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# **The System Construction of Sustainable Development**

## **-- An analysis from the perspective of political economy**

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**Abstract:** Sustainable development ,as a development concept ,within the framework of Marxist economics ,is not only inseparable with productivity but also closely linked with the production relations .The relationship between man and nature exists in the area of productivity; interpersonal relations exists in the area of production relations. The mutual adaptation between productivity and production relations will finally promote the economic and social development. On the contrary, the form will hinder economic and social development. Proceeding from the reality, at present, there are three main contradictions in China's current sustainable development: the waste of resources, environmental pollution, as well as the income distribution gap is too wide. The existence of these contradictions proves that the system construction during the period of the system transition is not in place. A series of complete system must be established to ensure the sustainable development.

**Key words:** sustainable development, productivity, production relations, the absence of system, system construction.

### **I. The sustainable development connotation within the framework of Political Economics**

Sustainable development was put forward, when in economically developed countries the western traditional industries and social development strategy was leading to abuses. Traditional development strategies, industrial growth and economic growth, as criteria, were used to measure economic development. Therefore, the early economic development was almost entirely equivalent to economic growth; the flowing is the major quantitative indicators: the growth of gross national product and per capita GDP. Traditional economic development strategies, because of simply pursuing the continuous improvement of economic indicators, ignored structural optimization as well as the actual increase of the people's living standards and so the economic growth was accompanied by a series of defects generated, Focused on the waste of resources and environmental pollution as well as the disharmony and even the intensification of contradictions in the relationship among people resulting from the widening gap of the distribution and income . Although sustainable development is first put forward from the western economically developed countries, the infiltration of the idea about sustainable development has existed in the

Marxist early masterpiece :

The object of study in Marxist politics and economics is the social production relations in the process of the material production and reproduction, as well as the mutual relations between productivity and production relations. In a narrower field ,the productivity mainly refers to people's natural ability of transforming and adapting nature, mankind must be inevitably linked to nature , if they want to adapt and transform nature .Therefore, the sustainable development in productivity must be involved the relationship between man and nature issues. People understand nature, are in harmony with nature, in the process of living in harmony with nature, carry out benign interaction, and make nature service for human development. Mankind passed through primitive society, slave society, capitalist society and a socialist society, and just in the process of mutual adaptation, achieved social development, coexists harmoniously; in the course of the material production people-to-people various relationships were available. First, in the early time each worker does not occupy the means of production and there is interaction relationship among people. Second, the minority of people occupied the means of production and possession and even the freedom of another part of people's then become masters of slavery, the majority of people become an appendages of minority, and then mankind has a slave society. Third, all means of production belong to all capitalists, the slave broke the lock chains and changed into working class with nothing , they sold their labor and their ability as a employed capital. So that they could exchange for the sources of all their life .So the People-to-people Employment relations occurred; And then ,in a socialist society, the means of production are owned by the state, collective, and other public all, the working people become the masters of the country, the direct opposition between the proletariat and the bourgeoisie is no longer exists. Theoretically the relations between people, has been divorced from the original sense of the sharp confrontation and become a interdependence relation in the process of harmonious coexistence.

In the initial stage of socialism, China's productivity level is rather backward, compared with the developed countries, productivity levels, there is a series of problems in the productivity level, in the process of material production. The current implementation, the basic economic system, is mainly the public ownership, coexistence of multiple ownerships in the primary stage of socialism, therefore, the relationship between people is not pure harmony, but there are all sorts of contradictions. The contradiction is reflected mainly in the following aspects :

## **II. The two major contradictions in the context of large categories which will affect Chinese sustainable development**

### **(A) The major contradictions within the areas of productivity**

1. The waste of resources, one representative for the contradictions between man and nature

Since then, in the minds of people, China is a vast and rich land, and also a large population country. However, compared with the developed countries, according to a per-capita of the amount of resources to measure in China the "luck" should really be "inadequate". According to statistics, the status quo of china's resources is:

1) A serious shortage of resources. China's per capita fresh water is only the world's 1 / 4; per capita cultivated land is less than the world's 1 / 2; per capita proven recoverable coal reserves of the world's average 62%; per capita of proven recoverable oil reserves of the world's average 7%.

2) The large consumption of resources, low utilization efficiency. As China is in the medium-term of the industrialization, economic growth led to heavy chemical industry, and speed up the development of cities, large-scale infrastructure construction, coupled with the low level of technology, extensive mode of growth, the market mechanism is not fully play their roles (artificially low prices of resources, etc.), and backward management, making energy consumption per ton for achieving GDP was only 30 percent of the world's average level. In 2004, China's GDP is accounted for 4.4% of the world, while the world's total crude oil consumption is 7.4%, 31% coal, 30% of iron ore, 27 % of steel, 25 % of alumina and 40 % of cement. According to the energy consumption in per unit of products and the absolute level of material consumption to measure, compared with the world's advanced

level even with the average level, in China the <sup>1</sup>gap is still very evident. For example, in the current eight high-energy consumed industry unit the energy consumption is higher 47% than the world's advanced level, while the energy consumption in the eight sectors is accounted for 73% of the total consumption within the whole industry sectors. Calculating by that, compared with the advanced international level, China's industrial sectors each year consume energy each year more than about 230 million tons of standard coal. The total recovery of China's mineral resources is only 30%, lower 20 % points than the world advanced level .In the high-income countries in 2003 equivalent output GDP of per kg of oil was 5.2 US dollars, of which the European Union countries to 6.4 US dollars, respectively, higher 15.6% and 42.2% than china . China's pollution emissions is more serious than the developed countries .In 2002 in high-income countries the amount of carbon dioxide which emitted by per-unit GDP is 0.5 kg ,the EU countries to 0.3 kg, respectively, lower 16.7% and 50.0% than China's .In recent years China unit GDP energy-saving rate has dropped; in the first half of 2006 energy consumption and emission increased; at the same time of high-speed economic growth ,resources and environmental costs are still too large. In recent years , serious coal shortage, electricity, oil shortage, gas shortage, prove that the current situation of possession and use of resources is not optimistic, and seriously hamper China's social and economic development.

3) Serious extravagance. Chinese always have the habit of extravagance and waste from the period of ancient: from the vast area of the Forbidden City standing in the capital Beijing; to the extravagance and government office buildings in recent years built by the

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<sup>1</sup> It should be stated , when we compare the resource use efficiency of china's with that of foreign countries',we should use the physical consumption indicators in all sectors ,instead of using price indicators ,in order to avoid the factor without comparability caused by the difference between exchange rate and the industrial structure.

government of all levels; then to a huge area luxury which are vacant without being used. Everywhere indicate that the Chinese people are rich and powerful. In recent years, with the rapid growth of economic construction, the disposable income of partial beneficiaries, due to reform, is growing; people's living standard requirements is increasing; everywhere showing a symbol of extravagant consumption: wearing designer clothes, eating luxury dinner, living villas, driving a BMW, reflecting a rich flaunt and luxury consumption. According to the forecast, based the face that in 2005 China is the second-largest energy consumer in the world, in 2010 china will become the largest energy consumer in the world. China has been given a great surprise for the energy consumption from all over the world: on who will be available for China's future energy? On the other hand, China's current material energy waste is also very worrying: Every year the situ burning are implemented throughout the country for the elimination of grain straw, which causes a large number of bio-energy waste.

2. Environmental pollution, another representative for the contradiction between people and natural:

Since the period of industry society, the human society takes the pursuit of economic growth as the main objective. In this adaptation, regardless of what kind of production means, as long as they can bring economic indicators improvement, people will be used to develop the economy. In early stage of reform and opening up, China has a low level in productivity constraints, in order to gain the actual results of catching up with and surpassing economically developed countries, once the GDP growth rate is used as a sole criterion to measure the performance of cadres. Blindly pursuing GDP growth for their performance evaluation , various regions don't hesitate to pay for the environmental costs ,at the same time bring the air, land and water heavily polluted. According to statistics: in 2004, in China the losses caused by environmental pollution are accounted for 3.5% of GDP for that year, of which, these solid pollutants are at the continuing growth trend. China's urban per capita living garbage about 440 kilograms, of which about 60 % exists in the 52 main large cities where the population is about more than 500,000 ; serious water pollution ,in china recently more than 90 %of urban water is polluted, In 2006 national industrial and living water emissions are capacity of 53.7 billion tons, the overall water quality of surface water is moderate pollution , water quality under four categories is accounted for more than 60 percent water, lakes and reservoirs which the water quality is under four categories is 71%; according to the total GDP in 2005 , China's air pollution caused the losses that is up to 5470-12760 billion. In the areas of productivity the pollution and waste, cause the economic and social benefits losses for which it is very difficult to restore; at the same time, the GDP has been growing steadily

**(B)** The contradiction in the scope of production relations

3. Income distribution, and the inequitable distribution of benefits, are another

representative for the conflicts among people.

In a socialist society, the relations between people, in the view of the theory, should be a equal and harmonious relationship, which is for the basic economic system based on the full public ownership of production means. However, the level of productive forces is not yet developed in the primary stage of socialism, because of the basic socialist economic system "considering the public ownership as the mainstay and the common development of various economic sectors ", Different possession of the means of production lead to forming a variety of social relations between people, in the course of the material production. Established not only the people-to-people equal colleagues relations in public enterprises, but also the employment relationship in non-public-owned enterprises .Furthermore, the different forms in the ownership of the production material decide the different production distribution forms: the complete distribution according to work in the public enterprises and institutions, as well as the distribution by joint-stock or by labor in joint-stock enterprises , and the distribution by funding , according to a part of managers` capacity or the empowerment of the owner , as well as the distribution by technical level .The distribution by production allocation or labor has been the basic distribution form in the primary stage of socialist society .The results of different types of distribution cause the different income distribution gap among different income groups , different industry sectors and even different regions. This income gap just a part of the gap, what is also anther kind of unfair is the inequality distribution of the social public products: for example, the unfair distribution between urban and rural areas and even among regions for the scarce education resources, health care resources, social security resources .In the macro view, there is a serious injustice between urban and rural areas; in the concept view, there is unfair distribution problem among the different social groups. The group of people living in the towns being in the top class of the society occupy and enjoy more scarce public goods resources ,while the people being in inferior and middle class of the society

can't. The reflection in real life is <sup>1</sup>that the children from poor families can only be educated in the school which has worse teaching quality; poverty groups, can only enjoy the medical resources in the low or middle level.

The contradiction between man and nature, within a certain scope, can promote economic and social development, bring a change that nature adapts to human , and serve for human social development .But when the contradictions is up to a serious degree ,it will be reversed. Nature will show its defiant and ferocious features and launch its retaliatory attacks to human. Emerged in recent years :dust storms, mud-rock flows, landslides, a number of atypical pneumonia, the cyanosis-bacteria around several rivers and waters , as well as the rare ice-rain and blizzard spreading to more than 10 provinces and municipalities in southern China have sounded the alarm to the human if the result of reconstructing nature is beyond affordability of nature , inevitably nature will retaliate, such retaliation not only bring huge economic and property loss , but also bring humankind irreparable consequences, thus delay the actual economic and social development process .Statistics showed that: in the process of China's economic development, the annual loss due to environmental pollution is about 5 per cent of GDP. If consider the green GDP including the loss of waste, and pollution, China's economic growth in recent years will be greatly diminished. And the result of the intensification of contradictions between nature and human is the stagnation or retrogression in the whole socio-economic development. The finally result will be the unsustainable growth.

Contradictions among the people are always the result in the process of socio-economic growth. The relaxation and intensify of contradictions depends on the interest contradictions among different groups .In a capitalist society, the contradictions

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1 Xie shengfu : pursue the inter-generation harmony in the process of sustainable development.

【J】 Contemporary Economic Research 2007 (11)

between labor and capital go through from intense to ease, and there is a history nearly half a century. In China in recent years the contradictions within both parties in the non-public economic group, become a problem which can not be ignored in the relationship between people in the primary stage of socialism. In addition, in public-owned enterprises, the contradictions the wages of partial groups can not be increased synchronously are increasing daily, accompanied by economic growth, prices rising. Especially the unfair possession of public goods is becoming a aspects of social conflicts which can not be neglected

Under the property relations attribution conditions, what people can think is to be responsible for the owners of natural resources, while do not recognize its scarce and non-renewable nature. Therefore, the resource consumption on the one hand shows the transition and the arbitrariness, on the other hand, shows a laissez-faire attitude to the environmental resources. This randomness in resource consumption and waste reflects the absence of the system restriction in the scope of productivity. According to the ownership feature of natural resources, the owners of the natural resources are lack of necessary restricting actions to limit the consumption of natural resources, such as the uncontrolled energy consumption (water, electricity, oil, etc.), and the environment (air, soil, water) pollution.

### **III. The system absent within the framework of sustainable development**

The establishment of China's socialist system, as a basic political system, provides the harmony between nature and human and among people in the process of social reproduction with the basic guarantee. In 1992, when Comrade Deng Xiaoping visited Southern, he gave an important speech and put forward a scientific summary for the nature of socialism: "The essential nature of socialism is to emancipate and develop the productivity, eliminate of exploitation and polarization, and ultimately achieve common prosperity." In accordance with the essential requirement of socialist society, the ultimate goal of socialism is to achieve common prosperity. Although this process may be very long, the target can not be changed. In keeping with this goal, in the course of socialist construction, the contradiction between people, is non-confrontational nature, and is a internal contradiction sharing the same objectives. However, it is undeniable, as we are in the primary stage of socialism, the fact that we are in the low level of productivity, are calling for a reform on the socialist market economy, get rid of the original highly centralized planned economy system, and promote the rapid development of productive forces. In the process of eradicating the old system, give up a series of planned economic system on the basis of the relevant system.

### (1) The system absence of environmental protection

Under the planned economy system, state-owned enterprises undertake the dual objective not only in the economic benefits but also in social benefits, on the enterprise's environmental problems, because the enterprise is a possession of the state, the economic benefits of production and social benefits at the national level can be a high degree of reunification, so the fund enterprise required for sewage entirely is borne by the State, enterprises will not be ignored the pollution consequences. Therefore, in the planned economy period, even though the Chinese economy keeps growing, but the problem of environmental pollution is not serious. Since we take the policy of "reform and opening up", some state-owned enterprises restructured into non-publicly owned enterprises, and a large number of various types of non-public enterprises start to thrive just as mushroom is growing up. While the state's relative management system on environment don't follow up, driven by interests as the capital is chasing the residual value, the non-public enterprises may be at the expense of environmental costs, exchanging for short-term economic excess interests, because of no system constraints, paid a massive environmental cost. Under the conditions of the market economy, enterprises, as market entities, consider the pursuit of economic efficiency as the only goal, which completely neglect a social responsibility that enterprises should have.

### (2) The system absence of resource conservation

First, the system for restrictively using scarce resources is absent. China's per capita land area is very limited and reduced year by year, but today has not yet system introduced to restrict the area of the housing, which causes a extreme indifferent conservation awareness. On one side land is decreasing; on the other hand, luxury villas, luxury office buildings are growing, effective legal constraints for the waste of resources are absent. Second, mandatory legal system for energy waste is absent. High energy-consumed industries, sectors, are constrained at an inadequate extent, resulting in a waste of scarce resources; daily energy consumption is not effectively limited.

### (3) The system absence of human harmony

In the process of economic system reform, the relations between people have also had unprecedented changes. The original harmony symbiotic relationship, was replaced by the more employment relationship. Impacted by the neo-liberal thought, in the process of reform, because of too much emphasis on the role of the market, the establishment of a series of system which are related to the people's subsistence and development is not able to follow up, and bring about a series of social problems: pension insurance system completely relying on the state or collective; nine-year compulsory education system covering all the people, as well as the medical security system built on the basis of ownership of state. The lack or inadequacy of the supply of public goods, make a considerable number of vulnerable groups have no interest guarantee. System absence, in

the course of institutional transition makes a part of profit losers form interest groups, and becomes a main reason that causes social disharmony.

#### **IV. The system construction of ensuring sustainable development**

System construction aims at regulating relations, normative acts and forming a stable social order, to prompt the reality to be in the direction of people's hope. During the process of system building concept is the first. "Concept provides system means that the system is constructed by people and based on the concept blueprint. Variety of factors caused the situation of the development, they are reflected in the people's concept, people based on the concept to build a system. The blueprint building based on concept does not mean the concept is the occurrence reason of the system, but that concept is the direct reason of the system, the system occurrence reason is not in accordance with the concept, while is with practice, mainly is material production practice." Justice is a kind of value judgment to system therefore, for a good society and a good governance community the primary value is justice. Rawls said: "justice is the primary character of the social system, just as the truth is the primary character of the thinking". One theory, no matter how noble or simple, if is not real, must be rejected and amended. In accordance with the requirements of sustainable development, to be fair, sustainable implement economic construction, we must develop a fair system. The construction of system first requires policy-makers to be equipped with the concept of sustainable, in accordance with the requirements of sustainable development concept, build and continue to improve the system building to ensure sustainable economic and social development. At the present because of the lack of system construction, ensuring the system construction of sustainable development the following elements should be included:

##### 1) Establishing and improving environmental protection system

Air, water, soil are all necessary environmental factors for humankind to survive, and also an important component of nature force of the productivity. The protection of the environment is an essential guarantee to the socio-economic sustainable development and the development of productive forces. According to the requirements of sustainable development, any people, any business unit has no right to use any excuse to pollute the environment. Based on this value judgment, environmental protection legislation is bound to be mandatory. After joining the WTO, our behavior is restricted by the international conventions. Therefore, the country's environmental protection system building should be convergent with the international conventions. According to the requests released in the "Kyoto Protocol" by the General International Environment Assembly, developed the relevant system to reduce emissions, gradually reduce emissions C, and resolutely put an

end to toxic gases, liquids, emissions; implement effective approach to deal with polluted solid, reduce environmental damage; through mandatory system construction ,achieve environmental sustainability.

2) Establish and improve resource utilization system.

The limited resources and unlimited consumer desires make the scarcity and even <sup>1</sup>non-renewable resources over exploited , and seriously restrict China's economic and social sustainable development. Following the objective requirements of sustainable use of resources draw up restrictive rules for the use of resources .The excessive use of land, water, energy, as well as extravagant consumption must be effectively restricted. For example, in the process of <sup>2</sup>housing construction, luxury and comparisons construction should be limited by a legal form; the scale of strict standards for government office buildings as well as Town Plaza should be established; the cars` exhaust because of gas consumption must be strictly limited. By the mandatory system provisions ensure that the limited resources are used effectively and economically, in order to ensure the sustainable use of scarce resources.

3) Establish the financial system to ensure public products to be invested fairly

Provide the urban and rural residents with the fairest public products and services as possible as we can. In the construction of infrastructure facilities and the related provision of public goods, gradually narrow the benefit gap among regions, between urban and rural areas .For example , gradually increase financial input for the township roads, power grids, water conservancy, communications, culture, health and other infrastructure construction in rural areas, provide the same input with the rural residents as with that urban residents to ensure the gap is gradually narrowed in the process of the enjoyment of public goods , so that the rural residents through their own efforts continue to improve the standard of

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1 Rawls : A theory of justice, Cambridge ,Harvard Press.1999.P.3.

2 Lu Peng : Study on the relations between system and development 【J】 People Press.

living ,at the same time ,through the government's public products investment , continuously improve the quality of life. Establish and improve the social security system covering all the people; continuously improve the level of the state's financial input ;gradually narrow the benefit gap between urban areas and rural areas .Social Security system is a guaranteed basic right which a society provides its citizens with. Although different countries have different levels of productivity, in the use and the source of the social security funds there is considerable differences, the basic obligations that all citizens should be provided with social security can not be changed. China's economical system reform breaks the social security systems based on the condition of planned economic system, while the social security system which adapts to the market economy system is just being creating. Since the level of economic development is not balanced, there is a big difference in the level of social security in various areas. Between regions, between urban and rural areas, the development is uneven. In order to guarantee sustainable economic and social development, at the same time of the continuing economic growth, must fully guarantee all citizens to share the results of reform and development. In accordance with the principle of fairness, since this year China has been starting to implement the social security system universal covered, the establishment and constant improvement of the system will make the social security of all the citizens orderly develop, and continue to narrow the social security gap between urban areas and rural areas, among different regions.

4) On the basis of the nine-year compulsory education, continuously improve the number of educated-year , and give poor students basic safeguards.

Education is a necessary mean to enhancing the quality of the whole Chinese nation. The future of the country, the future of the family as well as the future of a people can not be separated from education. In order to continuously improve the quality of the citizens of the entire Chinese nation, the central government has made a decision to further popularize the nine-year compulsory education. In different regions drew a decision to delete the fees of books, and the nine-year compulsory education system will be institutionalized in a legal form. However, as the gap in the level of economic development is so great, and in the results of implementing universal compulsory education there is a great difference. Implement the universal nine-year compulsory education system, at the same time, vigorously introduce and promote the free secondary vocational and technical education in poverty and backward areas, make the young people from the poor families by vocational and technical training gain a capacity when participating in the market competition .Guarantee their basic economic income so that they can achieve the sustainable development.

5) Establish and improve medical security system covering all people.

With the continuous development of the economy, the large and medium-sized cities,

in particular the medical security problems of those employees in enterprises have been essentially resolved. Next step the main problem of medical security will be focused on the mobility population, especially the surplus labor groups who immigrate from rural to urban. Speeding up the establishment the medical security system that has a genuine sense of universal coverage, requires not only legal regulations but also a series of policies. By the mandatory provisions of the enterprise employment system, ensure the basic medical needs of the migrant workers; at the same time, by speeding up the flowing management of medical security, provide element mobility under the conditions of market economy with a necessary system assurance.

The use of system is to suppress human potential opportunistic behavior. Establish and <sup>1</sup>improve a sound system to ensure sustainable development, through the mandatory system, reducing even eliminating the unsustainable actions is the key to sustainable development of Chinese economy.

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1 Ke Wugang , Shi Manfei : 《Institutional Economics----Social order and Public policy》  
Commercial Press .2000.P116.