownership and the social system based upon such public ownership were intrinsically flawed and destined to fail. Despite the mistakes, it was a great

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

endeavor for the Chinese communists to explore an ownership system of the means of production in the early stage after the founding of New China were made in a great exploration. Those mistakes were unavoidable twists and turns in the innovation of economic systems.

Our Party started to realize that the pure public ownership of the means of production was incompatible with China's level of production and socio-economic development needs at the time. Such realization sowed the seeds for reform and opening up.

4. Reform and Opening up: A Bold Exploration of Ownership Structure

The re-examination of the Cultural Revolution at the Third Plenum of the 11th CPC Central Committee brought our Party back to the ideological line of seeking truth from facts and the right track of concentrating on economic development and socialist modernization. After the decade-long civil unrest and extreme leftist fervor in the Cultural Revolution, we found that China's economic gaps with the developed world had widened, that China's status in the world economy had declined, and that numerous people in China still lacked food and clothing. Table 2 is a comparison of GDP per capita between China and a few countries in 1965 and 1977, respectively.

As shown in Table 2, China's GDP per capita less than doubled from 1965 to 1977 with the least growth rate among listed countries and regions. Over the decade of the Cultural Revolution (1966-1976), China's income per capita gaps with capitalist powers further widened. More unnervingly, world average GDP per capita increased by 1.92 times from 591.72 US dollars to 1,729.56 US dollars from 1965 to 1977 while China's only increased by 0.88 times, or less than half of world average growth multiple. China's GDP as a share of global GDP shrank by 1.2 percentage points from 3.6% in 1965 to 2.4% in 1977.

At the opening ceremony of the National Science Conference held on March 18, 1978, Comrade Deng Xiaoping made the following comments on China's productivity and economic conditions: "What is our current level of production technology like? There are hundreds of millions of people without enough food to eat. Food shortage is not solved in real earnest. Labor productivity of our iron and steel industry is a fraction of foreign advanced level. In terms of emerging industries, we lag further behind. In this respect, eight to ten years or even three to five years behind are a significant gap, not to mention ten to twenty years behind."[25] In 1978, he stressed on various occasions in his conversations with foreign

Table 2: Comparison of GDP per Capita with Some Countries and Regions in 1965 and 1977 (USD, current-year dollar price)

Country and region	1965	1977	1977/1965	Growth multiple
US	3,827.53	9,452.58	2.47	1.47
UK	1,873.57	4,681.44	2.50	1.50
Japan	919.78	6,335.79	6.89	5.89
Singapore	516.54	2,846.34	5.51	4.51
OECD	1,799.63	5,784.58	3.21	2.21
S. Korea	108.72	1,055.88	9.71	8.71
China	98.49	185.42	1.88	0.88
Chinese Hong Kong	676.81	3,429.42	5.07	4.07

Source: World Bank Open Data: World Development Indicators, December 16, 2020.

[25] Deng, Xiaoping. Selected Works of Deng Xiaoping (Vol. 2). Beijing: the People's Press, 1994, p.90.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

guests that "China remains a poor country."

The question was what could be done to lift China out of poverty. Our Party's answer was to reform and open up, and in particular, reform the relations of production and the superstructure incompatible with the level of productivity development. It was also important to introduce advanced foreign technology, equipment, managerial expertise, and results of philosophical and social research. China's socialist modernization and development should be expedited through reform and opening up. This was a right choice of our Party based on our country's productivity and socialist development stage. Sole public ownership and the highly centralized planned economy led to egalitarianism, separated rights from responsibilities, and imposed rigid and excessive control. Lack of incentives to enterprises and individuals and suppression of market development dampened economic efficiency and vibrancy.

At the Central Work Conference on the eve of the Third Plenum of the 11th CPC Central Committee in December 1978, Comrade Deng Xiaoping called upon the whole Party to liberate the mind, seek truth from facts, and "properly reform the relations of production and superstructure incompatible with the rapid development of productivity."[26] In March 1979, Deng Xiaoping noted that "Our level of productivity development is at a very low level and far from satisfying the needs of the people and the country. This is the principal contradiction in the current stage, and solving this principal contradiction is our central task."[27] The Sixth Plenum of the 11th CPC Central Committee in June 1981 made the judgment that China remains at the primary stage of socialism. The Sixth Plenum of the 11th CPC Central Committee adopted the *Resolution on Certain Historical Issues of the Party since the Founding of the People's Republic of China*, which stressed that the "change and improvement of socialist relations of production must suit the level of productivity and create favorable conditions for production."[28]

This series of insights and assessments have unified the whole Party's ideology and set the scene for the ownership reform of the means of production and broader economic reforms. The *Resolution* of the Sixth Plenum of the 11th CPC Central Committee for the first time laid out an entry point for China's ownership and economic reforms: "There is no fixed model for the development of socialist relations of production, and our task is to create the specific form of the relations of production compatible with China's productivity development in each stage"; "we should vigorously develop the socialist production and exchange of commodities"; "workers' individual economy within a certain range is a necessary supplement to the public ownership of economy"; "we must implement a planned economy based on public ownership while leveraging the supplementary role of market regulation."[29] The 13th CPC National Congress systematically elaborated the theory of the primary stage of socialism.

Based on the insights on China's development stage, Comrade Deng Xiaoping noted in October 1979 that excessive regulation of such economic activities as introducing foreign capital "stems from problems in the superstructure and problems with systems and policies," and he called for increasing enterprise autonomy by all means.[30] "Why cannot socialism practice market economy? We cannot call this capitalism," said Comrade Deng Xiaoping in the same year. "We advocate a dominant planned economy combined with a market economy, but it should be a socialist market economy."[31] In our view, the market economy mentioned by Deng Xiaoping in 1979 was not the market-based economy in the sense of resource allocation as he later referred to during his tour to southern China. It was not the market-based economy in the sense of economic systems. The concept of market economy he mentioned back then referred to capitalist economic elements to be introduced through foreign capital.

---

[26] Deng, Xiaoping. *Selected Works of Deng Xiaoping* (Vol. 2). Beijing: the People's Press, 1994, p.141.

[27] Ibid, p.182.

[28] Literature Research Center of the CPC Central Committee. Anthology of Major Documents in Three Decades Since Reform and Opening up in 1978 (Vol.1). Beijing: the Central Literature Press, 2008, p.213.

[29] Ibid, p. 213.

[30] Deng, Xiaoping. *Selected Works of Deng Xiaoping* (Vol. 2). Beijing: the People's Press, 1994, p.200.

[31] Selected Works of Deng Xiaoping (Vol.2), p.236.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

While China's reform of the ownership of the means of production in agriculture and countryside started with a land contract system first experimented at Xiaogang Village, Anhui Province, such reform for cities and industries started with the introduction of foreign capital. While foreign capital brought to an end China's sole public ownership, the development of individual economy, private economy and other economic elements fostered new economic elements or forms of ownership in China's economic system, thus rewriting the ownership system of the means of production both externally and internally.

Enacted at the Third Plenum of the 12th CPC Central Committee in October 1984, the *Decision of the CPC Central Committee on Economic Restructuring* broke through the traditional concept of antagonizing planned economy with commodity economy by defining socialist economy as a commodity economy with planning based on public ownership. It officially recognized the lawfulness of individual economy and the necessity to develop various forms of economy. According to the *Decision*, "under the guidance of national policies and plans, we should adopt the principle of mobilizing the State, collectives and individuals, and develop various economic forms and modes of operation; under the principles of independence, self-reliance, equality and mutual benefit, and mutual credibility, we should actively develop foreign economic cooperation and technical exchanges."[32] "China's individual economy is correlated with socialist public ownership. Unlike the individual economy associated with capitalist private ownership, China's individual economy is a necessary and beneficial complement to the socialist economy and is subordinate to the socialist economy."[33] Since then, thriving private economy has reshaped China's economic structure and diversified the ownership of the means of production, giving rise to China's socialist economic system with public ownership as the mainstay and allowing diverse forms of ownership to develop side by side.

The 14th CPC National Congress adopted the goal of reform to establish a socialist market economic system, and put forth an ownership reform program of "public ownership as mainstay with diverse forms of ownership as supplement." Specifically, "regarding ownership structure, we should keep public ownership - including ownership by the whole people and collective ownership - as the mainstay and individual economy, private economy and foreign-funded economy as supplement, allowing diverse economic elements to develop side by side and engage in various forms of joint ventures."[34]

Adopted at the Third Plenum of the 14th CPC Central Committee, the *Decision of the Central Committee of the Chinese Communist Party on Matters Concerning the Establishment of the Socialist Market Economic System* further called for "encouraging the development of individual economy, private economy and foreign-funded economy while actively developing the state and collective sectors of economy and strengthening administration in accordance with the law." "Government should create conditions for the equal participation of economic actors of all ownership types in market competition and treat all enterprises equally."[35]

In 1993, the *Amendment to the Constitution* included articles on the role and status of the non-public economy. In September 1997, the Report to the 15th CPC National Congress defined "keeping public ownership as the mainstay and allowing diverse forms of ownership to develop side by side" as a basic economic system of socialism. After the 15th CPC National Congress, China adopted the SOE reform strategy of "controlling the large and giving a free hand to the small." On the basis of strengthening critical and large SOEs, the government relaxed control over SOEs in general production sectors, thus broadening the market space for the private economy to thrive.

In September 2002, the 16th CPC National Congress adopted the "two must-unswervingly" principle, i.e. we must unswervingly consolidate and develop the public sector of the economy and develop the

[32] "The Decision of the CPC Central Committee on Economic Restructuring." the People's Daily, October 21, 1984.
[33] Ibid.
[34] Literature Research Center of the CPC Central Committee. Anthology of Major Documents Since the 14th CPC National Congress (Vol.1). Beijing: the Central Literature Press, 1996, p. 17.
[35] Ibid, p. 458.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

state sector of the economy; we must unswervingly encourage, support and guide the development of the public sector of the economy, and recognize "individual, private and various other forms of non-public sectors of the economy as important forces underpinning China's social productivity development." Adopted at the Third Plenum of the 16th CPC Central Committee, the *Decision of the Central Committee of the Communist Party of China on Matters Concerning the Improvement of the Socialist Market Economic System* further called for "vigorously developing and actively guiding non-public sectors of the economy" on the basis of further strengthening the public sector of the economy. It also recognized "individual, private and other non-public sectors of economy as important forces of China's social productivity development," and called for "protecting private property rights and developing non-public sectors of the economy." The transition from "encouraging the non-public sectors of the economy" to " vigorously developing the non-public sectors of the economy" marks China's deepening ownership reform. In October 2007, the Report to the 17th CPC National Congress further adopted the principle to "adhere to the equal protection of property rights and form a new pattern of equal competition and mutual advancement between economic sectors with various forms of ownership."

Unveiled since the Third Plenum of the 11th CPC Central Committee, China's reform and opening up have revolutionized the relations of production and economic systems. Reform and opening up are a process of innovating and restructuring the ownership of the means of production to invigorate non-public economic elements and improve the quality and efficiency of the public sector of the economy with SOEs as microscopic entities. As market-oriented reforms eliminated egalitarianism and integrated the rights, responsibilities and interests of economic activities, people's desire to better their lives turned into an incentive for economic activity. Increasing motivations, creativity and productivity have transformed China's social and economic landscapes. From 1978 to 2012, China's GDP grew by 23.5 times, up 9.94% on an annual average basis, value-added from the secondary industry increased by 37.4 times, and value-added from the tertiary industry rose by 31.9 times. From 1978 to 2012, world average GDP per capita increased from 2,005.50 US dollars to 10,607.44 US dollars, up 5.3 times. During the same period, China's GDP per capita increased from 156.40 US dollars to 6,316.92 US dollars, up 17.12 times, which was far higher than the growth multiples of GDP per capita in the countries and regions as listed in Table 3. By 2012, China's GDP as a share of world total rose to 11.3%.

5. Towards the New Era: New Explorations of Ownership Reform and Structure

Since the 18th CPC National Congress, socialism with Chinese characteristics has entered a new

Table 3: Comparison of GDP per Capita of Some Countries and Regions in 1978 and 2012 (in US dollars at the current dollar price)

Country and region	1978	2012	2012/1978	Growth multiple
US	10,564.95	51,610.61	4.89	3.89
UK	5,976.94	42,462.77	7.10	6.10
Japan	8,821.84	48,603.48	5.51	4.51
Singapore	3,193.91	55,546.49	17.39	16.39
OECD	6,894.75	37,190.15	5.39	4.39
S. Korea	14,05.82	25,466.76	9.71	8.71
Chinese mainland	156.40	6,316.92	18.12	17.12
Chinese Hong Kong	3,923.94	36,730.88	9.36	8.36

Source: World Bank Open Data: World Development Indicators, Dec., 16 2020.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

era. Great transformations have occurred in the level of China's productivity and socio-economic development, as well as its principal social contradiction. Upon the founding of the People's Republic of China in 1949, the Chinese people rose to their feet after a century of subjugation and turmoil. Since reform and opening up in 1978, China has become a more prosperous and stronger country. In the new era, Chinese communists have made new explorations in the form and structure of ownership system.

While highlighting the "two unswervingly," the Report to the 18th CPC National Congress further called for "ensuring equal access to production factors, fair participation in market competition, and equal protection under the law for economic entities of all ownership types." This statement elevated the coexistence and common development of various forms of ownership and economic elements from policy to legislative level. Adopted at the Third Plenum of the 18th CPC Central Committee, the *Decisions of the CPC Central Committee on Comprehensively Deepening Reforms* identified "keeping public ownership as the mainstay and encouraging various kinds of economic ownership to develop side by side" as China's basic economic system. For the first time, the non-public sectors of the economy and the public sector of economy were mentioned with equally important status in China's policy document, which stressed that "both the public and non-public sectors of the economy are important components of socialist market economy and an important foundation for China's socio-economic development."[36]

In the past, we regarded the private sector or the non-public of the economy as capitalist in nature, incompatible with the socialist economy, and "outside the system." The *Decisions of the Third Plenum of the 18th CPC Central Committee* recognized the private or non-public sectors of the economy as "intra-system" components of the basic socialist economic system, which is a major ideological and theoretical change. On the basis of the concept of mixed ownership put forth at the 15th CPC National Congress, the *Decision of Third Plenum of the 18th CPC Central Committee* officially recognized mixed ownership as an important form of realization of the basic economic system with Chinese characteristics, and called for "proactively developing mixed ownership economy." "Mixed ownership economy with cross-shareholding between state capital, collective capital and non-public capital is an important form of realization of the basic economic system, and is conducive to improving the functions, value maintenance and appreciation and competitiveness of state capital, and the mutual complementarity and common development of capital of various types of ownership. More state-owned economic entities should be allowed to develop with other ownership forms of economy into mixed ownership economy."[37] This statement indicates that our Party's understanding of ownership system in the current stage of socialism has reached a new level.

Recent years have seen controversies on the "advancement of the state sector and retreat of the private sector," "exit of the private economy" and even the "elimination of private ownership," and some entrepreneurs worried about their future prospects. On November 1, 2018, Comrade Xi Jinping convened a meeting with entrepreneurs, and stressed that "it has been a consistent policy of the CPC Central Committee to support the development of private enterprises, which will not swerve."[38] He fully recognized the important status and role of the private sector of the economy and described the contribution of the private sector to the economy as "56789", i.e. the private sector contributes over 50% of China's tax revenue, over 60% of China's GDP, over 70% of technology innovations, over 80% of urban jobs, and over 90% of enterprises.[39] Comrade Xi Jinping further stressed that the "private economy is an essential element of China's economic system, and private enterprises and entrepreneurs belong to our own family. As an important part of socialist market economy, the private economy is a backbone

[36] "The Decision of the CPC Central Committee on Economic Restructuring." *the People's Daily*, October 21, 1984, p. 8.

[37] Editing Group of the CPC Central Committee. *Decision of the CPC Central Committee on Some Major Issues concerning the Deepening of Reforms*. Beijing: the People's Press, 2013, pp. 8-9.

[38] Xi, Jinping. *Xi Jinping's Speech at a Meeting with Entrepreneurs*. Beijing: the People's Press, 2018.

[39] Ibid.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

for China to advance supply-side structural reforms, pursue high-quality development, and modernize its economic system. It is also an important force for our Party's long-term governance and uniting and leading the people across the country to achieve the 'Two Centennial' goals, the great rejuvenation of the Chinese nation and the Chinese dream. In a new journey of building a moderately prosperous society in all respects and a socialist modern country in all respects, China's private economy must grow stronger and cannot be weakened. Instead of exiting, the private economy should enter a broader stage."[40] By recognizing the non-public economy as an essential element of China's economic system and regarding private enterprises and entrepreneurs as "belonging to our own family," the Chinese leadership has removed institutional discrimination against the non-public economy and non-public employees, paving the way for politically and legally establishing the equal status of the public and non-public sectors of the economy. Comrade Xi Jinping's statement further boosted the confidence of the whole Party and the whole society to develop the private economy and shed light on the direction and outlook of the private economy's development.

Since the 18th CPC National Congress, China's market-oriented rural land reform has entered a new stage. In 2014, the CPC Central Committee and the State Council established the rural land system of separate ownership, contract and operation rights, i.e. to adhere to the collective ownership of rural land, safeguard farmers' land contract rights, and invigorate land operation rights. This rural land system has further increased the enthusiasm of farmers for agricultural production and operation, and is conducive to institutionally securing the stable and sustainable development of agriculture and the countryside and expediting the modernization of agriculture and the countryside.

The Fourth Plenum of the 19th CPC Central Committee described China's basic Socialist economic system as "keeping public ownership as the mainstay of the economy and allowing diverse forms of ownership to develop side by side, adhering to the principle of distribution according to labor as the mainstay, while also allowing for diverse other forms of distribution to coexist, and implementing the socialist market economic system." This statement marks a further sophistication and improvement of China's ownership and basic socialist economic systems.

In summary, our Party's new explorations and practices on the ownership system of the means of production is manifested in the following aspects (Table 4).

What is the goal, one might ask, of the reform of the ownership system of the means of production and economic restructuring? Our Party's understanding on this ultimate question reached a new level after the 18th CPC National Congress.

According to the basic principles of historical materialism, the reform of the ownership system, the relations of production and the economic system are intended to liberate and develop productivity. But for what purpose should we liberate and develop productivity? Obviously, productivity is not an end in itself. At the First Plenum of the 18th CPC Central Committee, Comrade Xi Jinping said that "people's desire for a better life is the goal that we should strive for." According to the *Proposals of the CPC Central Committee on the Five-Year Plan for Economic and Social Development and Long-Range Objectives through the Year 2035* adopted at the Fifth Plenum of the 19th CPC Central Committee, development is for the people and should rely on the people, and the fruits of development should be shared among the people; the ultimate goal of reform and development is to benefit the masses, deliver common prosperity to all the people across the nation, and share the fruits of reform and development to everyone. That is to say, our Party's goal of reform is to achieve national prosperity and people's well-being through reform and development, realize the Chinese dream of the great rejuvenation of the Chinese nation, satisfy people's desire for a better life, and improve people's living standards.

As can be learned from the above discussions, the ownership of the means of production is the

[40] Xi, Jinping. *Xi Jinping's Speech at a Meeting with Entrepreneurs*. Beijing: the People's Press, 2018.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

Table 4: The Party's New Exploration of Ownership since the 18th CPC National Congress

	Since the 18th CPC National Congress	From reform and opening up to the eve of the 18th CPC National Congress
1. Attitude towards the private economy	"Private economy is an essential element of China's economic system" (Xi Jinping, 2018)	"Allow the individual economy to develop within a certain scope," "individual economy is a necessary supplement to the public sector of the economy" (Sixth Plenum of the 11th CPC Central Committee), and the "individual economy is correlated with the socialist public ownership and a necessary complement to the socialist economy" (Third Plenum of the 12th CPC Central Committee)
2. Attitude towards entrepreneurs	"Private enterprises and entrepreneurs belong to our own family" (Xi Jinping, 2018)	It is "glorious" to engage in individual labor (Hu Yaobang, 1983), and entrepreneurs are "builders of the socialist cause with Chinese characteristics" (Jiang Zemin, 2001)
3. Attitude towards the ownership structure of the means of production	"Both the public and non-public sectors of the economy are important components of the socialist market economy" (Third Plenum of the 18th CPC Central Committee), and China's basic socialist economic system should "keep public ownership as the mainstay and allow diverse forms of ownership to develop side by side…" (Fourth Plenum of the 19th CPC Central Committee)	"Keep public ownership as the mainstay and individual, private and foreign-funded economies as supplements, and allow diverse economic elements to develop side by side in the long run" (14th CPC National Congress), "individual and private economies are important components of China's socialist market economy (15th and 16th CPC National Congresses)
4. Attitude towards the ownership form of the means of production	"Mixed ownership is an important form of realization of the basic socialist economic system with Chinese characteristics" (Third Plenum of the 18th CPC Central Committee)	Sole public ownership (ownership by the whole people and collective ownership) with public ownership as the mainstay and non-public economy as supplement

foundation of the relations of production, and the form and structure of ownership determine the nature of the relations of production and the economic system as a whole. Perception precedes and guides practice. Only when the importance and approach of reform of the ownership of the means of production are well understood will we be able to draft a reform roadmap towards the right direction. Such understanding is the prerequisite for our reform of the means of production and economic restructuring to deepen in a new stage and usher in a new era of economic progress.

Since the 18th CPC National Congress, our Party has regarded both the public and non-public sectors of the economy as essential elements of China's socialist market economic system. With equal political and legal status, the public and non-public sectors should compete equally and develop side by side. Such theoretical and institutional developments have led to progress in China's socialist market economic system on many fronts, including the property right and modern corporate systems, the classified and mixed ownership SOE reforms, the separation of land ownership, contract and operation rights, the market-oriented reform of production factors, the establishment of the decisive role of the market in resource allocation and the role of the government, opening up at a higher level, and the coordination of various reforms. With GDP per capita exceeding 10,000 US dollars, China has joined the rank of middle-income countries. By eradicating absolute poverty in a large country of 1.4 billion people and creating a moderately prosperous society, China has accomplished the first centennial goal set by the CPC, and China's socialist market economic system is marching towards a new development stage and a higher level.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

6. Concluding Remarks

Over the past century, our Party has experienced a long process of exploring and understanding socialist ownership system of the means of production and socialist economic system. This process is not without twists and turns. The roadmap of our Party's understanding and practice of the socialist ownership system of the means of production can be summarized as follows:

Sole public ownership → Co-existence of five economic elements → Sole public ownership → Keep public ownership as the mainstay and allow diverse forms of economic ownership to develop side by side → Mixed ownership system with public ownership as the mainstay

In this centennial journey of exploration and practice, our Party has come to realize that China remains in the primary stage of socialism. As the largest developing country in the world, China must match its ownership system of the means of production and its economic system with the level of social productivity in the primary stage of socialism, and must reform those elements incompatible with the primary stage of socialism. China must give full play to the enthusiasm of all parties and make full use of both domestic and international markets and resources if it is to escape poverty, achieve prosperity, build a socialist strong modern nation, realize the Chinese dream of rejuvenating the great Chinese nation, and satisfy people's desire for a better life.

The principle of keeping public ownership as the mainstay and allowing diverse forms of economic ownership to develop side by side is consistent with China's current reality and level of productivity. Such an ownership structure is characterized by a mixed two-tier ownership system with public ownership as the mainstay: Within the economic system, diverse forms of ownership are allowed to coexist and seek equal and common development; enterprises of different ownership types should integrate via cross shareholding for common development.

The mixed ownership system with public ownership as the mainstay represents a creative innovation of Chinese communists. It has laid the groundwork for China's economic system and enriched Marxist theories on the ownership of the means of production and the socialist system. Such exploration and growth of mixed ownership with public ownership as the mainstay coincided with China's increasing economic dynamism since reform and opening up. China's rapid economic growth over the past four decades since reform and opening up stemmed from the mixed ownership system with the public ownership of the means of production as the mainstay.

The CPC's century-long exploration and practice of the ownership system of the means of production suggests that a good ownership system must be conducive to productivity and improve people's living standards.

Reform and development are always on the road, and there is no endpoint in improving our ownership system. With the comprehensive deepening of reforms, China's socialist modernization will reach a higher level with an improving ownership system of the means of production.

References:

[1] Archives Bureau, CPC Central Committee. 1984. *Archives of the Fist CPC National Congress* (revised edition). Beijing: People's Publishing House.

[2] Chen, Duxiu. 1984. *Selected Articles of Chen Duxiu* (Vol.2). Beijing: Life Reading Xinzhi Sanlian Bookstore.

[3] Chen, Duxiu. 1984. *Selected Articles of Chen Duxiu* (Vol.3). Beijing: Life Reading Xinzhi Sanlian Bookstore.

[4] Deng, Xiaoping. 1994. *Selected Works of Deng Xiaoping* (Vol. 2). Beijing: People's Publishing House.

[5] Editing Group of the CPC Central Committee. 2013. *Decision of the CPC Central Committee on Some Major Issues concerning the Deepening of Reforms.* Beijing: People's Publishing House.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net

[6] Hu, Yaobang. 1983. "What is Glorious and What is Not." *the People's Daily*, August 31.

[7] Jiang, Zemin. 2001. "Speech at the 80th Anniversary of the Founding of the People's Republic of China." *the People's Daily*, July 2.

[8] Li, Dazhao. 1984. *Collection of Li Dazhao's Writings* (Vol. 3). Beijing: People's Publishing House.

[9] Literature Research Center of the CPC Central Committee. 1993. *Collected Works of Mao Zedong* (Vol.1). Beijing: People's Publishing House.

[10] Literature Research Center of the CPC Central Committee. 1993. *Collected Works of Mao Zedong* (Vol.2). Beijing: People's Publishing House.

[11] Literature Research Center of the CPC Central Committee. 1999. *Collected Works of Mao Zedong* (Vol.6). Beijing: People's Publishing House.

[12] Literature Research Center of the CPC Central Committee. 1999. *Collected Works of Mao Zedong* (Vol.7). Beijing: People's Publishing House.

[13] Literature Research Center of the CPC Central Committee. 1996. *Anthology of Major Documents Since the 14th CPC National Congress* (Vol.1). Beijing: the Central Literature Press.

[14] Literature Research Center of the CPC Central Committee. 2008. *Anthology of Major Documents in Three Decades Since Reform and Opening up in 1978* (Vol.1). Beijing: the Central Literature Press.

[15] Mao Zedong. 1991. *Selected Works of Mao Zedong* (Vol.4). Beijing: People's Publishing House.

[16] Party History Research Office of the Central Committee of CPC. 1981. *Draft History of the Chinese Communist Party* (Vol.1). Beijing: People's Publishing House.

[17] The Central Compilation and Translation Bureau for Works of Marx, Engels, Lenin, and Stalin. 1995. *Marx Engels Selected Works* (Vol.1). Beijing: People's Publishing House.

[18] The Document Editing Committee of the CPC Central Committee. 1995. *Collected Works of Chen Yun*(Vol.3). Beijing: People's Publishing House.

[19] "The Decision of the CPC Central Committee on Economic Restructuring." 1984. *the People's Daily*, October 21.

[20] Xi, Jinping. 2018. *Xi Jinping's Speech at a Meeting with Entrepreneurs*. Beijing: People's Publishing House.

(C)1994-2023 China Academic Journal Electronic Publishing House. All rights reserved. http://www.cnki.net