Deepening the Reform of State-Owned Enterprises and Cultivating New Quality Productive Forces: Theoretical Basis and Practical Logic

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Abstract. Currently, new quality productivity is an inherent requirement and important focus for promoting high-quality economic and social development. The article elaborates on the connotation ofmaterial and political foundation of socialism with Chinese characteristics, and a concrete manifestation of the combination of public ownership and market economy, are not only the micro subj new quality productivity from the perspectives of management theory and enterprise reform theory based on general economic theory analysis. It believes that state-owned enterprises, as an important ects of cultivating and developing new quality productivity, but also the practical objects of constructing new production relations.

Keywords: state-owned enterprise; new quality productivity; Industrial Chain Leadership

1 Introduction

Currently, high-quality development has become the fundamental principle and main theme of China's economic and social development. Developing new quality productive forces is both an inherent requirement and a key focus for driving high-quality development. It is an inevitable choice for accelerating the construction of a modernized economic system, advancing self-reliance and self-improvement in high-level science and technology, and speeding up the establishment of a new development paradigm. New quality productive forces are characterized by innovation playing a leading role, breaking away from traditional economic growth models and productivity development paths, and embodying high technology, high efficiency, and high quality. To develop new quality productive forces, it is essential to further deepen comprehensive reforms and establish a new type of production relations that aligns with them.

From the perspective of social production organization, the social organization mode of the new type of production relations is primarily reflected in the relationship between enterprises and individuals, with enterprise management models serving as an important manifestation.

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On the other hand, state-owned enterprises constitute a crucial material and political foundation of socialism with Chinese characteristics. They are a key pillar and reliance for the Party in governing and rejuvenating the country... It is imperative to drive the deepening of reforms in state-owned enterprises and enhance their management and operational standards. As a significant component of national strategic scientific and technological strength, the main force in building a modernized industrial system, and a cornerstone for safeguarding national strategic security, state-owned enterprises serve as the government's tool for cross-cycle and counter-cycle economic regulation[1]. They are the micro-level entities for cultivating, developing, and strengthening new quality productive forces.

The action plan for deepening and upgrading the reform of state-owned enterprises proposes that state-owned enterprises should focus on enhancing core functions and improving core competitiveness. They must fully leverage their roles in scientific and technological innovation, industrial control, and security support within the construction of a modernized industrial system and the establishment of a new development paradigm[2].

2 RefeThe Theoretical Basis for the Reform and Development of New Productive Forces in State-Owned Enterprisesrences

Current theoretical research on new quality productive forces (NQPF) primarily draws on Marxist productive forces theory, with limited focus on management or enterprise reform perspectives. However, NQPF is both an economic and managerial proposition, addressing macro development and micro enterprise reform. It represents a theoretical innovation in socialist political economy with Chinese characteristics and the modern enterprise system, building upon Western innovation, growth, and industrial organization theories, alongside Marxist theory.

Western economics, starting from division of labor, exchange, supply-demand, and pricing, treats labor, land, and capital as fundamental factors. Neoclassical economics reduces the firm to a production function, discarding its organizational meaning [4]. Schumpeter's innovation theory posits the entrepreneur's function as recombining production factors; innovation is economic, not merely technical, manifesting as new methods, products, markets, inputs, or organizations, driven by entrepreneurship [5].

Marx and Engels transcended viewing material productive forces in isolation, integrating them with social formations to evolve social and natural productive forces. Thus, NQPF represents a new stage beyond land, labor, social, and natural productive forces – an inevitable outcome of their evolution[3].

State-owned enterprise (SOE) governance is a global challenge, with reform concepts and theories continuously evolving worldwide . The concept of "New Quality Productive Forces" (NQPF), grounded in China's long-term socialist market economy practice and evolving development landscape, carries rich contemporary significance and distinct Chinese characteristics. It offers strong guidance for SOE reform in the new era.

Microeconomically, Western economics primarily examines private firms—driven solely by "profit maximization"[6]. In contrast, China's SOEs differ fundamentally from private enterprises as their operations are not purely "market-driven" [1]. Building on Marx and Engels' theory of public ownership, Lenin first proposed the concept of Socialist Whole-People Ownership, where the state represents the people in owning means of production[7]. In China, SOEs are the primary manifestation and micro-level entities of this whole-people ownership economy[8].

China is actively cultivating strategic emerging and future industries to break from traditional growth models and develop NQPF. Under the requirements of Chinese modernization and high-quality development, SOEs are both the micro-foundation for NQPF formation and a key component of new production relations. As the institutional foundation and organizational guarantee of Chinese modernization, modern new SOEs must embrace cultivating and developing NQPF as their critical mission[8].

3 The Practical Conclusion Centers on State-Owned Enterprises as the Cornerstone for Developing New Quality Productive Forces in China

Socialism overcomes capitalism's fundamental contradiction between socialized production and private ownership of the means of production, fundamentally liberating and developing productive forces to achieve common prosperity.As a primary mechanism for the state to represent the people in owning, allocating, and managing productive resources, State-Owned Enterprises (SOEs) effectively implement national strategies, balance equity with justice, and mediate domestic and external conflicts.SOEs balance the decisive role of the market in resource allocation with strengthened government functions. They possess inherent advantages and bear a bounden duty in developing new quality productive forces and advancing high-quality economic and social development.[10].

3.1 State-Owned Enterprises Vigorously Promote Original Scientific and Technological Innovation to Provide Internal Impetus for New Quality Productive Forces

Technological innovation is the core driver for developing new quality productive forces, as it catalyzes new industries, models, and growth engines. Enterprises serve as the primary agents of technological innovation. They adeptly identify societal demands, accelerate R&D, and facilitate the commercialization of scientific achievements, thereby bridging technological and industrial innovation while aligning national strategic imperatives with public needs.

State-Owned Enterprises (SOEs), fundamental to China’s socialist economic structure, differ from private firms driven by profit maximization and capitalist entities centered on value extraction. Rooted in socialist relations of production characterized by public ownership, SOEs embody the state’s role in managing productive resources

on behalf of the people. They operate autonomously within legal frameworks to enhance state capital while acting as key instruments for government economic regulation, effectively addressing innovation externalities and market failures.

Since the 18th CPC National Congress, strengthened Party leadership within SOEs has sharpened their institutional and competitive advantages. Their pivotal role in implementing national strategies, undertaking major projects, and spearheading original innovation has become increasingly prominent. As emphasized by the Chinese leadership, achieving greater self-reliance and strength in science and technology—particularly through original and disruptive innovation—is imperative for securing breakthroughs in core technologies and fostering new growth drivers.

Pioneering original and disruptive innovation in emerging fields entails significant uncertainty and opportunity costs in path selection. These challenges, often beyond the risk tolerance and capacity of ordinary firms, necessitate government-led initiatives for foundational and critical technology development. In this context, SOEs—as vital vehicles for leveraging the strengths of the whole-nation system—bear the mission of driving original innovation, responding to strategic needs, and ensuring foundational supply. They underpin China's innovation ecosystem, serving as the cornerstone and primary force for advancing new quality productive forces.[10]

3.2 State-Owned Enterprises Actively Promote Industrial Chain Integration, Providing an Industrial Foundation for New Quality Productive Forces

Industry is the concrete manifestation of productivity transformation. New quality productive forces are primarily embodied in the deep transformation and upgrading of industries and the construction of a modern industrial system. Theoretically, an industrial system refers to the regional distribution, interconnections, and spatial structure of the industries constituting the national economy, where interdependent and symbiotic relationships exist between them. As emphasized, it is crucial to promptly apply scientific and technological innovations to specific industries and industrial chains, transform and upgrade traditional industries, cultivate and expand emerging industries, and build future industries to improve the modern industrial system [1].

Within the context of Chinese modernization, the modern industrial system encompasses both the intelligent, green, and integrated upgrading of traditional industries and the structural optimization among traditional industries, strategically emerging industries, and future industries. It places greater emphasis on upgrading innovation drivers and the efficient allocation of production factors across industrial entities.

State-Owned Enterprises (SOEs) serve as crucial vehicles for optimizing and restructuring the state-owned economy. Firstly, they deploy key infrastructure like 5G, data centers, and the Internet of Things, laying a solid foundation for the digital and intelligent transformation across all sectors and industries, supporting the development of Digital China and a Cyberpower Initiative. Secondly, they increase investment in R&D and capital, actively fostering strategically emerging and future industries, such as new-generation information technology, new materials, and advanced semiconductors. The State Council's January 2024 Opinions on Further Improving the State Capital

Operating Budget System explicitly calls for concentrating state capital in forward-looking and strategically emerging industries.[9]

SOEs leverage their resources, scale, and platform advantages to drive synergistic development across the industrial chain. On one hand, acting as "chain leaders" (chain masters), they implement "co-chain initiatives" to strengthen, supplement, and stabilize chains by addressing bottlenecks and challenges. As reported in the SASAC's *High-Quality Development Report of Central Enterprises (2023)*, by the end of 2022, SASAC had selected 16 central enterprises as chain leaders across two batches, resolving over 270 critical industrial chain issues that year. On the other hand, SOEs act as bridges for collaborative innovation, promoting an ecosystem that effectively integrates government, industry, academia, research, and application, as well as science-industry-finance linkages. This fosters the organic integration, mutual reinforcement, and virtuous cycle of innovation chains, industrial chains, and financial chains within the national economy. Consequently, they facilitate breakthroughs in core technologies, technology diffusion, and the application of research outcomes, generating spillover and multiplier effects for technological innovation, thereby translating scientific and technological achievements into tangible productive forces.

3.3 State-Owned Enterprises Actively Respond to International Conflicts to Lay a Solid Security Foundation for New Quality Productivity

Globally, major developed economies prioritize frontier and disruptive technological innovation to seize scientific high ground and open new domains. However, global economic instability and imbalance have intensified due to U.S. interest rate hikes, the Russia-Ukraine war, and the Israel-Palestine conflict. Rising trade protectionism, hegemonism, and de-globalization risks severely challenge global industrial and supply chain stability. To maintain dominance, the U.S. and Western countries increasingly weaponize and politicize normal economic cooperation, leveraging technological and financial advantages to impose export controls and investment restrictions. They systematically place Chinese entities in critical fields like advanced semiconductors, AI, and quantum technology on the Entity List, obstructing technological exchanges and trade. State-owned enterprises (SOEs) thus face heightened scrutiny while simultaneously bearing conflict pressures and driving breakthroughs. They strengthen supply chain resilience and compliance to build self-sufficient, secure domestic production systems in vital economic sectors and core technology areas. Concurrently, SOEs actively shape international rules for frontier/disruptive technologies to enhance global influence and seize development initiative for New Quality Productive Forces (NQPF). Furthermore, leveraging their dominant positions in defense, energy, and finance—critical to national security and livelihoods—SOEs ensure energy, food, cyber, and data security, thereby providing foundational safeguards for NQPF development.

4 Annotation

Specifically includes: Biotechnology, Artificial Intelligence (AI) and Machine Learning (ML) Technology, Positioning, Navigation, and Timing (PNT) Technology, Microprocessor Technology, Advanced Computing Technology, Data Analytics Technology, Quantum Information and Sensing Technology, Logistics Technology, 3D Printing (Additive Manufacturing), Robotics Technology, Brain-Computer Interface (BCI) Technology, Hypersonic Technology, Advanced Materials Technology, Advanced Surveillance Technologyeferences.

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