

Developing a High-Standard Socialist Market Economy System: Roots in Chinese Civilization

Pei Changhong¹, Ni Jiangfei^{*2}

¹ Institute of Economics, Chinese Academy of Social Sciences (IE-CASS), Beijing, China

² National Academy of Innovation Strategy (NAIS), China Association for Science and Technology (CAST), Beijing, China

Abstract: China's remarkable economic and social achievements since 1978 are largely attributed to the socialist market economy system, a pioneering institutional design established during the reform and opening-up period. Far from being a tree without roots or water without source, this system is deeply embedded in the fertile soil of Chinese civilization. It inherits and builds upon the wisdom of Chinese civilization—embodying proto-socialist ideals such as “Great Harmony under Heaven” and “People as the Foundation of the State”—while integrating Marxist theory to forge a distinct Chinese institutional identity. This synthesis has given rise to a new form of human economic civilization. As a critical component of constructing a high-standard socialist market economy system, the refinement of its foundational institutions should draw on the values of Chinese civilization, steering its development toward the law-based governance, global integration, and modernization, and providing important institutional assurances for Chinese modernization..

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In June 2023, President Xi Jinping stated at the Symposium on Cultural Heritage and Inheritance: “Without comprehending China through its long and profound historical continuity, we cannot understand ancient China, nor modern China, let alone the future of China”. Across the 5,000-year history of Chinese civilization, countless splendid cultures have been nurtured, woven into the bloodstream of the Chinese nation like vital threads, providing rich sustenance for its enduring vitality and growth. The socialist market economy system, which has been established and continuously refined on Chinese soil, is the product of the integration of Marxism with China’s specific realities. Meanwhile, it also draws on proto-socialist cultural elements—such as the ideal of “Great Harmony under Heaven” and the principle of the “People as the Foundation of the State”—offering a cultural basis for uniting the basic socialist system with a market economy. Only by deeply understanding China’s ancient proto-

* CONTACT: Ni Jiangfei, e-mail: nijiangfei2014@163.com.

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socialist thought can we grasp the historical inevitability of today's socialist market economy and draw wisdom and inspiration from China's outstanding traditional culture to build a high-standard socialist market economic system.

1. The Formation of Civilizational Roots and the Shaping of China's Institutional Identity

1.1 Harmony Under Heaven as the Civilizational Root of Socialist Public Ownership

"Great Harmony Under Heaven" (*Tianxia Datong*) is concept of an ideal society envisioned by ancient Chinese scholar-officials, first recorded in the *Li Yun* chapter of *The Book of Rites*, compiled by the Western Han Confucian scholar Dai Sheng. This text describes Confucius' ideal society—one characterized by shared property, universal care, social harmony, stability, and high moral standards—an idea that profoundly influenced China's historical development. During the Spring and Autumn and Warring States periods (770-221 BCE), the *well-field system*, in which land was owned by the state and allocated to slaveholders, gradually disintegrated as private land ownership expanded. However, from the Pre-Qin period (before 221 BCE) through the mid-Tang Dynasty (ca. 755-850 CE), China's land system remained a mix of private and state ownership, with the state maintaining regulatory control. Various land policies reinforced this balance, such as the *garrison reclamation system* (*tuntian*), introduced by Cao Cao around 200 CE, and the *equal-field system* (*juntian*), implemented during the Northern Wei Dynasty (386-534 CE), which granted state-owned land to farmers for cultivation. By the mid-Tang Dynasty, frequent warfare disrupted the household registration system that had been closely tied to land allocation. As displacement grew, the equal-field system became unsustainable, leading to a shift in land ownership dominated by landlords and self-cultivating farmers. However, even in this evolving system, Chinese rural communities retained forms of communal landownership under clan names, with land categories such as ancestral hall fields, temple fields, tomb fields, sacrificial fields, charitable fields, school fields, and guild fields—whose yields served as communal resources. This enduring tradition reinforced the ancient intellectual ideal that "the world is for all" (*Tianxia weigong*).

Prominent historical figures echoed this ideal. In the Western Han Dynasty, the statesman Gu Yong (ca. 50 BCE) argued that rulers should "not favor a single clan, but recognize that the world is for all", directly opposing autocracy. Ming-Qing philosopher Wang Fuzhi (1619-1692) later asserted that "the world is not the private domain of one family", emphasizing the public nature of governance and the people's central role. By modern times, as China faced unprecedented crises, intellectuals and reformers continued to embrace "Great Harmony Under Heaven" as they explored national rejuvenation and economic modernization. Kang Youwei (1858-1927), in *The Book of Great Unity* (*Datong Shu*), envisioned a future society of classless equality in which "the world is for all" and production means are publicly owned. Sun Yat-sen (1866-1925) made "the world is for all" his lifelong pursuit, stating that "Minsheng-ism (People's Livelihood) is socialism, also known as communism, or Great Harmony-ism". At its core, "Great Harmony Under Heaven" emphasizes "the world is for all"—universal equality and shared resources—rejecting class oppression and exploitation, aligning closely with socialist public ownership. This notion of equality, first economic in nature, aligns with Marxist thought, which defines true economic equality as the elimination of class distinctions. Marxism argues that the essence of proletarian equality is the abolition of class itself: "All else demanded in the name of equality is nonsense" (Marx & Engels, 2014: 113).

Class elimination fundamentally means replacing private ownership of production means with

public ownership, ensuring that production resources are collectively owned, controlled, and used by society. This transition eradicates the possibility of exploiting surplus labor through private ownership, thus establishing a foundation for economic equality. Under the principle of *distribution according to labor*, individuals receive compensation based on the quantity and quality of their labor, achieving distributive justice. Therefore, from an economic perspective, the advocacy of universal equality aligns inherently with the socialist concept of public ownership of the means of production. Clearly, the deeply rooted and far-reaching idea of “Great Harmony under Heaven” (*Tianxia Datong*) in China’s fine traditional culture serves as a set of civilizational roots and a fertile ground for innovation in refining today’s basic socialist economic system—where public ownership is the mainstay, diverse forms of ownership develop side by side, and distribution is primarily based on labor while multiple distribution methods coexist.

1.2 Leveraging the Market: A Tradition in Chinese Economic Thought

Ancient Chinese economic thought reflects a deep appreciation for the market. First, sages positively affirmed value of business activities. Confucius embraced trade with an open stance, viewing wealth pursuit as innate: “If the wealth can be sought, even as a humble groom with a whip, I will do so”. Yet, he tied it to “righteousness” (*yi*), demanding alignment with morality and justice. Guan Zhong divided the basic structure of the state into “scholars, farmers, artisans, and merchants—the state’s pillars”, elevating merchants as vital, highlighting his focus on trade. Mencius, Xunzi, and Fan Li similarly endorsed commerce activities. Second, the market’s economic role was widely recognized. *The Book of Changes* depicts: “At midday, a market draws people and goods from afar, dispersing after trade, each satisfied”, underscoring its link between production and consumption. Guanzi reinforces this: “Where people gather, a market arises; without it, needs go unmet”. Third, the market’s resource allocation function was emphasized. Sima Qian, in *Records of the Grand Historian: Biographies of Money-Makers*, observed: “Cheap goods signal rising prices; costly ones, a decline. People pursue trades eagerly, like water flowing downward ceaselessly, arriving unbidden”. This price-driven flow aligns with Adam Smith’s “invisible hand”. Likewise, Guanzi notes: “The market reveals order or chaos, abundance or scarcity, yet cannot produce them”, affirming its role in resource allocation.

China’s ancient dynasties implemented diverse economic policies, with varying degrees of emphasis on market systems across different historical periods. Although generally less systematic and scientific than modern macroeconomic governance, many of these measures nonetheless contributed to the development of the commodity economy to a certain extent. The measures adopted included, but were not limited to, the following: (1) Enhancing infrastructure. Ancient China emphasized the construction of roads and waterways to boost trade. After the unification of the country, the Qin Dynasty built major routes such as the *Chidao*. The Sui Dynasty built the Grand Canal, which facilitated the circulation of goods. Courier stations provided travelers with food, lodging, and horse exchanges, and checkpoints were set up to secure trade routes. (2) Standardizing currency and financial services. After defeating the six states, the Qin Dynasty standardized weights, measures, and currency, adopting the Ban Liang coin as the unified currency, which unified trade practices. The Northern Song Dynasty introduced Jiaozi, the world’s first paper money, greatly facilitating transactions. Financial services gradually developed in ancient China. For example, remittance services emerged in the Han Dynasty, providing services for trade remittances between domestic and foreign merchants. By the Ming and Qing dynasties, remittance services had reached a relatively mature level. (3) Strengthening market regulation. This involved dual approaches. First, legal codes ensured order. The *Tang Code* (*Tang Lü Shu Yi*), compiled by Tang

scholars and completed around 653 CE, governed commerce, covering aspects such as product quality, market transaction order, and consumer rights protection. The *Great Qing Legal Code* (Da Qing Lü Li), first drafted in 1645 and finalized in 1740 after a series of revisions by Qing officials, imposed clear penalties for monopolistic market behavior. Penalties ranged from public humiliation (being put in the cangue), corporal punishment, imprisonment, the death penalty, to the confiscation of illegal gains, depending on the severity of the offense. Second, regulatory institutions were established. According to *The Rites of Zhou* (*Zhou Li-Diguan Situ*), traditionally attributed to the Duke of Zhou (ca. 1100 BCE) with its current form likely compiled by anonymous authors around 300 BCE, the highest market management official in the Zhou Dynasty was the Si Shi, who was responsible not only for daily market management but also for resolving market disputes. In the Tang Dynasty, the Shishu was the specialized institution for regulating market activities. It maintained market order by implementing strict access control, product quality supervision, and price regulation measures.

1.3 Dynasties Prioritized Macroeconomic Oversight Across History

Although ancient China lacked modern macroeconomic theories and policy tools, it nonetheless adopted various measures to manage and regulate the economy in order to maintain social and political stability:

(1) Administrative Measures: In ancient China, where agriculture dominated, land was the core productive resource, and its allocation and use directly impacted socioeconomic stability. Thus, “land system” (*tian zhi*) reforms were a primary means of governmental economic intervention. These reforms shifted from the slave-owning state’s well-field system (*jing tian zhi*) to a private landownership model typified by feudal landlordism. The Shang Yang Reform (ca. 356 BCE), through policies like “abolishing the well-field system, re-demarcating field boundaries, and granting land to the people”, marked the collapse of the well-field system and the rise of feudal landlord private ownership. Subsequent dynasties continually adjusted land and tax systems to refine smallholder land possession and usage rights, boosting economic vitality.

(2) Economic Measures: Ancient China utilized various economic tools to regulate the economy. In taxation, policies like the Qing Dynasty’s Yongzheng-era (1723-1735 CE) “merging the head tax into the land tax” (*tan ding ru mu*) reduced farmers’ corvée burdens, promoting agricultural development. For resource allocation and price stability, measures such as the “equitable standardization and transport” (*ping zhun jun shu*) adjusted market supply and demand to stabilize prices; the grain transport system (*cao yun*) enabled the central government to efficiently distribute key resources like grain for strategic reserves and disaster relief; and the “ever-normal granary” (*chang ping cang*) system regulated grain prices and stored reserves against famine. In industrial policy, the government monopolized industries vital to the national economy and people’s livelihoods, such as long-standing monopolies on salt, iron and tea, securing stable fiscal revenue. In monetary policy, unifying currency, monopolizing issuance rights, and controlling circulation and retrieval stabilized prices and increased revenue. For instance, the Northern Song Dynasty (960-1127 CE) established a currency issuance and reserve system, capping the total issuance of *jiaozi* (paper money) at 1.25634 billion *wen*, with 360 million *wen* in copper coins as reserves (Shi, 2014).

(3) Legal Measures: The government enacted market management laws covering market access, trading practices, product quality, and weights and measures standards. For example, the *Tang Hui Yao* (Collection of Important Official Documents of Tang Dynasty) records an edict from October of the Zhenguan era (627-649 CE): “Officials of fifth rank and above are barred from entering the market”,

explicitly stipulating that the officials of fifth rank and above are prohibited from engaging in business. These ancient Chinese practices in regulating markets and national economic operations offer valuable lessons and insights for posterity.

1.4 The Integration of Confucian Ethics into Economic Life

Since the Han Dynasty (202 BCE - 220 CE), Confucianism has served as China's orthodox state ideology, with its core values—benevolence, righteousness, manners, wisdom, and trustworthiness—deeply permeating economic life and shaping Chinese economic ethics. This influence manifests primarily in two principles: “acquiring wealth through proper means” and “using wealth with moderation”.

First, “acquiring wealth through proper means” underscores the moral legitimacy of wealth accumulation. Confucianism prioritizes “righteousness over profit”, advocating that profit should follow righteousness rather than dictate it. This principle establishes righteousness as the guiding standard for navigating economic interests and social relationships. Wealth is deemed legitimate only when earned through honest labor and lawful practices, with moral alignment taking precedence over material gain. Historically, this emphasis on righteousness helped regulate and restrain ancient market dynamics. Additionally, Confucianism urges moderation in state demands, such as taxation and labor conscription. Mencius, for instance, articulated a key principle for wise rulers: “Exercise respect, frugality, and courtesy toward subordinates, and restrain extraction from the people”, reflecting a balanced approach to governance and resource collection.

Second, “using wealth with moderation” focuses on the rational management and distribution of resources. This is exemplified by the Confucian rejection of extravagance in favor of frugality. At the state level, rulers are encouraged to embody “respect, frugality, and reverence for propriety”, linking the virtue of thrift to the realization of just governance. For individuals, Confucianism promotes “tranquility for self-cultivation and frugality to nurture virtue”, framing extravagance as a moral failing and frugality as essential to personal integrity. In terms of distribution, Confucianism advocates “balancing wealth between rich and poor”, emphasizing equitable allocation as a foundation for social stability. The maxim “Equality eliminates poverty, harmony eliminates scarcity, and stability eliminates the risk of downfall” underscores this connection. Beyond economics, the call to “reject extravagance and advocate frugality” carries strong political connotation, aiming to curb excessive consumption of land rent by the ruling class, limit merchant capital's exploitation of agriculture, and protect commoners' interests—ultimately fostering social harmony.

2. Embedding Chinese Civilizational Values in Developing a High-Standard Socialist Market Economy System

Fine traditional Chinese culture is deeply embedded like a gene in the bloodline of the Chinese nation, leaving an indelible mark of civilization on the Communist Party of China's practice of governance. Values such as “the people as the foundation of the state”, “equality and fairness”, and “establishing oneself while helping others succeed” offer profound insights for developing a high-standard socialist market economy system.

2.1 From the Traditional Principle of “The People as the Foundation” to a Modern “People-Centered” Approach

The concept of prioritizing the people has been a cornerstone of Chinese political philosophy for millennia, asserting that the populace forms the bedrock of the state. This idea is vividly captured in

classical texts: the *Book of Documents* (compiled ca. 1000 BCE, an early historical and philosophical record) states, “The people are the foundation of the state; when the foundation is firm, the state is at peace”; the *Tao Te Ching* (attributed to Laozi, ca. 6th century BCE, Daoist philosopher) declares, “The sage has no constant mind (of his own); he takes the minds of the people as his mind”; and the *Zuo Zhuan* (ca. 4th century BCE, a Spring and Autumn period chronicle) notes, “Heaven gave birth to the people and set up a ruler for them in order to benefit them”. Mencius (ca. 372-289 BCE, Confucian thinker) famously prioritized “the people above the state, and the state above the ruler”, while Zhu Xi (1130-1200 CE, Song Dynasty Neo-Confucian scholar) echoed, “The state rests on the people as its base”, and Gu Yanwu (1613-1682 CE, Ming-Qing transition historian) linked national strength to “enriching the people’s livelihood”. Across diverse schools of thought, a common thread emerges: Governance must center on the people’s well-being to save the nation and ensure stability. Though their approaches varied, most philosophies upheld this principle as fundamental. History validates this wisdom. Prosperous eras like the Reigns of Wen and Jing (180-141 BCE, Han Dynasty, under Emperors Wen and Jing) or the Zhenguan period (627-649 CE, Tang Dynasty, under Emperor Taizong) thrived because rulers prioritized the people’s livelihood. In contrast, leaders who disregarded public welfare, opposed the people’s interests, and imposed burdensome taxes sparked widespread discontent, often leading to chaos or collapse.

The Party’s people-centered philosophy both inherits and transcends the ancient Chinese principle of “the people as the foundation of the state”. Both ideas share a core belief: the people are the bedrock of the nation, and governance must prioritize their interests. However, their historical contexts and implications differ significantly. In ancient China, “the people as the foundation” served as a cautionary principle for rulers amid class-based autocracy. It warned that the people, as Mencius (ca. 372-289 BCE, Confucian thinker) put it in the metaphor “water can carry a boat, but it can also capsize it”, urging benevolent rule over tyranny to secure the ruling class’s power. Despite this, the pursuit of autocratic stability often overshadowed genuine concern for the people, trapping this ideal in a cycle of “order followed by chaos”, as scholar-officials struggled to fully realize it. The people-centered philosophy advanced by the Party, builds on this traditional wisdom while integrating Marxist principles of popular sovereignty, marking a profound leap forward.

This transcendence unfolds in three keyways. First, it affirms the people’s principal position as the foundation of governance. In ancient times, the masses were subjects under rulers; under today’s socialist system, they are the nation’s masters and the driving force behind economic and social progress. President Xi Jinping’s statement, “This country is its people, and the people are the country” (Xi, 2022: 9), encapsulates this shift, affirming the people’s central position. Second, it underscores the purpose of development as serving the people. Ancient benevolent and virtuous governance aimed primarily to sustain rulership, with the people’s welfare as a means to that end. In contrast, the Party’s mission is to realize, safeguard, and advance the fundamental interests of all the Chinese. As a Marxist party, it prioritizes the people without pursuing self-interest, embodying the pledge that “the people’s aspiration for a better life must always be the focus of our efforts” (Xi, 2025: 2). Third, it ensures the fruits of development are shared equitably. Ancient class antagonisms often limited “people-centered” policies to superficial gestures, rarely benefiting all. Today, “putting people first” is not just a slogan but a guiding principle, as evidenced by historic achievements such as the full realization of a moderately prosperous society and the elimination of absolute poverty in 2021—a vivid example of development that benefits all.

Developing a high-standard socialist market economy system, the people-centered philosophy must

be adhered to as a guiding principle. First, the fundamental purpose of refining this system is to meet the people's aspiration for a better life. Whether by bolstering property rights, ensuring fair competition, tightening oversight, or reducing risks, every effort seeks to broaden the rights and benefits the people gain from the market economy, anchoring it firmly in their well-being. Second, developing a high-standard socialist market economy system requires fully harnessing the people's tremendous creative power. As the architects of history and the lifeblood of the market economy, the people's initiative and ingenuity are indispensable. Their wisdom and energy should be fully tapped to fuel the vitality and prosperity of the nation's market economy. Finally, the benefits of such improvements in this system must reach the people equitably. By refining institutional design and policy alignment, we must guarantee that dividends of institutional progress are shared equitably among all people, elevating the people's sense of fulfillment and happiness as they contribute to and thrive within a flourishing economy.

2.2 From the Ancient Ideal of “Equal Distribution” to the Pursuit of Common Prosperity

The concept of “equal distribution” boasts a deep-rooted history and cultural significance in ancient China, serving as both a guiding principle for feudal scholar-officials in state governance and a heartfelt aspiration of the peasant class for a better life. Various philosophical schools, with Confucianism at the forefront, championed this idea, embedding it within a systematic, profound, and millennia-spanning tradition. In Confucianism, “equal distribution” traces back to Confucius (551-479 BCE, revered philosopher and founder of Confucianism) in the *Analects*: “Do not worry about scarcity, but rather about uneven distribution. Do not worry about poverty, but rather about instability”. For Confucius, effective governance hinged not on alleviating poverty or population size, but on ensuring equitable wealth distribution to prevent social unrest. Here, “equal” signifies fairness and balance, not mere uniformity (Li, 2016). Mencius (ca. 372-289 BCE, prominent Confucian thinker) furthered this, arguing that benevolent rule required clearly defined land boundaries; otherwise, “unequal distribution of well-field land and unfair grain salaries” would enable rulers to exploit the people excessively. By the Han Dynasty (202 BCE-220 CE), the acceleration of land privatization led to increasingly severe land annexation, eventually resulting in an extreme situation where “the rich owned fields stretching across the land, while the poor had not even a foothold”. In response, Dong Zhongshu (179-104 BCE), a prominent Confucian scholar, advocated for “regulating and equalizing wealth” and proposed clear standards and principles for doing so. This influenced later efforts to narrow wealth gaps and avert polarization. For example, the Land Measurement and Tax Equalization Law implemented during Wang Anshi's (1021-1086 CE) reforms in the Northern Song Dynasty (960-1127 CE) aimed to address the unequal distribution of land taxes and the widespread problem of tax evasion through concealed landholding.

Meanwhile, among the peasant class, the notion of “equal distribution” evolved into a radical call to resist economic exploitation and political oppression. Slogans like “To equalize noble and humble, to even up rich and poor” gained traction, fueling peasant uprisings. For instance, Zhong Xiang (active ca. 1130 CE, rebel leader) of the Northern Song Dynasty rallied under this banner, while the “Land System of the Heavenly Kingdom” of the Taiping Heavenly Kingdom (1851-1864 CE, late Qing rebel state) declared, “All under heaven share the land, and all till it together”, advocating collective ownership. Unlike the scholar-officials' focus on fairness and balance, peasants pursued absolute equality and egalitarianism, reflecting their fierce opposition to feudal hierarchy and yearning for universal equity.

The goal of common prosperity inherits and develops the ancient concept of “equitable distribution”. Represented by Confucianism, the ancient “equitable distribution” philosophy aimed to regulate the gap between the rich and the poor to achieve social fairness and harmony. The goal of common prosperity

proposed by the Communist Party of China carries forward the core values of fairness and justice from the “equitable distribution” concept, striving to eliminate polarization, ensure fair and reasonable wealth distribution, and ultimately realize common prosperity.

President Xi Jinping emphasized that “common prosperity is an essential requirement of socialism and a distinctive feature of Chinese modernization” (Xi, 2022: 142). As the practice of socialism with Chinese characteristics deepens, the connotation of common prosperity continues to expand and evolve. In terms of its scope, common prosperity is for all people rather than a select few, reflecting the fundamental requirement of socialism. Regarding its content, common prosperity is comprehensive, encompassing material wealth, cultural enrichment, environmental well-being, and social development, thereby providing a solid material foundation and rich moral nourishment for the all-round development of individuals. From the perspective of its driving forces, common prosperity results from the combined effects of productivity growth and the optimization of production relations. The “prosperity” in common prosperity is primarily achieved through the development of productive forces, while the “common” aspect is realized through the optimization and adjustment of production relations. To achieve this, it is essential to expand the economic “pie” by vigorously developing productivity, particularly new quality productive forces, and then distribute the “pie” properly through reasonable institutional arrangements.

With respect to its level of balance, common prosperity does not imply absolute equality but rather prosperity within a reasonable gap. It does not mean simultaneous prosperity for all but rather a phased and gradual process. Regarding its implementation, the realization of common prosperity is a long-term, complex, and incremental process. Common prosperity is the shared prosperity of all 1.4 billion Chinese people—an unprecedented scale in human history that will reshape the global landscape of high-income nations. Given that unbalanced and inadequate development remains a principal contradiction in Chinese society and that individuals differ in quality and ability, achieving common prosperity is a complex systematic endeavor requiring the concerted efforts of people from all ethnic groups across the nation over an extended period.

In conclusion, the concept of common prosperity incorporates the beneficial elements of fairness and harmony from the ancient “equitable distribution” philosophy, while its connotation has been enriched and developed through the great practice of socialism with Chinese characteristics. It is no longer merely an idealized pursuit; under the leadership of the Communist Party of China and the collective efforts of the entire nation, solid steps have already been taken on the path toward common prosperity.

Guided by the goal of common prosperity, we must accelerate the development of a high-standard socialist market economy system. Expanding the “economic pie” lays a robust foundation for common prosperity; otherwise, common prosperity would lack sustenance, akin to a tree without roots or a river without a source. It has been proven that the market economy is the most effective institutional framework for achieving efficient resource allocation and creating substantial wealth. Thus, achieving common prosperity for all hinges on a sophisticated socialist market economy system, placing urgent demands on refining its core systems. Elements such as property rights protection, market access, fair competition, and social credit form the essential framework for ensuring the stable operation of a market economy. Therefore, strengthening these systems is critical to invigorating the vitality of economic factors and promoting the efficient allocation of resources, paving the way for shared prosperity.

2.3 From the Ancient Principle of “Cultivating Oneself while Helping Others Thrive” to Today’s Orderly Competition and Shared Development

The principle of “Cultivating Oneself While Helping Others Thrive” stands as a cornerstone of

China's rich traditional culture, promoting a win-win philosophy: individuals should pursue their own interests while uplifting others, fostering mutual benefit. This reflects the Confucian doctrine of “loyalty and forbearance”—two complementary virtues. “Loyalty” imposes self-restraint, urging one to serve others wholeheartedly, while “forbearance” demands responsibility, rejecting the imposition of one's will on others. This idea originates in the *Analects* (Yong Ye chapter), where Confucius (551-479 BCE, founder of Confucianism) states: “If you wish to establish yourself, establish others; if you wish to succeed, help others thrive”. He deemed those embodying this principle as truly benevolent.

Since Confucius articulated it, this concept has evolved across China's history, embraced by notable figures and idealists as a guiding ethic for interpersonal relations and political expression. Mencius (ca. 372-289 BCE, key Confucian philosopher) advanced it with “the benevolent love others”, while Dai Sheng (active ca. 1st century BCE, Western Han Dynasty scholar and ritualist) emphasized, “the benevolent excel in loving others”, urging care and support for all. Later, Fan Zhongyan (989-1052 CE, Northern Song Dynasty statesman and litterateur) famously declared, “I wish to be the first to worry about the nation's woes and the last to share in its prosperity”, and Zeng Guofan (1811-1872 CE, Qing Dynasty official and military leader) echoed, “Establish oneself and help others prosper”. These sentiments reveal the profound moral depth and social responsibility of ancient sages.

In essence, “establishing oneself while helping others thrive” blends personal moral cultivation with communal duty, forming a vital thread in Chinese culture. It has deeply shaped the collective values of the Chinese nation, evolving today into a framework for orderly competition and shared development.

The concepts of orderly competition and shared development embody the essence of the ancient Chinese principle of “establishing oneself while helping others thrive”. The market economy is fundamentally driven by competition, which, on one hand, fosters the survival of the fittest—optimizing resource allocation and enhancing economic efficiency—and, on the other, compels enterprises to innovate technologically and improve management practices, thereby promoting economic development. However, the benefits of competition in resource allocation, technological progress, and market structure optimization are conditional, requiring competition to be orderly and fair. Marx & Engels (2016: 372) highlighted the external pressure competition exerts on producers, stating they “recognize no other authority but that of competition, of the coercion exerted by the pressure of their mutual interests”. However, market participants are not entirely rational; their behavior often exhibits impulsiveness, spontaneity, and lagged responses. Driven by self-interest, they may engage in disorderly competition—such as predatory pricing—or even monopolistic practices, disrupting market order.

Disorderly competition manifests when firms resort to unfair or even illegal means to seize market resources and maximize profits, embodying a zero-sum mentality of “harming others for self-benefit”. This ultimately leads to a “bad money drives out good” effect, distorting market mechanisms and weakening the capacity for resource allocation—contradicting the objective of building a high-standard socialist market economy system. Unlike a typical capitalist system, the socialist market economy system integrates market mechanisms with socialist principles, emphasizing a fair and orderly competitive environment that ensures common prosperity. This vision aligns closely with the traditional ethos of “establishing oneself while helping others succeed”, which advocates for win-win cooperation. Rooted in Confucian thought, this principle inherently aligns with the goal of a high-standard socialist market system that promotes fair and orderly competition.

The concept of shared development also echoes the core tenet of “establishing oneself while helping others succeed”. It emphasizes that development outcomes should be collectively created and enjoyed by all, aiming to enhance people's well-being and address social justice issues. As the saying goes,

“One flower alone does not make spring; a garden full of blossoms in various colors does”. Shared development prioritizes the well-being of all as both the starting point and the ultimate goal of progress, embodying the essence of socialism and the Party’s people-centered development philosophy.

This principle represents an inheritance and development of the ideas articulated by classical Marxist writers regarding communist society (socialist society), as well as the notions of shared prosperity and common wealth found within traditional Chinese culture. Marx & Engels (2012: 308; 2009: 200) envisioned that in a communist society, “all people jointly enjoy the welfare created by everyone”, and that “production aims at the prosperity of all”. If the concept of “Do not worry about scarcity, but rather about uneven distribution” in Chinese culture can be interpreted as an expression of the desire for equitable wealth distribution, then the principles such as “establishing oneself while helping others prosper” underscore the importance of driving social harmony and progress through practical and actionable efforts. It encourages individuals to pursue personal advancement while also contributing to the growth and development of others, emphasizing a strong sense of social responsibility and mission. By actively influencing and assisting those around them, individuals ultimately contribute to broader social stability and harmony. Thus, the philosophy of shared development and the philosophy of “establishing oneself while helping others prosper” are intrinsically consistent in their conceptual and value orientations, both embodying a common aspiration for equity, justice, and the harmonious progress of society.

3. Developing a High-standard Socialist Market Economy System and Improving the Foundational Institutions for the Market Economy: Contemporary Imperatives and Innovative Pathways

The Third Plenary Session of the 20th Central Committee of the Communist Party of China (CPC) set an ambitious goal: to establish a high-standard socialist market economy system by 2035. It outlined the main tasks for improving the foundational institutions for the market economy in the current and long term. Advancing these systems toward a rule-of-law-based, internationalized, and modernized direction will provide essential institutional support for building a high-standard socialist market economy system and advancing Chinese modernization.

3.1 Rule of Law

The market economy, as a form of economic operation, optimizes resource allocation through its mechanisms, a process that hinges on well-defined rules, order, and robust legal safeguards. Thus, a market economy is, in essence, a rule-of-law-based system. Its foundational institutions—property rights protection, market access, fair competition, information disclosure, and market exit—underpin its stability and efficiency. Strengthening these foundational institutions offers robust support for constructing a high-standard socialist market economy system, ensuring it operates with integrity and fairness.

Strengthening the property rights protection system. Property rights, which encompass ownership, possession, control, usage, and usufruct, serve as the legal foundation of economic ownership relationships. As the cornerstone of a functioning market economy and the essence of ownership structures, a well-developed property rights system is essential. It is imperative to adhere to the principle of equal protection under the law, ensuring that enterprises of different ownership structures—whether public or private—receive the equal legal protection status in legislation, equal treatment in law enforcement, and consistent accountability in judicial proceedings. All forms of bias and discrimination

must be firmly eliminated. To keep pace with technological advancements, we should broaden the scope of property rights protection, exploring the establishment of a data property rights system to meet the evolving demands of emerging industries, business models, and innovative products. Additionally, it is necessary to enhance public awareness of property rights across society through diverse and engaging outreach efforts, using accessible methods to foster a societal culture that respects and upholds property rights.

Enhancing the market access system. A well-structured market access system helps eliminate hidden barriers, ensure equal entry opportunities for all market participants and lay the foundation for fair competition. It is essential to refine the negative list management model by incorporating both legally established market access measures and temporary local regulations into a unified national negative list, thereby implementing a consistent list-based management system. Any unauthorized access restrictions beyond this list must be strictly prohibited, guaranteeing that all market entities—regardless of type—can lawfully and equally enter sectors not covered by the negative list, thereby benefiting from a fair and competitive market environment with equal development opportunities. A dynamic adjustment mechanism for the list should be established, allowing timely updates based on technological advancements, industrial developments, and market changes while adhering to legal and regulatory requirements. Additionally, domestic and foreign investment access policies should be better coordinated, following the most-favored-nation (MFN) principle to ensure equal market access conditions. Domestic market entry thresholds should also apply to foreign investors unless otherwise stipulated by international agreements. Finally, restrictions on market entry in the service sector should be progressively relaxed. For areas not related to national economic security or public welfare, market vitality should be fully unleashed to enhance the supply of high-quality services, meeting the growing expectation of the people for premium service.

Enhancing the fair competition system. As a fundamental principle of the market economy, the fair competition system ensures that all market entities have equal access to various resources in accordance with law and compete on a level playing field. It is essential to strengthen the review of policies and regulations, eliminating those that hinder fair competition. Stricter measures should be taken against monopolistic and unfair practices, with harsher penalties to increase the cost of violations. Deepening international cooperation and exchanges, and promoting institutional openness in the field of competition rules will help align domestic rules with global standards. By fostering a fair, just, and orderly competitive market environment, all market participants are guaranteed equal footing, laying the foundation for a unified national market that promotes shared prosperity.

3.2 Internationalization

Upholding an international orientation in developing a high-standard socialist market economy system is an essential requirement for the effective functioning of market mechanisms and the development of a new round of economic globalization. The market economy allocates resources through supply and demand, pricing, and competition—mechanisms that function more efficiently in a broader, more open marketplace. Expanding the scope of resource allocation enhances price signals, allowing them to better reflect shifts in supply and demand and directing resources toward more efficient, higher-yield sectors. Likewise, broader competition strengthens market dynamics by incentivizing firms to improve productivity, reduce costs, and enhance competitiveness. To effectively allocate resources on a global scale, it is crucial to refine the foundational institutions for the market economy and ensure seamless integration between domestic and international systems. The rapid evolution of economic

globalization places higher demands on institutional openness. Currently, international trade regulations are shifting from traditional border measures—such as tariffs, quotas, and customs controls—to behind-the-border frameworks that emphasize trade facilitation, labor standards, and intellectual property protection, with foundational institutions for market economy being a critical component of these behind-the-border rules. To meet the growing emphasis on regulation, governance, and standards in international economic and trade rules, China must continuously improve the foundational institutions for its market economy and achieve effective alignment with international systems. This will help better leverage both domestic and international markets and resources, enhance the endogenous driving force of the domestic economic cycle, and strengthen China's appeal within the global economic circulation.

Internationalization requires balancing independence, self-reliance, and the prioritization of domestic needs. By aligning with advanced global standards, we should cultivate a market-oriented, law-based, and world-class integrated business environment—an essential foundation for attracting top-tier resources and driving high-quality economic growth. This effort is guided by two core principles: First, we must uphold the principle of independence and self-reliance, which serve as the bedrock and prerequisite for our global engagement. While internationalizing our core market institutions, we must safeguard national sovereignty and prioritize our interests. Building on this foundation, we should align with advanced international frameworks, refine our fundamental market systems, and progressively integrate with established global rules.

Second, we must stick to the principle of proactive selection and adaptive utilization. China's market economy evolves within the framework of a socialist system. This requires refining our market economy's fundamental structures by drawing on the general practices of major developed countries while fully recognizing the defining reality of our socialist nation in its primary stage of development. We must resist blindly adopting foreign practices. Instead, we should wield the "arrow" of universal market economy principles to strike the "target" of a foundational institutions for socialist market economy tailored to China, steadily overcoming challenges as we build a high-standard socialist market economy system. To achieve this, we should utilize free trade zones (FTZs) and ports as experimental grounds, testing reforms that meet international standards. Successful innovations can then be scaled nationwide, reinforcing our market systems. Throughout this process, we should adhere to a "discard the dross and assimilate the essence" approach—selecting and integrating global best practices that strengthen our socialist framework while rejecting capitalist institutional attributes and ideologies incompatible with our values.

While refining the foundational institutions for our market economy, we should actively contribute public goods to the international community. At present, global public goods are primarily designed and supplied by Western powers. These offerings are not only deeply embedded with Western values but also relatively limited in variety, making them insufficient to meet the diverse needs of developing countries. In particular, the non-excludable nature of global public goods often results in hesitancy and caution among major suppliers when expanding their provision.

With the collective rise of the developing countries and their increasingly prominent role in the global economy, there is a growing demand for public goods that align with their needs and reflect their aspirations. After decades of rapid growth, China has firmly established itself as the world's second-largest economy, with increasing influence in global affairs. To transform the vision of a community with a shared future for mankind into concrete action, China has, over the past decade, launched initiatives such as the Belt and Road Initiative (BRI) and the Global Development Initiative (GDI), providing significant platforms for developing countries to share in China's development dividends and advance

their own progress. These initiatives demonstrate China's commitment, as a responsible global power, to supplying public goods within its capacity through concrete actions.

Against this backdrop, the goal of enhancing the foundational institutions for our market economy extends beyond achieving seamless integration with advanced international systems and deeper participation in the global economic order. It also aims to take a leading role in shaping international economic and trade rules. By sharing China's approaches and solutions—such as enhancing property rights protections, refining market access regulations, and strengthening fair competition frameworks—we seek to provide meaningful reference for the international community, particularly for developing countries to explore and establish market economy systems tailored to their unique contexts.

3.3 Modernization

Upholding a modernization-oriented approach to developing a high-standard socialist market economy system provide institutional support for realizing Chinese-style modernization. The *Report to the 20th National Congress of the Communist Party of China* explicitly emphasizes the commitment to advancing the great rejuvenation of the Chinese nation comprehensively through Chinese-style modernization. Chinese modernization, under Party leadership, is a systematic endeavor to advance coordinated transformation across five key dimensions: economic, political, cultural, social, and ecological development. Economic modernization constitutes its material foundation, while the development of new quality productive forces has opened new pathways for high-quality development and economic modernization. Characterized by high technology, efficiency, and quality, these new quality productive forces emerge from cutting-edge and disruptive innovations. Their efficiency derives from the optimized integration and renewal of labor, tools, and resources, while their quality is reflected in deep industrial transformation and upgrading. Whether it is the new business models, innovative formats, and cutting-edge products emerging from the widespread penetration of frontier and disruptive technologies, the creative allocation of resources to enhance total factor productivity (TFP), or the rise of strategic emerging and future industries that represent the direction of industrial upgrading, all require the establishment of corresponding production relations.

It was stated at the third plenary session of the 20th Central Committee of the Communist Party of China that a high-standard socialist market economy system will provide an important guarantee for Chinese modernization. Strengthening key market institutions—including property rights, market access, fair competition, and social credit—is both a prerequisite and a necessity for this endeavor. Only by refining these systems can the market play a decisive role in resource allocation, ensuring the smooth operation and sustainable development of the socialist market economy system. Robust property rights protection, equitable market access, fair competition, and a trustworthy social credit framework create a transparent and just market environment where all participants can compete on equal footing, optimizing resource allocation and fostering healthy economic growth. In essence, advancing these foundational institutions for the market economy provides a guarantee for building a high-standard socialist market economy system, thereby offering institutional support for realization of Chinese-style modernization.

The socialist market economy system represents a new form of economic civilization. Civilization encompasses the sum of humanity's material and cultural achievements, expressed in different forms across historical periods, regions, and societies. The 20th National Congress of the Communist Party of China highlighted that Chinese-style modernization has created a new form of human advancement—a path fundamentally distinct from the Western model. A distinct path of civilization, fundamentally from that of the West, has been successfully charted, dispelling the myth that modernization is synonymous with Westernization and offering an alternative perspective on humanity's pursuit of modernization. As a

new form of civilization, Chinese-style modernization integrates economic, political, cultural, social, and ecological dimensions into a cohesive whole, embodying all aspects of human social progress. Within this framework, the socialist market economy system represents an innovative economic paradigm, challenging the entrenched belief that market economies are exclusive to capitalism.

The socialist market economy system is the product of a deep integration between the fundamental socialist system with the mechanisms of a market economy, a groundbreaking achievement hailed by the Party as a “great innovation” (Party Literature Research Office of the CPC Central Committee, 2017). By adapting the basic tenets of Marxism to China’s specific realities—guided by the principles of freeing minds and seeking truth from facts—we have built a system that has propelled one of the greatest economic growth miracles in human history.

Compared to the capitalist market economy, the socialist market economy system offers distinct advantages, shaping a new form of economic civilization through four key features:

First, synergy between a proactive government and an effective market. Unlike the Western “small government, big market” model, the socialist market economy system fosters a complementary relationship between government and market, with each performing its respective duties. We emphasize better leveraging the government’s role while upholding the market’s decisive role in resource allocation. Admittedly, the market is the most effective means of allocating resources, but it is not the only one. When market failures occur—due to monopolies, externalities, or information asymmetries—active government intervention is essential to correct these shortcomings. At the same time, the government establishes and refines fundamental market institutions, such as property rights and fair competition systems, creating a market-oriented, internationalized, and rule-of-law business environment. Through strengthened macroeconomic regulation, it provides a favorable setting for the market economy’s development.

Second, the balance between fairness and efficiency. On one hand, the socialist market economy system leverages the development of a market economy to fully harness the role of market mechanisms in resource allocation, significantly mobilizing enthusiasm across all sectors and addressing issues of efficiency. On the other hand, the socialist public ownership of the means of production underpins a distribution system primarily based on labor, which largely prevents wealth polarization. Furthermore, through institutional arrangements such as taxation and transfer payments, it achieves equitable wealth distribution, ensuring the path toward common prosperity.

Third, a people-centered development philosophy. The people-centered development perspective is the fundamental value stance of Chinese-style modernization, markedly distinguishing it from the capital-centered Western model. The first perspective emphasizes that development is for the people, relies on the people, and its fruits are shared by the people, taking common prosperity and the free and well-rounded development of individuals as its starting point and ultimate goal. In contrast, the second perspective serves the interests of a minority, resulting in severe polarization and social problems.

Fourth, we need to harness the positive role of capital and effectively curb its negative effects. Developing a market economy under socialist conditions, on one hand, effectively activates capital’s role as a factor of production—its “positive aspects”—to serve socialist modernization. On the other hand, the public ownership of socialist means of production eradicates the private ownership foundation that fuels the “greed and exploitative” tendencies of capital—its “negative aspects”.

4. Concluding Remarks

A tree that reaches the sky must have deep roots, and a river that encircles a mountain must have

its source. Xi Jinping (2023) noted: “A profound understanding of the history of Chinese civilization is essential to promoting the creative transformation and innovative development of fine traditional Chinese culture in a more effective manner, pushing ahead with the building of a cultural sector with Chinese characteristics more strongly and developing a modern Chinese civilization”. Chinese civilization, with its long and continuous history, exerts a far-reaching and extensive influence on the Chinese nation. It has not only shaped the character and values of the Chinese people but also, advancing with history and the times, serves as a vital intellectual and inspirational source for addressing the questions posed by our era and the great practice of socialism with Chinese characteristics. Thus, it is essential to deeply root ourselves in the over 5,000 years of Chinese civilization, drawing wisdom and strength to continually advance the inheritance and innovation of Chinese culture, providing a solid spiritual pillar for advancing the great rejuvenation of the Chinese nation through the path of Chinese-style modernization. 🇨🇳

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