

Why Does China Implement the "Dual Reduction Policy" to Restrict Educational Industry? An Explanation Based on Marxist Political Economy

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Abstract: Karl Marx and Friedrich Engels proposed in "The Communist Manifesto" the viewpoint of the inevitable demise of capitalism, Marxist political economy serves as an explanation and justification of this viewpoint. Marxist political economy forms a complete logical system, which elucidates the developmental path of capitalist collapse through three stages: surplus value, free competition, and monopoly capitalism. The theory of surplus value explains the intrinsic essence of capitalist society, wherein capitalists profit by exploiting labor, while free market competition and monopoly capitalism are external manifestations of the operational laws of capitalist society. In recent years, the disorderly expansion of educational capital in China has shown clear monopolistic tendencies. At this juncture, China promptly implemented the "dual reduction policy" to restrict the expansion of educational capital, which is a practical application of Marxist political economy. From the perspective of Marxist political economy theory, China's restrictions on educational capital serve three purposes: firstly, to prevent capital from excessively depriving laborers of surplus value; secondly, to avoid cyclical economic crises brought about by unregulated capital competition; thirdly, to prevent monopolies and thereby avert both economic crises and the social crises brought about by monopolies.

Keywords: Marxist Political Economy, Surplus Value, Economic Crisis

1. Introduction

The research hypothesis proposed by Marxist political economy is that the capitalist world is bound to collapse. In order to verify this research hypothesis, Marxist political economy provides a rigorous and orderly logical system of argumentation. This logical system can be divided into three interlocking stages: the first stage is the commodification of labor. In this stage, capitalists profit by exploiting surplus value from laborers. This stage reflects the essence of capitalism, in other words, capitalism is built upon a foundation of injustice and inequality from the outset; the second stage is the phase of free capitalism. In this stage, the disorderly competition among capital affects supply and demand relationships, leading to cyclical economic crises when overproduction occurs. The third stage is the phase of monopoly capitalism. In this stage, monopolies emerge, not only leading to economic crises but also various social problems. In summary, these three stages constitute the inevitable path of capitalist development, each stage with its unavoidable contradictions and issues.

The research question of this paper is: Why does China implement the "dual reduction policy" to restrict the unregulated expansion of educational capital? To address this question, this paper will analyze and interpret using the theoretical framework of Marxist political economy. Studying this issue has certain academic and practical significance.

The paper is divided into the following parts: the first part is the introduction, which will present the research question and explain its significance. The second part is the literature review, focusing on the research achievements of the academic community on Marxist political economy and the "dual reduction policy." The third part is the theoretical framework, explaining the principles of the three stages of Marxist political economy. The fourth part is the case study, which will first analyze the operation mode of educational capital in China, and then analyze the "dual reduction policy" using Marxist political economy. The fifth part is the conclusion.

In terms of academic significance, this paper combines Marxist political economy with practice, and analyzes public policies that protect the rights and interests of laborers using Marxist political economy, promoting the scientific, practical, people-oriented, and advanced nature of Marxist theory. In terms of practical significance, this paper analyzes why China needs to restrict educational capital from the perspective of inherent principles, helping to understand the formulation and implementation of the "dual reduction policy."

2. Literature Review

This article primarily reviews two aspects of existing research: first, the existing research in Marxist political economy, and second, the research outcomes regarding the "dual reduction policy."

The existing research in Marxist political economy can be categorized as follows: Firstly, the fundamental theoretical viewpoints of Marxist economics. For instance, Professor Peng Xuenong from Shanghai University focuses on analyzing the class struggle between labor and capital. He points out that a significant driver of this struggle lies in the contradiction between private ownership and socialized production.[1] Secondly, the research methods in Marxist political economy. For example, scholar Zhang Xu from Renmin University of China elucidates the historical materialism and dialectical methodology used in Marxist political economy. Zhang's paper suggests that historical analysis and comparative studies can reveal the inherent laws and evolutionary processes of capitalist production.[2] Thirdly, the contemporary applications of Marxist political economy. Numerous studies in this area exist. For instance, some scholars argue that the core ideas of the "Three Represents" theory exemplify the integration of Marxist political economy with China's economic development, showcasing its vitality in the new era.[3] Furthermore, other scholars closely link artificial intelligence with Marxist political economy, explaining the contradictions between labor and capital in AI and their exploitation of surplus value.[4] In summary, the existing research on Marxist political economy in academia is relatively comprehensive, providing ample reference materials for this article.

Regarding the existing research on the "dual reduction policy," it mainly falls into several aspects: Firstly, the rationale behind implementing the "dual reduction policy." For example, some scholars argue that the purpose of this policy is to promote the fair distribution of educational resources, returning education to its essence and avoiding its commercialization.[5] However, the main problem with this viewpoint is its failure to grasp the essence; in other words, these scholars only see that commercializing education leads to unfair resource distribution without identifying the root cause behind it. Secondly, the impacts of the "dual reduction policy" after its implementation. Some scholars point out that reducing the education sector through this policy will increase the burden on teachers and may lead to unemployment among some education industry practitioners.[6] The main problem with this viewpoint lies in its overly shortsightedness. It is essential not to overly focus on

the short-term impacts of the "dual reduction policy"; its ultimate goal is to mitigate economic crises, serving the long-term interests of the nation and ensuring long-term social stability.

In conclusion, while academia has conducted relatively thorough research on Marxist political economy and the "dual reduction policy," few scholars have integrated Marxist political economy with the latter. Additionally, there are shortcomings in the existing research on the "dual reduction policy."

3. The Theoretical Framework of Marxist Political Economy

Marxist political economy includes a derivation process from micro to macro. From the micro point of view, the academic puzzle of Marxist political economy is why capitalists can make profits; From a macro point of view, the problem studied by Marxist political economy is how economic crisis and various social problems arise in capitalist society. The real and logical starting point of capitalism is the exploitation of the surplus value of the workers, while liberal capitalism and monopoly capitalism are the inevitable path to expand production.

3.1. The Stage of Labor Force Becoming a Commodity: Exploitation of the Surplus Value of Laborers

The theory of surplus-value answers why capitalists can make a profit, and the logical starting point of the theory is that labor becomes a commodity and money becomes capital. To study Marxist political economy, we need to distinguish the concept definition of labor and labor force. Labor refers to the use of labor power, and labor power is not equal to labor, but refers to labor capacity, including mental and physical strength. The subject of labor is the free man, and the free man is the working man with personal freedom, who has no capital in his hands, and no other commodity to be bought and sold except labor power.

The study of Marxist political economy also needs to distinguish between the concepts of capital and money. The so-called capital refers to the general term of social resources that can create material and spiritual wealth. Capital and money have the relationship of unity of opposites, they are not only different from each other, but also related to each other. On the one hand, money can only buy equivalent goods, while capital can be exchanged for more capital. On the other hand, labor is a special commodity that transforms money into capital.[7]The formula of commodity circulation and the formula of capital circulation just show the unity of opposites between money and capital: the two formulas can be expressed as:

Commodity circulation formula: W (commodity) -- G (currency) -- W (commodity)

Capital flow formula: G (capital) - W (labor as a special good) - $G1$ (greater capital)

It can be found from the formula that the circulation of commodities and the circulation of capital are two modes. The circulation of commodities is selling first and then buying. The seller has commodities in hand and gets money through selling, and then the seller buys new commodities through the money in hand. The core of the formula of commodity circulation is the exchange of equivalence, the value of the goods bought by the seller and the value of the goods sold are the same. The capital circulation formula is to buy first and sell later. The original capital value possessed by capitalists is G , which is used to buy constant capital and labor capital W , and after a round of production, the total profit gained by capitalists is $G1$. According to Marxist political economy, the reason why $G1$ is greater than G is that labor is a special commodity. It has both use value and surplus value. The capitalist is able to profit by depriving labor of its surplus-value.[8]In short, capital is called capital because there is no equivalent exchange in the process of capital circulation. The biggest

difference between capital and money is that capital can expand and increase in value in the process of circulation.

The core of surplus-value theory is to explain why G_1 is greater than G in the capital flow formula, in other words, how the capitalist makes a profit. Marx's explanation for this is that labor can be divided into necessary labor and surplus labor. The value created by necessary labor compensates the wages paid by the capitalist for the purchase of labor power, while the value created by surplus labor is the profit earned by the capitalist. The capitalist will use the principal and profits to expand reproduction. Then, under normal circumstances, the capital in the hands of capitalists will roll bigger and bigger, and the profits will be more and more. However, workers' wages have remained relatively constant, and the result has been a growing gap between rich and poor. A schematic of surplus value theory can be shown in Figure 1:

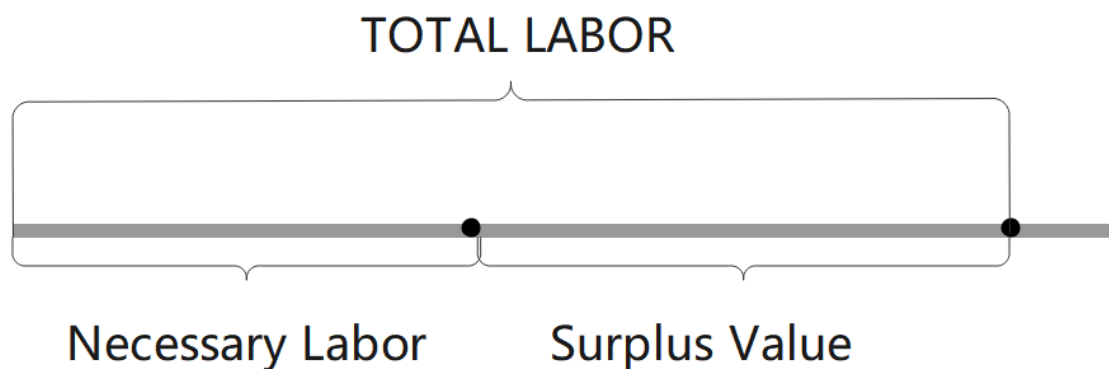


Figure 1: The Theory of Surplus Value

3.2. Liberal Capitalism and Cyclical Economic Crises

The stage of free capitalism is the second stage of Marxist political economy. The result of this phase is still a cyclical economic crisis. The operation process of this stage is roughly as follows. After a round of production, the capitalist makes a profit by depriving the laborer of his surplus value. This profit will be used by the capitalists to expand reproduction. In other words, part of the profits obtained are used for the capitalists' personal pleasure, and the other part is used for secondary investment to complete capital accumulation and the expansion of production scale. However, there must be market competition in the stage of free capitalism, and in order to win the competition, the capitalists must carry out extended and extended reproduction. In other words, capitalists will expand their operations and complete technological upgrades.

The result of the phase of liberal capitalism, however, must be an economic crisis, for two reasons. First, the inherent contradiction of capitalism lies in the contradiction between the socialization of production and the private ownership of the means of production. The socialization of production is embodied in the market distribution of products and the production process. The private ownership of the means of production is embodied in the private control of capital, profit and means of production by the capitalists. The result is that every capitalist has capital in his hands and the will to expand production. Then all the capitalists will invest in the production of one industry. As a result, there will be overproduction, and supply far exceeds demand. When supply exceeds demand, prices fall and investment loses money. The capitalists, then, are bound to reduce the scale of production, with the result that a large number of working people become unemployed. There is also the case that economic crises occur when the capitalists engage in inclusive and extensive reproduction. In other

words, what is included in the increase in the expansion of reproduction is the proportion of C in the organic composition of C/V of capital. When technology changes and new equipment is introduced, capitalists do not need so many workers to participate in production, and the result is overpopulation and increased unemployment.

3.3. Stage of monopoly capitalism

The stage of monopoly capitalism is the next step in the stage of free capitalism. First, the concept and process of monopoly need to be clarified. The most important feature of capitalism is market competition, and the development of individual capitalists is uneven. After a long period of market competition and mutual annexation, the total capital and strength of one or several capitalists far exceed that of the remaining small capitalists. In order to further make high profits, these capitalists who win the competition for capital will form an alliance and jointly agree on the price, sales, production and other factors of the product. At this time, there will be a monopoly over a certain industry.

If liberal capitalism brings periodic economic crises and overpopulation, the problems of monopoly capitalism are undoubtedly more varied and serious.

First of all, in the economy, capitalists in a monopoly position control the economic lifeline of the country by virtue of their dominant position. For example, production needs to expand and operations need to scale. Then the capitalists will finance themselves through loans. Generally, capitalists get loans from two sources. One is the government's banking and financial institutions behind them. Capitalists obtain credit by mortgaging property to banks and then raise financing. The second is individuals, through the issuance of stocks and bonds to individuals for financing. The convergence of industrial capital and financial capital makes the monopoly capitalists control the lifeline of the national economy. However, the production and sale of products are controlled by monopoly capitalists, and greedy capitalists will seek higher profits by raising the selling price, when the price is too high to consumers' ability to buy, economic crisis will break out. Exceeding purchasing power means that consumers will no longer spend, without consumption production will shrink, and it means that the previous investment, which was financed by borrowing, cannot repay the banks, the stock market faces a bear market, and the result is that everyone is in debt. On the non-economic level, capitalists in a monopoly position will control the society by manipulating public opinion, education, science and technology and cultural products. The monopoly capitalists can even support the government through money politics. When the government executive and the monopoly capitalists reach an agreement on the exchange of interests, the government will serve the monopoly capitalists' private interests instead of serving justice. Then fairness, justice and democracy will be threatened.

In short, the theoretical system of Marxist political economy systematically explains the development stage of capitalist society. Horizontally, the intrinsic essence of capitalism is the exploitation of the surplus value of laborers, while the external manifestation of capitalist society is the economic crisis and various social problems brought about by free capitalism and monopoly capitalism. From the vertical point of view, the development of capitalist society can be divided into three stages: first production, free competition, monopoly stage. The class contradiction between Labour and capital runs through every stage, so that the result of capitalist society must be class struggle and collapse.

4. Case Study: Why Implement the "Dual Reduction Policy" to Restrict Educational Capital

4.1. Operation mode of Chinese educational capital

4.1.1. One-to-one tutoring

The main participants of one-to-one tutoring are three parties: students, remedial teachers and third-party intermediaries. The operation process is roughly as follows: on the one hand, students have the need to make up lessons, but students do not have the right contacts in their hands. On the other hand, the supplementary teacher has the knowledge and the need for part-time work, but the supplementary teacher does not have the information of parents and students. At this time, the third-party intermediary makes use of the original capital in hand to make a match between the teacher and the student, and the intermediary will recommend the interpersonal resources in hand to the students or teachers in need to reach a make-up lesson transaction. However, the third party as an individual or team may take a cut of the extra time fee as a rebate. In addition, one-on-one tutoring is mainly aimed at students who need to make up for the shortcomings of their own knowledge system. The reason why it is difficult to ban one-to-one counseling is that one-to-one counseling has various forms and strong concealment. There are many forms of one-to-one tutoring, such as on-site tutoring by teachers, face-to-face teaching in the remedial places provided by intermediary agencies, and on-site lectures by students.

4.1.2. Institutional teaching

The main participants of offline face-to-face classes are also three parties: students, institutions, and full-time teachers employed by institutions. Its operation mechanism is roughly as follows: First, the head of the educational institution holds a certain amount of original capital, which will be used to rent teaching places, buy teaching equipment, train full-time teachers and other related investments. Next, educational institutions advertise admissions and offer classes, charging students high tuition fees. Then part of the high tuition fees is used to pay full-time teachers and another part is used to expand production. Offline face-to-face teaching is mainly aimed at students who want to learn the whole knowledge system, or prepare for a certain exam, subject competition students; In addition to completing the teaching task, the full-time teachers hired by the institutions also need to undertake the heavy and trivial tasks such as the compilation of teaching materials, the operation and editing of the self-media, and the advertising and publicity. In addition, there is a special form of offline face-to-face classes, that is, several parents and students have the need to make up lessons, they will jointly entrust a parent with rich social relations to find a teacher and rent a classroom. The client will pay the tuition fee to the entrusted parent, who will pay the tuition fee to the instructor. In other words, the essence of this model is that the entrusted parents take a cut as an intermediary and exploit the surplus value of the teacher. After the rectification and standardization of the "dual reduction" policy, illegal or non-compliant offline training institutions have been basically banned.

4.1.3. Tutoring with artificial intelligence

There are various forms of new technology guidance and training. With the development of science and technology, new technologies such as artificial intelligence and online live broadcast software are gradually applied to the education industry. Participants include technology investors, technology developers, educational institutions introducing technology, educational practitioners and students. Here's how this type of mentoring works: First, a technology investor hires a few technology developers and uses the original capital to buy equipment to pay the developers' salaries. Once the

technology is developed, investors sell it to educational institutions at a profit. Educational institutions also have a certain amount of original capital. Educational institutions will use the original capital to purchase technology, train practitioners to master the technical operation and pay practitioners' wages, and the product results made by using the new technology will be sold to students and achieve profits.

4.2. Marxist Political and Economic Explanation of "Dual Reduction Policy"

In July 2021, the "dual reduction Policy" was officially issued by Chinese government, which comprehensively standardized and regulated off-campus training behavior from the aspects of institutional approval, service standardization and operation supervision; The specific contents include: training shall not be conducted on national holidays, rest days, winter and summer holidays, non-disciplinary training institutions shall not engage in disciplinary training, and after-school delay service fees shall follow fixed standards.[9]

Then, from the perspective of Marxist political economy, the reasonableness of the "dual reduction" policy is as follows:

First, in essence, the "dual reduction" policy is a kind of restraint on the phenomenon of capital exploitation of practitioners' surplus value. Although the education industry has various forms, one thing is common to many forms, that is, the surplus value of education practitioners is exploited. Due to the participation of third-party intermediaries, teaching knowledge has become a form of labor, and the surplus value of practitioners is deprived by the third-party commission. With after-work tutoring, educational institutions will extract surplus value by extending labor hours or improving management efficiency. With the help of artificial intelligence for education and guidance, the surplus value of workers has been deprived twice in the industrial chain.[10]First of all, developing technology is a highly productive mental effort, and technology developers need to work very few hours a day to compensate investors. Then, technology developers can achieve the exploitation of surplus value by extending surplus labor time. In addition, educational institutions also have a certain amount of original capital in their hands, with which they can exploit the surplus value of educational practitioners. Therefore, from the perspective of exploiting the surplus value of workers, the education industry is unfair and unequal.

Second, from the perspective of free capitalist market competition, since consumers have the demand for remedial lessons in the market, capital will invest in the education industry. However, if there is a capital overheating, all the capital holders are investing in the education industry, and the following two problems will arise. First of all, if the supply exceeds the demand, there are too many tutoring classes and tutoring institutions, the price of class hours and tuition fees will inevitably decline with the market demand. If they can't get their money back, investors won't reinvest, and the result is mass layoffs. Second, education belongs to the service industry, if all the capital flows to the education industry, it means that there is no investment in real economy industries such as manufacturing and agriculture. Then, the country's industrial structure allocation will be unreasonable. Once the education industry has a cyclical economic crisis, the national economy will collapse. Then, the "dual reduction" policy will standardize the education industry, so that the education industry will not overextend, and it is the cyclical recession and economic crisis that will be avoided.

Third, from the perspective of monopoly, the disorderly expansion of the education industry will bring about various social problems. After years of operation in the education industry, the operation of individual investors is different. Then, in this process, there will be some successful large educational enterprises to occupy a monopoly position. Once a monopoly appears, it will bring the following problems: First, the monopoly can set its own prices, which means that the tuition fees and tuition fees continue to rise. When remedial fees and tuition become too expensive for consumers, all consumers are reluctant to spend. Then there will be a wave of unemployment and an economic crisis. Second, the capitalization of education will cause a brain drain. Once the tuition and class fees of

education rise, the wages of practitioners will also rise. Then, many public school teachers will be attracted by the high salary and transition from public school to education practitioners. As we all know, the education system of public schools is to maintain a relatively fair distribution of educational resources. Once the focus of education is shifted from public schools to education, the rich will have money to make up lessons and enjoy high-quality educational resources. The poor have no money to make up for the lessons and lose at the starting point. Third, if the education industry is allowed to monopolize education and disorderly expansion, it will also cause education to control social public opinion, and then cause various social problems. For example, the education industry can use public opinion to sell anxiety, influence parents' decisions, and get them to pay for extra lessons. As a result, students and parents face enormous physical, mental and economic pressure, which in turn affects social stability. So the essence of the "dual reduction" policy is to prevent the monopoly of the education industry, and to deal with potential social problems by reducing the burden on students.

5. Conclusion

Marx and Engels clearly put forward the view that capitalism will collapse and perish in the Manifesto of the Communist Party, and Marxist political economy explains this view with a complete argumentation system. First, Marxist political economy points out that capitalist production is based on the exploitation of the surplus value of laborers. Then, as the scale of production increases, the result of liberal capitalism is periodic economic crises; However, with the further development of liberal capitalism into monopoly capitalism, in addition to economic problems, various social problems have emerged one after another, and the situation has become more and more severe, and finally when the social contradictions are intensified to a certain extent, the society will collapse. From the perspective of Marxist political economy, the "double reduction" policy prevents problems before they occur, puts the education industry in a controllable degree, takes into account the interests of all parties to the maximum extent, and avoids the economic and social problems caused by the disorderly expansion of capital.

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