Exploring the Rationality and Necessity of the Existence of China 'S Private Ownership Economy

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Abstract. The existence of private ownership economy has always been controversial in the academic circle, which has led to the discussion of whether private property should be protected or not, which is ultimately a disagreement on the private system itself. Through the analysis of political economy and China's economy, this paper discusses the rationality and necessity of the existence of private economy in terms of ideology and system, which is an important reform of China's cultural and economic society as well as an inevitable choice for the development of advanced productive forces. At the same time, with the help of real economic index data in reality, it is found that whether it is the number of enterprises, employment, investment or tax revenue and contribution to the GDP, the private ownership economy occupies a very important position, and it is an important pillar of China's economic development, livelihood protection and other aspects.

Keywords: private ownership; private property; Chinese economy; rationality; necessity;

1 Introduction

Since the 1980s and 1990s, countries all over the world have started their own privatization processes. Both socialist and capitalist countries have put in place corresponding privatization measures or guidelines to stimulate economic development and converge with the global market. The most typical example is the privatization of railroads in Britain. The then British Prime Minister Margaret Thatcher transferred the national railroads, which were originally built by British workers and belonged to the state, to big capitalists. At the same time, other Western capitalist countries that had been influenced by Franklin D. Roosevelt's New Deal also "returned" their nationalized assets and wealth to private capital. In the 1970s and 1980s, a number of socialist countries, notably China and the Soviet Union, committed themselves to abolishing their highly centralized planned economies and gradually transitioning to market economies, with a fair amount of privatization. There were also some small countries in Asia, Africa and Latin America that were influenced by the two blocs of the United States and the Soviet Union during the Cold

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War period that also made some responses to follow the trend, and all of them introduced corresponding measures. Therefore, privatization reform can be regarded as the "main theme" of the world at that time.

For China, over the past three decades of reform and opening up, the economic system has continued to develop and innovate, and has evolved from a single public ownership structure to a pluralistic, mixed structure in which public ownership is the mainstay and a variety of ownerships are developed together, with the non-public economy, represented by the private sector, enjoying rapid development and playing an increasingly important role in China's economy. However, the main argument that still exists in China is "whether the protection of private property is a stopgap measure or a matter of course". Therefore, this paper proves the importance and rationality of private ownership by analyzing the change and development of the perception of ownership, as well as the theoretical basis and practical significance of the existence of private ownership.

2 Changes and Developments in Perceptions of Ownership

Ownership refers to the economic system by which the means of production of a society are appropriated and dominated by whom, and is the cornerstone of a country's economic system. Throughout the history of human development, there have been two main types of social forms in the world: societies dominated by public ownership, i.e., primitive societies, and societies dominated by private ownership, i.e., feudal and capitalist societies.

Public ownership in primitive societies exists in an environment of extremely low productivity, where the means of production can only solve the most basic problem of food and clothing, and cannot exist for a long period of time in terms of the progress of the productive forces and the development of human society, and this kind of public ownership is more inclined to "egalitarianism", and therefore it is not possible to judge its advancement or non-advancement only by the manifestation of its system of ownership, as different systems of ownership have their own advantages and characteristics, and are suitable for different environmental conditions.

Exploitation is defined as the use of factors of production owned by others paid less than the contribution of the factor, that is, free possession of wealth created by others. [1]. Private ownership in feudal and capitalist societies is precisely an economic form of exploitation, where a large amount of the means of production is appropriated by feudal lords and capitalists, and the remuneration received by the lower classes is only enough to sustain their existence, and private ownership in this environment is synonymous with exploitation. In addition to the above-mentioned private ownership, some small forms of private ownership also existed in China's early years, for example: family handicraft workshop and so on, the operator and the laborer each in their own way, each person has received their own due remuneration, and the operator receives higher remuneration than the laborer, mainly because the operator not only through their own labor and management to make the whole workshop running, at the same time, the operator also invested a large amount of land, capital, machinery and other assets, these assets also need to have a corresponding remuneration distribution. At this point, there is no necessary connection between private ownership and exploitation, adapting to the development of the theory of value from labor as the only factor of production to the participation of all factors of production in value creation [2].

Therefore, the specific form of expression of ownership has no necessary relationship to whether or not the productive forces are advanced or whether or not exploitation exists in society. The Party and State's perception of private ownership has also changed more markedly since the reform and opening up of China in 1978, slowly accepting and recognizing the place of private ownership in China's economic system. From the very beginning, China pointed out in the "Decision of the Central Committee of the Communist Party of China on the Reform of the Economic System" that the individual economy in China is a necessary and beneficial supplement to socialism, with obvious differences in attributes from the private system of capitalism. It also points out that the quality of social productivity is the most important criterion for testing an economic ownership system, which also laid a good foundation for the emergence of the mixed ownership economic system in China in the future [3].

3 Rationality and Necessity of the Existence of Private Ownership

Private ownership is a system in which property rights to the means of production are clearly demarcated and vested in individuals, as opposed to public ownership, in which the means of production are vested in the collective or the State. As such, its widespread controversy lies in whether it is exploitative or not, and whether it is a unique product of capitalism. In the generalized theory of value, all factors of production, such as labor, land, and capital, can create value, and all of them need to be taken into account in the distribution of compensation and profits, which are distributed according to the proportion of the contribution of different factors [4]. If the distribution of profits can be carried out in accordance with this rule, then everyone has received their due remuneration, entrepreneurs are not free to take possession of the means of production of others, and then the assertion that "private ownership is exploitative" is also impossible to talk about. [3]. However, there are still those who doubt the certainty and truthfulness of the operation of this rule, arguing that in reality many workers do not receive the remuneration they are entitled to, and that some entrepreneurs try to take possession of the means of production of the workers through various illegal channels. In my opinion, this fact may exist, but its existence does not mean that private ownership can be equated with exploitation. On the contrary, it only shows that private ownership is not exploitation, and if private ownership is a system of exploitation, then the entrepreneurs themselves can legitimately enjoy the means of production of the workers instead of taking them through illegal channels, this only shows that China 's current relevant laws and regulations still need to be improved, and the means of production can also be adjusted through taxation, social welfare system and other mechanisms to reduce and change this gap.

As to whether private ownership is "capital" or "social" and whether it will have an impact on the socialist system. According to the "Decision of the Central Committee of the Communist Party of China on the Reform of the Economic System", the main criterion for economic ownership is the quality of the productive forces of society, and it is not the case that a certain type of economic ownership necessarily belongs to a certain form of society, but rather that whatever is beneficial to society and does not jeopardize the essential features of socialism (the absence of exploitation and oppression) can be adopted.

In addition to the discussion of ideology and system, the existence of private ownership is also necessary in practical applications. In certain industries and fields, because people's current level of ideology and morality is far from the ideal state required by communism, the publicly owned economy often suffers from a lack of clarity of responsibility, insufficient incentive to operate, and failure to guarantee quality, among many other problems, which makes it impossible to carry out production activities effectively. In the 1990s and the beginning of the twenty-first century, two large-scale reforms of public enterprises to private ownership took place in China, which realized the rapid development of the private economy in a short period of time through a variety of forms such as auctioning, leasing, contracting and joint-stock cooperative system [5]. This transformation solved the drawbacks of the redundant system of state-owned enterprises, soaring overhead costs, and low cost-effectiveness of products at that time by converting some state-owned enterprises with low industry thresholds and fierce market competition, so that such industries and the private economy entered into a benign development situation.

4 Importance of Private Ownership for Economic Development

Private economy attributes the means of production to individuals, which can stimulate the enthusiasm of production to the greatest extent, fully mobilize the resources of society, and add a lot of vitality to China's economy. The most important feature of the private economy is market regulation, through the input of private capital, so that the factors of production and resources to achieve an effective allocation, without excessive government intervention can be self-renewal and development,which is an important part of the market economy [6]. After the statistics of China's important economic indicators (Table 1), it can be seen that whether it is the number of enterprises, employment, investment or tax revenues and contribution to the GDP, the private sector economy occupies a very important position.

Table 1. Proportion of public ownership economy and private ownership economy

percentage	particular year	Public ownership economy	Private economy

Number of enterprises	2020	1.9%	95.4%
Obtain employment	2018	31.6%	68.4%
Investment	2018	38.0%	62.0%
GDP	2020	39.0%	61.0%
Revenue	2020	24.3%	75.7%

In terms of the number of enterprises, the private economy accounts for more than 90% of the enterprises, with wider coverage, except for some state monopolies such as petroleum and electric power, which are involved in all aspects of people's lives, with greater flexibility, playing the role of social lubricant, and stimulating the enthusiasm of innovation and entrepreneurship in the society, which is the main field for many young entrepreneurs to show their skills.

At the same time, the private economy contributes more than 60% to GDP and investment, becoming the main driving force for economic growth, fully mobilizing all social resources, stimulating the progress of advanced productive forces, and maximizing subjective initiative, with the vast majority of industrial goods, especially daily-use goods, relying on the private economy to ensure their supply. For the State, the private economy has also become a major source of tax revenue, contributing more than 75 percent of the country's tax income each year, which is also of great significance for the operation of the Government.

With regard to people's livelihood, the private economy has also provided a large number of jobs and played an important role in promoting the transformation of China's surplus rural labour force, urbanization and the development of international markets. Due to China's basic national conditions, a large number of laborers needed to find a way out of the market, especially at the end of the twentieth century, the restructuring of state-owned enterprises, resulting in a large number of workers laid off, the development of the private sector economy is a good solution to the problem, absorbing a large number of laid-off workers, to help China get through the pain period [7]. And for the Chinese-style modernization, the private economy also has a very important role, which on the one hand can quickly pull economic growth, and on the other hand can provide employment for the rural transfer population, mainly through the cooperation of the rural individual private and township enterprises, which has absorbed hundreds of millions of rural laborers so far, and made a great contribution to the development of urban-rural integration. Some scholars have concluded through empirical research that the development of private economy can narrow the difference between urban and rural residents and effectively increase the income level of rural residents [8,9].

5 Disadvantages of Excessive Privatization

Although privatization has an important role to play in promoting economic development, inappropriate management and supervision can lead to certain private enterprises gaining too much market share, creating a monopoly of large capital and destroying the level playing field in the market. This may lead to inequality in the distribution of social resources and increase the gap between the rich and the poor in society. At the same time, private enterprises with higher market bargaining power will aim at profitability and may neglect public interests, such as environmental protection and social welfare. In some cases, they may resort to improper means, such as environmental pollution and squeezing employees, to maximize profits.

Specifically, privatization reforms tend to exacerbate market competition and lead to unnecessary loss of social resources. According to the research of Guo Jie and Shen Ziyi in the article "The Current Situation and Impact of Privatization Reforms in Africa", the privatization reforms in African countries in the 1990s, while providing a large number of investment opportunities, further exacerbated the competition in the African market, and a large number of ordinary people were implicated in the failure to safeguard the social infrastructure [10].

Excessive privatization reforms can also breed a monopoly of private capital, leading to the embezzlement of large amounts of wealth and stagnation of economic development, and leading to the growth of wealth only for a small group of rich people, who are usually the beneficiaries of privatization deals. These profiteers are often people with connections to executives of state-owned enterprises or government officials who have access to better resource allocation and trading opportunities in the privatization process. After the collapse of the Soviet Union, Russia embarked on reforms centred on privatization, euphemistically called "shock therapy".The Russian people expected to benefit from the equalization of the country's wealth, but as a result, ordinary Russians have lost almost everything. The economy has been devastated, and life has become difficult. Many new problems were added. Vast amounts of state assets were sold off to oligarchic groups made up of high-ranking officials from the former Communist government of the Soviet Union. With a huge private sector, the private oligarchs monopolized everything and raised prices and production. This led to a sharp decline in the purchasing power of the Russian people. The gap between the rich and the poor deepened [11].

As Chen Jianming mentioned in his article "Analysis of Factors Affecting the Balance of Grain Supply and Demand", the privatization of State-owned enterprises has evolved from "seeking property" to "seeking personnel". With the development of market economy, many executives of SOEs realize that it is too outdated to simply possess the material resources of an enterprise, and that the most important resource of an enterprise is the personnel, which is the maximization of private interests. So many state-owned enterprises related to money, property and publicity mouthpiece of the personnel are their own cronies, friends or stakeholders. The people no longer call these people "business leaders", but called "big boss". A large state-owned enterprise is completely equivalent to a family business [12].

6 Conclusion

In general, private economy has become a very important part of China's economic system, and even occupies a dominant position in some fields. The existence of private economy is necessary and reasonable from the viewpoint of ideology, system and real results, which is not only of great importance to China's economic development and social livelihood, but also conforms to the requirements of China's basic socialist system. In order to protect the motivation of private entrepreneurs and ensure the healthy development of the private economy, the state should formulate a series of laws and regulations to protect private property, and protect the assets that entrepreneurs and workers have acquired through their own efforts, which is a natural thing to do. At the same time, however, it is necessary to pay attention to the scale and limits of protection, so as to avoid the waste of social endowments and the high degree of monopolization of wealth and resources that may result from overprotection.

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