

# Comparative Study on the Relationship between Socialist Reform with Chinese Characteristics and Western Modernization Development Models

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## Abstract

Compared with the Western model of modernization, China's development model of more than 30 years has characteristics that are fundamentally different from various capitalist models, both in terms of value and institutional design. Politically, it adheres to the leadership and effective governance of the Communist Party of China (CPC), as well as the broad participation of the people and the socialist development path with Chinese characteristics; economically, it pursues reforms oriented to a socialist market economy; socio-culturally, it adheres to the guiding position of Marxism in the ideological field and the path of common prosperity through a part of the people getting rich first and driving and eventually achieving common prosperity; externally, it promotes the construction of a harmonious world. From the external aspect, it promotes the construction of a harmonious world.

## Keywords

Socialism; Reform and Opening up; Development of Productive Forces; Chinese Characteristics.

## 1. Socialist Reform with Chinese Characteristics

### 1.1. The Essence of Socialist Reform with Chinese Characteristics

The essence of socialist reform with Chinese characteristics: the Self-improvement and development of the socialist system. In order to liberate and develop the productive forces, it is necessary to adjust, through reform, the parts of the relations of production that are incompatible with the productive forces and the parts of the last building that are incompatible with the economic base, so reform is the Self-improvement and development of socialism. The role of reform: to improve the systems of socialism and to make socialism with Chinese characteristics full of vitality and vigor.

### 1.2. Background of Socialist Reform with Chinese Characteristics

The Ten-Year Cultural Revolution produced great damage to China's government administration, economic construction, national defense force, scientific, educational and cultural level, and foreign communication, which further distanced China from the developed to countries. After the end of the Cultural Revolution, the national economy fumbled around for two years and still did not make much progress. The frequent visits of the central leaders and central government delegations to study the development of foreign capitalist countries caused a great psychological impact and became a catalyst to promote greater reform and opening up.

### **1.3. Reasons for Socialist Reform with Chinese Characteristics**

#### **1.3.1. To Get Rid of the Poverty and Backwardness of China at that Time as Soon as Possible**

Deng Xiaoping pointed out: "Poverty is not socialism; socialism has to eliminate poverty. Without developing the productive forces and raising the living standards of the people, it cannot be said to meet the requirements of socialism". If we do not implement reforms now, our modernization and socialist cause will be buried". Deng Xiaoping also pointed out that "the nature of the reform, like the revolution in the past, is to remove the obstacles to the development of the social productive forces and to free China from poverty and backwardness".

#### **1.3.2. Improve China's International Competitiveness as Soon as Possible**

Deng Xiaoping clearly pointed out, "If socialism is to win an advantage over capitalism, it must boldly absorb and learn from the achievements of civilization created by human society, and absorb and learn from all the advanced business methods and management methods of countries in the world today, including the developed capitalist countries, which reflect the laws of modern socialized production." "If we do not adhere to socialism, reform and open up, develop the economy and improve people's lives, we will only die."

#### **1.3.3. Further Liberate the Productive Forces and Develop Them**

Deng Xiaoping pointed out that "after the establishment of the socialist system, it is also necessary to fundamentally change the economic system that fetters the development of the productive forces, to establish a socialist economic system full of vitality and vigor, and to promote the development of the productive forces, which is reform, so reform is also the liberation of the productive forces. "In the period of socialist construction, the fundamental way to develop the productive forces is reform; without implementing reform of the economic system and without changing the links and aspects of the existing relations of production that are not suitable for the requirements of the development of the productive forces, the so-called development of the productive forces will only be an empty phrase."

#### **1.3.4. Further Consolidation of the Socialist System**

In March 1985, Deng Xiaoping pointed out during his talk with Niji-dojin of Japan that "reform is China's second revolution". The essence of this revolution entails fundamentally changing the economic system that shackles the development of China's productive forces and establishing a new socialist economic system full of vitality and vigor, while correspondingly reforming the political system, the political system and the cultural system, etc., in order to realize China's socialist modernization.

#### **1.3.5. Realize the Self-improvement of the Socialist System**

Deng Xiaoping pointed out that "reform has promoted the development of the productive forces and caused a series of profound changes in economic life, social life, work style and mental state. The reform is the Self-improvement of the socialist system, and to a certain extent a certain degree of revolutionary change has also taken place."

#### **1.3.6. To Realize the Self-improvement of the Socialist System and to Explore the Development Model and Road Suitable for Our National Conditions**

Deng Xiaoping pointed out that "the world is now an open world" and "China's development cannot be separated from the world." Deng Xiaoping pointed out: "Our modernization must start from China's reality. Whether in revolution or construction, we must pay attention to learning and learning from foreign experience. However, copying and copying the experience of other countries and models of other countries can never be successful. China's affairs must be done according to China's situation and rely on the Chinese people's own strength. Independence and self-reliance, whether in the past, present or future, are our foothold."

## 1.4. The Process of Socialist Reform with Chinese Characteristics

Stage 1: Initial exploration and partial experiment of reform: from the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China (CPC) held in December 1978 to the publication of the Decision of the Third Plenary Session of the Twelfth Central Committee of the CPC on the Reform of the Economic System in October 1984.

Stage 2: the exploration stage of comprehensive reform centering on cities: from October 1984, when the CPC Central Committee made the decision on economic system reform to September 1988, when the CPC Central Committee made the Resolution on Regulating the Economic Environment and Rectifying the Economic Order to Deepen Reform Comprehensively.

Stage 3: summing up experience, rectifying and adjusting stage - from September 1988, when the CPC Central Committee made the decision of rectifying and deepening reform to the publication of Deng Xiaoping's Southern Tour Talk in early 1992.

Stage 4: the comprehensive reform stage with the core content of creating the basic framework of socialist market economy system - from Deng Xiaoping's Southern Tour Talk in early 1992 to the Third Plenary Session of the 16th CPC Central Committee held in October 2003.

Stage 5: the stage of system innovation with the basic content of improving the socialist market economy system - from the Third Plenary Session of the 16th CPC Central Committee held in October 2003 to the present.

## 2. The Modernization and Development Models of Developed Capitalist Countries

### 2.1. "Anglo-Saxon" Model

The "Anglo-Saxon" model is the neoliberal capitalist model, also known as the New American model, because the characteristics of this model are most evident in the United States. This is mainly due to the historical tradition of laissez-faire in the United States, the strong market mechanism, and the relatively sound institutional protection and macroeconomic policies provided by the government for enterprises and companies.

The basic principles of the neoliberal model are: in terms of ideological origin, it advocates liberalism and full competition; in terms of resource allocation, it advocates that all resources should be allocated through the market; in terms of decision-making mechanism, decentralized corporate decision-making is the main form, and government decision-making is limited to a minimum; in terms of corporate governance structure, a board system and shareholder system are implemented, and managers are mainly managers. The striking feature of this model is the large role of stock and securities markets, whose fluctuations have a direct impact on the economy. Beginning in the late 1980s, 29 U.S. states amended their corporate laws. The new corporate law requires company managers to serve not only a few large shareholders, but also the company's stakeholders. Shareholders are only part of the stakeholders, while workers, creditors and the community are another group of "stakeholders" that managers must consider when running the business. This has led to an increasing number of shareholders in the company, resulting in a highly developed securities market. In the United States the share of shares held by legal entities was even as high as 70%, and the bond and marketable securities markets expanded dramatically, thus reducing the role of banks in allocating credit. A large part of economic development is financed by the stock market. According to French economist Michel K. Arbel, that model of capitalism is based on this value orientation, which undoubtedly adapted to the need for unlimited expansion of capital.

However, the neoliberal model is inimitable because this development model is based entirely on a unique foundation. Except for the American War of Independence and the Civil War, the United States has not been hard hit by war, and both world wars provided opportunities for the

United States to make a fortune. The United States is also one of the world's richest countries in natural resources. Its energy reserves, especially natural gas and coal, are abundant. The United States also has the advantage of currency. The U.S. dollar is the reference currency for international exchange and is the primary currency of most countries' central bank reserves. Therefore, the United States relies on money (both his own and that of other countries) to rule. The downside of this model is most evident in the huge trade deficit. 1971 saw the first U.S. trade deficit of about \$1.5 billion, which increased to \$38 billion in 1982 and reached \$152 billion in 1987. In the 1990s, the trade deficit remained at more than \$100 billion. Since then it has only gone up, not down. The global financial crisis triggered by the U.S. "subprime" crisis has revealed the fundamental flaws of this model. Although the causes of the crisis are multiple, it is clear that the crisis is fundamentally caused by the basic contradictions of capitalism. The bad phenomenon caused by the financial crisis also awakened some economists who insisted that the Western economic system was perfect and began to question the superiority of the Western financial system and the fundamental system.

## **2.2. The "Rhine Model"**

The "Rhine Model", also known as the social market economy model, is mainly popular in the continental European countries, so called because they are located in the territory through which the Rhine River flows. Its most distinctive feature is its adherence to the basic principles of the social market economy. It consists of two basic principles: first, it emphasizes that the dynamism of the economy should be based on the market and that the market should enjoy maximum freedom of operation; second, it also emphasizes that the market cannot dominate the whole social life alone. It has to be balanced and constrained by the needs of society, that is, the state has to play a guarantee role. This model believes that competition and freedom are so important to the stable development of the national economy that the government must protect and support this free competition, but this protection is not laissez-faire, but active, because the competition the government wants to protect is equal competition. This model emphasizes equity. This fairness is guaranteed by the implementation of a system of co-participation in decisions, which allows employees to enter the highest decision-making bodies and participate with the employer in the decisions of the company's general policy, with a significant role for labor unions.

In the "Rhineland model" capitalist countries, the emphasis is not only on justice and fairness in terms of the economic interests and power of normal people, but also on the security and safety of people who are incapacitated or who have experienced unexpected difficulties. Therefore, there are relatively well-developed social security systems in these countries. The well-developed social security system has eased labor-management conflicts and mobilized people to participate in political activities.

## **2.3. The Democratic Socialist Model**

The theoretical source of the democratic socialist model is the basic theory of the Social Democratic Party on democratic socialism. It consists of the following basic elements: First, it emphasizes that democratic socialism is based on "freedom, equality, solidarity, democracy and labor". Secondly, it advocates that the transition from capitalism to a "democratic socialist" society should be achieved in a more moderate manner through continuous adjustment and improvement of its reformist policy ideas. Third, it advocated "economic democracy," which meant changing the concentration of economic power in private hands and emphasizing that everyone should be able to influence the direction and distribution of production. Finally, it advocates the redistribution of products and incomes through taxation and social policy in order to develop welfare and make it available to every citizen.

The Swedish Social Democrats have combined these two policies in a unique combination of historical conditions and social circumstances that make up the distinctive "Swedish model". The Swedish social welfare system is characterized by a "cradle-to-grave" welfare system that provides for the basic livelihood of all citizens, especially the elderly, as a right of citizens, and a legislative guarantee for all social welfare systems.

In the 1960s, when the Swedish economy was on the rise, the Social Democrats were at the height of their welfare building. However, this "cradle-to-grave" welfare system gradually put more and more pressure on the state's finances. In the past, when the Swedish economy was basically on the upswing, the state could solve its financial difficulties by raising taxes, but when the economy was in trouble, especially in today's increasingly globalized world, it became increasingly difficult to maintain such a high level of welfare in a world full of risks. As a result, the model is in a constant state of reform.

### **3. The Relationship between the Unique Chinese Model and the Modernization of the World**

#### **3.1. Characteristics of the Chinese Model**

When Western scholars talk about the "Beijing Consensus" or the Chinese model, they mostly ignore or deliberately avoid the "socialist" nature of China, obviously, they are unwilling to admit that the success of the Chinese model is the success of socialism with Chinese characteristics. In fact, no one can deny that the fundamental reason for China's rapid development is that, on the basis of its sovereign independence and socialist path, it absorbed the capital, technology and experience of developed countries according to its own conditions; it did not first subvert its own system and then transplant the systems of other countries. The process of forming the Chinese model has always upheld the Self-improvement and development of the socialist system. During the reform process of more than 30 years, the CPC has always emphasized that China's reform and opening up is to combine the basic principles of Marxism with China's specific reality, to follow its own path, and to build socialism with Chinese characteristics.

From the perspective of institutional design, the reason why China has adopted the system of people's congresses instead of the Western model of "separation of powers" and "bicameralism" is that, apart from the historical and national conditions of modern China, the fundamental reason is that we want to overcome the limitations of the Western system of "separation of powers" and create a new political system in which the people are truly in charge. The fundamental reason is that we need to overcome the limitations of the Western "separation of powers" and create a new political system in which the greatest number of people are the masters.

According to some Western scholars, China's reforms were successful because of the so-called privatization, liberalization and internationalization, while the problems of China's reforms lie in the insufficient degree of privatization, liberalization and internationalization, the overweight of the public and state-owned economy, the excessive government intervention and social regulation, the low degree of international integration, and the lagging reform of the political system. Therefore, further reforms should continue to reduce and eliminate government intervention and social regulation, completely privatize state-owned enterprises, further accelerate the pace of convergence with the international economy, and gradually introduce a Western-style constitutional system to lay the political and legal foundation for the role of the free market. In fact, the history and reality of the development of human political civilization show that there is no universally applicable model of democracy that is universally applicable in the world. What kind of democratic political system a country implements is ultimately determined by the country's national conditions. The implementation of the system

of people's congresses in China is the choice of the people and the choice of history, just as China must adhere to the leadership of the Communist Party of China. One very important reason why history chooses the system of people's congresses and why the people choose the system of people's congresses is that the system of people's congresses can most fully represent the interests and will of the people, and at the same time, it is also compatible with China's cultural traditions, the level of development of productive forces, and the domestic and foreign political environment, and is in line with the basic national conditions of China.

It should be pointed out that the system of people's congresses in China does not simply reject the beneficial experience of foreign democratic construction, including that of Western capitalist countries. On the contrary, we study and learn from all the achievements of civilization created by human society, including the beneficial achievements of political civilization, in a scientific manner. The reason why the system of people's congresses is so powerful and superior is that this system has the quality of keeping pace with the times and is able to reform and improve in a timely manner according to the actual needs and development of the various periods of socialist modernization, striving to explore various new forms and mechanisms to ensure that the people are in charge of their own affairs. In the process of promoting the construction of socialist political civilization, we should not only study and learn from the experience of other countries, but also cherish our own experience, and in the course of both theoretical and practical exploration, we should clearly adhere to and develop the characteristics and advantages of the system of people's congresses.

### **3.2. The Chinese Model should Move Forward in Comparison with Other Models in the World and Learn from Them**

The most successful thing about the Chinese model is its originality, but this originality is not closed to the world behind closed doors. In fact, it has always paid attention to the experience of other development models and the lessons of other development models while insisting on combining the basic principles of Marxism with the specific reality of China.

After the reform and opening up, China has even conducted a comprehensive study and in-depth research on the development models of several major developed countries such as the American model and the German-Japanese model, from which we have learned many things of positive significance, and at the same time, we have also studied the experiences of late-developing countries, such as learning a lot from the East Asian model. In fact, the process of forming and developing the Chinese model is the process of learning and integrating the development models of other countries in the world. Learning, and then exploring an autonomous development model, is one of the experiences of the success of the Chinese model. After the Soviet revolution, we even reflected deeply on the Soviet model. But while we reflected on the lessons of the failure of the Soviet model, we did not reject the historical role of the model in its entirety, apart from paying attention to learning from its rigid failures of not being able to keep up with the times.

## **4. Conclusion**

Of course, the reason why the Chinese model needs to move forward in comparison with other models in the world is that the Chinese model is still in its infancy and needs to be further improved. If we can summarize it more simply, it is two words "innovation", which is an important guarantee for the further success of the Chinese model.

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