



# The Innovative Development Concept of Socialism With Chinese Characteristics for a New Era

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## Abstract

This paper has illustrated the connotation of innovative development concept from four dimensions of theoretical innovation, institutional innovation, technological innovation and cultural innovation, and proposed the innovative development concept is the dynamic guarantee for adapting and guiding the Chinese economy for a new era, strategic support for improving the China's national strength, and an important magic weapon for promoting the rejuvenation of the Chinese nation. By comparing and analyzing the innovative ideas in the Marxist Political Economics, this paper proposes that innovative development concept is the inheritance and development of Marxist Political Economics, and it is also the new achievement in the study of the political economy of socialism with Chinese characteristics.

**Key words:** Innovative development; Political economy; Inheritance and development

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## INTRODUCTION

Innovation is the impetus of historical progress and the key to the development of the times; it is at the top of the "five development ideas" in the new era of China. In the fifth Plenary Session of the 18<sup>th</sup> CPC Central Committee, president Xi Jinping proposed "five development ideas"

of innovation, coordination, green, open and sharing, innovation was in the first place, it points out the direction and requirements of our country's development, represents the current trends in the world, and reflects the profound understanding and grasp of the Communist Party of China on law of development.

## 1. THE CONNOTATION OF INNOVATIVE DEVELOPMENT CONCEPT

In the fifth Plenary Session of the 18<sup>th</sup> CPC Central Committee, innovation was put in the first of the five development ideas, it pointed out

innovation must be in the core position of the overall national development, continuously promoting the innovation in theoretical innovation, system innovation, technological innovation, cultural innovation and so on, let innovation run through all the work of the party and the state, and become common practice in the whole society.

It can be seen that the innovative development concept is a comprehensive and systematic strategic layout with rich ideological connotation.

Theoretical innovation is the foundation. Theory is the guidance of practice, and theoretical innovation plays an important role in guiding the innovation of economic practice, each breakthrough and success achieved from China's reform and opening up is inseparable with the theoretical innovation, it can be said, the practical practice of China's reform and opening-up is the continuous innovation process of political economy of socialism with Chinese characteristics. Through the combination of Marxism and Chinese reality, China's Marxism political economists have realized Sinicization and modernization of Marxism, which guide the success of China's reform. From Deng Xiaoping theory, the Theory of Three Represents, the Scientific Outlook on Development to five development ideas, with the practice change of the economic construction of Chinese socialism, the

theoretical research of Marxist Political Economics is also developing and innovating, opening up a new research state of political economy. By analyzing and answering new problems and new situations arises in economic development, summarize and judge the law and trend of the development of things, to provide theoretical direction for the construction of Chinese socialism, opening new channels, cheering with the flag to practice innovation by using theoretical innovation, leading the practice of socialist construction in the right direction.

Institutional innovation is the guarantee. Institutional innovation is an important condition for stimulating the vigor of the innovation subject and leading the development of the society, and is the guarantee for the sustained innovation of the economic subject. The key to the institutional innovation is to promote the modernization of the State administration system and the governance mode, and gradually establishes institutions and mechanisms in favor to stimulating innovative vitality and promoting active participation by the public. In China, nearly forty years of reform and opening up journey is a continuous process of institutional change and institutional innovation, motivate the enthusiasm for the people, local government and enterprises to participate in the construction of socialist economy through the institutional transformation. From the rural household responsibility system to the establishment of modern state-owned enterprise system, the development of planned commodity economy in the planned economy to the establishment of socialist market economy system, unified revenue and expenditure of revenue to central and local fiscal decentralization and so on, in the process of reform and opening-up, the economic construction with Chinese characteristics has realized great innovation of system reform and institutional change in the exploration, these institutional innovations are irreplaceable to the sustained and rapid growth of China's economy. At the same time, the innovation process of this institution and management system has made an indelible contribution to further emancipate the mind and inspire social creativity.

Technological innovation is the key. Technological innovation is the source of power in the innovation, is the center of comprehensive innovation. In the new era, China faces three stage superposition problems of growth speed shift, pain of reconstruction and early policy digestion, innovation of science and technology is the key to solve development problems. China's past economic growth relies on demographic dividend and extensive mode of production, with low industrial level, it is difficult to continue under the condition when the constraints of the resources and environment gradually tighten, only through the research and application of new ecological technology and Internet technology, cultivate green industry and clean products, eliminate outdated production capacity, promote positioning and

division of labor in the global value chain, change from "made in China" to China's intellectual creation, the path of technological power and nation with science and technology can be truly achieved.

Cultural innovation is the root. Culture is soft power, cultural innovation is the basis for the continuation and strengthening of the vitality and cohesion of the Chinese nation. In the literary and artistic work forum, President Xi Jinping put forward: innovation is the life of literature and art; it is necessary to carry out the spirit of innovation throughout the whole process of production of literary and artistic creation, to enhance the original creative ability of literature and art. The Chinese civilization has experienced thousands of years and without downfall, it is based on the quality of its eclectic and open innovation, conservative closure is not the gene for Chinese culture. The new era has promoted the combination of cultural innovation with theory, institution and technology to work together, to build the whole system of the innovative development concept, and inject original power to the overall construction of well-off society.

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## 2. SIGNIFICANCE OF INNOVATIVE DEVELOPMENT CONCEPT

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First of all, innovation is the dynamic guarantee for adapting and leading the new normal. With more than thirty years of rapid growth, the original power source of China's economic development is weakened, and the demographic dividend is gradually disappearing, the relative advantages of natural resources gradually become smaller, the improvement of total factor productivity is facing bottleneck, and it must seek new force supply to adopt and to lead the new normal. Innovation is the first driving force to lead the development; the key is to rely on the transformation of technology to development power. The contribution rate of science and technology to the economic growth of our country is far below the level of the developed countries, it is necessary to dig into the important role of science and technology in the development and protection of productive forces to continue the miracle of development, promoting the innovative development with technological innovation, and through the innovation to break down institutional obstacles. The source of innovative development is talents; the foundation of technological innovation is also talents, therefore, it is essential to implement more active innovative talent introduction strategy, gathering a number of leading talents in the frontier of science and technology in the industry with international vision, laying a good foundation for scientific research and intensity of technological innovation.

Secondly, innovation is the strategic support for improving the comprehensive national strength.

Innovation is the important force to promote national development, as a great developing country, transformation of economic development mode and adjustment of economic structure are the key to improve the quality of the development. The innovative development strategy is an important driving force to optimize the economic structure for the transformation of the extensive production to the intensive production. Adhere to the mass entrepreneurship and innovation; adhere to the dominant role of the working people and enterprises in the innovation strategy, increasing the research and development and promotional efforts of science and technology, and enhancing the contribution rate of technological progress in economic growth, which are the important guarantee for deeply dig into the development of kinetic energy and improve the competitiveness of the country. Promoting the promotion of comprehensive national strength with innovative development strategy, nation with innovation and technology, which is the important strategic support for China's economic development.

Finally, innovation is an important magic weapon for the promotion of national rejuvenation. President Xi Jinping stressed when meeting with the research representative of Chang'e 3: Innovation is the soul of a nation's progress, is the inexhaustible source of a country's prosperity, it is also the most distinctive national endowment of the Chinese nation, upholding the principle of self-reliance and self-renovation is the root of this great achievement in China's aerospace industry. The Chinese nation is a nation that strongly advocates for innovation, from the earliest four major inventions to various institution, science and technology and cultural innovation in New China, the Chinese nation has always value the role of innovation in the development, and constantly promotes the innovative development. In twenty-first Century, we should strengthen the crisis consciousness, take the opportunity for a new round of science and technology and industrial revolution, adhere to the innovative development strategy, takes the preemptive opportunities, speeds up the pace of reform in order to realize the great rejuvenation of the Chinese nation.

### 3. INNOVATIVE DEVELOPMENT CONCEPT IS THE INHERITANCE AND DEVELOPMENT OF MARXIST POLITICAL ECONOMICS

Marx was the first economist to put forward the ideas of innovation, Joseph Schumpeter, economist who study innovation once pointed out that his innovation theory originated from Marx and was only a small part of Marx. Marx's innovative ideas concerning many

aspects, mainly reflecting in three aspects of scientific innovation, technological innovation and institutional innovation. Innovative development concept stands on the basis of the new economic development, based on the form of the world economy, is the important achievement of the Sinicization and modernization of Marxism, is the inheritance and development of Marxist political economics.

#### 3.1 The Inheritance and Development of Marx's Scientific and Innovative Ideas

Marx believes that "scientific innovation refers to the process of people applying the new laws discovered to transform nature, human society and human beings, which cover two aspects of natural science and humanities and social sciences". Natural scientific innovation refers to the activities for application of new theories and inventions of natural science to production in order to increase productivity, and then lay the foundation for the reform and the rational use of nature. Marx proposed the creative theory point of view of "productive force also includes science", "the power of science is another productive force without capital" reflecting in the *Manuscript on Economics* in 1857-1858. In *Capital*, Marx discussed the development level of science and the effect of application on product force, "labor productivity is determined by a variety of conditions: average proficiency of the workers, development level of science and its application... and natural conditions." Clearly, here indicates natural science and its application that can improve productivity so as to create more material wealth of natural science innovation idea. Innovation of humanity and social science refers to the application of new trend of thought and the activity for the new theory transforms the society and the self.

The weapon of criticism is certainly not a substitute for the criticism of weapons. It can become material force and only destroyed with material force once grasped by the people; however, once lightning of thought hit the people's simple garden completely, the Germans will be liberated as person. (*Important Reading of the General Secretary of Xi Jinping's Series*, 2016, p.234)

In here, the power of material and lightning of thought embodied the innovative ideas of the humanity and social science. Marx believes that the reality of social production needs to promote scientific innovation. Take the birth of new science as an example: In Egypt, astronomy was born due to people need to find out the fluctuation period of the river; mechanics is generated because of the construction needs of the city and the development of the handicraft industry;

in the early stages of social development, there was a need to restrict daily repeated production and exchange of products with the rules of common compliance. The rule became a habit, and it soon became a law, Followed with the authority... At the same time, created law.

Innovative development strategy emphasizes theoretical innovation and cultural innovation, focus on theory mining and innovation in the study of natural science, and focus on the exploration and experiment of culture in the humanities and social sciences, therefore the new concept of innovation and development is the inheritance and development of Marx's scientific and innovative ideas in the two aspects of natural science and humanities.

### **3.2 The Inheritance and Development of Marx's Technological and Innovative Ideas**

Marx's technological and innovative ideas are discussed in the process of explaining the essence of capital employment and the creation of the theory of its surplus value. Marx pointed out that in the process of production, the effect value of the worker's specific labor is only transferred to the new product, in order to produce more products and pursue more surplus value; the capitalists must use new machines, production skills, and new inventions to save the necessary labor time and the required production information, that is, carry on the conservation oriented innovation of variable capital and constant capital. Therefore, in capitalist society, the motivation for capitalists to pursue surplus value is the root and internal power of technological innovation; the surplus value drives the scientific and technological progress and inventions. Marx pointed out, in the capitalist society; the pursuit of technological innovation becomes the inner motivation and routine activity of the enterprise since the capitalists are obtaining excess surplus value. He believed that "The intrinsic impulse of capital and regular trend are improving the productivity of labor and makes commodities cheap, which makes the workers who produce the commodity to be cheap." Then, individual capitalists with innovative spirit adopt new technologies and the use of new machines to reduce individual labor time in the production of commodities, so its value is lower than the average level of the society and obtain industry advantage and excess value. By spreading out this innovation, the social value of the commodity reduces with the increase of labor productivity, resulting in the balance of the excess surplus value of the capitalists. So they "use better new inventions, improved machines, and production materials and methods exceeding the average level", with the driven of a new round of technological innovation, thus leading the development level of social productive forces move towards a new stage. At the same time, market demand is also a driving force to promote technological innovation, which must meet the market demand. "When the carriage and the big car cannot meet the increasing demand for the vehicle... locomotive is invented..." The possibility and necessity of this kind of invention are determined by the actual situation. The innovative development strategy sees technological innovation

is the dynamic source in innovation, making use of market demand to promote technological innovation, and through technological innovation to meet the society demand. Technological innovation is the center of comprehensive innovation, which is consistent with Marx's technological and innovative ideas, it is the inheritance and development of Marxist Political Economics.

### **3.3 The Inheritance and Development of Marxism Institutional Innovative Ideas**

Institution is the direct product of the practice development of production and communication, it is developed from human social relations, and the contradictory movement of the relationship between productivity and production determines that they will change with the change of productivity. The development level of the productive forces at a certain stage and communication practice requires producing favorable system, "hand mill forms feudal society, steam mill nurtures the society of industrial capitalists". Institutional innovation at the micro level refers to the new form of production organization and innovative ways to expand new market in order for the enterprises to save production costs, improve labor productivity and market competitiveness. It is the free laborers and accumulated wealth that provide possibility to this change or the way of innovation, "the cooperative form of capitalism was initially based on the premise that the labor force was sold to the free workers." Therefore, the industrial handicraft industry and employment system marked by simple cooperative labor, become the sprout form of the capitalist production enterprises. Institutional innovation at the macro level mainly refers to innovative ways to promote the development of human society and change the relationship between ownership and production. In Manuscript on Economics in 1857-1858, Marx reviewed the historical changes of ownership for Asia, ancient and Germanic: the form of public ownership in Asia is that members of society actually occupy public lands through labor; in the form of ancient ownership, the military organization for the protection of its own survival and property is a commune system. When at Germanic, the form of ownership, the commune system basically disintegrated, and gradually formed the interest alliance based on the private ownership of land, thus, "the commune performed as a union or the unity of the owner of the land, not the union or the unity." For the transition process of production relations, Marx also explained with the relationship between productivity and production. Marx believes that productivity determines production relations, and production relations have a dynamic counteraction to productivity. When the old production relationship bound the development of productive forces, the new production relationship must arise. Innovative development

strategy emphasizes that institutional innovation is the basic guarantee, only by perfecting the development system of the mass innovation and entrepreneurship, can we promote the innovation and development of the whole society. Through the system innovation as the theory, the creation and innovation of science and technology and culture provide soil for breeding, by continuous update iteration of production relations and economic institutional mechanisms, to adapt to the development needs of new productivity, in this sense, the innovative development concept is the inheritance

and development of Marx's institutional innovative ideas.

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