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The Evolution of the Economics Knowledge System and the Autonomous Construction of Chinese Economics

A Disciplinary-Historical Examination Based on Positive, Normative, and Practical Dimensions

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Abstract

From the perspective of disciplinary history, economics is not a closed system of knowledge composed solely of pure theory, but a composite form of knowledge that combines mechanism explanation, value judgment, and governance practice. Drawing on the meta-scientific perspective of the philosophy of economics and using the tripartite framework of "positive-normative-practical" analysis, this article examines the formation and evolution of the economics knowledge system in different historical contexts in the West and China. The study finds that classical economics and related traditions originally incorporated positive, normative, and practical dimensions, whereas neoclassical economics gradually weakened the normative and practical dimensions in the course of formalization and institutional expansion. Chinese economics, for a long period, developed through the introduction, absorption, and transformation of foreign economic doctrines, and in the new era has increasingly shifted toward autonomous construction. The key to the autonomous construction of Chinese economics lies in reorganizing the relationship among the positive, normative, and practical dimensions around the new problem structure of Chinese modernization, so as to form a knowledge system capable of simultaneously responding to mechanism explanation, value judgment, and governance practice.

Keywords: independent knowledge system of Chinese economics; Chinese modernization; disciplinary history; philosophy of economics; positive-normative-practical framework

1. Introduction

The Fourth Plenary Session of the 20th Central Committee of the Communist Party of China made systematic plans and strategic arrangements for economic and social development during the 15th Five-Year Plan period. The *Recommendations of the CPC Central Committee on Formulating the 15th Five-Year Plan for National Economic and Social Development* (hereinafter, the *Recommendations*) explicitly stated that the 15th Five-Year Plan period is a crucial stage for laying a solid foundation and making comprehensive efforts toward the basic realization of socialist modernization [1, p. 14]. It once again highlighted the important role of philosophy and the social sciences in theoretical innovation and the flourishing of socialist culture, and emphasized the need to "accelerate the construction of China's independent knowledge system in philosophy and the social sciences" [1, p. 37]. The *Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China*, formally released in March 2026, further called for "implementing a philosophy and social sciences innovation program and accelerating the construction of China's independent knowledge system in philosophy and the social sciences" [2, p. 96]. For scholars in philosophy and the social sciences, 2026 marks both the beginning of the 15th Five-Year Plan and the tenth anniversary of General Secretary Xi Jinping's important May 17 speech. At the Symposium on Philosophy and Social Sciences on May 17, 2016, Xi emphasized that upholding and developing socialism with Chinese characteristics requires continuous exploration in both practice and theory, with evolving theory guiding evolving practice, and that philosophy and the social sciences have an irreplaceable role in this process. He further called for building a system of philosophy and social sciences with Chinese characteristics by "being rooted in China while drawing on foreign experience, excavating history while grasping the present, caring for humanity, and facing the future" [3, pp. 2-15]. Under these new historical coordinates,

responding to the questions of China, the world, the people, and the times, while more closely integrating theoretical innovation with the practical process of Chinese modernization, has become a central issue that must be addressed in constructing China's independent knowledge system.

For economics, the fundamental task is to explain and predict the operation of the economic and social order. The generation and evolution of its knowledge system are therefore embedded in structural social change and institutional transformation. Under the leadership of the Communist Party of China, the Chinese people have opened up an original and distinctive path of modernization whose institutional complexity and historical continuity differ markedly from Western industrialization [4,5]. The *Recommendations* stress that socialist modernization is a historically progressive process advancing step by step. In 2018, Xi Jinping noted that socialism with Chinese characteristics did not "fall from the sky," but emerged from forty years of reform and opening up, nearly seventy years of continued exploration since the founding of the People's Republic of China, ninety-seven years of great social revolution under the leadership of the Party, more than 170 years of the Chinese nation's historical journey from decline to prosperity, and more than 5,000 years of the inheritance and development of Chinese civilization, and that it is a precious achievement won by the Party and the people through immense hardship and sacrifice [6]. These particular historical conditions and institutional environments mean that the key to constructing an independent knowledge system of Chinese economics does not lie simply in introducing, absorbing, and transforming foreign economic theories and analytical paradigms, but in forming an autonomous knowledge structure capable of simultaneously addressing mechanism explanation, value judgment, and governance practice.

Building on valuable domestic scholarship that has explored this issue from the perspectives of epistemology, methodology, and historical foundations [7-9], this article proceeds from the perspective of disciplinary history and combines the problem consciousness and analytical framework of the philosophy of economics to further advance discussion of the independent knowledge system of Chinese economics. On the one hand, economics is understood as a form of knowledge that evolves continuously with the development of modern social order. It concerns not only the explanation and prediction of economic mechanisms, but also value judgments regarding development goals and the legitimacy of policy, ultimately taking shape in operational governance schemes and institutional arrangements. On the other hand, the article draws on John Neville Keynes's tripartite meta-scientific classification of economics to observe and summarize the evolutionary mechanisms of the economics knowledge system in different Chinese and Western historical contexts. The purpose is to reveal how economics is embedded in particular social structures and institutional logics, how it coordinates positive, normative, and practical dimensions while responding to theoretical innovation and real-world needs, and how an independent knowledge system of Chinese economics might be constructed.

The remainder of the article is organized as follows. Section 2 introduces the philosophy-of-economics perspective and analytical framework adopted here. Section 3 returns to the history of Western economics to discuss the knowledge structure of classical economics and the alternative path offered by non-mainstream traditions such as the historical and institutional schools. Section 4 turns to neoclassical economics, analyzing how it became increasingly formalized during its establishment and expansion and acquired a dominant position through academic institutionalization. Section 5 takes Xi Jinping's important May 17 speech as a dividing line and traces the evolution of the Chinese economics knowledge system through the modernization process, from "introduction-absorption-transformation" to autonomous construction. The conclusion discusses the theoretical guidance and practical implications of the positive-normative-practical framework for constructing an independent knowledge system of Chinese economics.

2. An Analytical Framework from the Philosophy of Economics

The construction and generative mechanisms of an economics knowledge system can be understood from theoretical, practical, historical, and other perspectives, among which the meta-scientific perspective supplied by

the philosophy of economics is indispensable. The philosophy of economics takes economics itself as its object of inquiry and focuses on questions concerning its nature, scope, meaning, and methods. It emphasizes the social and historical attributes of economics and holds that economics deals not only with technical questions of material production and resource allocation, but also with institution-building, social organization, and the adjustment of relations between government and market. Accordingly, discussion of how an economics knowledge system is generated and how paradigms change cannot remain at the level of asking whether a model is elegant or a derivation rigorous. It must also ask what economics treats as its object of study, by what standards scientificity and legitimacy are defined, and how economic knowledge is connected with institutional arrangements and governance practice.

In intellectual history, the birth of economics was one of the landmark events marking humanity's entry into modern society [10, p. 17], and its development has always accompanied profound changes in modern social structures and institutional forms. From Adam Smith and David Ricardo to John Stuart Mill and Karl Marx, political economy continuously responded in theoretical terms to the restructuring of economic and social order following the rise of commercial society and the Industrial Revolution, focusing especially on the formation of free-market order, the mechanisms of wealth production and distribution, and the cyclical crises of capitalism. From its inception, economics was a form of knowledge practice centered on modern social order and institutional arrangements. Since the late nineteenth century, however, mainstream Western economics has gradually weakened its original institutional concerns, historical awareness, and humanistic orientation, turning instead toward a neoclassical paradigm centered on rationality, equilibrium, and optimization [11].

By emulating the natural sciences, this paradigm greatly strengthened the drive to make economics more "scientific," but in doing so it also sacrificed part of its capacity to perceive and explain reality and drew substantial criticism at the level of economic philosophy. First, the neoclassical paradigm relies excessively on abstract models, which can be seriously detached from reality and are often unable to provide forward-looking prediction or adequate explanation of social change and major events [12-14]. Second, when faced with empirical criticism and challenges, the paradigm has often failed to make substantive adjustments, to some extent impeding the co-evolution of knowledge and institutions and contributing to an increasingly rigid and closed knowledge structure [15,16]. Finally, a strong positivist framework modeled on the natural sciences is not necessarily appropriate for economics, and the methodological basis for substituting abstract models for causal explanations of social mechanisms is itself questionable [17-19].

When formalization is treated as the "only" scientific path for economics, the discipline's approach to institutional differences, historical conditions, and value premises undergoes a structural transformation: institutions and history are externalized as background variables; normative judgments are concealed within technical choices; and the bridge between knowledge and governance practice is reduced to calculable and operational instrumental rationality. In turn, the pursuit of "transhistorical universality" and "single laws" encourages a linear understanding of development in the social sciences. Complex social change and modernization are reduced to industrialization, technological progress, or the establishment of market mechanisms, while profound transformations in political institutions, cultural traditions, and social psychology are overlooked. Even theories that advocate market mechanisms and democratic institutions often offer only a technical understanding of institutions and fail to incorporate adequately their locality, temporality, and historicity into the analytical framework. Similar simplifications long prevailed in modernization theory: theory was understood as grasping a unique law of social operation, and the law itself was conceived as transhistorical or even non-social. Chinese modernization and the construction of its independent knowledge system therefore represent not only a rejection of the myth that modernization is equivalent to Westernization, but also a rejection of dependent knowledge systems and a transcendence of linear views of development and technological determinism [20].

Among the many frameworks available in the philosophy of economics, this article draws on John Neville Keynes's tripartite classification of economics. In this framework, economics in the broad sense is divided into

positive science, normative science, and art. These respectively focus on objective economic facts and causal relations, value judgments concerning economic consequences or economic policy, and the concrete means of economic practice [21, pp. 34-35]. The framework is adopted for three main reasons. First, from a meta-scientific perspective, it helps distinguish three kinds of questions that are often conflated within economics: mechanism explanations concerning "what is," value judgments concerning "what ought to be," and policy and institutional practice concerning "how to act." Second, from the perspective of disciplinary history, the tripartite framework makes it possible to compare different economic traditions and paradigms in a structured way, not only in terms of their theories and methods, but also in terms of how they define the scope and relationships of these three components. Third, from the perspective of knowledge generation, the framework helps reveal the full process and structure of the scientization of economics, which concerns not only formalization of theory and method, but also self-reinforcement under academic institutions such as teaching and research systems, journal evaluation, research funding, and policy demand.

It should be noted that although the tripartite classification provides a powerful meta-analytical framework, its definition of "art" can easily be understood as the use of policy tools under given theories and goals, thereby relegating practice to an "application stage" outside theory. In reality, whether in the generation of a knowledge system or in governance and institutional operation, practice not only tests existing explanations but also continually raises new questions, shapes new concepts, and drives adjustments in theoretical explanation and normative judgment through policy experimentation, institutional innovation, and feedback mechanisms. Accordingly, while using the tripartite framework for structured analysis, this article gives equal attention to the pivotal role of practice between knowledge production and institutional evolution.

The introduction of a philosophy-of-economics perspective helps reveal economics' neglect of social concerns and its insufficient attention to institutional and historical complexity. To understand how an economics knowledge system is generated and how paradigms are replaced, analysis must move beyond a single technical route toward structural social and institutional analysis, including the driving mechanisms of social change, interest demands and the institutional inertia behind them, class bargaining, and social psychology. This makes it possible to better understand how economics depicts reality and the implicit commitments it makes regarding social order. If social transformation is driven mainly by internal social forces, economic theory is likely to display stronger endogeneity and originality. If transformation is driven by external pressure or largely through institutional importation and imitation, the economics knowledge system tends to develop through a pattern of "input-adaptation." If external influence and internal dynamics are relatively balanced during social transformation, local intellectual self-awareness is more likely to emerge through absorption and borrowing. The development path of Chinese economics has moved from a model dominated by introduction and adaptation toward autonomous construction, reflecting the practical need and theoretical self-awareness of the new era regarding an independent knowledge system.

3. Classical Economics and Its Non-Mainstream Traditions

3.1 The Rise and Development of Classical Economics

Since Lionel Robbins linked the nature and task of economics to the allocation of scarce resources [22, p. 16], economic research has often, consciously or unconsciously, emphasized scientificity and technicality while neglecting sociality and historicity, dissolving economic evolution and history into an abstract formal space. Yet the rise of the social sciences represented by classical economics embodied eighteenth-century efforts to understand the characteristics and future trajectory of modern society [23, p. 17]. As European commercial activity expanded and overseas trade, industry, and commerce grew, the feudal order based on land and status was rapidly replaced by a commercial order founded on markets, contracts, and money. Changes in such institutional elements as market organization, property-rights systems, taxation, and public finance profoundly reshaped social structure while generating new cognitive challenges and theoretical problems. As traditional religious authority

and monarchical rule became insufficient to provide modern legitimacy for wealth distribution and social stability, people began to search for a new framework of knowledge capable of explaining economic operation and the maintenance of order [24, pp. 37-62].

The very name "political economy" used by classical economics indicated that the discipline was concerned not only with the laws governing economic activity in commercial society, but also with its ethical order and policy practice. As one of the first economists to construct systematically a knowledge system for commercial society, Adam Smith conceived economics as being concerned not merely with the growth of national wealth, but with integrating the operating mechanisms of commercial society, its ethical order, and its institutional safeguards into the "system of natural liberty." In explaining the creation and distribution of wealth in commercial society, Smith emphasized the self-regulation and generative logic of market order. In explaining how "order and trust" become possible, he turned to social psychology and ethical foundations, proposing a moral order centered on sympathy. In discussing how normative order and coercive means could be implemented, he stressed the supporting role of non-market mechanisms such as judicial independence, fair competition, and public finance [25]. Smith's conception of economics was therefore not a simplified theory of market mechanisms, but a holistic social-theoretical framework connecting institutions, ethics, and economic operation. It incorporated positive, normative, and practical dimensions as mutually supportive and coordinated components of a unified framework.

From the nineteenth century onward, the Industrial Revolution and the establishment of capitalism sharply raised productivity, while also generating structural social problems including unemployment, poverty, and inequality. These realities led classical economics to diverge over the relationship between "market and state." On the one hand, the analytical path represented by David Ricardo retained an abstract deductive method, emphasized economics as a positive science, focused on universal laws of market operation, and attempted to derive the internal logic of economic activity from the relationships among rent, wages, and profits. On the other hand, the critical tradition represented by Jean Charles Leonard de Sismondi placed greater emphasis on the normative and practical dimensions of economics, arguing that the state should intervene in and regulate markets at the moral and institutional levels and fully confront the crises and disorder that could accompany market expansion. Although classical economics at this stage displayed differences in values, policy preferences, and methodology, these traditions still shared a basic belief about the discipline's role: during the reconstruction of social order caused by modernization, economics should perform both explanatory and normative functions, revealing the laws of market operation while also responding to the reconstruction of institutional and ethical order. In subsequent development, the Ricardian analytical path ultimately led toward marginalism and neoclassical economics, whereas Sismondi's critical orientation became an important precursor of radical economics and institutionalism [26].

Overall, as a theoretical response to the rise of commercial society and market order, classical economics attempted to construct a transformative and modern knowledge system linking economic operation, ethical order, and social institutions. Within classical economics, the positive, normative, and practical dimensions supported one another around the themes of institutional change and reconstruction of order in commercial society. The positive dimension focused on processes such as market expansion, division of labor, and capital accumulation and emphasized mechanism explanations of economic operation. The normative dimension was embedded in the disciplinary identity of political economy and treated values such as prosperity, liberty, and justice as standards for assessing the legitimacy of economic institutions. The practical dimension was embodied in economic policies concerning trade, taxation, public finance, and poverty relief; it both supplied the source of problems and tested theory and normative judgment through policy outcomes. In the classical tradition, the three dimensions formed a logical loop: practice raised problems and set constraints, positive analysis supplied targeted causal explanation, and normative analysis provided criteria for institutional choice and policy evaluation.

3.2 The "Historical-Institutional" Tradition of Political Economy

In disciplinary history, the historical school and institutional school can be regarded as important continuations and developments of a tradition within political economy that emphasized historical context,

institutional structures, and governance problems. In the context of late industrialization and nation-state building, Germany and the United States faced persistent governance pressures involving poverty, labor-capital conflict, monopoly regulation, and social policy. Such problems were difficult to explain or resolve directly through the "universal mechanisms" assumed by liberal economics. Driven by this problem structure, these traditions tended to understand the object of economics as an institutionalized historical process, thereby distinguishing themselves from approaches that emphasized abstract deduction, general laws, and formal analysis. For this tradition, economic operation was not a self-contained "equilibrium model" detached from context, but a social process unfolding under specific institutional conditions: the formulation of legal rules, operation of social customs, formation of organizational forms, and distribution of power relations all profoundly influence modes of transaction, behavioral expectations, and resource-allocation outcomes.

The German Historical School emphasized situating economics within the historical field of state-society relations and institutional evolution. Gustav von Schmoller, a leading figure of the school, regarded economics as an ethical science. He criticized liberal economics for presupposing an "abstract economic society," arguing that if markets were treated as general mechanisms operating independently of historical and institutional conditions, the ability to explain social change, institutional difference, and the role of the state would be weakened. In his view, the social differentiation and conflict caused by industrialization would not automatically be resolved by market mechanisms; the maintenance of order and social integration were therefore public issues that economics could not avoid. Social policy and state governance were not merely applications in the policy sphere, but internal requirements shaping research agendas and evaluative criteria. At the positive level, Schmoller accordingly emphasized that "experience" should first be understood as historical experience: only by understanding the evolution of morality, law, and institutions could economics grasp differentiated paths of economic life and their developmental logic. "Laws" should therefore not be treated as universal axioms detached from historical conditions, but rather as inductive understandings of particular historical processes [27]. In summary, the Historical School did not wholly reject the scientific character of economics; instead, it emphasized the unity of three types of knowledge: economic explanations grounded in historical materials, normative judgments using social integration and public goals as evaluative standards, and policy practices that generate research questions and in turn drive revision of knowledge.

The American institutional school, especially the old institutionalists, analyzed economic processes more systematically through institutional arrangements, the operation of rules, and collective action. It regarded markets as socially institutionalized processes operating within law, organizations, customs, and structures of power, rather than spontaneous orders emerging independently of social relations. At the positive level, John R. Commons proposed shifting the basic object of economics from commodities and the abstract choices of individuals to transaction relations and the institutional structure of working rules, stressing that transactions always occur within working rules supported by collective action. More specifically, an institution is collective action that controls, liberates, and expands individual action, and the ultimate unit of economic activity is the "transaction," which contains rights relationships, rather than mere quantitative exchange. Economic explanation therefore cannot stop at formal derivation from price mechanisms but must enter the internal processes through which institutional rules are set, enforced, and changed. At the normative level, rights relations and working rules themselves possess moral and legal attributes, and Commons explicitly required the connections among economics, law, and ethics to be treated as part of the premises of institutional analysis. At the practical level, he was particularly concerned with how institutional procedures continually address conflict, dependence, and order within transactions, and how working rules change along with shifts in the structure of social forces [28]. Commons's institutional economics thereby constructed a systematic analytical framework organized around the conceptual apparatus of "organization-working rules-transactions," incorporating feedback from the operation of rules into theoretical revision [29].

In short, the "historical-institutional" tradition of political economy did not deny the necessity of theory; rather, it opposed research strategies that establish universal laws a priori outside historical context and then

directly apply them to reality. This tradition held that economic research should be grounded in historical evidence and mediated by institutional structures so that theory can accommodate differentiated development paths and respond to concrete governance problems. The rigor of economics, from this perspective, does not lie simply in the form of mathematical derivation, but in whether historical differences, institutional constraints, and governance objectives can be incorporated into a unified explanatory framework and continually recalibrated through feedback from policy practice. Although this tradition later became relatively marginalized in a mainstream academic environment that increasingly emphasized formalization and standardized training, it continued to provide an important intellectual-historical reference for debates over value neutrality, the formalist revolution, and the relationship between economics and governance.

4. The Establishment and Expansion of Neoclassical Economics

4.1 The Establishment of the Neoclassical Paradigm

At the end of the nineteenth century, the marginal revolution became a critical turning point in the scientization and formalization of economics. As industrial capitalism in Europe and the United States matured, property-rights systems and labor and capital markets became increasingly established. In parts of mainstream theory, market mechanisms came to be represented as rational systems characterized by “automatic adjustment” and “optimal efficiency,” while the state, institutions, and historical conditions gradually receded into the background. By the early twentieth century, the rise of large corporations and the spread of assembly-line production made capitalist society increasingly dependent on rationalized forms of management. The growth of bureaucracy, standardized operating procedures, and management science transformed not only firms and industrial structures but also the norms of knowledge in the social sciences.

To construct a knowledge system capable of measuring, predicting, and modeling social order and thereby meeting industrial capitalism’s systemic demand for efficiency, order, and controllability, the social sciences increasingly pursued a form of universal “formal rationality” [30]. Against this background, Carl Menger, William Stanley Jevons, Leon Walras, and others jointly promoted the transition from the labor theory of value to a paradigm of marginal-utility analysis, making “individual rational choice” and “subjective utility maximization” foundations of economic analysis. Economics thus established a scientific path centered on formal logic and mathematical expression. By abstracting market order into an exchange structure composed of rational individuals, however, it weakened the social and historical characteristics that had originally been part of the discipline. Beginning with the marginal revolution, neoclassical economics gradually reconstructed the positive dimension of economics by formalizing individual choices, behavioral constraints, and equilibrium conditions as relationships among variables and defining facts and causality through abstract deductive structures, rather than relying on historical narratives of social processes or institutional mechanisms as classical traditions had done.

Neoclassical economics subsequently incorporated market theory more systematically into a methodological-individualist framework, making rational choice and price theory the core of analysis. In the positive domain, Walras developed general equilibrium theory, representing the market as a formal structure that could be deductively derived: individuals make choices under given constraints, producing a system of exchange in which prices coordinate supply and demand, transmit information, and guide choice [31, pp. 433-450]. In the normative domain, Vilfredo Pareto’s concepts of “Pareto optimality” and “Pareto improvement” were used to address welfare evaluation. Value judgments were narrowed as far as possible into the language of efficiency, thereby weakening the explicit position of normative debates about fairness and justice within economics.

The formal turn in economics not only increased consistency in derivation and unity in analytical tools, but also corresponded to the historical context of the early twentieth century, when capitalist state-building had largely been completed and market logic had acquired institutional protection. Alongside its technical gains, formalization also externalized institutional and ethical premises, gradually distancing economics from the core concerns of early political economy regarding the state, ethics, and social structure. Within the neoclassical framework,

normative discussions increasingly appeared in the language of efficiency rather than as explicit debates in moral philosophy or institutional legitimacy. Policy and governance practice were translated into calculable quantitative relations and became application fields for model conclusions, rather than arenas that generated problems and calibrated knowledge, as in the classical tradition. As a result, economics became a highly technical analytical tool widely used in resource allocation, policy evaluation, and welfare comparison, thereby acquiring greater discursive authority.

Formalization also led to the fading of sociality and historicity. The shift from "political economy" to "economics" in both disciplinary name and methodological system reflected a relocation of the discipline's center of gravity, with institutions and power relations increasingly concealed in the theoretical background. Whether complex social relations were simplified into market and exchange relations, individuals were assumed to be rational and self-interested "economic men" with stable preferences, or economic order was modeled as a system capable of automatically reaching equilibrium through internal conditions, the analytical foundations of the neoclassical paradigm all depended on specific social structures formed after industrial capitalism had stabilized. In reality, the boundaries of property rights, information mechanisms, competition rules, and rule-of-law safeguards necessary for market operation were already embedded in the institutional environment of Western market economies, yet theory treated them simply as given constraints or exogenous constants. Methodologically, this weakened economics' ability to analyze institutional evolution, historical path dependence, and power relations, while further reinforcing the closure of its knowledge system [32].

4.2 Expansion and Global Diffusion of the Neoclassical Paradigm

The United States played a decisive role in the expansion of neoclassical economics from one paradigm among several into the overwhelmingly dominant framework of economics worldwide. From the late nineteenth century through the first half of the twentieth century, the United States rapidly consolidated a capitalist system centered on private property, free enterprise, and market competition. Relying on its enormous domestic market, continuing industrialization, and growing international capital expansion, it gradually replaced Britain as the center of the global capitalist system. In this process, the United States not only inherited and transformed European economic traditions, but also generated competitive domestic approaches such as institutionalism. More importantly, it was the first to embed economics in an institutional network linking research universities, foundations, policy institutions, and professional associations, transforming the discipline from a social-science tradition emphasizing intellectual interpretation into a highly professionalized, specialized, and technical modern economics.

At the level of knowledge production, the core of the formalist turn was not mathematical expression alone, but the emergence of internal disciplinary evaluation rules centered on methodological standards of "derivability-estimability-testability." As the American academic system matured, economics increasingly emphasized mathematical expression, model derivation, statistical testing, and methodological unification. From the late 1930s onward, the Cowles Commission promoted the integration of general equilibrium theory, probability and statistics, and econometrics, seeking to construct economic theory as a formal system characterized by axiomatic consistency, estimability, and verifiability [33, pp. 184-200]. Positive economics was further reshaped, with economic facts increasingly reduced to variable relationships that could be modeled, estimated, and used for prediction. The scientific status of economics became more and more closely associated with the degree of formalization in expression and standardization in method.

At the same time, the United States established a complete academic institutional structure that enabled this orientation of knowledge to reproduce and expand continuously. Centered on research universities such as the University of Chicago, Harvard University, and the Massachusetts Institute of Technology, and supported by institutions such as the National Bureau of Economic Research, the Brookings Institution, foundations, and policy-consulting bodies, economics gradually developed a complete chain from academic training and publication to policy advice [34, pp. 61-128]. In this environment, economists increasingly appeared not as

thinkers explaining social order and institutional evolution, but as specialists trained to provide quantitative analysis, policy design, and technical judgment. The institutional expansion of neoclassical economics was accompanied by the marginalization of competing traditions. Institutional economics, for example, with its emphasis on rules, organizations, and collective action, became increasingly peripheral in an academic environment that prioritized mathematical training, theoretical modeling, and unified tools [33, pp. 148-153].

The expansion of the neoclassical paradigm was not uncontested. Keynesianism once posed a major challenge and is commonly regarded as a revolutionary turning point in twentieth-century economic thought. In response to the shock of the Great Depression of the 1930s to laissez-faire beliefs and classical orthodoxy, John Maynard Keynes, especially through *The General Theory of Employment, Interest and Money*, returned involuntary unemployment, insufficient effective demand, liquidity preference, expectations, and uncertainty to the center of economic analysis. Economics thus moved beyond static analyses of spontaneous market equilibrium and began to address systematically macroeconomic fluctuations, aggregate disequilibrium, and state intervention [35]. At the positive level, the operating mechanisms of employment, investment, interest rates, national income, and other macro aggregates once again became major objects of inquiry. At the normative level, full employment, economic stability, and state intervention acquired new theoretical legitimacy. At the practical level, economics became more directly engaged with fiscal policy, monetary policy, and macroeconomic governance. In this sense, Keynesianism temporarily reconnected economic theory, policy objectives, and governance practice, partially correcting the technocratic tendency of neoclassical economics to marginalize normative and practical dimensions.

Yet the postwar reformulation and absorption of Keynesianism into the "neoclassical synthesis" also compressed the more critical and revolutionary elements of Keynes's own thought. In postwar American economics, through the reconstructions of John Hicks, Alvin Hansen, and others, Keynesianism was reformulated as a general-equilibrium model of goods and money markets, namely the IS-LM model [36]. In this standardized interpretation, Keynes's discussions of time, expectations, and uncertainty were significantly weakened. The core issue was summarized as an underemployment equilibrium caused by insufficient aggregate demand in the short run, while macroeconomic management was transformed into a modelable, estimable, and operational technical system. On this basis, the neoclassical synthesis combined short-run Keynesian macroeconomics with long-run neoclassical equilibrium theory, so that Keynesianism was no longer treated as a fundamental alternative to neoclassical theory but as a supplementary correction for short-run market failure.

Consequently, although Keynesianism broadened the issue range of mainstream economics, it did not fundamentally change the relationship among the positive, normative, and practical dimensions within the neoclassical paradigm. Formalized positive economics remained dominant; normative questions were narrowed to efficiency, welfare, and the selection of policy objectives; and practice was understood mainly as model application, parameter adjustment, and policy implementation.

After the Second World War, the rise of American international influence and the expansion of Western academic and policy networks under the Cold War gave mainstream economics centered on the neoclassical paradigm even greater global reach. Its diffusion occurred not only through intellectual exchange but through institutionalized channels including university curricula, English-language textbooks, core journals, research-funding systems, international organizations, and policy-consulting networks [34]. From the 1980s onward, as the Cold War ended, neoliberalism spread, the Washington Consensus expanded, and international financial institutions such as the World Bank and the International Monetary Fund increased their influence, analytical categories such as individual rationality, market equilibrium, and efficiency standards were increasingly presented as a "universally applicable" language of economics. Normative and practical questions in development and reform were correspondingly more often treated as technical problems of resource allocation and incentive design [37].

As noted above, however, no matter how strongly neoclassical economics presents itself in dehistoricized and deinstitutionalized formal language, it cannot escape the fact that its theoretical vitality is rooted in particular

forms of social order and institutional structure. The explanatory and operational power the neoclassical paradigm achieved in the United States depended to a great extent on a mature capitalist market order, stable private-property arrangements, a professionalized technocratic system, and highly quantitative governance demands. When this framework is extended to societies whose historical paths, state structures, stages of development, and institutional logics differ sharply, its explanatory power and applicability inevitably become constrained. For a country such as China, which advances socialist modernization under the leadership of the Communist Party of China while possessing deep historical continuity and institutional distinctiveness, the direct application of neoclassical frameworks with implicit Western experiential premises often fails to capture the complex interdependence among economic growth, social development, and state governance.

5. Exploration and Construction of Chinese Economics

5.1 Introduction, Absorption, and Transformation of Foreign Theories

For a long period before the new era, the basic characteristic of the Chinese economics knowledge system can be summarized as the introduction and absorption of foreign economic doctrines, followed by their transformation in light of China's realities and the theoretical and practical needs of modernization at different historical stages. Chinese economics broadly followed a path of knowledge evolution characterized by "input-adaptation-readjustment." More specifically, in the late Qing and Republican periods, a wide range of overseas economic doctrines were introduced in response to the social-transformational imperative of national salvation and survival. After the founding of the People's Republic of China, Soviet political economy was absorbed systematically under the planned economy. After reform and opening up, Western economics was once again introduced, absorbed, and selectively borrowed in the course of building a socialist market economy. Changes in the knowledge system also reveal that a key factor determining which foreign economic knowledge could occupy a dominant position was the extent to which it could simultaneously respond to positive, normative, and practical problems arising in China's modernization.

China's early exploration of modernization began against a background of foreign invasion, economic colonialism, and crises of state governance. The introduction and dissemination of economic knowledge therefore initially served the value goals of national independence and national prosperity [38]. Learning from foreign economics did not necessarily entail the loss of indigenous consciousness. On the contrary, the historical theme of "saving the nation from subjugation and ensuring its survival" pushed Chinese scholars, through encounters between Chinese and foreign thought, to focus continually on China's own economic problems and to understand issues such as public finance, finance, industry, and trade from the realities of Chinese society [39,40]. Driven by the practical concern of "ordering the world and benefiting the people," economics gradually became an important tool for understanding modern economic institutions, managing international economic and trade relations, strengthening state governance capacity, and promoting the progress of social order. During the same period, Chinese Communists also promoted the dissemination of Marxist political economy, laying an important theoretical foundation for the later socialist economics system [41]. Even the major academic controversies of the period - such as debates over currency reform, the choice between an agricultural or industrial national path, and the nature of Chinese society - show that the economics knowledge system that Chinese scholars were beginning to construct was primarily organized around value judgments and institutional choices concerning "goals and paths," while the methods, theories, and doctrines of positive economics largely served those value goals and economic practices.

After the founding of the People's Republic of China, economic theory became more directly embedded in socialist institution-building and the state-governance system. The development of Chinese economics during this period broadly passed through two interconnected stages. First, guided by New Democratic economic theory and the policy framework of the *Common Program of the Chinese People's Political Consultative Conference*, China completed economic recovery and laid the foundation for the transition to a socialist system. Second, after the

socialist planned economy was progressively established, emphasis shifted to absorbing and studying Soviet socialist political economy in order to meet the practical needs of nationwide industrialization and unified economic management [42]. Mao Zedong observed that one important reason for extensively drawing on the Soviet economic system and planned-economy theory was that although the Party had "accumulated experience in managing the economy of the base areas," it "had no experience in managing the economy of the whole country" [43, p. 117]. Systematic experience required a systematic body of knowledge. Thus, in addition to the classic works of Marx, Engels, Lenin, and others, the *Textbook of Political Economy* compiled by the Institute of Economics of the Soviet Academy of Sciences became for a time an authoritative text in Chinese higher education and Party-school training, playing an important role in popularizing theory and training cadres [44].

It is important to emphasize that even during this phase of systematic importation, the Chinese economics knowledge system contained an internal tension of "absorption-reflection-recreation." Mao Zedong repeatedly stressed that Soviet political economy should be studied critically rather than absorbed dogmatically, explicitly arguing that "the Communist Party of every country and the intellectual community of every country must create new theories, write new works, and produce their own theorists" [43, p. 109]. During this period, Marxist political economy served not only as an important theoretical pillar for the planned economy and socialist industrialization, but also played a significant role in organizing state governance, unifying value goals, and consolidating political identification. In other words, economic explanation, value judgment, and governance practice were integrated more strongly within a single political-economy knowledge system.

After reform and opening up, as the Party and the state shifted the center of work toward economic development and the economic system moved from planning toward the market, political economy borrowed from the Soviet Union became increasingly unable to explain and guide this profound transformation or to deal adequately with new issues such as price stability, resource allocation, and micro-level incentives. Under the ideological line of "emancipating the mind and seeking truth from facts" and the historic decision to pursue reform and opening up, concepts, theories, and policy tools from Western economics entered Chinese academia and policy circles on a much larger scale. Chinese economists established scholarly associations related to Western economics, systematically translated and published major works of Western economics, and introduced relevant courses in universities, thereby promoting theoretical importation and reform of the teaching system [45]. On issues such as property rights, incentive mechanisms, and governance structures, theoretical tools from new institutional economics were valued because they fit the needs of reform and were widely used in policy design and the explanation of reality [46]. In macroeconomic management, Western macroeconomic theory gradually replaced the national-economic balance theory of the traditional Soviet political-economy paradigm after the "Bashan Cruise Conference," producing a corresponding shift in the basic paradigm of Chinese macroeconomic research [47].

The relative academic advantage of Western economics during this stage lay mainly in the fact that it provided a relatively coherent explanatory framework and technical toolkit for China's market-oriented reform and modernization. China's absorption of Western economics, however, was always selective and organized around reform objectives and institutional needs. As Xi Jinping stated, in dealing with foreign economics, especially Western economics, China should "discard the dross and select the essence, eliminate the false and retain the true, proceed from our own needs and make foreign things serve China," while refusing to copy mechanically those contents reflecting the institutional attributes, value concepts, or ideological colors of capitalism [48, p. 105]. Nevertheless, in this process the mainstream analytical framework centered on the neoclassical paradigm once established an institutional advantage in economics teaching, research training, and academic evaluation, thereby strengthening research orientations centered on formal model explanation, econometric causal identification, and technical policy analysis [49]. By contrast, normative judgment and practical orientation were more easily compressed under theoretical primacy and technical discourse, generating new tensions within the knowledge system.

Overall, the development of Chinese economics before the new era was not a passive following or simple transplantation of foreign theories. Rather, at different stages of modernization, foreign economic doctrines were selectively introduced, critically absorbed, and localized around national tasks, institutional choices, and governance needs. Soviet political economy and Western mainstream economics both supplied important explanatory resources and policy tools for Chinese economic practice at particular historical stages. Yet because they were rooted in different institutional backgrounds and historical conditions, their theoretical premises and scope of application did not fully match China's concrete realities, nor could they simultaneously meet the combined requirements of mechanism explanation, value judgment, and governance practice in an increasingly complex stage of development. As China's economy and society entered a higher stage of development, instrumental absorption of existing theory alone became progressively less capable of meeting practical needs, and its limitations became increasingly apparent. This created the historical conditions for constructing an independent knowledge system of Chinese economics in the new era.

5.2 Constructing an Independent Knowledge System of Chinese Economics

Since socialism with Chinese characteristics entered the new era, and especially since Xi Jinping's important May 17 speech, the construction of philosophy and social sciences with Chinese characteristics and the accelerated formation of an independent knowledge system have been elevated to strategic tasks for the development of philosophy and the social sciences. The construction of an independent knowledge system of Chinese economics has therefore entered a new stage [3]. For economics, this not only reflects new policy requirements for independent knowledge-system construction, but also indicates that the Party's innovative theories, especially Xi Jinping Economic Thought, have continued to develop through the great practice of Chinese modernization. They provide fundamental guidance and intellectual resources for Chinese economics to move beyond a long-standing knowledge-evolution logic dominated by "introduction-absorption-transformation" and toward autonomous construction rooted in Chinese practice.

In the new era, "our Party's understanding of building a modern socialist country has continuously deepened, its strategy has continuously matured, and its practice has continuously been enriched" [48, p. 372], while the meaning of Chinese modernization has continued to expand and deepen. Against this background, economic knowledge production is no longer confined to explaining growth, efficiency, and market-oriented reform, but increasingly turns toward systematic responses to major issues including high-quality development, common prosperity, state governance, risk prevention, green transformation, and new quality productive forces. It is therefore no longer sufficient merely to propose several Chinese concepts or theories. The important task facing the construction of China's independent knowledge system is to reorganize the relationship among positive explanation, normative evaluation, and governance practice around the new problem structure of Chinese modernization. In other words, real-world development now places higher and more integrated demands on all three dimensions of the economics knowledge system, and strengthening innovation in only one dimension can no longer meet the overall task.

Under this new problem structure, the limitations of existing paradigms have become increasingly visible. The relative insufficiency of classical Marxist political economy in specific analytical tools and the limitations of neoclassical economics in handling institutional complexity, historical continuity, and state-governance issues both make it difficult for either framework alone to cover the complex problem structure required by Chinese modernization. On the one hand, the principal contradiction in Chinese society has become the contradiction between the people's growing need for a better life and unbalanced and inadequate development. On the other hand, changes unseen in a century are accelerating, external uncertainty is rising, and the modes of interaction between the domestic and international economies, along with the constraints on development, are undergoing profound transformation. Existing explanatory frameworks struggle to encompass new mechanisms emerging in high-quality development, risk governance, and structural transformation. Existing evaluative criteria cannot fully incorporate new objectives such as common prosperity, secure development, and green transition. Existing policy

tools also show insufficient adaptability when confronting new governance settings such as platform-economy regulation, supply-chain resilience, regional coordination, and macro-policy coordination. The task facing Chinese economics has therefore shifted from explaining China through ready-made theories toward building an independent knowledge system that can explain China more effectively, serve practical needs, and participate in global academic dialogue.

In actual knowledge production, this autonomous exploration is already unfolding across several key areas. First, macroeconomic research increasingly demonstrates theoretical self-awareness. Research has begun to focus on the operating characteristics of China's super-large economy, the relationship between an effective market and a capable government, and coordination among complex policy objectives. The research object is no longer limited to aggregate balance, short-run fluctuations, or single policy instruments, but increasingly emphasizes the systemic relationship among high-quality development, risk prevention, policy coordination, and long-term stability [50]. Second, in areas such as common prosperity, green transformation, and coordinated regional development, research increasingly avoids evaluating development performance solely by efficiency and instead attempts to incorporate fairness, security, sustainability, and institutional executability within a unified analytical framework [51,52]. Third, on emerging issues such as new quality productive forces, the modern industrial system, and platform-economy governance, scholars are beginning to distill new conceptual devices and analytical objects from Chinese practice, jointly incorporating technological progress, institutional conditions, national strategy, and social objectives into the theoretical field of vision [53-55]. These explorations indicate that Chinese economics has clearly moved beyond the stage of merely introducing, absorbing, and transforming ready-made theories and has begun to extract questions from Chinese practice, organize concepts, and form new analytical frameworks.

In particular, since the 18th National Congress of the Communist Party of China, the CPC Central Committee with Comrade Xi Jinping at its core has advanced a series of new ideas, thoughts, and strategies in the practice of Chinese modernization, forming Xi Jinping Economic Thought. This provides an overarching intellectual resource and fundamental guidance capable of integrating mechanism explanation, value judgment, and governance practice. In terms of knowledge-system construction, it has promoted a reorganization of the relationship among these three dimensions within Chinese economics. An important characteristic of autonomous exploration in the new era is therefore a structural transformation of the knowledge system itself: positive analysis is no longer limited to abstract modeling of relationships among variables; normative judgment is no longer reduced to an implicit premise or postponed as a slogan; and governance practice is no longer merely the terminal application of theory, but increasingly becomes an important source for posing questions, calibrating concepts, and driving theoretical renewal.

Xi Jinping's important May 17 speech was both an important milestone in the development of philosophy and the social sciences in the new era and a key turning point in the movement of Chinese economics from adaptive development toward autonomous construction. For Chinese economics, a genuinely independent knowledge system does not mean rejecting international academic resources, nor does it mean isolating itself or closing the door to outside knowledge. Rather, it means gradually forming more explanatory and dynamic conceptual systems, analytical frameworks, and evaluative standards on the basis of Chinese questions, Chinese practice, and China's institutional logic, while remaining open to dialogue. The key is to enable positive analysis to reach the deep mechanisms of China's economic operation, normative judgment to articulate clearly the value objectives of Chinese modernization, and governance practice to generate continuous positive feedback and productive transformation between the positive and normative dimensions.

6. Conclusion

From the perspective of disciplinary history, economics has always been a composite form of knowledge combining positive, normative, and practical dimensions rather than a closed knowledge system consisting solely of pure theory. Whether one considers classical political economy's integrated understanding of commercial

society, neoclassical economics' compression of normative and practical dimensions during formalization, or the trajectory of Chinese economics from "introduction-absorption-transformation" toward autonomous construction in the course of modernization, the generation and evolution of economic knowledge are deeply rooted in the institutional structures, historical conditions, and practical needs of particular societies. The key to constructing an independent knowledge system of Chinese economics therefore lies in reorganizing the relationship among positive, normative, and practical dimensions on the basis of the historical process and real-world problems of Chinese modernization.

First, the construction of an autonomous positive-economics knowledge system in China should more closely combine universal principles with China's concrete realities while preserving scientific rigor and openness. Positive economics addresses the question of "what is," focusing on causal relations and mechanism explanations in economic operation and emphasizing analytical rigor, logical consistency, and evidential reliability. For Chinese economics, this means both adhering to the basic principles and methodology of Marxist political economy and appropriately absorbing useful components of foreign economic theories that have been tested in practice. More importantly, such absorption must be organized around real problems continuously emerging in the process of Chinese modernization, rather than remaining at the level of applying ready-made models and concepts. Issues such as central-local relations, local competition, digital transformation, governance of state-owned enterprises, and regulation of platform economies are all indigenous problems that unfold within particular institutional structures, stages of development, and governance logics. Only by transforming these real-world problems into theoretical questions and elevating Chinese experience into concepts, propositions, and explanatory frameworks can the construction of positive economics in China move from instrumental absorption toward original knowledge generation.

Second, the construction of an autonomous normative-economics knowledge system in China requires economics to confront consciously the value questions embedded within the discipline. Economics cannot be treated as an abstract body of knowledge or mathematical science detached from value judgment; development goals, institutional merits and shortcomings, and policy gains and losses all contain normative standards. Chinese modernization differs from Western modernization precisely because it has formed a distinctive set of modernization objectives, including modernization for a very large population, common prosperity for all, coordination between material and cultural-ethical advancement, harmony between humanity and nature, and peaceful development [48, pp. 480-485]. Together, these objectives constitute value premises to which an independent knowledge system of Chinese economics must respond. Constructing the normative dimension of Chinese economics requires not only adhering to a people-centered development philosophy and incorporating values such as common prosperity, green development, and long-term stability into institutional design and policy evaluation, but also transforming normative resources from China's fine traditional culture, core socialist values, and the institutional logic of socialism with Chinese characteristics into theoretical content that can be discussed, argued, and evaluated within economics. Only in this way can economics avoid being narrowly reduced to positive analysis and overcome the limitations created when value judgments are concealed behind the technical language of the neoclassical paradigm.

Third, constructing an autonomous practical-economics knowledge system in China requires placing economics once again within the real process of economic and social operation and modernization. Practical economics cannot stop at the technical problem of applying theory. It should instead turn toward the integrative question of "how to act," linking the positive and normative dimensions by translating mechanism explanations and value judgments into institutional arrangements and policy programs that are executable, testable, and adjustable. A distinctive feature of Chinese economics is its close connection with state-building, institutional reform, and governance innovation. From the New Democratic period to socialist construction, and from reform and opening up to comprehensive deepening of reform in the new era, important progress in the autonomous construction of Chinese economics has often been generated and revised through extensive policy exploration, local pilot programs, institutional adjustment, and governance feedback. Marxist political economy itself

possesses a strong practical orientation, while traditional Chinese economic thought has long emphasized practical statecraft and the application of knowledge for the public good. These traditions demonstrate that practice is not merely the end point of a knowledge system but also an important source of knowledge generation. Accordingly, while continuing to use the strengths of modern methods such as econometric analysis, empirical identification, and policy evaluation, the practical dimension of Chinese economics should avoid narrowing practice to technical assessment or statistical verification. More importantly, institutional operation and policy outcomes should continually test and revise explanatory frameworks and value objectives, generate new questions, shape new concepts, and promote theoretical renewal through sustained feedback, so that practice truly becomes the mediating link between positive and normative analysis.

The examination of disciplinary history and the philosophy of economics shows that the economics knowledge system has never been a linear structure in which "the positive comes first, the normative remains outside, and practice comes last." Rather, it is an integrated body of knowledge in which positive analysis, normative judgment, and practice are continuously reorganized, mutually supportive, and often in tension under different historical conditions. Since Xi Jinping's important May 17 speech, the task of constructing an independent knowledge system of Chinese economics has become increasingly clear: it must be grounded in the great practice of Chinese modernization and integrate China's practical achievements, historical traditions, institutional logic, and development goals into a systematic theoretical expression. A Chinese economics capable of understanding China, serving reality, and participating in global academic dialogue requires a more stable knowledge structure in which positive research explains the operating mechanisms of China's economy and society, normative analysis clarifies the value objectives of Chinese modernization, and practical exploration continuously feeds back into and enriches theory at the policy and institutional levels.

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