

# Research on the practical significance and value pursuit of flow economy to promote the realization of common prosperity

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**Abstract:** After the reform and continuous development, China's economy has now reached a new historical stage of promoting common prosperity. Common prosperity is the essential requirement of socialism, and its realization must only be under the socialist system, and the capitalist system can not break away from the paradox of wealth and poverty. From the poverty formed under the development of traditional capitalist economy to the victory of poverty alleviation achieved by the socialist practice development in the new era, the new path of economic development brought by the flow economy is sorted out, and the significance and value of its development model for promoting the realization of common prosperity are further discussed.

**Keywords:** Flow economy, common prosperity, Marxist political economy

## 1. Introduction

Marx excavated the root cause of proletarian poverty through the profound exploitation of capitalism. He pointed out that under the industrial revolution, the productivity of the society was greatly improved, and the wealth could be quickly accumulated, but this wealth was in the hands of a small number of people, and the real workers became more and more poor, and gradually became proletariat. The wealth distribution structure of the society has become deformed, falling into the dilemma that the harder the workers work hard, the poorer their lives are. The vast number of working people have created great wealth for the society, but they even have problems with food and clothing. As real wealth creators, they rely on the "charity" of capitalists to maintain their living. This is a social contradiction that cannot be solved under the capitalist system. In *Das Kapital*, Marx had scientifically conceived the—socialist system to solve such social phenomena. The practice of socialist construction under the construction of new China constantly show its superior characteristics, especially in the economic construction after the reform and opening up, through the great practice of socialism with Chinese characteristics, China's economy to achieve qualitative leap, in gradually eliminate absolute poverty to achieve comprehensive well-off at the same time towards the goal of common prosperity.

To achieve common prosperity and prevent the polarization of the rich and the poor are the goals that our Party has always adhered to since its establishment. Since the reform and opening up, on the one hand, to build a socialist market economy and to integrate with the world economy, China has experienced a lot of institutional reform and model innovation, achieving high-quality development and providing a guarantee for the Chinese-style modernization drive. In the new era, achieving common prosperity has especially become the focus of the Party and the country. The building of a moderately prosperous society in all respects is a great feat in solving the problem of poverty in human history, which is also an important symbol of China successfully accomplishing the first centenary goal, and has made substantial progress on the road to achieving common prosperity. Standing at the historical juncture of the "two Centenary Years", it is an important duty and mission of the Party in the new historical period to vigorously develop the economy, consolidate the achievements of poverty alleviation and further achieve common prosperity.

In recent years, the economic form swept by the epidemic is generally not optimistic, but relying on the vigorous development of the Internet, the Internet economic model has fundamentally changed the technical background of economic development, presenting a new economic form of—traffic economy. As a new form of economic model, flow economy it refers to information, goods, capital, talent and technology and other economic factors in space area (city) and factor exchange configuration

platform as the carrier of the entity or virtual network flow, restructuring, integration and operation, the final formation of an active economic dynamic system.[1]By attracting, reengineering, increasing value and radiating to the flow of economic factors, the power system can make the economic factors flow efficiently in the whole economic network, and finally achieve the optimal allocation of economic factors, sustainable development of the economic system, and continuous promotion of common prosperity to the people.

## **2. The causes of poverty: the reflection on the traditional capital logic**

Marxism is to seek the liberation of the proletariat and human development, the "liberation" into the situation of modern society, the first to realize the liberation of the economy, or in the process of realizing human liberation, now to do is to realize the great abundance of material resources, make people out of material poverty, namely to realize the people's common prosperity. In *Das Kapital*, Marx elaborated that under the institutional framework of capitalism, workers could not get rid of poverty through labor. On the contrary, in the social environment where the means of production are highly monopolized, labor becomes the way for capitalists to exploit workers. The more the workers work hard to create wealth, the more they slide into the abyss of poverty. Marx made a profound analysis of the emergence, development and the final result of capital, and the poverty of the working class is the inevitable result of the alienated labor under the modern capital system.

### ***2.1. Private and employed labor of the means of production***

Capitalism is based on the premise of private possession of the means of production, so that the people without the means of production are reduced to be employed and become a part of the means of production, appearing what Marx called "alienated labor". The basis of the capitalist system is "on the one hand the owners of all the means of production and consumption, on the other hand the vast number of employed workers, who have nothing but their own labour"[2]. So the root cause of the working-class suffering is the system.

Private ownership under capitalism extracts the means of life that workers obtain through real labor, and forces the working class to become the proletariat, which becomes the institutional source of poverty. The characteristic of capital proliferation inevitably leads to the separation of the workers and the ownership of their working conditions. In the process of primitive accumulation of capital, capitalists use bloody and violent means to deprive people of everything, which "on the one hand makes the means of life and production into capital, on the other hand makes the direct producers into hired workers"[3]. The laborer thus lost the last living security, leaving only the body can sell the labor force. Finally have to sell their only labor to the capitalist way, to maintain the most basic life. A few large capitalists monopolized the means of production, workers lost production objects and labor tools, can only use labor for life needs, in the process of the production extract its surplus value, deepening poverty of workers, finally can only attached to the big capitalists constantly sell labor to maintain survival, this vicious circle makes hire labor system of workers in poverty, is fixed as a proletariat.

The moment employment comes along, poverty accompanies it. From Marx's elaboration of labor employment labor, labor into employment labor mainly has two premise: one is the labor is free and independent, which is relative to feudal slavery, workers have the right to sell their labor; the other is that the labor he has and only the labor can control, free and poor people can only live the labor in the capitalist market to exchange. Employment labor system as the power of capital proliferation, at the same time also became the poverty root of the proletariat, workers have to rely on hire labor system to sell labor for wages, but get wages can only survive, and capitalists grab huge benefits, accumulate more wealth, can further buy cheap labor. The appreciation of capitalists' wealth is positively correlated with the depreciation of the labor force, and the final outcome is that the workers "personally" create their own poverty.

### ***2.2. Absolute surplus value production and relative residual value production***

The process of labor exploitation reflects the development process of poverty, and the poverty level of the proletariat and the wealth level of the bourgeoisie are closely related to the degree of labor being exploited. Marx's theory of surplus value profoundly reveals the two pathways of—absolute surplus value production and relative surplus value production.

Under the absolute production mode of surplus value, the social necessary labor time remains

unchanged, and the capitalists extract the surplus value of the workers by extending the remaining labor time, so as to realize the proliferation of capital. Capitalists buy labor to pay for workers to live on, constantly selling labor for the next stage of exploitation, and the amount of labor that is paid is in two separate amounts. At this time, capitalists, driven by interests, while constantly reducing the workers' salary, while by all means, so as to maximize the surplus value of workers. Capital does not leave workers' labor force "idle", and it tries to use up "the amount of labor that workers cannot recover in three days"[3] within one working day. What their plausible system masks is life-consuming overlabor by workers. Under such pressure, workers almost completely lost their time for healthy life and growth. At the same time, they have no extra money to learn knowledge to improve themselves and realize their own free development, and eventually trapped in the mire of poverty.

The other way is to produce relative surplus value. Under the premise of unchanged workers' labor time, it means to shorten the necessary labor time, which is actually to expand the relative surplus value of labor. The extension of labor time eventually has an end, when the oppression reaches the limit, the workers will struggle, so the capitalists began to find another way out. The development of the industrial revolution undoubtedly magnifies the greed of capitalists. Through the technological innovation, the continuous improvement of social productivity, the large use of machines, the division of labor in factories is more and more detailed, and the formation of the production line makes people become a part of this "line". The value of people as people is constantly weakened. With the support of advanced production tools such as machines, the relative surplus value they can create becomes greater, but their own value seems to have little left. At the same time, under the production of such machinery, the proportion of people becomes smaller, in other words, the proportion of constant capital in the whole production process is constantly increasing. The result of such development will lead to relative overpopulation and more poverty problems due to a large number of unemployed workers.

### ***2.3. The polarization of capital accumulation and poverty accumulation***

The history of capitalism is bloody and dirty, and the unprecedented development of productive forces has also aroused the desire for capitalists to fill up, a new form of exploitation that is more cruel and violent than before. The result is an extreme polarization, a huge difference between the rich and the destitute, and an insoluble class opposition between the bourgeoisie and the proletariat. Marx pointed out predictably that labor exploitation was the fundamental cause of this situation.

As Marx said, labor is bought as a commodity by money, which is then used in combination with the means of production to produce the surplus value, so that the money completes the transformation of capital. The significance of capital lies in proliferation, and in this process, employing labor is obviously the key to achieve proliferation. Therefore, an important way of capital accumulation is the utilization and exploitation of labor force. In the whole process of capital production, the workers have become parts of the machines on the production line, such positioning also determines that their income is only enough to make up for the consumption of the body, for the production of other value-added parts of the labor, but all become the pockets of the capitalists. Therefore, the long and efficient work of the workers only creates more and greater wealth for the capitalists, and after the bourgeoisie accumulates more wealth, they can hire more proletarian labor, thus further expanding the scale of the wealth. Driven by the nature of capital profit-seeking, the emergence of new labor modes, continuous refined division of labor, scientific and technological progress and development, efficient production management mechanism, etc., all greatly improve the utilization rate of labor force, and naturally obtain more and greater wealth accumulation. So "all methods of producing surplus value are also the method of accumulation, and every expansion of accumulation in turn becomes a means of developing these methods"[3]. As a result, the more mechanized and scaled the production, the more painful and poor the workers are. Workers yield to the endless desire of capital, and capital is constantly testing the boundaries of poverty. The workers bound by poverty have sold their strength in the capitalists, and the poorer the workers are, the capital develops better. Therefore, behind the accumulation of capital must be the aggravation of poverty. This shows from another perspective that in the context of capital accumulation, workers' labor is helping them accumulate poverty themselves. The polarization between capital accumulation and poverty accumulation is inevitable, and even becoming more and more serious.

Under the traditional capital logic, great wealth and poverty are the inevitable contradictions in the process of the development of capitalist society. However, we have to realize that poverty is a worldwide problem, not only in capitalist countries, but also in socialist countries. Due to his historical limitations, Marx failed to foresee the problem of socialist poverty. In the process of analyzing the problem of socialist poverty, he should see the decisive role of productive forces, because production in the relations of production is determined by a certain level of development of productive forces.

### **3. Flow economy: the new form of economy in the information age**

Since the 21st century, the world economy has fully entered from the era of industrial civilization with the real economy as the main body to the era of information civilization with the real economy as well as the virtual economy. The externalities of the Internet and the integration function of economic forms have created the concepts and resource allocation modes beyond the traditional economic theories, and many theories and thinking modes established in the industrial period have been severely impacted. People noticed a new injection of new productivity, and began to give new thinking to the traditional capitalist economy, which has developed through monopolistic exploitation since industrialization. In the face of the fundamental change of the Internet revolution on the social production mode, people constantly reflect on the problems existing in the previous economic research mode, began to discuss the change of economic research paradigm, and the flow economy began to receive attention.

#### ***3.1. New characteristics of the flow economy***

Through the efforts of the early 21st century, China has fully entered an information society characterized by the rapid popularization of the Internet.[4] New economic model—flow economy presents a new form completely different from the traditional economy:

The first is the new factors of production. Data is beginning to become an important means of production and is penetrating into the economy. Productivity from the original physical output to the virtual data generation and processing capacity, on this basis, a new economic form was born. Marx said, "The difference between various economic times is not in what to produce, but in how to produce, with what means of labor to produce." [3] Through the analysis of capital, labor, technology and other factors, it can be found that the Internet platform has greatly accelerated the speed of capital circulation, artificial intelligence technology, e-commerce services are quietly but rapidly changing the traditional form of labor, and labor efficiency has ushered in a new explosive improvement after the industrial revolution. This undoubtedly does not mean that a new technological revolution in the new era is accelerating the flow and change of production factors. For overall economic development, the mobile Internet injects new resource dependence; for a region, economic development no longer depends solely on the local stock resources, the virtual resources of data and information have become a development path or key factor of production; for individual workers, the means of production are no longer the absolute monopoly of the traditional employer, which in a sense, fundamentally shakes the traditional economic model.

The second is the new economic operation model. Compared with the flow economy, the traditional economic model is a stock economy, and the generation and application of the Internet, cloud computing, big data and other technologies gradually begin to divide the traditional stock economy, and the operation mode of the economy is developing towards the trend of mobile and dynamic. The demand of buyers and the supply of sellers are transferred through the form of "data" on the Internet and other platforms. Big Data quickly matches and accurately pushes the information of both supply and demand. The data of products and services accelerates the probability of transaction success, and greatly improves the efficiency of economic operation. Information age makes our eyes from the entity of production to the flow of intangible goods, jumped out of the traditional economic development mode, the Internet, mobile network growing popularity and penetration, accelerated the transformation of people consumption behavior pattern, consumption pattern will naturally cause the change of sales form, the traditional industry monopoly behavior becomes difficult.

Finally, the new industrial structure. With the continuous integration of the Internet + industry, cross-border cooperation, industrial integration and coordinated development have become a new development trend of all walks of life. For example, in the service industry, its inseparable and unpredictable attributes under traditional theories have been impacted. In the digital world where reality and virtual are highly integrated, the whole life cycle of products and services presents a new model of digital and intelligence. This model also shows that the production factors in the manufacturing industry are gradually transforming from stock to flow, which will further realize the optimization and update of resource allocation and realize new changes in the industrial structure.

#### ***3.2. The breakthrough of the flow economy to the traditional economic model***

The change of technology leads to the change of the mode of economic operation, which also leads to the change of economic concept. The changes of production factors, economic operation mode and

industrial structure, and the rise of digital economy, platform economy, sharing economy and other economic forms have changed the operation mode of the traditional economy.

In the process of leaping from industrial civilization to information civilization, the application of network technology and information data has played a revolutionary role in the development of the whole society. In the economic field, the logic of the way of production and transaction is undergoing profound changes. Compared with the traditional economic operation mode with capital flow as the core, it has gradually changed into an economic activity behavior dominated by information flow. Due to the change of social production mode, the three classical assumptions of traditional economics, namely, resource scarcity, rational economic people and information asymmetry assumptions, are being quietly disintegrated by "flow".

"Resource scarcity" refers to the front of human endless desire resources is always scarce enough, and under the flow economy mode, information platform to realize the maximum optimal use of resources, especially when the sharing concept is introduced, resource increment in data sense has a qualitative breakthrough, human desire resources become "rich", this is the challenge of resource scarcity in traditional economics. "Rational economic man" is the maximum pursuit of their own interests. The behavior in economic activities can be understood as the unlimited hoarding and possession of production factors and products, that is, to obtain wealth by means of stock accumulation. However, under the flow economy mode, the economic main body changes the thinking mode of winning by quantity, but puts the data-based resources into the circulation activities, so as to gain appreciation. The "information asymmetry" hypothesis is the one with the biggest impact at the moment, because the so-called information asymmetry of the transaction parties was established in the era of traditional agriculture and industrial civilization, and the information age is the revolution of information technology, and this assumption is the first and is fundamentally broken.

### ***3.3. The theoretical construction of the development mode of the flow economy***

The concept of flow economy development is a new economic theory in the information age. It takes flow data as the core and is very different from the traditional stock economy under the background of industrialization. Flow economy is the general term of economic models including digital economy, sharing economy, virtual economy and so on. Because in order to accelerate the flow of various economic factors, to achieve the effective allocation of resources, and even eliminate some stocks (such as inventory, currency, etc.), must be realized in the digital, Internet conditions. Grasp the main context of economic development, we can grasp the determining factor of productivity behind it, which is the innovative value of flow economic theory.

From the perspective of social production, flow economy mainly benefits in "service", "function" and other fields, so compared with a single product production and sales, it will bring higher and more considerable profits to enterprises. Under the leadership of "flow", the traditional product-oriented production organization is also expected to be transformed into a diversified production system with "control and influence" as the core. From the perspective of social consumption, flow economy is conducive to promoting the circulation of products, the consumption concept will usher in innovation, consumption values from the past ownership to use right, which greatly improves the utilization efficiency of products and reduces the waste of resources. Under the framework of flow economy, resource flow will bring the highest efficiency, and factor flow (especially the flow of advanced factors such as intelligence, technology and information) will bring new collaborative innovation. This concept of production promotes the human society from the concept of extensive industrialization to the concept of innovative, coordinated, green, open and shared development.[1]

Flow economic core form is flow, it liberated the human from the pursuit of having more goods, its development trend may make human back to nature rather than physical and mental bondage in material, avoid excessive consumption and excessive materialization, from the level of theoretical value, the economic concept is to help people to "to materialize" attitude close to life.

## **4. Practical Significance and Value Pursuit: Economic development model and China's plan to promote common prosperity**

The capitalist system itself cannot solve the problem of poverty under the traditional economic model. The first is that the "two mountains" of personal ownership and employment labor system firmly block the road of workers out of poverty; the essence of the second capital is to let the proletariat who

can only sell labor to create surplus value. Once the laborer is separated from poverty and is no longer proletarian, it is contrary to the core of capitalism. So it is impossible for capitalist countries to fundamentally eliminate poverty. Therefore, to realize the beautiful vision of common prosperity, we must seek solutions from the future social system described by Marx and the great practice of socialism with Chinese characteristics.

#### ***4.1. The practical significance of the flow economic model***

In the great practice of socialism with Chinese characteristics, the exploration of the flow economic model is pioneering and realistic. The flow economy studied in the early stage is a concept gradually formed in the development and opening up process of Shanghai Pudong New Area, which can be said to be a brand new economic category formed in the practice of China's reform and opening up. In the information age, flow economy, as a new economic development mode different from the big industrial era dominated by "stock economy", has great practical significance in facing the new world form.

In the COVID-19 "prevention and control battle", the flow economy shows its unique advantages. The epidemic has had a serious impact on the whole country and even the world. In the face of the epidemic, the Chinese government departments quickly issued prevention and control and response policies, and promptly announced the daily progress of the epidemic through the Internet. Social love organizations through the network platform, actively raise love materials. E-commerce platforms such as Taobao and Jingdong have introduced the "Love to help farmers program" to help farmers who are struggling, and those who lack living materials also get living security. The efficient flow of economic factors through various platforms makes the epidemic effectively controlled and people's material life reliable. In the battle against poverty, many urban areas explore the economic role of traffic, innovate and build the platform system of traffic by means of network broadcast, promote the agglomeration and integration of factor flow, and then give play to the role of "mixer" and "amplifier" of flow economy. The flow economic theory proves that the improvement of the future economic model must be reflected in the process of convergence and diffusion of high-quality factor flow.

#### ***4.2. Promote the value pursuit of common prosperity***

The information, data and coordinated development in the field of production and service is consistent with the core value of common prosperity. Common prosperity, as the essential requirement of socialism, is the purpose of the value behind the liberation and development of productive forces. The fundamental direction of the capital-centered capitalist system lies in the surplus value created by exploiting workers to realize capital proliferation, and it realizes the wealth accumulation and material wealth of capitalists, rather than common prosperity. On the contrary, socialist countries are people-centered and pursue common prosperity for all the people, so it is impossible to appear that the more the workers work, the poorer they work.

China's economic development and the battle against poverty are vividly demonstrating the practice of common prosperity. As far as the inherent nature of socialist common prosperity is concerned, it should mainly address the gap between the rich and the poor and the unbalanced development, so as to achieve universal prosperity and overall prosperity. Common prosperity is not common prosperity for a few people or some regions and industries, but common prosperity for the "no one person can be missing" and common prosperity in the "five-in-one" all-round development. Socialist countries emphasize the need to make the development achievements benefit all people more and more fairly, gradually realize common prosperity for all people, promote all-round development of people, promote economy, political, cultural, social, ecological fields from "poverty" and towards self-sufficient, comprehensive, rich connotation, harmonious, stable and green and sustainable development.

#### ***4.3. The great practice of socialism with Chinese Characteristics for a New Era***

The theory of common prosperity and its practice is a great cause based on the relevant principles of political economy and standing at the top of the moral and truth of human history. The great practice of socialism with Chinese characteristics for a new era demonstrates the outstanding wisdom of Chinese Communists in eradicating poverty and contributes to China's solution to poverty around the world.

Strengthen the guarantee function of the theoretical system to the practice of common prosperity. Marx believes that public ownership and distribution according to work of the huge role in eliminating poverty, he thinks that only on the basis of social production of capitalist ownership into

public ownership and established on the basis of work distribution of wealth distribution system, to make the property belongs to all individuals and achieve the prosperity of all people. The basic economic system of socialism with Chinese characteristics provides a guarantee for the smooth realization of the goal of common prosperity in terms of the forms of ownership, the mode of wealth distribution and the economic development system. Its profound shows that our country under the premise of public ownership as the main body of the non-public economic development has the guarantee of economic development, under the condition of insist according to work distribution as the main body to take a variety of distribution methods to safeguard wealth development results more more fair benefit the people, on the socialist development orientation promote market economic system reform has had the role of ensuring the reasonable allocation of market resources. This also shows that only by constantly improving the basic economic system of socialism with Chinese characteristics can we successfully achieve common prosperity.

Explore and summarize new ideas from practice. Choosing the appropriate economic development mode to promote the qualitative leap of socialist productive forces, which provides a new policy contribution to promoting common prosperity in the high-quality development. Government in the economic system reform proposed "to capacity, inventory, deleveraging" requirements is to overcome the capital expansion of public goods and improve the quality of public goods, promote the economic development of high quality to meet people's demand for a better life, lay the foundation for the realization of common prosperity and a better life. This shows that when a country's material productivity development to a certain extent, will enter a higher stage of development, to successfully realize the connection between the old and new modes of production, you must take the initiative to adjust the existing mode of production and economic structure, promote economic development of high quality, so can take more solid steps toward common prosperity.

## 5. Conclusion

China in the economic construction and achieve common prosperity on the socialist road for countless practice exploration, in the process of the development of many practical economic development model, flow economy as a kind of many development plan, for the new era to promote common prosperity the great goal of provides a possible way. By innovating the path of development and common prosperity of socialism with Chinese characteristics, we have also contributed outstanding wisdom to poverty alleviation and prosperity in the rest of the world. Looking ahead, our Party will lead the people to forge ahead toward the goal of common prosperity and forge ahead for the great vision of building a modern socialist country in all respects.

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