The Intellectual Origins of Building a Financial Powerhouse's Theory

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ABSTRACT
The Fourth Plenary Session of the 20th Central Committee of the Communist Party of China clarified the major strategic measures to "accelerate to build financial powerhouse", which indicated the significant value researching a financial powerhouse's topic, and systematically exploring intellectual origins of the theory for building financial powerhouse has naturally been put on the agenda. Since the 18th CPC National Congress, the CPC Central Committee "combined Marxist financial theory with contemporary Chinese concrete realities, also with fine traditional Chinese culture" to pioneer a scientific theoretical a financial powerhouse's system basing on with Chinese characteristics financial development path and other countries' financial development experiences. Among them, Marxist financial construction thought with its practical innovation are building financial powerhouse theory's "soul", determining socialist direction of building financial powerhouse; while the fine traditional Chinese financial culture constitutes of building financial powerhouse theory's "root", which nurtured the cultural characteristic attributes of building financial powerhouse, thereby generating a theoretical system of building financial powerhouse with unique Chinese characteristics providing solid ideological support for the theory and practice in building financial powerhouse.

Keywords: *Financial Powerhouse; Marx, Nationalization of banks, Intellectual origins.*

1. INTRODUCTION

The Fourth Plenary Session of the 20th of the Communist Party of China Central Committee has clarified the major strategic measures to accelerate to build financial powerhouse, which is a continuous advancement on the topic "accelerating building of financial powerhouse" discussed at the Central Financial Work Conference in October 2023. This marks the scientific theoretical system's maturity for building financial powerhouse and also indicates theoretical and practical value in studying financial powerhouse topic. Currently, academic community has conducted a series of studies around the "15th Five-Year Plan" suggestions focusing on the historical positioning of a powerhouse and its value for high-quality financial development, and also has produced many important research results. However, systematic research on financial powerhouse theory is still in early stages. Therefore, this paper intends to clarify financial powerhouse theory's ideological origins from the perspective of the "two combinations," in order to provide support for building financial powerhouse. Since the 18th CPC National Congress, the CPC Central Committee with Comrade Xi Jinping at its core has pioneered a scientific theory in financial powerhouse basing on the path of financial development with Chinese characteristics and also absorbing other countries' financial development experiences by "combing Marxist financial theory with contemporary Chinese concrete realities, also with fine traditional Chinese culture." Among them, Marxist thought on financial markets is financial theory's "soul" determining "financial powerhouse" theory's socialist direction; fine traditional Chinese culture is financial powerhouse's "root" reflecting institutional Chinese characteristics together having nurtured a uniquely characteristic theory of financial powerhouse.

2. MARXIST THOUGHT ON "NATIONALIZATION OF BANKS"

Although Marx did not explicitly propose financial powerhouse, finance was core issue and logical thread that he focused on throughout his life. He not only scientifically demonstrated relationship between money and national development and sharply criticized financial market disturbances such as money fetishism, commodity fetishism, capital fetishism, and financial crises, but also proposed national of banks theory, which constitutes the ideological source of building financial powerhouse's theory.

2.1 Monetary Financial Instruments and Banking Financial Institutions are Indispensable Elements in all Nations' Development

Marx pointed out that money is "a kind of production relation" and a production relation that is "adapted to a certain mode of society",[1] which means money may occur in many societies, and people's life cannot leave money's value. At the same time, "the banking system, in terms of its formal organization and concentration... is the most artificial and most developed product created by capitalist mode ",[2] which not only provides capital circulation, profit sharing, and asset management for economic development, but also provides an important financial guarantee for enterprise production and expanding. In addition, "banking system" can provide "a form of public bookkeeping and public distribution by means of production on a social scale",[3] and bookkeeping is "more necessary for public production than for capitalist production",[4] which means that banks are important for any society including socialism.

2.2 Banking Financial Instruments Play a Crucial Role in Socialism

With the importance of money and bank system, Marx pointed out that in the process of building a proletarian state, "banks... should be used as weapons, just as capital, i.e., means of production, transferred from the decaying landowners and capitalists to bourgeois industrialists, new organization of banks should be medium for transferring means of production to workers", and then use "political rule" to seize "entire capital" of bourgeoisie step by step concentrating "credit" in the hands of state through possession of "state capital" and a "state bank" with exclusive monopoly rights. [6] Thus, in building socialism, bank must have important valve, and we can use the old bank to strengthen socialist economy. By establishing a "state bank" to replace all "private", and through the specific measures of issuing paper money by the state bank, "regulate credit business in the interest for whole people, thereby destroying rule of the great financial capitalists". [7] In addition, Marx also regarded the joint-stock system as a transition point to communism. He pointed out that joint-system is "transition point from capitalist mode of production to a new form of production", which means that socialism can use joint-system.

3. LENIN'S PRACTICAL THOUGHT ON "NATIONALIZATION OF BANKS"

Based on Marxist ideas on nationalization of banks, Lenin opened up a practical exploration in nationalization of banks, further revealed value of socialist state banks' nationalization, and designed important measures for practical nationalization of banks in socialism, further perfecting Marxist ideas on nationalization of banks

3.1 Emphasizing Socialist Large Banks

Lenin believed that large banks are important state institutions in socialist system, which means banks are still necessary in future society, especially large bank. On the one hand, He pointed out that "without large banks, socialism cannot be realized ", large banks are necessary 'state institutions' for us to realize socialism, we can take them as ready-made institutions from capitalism, and our task in this is only to cut off things that make this excellent institution deformed by capitalism, making it a larger, more democratic, and more comprehensive institution. On the other hand, It will be transformed into quality. A unified and immensely large state bank, along with its branches in various towns and factories—this is already nine-tenths of the institutions. This is a national bookkeeping institution, a national computer institution for product production and distribution, which can be said to be socialist society's skeleton ". Therefore, socialism must "issue an order", take over capitalist large banks all at once, "make them operate", [8] and promote the nationalization of capitalist large banks.

3.2 Giving Measures for Banks Operation System in Socialism

Lenin believed that in capitalist system, banks are not entirely state institutions, but in socialist system, banks are not only "institutions through which the state supervises and regulates product production and distribution, but also unified state-owned enterprises engaged in financial activities",[9] which stated the difference between socialist bank and capitalist bank. Therefore, in socialist system, Bank must serve for people instead of individual interest. "On the one hand, banks must act in accordance with instructions and orders of central government, and have no right to formulate any local rules and restrictions",[10] and all economic units must "open current accounts in banks, deposit cash in the state bank, conduct remittances only through banks, and concentrate all monetary trade in the state bank";[11] banks "adopt a series of convenient methods for deposits, such as setting up as many bank branches as possible, speeding up the of deposits and payments, simplifying various procedures, etc., and finding ways to absorb idle social funds";[12] on the other hand , socialism must "exercise state supervision over all and unite them into a unified central bank".[13]

4. FINANCIAL GOVERNANCE THOUGHT BASED ON EXCELLENT TRADITIONAL CHINESE CULTURE

"China has a long of financial activities and has created many world firsts, including the earliest paper money, the earliest bills of exchange, and the earliest monetary theories and practices," which has formed rich traditional Chinese financial culture supplying cultural foundation for strong financial powerhouse theory.

4.1 Thought of Enriching Country and Strengthening Military by Finance

Economy is fundamental condition for a country's survival and development, especially for a country’s peace and stability. Only with solid economic resources, a country can guarantee its territorial security, people's security, and cultural security. Since ancient times, many benevolent and ambitious Chinese people have been dedicated to the idea of prioritizing financial and economic, combining economic development with national prosperity and strength, and studying relationship between money, taxation, finance, and national development, laying early governance thought of enriching country and strengthening military through finance. For example, as early as the Spring and Autumn and Warring States periods, the famous economist of the State of Guanzi, systematically explored the relationship between market, money, prices, and taxation, directly proposed economic thought of "enriching country and strengthening military," which generated early financial and economic thoughts.

4.2 Thought of National Macro-control over Finance

Where there is finance, there is risk. Finance can prosper, and enrich a country, but it can also bring risks to national development and affect national security. Therefore, ancient Chinese people observed relationship between money, market and risk very early on, attached great importance to the effect of national macro-control on financial risk governance, and proposed a systematic thought of national control to govern financial. For example, Guan zi proposed that " market is the standard of goods," and " market can reveal order or chaos, and can reveal or scarcity, but cannot create abundance or scarcity",[14] revealing the important function of market regulation in national wealth creation and the rise and fall of order and. Meanwhile, "gold is measure of using", and one must "understand principles of gold" to "know extravagance and frugality", and thus "uses will be economical",[15] accurately pointing out the importance of money’s laws and its important value for social development. Guan zi also pointed out that "Vermilion jade is the superior currency, gold is middle currency, knife money is inferior currency, and knife-cloth money is inferior currency. When the state "orders speed, gold is heavy", and when the state "orders slowness, gold is light",[16] clarifying the different types of and the importance of state control over currency.

4.3 Thought of Financial Culture

Chinese has always advocated that " gentleman takes righteousness as his quality," emphasizing that "to be rich and noble through unrighteousness is like floating clouds to himself",[17] explaining financial culture of gaining profit through righteousness. Confucius emphasized in the "Analects: Li Ren" chapter that "A petty man understands righteousness, while the small-mined person understands profit," and "when you see a person, strive to equal them; when you see an

unworthy person, examine yourself," etc., defining value judgment of the distinction between "righteousness and profit. At the same time, Confucius also emphasized that "wealth and nobility are what people desire," and "poverty and lowliness are what people loathe," etc., clearing value concept of "combining righteousness and profit, with righteousness as the priority." "Xunzi: Dalue" mentioned: "Righteousness and profit both possessed by people. Although Yao and Shun could not remove people's desire for profit, they could make their desire for profit not overcome their love of righteousness. Although Jie and Zhou could not remove people's love of righteousness, they could make their love of righteousness not overcome their desire for profit. Therefore, righteousness overcoming profit to a peaceful world, while profit overcoming righteousness leads to a chaotic world," etc., which clarified "restraining profit with righteousness," "merchants should observe the complete wealth and "the gentleman loves wealth but acquires it in a proper way." Su Xun, in "On the Harmony of Profit and Righteousness," proposed the view "righteousness and profit are used in harmony with each other." The Qing Dynasty economist Wang Mayin once submitted a memorial to the "Emperor Xianfeng, advocating for the secret conversion of official and treasure notes into redeemable banknotes";[18] driving a breakthrough reform in the Qing Dynasty's monetary policy, which was even cited by Marx in ‘Das Kapital’ as a case study of monetary policy, etc. Therefore, Chinese excellent traditional culture contains rich market economy theories, financial elements, and financial culture, providing a foundation, theoretical genes, and practical experience for construction of a financial powerhouse.

5. CONCLUSION

In short, Marxist ideas on nationalization of banks and its practical innovations constitute the soul and direction of financial powerhouse’s theory, which must be upheld and continuously reformed and innovated; the excellent traditional Chinese financial culture constitutes the root and foundation of building a financial powerhouse, which must be rooted in Chinese economic and social development’s reality on the basis of innovative transformation and creative development to promote the successful building of powerhouse.

ACKNOWLEDGMENTS

This research was financially supported by the Humanities and Social Science planning Found project of the ministry of education (Grant NO. 24YJA710053). Also supported by Shanghai Philosophy and Social Sciences Planning Special Topic: "Research on School Ideological and Political Education" (Grant No.: 2024VSZ021).

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