

Summary of the think tank report

Empower China, Benefit the World

—an Analysis of the Theoretical Contribution and Value
Orientation of New Quality Productive Forces

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Empower China, Benefit the World

—an Analysis of the Theoretical Contribution and Value Orientation of New Quality Productive Forces

In 2023, Chinese President Xi Jinping first advanced the key concept of “new quality productive forces” during an inspection tour. Since then, he has made systematic explanations and important arrangements on new quality productive forces at the sessions of the Central Economic Work Conference, the Political Bureau of the CPC Central Committee’s collective study, the national legislature and the top political advisory body, as well as on his inspection tours across the country.

President Xi’s important expositions on developing new quality productive forces have further enriched his economic thought, providing a fundamental guideline and action guide for China’s drive to further emancipate and develop productive forces, achieve high-quality development, as well as push forward and expand the Chinese modernization on the new journey in the new era. This will also inject fresh wisdom and impetus into the prosperous development of China and the world.

Chapter I

Innovative development of Marxist theory on productive forces

At a collective study session of the Political Bureau of the CPC Central Committee on January 31, 2024, regarding promoting high-quality development, President Xi provided an in-depth explanation of the brand-new concept of “new quality productive forces”.

“In conclusion, the new quality productive forces are primarily driven by innovation, and break free from the development paths of traditional economic growth models and productive forces; they feature high technology, high efficiency, and high quality, and are advanced productive forces required by the new development philosophy. They are fostered by revolutionary technological breakthroughs, innovative allocation of production factors, and deep industrial transformation and upgrading, with the improvement of labor forces, means of labor, subjects of labor and their optimal combination as underlying elements, and a substantial increase in total factor productivity as a core hallmark. Marked by innovation, and with high quality as the key, new quality productive forces are advanced productivity in essence.”

Promoting high-quality development has become the main theme of China’s economic and social development. In the meantime, many factors that constrain high-quality development, which requires guidance of a new theory of productive forces. While New quality productive forces have, in practice, generated and demonstrated their strong driving force and supporting force to high-quality development, theoretical summarization and generalization are required to guide new development practices.

Based on his insightful understanding of the world’s technological and economic trends, President Xi has put forward the important notion of developing new quality productive forces. This offers systematic explanations for its rich connotation, core meaning, practical path and scientific approach, provides profound answers to such major theoretical and practical questions of “what, why and how”, as well as enriches and develops the Marxist theory on productive forces.

New quality productive forces are productive forces driven and led by innovation.

Innovation, especially original and disruptive sci-tech innovation, plays a key role in developing new quality productive forces. Revolutionary technological breakthroughs will substantial improvement of labor forces, means of labor, subjects of labor and their optimal combination, thereby generating a substantial increase in productive forces.

New quality productive forces are ones that transform the growth model. They are akin to establishing a new production function, which could drive a significant increase in total factor productivity by altering the relationship between the independent variable of factor inputs and the dependent variable of outputs.

New quality productive forces are ones that apply to industries. The application of sci-tech innovations to industries and industrial chains transforms and upgrades traditional industries, cultivates and strengthens new industries, fosters and constructs future industries, as well as drives continued iteration and upgrading of industries.

New quality productive forces are ones that realize green development. Having broken free from the traditional economic growth model's excessive dependence on traditional resources and energy, new quality productive forces are sustainable and environmentally friendly productive forces that embody the philosophy of green development

The cultivation and generation of new quality productive forces is an important force and an important symbol of development and progress for civilizations. The human history is a history of evolving tools, as well as one of cultural and civilizational advancement brought by developing productive forces. The concept of new quality productive forces was put forward in an era of evolving mobile Internet, big data, and artificial intelligence. It is necessary to see the infinite possibilities of disruptive innovations and their practical application, and to ponder over the development of civilizations and the progress of the times from this perspective.

As the world quickens its pace of evolving amid profound changes unseen in a century, developing new quality productive forces is an inevitable choice for the drive to push forward the Chinese modernization and realize the great rejuvenation of the Chinese nation, an intrinsic requirement and a focal point for promoting high-quality development, as well as a practical need to keep delivering on the people's aspirations for a better life.

Chapter II

Developing new quality productive forces with sci-tech innovation as core element

President Xi stresses that scientific and technological innovation can generate new industries, new models and new momentum, and is the core element for developing new quality productive forces.

The proposal of the concept of new quality productive forces showcases China's greater resolve and effort to push forward sci-tech innovation, fast-track sci-tech self-reliance and self-strengthening at higher levels, achieve breakthroughs in core technologies in key fields, and foster more original and disruptive sci-tech innovations, injecting new impetus into its economic and social development.

To achieve breakthroughs in core technologies in key fields, it is imperative to focus on key areas and difficult areas, with all-out efforts to seek breakthroughs in such fields as basic materials, high-end chips and industrial software, in a bid to meet the country's urgent needs and long-term demand. It is also a must to leverage the marked advantages of socialism which has the ability to mobilize resources to accomplish major initiatives, strengthen the leadership of the CPC and the government on major scientific and technological innovation, and improve a new system for mobilizing the resources nationwide to achieve breakthroughs in core technologies in key fields.

President Xi emphasizes that strengthening basic research is an urgent requirement to achieve greater self-reliance and strength in science and technology, and it is the only way for building a world leader in science and technology.

With its ever-strengthening capability for zero-to-one innovation over recent years, China has incubated a string of major innovations that command international influence, with the completion of heavyweight projects including the Five-hundred-meter Aperture Spherical Radio Telescope (FAST), the the Steady High Magnetic Field Facility (SHMFF) , the China Spallation Neutron Source(CSNS), as well as breakthroughs in such fields as quantum computing, synthetic starch, nano-confined catalysis.

Strengthening the principal role of businesses in innovation is critical in the push for high-level sci-tech self-reliance and self-strengthening.

A multiplicity of measures has been taken: in tech innovation decision-making, China encourages and supports businesses' wider and deeper participation; in R&D investment, it further pushes implementation of favorable policies such as pre-tax additional deductions for R&D expenses, to smooth the chain that links sci-tech research, industries and finance; in technological research organization, the country places businesses in the leading position in the country's key sci-tech projects

As China pushes ahead with the Chinese modernization, it has become a must for the country to build a modernized industrial system, in a bid to accelerate its effort to foster new quality productive forces.

By empowering traditional industries with "new qualities", China is fast-tracking its structural upgrading, technological path innovation, and development model optimization in the direction of forging an advanced, intelligent and green manufacturing sector, and drive an effective upgrade in quality and a reasonable growth in quantity.

In a bid to grasp the opportunities that arise amid the development of strategic emerging industries, China is endeavoring to forge a batch of advanced industrial clusters with global competitiveness, in such fields as new-generation information technology, artificial intelligence, bio-tech, new energy, new materials, advanced equipment, and green environmental protection, and to build up a series of new growth points with distinctive features, complementary strengths, and reasonable structures.

Future industries have become a key area for China's accelerated effort to forge new growth engines, which is not only expected to foster a batch of new pillar industries and industrial clusters with annual output reaching 100 billion yuan or even 1 trillion billion yuan, but also to play a greater role in strengthening, supplementing, and extending the industrial chain by transforming and upgrading traditionally advantageous industries through extensive empowerment.

The suggestion of "tailored to local conditions" is based on both accurate grasp of China's national conditions, and a deep understanding of innovation. China has stressed the need for national planning for local regions' innovation efforts, based on their distinctive advantages as well as grass-root exploration and practices, so as to find a scientific and reasonable path for innovative development, and avoid a "one-size fits-all" approach.

In pursuit of innovative development, it is a must to maintain sci-tech innovation as the core element, industrial innovation as the strong pillar, as well as a coordinated and holistic approach, and so as ensure a solid pace and a powerful drive in developing new quality productive forces.

Chapter III

Forging a new type of relations of production compatible with new quality productive forces

Developing new quality productive forces is not just a proposition for development, but also one for reform.

President Xi points out, “To develop new quality productive forces, it is imperative to deepen reform across the board to create a new type of relations of production that is compatible with the development of new quality productive forces”.

Since the 18th CPC National Congress, China has, centered on the drive to build a high-level socialist market economy, accelerated the effort to improve basic systems underpinning the market economy, such as those for property rights protection, market access, fair competition, and social credit, as well as to work unswervingly both to consolidate and develop the public sector and to encourage, support, and guide development of the non-public sector, laying an institutional foundation for the efficient and synergistic allocation of various factors of production.

Compared with traditional productive forces, new quality productive forces are ones that incorporate new quality factors of production, with higher-quality labor forces as the primary factor, more cutting-edge means of labor as the power source, and a wider range of subjects of labor as the material basis.

Deepening reform lies at the core of the drive for innovative allocation of factors of production. China is continuously deepening the reform for the market-based allocation of production factors, speed up the creation of a national unified market, building a high-standard market system, fully leveraging the decisive role of the market in resource allocation, giving better play to the role of the government, and promote both an efficient market and a well-functioning government.

The 20th CPC National Congress highlighted the need to improve policies and institutions for distribution based on factors of production. China is working to improve the distribution mechanism for labor, capital, land, knowledge, technology, management and data, in a bid to mobilize various factors of production to participate in production in a proactive, initiative and creative manner, thus unleashing the vitality of various factors of production.

President Xi emphasizes, “in accordance with the requirements of developing new quality productive forces, the virtuous cycle of education, science and technology and talents should be smooth”. China is deepening reforms in sci-tech, education and talent management systems, persistently giving high priority to the development of education, building China’s self-reliance and strength in science and technology, and relying on talent to pioneer and to propel development, further strengthening the solid foundation for the synergistic allocation of resources, and activate the key engine for shaping new dynamics and new advantages.

President Xi stresses, “high-level opening up must be expanded to create a sound international environment for the development of new quality productive forces”. While persistently advancing high-level opening up, China is leveraging the strengths of its enormous market, attract global resources and production factors with a strong domestic economy, and amplify the interplay between domestic and international markets and resources, thus creating an innovation eco-system with global competitiveness

China is further expanding its institutional opening-up. Through continued integration opening-up efforts of coastal and inland regions, it is exploring institutional rules appropriate to their linkage development; through continued integration of “bring in” and “go global” strategies, it is creating a new platform for international cooperation; through continued integration of manufacturing and services sectors’ opening-up efforts, it is crafting new rules and standards to promote opening-up in areas such as education, medical care, finance; through continued integration of multilateral opening-up and regional opening-up, it is participating in the push for global institutional opening-up.

China is endeavoring to deepen international cooperation, in a move to lay a solid foundation for fostering new quality productive forces. The measures include: continuing to promote the high-quality development of the Belt and Road Initiative; accelerating the effort to build major corridors for international trade and logistics, such as the China-Europe freight train service, and the new land-sea corridor in West China; firmly supporting the multilateral trading system, actively participating in and promoting the necessary reforms of the WTO, and further improving the network the free-trade zones in line with global of high-standard for the whole world

In the process of its opening-up drive, China has drawn valuable experiences of creating opportunities in opening-up and tackling challenges in cooperation. With its doors opened wider and wider, China is promoting optimized allocation of resource factors on a global scale, and creating more favorable circumstances and conditions for developing new quality productive forces.

Chapter IV

New quality productive forces' significance to the world

Since the Industrial Revolution, only a few countries have modernized over the span of more than 200 years. And the world's modernization process is not smooth, beset by multiple challenges, such as sluggish economic recovery, grim geopolitical tensions, and the trend of de-globalization.

China's effort in developing of new quality productive forces is not only a proactive move in pursuit of the great rejuvenation of the Chinese nation, but also a responsible move that seeks to promote world peace and development, mutual benefit and cooperation, and common prosperity by sharing its own modernization practice.

With the transformation and upgrading of traditional industries and the emergence of new and future industries, new quality productive forces will contribute to an expanding middle-income group, as well as growth and upgrading of the consumer market. Driven by both purchasing power and demand, China will see rising imports, which will allow its trading partners to share more deeply and widely the development opportunities offered by China's huge market.

The effort to develop new quality productive force makes China a more important link in the global innovation chain. A growing number of multinational companies are focusing their investments in China on the innovation track, with commitments in developing innovative technologies and services with high added value. Today's China is not only an important market for businesses; it is also an amplifier of gains generated by their innovation efforts.

In the face of challenges for economic governance brought forth by changing productive forces, China is actively improving its policy planning and bridging in institutional gaps. As the global pioneer to establish data as a factor of production at the national policy level, China has introduced the world's first legislation on generative artificial intelligence. The country is committed to safeguarding data sovereignty, actively participates in international cooperation on the digital economy and regulation formulation, as well as calls for the elimination of the digital divide. China's efforts to

proactively explore and respond to new factors of production will help drive transformation in global economic governance, further unleashing the potential and vitality of the global economy.

Industrialization has created an unprecedented abundance of material wealth, yet it has also caused major damages to the ecology, highlighting the contradiction between limited resources and unlimited human needs. Compared with traditional productive forces, new quality productive forces emphasize innovation-driven endogenous growth without excessive dependence on natural material resources. The old development model of “polluting and cleaning” and “controlling and plundering nature” is becoming a thing of the past; in the meantime, a new path of ecological civilization is being taken, characterized by the harmonious coexistence of human and nature, as well as the pursuit of sustainable development.

China’s efforts to develop new quality productive forces is intended to share more fruits of modernization for all in a more equitable manner, and to promote comprehensive development of people. That came as part of its wider efforts to develop the country and improve human rights. China will push for higher-level and wider high-quality population development, laying a more solid foundation for the continued drive to foster new quality productive forces.

New quality productive forces are more about serving the “modernization for people”, which means people would show greater subjectivity, creativity and civility in modernized production and life, and they would also add more human touches in the process of modernization.

Science and technology belong to both our time and the world. China is persistently advancing high-level opening-up and sci-tech innovation, while promoting opening-up, communication and integration among countries in a larger scope, with higher standards and at deeper levels, to drive a leap of productive forces. China’s experience in technological innovation, industrial upgrading and transformation will open up new practical paths for the modernization of late-moving developing countries, and will also push the world economy towards a more diversified and balanced future.

At the new crossroads of human development amid profound changes unseen in a century, China stands as a major force in promoting globalization, multi-polarization, and advocating diversity. In jointly building the community of shared future for mankind, China firmly believes that the international community will blaze a path of driving productive forces through win-win cooperation, and open up a new chapter of sustained prosperity and harmonious coexistence.