

China's Economic Development and the Future

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Introduction

The Communist Party of China (CPU) convened its 17th National congress in October 2007. The report delivered by General Secretary Hu Jintao at the congress on behalf of the CPU Central Committee put forward new requirements for attaining the goal of building a moderately prosperous society in all respects by 2020. It also introduced strategies, principles and policies for China's economic, political, cultural and social development in the next few years. The Scientific Outlook Development was enshrined in the report as an important guiding principle for China's economic and social development. It called on us to observe the following principles while applying the Scientific Outlook on Development:-

- (a) we must always give top priority to development. Development is the key to resolving all China's problems. Without development, we will not be able to achieve modernization. Development enables China to provide for its more than 1 billion people, better undertake its international obligations and make greater contributions to the world economy.
- (b) we must put people first as we seek development. We should see to it that development is for the people, by the people and with the people sharing in its fruits. We should respect the democratic rights of the people, give play to the people's creativity, safeguard the people's economic, political, cultural and social interests, seek common prosperity and promote all-round development of the people.
- (c) we must pursue sustainable development. We should harmonize economic growth with the population, resources and the environment. We should adopt an enlightened approach to development that results in expanded production, a better life and sound ecological and environmental conditions and build a resource-conserving and environment-friendly society so that our people will live and work under sound ecological and environmental conditions and our economy and society will develop in a sustainable way.
- (d) we must persist in overall consideration. Overall consideration is a basic approach to balancing the interests of people from all walks of life. We should balance urban and rural development, development among regions, economic and social development, relations between man and nature, and domestic development and opening up to the outside world, thus striking a balance in all links and aspects of China's economic, political and cultural development. New Objectives for China's Development

New Objectives for China's Development

The 17th CPC National Congress set new objectives for China's development - quadrupling the per-capita GDP of the year 2000, by 2020. We will greatly enhance our capacity for independent innovation, enabling scientific and technological advancement to contribute much more to economic growth and making China an innovative country. We will expand socialist democracy and better safeguard the people's rights and interests as well as social equity and justice. Chart 1 refers.

We will promote cultural development and notably enhance the cultural and ethical quality of the whole nation. We will accelerate the development of social programs and improve every aspect of the people's well-being. We will further improve the modern system of national education, expand employment and establish a basic system of social security that will cover both urban and rural residents so that everyone is assured of basic living standards. Middle-income people will make up the majority and absolute poverty will basically be eliminated. Chart 2 refers. Everyone will have access to basic medical and health services. We will promote a conservation culture and bring the discharge of major pollutants under effective control.

Industrial and Economic Development

By 2020, China will have basically accomplished industrialization, with its domestic market ranking as one of the largest in the world. It will be a country whose people are better off and enjoy markedly improved quality of life and a good environment. Its citizens will have more extensive democratic rights and show higher ethical standards. China will have better institutions in all areas and Chinese society will have greater vitality coupled with stability and unity. The country will be still more open and friendly to the outside world and make greater contributions to human civilization.

Economic development. We will seek to transform the mode of economic development. First, we adjust the demand structure to promote the transition from relying mainly on investment and export to relying on a well coordinated combination of consumption, investment and export to achieve economic growth. Second, we will adjust the product mix to promote the transition from secondary industry serving as the major driving force to primary, secondary and tertiary industries jointly driving economic growth. Third, we will increase investment in technological research and development, put in place a system for technological innovation in which enterprises play the leading role and which combines the efforts of enterprises, universities and research institutes, and promote the transition from relying heavily on increased consumption of material resources to relying mainly on advances in science and technology, improvement in the quality of the workforce and innovation in management.

We will take achieving the three transitions as an important strategic task in the next few years and a fundamental approach to promoting sound and rapid economic development. We will make every effort to propel the transitions and insure their fulfillment.

Improvement of Socialist Market Economy

We will accelerate our efforts to improve China's socialist market economy. First, we will improve our basic economic system. We will unwaveringly consolidate and develop the public sector of the economy, encourage, support and guide the development of the non-public sector, ensure equal protection of property rights and create a new situation in which all economic sectors compete on an equal footing and reinforce each other. Second, we will accelerate the formation of a modern market system that is unified and open to allow orderly competition. Third, we will deepen fiscal, taxation and financial restructuring and improve macro-economic regulation. Fourth, we will expand scope and depth to improve our open economy and will adhere to the basic state policy of opening up and expanding the economy. We will also make innovations in the way of using foreign capital; improve the structure of foreign investment utilisation and adopt comprehensive measures to maintain a basic equilibrium in the balance of payments.

Political development. We will make unremitting efforts to develop socialist democracy and will integrate the leadership of the Party, the position of the people as masters of the country and the rule of law. We must uphold and improve the system of people's congresses, the system of multi-party cooperation and political consultation under the leadership of the CPC, the system of regional ethnic autonomy and the system of self-governance at the primary level of society. On the basis of ensuring the people's position as masters of the country, we will expand socialist democracy, build a socialist country under the rule of law and develop socialist political civilization to enhance the vitality of the Party and the state and arouse the initiative of the people.

Cultural development. We will promote vigorous development and prosperity of socialist culture. We will stimulate cultural innovation and develop the productive forces in the field of culture. We will encourage the creation of more excellent, popular works that reflect the people's principal position in the country and their real life.

Social development. We will accelerate social development with the focus on improving people's livelihoods. We will give priority to education and turn China into a country rich in human resources. In order to create equal opportunities and foster social equity, we must first of all achieve equality in education, the starting point of life. We will implement a development strategy that promotes job creation and encourage entrepreneurship to create more employment opportunities.

Reforms in Income Distribution

We will deepen reform of the income distribution system and increase the income of urban and rural residents. A

proper balance will be struck between efficiency and equity in both primary distribution and redistribution. We will increase the share of personal income in the distribution of national income by raising remuneration for work in primary distribution. We will gradually reverse the growing income disparity. We will accelerate the establishment of a social security system covering both urban and rural residents and guarantee their basic living conditions. We will establish a basic medical and health care system and improve the health of the whole nation. We will improve social management, safeguard social stability and unity and concentrate on building a harmonious socialist society.

Pursuit of Peaceful Development

The 17th CPU National congress once again demonstrated to the world China's determination to pursue peaceful development. peaceful development is a major historical decision made by the CPC and the Chinese Government at this stage in the new century and their solemn commitment to the world. The decision to follow the path of peaceful development is based on China's national conditions, cultural traditions and the trend of the world. The essence of China's peaceful development is to secure a peaceful international environment for its development and at the same time promote and safeguard world peace through its development. China stands for enhancing international, liberalizing and facilitating world trade and investment, and eradicating various trade barriers.

China's GDP hit \$ 3.378 trillion in 2007, \$ 2,570 on a per-capita basis. It is projected to reach \$ 7.5 trillion by 2020 based on the current prices and exchange rate, with its per-capita GDP exceeding \$ 6,000. As its economy revs up, China will import more products from other countries. Its imports valued at \$ 955.8 billion in 2007, up 21 percent from the precious year. In the next 12 years, China's total imports will exceed \$12 trillion. This huge market belongs to the countries and companies willing to develop trade and investment relations with China. It presents unprecedented opportunities for all the other countries to develop their economies.

Development of China-India Economic Ties

Chinese and Indian economies are highly complementary. In the information industry, India offers sophisticated software services, whereas China's strength lies in hardware manufacturing. Their cooperation in this field will create new competitive advantages. Speaking of agriculture, China and India have 130 million and 160 million, respectively, hectares of cultivated land. while enjoying better rainfall, sunshine and temperature conditions than China, India lags behind China in terms of grain yield per unit area. If it adopts China's agricultural technology including improved crop strains, India will be able to increase its grain output and make its agricultural exports to China more competitive. If Chinese capital, equipment, technology and building capacity in the energy, iron and steel and transportation sectors are combined with Indian market demands and labor resources, India will be able to accelerate the development of these key industrial sectors and its infrastructure. China's textiles and mechanical products are highly competitive in the international market. It can help India boost the development of related industries and expand employment by exporting products to or setting up factories in India. The two countries also have great potential for cooperation in the fields of science and technology and education. Their cooperation in nuclear power technology provides a telling example.

In conclusion, the development of China-India economic exchanges and cooperation will help bring about mutually beneficial and win-win results for the two countries and step up the modernization of their economies.

.Text of the talk delivered by Mr Zheng Xinli, Deputy Chief of Policy Research, Central Committee of the Communist Party of China at the USI on 19 February 2008.

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