

# Challenges and Countermeasures of Economic Law under the Environment of Supply-side Reform

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**Keywords:** Economic development; supply-side reform; economic law;

**Abstract:** In recent years, China's economy has developed rapidly. The traditional mode of economic development has been unable to meet the needs of today's society. At present, China's economic development model has changed from extensive to intensive. For this reason, China has carried out corresponding reform on the supply side, which provides an important guarantee for the development of enterprises and fundamentally solves the problems of inequality in the market. But at the same time, it also brings many challenges to economic law. By analyzing the specific challenges faced by the economic law under the supply-side reform environment, this paper explores the specific countermeasures for the challenges faced by the economic law under the supply-side reform environment.

## 1. Introduction

Although in recent years, China's economic strength has improved significantly. However, there are still many problems in China's economic development, among which the biggest one is the slowdown of economic growth. The main reason is the contradiction between system and structure. In response to this phenomenon, China has carried out reform on the supply side. Reforming the supply side can effectively increase the rate of economic growth in China. In the process of reforming the supply side, we should always focus on the adjustment of the economic structure, change the economic development model, completely get rid of the impact of the traditional economic model on economic development, create a new model to promote economic growth, and promote the optimization of the supply side structure.

## 2. Challenges faced by economic law in the context of supply-side reform

### 2.1 The lack of innovation vitality in China's economy

At present, the speed of China's economic growth has changed from high-speed to medium-high-speed. There are many reasons for this phenomenon, such as: consumer burnout, diminishing efficiency of demand-side investment, decreasing supply-side resources, etc. The so-called supply-side resource reduction refers to the lack of natural resources, the increase of labor costs and so on. The current economic development situation has hindered the initiative of the main economy, so that the relevant system has no corresponding effect on the initiative of the main economy. Therefore, when formulating the corresponding economic law, the innovation ability of each subject should be effectively brought into play, and the corresponding system should be used to stimulate the innovation vitality of each subject.

### 2.2 The unequal status of various economic subjects in China

To enhance the innovation ability of the main body, the most important means to effectively stimulate the enthusiasm of the main body is to ensure the equal status of the main economy. However, at present, different types of enterprises and enterprises of different scales have been treated differently in finance, administration and resource allocation, which has seriously affected the development of innovation ability of the main body. The supply side carries out corresponding reforms, clearly puts forward the protection and support for the development of all ownership

enterprises in the market, and requires that the status of each main body be consistent, which corresponds to the status equality advocated in the corresponding "dual structure" of economic law. In the face of the requirements put forward in the current supply side reform, economic law should advance the status of the main body equally according to the different perspectives of the main body. Line maintenance.

### **2.3 Unbalanced allocation of China's economic role**

At present, China's economic development model has changed from extensive to intensive, from simple division of labor to complex division of labor. Therefore, the traditional economic development model has been unable to adapt to the current economic development trend. In the process of market operation, because the government has intervened too much in the division of labor among the main roles of the market, the main roles have been distorted in the market. At present, the supply-side intervention has been unable to adapt to the current situation of China's economic development. Therefore, the government should become the guide of the main economy, make the market resources effectively allocated, strengthen the protection of vulnerable groups, and make the main position of enterprises in the market determined and corrected.

### **2.4 Unmatched supply and demand**

At present, the corresponding reform of the supply side is to change its structure. The supply side and the demand side are inseparable as a whole. Both of them play an important role in economic development. However, the main contradiction in the market economy is structural contradiction, so the reform is mainly based on the supply side of the corresponding reform, for the time being, no corresponding measures have been taken to expand demand. But in the process of market economy development, it is necessary to coordinate supply side and demand side perfectly, make use of such means as reducing costs, promoting consumers to consume, strengthening innovation of service products, expanding effective investment and continuously promoting the development of third-party industry, so as to promote the perfect transition between supply side and demand side, and thus promote the faster development of our economy.

### **2.5 Guiding market behavior and psychological expectation**

At present, the economic development in the market makes the economy subject to macro-control. The government regulates the total economic volume accordingly, thus affecting the main body behavior of the market and social psychological expectations. In the process of the corresponding reform on the supply side, the government should constantly guide the market behavior, so that the quality of products provided by the supply side can be continuously improved, and the development and transformation of the main structure can be promoted. At the same time, in the process of reforming the supply side, the government should pay attention to the stabilization of social psychological expectations, constantly improve the relevant laws such as tax law, monetary law and budget law, so as to make the boundaries of macro-economic control clear, make market resources effectively and reasonably allocated, and avoid the bad regulation and control of the market by the government. In addition, the government should increase the development planning law, clarify the development goals of market economy at different stages and corresponding development plans, so as to promote the sustainable and healthy development of the economy.

### **2.6 Creating a macro-economic environment**

Creating a macro-economic environment is of great significance for the supply-side reform. Macro-economic policies can effectively guarantee the stable development of supply-side work. The budget law formulated under the macro-economic environment can make the budget more scientific and accurate, not only effectively reduce the tax burden of enterprises, but also avoid local debt and let the government play its own role. Effect. In the financial law formulated under the macroeconomic environment, the state should lift the relevant restrictions on the financial industry, effectively prevent the phenomenon of financial monopoly and the unreasonable distribution of financial resources. In addition, in the process of the supply side reform, we should strengthen the

reform of the relevant management system, so as to effectively prevent systemic and regional risks.

## **2.7 Enhancing TFP**

The total amount of economic activity is analyzed from the angle of supply side. It is composed of three basic factors: the total amount of labor force, the total amount of capital and the level of efficiency. In recent years, with the continuous decrease of the efficiency of capital investment and the present situation of Lewis inflection point of population, market economy can no longer rely solely on the way of improving labor force and increasing capital investment. To upgrade, in order to make the relevant economic and legal system better adapt to the current situation of China's economic development, we must improve the efficiency level. Constantly opening up factor market and allocating market resources effectively and reasonably can improve the efficiency of factor production. Therefore, the government should formulate relevant laws to create a good market economy environment. For example, in order to continuously promote consumers to consume, the government should formulate relevant consumer rights, effectively protect consumers' rights and interests in the process of consumption, so as to continuously stimulate consumers' consumption potential.

## **2.8 Forming an environment of fair competition**

The principle of human continuous progress makes it necessary to create a fair competition environment in the process of supply-side reform relying on "natural selection through competition", in order to continuously enhance the innovative vitality of the main body, realize the free circulation of production factors, and constantly improve the quality of supply products. At present, market development is advancing along the direction of monopoly. To this end, the market should formulate an open, transparent and open market competition rules, and constantly make the market form a fair competitive environment, which can effectively cohere the creativity of the whole society, reduce the threshold of different industries, and make the supply side achieve the basic guarantee in the process of reform. In addition, the state should establish and improve competition laws to break the boundaries between competing enterprises, prevent monopoly and all unfair competition, so as to promote the healthy and stable development of China's economy.

## **2.9 Playing the basic role of market**

In modern economy, the market and the government have formed a contradiction. Whether in academia or in practice, the government has a certain role in adapting and intervening the market economy. This kind of adapting and intervening has caused serious market imbalance. At present, in the process of supply-side reform, the government plays an important role in the power of the market. When the market is unbalanced, the government can effectively repair the market, but not all the government can effectively solve the problem of market failure.

# **3. Specific responses to the challenges of economic law under the supply-side reform environment**

## **3.1 The state intervenes in the subject system**

In the traditional demand-side model, the government has intervened in the main economy to a certain extent. Therefore, in the process of reforming the supply-side, we should reduce the government's intervention in the main economy, so that market resources are always market-centered in the process of allocation. In this regard, economic law occupies a very important position in the supply-side reform. It effectively presents the policy of decentralization through the system, effectively curbs the government's intervention in the main economy, clearly divides the boundaries of the government's rights, effectively weakens the government's heavier economic management power, and at the same time, the state makes use of network facilities to build up the system. The network supervision system has greatly improved the efficiency of market economy supervision. Under the promulgation of economic law, the innovative potential of each subject has been maximized, and the vitality of the subject has been constantly stimulated.

### 3.2 Establishment of the system of middle-level subjects in society

The so-called social middle-level subjects refer to some organizations between the market and the government. These organizations can effectively coordinate the market and the government, such as trade associations, social organizations and so on. The emergence of these middle-level subjects restricts the relevant rights of the government, and constantly promotes the realization of the main interests in the process of economic development. In the process of supply-side reform, middle-level organizations play a very irreplaceable role. Therefore, economic law can run through middle-level organizations, make the position of middle-level organizations clear in the market, and clearly define the main responsibility and the corresponding rights of the middle-level organizations. It can not only effectively stimulate the potential of innovation of the main body, but also have the potential of innovation. Effective avoidance of vicious competition. Specific measures to establish the system of social middle-level subject can clarify the status of the middle-level subject through law, and can also use the power list and accountability list to constantly standardize the relevant rights and obligations of the middle-level subject.

### 3.3 Establishment of market subject system

The so-called market subject refers to individuals or organizations engaged in market operations. In the past, because of the government's intervention in the market, the market's initiative is low, and the products produced by enterprises are often in excess, which makes the rights and interests of workers unable to be guaranteed. Therefore, while reforming the supply side, we should strengthen and improve the security system related to property rights, so as to effectively optimize the innovation of enterprises in the market, enable the market resource allocation and scientific and reasonable allocation system, and make the economy of state-owned enterprises develop rapidly.

## 4. Conclusion

At present, China's economy needs the government's macro-control. To reform the supply side, it is necessary for the government to make use of macro-control to achieve a good connection between the supply side and the demand side. In the process of reforming the supply side, it plays a very important role in stimulating the innovation vitality of the main body. The formulation of economic law needs to be carried out on the basis of guaranteeing the equal status of all subjects. It must clearly distribute the rights of the main body in the market and effectively promote the innovation of the main economy. In economic law, the clauses contained in it do not exist alone and should be regarded as a whole. Legislators should have a comprehensive understanding of the characteristics of relevant systems. In addition, China belongs to a society ruled by law, and constantly improves its economic law in the process of supply-side reform. This plays an important role in promoting China's development.

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