

The Historical Evolution and Implications of Upholding and Implementing the Principle of “Two Unwaverings”

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Abstract: Over the past century, the Communist Party of China has continuously explored practical guidelines for shaping the ownership structure of the means of production, ultimately formulating the “two unwaverings”, which underpins the development of China’s basic economic system. Looking back at its century-long evolution, this process has involved exploratory practices ranging from initial inception and foundation-laying to the summarization of experience, gradual formation, and comprehensive development. At this new historical juncture, it is necessary to continuously summarize the experience and insights gained from a century of exploration, firmly uphold and implement the principle of the “two unwaverings”, and thereby provide a solid economic foundation and institutional guarantee for realizing the Chinese Dream of national rejuvenation.

Keywords: Two unwaverings; Historical evolution; Implications

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1. Introduction

Adhering to and implementing the “two unwaverings”, unswervingly consolidating and developing the public sector and unswervingly encouraging, supporting, and guiding the development of the non-public sector, is the PRC’s core political proposition and strategic guideline for the basic economic system during the primary stage of socialism. In his report to the 20th National Congress, the President of the PRC stressed the need to “uphold and improve the socialist basic economic system, adhere to and implement the ‘two unwaverings’, give full play to the market’s role in allocating resources, and better leverage the role of the government” ^[1]. The 15th Five-Year Development Plan further explicitly calls for “adhering to and implementing the ‘two unwaverings’ and promoting complementary strengths and common development among all forms of ownership” ^[2]. This reflects the Party’s consistent, resolute commitment and its evolving theoretical self-awareness of this fundamental principle. Consequently, systematic review of practical experience and continuous theoretical research on the “two unwaverings” have become crucial to economic

theory innovation in the new era, providing vital theoretical support and practical reference for improving the socialist basic economic system and advancing high-quality development.

2. Early development and initial exploration

2.1. Emergence of the “two unwaverings” during the new democratic revolution period

During this stage, with Party base areas predominantly rural, the main revolutionary tasks were to boost local production, overthrow the reactionary regime, resolve the peasants’ land issue, and realize “those who till the land shall own it.” Exploring land-centered ownership forms thus became a core task of the New Democratic Revolution, gradually forming the preliminary vision of abolishing the bourgeoisie and establishing public ownership. Early leaders like Li Dazhao and Chen Duxiu introduced Marxist political economy and linked it to workers’ and peasants’ struggles, proposing that after seizing national power, China would first undergo a transitional phase of coexisting and developing multiple economic forms, then advance to a socialist economy based on public ownership and planning. The PRC’s First National Congress explicitly resolved to abolish capitalist private ownership and confiscate capitalist means of production ^[3]. This early conception was already aligned intrinsically with the later first “unwaverings” to consolidate and develop the public sector. After the Autumn Harvest Uprising, Mao Zedong led troops into the Jinggangshan, pioneering the land revolution by seizing tyrants’ property and distributing land, which shifted the feudal land system toward peasant private ownership and provided vital experience for exploring public ownership forms.

During the Anti-Japanese War and the War of Liberation, it not only aimed at realizing the main goal of public ownership of land, but also ensured the development of various private economies on the premise of not manipulating the national economy and the people’s livelihood, protected the interests of the middle class, and promoted the common development of rent reduction and interest reduction, and limited various ownership economies. This has a strong “two unwaverings” embryonic color. It has formed the “limited private plus government regulation” model, which reflects the compatibility between “state-owned economic leadership” and “private capital development”, and has become an early model of “planned regulation plus market competition.” During this period, the exploration of ownership by the Communist Party of China began to touch a wider range of factors of production, which not only reflected the emphasis on the interests of farmers, but also reflected the protection of the non-public economy, such as national industry and commerce, and gradually formed the understanding of the coexistence of various economic components.

2.2. Implications of the formation of the “two unwaverings” during the socialist revolution and construction period

The period of socialist revolution and construction marked China’s transition from a new democratic economy to a socialist economy. Economic policy during this period centered on establishing public ownership as the dominant form and the gradual elimination of private ownership. It has undergone profound changes from “coexistence of multiple forms of ownership” to “solely public ownership.” This process provided a new institutional arena for the formal establishment and practical implementation of the “two unwaverings.” Following the founding of the People’s Republic of China, through the confiscation of bureaucratic capital owned by the socialist state, a strong state-owned economic foundation has been established, and the capitalist economy and individual economy have been gradually changed into a socialist economy, so that the socialist state-owned economy has gradually become the economic foundation of our

country. In this context, the first of the “two unwaverings”, unswervingly consolidating and developing the public sector, gradually took shape. In 1953, the Central Committee of the Communist Party of China formally adopted the strategic framework of “one industrialization and three socialist transformations” and built an economic foundation with public ownership as the main body through institutional changes. After the completion of the socialist transformation, China established the basic socialist economic system in which public ownership of the means of production held absolute dominance. This achieved an organic integration between the subjects of production and the laboring masses, laying the institutional groundwork for reform, opening-up, and subsequent socioeconomic development. It also enabled the working and peasant classes to become the masters of the state and owners of the means of production, thereby establishing institutional guarantees for equitable labor–capital relations and ensuring that production and distribution were centered on the people. This laid the economic and institutional foundation for China’s subsequent development, prosperity, and strengthening, and marked China’s formal entry into a socialist society. The dominant position of the “first unwaverings” was strongly consolidated during this period, and the dominant position of the public ownership economy was once again clarified, but it also accumulated experience and lessons for the formation of the “two unwaverings.”

3. Gradual formation and comprehensive deepening

3.1. Gradual formation of the “two unwaverings” during the reform and opening-up and socialist modernization construction period

The period of reform and opening-up and socialist modernization was a crucial stage for reshaping production relations and transforming the economic system. Individual economy, private economy, foreign capital economy, and other non-public economic forms emerged and expanded rapidly. The Third Plenary Session of the 11th Central Committee corrected past mistakes and decisively rejected the erroneous “two whatevers” doctrine, enabling the Party to refocus on economic construction. This marked a deeper exploration of the socialist market economy and the systematic integration of public ownership with market mechanisms. And then, in October 1981, the PRC Central Committee and the State Council issued the Decision on Broadening Channels, Activating the Economy, and Solving Urban Employment Problems, which affirmed the dominant role of the planned economy while also encouraging diverse economic forms. This represented a major institutional breakthrough from a purely planned economy toward a mixed economy and laid the initial foundation for the socialist market economy. Guided by these policies, both public and non-public sectors grew substantially, and new hybrid forms emerged. The theory of a “planned commodity economy based on public ownership” thus redefined the traditional framework that opposed planning to commodity exchange and opened a new stage of theoretical innovation and practical experimentation.

In 1992, the report of the 14th National Congress of the PRC established an ownership structure in which the public economy was the main body, the non-public economy was supplemented, and different economic components could be voluntarily associated ^[4]. Subsequently, the 16th National Congress in 2002 proposed the strategic principle of the “two unwaverings”, stating that non-public ownership is an essential part of the socialist market economy and plays an irreplaceable role in stimulating innovation, improving resource allocation, and advancing productive forces ^[5]. Building on this, in 2007, the 17th National Congress reaffirmed the “two unwaverings” and stressed equal protection of property rights and equal competition among all forms of ownership, marking a major advance in both theory and policy ^[6].

3.2. Comprehensive deepening and high-quality development of the “two unwaverings” in the new era of socialism with Chinese characteristics

Since the new era, the PRC Central Committee, with the President of the PRC at its core, has consistently upheld and implemented the “two unwaverings”, institutionalizing the framework of China’s socialist market economy through top-level design and deepening exploration of ownership forms. In 2012, the 18th National Congress called for continued comprehensive reform, reaffirmed the “two unwaverings”, and stressed ensuring all market factors participate equally, freely, and fairly in competition under the rule of law. The 19th National Congress in 2017 re-emphasized the “two unwaverings” as a core component of the fundamental strategy for socialism with Chinese characteristics, guiding national strength building and national rejuvenation. Crucially, At the Fourth Plenary Session of the 19th Central Committee of the Communist Party of China, the basic economic system was given a new definition, one that integrates ownership, the distribution system, and the economic system into a unified framework, thereby deepening its connotation, reflecting the innovative character of the President of the PRC Economic Thought, embodying the wisdom of the Party and the people, and marking the maturity of China’s socialist basic economic system. Based on the strategic overall situation of building a high-level socialist market economic system, the 20th National Congress of the Communist Party of China further reiterated the important position of “two unwaverings” and incorporated it into the top-level design of adhering to and improving the basic economic system ^[7]. At the same time, it emphasized that the market should play a decisive role in the allocation of resources, and the role of the government should be emphasized.

4. Implications of the historical evolution of adhering to and implementing the “two unwaverings”

In the new era, the construction of Chinese-style modernization must always adhere to the two unwaverings” and play a complementary role.

4.1. Clarifying the dominant role of public ownership and enhancing the core competitiveness of the state-owned sector

State-owned enterprises are the backbone of the socialist economy with Chinese characteristics. The government must continue to grow and develop the state-owned economy and the collective economy, promote state-owned assets and reform, and improve the management and supervision system and mechanism of state-owned enterprises. The government should deepen the reform of state-owned capital and state-owned enterprises, improve the system and mechanism of management and supervision, promote the overall improvement of market comprehensive supervision ability and level, and accelerate the formation of a strategic coordinated supervision mechanism composed of party organizations, audits, the board of supervisors, people’s congresses, CPPCC, and society. With the core of improving the market competitiveness of enterprises, the system layout and structure optimization of the functional business of state-owned assets and state-owned enterprises are carried out, and the basic tasks of state-owned enterprises in safeguarding national economic security, optimizing resource allocation, safeguarding the basic rights and interests of the people, and realizing social fairness and justice are clarified. Third, state-owned enterprises should base themselves on the present and plan to move forward. Deeply focusing on industrial upgrading and strengthening innovation-driven, the government will promote state-owned capital and state-owned

enterprises to move towards high-tech fields, fully release industrial upgrading guidance, cutting-edge technology, and economic anti-risk security effectiveness, and ensure that the “15th Five-Year Plan” starts well and opens up a good situation, so as to promote the public ownership economy to become bigger, better, and stronger.

4.2. Improving institutional mechanisms for the healthy development of the non-public sector and removing structural barriers hindering private enterprises

Private enterprises are the main source of tax revenue, the main force of investment, the main body of innovation, and the main channel of employment. As the President of the PRC emphasized at the symposium on private enterprises, the private sector exhibits the so-called “56789” pattern, contributing over 50% of national tax revenue, more than 60% of GDP, over 70% of technological innovation outcomes, more than 80% of urban employment, and over 90% of enterprise numbers.

In view of this, governments at all levels should further strengthen the policy support system, make private enterprises bigger and stronger, and give full play to the role of the new force of private enterprises. First, create a fair business environment. Provide a fair market environment for private enterprises through systems and laws, establish a standardized, transparent, and fair competition market access system, and create a more just and dynamic development environment for the private economy. Second, strengthen the dominant position of private enterprises in innovation, establish a gradient innovation incentive mechanism, focus on supporting their deep participation in the national strategic science and technology research project, and form a demonstration effect in breaking through the bottleneck of key core technologies and achieving major original technological breakthroughs. Third, a cultivation program for private-sector science and technology leaders should be launched. This includes upgrading the digital platform for government–enterprise communication, an online platform for cordial, transparent, and integrity-based government–enterprise communication, and establishing a dual-track development mechanism for the next-generation entrepreneurs, integrating political guidance with professional capacity-building. Concurrently, an evaluation system for the healthy development of the non-public economy and the healthy growth of non-public-sector individuals should be constructed. Guide private entrepreneurs to practice the concept of industrial service to the country, focus on the high-end value of the industrial chain to implement a new development strategy, and cultivate new advantages in international competition in the construction of a new development pattern.

4.3. Establishing institutional mechanisms for complementary and coordinated development across all forms of ownership to jointly meet international competition in the context of economic globalization

On 17 February 2025, the President of the PRC delivered an important speech at the symposium on private enterprises, emphasizing that consolidating and developing the public sector economy and encouraging, supporting, and guiding the non-public sector economy are mutually reinforcing and inherently unified. He underscored the need to foster synergistic advancement between the two economic forms^[8]. Although China’s state-owned enterprise sector is large in scale, involving just-needed sectors such as energy, electricity, transportation, finance, and information and communication, it can only be a part of the whole society and the whole industrial chain, and cannot cover the entire industrial chain. Generally, a large number of small and medium-sized private enterprises are required to provide supporting services for their production. Although the number of private enterprises is large and involves a wide range, as a private force,

it is difficult to reach and complete heavy technology and invest in huge industries such as aerospace, major biotechnology, transportation, and water conservancy.

Amid the ongoing global reconfiguration of industrial chains and the accelerating wave of technological revolution, it is increasingly impractical for either SOEs or private enterprises alone, relying solely on capital, technological capability, or scale, to achieve comprehensive competitive advantage in competition with other major economies. Instead, coordinated collaboration between the two yields a multiplicative effect. Their complementary strengths generate outcomes that exceed the simple sum of individual contributions. Therefore, the government should promote the symbiotic development according to the asymmetric reciprocal symbiotic relationship between public ownership and non-public ownership economy. Actively promote the construction of institutional mechanisms for the coordinated development of public and non-public sectors of the economy, and build a collaborative innovation platform for the industrial chain. It not only ensures the safety of resources but also releases the vitality of innovation, so that the two can form a joint force of “national team plus private enterprises” in international competition and promote mixed ownership reform and deepen capital integration. In the enterprise reform, non-public enterprises are encouraged to participate in the joint-stock reform of state-owned enterprises.

5. Conclusion

Based on the goal of building a high-level socialist market economic system in an all-round way by 2035, it is essential to adhere to the leadership of the party, adhere to and implement the “two unwaverings”, not only consolidate and develop the public ownership economy, but also encourage, support, and guide the development of the non-public ownership economy. At the same time, officials must promote the synergy between the two and fully release the vitality of various market players. In the final analysis, it is necessary to explore a multi-ownership economic development path with Chinese characteristics, reflecting the requirements of the times and benefiting hundreds of millions of people with a broad vision, systematic thinking, and innovative practice.

Disclosure statement

The authors declare no conflict of interest.

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