

A Research On Practical Significance Of Productivity Theory In Consumption Society

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ABSTRACT

This paper systematically elaborates the theory of productivity in consumption society, the mainstay theory in Dr. Bingxin Wu's (Wu, 1997, 2008, 2011, 2013, 2015 & 2017) comprehensive consumption theoretical system. An analysis on history and current academic situation of the western consumption theory is employed to explore the defects and shortages of the existing consumption theory. The emphasis of the paper is on the academic significance and practical significance of the consumption society productivity. The paper also explains in detail the practical importance of productivity theory in guiding consumption society and provides evidences discovered from the continuous rapid development of the Chinese economy.

Keywords: Consumption Theory; Consumption Society Productivity; Consumption Comprehensive Theoretical System

INTRODUCTION

From an international perspective, with the rapid development of consumption society, the impact of consumption is becoming more and more obvious. The productivity created in the process of socialization of consumption, called consumption society productivity, does not only impact promotion or restriction on production, but also profoundly influences the lifestyle and consumption style of all classes in the society. Therefore, consumption society productivity plays a very significant role in affecting the characteristics and changes of social classification and structure, thus ultimately influencing the evolution and development of the whole country.

The developmental history of China after the reform and opening up since 1978 and that of a number of countries in the 21st century have supported the fact that whether a country is powerful and whether the people's lives are affluent are fundamentally decided by the developing level of the country's productivity in consumption society. Therefore, productivity in consumption society is a very decisive factor in human development.

Economics manifests that it is necessary for a country, especially for a powerful one, to develop productivity in consumption society in order to remain in an invincible position. Productivity and consumption ability are the two sides of a contradiction. In general, consumption ability is the major challenge in that only when the consumption ability increases, the productivity in consumption society can effectively develop and then the productivity of the whole society can be promoted as a result. However, for a long time, most economists and scholars have not recognized this simple idea, thanks to the limitation of people's vision and thoughts. Bingxin Wu (2015) created the unique theory of productivity in consumption society.

In December 2015, Dr. Wu (2015) published the article of Consumption Society Productivity Theory and the Interpretation of Chinese Economy in the Public Network and was rapidly cited and re-published by dozens of media firms in China with huge repercussions in the society. Many people in China and abroad, who are not familiar with

Dr. Wu (1997, 2008, 2011, 2013 & 2017), were asking the following questions. What are the contributions and significance of Wu's (2015) theory. What influence has he ever left on the development of the Chinese economy? With this theory, how can we interpret the economic development of different countries in the world? The purpose of this paper is to provide answers to these significant questions.

ANALYSIS OF HISTORY AND CURRENT SITUATION OF WESTERN CONSUMPTION THEORIES

Research of consumption by western scholars can be traced back to William Petty (Petty & Graunt, 1899), the founder of English classical economics in the middle of 17th Century, after which Adam Smith (1975) and David Ricardo (Fiaschi & Signorino, 2003) respectively inherited and developed the basic concepts on consumption of William Petty and Graunt (1899), who did some creative or tentative research in consumption. From late 17th Century to late 18th Century, Quesnay, Targot and Simmons (Crehan, 2004), the French classical economists, raised their ideas of unique characteristics of consumption targeted at the practical specification of France. All these first expressions of consumption economics theories of these western scholars are not specific and systematic treatises but separately found in their relative works. It was in the Marshall (1842~1924) period (1920 & 2009) before the 1930s that the very systematic research of consumption especially consumption behavior took its start. During this period, western scholars theoretically illustrated how to make a proper and rational purchase with limited income in order to maximize their consumption desire. They employed the methodologies of abstract deduction and mathematical analysis (1938) based on utility value theory (1925) to establish the theoretical system of micro consumption economics (2007). After that, Keynes (1936) created his immortal theory of consumption demand (with the micro consumption behavior theory, 1984 & 2007) to meet the need of capitalism at the time. After WWII, Duesenberry (1948), Modigliani (1966) and other western scholars elaborated their theoretical conceptions by adjusting Keynes' absolute income assumption (1936). From the historical perspective of the economic theories, each theory from each western scholar has its own time background, and the whole development obviously shows the historical inheritance and constraints of theory. These scholars show their comparative limitation and narrowness, which need some furtherance, extension and integration. However, they provided the newcomers with a large researching space and possibilities for the extension of their theories in practice.

Looking back from history, we can see that the theoretical developments of the western economics have gone through different stages including mercantilism (1967, 2013), classical economics (1982, 2006), neoclassical economics (2002) and contemporary western economics (1971). In different historic periods of western economics, there existed different schools of thoughts. Some were regarded as orthodox, playing the leading and dominating role in economics, while others were judged as alternative economics playing the role of heresy, which existed in the sideline. This paper focuses on the consumption behavior theories in the dominant economies.

Modern consumption theories always have some inner connections with those historical consumption theories. Dr. Wu (1997) advocated that these theories should neither be ignored nor be judged as unbreakable truths. The very method that shall be taken is sublation, which indicates that we should eliminate the fault and dross, while keeping the truth and the essence.

Consumption economics theories can be divided into 4 stages according to the consequence of time.

Stage One (From 1400s to 1870s)

This was the period of rapid development of capitalism. It mainly included the consumption concepts of mercantilism and classical economics. The essence of consumption theories of this period was on the concept of consumption intervention by enhancing the power of the state. These theories emphasized that through taxes, legislation or even administrative intervention, government could make the consumption behaviors more reasonable in order to promote the development of economy. The basic purpose was for the capital cultivation and accumulation, and the protection of national industry. In this period, production was the center of attention by the economic scholars.

Stage Two (From 1870s to 1930s)

This period included the consumption theories of marginal revolution and Neoclassical Economics. The consumption concepts of the school of marginal utility and neoclassical economics were the first key point of the development and evolution in consumption theories. These consumption concepts helped turn the research emphasis from production to consumption, a change of research methodology massively employing mathematical tools. The marginal utility value theory was a breakthrough in economic research. In this Neoclassical period, Marshall's consumption concept (1890) focused on the primary position of consumption in economics, the re-exposition of rule of progressive decrease of marginal utility and the conclusion of law of requirement. These concepts became the main contents of consumption theory of Neoclassical Economics. Marx (1859) and Veblen (1899) observed and analyzed consumption from the angle under the social system and adopted a different perspective from those of the mainstream economics scholars. Marx (1859) analyzed the dialectical relation between production and consumption and the significant effects of consumption in social re-production. He investigated the influencing factors of consumption and delineated the contradiction between production consumption and life consumption as well as the source of consumption alienation in the capitalist system. He believed that the capitalist private ownership was the source of consumption deficiency, economic crisis and consumption alienation. Veblen (1899) paid special attention to the phenomenon of conspicuous consumption and explained that it was the conspicuous leisure that promoted and nurtured the conspicuous consumption, which was accompanied by the rise of private ownership and pecuniary culture. Its motivations were the pecuniary competition and the discriminatory contrast.

Stage Three (From 1930s to 1970s)

Stage Three embraced the absolute income hypothesis by Keynes (1936), the relative income hypothesis by Duesenberry (1949), the life cycle assumption by Modigliani (1966), and the permanent income hypothesis by Friedman (1957). It was the second key point of the development and evolution of consumption theories when contemporary consumption, represented by Keynes (1936), arose in the 1930s. Keynes's (1936) absolute income hypothesis creatively introduced the "income" variable into the consumption analysis, thus connecting consumption with income for the first time from the perspective of macroeconomics. From then on, the relationship between the two has dominated the core of consumption theories.

1. Keynes's (1936) absolute income theory is that in a short term, income and consumption are in correlation, which indicates that consumption is decided by present and absolute income of residents, and the relationship between consumption and income is stable. This is the marginal consumption tendency, and the tendency is in progressive decrease.
2. Duesenberry's (1948) relative income theory is that consumption is determined not by the present absolute income of a resident but by the relative income level, which indicates the income level relative to others and income level relative to the historical highest income level of each individual.
3. Modigliani's (1966) life cycle assumption and theory is that people arrange the proportion of income used for consumption and for deposit according to their expected lifetime. That is to say, everyone would arrange their expense for consumption according to the whole of their expected income of their lifetime, and resident's consumption is mainly limited by the general income earned in the whole lifetime of that family.
4. Friedman's (1957) permanent income theory is that income of an individual can be divided into permanent income and temporary income. Permanent income is the stable and common income while temporary income is the unstable and accidental income. Consumption of a resident is a function of permanent income.

All the consumption theories above hold that consumption is a significant influencing factor on the balance of the national economy, while income is one of the significant influencing factors on consumption. Incomes are in different forms while each form has its specific emphasis of influence on consumption.

Stage Four (Since 70s)

This stage is called the contemporary consumption period, which is dominated by Keynes' (1936) consumption theory and behavioral consumption theory .

Consumption theory of Keynes (1936) saved the world from the first global economic crisis. Behavioral consumption theory is a significant component of behavioral economics, and the latest significant research result of the western consumption theory. The main contents of the behavioral consumption theory include behavioral life cycle consumption, time preference diminishing and delay consumption.

Behavioral consumption theory has always been a hot research topic of the post-war western economics. In addition to all the mainstream and non-mainstream theories in the recent 20 years, the behavioral consumption theory has achieved new development in the western economics such as random walk hypothesis, excess sensitivity hypothesis, preventive deposit hypothesis or liquidity constraint hypothesis by Hall (1978).

Post-Keynes Theory

In the post-war period, consumption research has come to another pathway of development and has learned a lot from research results of other areas such as psychology, neuroscience, sociology, and marketing, thus generating the post Keynesian consumption theory and behavioral consumption economics. The post Keynesian scholars replaced behavioral rationality with procedural rationality and advocated that consumers' behaviors have the nature of preference satisfactory and demand segregation.

The consumption theories of the post Keynesian scholars took root and developed from criticizing the mainstream Neoclassical consumption theory. The Neoclassical mainstream consumption theory is characterized by the pursuit of maximization of individual effect, the emphasis on micro foundation and the construction of strict standard models. The post Keynesian economic scholars criticized the unsocial methodology, the derealized excessive abstract and the impact of substitution effect and stressed on the uncertainty and social historicity of consumption behaviors instead. They introduced hierarchy into the consumption theory and highlighted the significant impact of income effect. The development of post Keynesian consumption theories reveals that it is necessary to speed up improving the consumption theory in compliance with the practical national conditions and the consumption characteristics of different social classes. Increasing disposal income is the right start.

Paul Samuelson (1915-2009) and His Consumption Theory

Samuelson was the first American economics scholar who won the Nobel Prize for Economics. He was an encyclopedic scholar in economics and epitomized contemporary Keynesianism. His classical masterpiece, *Economics*, has been published in more than 40 various languages with sales of more than 4 million copies, being the bestseller in the world for economic textbooks. His consumption theory has the following seven major contributions:

1. Both production and consumption need the interactions of government and market. That is to say, the invisible hand of the market and the administrative impact of government are working together to participate in consumption and production.
2. He put forward the theory of maximizing consumption.
3. He emphasized consumption as the determinate factor.
4. He analyzed the impact of tax on consumption.
5. He stressed that the marginal consumption tendency determined the extent of multiplier effect.
6. He put forward the happiness formula from the consumers' perspective.
7. He analyzed the consumption of public goods.

Samuelson's consumption theory (Chipman, 1932) not only inherited Keynes' (1936) but also creatively advocated many opinions concerning the consumption theory. He had a tremendous impact on the world.

Having reviewed the development and evolution process of the western consumption theory, we can be clearly see the significant position of consumption theory in the field of economics. The consumption theory is the key point of the organic combination of the macro economy and the micro economy. The development and evolution process of the western consumption theory has three characteristics:

1. The research emphasis of the early consumption theory was different from that of the contemporary. The research emphasis of the early consumption theory was on the supply-demand relationship, while that of the contemporary is on the consumption-savings relationship;
2. The development process of consumption theory presents the trend of physical and chemical development and the trend of multidisciplinary integration;
3. Macro consumption theory and micro consumption theory show a convergence trend.

Dr. Wu (2011) believes that these western theories have made great achievements, but none of them has ever referred to the consumption society productivity or has ever even explained and guided the economic development in the productivity theory of consumption society. Thus, they have no way to answer the following fundamental questions: What is the basic reason for the development of human society? What is the driving force? Western theorists are the historic economists and most of them were in the west, having neither experiences in the practice of Chinese economic development nor experiences in modern social practice of consumption. So, we have to ask: In the twenty-first century, can these theories of the masters explain and meet the needs of modern economic development in the global economic evolution? Can these theories cultivated in the western economic and social system and economic background be suitable for the development of China's economy with 1.3 billion people? The historical limitations of their theories may not solve the major problems of economic development at the present stage of the world, especially the consumption problems.

ESTABLISHMENT AND CHARACTERISTICS OF CONSUMPTION SOCIETY PRODUCTIVITY THEORY

Since China's reform and opening up for the last 30 years, the national economy has shown sustained and rapid development. In this process, China has changed its national economic policy from a market driven economy to a consumption driven economy. The research in consumption in China has witnessed a considerable development. Bingxin Wu (1977), one of the most successful Chinese private owners, is one of the earliest and most influential scholars in consumption research. He has developed the most comprehensive systematic theory in consumption. He spent 35 years studying consumption and published three volumes of his book *On Consumption* in 2008. He hosted three summit conferences on consumption supported by the Chinese Congress.

Having analyzed the western consumption theories and research, Dr. Wu (2011) pointed out that the discipline foundations of western economics have three shortcomings. First, the basic categories, such as elasticity and equilibrium, introduced from classical mechanics are no longer efficient to explain the increasingly complex economic phenomenon. They cannot put forward the question of consumption society productivity. Second, there was a scarcity in study on the relations of productivity or the effects of relations of productivity on economic phenomenon, which may lead to insurmountable difficulties to solve economic problems and explain the economic phenomena. Third, weaknesses in common for all historical schools in the western economics is the simple and limited point of view in argument. Most of the economists were divorced from reality and were ambiguous with the national economic life. Except for Keynes's (1936) theory, too many of these theories are often confined to the academic field, which leads to the separation of academic and economic reality.

Wu (2011) analyzed the research results of the various schools of economics in the western history, linked the economy reality of China with that of the world, and put China's 30 years' economic practice of reform and opening up, into consideration. He started his consumption research from the very origin of human dependence on nature for existence. He pointed out that the law of development of human consumption is dependent on natural survival and existence, which indicates that, after solving the problems of survival, every day and every year, every human being wants to eat a little bit better, dress better, live better, and have better transportation. S/he wishes to have better spiritual and cultural entertainment and have better security. Hence, everyone, from the king to the populace, hopes that

consumption can guarantee not only the survival needs, but also health and longevity. People want to look younger and more beautiful. This is the eternal law of human consumption.

Wu (2011) created a new concept of human consumption: “Human consumption is the sum of the whole consumption process that is driven by the metabolism instinct to obtain materials from nature, then to create new needs and desires by human knowledge, and further to create new material products (including the spiritual culture)”. (Wu, 2011, p. 2). This process is presented in the activities of the micro consumption chain and the macro consumption chain. The new classification of human consumption is divided into three parts: life consumption, social consumption and scientific research and production consumption.

Wu (1997) brought forward the new concept of consumption comprehensive theory system and the new concept of social productivity and the sixteen factors (the seven elements of the generalized consumption social productivity and the nine elements of the narrow consumption social productivity). At the same time, he discussed that Adam Smith's concept of social productivity has historical limitations (Wu, 2011).

The birth, establishment and development of Wu's (1997) consumption comprehensive theory system is carried out in the great practice of China's reform and opening up. The practice of China's reform and opening up and modernization construction is the realistic basis of the formation of the consumption comprehensive theory system. Each major measure taken in reform and opening up and each step forward have accumulated some valuable experiences. Wu's (1997) consumption comprehensive theory system is just a summary, an abstract, a conclusion and an upgrade of these experiences.

The theory of productivity is an important pillar of the whole consumption comprehensive theory system. By using it, we can observe the development of economy, and more importantly guide the development of social economy. Thus, what specifically is the theory of productivity in the consumption society? In other words, what is the connotation of the consumption society productivity?

In Wu's (2015) system of consumption comprehensive theory, the consumption society productivity is the productivity produced by consumption of the whole process of the operation of the three kinds of consumption by human beings. The operation and development process of the three kinds of consumption is also the culture, knowledge, technology, wisdom, inheritance, accumulation and development of the consumption society productivity and the process of continuous innovation, civilization, creation and development.

The consumption society productivity is the capability of human beings' consumption process in recognizing, using and transforming nature, and in creating new consumption products. Natural science, as the ability of human beings in recognizing and transforming nature, is definitely included in the productivity of a consumer society. Once science and technology penetrate and play a role in the process of production, they become a realistic and direct productivity. The characteristics and current situation of the development of modern science and technology present that science and technology, especially advanced technology, are moving at a faster pace in penetrating and integrating the productivity elements to create new consumption products through the consumption process. The basic driving forces for the long-term rapid development of China's economy are high consumption, high technology, high taxes, high accumulation, and high speed.

Wu (1997) categorized the presenting elements for the societal consumption productivity into two types: generalized consumption society productivity with seven factors and narrow consumption productivity with 9 factors.

The seven factors of the generalized consumption society productivity are:

1. The superstructure of a state, the government, on behalf of the economic basis and the general advanced social productivity, general social production relations and social ideology;
2. Policy, distribution, and regulation;
3. Education and research (mainly basic research);
4. General social resource allocation;
5. General social consumption quality control and promotion;

6. General international policy control in commodity exchange;
7. The sum of the three kinds of consumption, the distribution of wealth and the macro-control (the general distribution of wealth, which does not only indicate the distribution of consumer policy). It stands for the national consumer rights and consumer interests, which is the bounden duty of government.

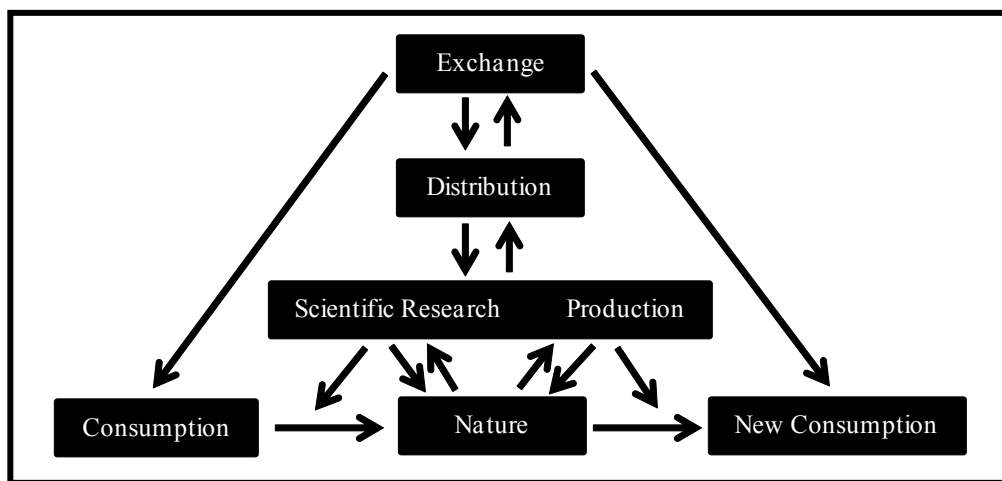
The nine factors of the narrow consumption society productivity are:

1. The enterprise’s leadership on behalf of the enterprise investors’ capital and on behalf of the enterprise productivity, production relations, resource allocation, and allocation policy;
2. The scientific knowledge and technology (six elements of productivity of physical knowledge and technology which can be transformed into productivity);
3. The labor workers (including mental and physical labor as well as a combination of both mental and physical labor);
4. Working tools (material equipment with which workers act on the object of labor);
5. The labor object (natural substance and material being continuously created, processed and reprocessed);
6. The product quality (product quality standards and control which have already been included in the systematic process of technology and socialization);
7. Enterprise management;
8. The switching elements;
9. Consumer’s consumption (the performance of productivity from the first to the last embodies consumption).

The research idea formula and the figure of the development cycle of the productivity of consumption society are the following:

The formula model of human consumption research is consumption -- research and production -- distribution -- exchange -- consumption. Conclusion: consumption determines everything; consumption creates everything; consumption is the driving force and without consumption, there are no humans (Wu, 2011).

Figure 1. Development cycle of the productivity of consumption society.



Notes: Level One: Consumption (primary); nature; consumption (Advanced); the origin of the development and advance of recycling.

Level Two: Research and production are the process where wisdoms generated from cognition and inspiration are applied in obtaining natural raw materials to innovatively create knowledge, technology and new consumption products to meet the requirements of potential consumption and desire consumption.

Level Three: Only when products generated via scientific research and production are consumed, the capacity of productivity can be realized. Individuals acquire income and revenue through distribution (firm and family micro distribution and national macro allocation) and obtain the consumption products by commodity exchange. The distribution and exchanging consumption in this process will mobilize the enthusiasm of scientific research of labor and productivity.

Level Four: In a society where a commodity is not developed, individual and family are a unity for production consumption and living consumption. The production process of individuals obtaining consumption materials from nature is a simple and direct consumption process, which creates three elements: labor, working tools and labor object. It is a consumption socialization process when capital and finance play the leading role in the production distribution and commodity exchange.

III. THE COMPOSITION OF CONSUMPTION SOCIETY PRODUCTIVITY THEORY

The development of theory and practice is an interactive process. Practice requires the guidance of theory and theory needs to be tested by practice. The consumption comprehensive theory system was born, tested and developed in the practice of the reform and opening up, and in turn has become an important theoretical guide for China's reform and opening up process.

The formation of the theory of consumption society productivity and reform and opening up is actually a historical process of integration and mutual-complement. The reform and opening-up, and theory of consumption society productivity have a common historical starting point. It promotes, enriches, develops and completes the theory system constantly and the formation of the theoretical system has provided scientific guidance and theoretical support for the reform and opening up.

Wu's theory first appeared at the end of the 1970s and came into formation in the beginning of this century. In many ways, it is leading the development of China's consumer economy. In practice, he constantly revised his theory, and constantly added new economic and social elements according to the reality of China's economic development.

In the era of agricultural economy, land was the core for all economic activities. In the era of industrial economy, products were the core for all economic activities. In the post-industrial economy era, channels were the core for all economic activities. When it comes to the era of consumption information economy, consumers become the darling of the era. While the ultimate aim lies in developing the productivity of a consumption society.

Products cannot realize their use value or profit, if consumers fail to consume them. All product profits are created in the process of consumer spending, which is the eternal law. Today, with the opening of the market, consumers have become the core of economic activity, which presents huge wealth and numerous business opportunities. Hundreds of millions of people's consumption activities can be transformed, so the consumption of social productivity is not a simple concept, but a process of huge transformation and implementation of consumption society economic development.

From the following three aspects, we cite evidence and illustrate the point.

Evidence One: Consumption of Scientific Research and Consumption Society Productivity

China's economic development, of course, cannot be separated from scientific development and the development of science and technology cannot be separated from scientific research activities. In the same avenue, research activities cannot be separated from scientific research and consumption. The Chinese government has invested a lot of research funding to support the development of various scientific research activities, including basic research, applied research and experimental development. With its strong support, more and more advanced scientific research achievements have been obtained, and its transformation into the productivity of the consumer society is becoming faster and more successful.

Research and production activities are the main activities of social life. The purpose of scientific research is to create new production for new consumption. With the growth of the national consumer economy, China's investment in scientific research funds continues growing. National financial science and technology spending increased steadily with research and increased test development funds investment. In 2013, China's research and development funding investment strength for the first time exceeded 2%, reaching 2.08% of national GDP.

Obviously, if science and technology are mastered, they become the productivity of labor. Science and technology as a tool of labor and the object of labor, become the productivity of the material. Management is also a kind of productivity. Modern science provides a new scientific theory, method and means for the production of leading management, which makes the elements of the productivity more efficient to form a whole, thus maximizing its role. Science and technology can be transformed into productivity by six elements (Wu, 2011), so it can be called the first productivity. It has become the decisive factor of China's contemporary economic development.

Evidence Two: Educational Consumption and Consumption Society Productivity

Over the past 30 years, China's education consumption has been heavily invested to stimulate domestic demand and the economic growth, which is a secret that is generally not easily seen by the public.

Education consumption is a kind of high-level cultural consumption, and it is the most basic factor of the productivity of the consumption society. From the perspective of consumption economics, education consumption should belong to cultural consumption. An increase in the cost of education in a country can be said to be a symbol of civilization and progress, and the performance of transformation from the survival needs to the level of development needs.

Certainly, educational consumption is also a kind of investment consumption. Education is not only consumption, but also a kind of investment. The benefits of education investment can be divided into two types: individual and society. In addition to obtaining the income of the consumer economy, investment in education can also bring non-economic benefits. Educational consumption is a national productivity development of consumption society, being the most basic investment. The sustained and rapid development of civilization and progress cannot be achieved without education consumption and investment, and so consumption of social productivity and social harmony cannot be achieved. Thus, there will be no harmony between the human and the nature.

What we should specifically point out is that education consumption is conducive to expanding domestic demand and promoting economic growth. In China, high schools and universities of non-compulsory education are the point of growth of the economic growth in the education industry. At present, China has more than 1.1 thousand colleges and 3.2 million undergraduate students. If 3.2 million students a year are recruited, according to a cost of 10 thousand yuan each year an increase of more than 32 billion yuan can be achieved. This can certainly promote the development of China's market. Experts have provided this scenario: if the high school enrollment rate increases 5% with the current rate of 35%, the tuition fees will increase by 15 billion yuan. If colleges and universities can enroll 1 million more college students, to achieve 15% enrollment rate, 15 billion yuan can be obtained with the annual expenditure of 15 thousand yuan per student. For the two parts of the incremental additional teaching facilities, with 10 square meters per person, it can reach a billion investment, about 6% of which can be converted to GDP.

All educational consumption is not only the basic element of productivity, but also a great help to improve the cultural quality of the whole nation and enhance the competitiveness of the nation.

Evidence Three: Health Care Consumption and Consumption Society Productivity

Health and medical consumption is an important part of the entire social consumption and is not only an integral part of the national economic system, but also an indispensable prerequisite for human health and civilization. It is of great significance to the economic and social development and human health, and it is an indispensable part of social civilization and progress.

China's health and medical consumption has played a great role in the development of social economy. All aspects of health care and the social and economic relationship include not only the relations of the materials, but also

information, technology, knowledge and other aspects of the relationship. It is related to the production field, as well as to the field of people's lives. From the industrial point of view, the health care industry occupies an important position in the entire social and economic activities, which is of great social significance, economic significance and social induction.

In China, the health care industry is a huge industry group, a new economic growth point, not only attracting a large number of employment population, but also having a leading and integrated guidance. China's health care industry has widely used biology, medicine, microbiology, molecular genetics, gene diagnosis technology, and electronic technology. Furthermore, it is producing the production of high-tech medicine and materials, thus promoting the development of the pharmaceutical industry. The development of health care has also influenced the development of the food industry to produce green health food and promoted the innovation and development of the environmental protection industry and instruments and meters. The company of the author not only innovated new products of Chinese medicine patent fermentation technology in production, but also carried out health care products, with enormous contribution to the country each year. It does not only pay the state a considerable amount of tax every year, but also provides employment for tens of thousands of people.

PRACTICAL SIGNIFICANCE OF CONSUMPTION SOCIETY PRODUCTIVITY THEORY

In recent years, the research results of Wu's consumption theory have been continuously published, which has attracted the attention of many scholars. In all his works, the productivity of the consumption society has always been an important theoretical pillar. His main consumption theoretical books include Consumption Theory (three volumes), A General Introduction to Consumption, The General Theory of Leadership and Management Science, Consumption and Management: The Discovery and Application of the Law, Fermentation Traditional Chinese Medicine, Wu Bingxin Anthology Collection and Consumption Economics. In these books, the theory of productivity is explicitly delineated as a separate chapter, and thus the great significance can be clearly seen.

So, why does the productivity theory attract such wide attention by economists and researchers? Why is this theory able to become the representative of the modern consumption economic theory?

Wu's (2015) view of consumption research is unique. He believes that the role of consumption for the entire economic development is enormous, and the reason why consumption will play such a big role is that consumption plays a key role in the formation of productivity. Without consumption, productivity cannot be formed. Without consumption society productivity, human beings cannot develop and progress. Without consumption, there may not be human beings. At the enterprise level, without consumption society productivity, the enterprise's development cannot be achieved, and employees cannot get more benefits. In the social development level, without consumption society productivity, the development of the national economy and the improvement of people's life will become a mere formality. So, it is the general law of consumption society productivity that matters.

Secondly, Wu's study (2011) has included the consumption of social productivity and the consumption chain into the scope of research. Consumption society productivity formed and developed through the consumption chain. Modern society has entered the chain group era and thus there is no isolated industry firm. The modern economy has already entered the era of consumption chain and not any type of consumer goods can be completed only by a single industry or a department; but behind it, the production must involve a series of related industries and sectors, thus forming an industry chain and value chain group. Human consumption, as a complete process, is not isolated or single, its each link being interrelated, forming a complete chain. The consumption chain is the chain of the consumption system, and it is the starting point and the ending point of the consumption chain. The consumption chain is the chain of structural and invisible consumption system, vertical or horizontal. It can be said that the completion of each consumption chain is a contribution to the productivity of the consumption society.

The consumption chain must be related to the industrial chain. Almost every consumption chain has an industry chain behind it, and the chain will produce the corresponding value chain. Thus, the consumption chain, industrial chain and the value chain form a complete chain. This is an important feature of modern economy. Wu (1997 & 2011) regarded the consumption chain as an important method in studying modern economy, that is, the method of consumption chain analysis. Now there are many large enterprises in China in accordance with the use of consumption

chain analysis to their own production areas and marketing methods, resulting in a very good effect. Therefore, the use of consumption chain analysis, in fact, is to lead the consumption society productivity to the practice.

Thirdly, Dr. Wu's research (2015) on the productivity of the consumption society is achieved through the use of various subjects to carry out a full range of research. The author carries out comprehensive research, not only from the perspectives of economics, management and marketing, but also from the perspectives of philosophy, sociology, culture and history. The author uses the method of tracing its source to the origin. From the birth of life, to the formation of human society, and to the research of reality, a truth is revealed: the entire history of human development is the motivation produced by consumption, and consumption society productivity, thus promoting the development of society and human life extension. No consumption, no consumption society productivity.

Fourthly, Dr. Wu's research on the consumption society productivity involves the study of the issue of human consumption of science. Only scientific consumption can truly form the consumption society productivity. Unscientific consumption including destructive consumption and wasteful consumption is a kind of negative energy and has a negative impact on the formation of consumption society productivity. Currently there is a lot of unreasonable, unhealthy and irrational consumption in society. Many people regard behaviors of conspicuous consumption, excessive consumption, and unrestrained desire to consume as a kind of value in life. The value of money makes people become slaves of desire, instead of becoming a spiritual and ideological body. It makes people lose the ability of rational judgment of the commodity, abandon the commodity value itself, and only pay attention to goods as a "symbol" value from the commodity value of this "symbol" to meet their own excessive desire.

This brings about a problem: How do Chinese people do scientific consumption? What is scientific consumption? What kind of consumption concept should be set up? Therefore, Wu (2011) thought it was very necessary to build a scientific concept of consumption, because only by consumers establishing a correct scientific concept of consumption, can they know what scientific consumption is and how to carry out scientific consumption. For example, how does consumption meet the needs of people's physical and mental health and comprehensive development requirements? How to promote the development of the economic, spiritual and cultural information of the consumer society? How does consumption achieve harmony between man and nature progress? These are the premise of scientific consumption. It guides people's consumption psychology, consumption mode, and consumption structure and consumption behavior.

Fifthly, is Dr. Wu's (2015) research on the new changes of the consumption mode and the content of the human consumption. The development of productivity is to be achieved through a certain avenue, which is the way of human consumption, a spiral development created in research and production motivated by effective consumption, potential consumption and desire consumption. The constantly changing consumption content is the reason for the change of new consumption patterns. With the development of social economy and the consumption of information technology, people's consumption patterns and consumption content has been extremely changed, for example, information consumption, service consumption, spiritual and cultural consumption, network consumption, etc. These are the contents that are rarely covered in traditional consumer economics, and even when they are involved, they have seldom been illustrated to a deeper level.

Sixthly, Dr. Wu (2015) put forward a new typology of labor, which includes seven categories:

1. Labor consumption creating surplus value
2. Labor consumption creating no surplus value
3. Invalid labor consumption
4. Harmful labor consumption
5. Life labor consumption
6. Social labor consumption
7. Service labor consumption

Wu (1997) put particular emphasis on social labor, which also creates value, and is reflected in the generalized consumption society productivity factors. The new concept of labor consumption value is that the labor process

consumes time, wisdom, strength, tools and labor to create the object and result to be realized. This is the value creation process for labor consumption, also called labor consumption value.

For example, network consumption. The development of the internet makes the network become an important way of individual consumption. Internet consumption refers to the process of satisfying the needs of people with the Internet as a tool. People's consumption activities via the electronic commerce include the consumption by online shopping, online payment, online delivery, as well as online marketing and other business activities through the Internet. The rapid development and wide application of electronic information technology has brought strong impact to the traditional way of commodity exchange, thus providing the possibility for the consumer to realize the fundamental transformation of the way of shopping and consumption.

As a new category of consumption economics, the network is also a consumption society productivity, and it is the concrete embodiment of the productivity of the consumption society. Network productivity is relative to machine productivity, which is based on the machine as the material and technical basis, and the network productivity is the basis and symbol of the network as its material and technology. With the machine productivity, the elements of network productivity is labor, labor material and labor object. The difference is that the elements of the matter are of new contents and new changes, which are characterized by the network performance for labor data network, labor network and labor object network, presenting the characteristics of digitalization and virtualization of the economy of consumption and technology globalization. The movement of the social productivity of network consumption has the characteristics of globalization, multi-level, multi-direction and virtualization. The society productivity in network consumption will become the main body of the advanced productivity in the twenty-first century.

Seventhly, Dr. Wu's (2011, 2015 & 2017) study of the consumption society productivity has involved the high-end consumer society into the research field of vision. Social high-end consumption can quickly promote the formation of the consumption society productivity. In comparison with the general consumption, its contribution rate is relatively larger. However, consumption demand is the demand for the ability of payment. The essence of consumption demand is the ability of payment, and it is the condition to achieve the required. Without consumption capacity, no matter how much the consumption demand is, it is unable to be achieved. In the established period, the consumer demand and other investment demand together constitute the total social demand. The total demand of the society is the motive force of the development of the consumption economy, and it is the important condition of forming the productivity of the consumption society. In this total demand, the proportion of high-end consumption is increasingly large.

High-end market products need to have two basic conditions of high technology and high income consumer groups. They reflect the comprehensive economic level of a country to a certain extent. They cannot only meet the needs of improving the quality of people's life, relatively speaking, because the production cost of the product, price, and profit is high, but also more conducive to accelerate the enterprise accumulation and is conducive to the emergence and the "incubator" of consumer society economy. On the other hand, the high-end market represents world technology development and people's quality of life, and thus becomes the major power consumption to promote social productivity and progress of science and technology, enterprise, and business. Furthermore, the high-end market has become a hotly contested spot, and has become the focus of the protection category by government policy.

With the changes in consumer demand, it will inevitably bring about the upgrading of the consumption structure, such as the new urbanization strategy to accelerate urbanization, urban and rural development and improvement of quality, to maximize the improvement of people's consumption capacity and leveraging domestic demand, accelerating perfect social security system and so on. It is an important factor in accelerating the upgrading of consumption structure. In this case, the people's consumption will continue to be extended. The psychological demand level will continue to be improved. The health concept of green consumption will continue to be strengthened. Science and technology, intelligence, high-end, digital consumption will continue to expand. Obviously, high-end consumption is especially showing a strong trend.

The high-end demand is not only reflected in the material level, in the unity of material and the spirit, forward-looking life concept and function diversified unity, but also reflected in the special attention to health, ecological environment, cultural connotation, privacy and service. In addition, demand of the high-end crowd for social, business, fashion,

leisure and entertainment will be higher. High-end consumption is not the phenomenon of high-income groups, but also a performance of the middle class in pursuit of a high quality of life and consumption.

CHINA'S ECONOMY DEVELOPMENT AS TEST ON CONSUMPTION SOCIETY PRODUCTIVITY THEORY

Consumption society productivity in the economic development has an important guiding significance. It has been verified by China's sustained and rapid economic development.

Wu's (1997) research results are directly or indirectly reflected in the government's decision, some in the Central Committee and the State Council's policies and documents while some in the regulations and documents of local government of the provinces, cities and counties. In some large enterprises and private enterprises, they directly grafted Dr. Wu's (1997) theory and put it into actual corporate behavior.

Wu's (2011, 2015 & 2017) theory of productivity is a great theoretical contribution. The process of consumption is actually the process of the formation of the productivity of the consumption society. The power of a country relies on mostly powerful productivity, and the formation of powerful productivity is mainly formed by consumption. From policies and other measures of China in several decades as cited above, we can see that the transformation of consumption into social productivity attracted more and more attention from the government. In recent years, expanding domestic demand has become a key driving force for economic growth. The 18th Chinese Communist Party Congress Report also pointed out that, to speed up the transformation of the economic growth mode domestic demand needs to expand. This indicates that in the future the state and the government will pay more attention to the formation of the productivity of the consumption society. It can be clearly seen that Dr. Wu's (1997 & 2011) opinion of the consumption of social productivity and productivity realization process rules are proven. He found that law expounds the productivity of consumption society to reveal the implementation process of performance. This contribution is obvious to people.

In regulating the economy through fiscal policy, since the 1990s, the regulation fiscal policy of China in 20 years has always been in accordance with the principle of Dr. Wu's (1997 & 2011) consumption society productivity in stimulating economic development. Wu (1997 & 2011) claimed that when economic growth is in stagnation, and economic operation is mainly affected by the demand constraints, the government can adopt expansionary fiscal policy to stimulate aggregate demand growth, to reduce unemployment and to promote economic growth through increasing economic construction expenditure reducing taxes. On the other hand, in the overheated economy and inflation, when the economy is affected by the supply capacity constraints, the government can take a tight fiscal policy to restrain aggregate demand, to stabilize prices and to cool the economy by reducing the fiscal expenditure and increasing tax. Wu reveals the general rule, which has universal significance. The government has, in accordance with this law, implemented the fiscal policy, and issued dozens of government documents and regulations, to stimulate the enthusiasm of the social aspects of social development, to release the potential, to mobilize the enthusiasm of the people, and to achieve an integration of social resources in a wider range.

In terms of transition from investment leading to consumption leading, Dr. Wu's (1997) consumption domination theory attracts more and more attention. He believes that the consumption society productivity is a new consumption product created by effective consumption, potential consumption and desire consumption, being formed by the realization of consumption process, so from the origin, consumption is the most important social motivating force. Therefore, the consumption stimulating economy has been Wu's (1997, 2011, 2015 & 2017) theory for many years. Although the scale of China's foreign trade has been considerable and foreign trade has not only been consumption abroad but also productivity, the main support force of economic growth is still the domestic market demand. From a series of central decision-making and a number of important meetings, as well as the leaders' speeches, Dr. Wu's consumption domination theory can always be seen. The maturing and completion of Wu's (2017) consumption domination theory is undoubtedly of great theoretical wealth for the transformation of China.

In terms of macroeconomic regulation and control, macro-control is the regulation and control of the country on the national economy using comprehensively various means, and is a necessary condition to ensure the coordinated development of social reproduction and development of the productivity of consumption society, and the important

function of a socialist country's economic management. Wu's (2011) theory on macroeconomic regulation and control has been and is constantly being recognized by the people and accepted by the government. Since China's reform and opening up, the seven major macroeconomic regulations and controls can be fully reflected by how Wu's (2011) macro-control theory is gradually transformed into policy and practice. Almost every regulation and control of China from central to local, whether general or limited, is to some extent in compliance with a combination of three continuous macro-control measures and the 20 elements proposed by Wu (1997). Various combinations leave various impacts of the regulation, but all of them have greatly promoted the development of consumption society productivity. This theory, not only for China, but also for any developing or developed country, will play a positive role. In a sense, Please provide a year for this citation. theory of macro control is the best gift to the world's people.

In summary, the long-term sustainable development of the consumption economy of China can fully represent that the law of consumption society productivity is proved to be an appropriate application of a combination of society macro elements, and first superstructure government elements, which has a universal significance for the Chinese and all over the world.

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