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From Policy System to Legal System: Theoretical Foundations and Practical Logic of the Path to the Rule of Law in China's State-Owned Economy

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Abstract

The crux of the endeavor to construct a high-level socialist market economy is predicated on the promotion of the transformation of state-owned asset and state-owned enterprise reform from policy-driven to law-based. Since 2012, state-owned enterprise reform has made substantial progress on the basis of the "1+N" policy system. However, its institutional achievements still lack stable legal support. This article explores the necessity and feasible pathways for establishing a legal system for the state-owned economy from the perspectives of theoretical foundations and practical logic. The present stage, as indicated, should prioritize the institutionalization, standardization, and legalization of reform experiences, with the gradual transition from a policy system to a legal system. In this process, economic law should play its core role in coordinating the relationship between the state and the market, undertaking the dual tasks of institutional interpretation and theoretical provision. The article systematically addresses key institutional issues, including the classification of SOE functions, the tiered supervision of state-owned assets, and the orientation of competition policy. It seeks to provide theoretical support and institutional solutions for the construction of a legal system for the state-owned economy.

Keywords: state-owned enterprise reform, economic rule of law, policy system, legal system, state-owned economic system, system construction, classification and supervision

1. Introduction: A Path to Institutional Advancement in the Reform of State-Owned Enterprises Under the Rule of Law

The "Deepening the reform of State-owned enterprises" initiative constitutes a pivotal component in the promotion of high-quality development. This statement underscores the pivotal role of the reform of state-owned enterprises in the process of Chinese-style modernization in the current era. It also signifies a shift in the reform's trajectory, progressing from the phase of policy promotion to that of institutional construction and rule of law protection. Since the commencement of the socialist construction stage in China, state-owned enterprises and the state-owned economy have consistently assumed pivotal political and economic functions[1]. Consequently, the reform process of these entities has evolved into a significant indicator of the modernisation level of national governance. The establishment of a high-level socialist market economic system necessitates the deepening of the reform of state-owned enterprises as a pivotal element to promote the systematic reconstruction of the institutional system. Since the advent of the new era, state-owned enterprise reform has

[1] Tian, Y., & Li, W., (2021). Theoretical foundation and fundamental compliance of reform and development of state-owned enterprises in the new era. *Theoretical Horizon*, (12).

achieved phased results, initially forming a "1+N" policy system (see Table 1) with the "Guiding Opinions of the Central Committee of the Communist Party of China and the State Council on Deepening State-owned Enterprise Reform" as the general guideline, supplemented by multiple supporting policies. This system encompasses numerous domains, including classification reform, the establishment of contemporary enterprise systems, the enhancement of the state-owned asset management system, the cultivation of a mixed-ownership economy, the mitigation and regulation of asset loss, and the refinement of party leadership mechanisms. It has instituted a comprehensive and extensive reform policy framework. The primary objective at present is to facilitate the transformation of this system into institutionalized and legalized reforms, thereby providing a stable legal foundation for the achievements of reform. The series of pivotal declarations issued by China's foremost leaders concerning state-owned asset and SOE reform are indicative of their methodical approach to the institutional operations and governance frameworks within the state-owned economic sector. During their tenure in Fujian and Zhejiang provinces, they proposed significant concepts, including "fully leveraging the leading role of the state-owned economy", "cultivating large enterprises and groups with international competitiveness", and "converting the Party's political advantages into the core competitiveness of state-owned enterprises". These concepts permeate the entirety of the governance process and have been consistently promoted in the top-level design and practice since the new era, reflecting the continuity and consistency of the strategic goals and path choices for state-owned economic reform[1]. This has established a robust ideological foundation for the development of a rule of law system within the state-owned economy. The establishment of a high-level socialist market economic system is not only contingent on the optimisation and adjustment of the policy level, but also requires the institutionalisation and stabilisation of the rule of law system. The practical experience of the "1+N" policy system of state-owned enterprise reform has provided a practical foundation and institutional preparation for the establishment of a unified, coordinated and systematic legal system for the state-owned economy. The transformation of the reform policy into a normative system is not only an inherent requirement of the modernisation of the national governance system and governance capacity, but also the theoretical starting point and research focus of promoting legal research, especially economic law, on the issue of state-owned enterprises. The state-owned economy is a significant component of the socialist market economy, and its reform and development require a robust institutional response and the safeguarding of the rule of law. The institutional experience accumulated in the current policy-led reform path must be confirmed and transformed through the form of legal norms, so as to realise the consolidation and sublimation of the rule of law on the reform results. This process necessitates the systematic construction of the legal system of state-owned economy, whilst simultaneously emphasising the significance and urgency of the study of state-owned economic law as the core object of state-owned enterprises. This is due to the fact that state-owned enterprises represent the internal logical growth point of economic jurisprudence.

Table 1. "1+N" policy system for State-owned enterprise reforms

1	**Guiding Opinions of the Central Committee of the Communist Party of China and the State Council on Deepening the Reform of State-owned Enterprises (August 24, 2015)**	
N	**Classifying and promoting the reform of state-owned enterprises**	1. Guiding Opinions on Functional Definition and Classification of State-Owned Enterprises (SASDF Research [2015] No. 170) 2. Implementation Plan on Improving the Functional Classification Assessment of Central Enterprises (SASDF Comprehensive [2016] No. 252) 3. Guiding Opinions of the General Office of the State Council on Promoting the Structural Adjustment and Reorganization of Central Enterprises (Guo Ban Fa [2016] No. 56)
	Improvement of the modern enterprise system	1. Notice on Doing a Good Job in Equity and Dividend Incentives for Centralized Science and Technology-based Enterprises (SASDA Allocation [2016] No. 274) 2. Guiding Opinions of the General Office of the State Council on Further Improving the Corporate Governance Structure of State-owned Enterprises (Guo Ban Fa [2017] No. 36) 3. Opinions of the State Council on Reforming the Wage Determination Mechanism of State-owned Enterprises (Guo Fa [2018] No. 16)

[1] Jiang, Y., (2021). General Secretary Xi Jinping's important discourse on state-owned economy is consistent. *Studies on Mao-Zedong and Deng-Xiaoping Theories*, (10).

		4. Operational Guidelines for Consideration of State-Owned Equity Directors' Motions in Financial Institutions (Caijing [2019] No. 6) 5. Circular on the Issuance of Guidelines for the Implementation of Equity Incentives for Listed Companies Controlled by Central Enterprises (SASAC Kaoban [2020] No. 178) 6. Circular on the Issuance of the Working Rules for Reporting Major Business Risk Events of Central Enterprises (SASDF Supervision Regulation [2021] No. 103) 7. Circular on Strengthening the Management of Goodwill of Central Enterprises (No. 41 of SASDF Caixin Regulation [2022]), etc.
	Improvement of the state-owned assets management system	1. Several Opinions of the State Council on Reforming and Improving the Management System of State-owned Assets (Guo Fa [2015] No. 63) 2. State Council State-owned Assets Supervision and Administration Commission to promote the implementation of the rule of law institutions (SASAC Regulations [2016] No. 134) 3. Measures for Financial Management of Overseas Investment by State-owned Enterprises (Caixin [2017] No. 24) 4. Interim Provisions on Centralized Procurement Management for State-owned Financial Enterprises (Caijin [2018] No. 9) 5. Circular of the State Council on the issuance of a plan for reforming the system for authorizing the operation of state-owned capital (Guo Fa [2019] No. 9) 6. Circular on the Issuance of Interim Provisions on the Registration of State-owned Interests in Limited Partnerships (SASDF Property Rights Regulation [2020] No. 2) 7. Circular on the Issuance of the Working Rules for Interviews on State-owned Assets Supervision and Responsibility (SASDF Supervision and Responsibility Regulation [2021] No. 14), etc.
	Development of a mixed ownership economy	1. Opinions of the State Council on the Development of Mixed Ownership Economy by State-owned Enterprises (Guo Fa [2015] No. 54) 2. Opinions on the Pilot Employee Stock Ownership of State-Held Mixed Ownership Enterprises (SASDF Reform [2016] No. 133) 3. Opinions on Several Policies on Deepening the Pilot Reform of Mixed Ownership (NDRC [2017] No. 2057) 4. Circular of the General Office of the National Development and Reform Commission on the Issuance of the Compendium of Tax Policy Documents Related to Mixed Ownership Reform of State-Owned Enterprises (NDRC ETS [2018] No. 947) 5. Circular on Matters Relating to Strengthening Management of Equity Participation by Central Enterprises (SASDF Reform Regulation [2019] No. 126) 6. Circular on the Issuance of Interim Measures for the Administration of Equity Participation by State-Owned Enterprises (No. 41 of the State-owned Assets Development and Reform Regulation [2023]), etc.
	Strengthening supervision to prevent the loss of State-owned assets	1. Opinions of the General Office of the State Council on Strengthening and Improving the Supervision of State-owned Assets in Enterprises to Prevent the Loss of State-owned Assets (Guo Ban Fa [2015] No. 79) 2. Notice on Matters Concerning the Establishment of a Public Announcement System for Asset Appraisal Projects of Central Enterprises (SASDF Property Rights [2016] No. 41) 3. Guiding Opinions of the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council on

		Strengthening the Asset-Liability Constraints of State-Owned Enterprises (September 13, 2018) 4. Notice on Further Clarifying Matters Relating to the Management of State-owned Equity in Unlisted Joint-Stock Companies (SASAC Property Rights [2018] No. 760) 5. Circular on Issues Related to Regulating the Investment and Financing Behavior of Financial Enterprises Toward Local Governments and State-owned Enterprises (Caijin [2018] No. 23) 6. Implementation Opinions on Strengthening the Construction and Supervision of the Internal Control System of Central Enterprises (SASDF Supervision Regulation [2019] No. 101) 7. Notice on Matters Relating to Strengthening the Reporting of Major Operational Risk Events (SASFAA Supervision [2020] No. 17) 8. Circular on the Issuance of the Guiding Opinions on Strengthening Debt Risk Management and Control of Local State-owned Enterprises (SASDF Caixin Regulation [2021] No. 18) 9. Notice on Doing a Good Job of Holding Central Enterprises Accountable for Violations of Business and Investment Responsibilities in 2022 (SASFAA Development and Supervision Responsibility [2022] No. 7), etc.
	Strengthening and improving the Party's leadership of State-owned enterprises	1. General Office of the Central Committee of the Communist Party of China Issues Opinions on Adhering to Party Leadership and Strengthening Party Construction in Deepening Reform of State-owned Enterprises (2015) 2. The Discipline Inspection Group of the Central Commission for Discipline Inspection of the State-owned Assets Supervision and Administration Commission of the People's Republic of China Issues Guiding Opinions on Central Enterprises' Institutional Mechanisms for Building "Cannot Corrupt" (2017) 3. Regulations of the Communist Party of China on the Work of Grassroots Organizations of State-owned Enterprises (for Trial Implementation) (2019)
	Creating favorable environmental conditions for the reform of State-owned enterprises	1. SASAC Notice on Implementing the Guiding Opinions of the Central Committee of the Communist Party of China and the State Council on Deepening the Reform of State-owned Enterprises (SASAC Research [2015] No. 112) 2. Circular of the State Council on the Issuance of the Work Program for Accelerating the Divestment of Social Functions of State-owned Enterprises and Resolving Historical Problems (Guo Fa [2016] No. 19) 3. Notice on Further Improving the Work of Divesting State-owned Enterprises of Their Social Functions and Resolving Historical Problems (SASFAA Reform [2017] No. 20) 4. Guiding Opinions on the Separation and Transfer of Functions Related to Municipal and Community Management from State-owned Enterprises, issued by the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Civil Affairs, the Ministry of Finance, and the Ministry of Housing and Urban-Rural Development (Guo Zi Fa Gai Zhi [2017] No. 85), etc.

2. Institutional Value of the Rule of Law in the Reform of State-Owned Enterprises

In contemporary legal research, there is a divergence of opinions regarding the appropriate approach to addressing "hot issues of society". It has been posited by certain scholars that the rapid evolution of prominent issues and the prevailing utilitarian orientation may exert an influence on the depth of theoretical research and academic norms. This, in turn, may have ramifications for the sustainable development of the discipline[1]. From

[1] Li, Y., (2008). The empirical research method of economic jurisprudence and its utilization. *Journal of Chongqing University (Social Science Edition)*, (5).

this perspective, it is reasonable to emphasize academic self-discipline and adherence to long-term values. As scholars have noted, the orientation of "theory must serve practice" has been dominant in the current Chinese academic environment. This orientation promotes the docking of research and real problems. However, it also brings the risk of academic quality slippage. Examples of such slippage include weakening of theoretical reflection ability and shortening of research cycle. The expeditious approach to significant issues frequently employed in the domain of "fast food" research does not always facilitate the theoretical development and methodological self-awareness that are fundamental to legal research[1].

However, within the broader framework of comprehensively deepening reform, the economic system reform is in critical need of the support of rule of law thinking. This, in turn, is contingent upon a meticulous response to and systematic analysis of real economic problems. The reform of state-owned enterprises, as a core area of economic structural transformation, should become an important direction of economic law research. The objective of economic law is to regulate the relationship between public power and the market. Its methodology and value orientation determine that it has a natural fit and theoretical priority for the governance of state-owned economies. Jurists who engage in the contemplation of the development of legal theory may find this perspective to be unorthodox, and the author has no intention of engaging in a discourse on this matter. However, the author does possess a set of personal views on the subject. The concept of a "social hotspot" encompasses a social reality, not in spite of its status as a hotspot, but rather because of it. Social phenomena and law serve as the foundation and conduit for understanding the relationship between the two. A pragmatic approach to social hotspots is essential, necessitating an in-depth examination of jurisprudence to illuminate the dynamism of society and its evolution. The study of jurisprudence is thus indispensable in addressing the evolving demands of societal development. A thorough examination of social hotspots is not synonymous with undue emphasis on the resolution of authentic problems. An approach that is superficial will inevitably fall short, yielding unsatisfactory outcomes. It is not inconceivable that certain scholars may engage in research under the guise of social hotspots, with the objective of garnering public attention and achieving their own objectives. However, the number of individuals susceptible to such manipulation and the longevity of this practice are open to question.

While legal studies and legal research possess distinct foci, the synergistic integration of these two disciplines is instrumental in catalyzing knowledge innovation and fostering institutional enhancement. Historically, legal research has centered on logical systems and conceptual deduction, with less emphasis on observation and generalization of specific legal practices and mechanisms. This approach has led to theoretical results that demonstrate explanatory power and operational insufficiency within the legal system. Conversely, the emphasis in legal practice research on operational and reality-oriented aspects, while frequently overlooking the conceptual framework of cleanup and the establishment of normative rationales, hinders the long-term development of system design. Therefore, there is an urgent need to promote the positive interaction between theoretical and practical research to achieve the dual enhancement of legal knowledge. This enhancement must include a response to reality as well as the cultivation of norms[2]. In reality, the practice of law is limited in scope and cannot be considered perfect. It is inevitable that there will be some issues that have not yet achieved consensus within the domain of legal theory. It is crucial to acknowledge these studies, as the theoretical framework of law has yet to attain a higher academic standard and enduring influence. It is evident that these studies are progressing in a favorable direction. The evolution of any field is a continuous process, and it cannot be used as a foundation for the development of legal theory. It is imperative to acknowledge that all research is subject to inherent imperfections and uncertainties, which can hinder the ability to fully recognize its significance.

The foundational purpose of jurisprudence is not to reach a state of theoretical self-consistency, but rather to address and resolve normative challenges in the present moment. According to Larenz's conceptualization of "jurisprudence as a task discipline", the establishment of prevailing legal norms does not depend exclusively on a compilation of laws and regulations. Instead, it is imperative to emphasize the continuous development and enhancement of these norms through diverse institutional endeavors, including judicial decisions, administrative conduct, and contractual practices. The logic of law generation dictates that jurisprudence must prioritize the resolution of social problems[3].

Savini's work elucidates the foundational orientation of jurisprudence as an applied science, emphasizing that legal systems are not arbitrary creations, but rather, they are standardized on the basis of existing social customs and prevailing beliefs. This standardization is achieved through the systematic arrangement and theoretical refinement of jurisprudence. Therefore, he proposed the utilization of historical jurisprudence as a

[1] Liu, L., (2008). Reflections on China's jurisprudence citation research. *Studies In Law and Business*, (2).

[2] Liu, X., (2011). *How legal knowledge is practiced* (pp. 199–200). Beijing: Peking University Press.

[3] Larenz, K., (2003). *Methodology of law* (Chen Aie, Trans., p. 112). Beijing: Commercial Press. (Original work published in German).

methodological paradigm, employing Roman law as a model. This approach advocated for the historical precipitation and system construction to address the necessity for order in legal practice[1]. This approach underscores the notion that the development of legal frameworks is inextricably linked to the prevailing institutional logic and social structure, thereby offering a valuable reference point for the contemporary enhancement of China's legal framework. Puchta's approach to legal theory is heavily influenced by the ideas of Savigny. Puchta's system of legal norms is self-contained and hierarchical, and he employs formal logical deduction to clarify the internal structural relationships between different legal concepts[2]. This approach enhances the systematicity and objectivity of jurisprudence; however, its capacity to address legal realities remains limited. As a normative system that regulates social relations, the research method of law should not be confined to abstract logic, but should take into account empirical experience and social goals, and emphasize the practical character of law. Consequently, when employing the method of logical analysis in contemporary legal research, the tendency to mechanize and instrumentalize it should be met with caution. The intricacies and evolving nature of social practices present a significant challenge in terms of their effective governance. The application of formal logic alone is insufficient to address these challenges. In addition to normative logic, empirical methods and institutional observation should be incorporated to facilitate the integration of logical thinking and practical experience. This integration is essential for achieving the unity of functionality and explanatory power in jurisprudence[3]. It is imperative to acknowledge that the generation of problem awareness merely signifies the initial phase of research, not the research itself. The foundation of legal research must be anchored in pragmatic experience, yet it must transcend mere superficial appearances and attain a theoretical zenith, one that encompasses the refinement and systematic interpretation of legal issues. Practice provides material, and theory provides meaning; therefore, the two are complementary and indispensable. A jurisprudence that is genuinely effective must address actual problems while also endeavoring to construct a theoretical system that possesses normative explanatory power and institutional tension. The foundational mission of jurisprudence is to address legal issues that impede social progress and subsequently enhance the existing system and reorganize established structures.

In the contemporary context of China's social transformation and the active legislative and judicial practices that have been implemented, economic law must assume the initiative to address these practical issues and transform the institutional tension caused by reform into an opportunity for theoretical innovation. A theoretical framework, divorced from practical application, is insufficient to address the intricacies inherent in authentic governance. This theoretical framework may, consequently, lead to a misinterpretation of academic utilitarianism if it fails to address real-world concerns and lacks a foundation in empirical research. It is imperative to maintain a balanced equilibrium between these two factors. The institutional practice of socialism with Chinese characteristics disrupts the prevailing paradigm of the Western modernization trajectory, offering a distinct Chinese approach characterized by institutional competition and legal diversity. As a pivotal sectoral legislation that responds to national governance and regulates economic order, the evolution of economic law has invariably been accompanied by the exploration of the trajectory of Chinese-style modernization. In this process, the theory of economic law has gradually formed a research paradigm characterized by problem orientation, local resources, and institutional innovation, reflecting distinctive Chinese characteristics and development veins. The social life practice and reform and development process of 1.4 billion people constitutes the most profound practical foundation and experience soil for Chinese legal research. This is particularly evident in the field of economic law, where research must be situated within the historical context of China's economic structural transformation and social governance change. The investigation of economic law has evolved to encompass a more profound examination of domestic resources and a response to Chinese challenges. The continuous response to these problems is instrumental in facilitating the advancement and maturation of China's economic law theory.

3. The Practical Basis for the Construction of a Rule of Law System for the State-Owned Economy

SOEs are a specific institutional arrangement created by the state. They have demonstrated unique economic functions and institutional status in different social system contexts. This is particularly evident in the domains of macro-control, industrial guidance, and public services, where SOEs have been recognized as a pivotal component of the national governance system. These entities fulfill an indispensable role in ensuring national economic security and fostering economic development[4]. Within the context of China's economic system, which

[1] Yang, R. S., (1987). *Methodology of interpretation of law* (p. 5). Xinbei: Ruiyuan Printing Co.

[2] Bikai, J., (1975). *Theory and practice of jurisprudence* (p. 17). Tokyo: Gakuyo Shobo.

[3] Yang, R., (2013). *Methodology of jurisprudence* (2nd ed., pp. 55–56). Beijing: China University of Political Science and Law Press.

[4] Jiang, L., (2001). Classification and supervision of state-owned enterprises: An institutional arrangement to compensate for the lack of supervision of state-owned property rights. *Contemporary Finance & Economics*, (3).

is characterized by a predominance of public ownership, SOEs assume a particularly pronounced institutional significance and political function. In light of the escalating global trend of protectionism, mounting geopolitical tensions, and the profound ramifications of the novel corona virus, the global economy is undergoing a period of substantial adjustment. This period is accompanied by a rapid transformation in the international industrial and supply chain networks. In this context, the role of state-owned enterprises in the allocation of national strategic resources, the independent control of the industrial chain, and the stable operation of the economy has been further highlighted. Concurrently, the contemporary phase of scientific and technological revolution and industrial transformation is becoming more pronounced. Advancements in artificial intelligence, new energy, and other domains have exacerbated the trend of differentiation within the global economic system. In this context, external environmental risks and institutional response pressures faced by China have increased substantially[1], thereby imposing elevated expectations on SOEs with regard to strategic support, technological research, and industrial guidance. The complex and changing international environment and the inherent needs of structural transformation have jointly determined that the improvement of governance capacity of SOEs has become one of the core tasks of institutional reform. SOEs are diversified due to the differences in their business fields, service functions and resource allocation modes, and their functional positioning in the economic system varies according to the types of enterprises, so it is urgent to carry out refined and differentiated institutional design and standardized governance. In accordance with the degree of market participation established as the classification standard, the category of SOEs can be broadly categorized into two types: fully competitive enterprises and imperfectly competitive enterprises. The former operates within the market-oriented mechanism, providing common goods or services. In contrast, the latter primarily functions as a public service or is situated in fundamental and strategic industries, exhibiting characteristics of a natural monopoly or policy. The pursuit of goals, the evaluation of performance, and the logic of regulation vary across different types of enterprises. Consequently, classification reform has become the fundamental premise for the restructuring of the SOE system. Historically, China's state-owned capital has predominantly fulfilled its management role through direct oversight of enterprises, resulting in an indistinct delineation between administrative intervention and enterprise operations. This has had a deleterious effect on the effective functioning of the market mechanism. In response to the reform objectives of government-enterprise separation and market-led reform, state-owned capital regulatory authorities have gradually promoted a tiered management system for state-owned capital. This system is intended to realize the functional transformation of "managing capital as the mainstay" through capital operation platforms, enhancing the efficiency of state-owned capital allocation and system transparency.

The corporate governance system is not established in a vacuum; rather, its structural logic is frequently embedded within a nation's distinct political system, economic structure, and historical tradition[2]. The evolution of China's SOEs' governance mechanism is also characterized by "institutional endogeneity", with a unique governance model gradually formed through the interaction of policy objectives and rule of law structures. It is imperative that the reform program align with the prevailing logic of governance within China's institutional framework. This necessitates the avoidance of mere replication of Western corporate governance models. The Central Committee of the Communist Party of China has explicitly proposed that the functions of state-owned enterprises be precisely defined, and that state-owned capital be managed in a hierarchical manner. This proposal is part of the Decision of the Central Committee of the Communist Party of China on a Number of Major Issues Concerning Comprehensively Deepening Reform. This marks the inaugural instance in which the highest echelon has explicitly recommended in a pivotal national document that the functions of disparate state-owned enterprises should be meticulously delineated, and that state-owned capital should be managed in a hierarchical manner[3]. This strategic maneuver signifies a pivotal shift in the state-owned economic framework, transitioning from a focus on structural optimization to a paradigm shift in governance model design. The new model places significant emphasis on the classification of enterprises according to their functional attributes, facilitating the alignment of systems. This approach is designed to ensure differentiated supervision and precise system provision, reflecting a systematic and rule-of-law orientation that underpins the reform initiative. The classification of state-owned enterprises according to their functions serves as the foundational principle for the comprehensive reform of such enterprises. This approach encompasses the fundamental aspects of state-owned enterprise reform, including the nature of reform, the establishment of standards, the identification of pathways, the allocation of social resources, and the delineation of efficiency goals[4]. According to the principles of

[1] Chen, J., (2022). Research on building modernized economic system led by new development concept. *Theoretical Horizon*, (8).

[2] Tang, B., & Li, H., (2022). A review of research on the role of party organizations in state-owned enterprises in domestic academia since the 19th National Congress. *Journal of Beijing Administrative College*, (3).

[3] Li, J., (2013, November 30). Classification and layering reform and supervision of state-owned enterprises. *Commercial Times.*

[4] Gao, M., (2013). Reform tendency of different types of state-owned enterprises. *People's Tribune*, (S2), 37.

functional orientation, the classification of state-owned enterprises is delineated as follows. The initial category comprises public service state-owned enterprises, which are predominantly responsible for the provision of essential public services. These enterprises include entities that facilitate essential services such as urban power supply, water supply, gas supply, heating, public transportation, subways, and airports. The second category is a specific function class of state-owned enterprises (SOEs). It refers to the possession of special national resources and the national economic development of the national economy. It also refers to the assumption of specific functions and national security. Such functions include finance, oil, power grids, telecommunications, important transportation, national reserve enterprises, and military industry. The third type is the general commercial type of SOEs, which refers to SOEs in the field of full competitiveness[1]. The unique attributes, objectives, and roles of different types of SOEs within the market economy necessitate a categorized approach to SOE reform. The notion of classified reform, which underscores the profitability of SOEs while acknowledging their public nature, constitutes a pragmatic approach to the advancement of the state-owned economy, particularly with regard to enhancing national welfare. The accurate delineation of the functions of disparate state-owned enterprises, in conjunction with the reform and supervision of their classification, constitutes the prerequisite for the hierarchical management of state-owned capital. Following the classification of state-owned enterprises, a number of state-owned capital investment and operation companies will be established, taking into account the unique characteristics of each enterprise. The management of state-owned assets will be conducted through a capital management approach, a strategy that is expected to play a pivotal role in promoting the separation of government and enterprises. This approach is anticipated to enhance the efficiency of supervising state-owned assets and to fully leverage the market's determining role in resource allocation. All play a significant role in promoting[2].

From the perspective of jurisprudential structure, state-owned economic participation is considered a pivotal institutional interface between the state and the market. Consequently, this dynamic falls within the purview of economic law, serving as a critical area of regulatory focus[3]. The specific adjustment object of state-owned economic participation law includes the relationship of state-owned assets basic management, the relationship of state-owned assets investment and operation and the relationship of state-owned assets supervision[4]. In recent years, scholars have proposed the concept of "state-owned economy participation law", which aims to systematically analyze the relationship between state-owned capital, basic management, investment and operation, supervision and checks and balances. This concept has been proposed to establish an independent sub-field of study. While this concept has yet to be universally established, it possesses a positive significance for the construction of a comprehensive economic law system. The present state of affairs reveals that the classification reform of state-owned enterprises and the hierarchical supervision of state-owned capital involve multi-level issues such as system foundation, function definition, and performance mechanism. These issues not only challenge the national governance structure, but also press the research capacity of jurisprudence to form a reality. This necessity is particularly pronounced within the theoretical framework of economic law, where the development of a normative system capable of responding to the logic of classification and the interplay between regulation and market relations is imperative. A review of the extant literature reveals a paucity of systematic research on this topic within the domestic legal profession. It is evident that there is a need to enhance the institutional explanatory power and policy response.

As demonstrated in Figures 1-3, bibliometric research reveals a conspicuous disparity in the attention accorded to the issue of "state-owned economy" in the economics profession compared to its status in the legal profession, particularly in the field of economic law. The development of discourse in this domain is evidently deficient. The extant research on state-owned economies is not only limited in number, but also insufficient in overall theoretical depth and institutional explanatory power. It has not yet formed a systematic and forward-looking academic discourse system, which is difficult to meet the institutional needs of the construction of the rule of law in the new era. The absence of research in this area is indicative of the fundamental shortcomings in the theoretical framework and methodological approach of Chinese jurisprudence in its long-standing inability to adequately address economic realities. Economic reform is frequently initiated by the field of economics. However, the law, as a means of institutional protection, does not adequately contribute to the design of the

[1] Chu, X., (2013, November 22). Director of SASAC Research Center: Most SOEs become mixed ownership. Xinhua. http://news.xinhuanet.com/fortune/2013-11/22/c_125745137.htm

[2] Bai, J., (2016). Research on legal regulation of state-owned public enterprises in the context of comprehensive deepening reform. *Economic Affairs*, (06), 68–76.

[3] Gu, G. (Ed.)., (2024). *Course on economic law* (4rd ed., pp. 19–20). Beijing: Shanghai People's Publishing House & Peking University Press.

[4] Bikai, J., (1975). *Theory and practice of jurisprudence* (p. 506). Tokyo: Gakuyo Shobo.

reform process in a timely manner. This results in a disconnection between the rule of law mechanism and the economic structure. Consequently, the economic rule of law lags behind, and the law lags behind the policy of the reality of the dilemma. In the majority of countries where the rule of law is well-established, the restructuring of the economic infrastructure and the reconstitution of the institutional framework are typically spearheaded by legal professionals. These professionals assume a pivotal role in the conceptualization of the system, the delineation of power constraints, and the evaluation of policy legitimacy[1]. Conversely, in China, reforms are predominantly driven by the administration, and the involvement of legal professionals in system planning and policy evaluation is minimal. This has a deleterious effect on the quality of the rule of law and the stability of the reform system. The promotion of systematic research in the domain of economic law constitutes a pivotal approach to redefining the constructive role of lawyers within the national governance system. The state-owned economy constitutes a pivotal component of the socialist system with Chinese characteristics. Consequently, any examination of this economic sector must be conducted within the framework of China's distinctive historical trajectory and its prevailing political and economic configuration. The application of Western theoretical models is not a viable option, nor can institutional comparison and theoretical abstraction be excluded. In light of these developments, it is imperative for legal professionals, particularly those specializing in economic law, to assume an active role in the process of institutional development and policy formulation. This involvement is crucial for ensuring that the research endeavors are anchored in the tangible realm of institutional transformation. Moreover, it is essential to establish an autonomous theoretical framework and an interpretative paradigm for Chinese economic law within the context of the reform process.

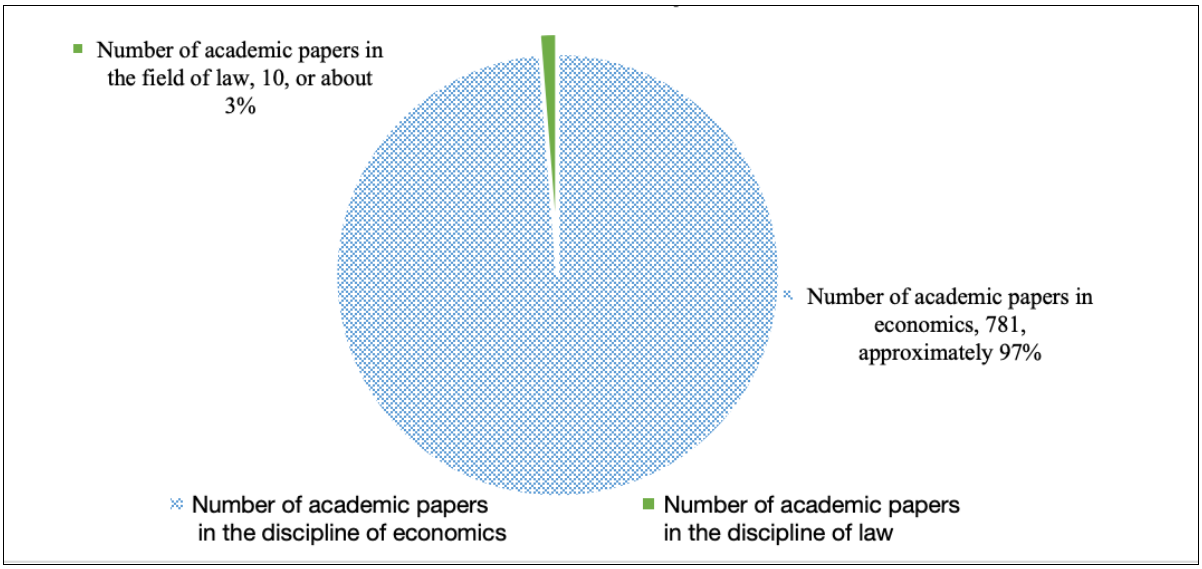

Figure 1. Comparison of the number of academic papers on "state-owned enterprises" between economics and law disciplines from 2013 to 2022

[1] Zhu, J., (2013). *Legal adjustment of state-owned enterprise reform (Preface)*. Beijing: Tsinghua University Press.

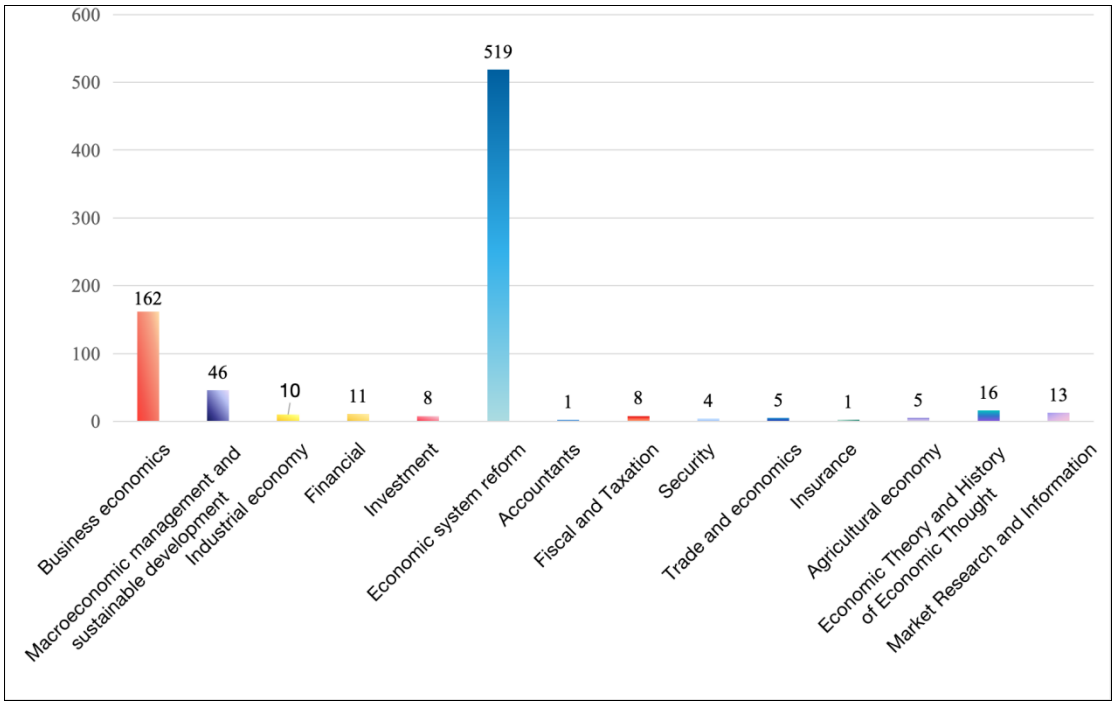

Figure 2. Number of academic papers on "state-owned enterprises" in various fields of economics from 2013 to 2022 (unit: articles)

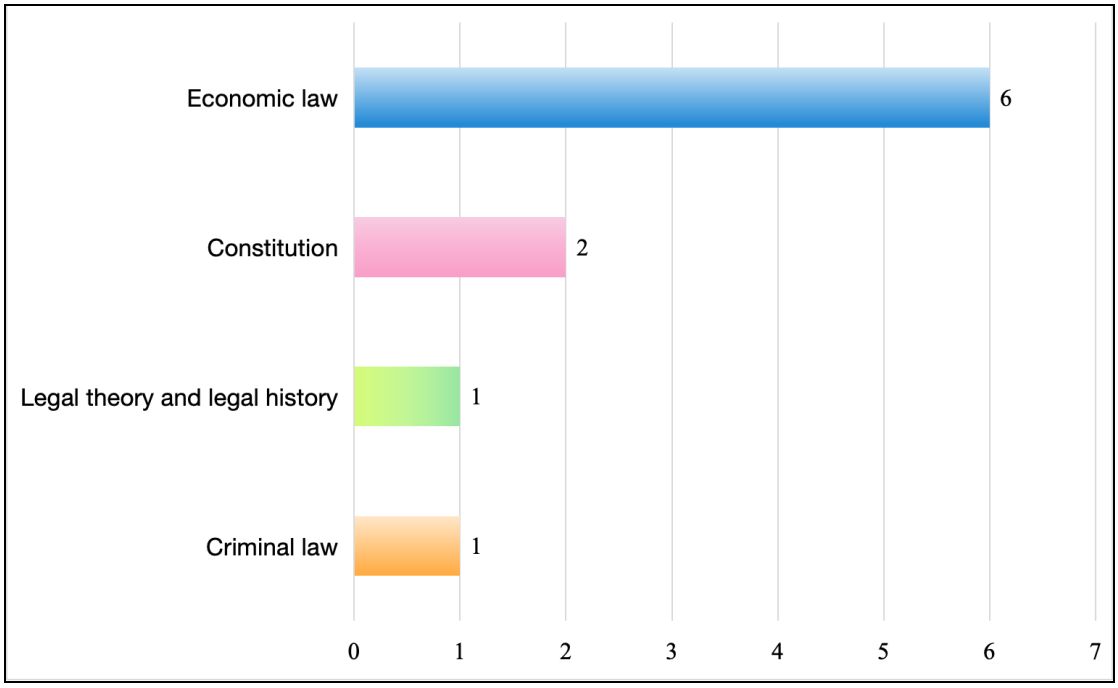

Figure 3. Number of academic papers on the subject of "state-owned enterprises" in the discipline of law from 2013 to 2022 (unit: articles)

Source: China Knowledge Network, http://www.cnki.net/, information collected on November 10, 2022.

There are 10 academic papers in the discipline of law, including 6 in the field of economic law, 2 in the field of constitutional law, 1 in the field of jurisprudence and history of law, and 1 in the field of criminal law; there are 781 academic papers in the discipline of economics, including 162 in the field of enterprise economy, 46 in the field of macroeconomic management and sustainable development, 10 in the field of industrial economy, 11 in the field of finance, 1 in the field of accounting and 8 in the field of investment, 519 in the field of economic system reform, 13 in the field of market research and information, 8 in the field of finance and taxation, 5 in the

field of trade economics, 5 in the field of agricultural economics, 16 in the field of economic theory and the history of economic thought, 1 in the field of insurance and 4 in the field of securities.

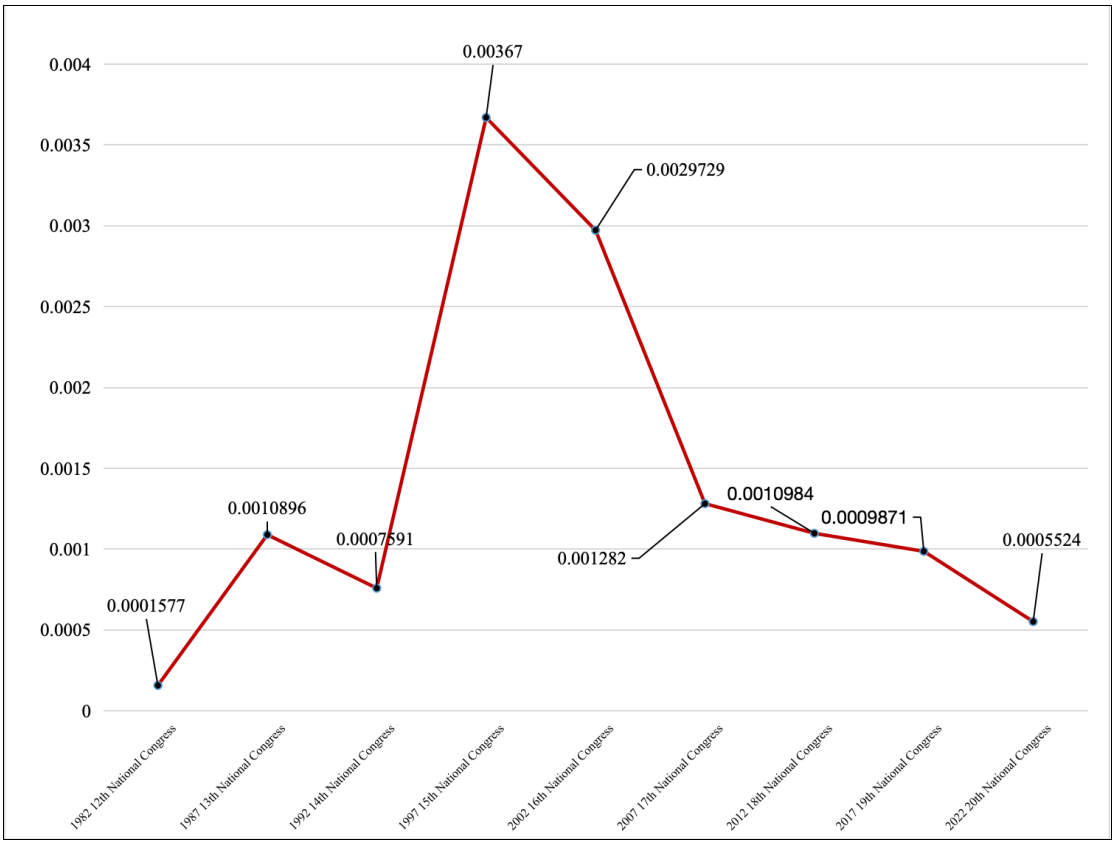

Figure 4. Frequency of the terms "state-owned enterprises," "state-owned economy," "SOEs," and "public ownership" in the reports of the National Congresses of the Communist Party of China from 1982 to 2022

Source: The data in the figure are taken from the Twelfth and Twentieth Reports.[1]

As demonstrated in Figure 4, the frequency of the terms "state-owned enterprises", "state-owned economy", "state-owned enterprises", and "national ownership system" in the reports of the National Congress of the Communist Party of China (CPC) over the past three decades provides a clear indication of the status of the reform of state-owned enterprises during a specific period. The frequency of the term "national ownership" in the reports of the National Congress of the CPC over the past three decades offers a clear indication of the state of the reform of SOEs during a specific period. The 15th and 16th Congresses represent pivotal stages in the reform of SOEs in China. Consequently, the Party's report includes a greater number of proposals regarding state-owned enterprises. Since the 17th National Congress, the Party's reports have exhibited a consistent downward trend in expressions related to state-owned enterprises, indicating that China's reform of state-owned enterprises has been relatively stable. It is evident that the regulatory framework governing state-owned enterprises has undergone a gradual process of refinement and finalization. At this juncture, it is imperative to methodically synthesize China's experience in the realm of state-owned enterprise reform and establish a comprehensive array of robust legal frameworks that will underpin the state-owned economy.

[1] Calculated as follows: the number of words appearing in the words "state-owned enterprises", "state-owned economy", "state-owned enterprises", "national ownership", "state-owned enterprises" and "national ownership". Number of words/total number of words in the body of the government work report of that year. Data source: https://www.12371.cn/special/lcddh/, All National Congresses of the Communist Party of China, accessed on November 10, 2022.

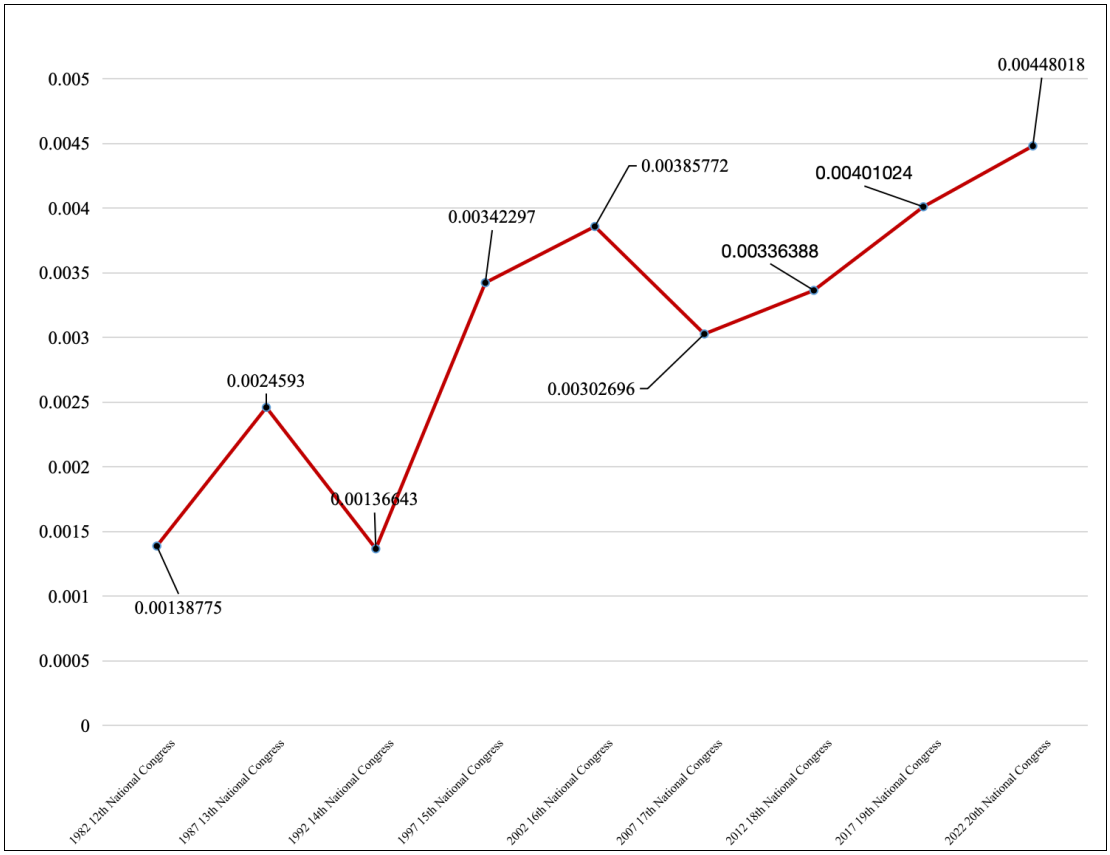

Figure 5. Frequency of the term “law” with legal connotations in reports of the National Congress of the Communist Party of China, 1982-2022

As demonstrated in Figure 5, an examination of the reports of the National Congress of the Communist Party of China (CPC) over the past four decades reveals a marked increase in the frequency of the term “law” with a legal connotation, particularly since the Eighteenth National Congress. This surge in mentions can be attributed to the heightened emphasis on the rule of law during this period, signifying the core CPC leadership’s prioritization of this principle. As early as 2014, prior to the Two Sessions, Chinese leaders emphasized at the second meeting of the Central Leading Group for Comprehensively Deepening Reforms that reforms should be deepened within the framework of the rule of law and that the rule of law should provide a legal guarantee for deepening reforms. It was noted that all significant reforms should be grounded in legal principles, and that throughout the reform process, it is imperative to prioritize the implementation of the rule of law and the rule of law’s role as a leader and promoter. Simultaneously, it is crucial to enhance the coordination of relevant legislative work to ensure that reforms are progressing in accordance with the rule of law. It has been emphasized that the reform of the economic system serves as the foundation for the comprehensive deepening of reform, exerting a pull effect on reforms in other areas. This observation indicates that the issue of the rule of law in the economy is an area that is unavoidable and requires great attention.

In order to promote reform in accordance with the rule of law, it is necessary to shift our thinking from the perspective of “setting rules while catching cards” to the approach of “setting rules before catching cards”. Regardless of the specific field of reform, it is essential that all efforts align with the principles of the law and the rule of law. This is particularly crucial in the context of promoting economic system reform. In the contemporary market economy, which is founded on the rule of law, this principle is acknowledged. However, it should be noted that merely adhering to the rule of law is insufficient. The necessity for the state to assume a strategic level, encompassing the economic rule of law previously discussed, becomes increasingly evident. The legal profession rarely engages with such a thesis, which is often confined to the interdisciplinary divide. As the nation’s primary design program, the law must enhance its communication and collaboration with diverse national governance domains. This is essential for formulating a dependable top-level design program that can be applied across various sectors. The modernization of national governance is contingent upon the modernization of the rule of law, which is the prerequisite foundation and fundamental guarantee. The promotion of reform must be executed through the implementation of the rule of law. The outcomes of reform, naturally,

must be established and preserved by the law[1]. The overarching objective of the ongoing reform initiative is the comprehensive enhancement of the economic system. The crux of this endeavor lies in the harmonization of the government's and market's respective roles in resource allocation, thereby ensuring the optimal functioning of both systems[2]. It is imperative to elucidate the pivotal function of the market in the apportionment of resources and the necessity to further refine the reform of SOEs. These enterprises have, for an extended period, impeded the seamless operation of the market within a market economy. The government and enterprises are inextricably linked to market subjects, a consequence of the disparity in the status of SOEs and private enterprises or other business entities. The reform of SOEs is inextricably linked to the pivotal function of the market in resource allocation. To a certain extent, the success or failure of economic system reform can be attributed, at least in part, to the reform of SOEs[3]. Furthermore, it is imperative to acknowledge the role of competition in the market. Competition is not merely an essential component of a market economy; it is also the fundamental process that drives the market mechanism. In addition, competition serves as a crucial method of allocating market resources. It is instrumental in regulating the relationship between the government and the market. Ultimately, the extent to which and the manner in which the competition mechanism is employed to allocate resources will determine the effectiveness of this process[4]. The immediate consequences of the classification and stratification reform of SOEs will be the intensification of market competition. A greater number of SOEs will engage in market competition across a broader range of market segments. Additionally, private and foreign capital will increasingly penetrate sectors previously dominated by SOEs. The re-positioning of the mixed ownership system will also elevate its significance in economic development. These developments underscore the centrality of competition issues, which are also a matter of competition policy at a deeper level. From a comprehensive standpoint, this matter also pertains to the realm of competition policy. Historically, SOEs, which have traditionally been more focused on public policy, have been compelled to adapt to the evolving landscape of competition policy. This evolution can be understood as a multifaceted series of policies designed to promote competition, including legal frameworks such as competition law[5]. It is imperative to acknowledge the distinct role that competition policy plays in the development of SOEs and mixed ownership models. This is particularly salient in the context of ongoing SOEs reform, particularly subsequent to the implementation of the aforementioned reforms[6]. The current series of reform proposals necessitates a reevaluation of the conventional approach to state-owned enterprise reform, wherein the implementation of legislation is prioritized over the fundamental reform of SOEs. This reformation must be anchored by the principles of the rule of law, necessitating the adaptation of legal frameworks to ensure their alignment with the overarching reform objectives. This adaptation process entails the thorough revision of existing laws or the introduction of new legislation, thereby ensuring the efficacy and sustainability of the reform process. As previously stated, it is imperative that economic system reform be predicated on the rule of law, conceptualized not merely as a method, but as a comprehensive strategy. In such circumstances, the legal profession, particularly the economic law profession, ought to commit to comprehensive and profound reform with a more proactive stance, fulfilling its designated role. The reform of SOEs constitutes a pivotal component within the broader framework of

[1] Bai, J., (2016). Socialist market economy in the process of comprehensively promoting the rule of law. *Journal of Guangxi Political and Legal Management Cadre College*, *31*(01), 20–25.

[2] Central Committee of the Communist Party of China, (2013, November 12). Decision on several major issues concerning comprehensively deepening reform.

[3] Bai, J., (2016). Socialist market economy in the process of comprehensively promoting the rule of law. *Journal of Guangxi Administrative Cadre Institute of Politics and Law*, *31*(01), 20–25.

[4] Xu, S. Y., (2013). *Competition policy research: International comparison and China's choice* (General Preface). Beijing: Law Press.

[5] In the international community, the term "competition policy" is used at three levels: first, competition policy in the narrow sense, which refers exclusively to anti-monopoly policies (antitrust laws) that encourage competition and restrict monopoly; second, competition policy in the broad sense, which encompasses all kinds of public measures taken to maintain and develop the competitive market mechanism, and is the "competition policy" of "promoting competition"; and third, competition policy in the broadest sense, which refers to all competition-related policies and measures, covering all "competition promotion" as well as "competition restriction" policies. The second is competition policy in a broad sense, covering all public measures taken to maintain and develop the competitive market mechanism, which is the competition policy of "promoting competition"; the third is the competition policy in the broadest sense, which refers to all policies and measures related to competition, and covers all policies of "promoting competition" as well as those of "restricting competition". (c) Competition policy in its broadest sense. By safeguarding competition, encouraging innovation and protecting consumer interests, competition policy not only has a promotional function for economic development, but also has an overarching function for economic policy and an "umbrella" function for the operation of the market economy.

[6] Bai, J., (2016). Socialist market economy in the process of comprehensively promoting the rule of law. *Journal of Guangxi Administrative Cadre Institute of Politics and Law*, *31*(01), 20–25.

economic system reform. It is incumbent upon the economic law profession to fortify its research endeavors in this domain. Economic law scholars are uniquely positioned to contribute to this process[1]. In their economic law research on the topic, Wu Zhipan and Xiao Jiangping, two prominent scholars in the field, have proposed a novel approach. They argue that scholars of economic law must adopt a more profound "China problem consciousness". This entails a deep understanding of China's economic and social development challenges, as well as an acute awareness of the country's unique national conditions[2]. They contend that this responsibility falls squarely on the shoulders of legal professionals in China, who must take it seriously and act accordingly. A rigorous examination of economic law necessitates a meticulous investigation into the intricacies of local resources[3]. This is a consequence that is inherently bound to the fundamental principles of economic law. It is also a quality that contributes to the appeal and allure of economic legislation[4].

4. The Research Mission of Economic Jurisprudence in the Path to Rule of Law

As the largest developing country, the uniqueness of China's socialist market economy system is centered on the dialectical unity of "effective market" and "competent government": on the one hand, it is necessary to follow the general law of market economy and connect with international rules, and on the other hand, it is necessary to safeguard economic sovereignty based on the basic conditions of the primary stage of socialism[5]. Economic law, as a discipline of applied law with the state regulating the market as its core issue, stems from the evolutionary needs of the real economic structure. Its fundamental task is not only to regulate micro-transactions in the operation of the market, but also to respond to the major institutional goals of national strategies. From the perspective of international experience, economic law has played a fundamental role in coordinating between state intervention and market operation, as evidenced by the construction of "social market economy" in post-war Western Europe and the "developmental national strategy" under the East Asian model. In consideration of the distinctive institutional context of contemporary China, economic law must prioritize its roles in policy integration and institutional development, particularly in the context of promoting the reform agenda centered on SOEs. The primary objective of functional research and institutional innovation in economic law should be to address these challenges.

As China continues to modernize, the "rule of law" has emerged as a pivotal aspect in the reform of the national governance system. The construction of the rule of law within the domain of state-owned economy constitutes a pivotal and challenging facet of this process. For an extended period, the reform of SOEs has been predominantly policy-driven, with legal rules primarily consisting of ex-post adjustments and technical cooperation. This approach exhibits a dearth of top-level institutional supply and systematic normative logic, impeding its capacity to effectively support the institutional stability and sustainability of the reform outcomes. In this context, economic jurisprudence should take the initiative to embed reform issues, combine institutional regulation, functional adjustment, and theoretical innovation, and promote the formation of a state-owned economic legal system that is highly compatible with the socialist market economic system.

SOEs serve as a pivotal platform for macroeconomic regulation and industrial guidance, exhibiting a high degree of institutional and practical characteristics in their legal governance. Presently, the economic law profession places greater emphasis on areas such as monopoly regulation, market supervision, and related fields. However, research on fundamental issues related to the governance mechanisms of SOEs, the operational rules of capital, and the governance structures of corporations remains inadequate. This structural deficiency not only undermines the integrity of the discipline but also imposes limitations on its capacity to contribute to national strategies. It is imperative that future research endeavors augment the extant corpus of knowledge on this subject, building upon the existing foundation. This augmentation should be systematic, with the objective of establishing a comprehensive system of rule of law structure for SOEs. This system should be centered on "classified governance, capital logic, and competition orientation". By doing so, the contribution of economic law to national governance will be enhanced.

In principle, economic law should establish a subsidiary system of "state-owned economic law", characterized

[1] Bai, J., (2016). Research on legal regulation of state-owned public enterprises in the context of comprehensive deepening reform. *Economic Affairs*, (06), 68–76.

[2] Wu, Z., & Xiao, J., (2007). Construction of harmonious society and innovation of economic law. *China Legal Science*, (1).

[3] Zhang, S., (2006). The "combination" and "synchronization" of economic law research. *Tribune of Political Science and Law*, (3).

[4] Bai, J., (2016). Socialist market economy in the process of comprehensively promoting the rule of law. *Journal of Guangxi Political and Legal Management Cadre College*, *31*(01), 20–25.

[5] Bai Jinya, (2025). The Chinese logic of fair competition review under the threshold of institutional change: Reconstruction of the government-market relationship based on the transformation of the socialist market economy system. *World Journal of Sociology and Law*, *3*(1), 7–17.

by robust integration and discernible institutional tensions. The system should encompass not only enterprise law, corporate governance law, state-owned assets supervision law, and other extant institutional units, but also be capable of responding to mixed ownership reform, capital authorized operation, public function division, and other emerging issues. This necessitates the application of economic jurisprudence, which involves the integration of economic analysis into legal frameworks. It is essential to transcend the prevailing research paradigm that prioritizes administrative regulation, thereby emphasizing institutional design and rule innovation centered on governance structure. The classification reform and differentiated regulation are not purely technical issues; rather, they are the reconstruction of legal norms, which should be systematically integrated and theoretically responded to through the perspective of economic law.

The institutional attributes of Chinese SOEs imply that their governance structure cannot be replicated from the standard model of Western corporate governance. In the market economy of Europe and America, corporate governance emphasizes the supremacy of shareholders and market efficiency. Conversely, in China, SOEs are also assigned the dual mission of public functions and policy objectives. The question of how to effect a functional transformation in governance structure without compromising efficiency has emerged as a critical proposition in the realm of economic law research. This necessitates a reexamination of the legal subjectivity and governance boundaries of SOEs, as well as the establishment of a clear legal mechanism between ownership and operation. In this process, economic law scholars should assume the dual role of integrators and designers.

Moreover, the reform of the hierarchical management system of state-owned capital has given rise to novel research tasks. The reform path of “mainly managing capital” necessitates the transformation of the conventional administrative supervision mechanism into a capital governance mechanism. This transformation encompasses not only a change in technical means but also a reshaping of the jurisprudential structure. The primary objectives of economic law are to clarify the legal authorization of state capital supervision, establish the responsibility boundary, and optimize the governance process. The study of economic law should concentrate on the authorization of state capital, the distribution of capital gains, the disposal of state-owned assets, and other key aspects. The establishment of a normative, institutional, and operational legal system is essential to support the entire state-owned management system and to promote the process of rule of law.

In the context of local state-owned enterprise reform, a reform model comprising “capital operation platform + functional company” has emerged in various locations, thereby providing a substantial institutional sample for economic law research. For instance, the Shenzhen State-owned Assets Operation Company has initiated the adoption of a market-oriented governance structure and an entrusted management system. Concurrently, Beijing, Shanghai, and other regions are undertaking proactive measures to promote the reform of platform-type State-owned Assets Companies. Despite the absence of a consolidated national model, the collective experiences of these reforms have elucidated distinct response requirements for economic jurisprudence. Researchers are tasked with the synthesis of local experiences over time, the provision of legal foundations, and the formulation of policy recommendations for central legislation and top-level design. This objective is to be achieved through system comparison and functional analysis.

In terms of research methodology, the study of economic law should promote paradigm renewal and move away from the traditional path of single-sector regulation or article annotation. Empirical jurisprudence should be employed to conduct tracking research on reform measures, including local legislation, statutes of SOEs, and contract systems. Concurrently, the legal construction of micro-systems, such as governance structure, conflict of interest, and supervisory system, should be strengthened. The legal system must be considered in relation to the functional position, and the normative design must align with the logic of system operation. It is imperative that research in the field of economic law overcome the prevailing structural barriers that exist between the theoretical, policy-oriented, and practical aspects of the discipline. By doing so, the field can enhance its capacity to provide both a realistic explanatory framework and a constructive contribution to academic discourse.

A comparative law perspective is also an important path to enhance the depth of research. The European Union, Germany, Japan, and other countries have accumulated a significant amount of mature legal experience in the governance of SOEs. A set of standardized and adaptable legal mechanisms has been developed in the domains of governance structure, information disclosure, and social function performance. In the process of developing its legal infrastructure, China has the opportunity to selectively incorporate external elements, while preserving the autonomy of its legal system, particularly within the context of the convergence of competition law and public service law. It is imperative that the study of economic law reposition itself within the evolving global governance structure. This repositioning should enhance the field’s capacity for system design and international rule dialog.

In conclusion, with regard to the establishment of disciplinary institutional safeguards, researchers specializing in economic law should also promote the establishment of a two-way interactive mechanism with policy

formulation, enterprise management, and legislative revision. The establishment of research platforms, legislative consultant mechanisms, and enterprise legal cooperation mechanisms has the potential to enhance the practical impact of economic law theories. It is imperative that economic jurisprudence not only serve as an agent of knowledge system research, but also assume an active role in the development of the national system. It is only through this approach that economic law can adequately fulfill its institutional mission in the context of the rule of law within the state-owned economy. By doing so, it will serve the overarching objective of establishing a socialist rule of law system that is uniquely Chinese.

5. Conclusion

As a practice-oriented social science, the research task of jurisprudence is to respond to legal problems in the social transformation and to provide theoretical and normative support for national governance through institutional construction. The substantial and distinctive shifts in China's economic and societal landscapes have engendered a profound and singular environment conducive to the study of law. This is particularly salient in the context of economic law, which is a sectoral law of institutional regulation. To that end, economic law should demonstrate a proactive response to the needs of reality, effectively integrate social hotspots with academic theories, and enhance the relevance of research to contemporary issues and the explanatory power of the system. Following an extended period of empirical investigation, socialism with Chinese characteristics has unveiled an alternative modernization trajectory that diverges from the Western-centric paradigm of modernization. This development challenges the prevailing notion that modernization must be confined to a single path or modality, thereby challenging the monolithic perspective of modernization as a Western phenomenon.[1] The evolution of China's economic legal framework, characterized by its unique historical and cultural context, has been inextricably intertwined with the nation's pursuit of modernization. The primary focus of China's legal research should be on the lives, practices, and social reform and development of 1.4 billion Chinese people. Economic law, defined as a departmental law that studies the phenomenon of economic law, should be examined in the context of China's unique economic characteristics and the development of Chinese economic law. For economic law, which is a sectoral study of economic law phenomena, given its strong country-specific characteristics and the transformation of China's economy and society, it is all the more important to cherish and utilize this valuable resource (12). In light of the profound evolution of state-owned economic reform in the contemporary era, it is imperative to methodically construct a unified, standardized, and forward-looking legal system for the state-owned economy. This legal framework should be grounded in empirical economic findings and international best practices, while also incorporating China's institutional practices and local theories. This is not only an institutional requirement for the modernization of national governance, but also a practical opportunity to promote the in-depth development of economic law theories. Furthermore, it is a key link to realizing the transition from a policy system to a legal system.

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