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Xi Jinping's New Development Philosophy

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The ancients said, “truth is the inherent law of objects and is also the reason of things.” A development idea is a guide for development action, controls the overall situation, the fundamentals, the direction, and the long term, and is the centralized reflection of the development plan, development direction, and the key development point. If the development idea is effective, it will be easy to set the target task and easy to make decisions regarding policy measures.

Theory is the guide of action, and certain development practices are guided by certain development idea. Whether the development idea is fundamentally right determines the development results, and even success or failure.

Xi Jinping (2015)

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Chapter 1

Introduction: People-Centered Development Idea



In different development stages, a society will have different development tasks, themes, and priorities. China continues to pursue socialist modernization, maintaining Chinese characteristics in its choice of development paths and the planning of development strategies. During different development stages, China has had different development tasks, and has guided by different development concepts. With the development of practices, the concept of development is constantly evolving, staying current in the changing times. It constantly guides practices with a more scientific concept, and enables China to constantly move forward.

China is about to enter a new development stage and has just entered the “13th Five-Year Plan” period. The 13th Five-Year Plan is the final five-year plan following the creation of an all-round moderately prosperous society, and is the first five-year plan to be formulated following China’s economic development toward a new status quo. It is also the first plan formulated in the context of furthering China’s reform, implementing the rule of law and strengthening the discipline of the Communist Party of China (CPC).

The 5th Plenary Session of the 18th CPC Central Committee aimed to build an all-round moderately prosperous society by 2020, which is the first of the two centenary goals determined by the CPC. The 13th Five-Year Plan period represents the clinching of the final victory in the decisive push to build an all-round moderately prosperous society, and the 13th Five-Year Plan was formulated to achieve this goal. At the same time, it is necessary to adhere to the strategic layout of four comprehensive principles to promote the construction and development of the economic, political, cultural, social, ecological civilization and CPC aspects of society, and to ensure the achievement of all-round moderate prosperity as scheduled. The Plenary Session stressed that it is necessary to adhere to the following principles to realize the goal of building an all-round moderately prosperous society, and to promote sustainable and healthy economic and social development.

Key factors here include the subject status of people, scientific development, deepening China's reform, implementing the rule of law, planning China's domestic and international overall situation, and the leadership of the CPC. To achieve the development goals of the 13th Five-Year Plan, and to address development problems and strengthen any development advantages, it is necessary to firmly establish and implement a development idea covering innovation, coordination, greening, opening-up and sharing.

In the 13th Five-Year Plan period, China's development is occurring in a time of important strategic opportunities, wherein China will be able to accomplish great achievements but will also face severe challenges. Thus, many contradictions exist and there are new risks and hidden dangers. We need to properly understand the profound changes within this period of strategic opportunities, and we need to respond efficiently to various risks and challenges. Furthermore, it is essential that we continue to focus on completing our own tasks, and constantly expand and develop this new realm. A meeting of the Political Bureau of the Central Committee held on July 20, 2015 proposed that "in the "13th Five-Year Plan" period, the development of the environment, conditions, requirements, tasks, etc. of China has experienced significant change. To best understand China's new status quo, to adapt to this new state, provide guidance and maintain sustainable and healthy social and economic development, there must be new ideas, new lines of thought and new measures. Development strategies guide development action, and are the centralized reflections of the development plan, development direction, and key development point."

The 5th Plenary Session of the 18th CPC Central Committee first presented "five new major development" ideas: innovative development, coordinated development, green development, opening-up development and sharing development (see Text box 1.1). This is the new idea to manage state affairs and deal with political affairs by the CPC Central Committee with Comrade Xi Jinping as the general secretary. The new idea also serves as a guide for China's national economy and social development in the 13th Five-Year Plan period. There are five main guidelines specifically pertaining to the formulation of the concept, content, and overall planning and layout of the 13th Five-Year Plan. This will comprehensively guide the development practices of China in the coming years.

Text box 1.1. Five New Major Development Concepts

Innovation is the first impetus guiding development. It is necessary to focus on innovation in overall national development, and constantly propel innovation in various aspects, including theoretical innovation, institutional innovation, technological innovation, cultural innovation and so on. Thus, innovation occurs in all activities of the CPC and China, and becomes a common practice within society as a whole.

Coordination is an intrinsic requirement of sustainable and healthy development. It is necessary to understand the overall arrangements of the

socialist cause with Chinese characteristics, and to correctly handle the significant relationships within development. Similarly, it is important to promote coordinated regional development between urban and rural areas, coordinated economic and social development, as well as the synchronous development of industrialization, informatization, urbanization, and agricultural modernization. Importance must also be attached to improving national soft power whilst enhancing national hard power, and constantly strengthening overall development.

Green policies are a necessary condition for sustainable development and are an important reflection of the people's pursuit of a good life. It is necessary to insist on a basic state policy of resource conservation and environmental protection and also sustainable development. Furthermore, a civilized development path with production development is essential, as are wealth and the environment. Action should also be taken to speed up the creation of a resource-saving and environmentally friendly society, and a new pattern of modernization with harmonious development between human and nature. Such actions will result in the construction of an ideal China. Ultimately, efforts must be made to ensure global ecological safety.

Opening-up is the only way to ensure the prosperous development of China. It is necessary support the integration of China's economy into the world economy, pursue the opening-up strategy to achieve mutual benefits and win-win results, and seek internal and external demand coordination and import and export balance. Attention must also be paid to the introduction of new measures—to introduce ways to attract investment and the introduction of new technology and foreign knowledge. China needs to develop its open economy at a higher level, and actively participate in global economic governance and public product supply. It should work to improve its institutional discourse power in global economic governance, and create extensive benefits for its community.

Sharing is an essential requirement of socialism with Chinese characteristics. It is necessary to seek development for the people, development that relies on the people and development achievements shared by the people. A more effective system should be developed, and this would enable the people to have a greater sense of achievement in its co-construction, and development. Additionally, this would strengthen the impetus of development, enhance unity, and result in steady progress towards the direction of common prosperity.

Data source: *Recommendations for the 13th Five-Year Plan for Economic and Social Development* (Adopted at the Fifth Plenary Session of the 18th Central Committee of the Communist Party of China on October 29, 2015).

1.1 The New Development Idea Is the Greatest Innovation of the 13th Five-Year Plan

The 5th Plenary Session of the 18th CPC Central Committee presented the new development idea for the first time, representing the greatest innovation of the 13th Five-Year Plan. The following aspects highlight the strengths of the plan.

First, the new development idea derives from China's most significant reform to date and opening-up development practices. Furthermore, it guides such practices. It embodies the interactions between practice and theory, and interactions among the people, CPC, and China. It "is from the people to the people, from particular practices to other practices". This strategy is both popular and understandable, and will become an inexhaustible source of strength for creation, innovation, entrepreneurship and intelligence for the people once mastered by the people, like a spiritual atomic bomb.

Second, the new development idea not only summarizes the innovation and essence of previous five-year plans and integrates the great achievements of the predecessors (such as the concept of "people-oriented" scientific development), but also keeps pace with changing times and greatly enriches the concept of scientific development ("promotes all-round human development") via further breakthroughs and innovation. It summarizes the best practices of the development of China and represents a novel and new development idea. China is the first country that has dared to promise its people (and implement) the concepts of sharing and development. Furthermore, it is the first great power to dare to proclaim two-way opening-up and win-win cooperation as new strategies to deal with international relationships, and is the first large developing country to actively advocate and effectively implement a green development idea.

Third, the new development idea represents a great breakthrough in the design of the five-year plan, and presents five major ways to realize an all-round moderately prosperous society as scheduled. "No thinking, no soul; and no idea, no direction". The new development idea represents the clear and substantial soul, thoughts and concept of the 13th Five-Year Plan, and effectively leads and guides the planning and layout of the plan. For a five-year plan, the new development idea has transformed a dry plan into a living plan.

Fourth, the new development ideas are part of comprehensive scientific development concepts, form a grand development framework, rigorous development logic, and a line of pragmatic development line of thought. The ideas relate to each other, promote each other, and support each other, so that the meaning behind scientific development is further embodied with greater guidance, direction, and mobility.

Fifth, China's development idea will have a great impact worldwide. China is not only a country enjoying one of the highest levels of development, but also a country with new innovations and development ideas. It has not only solved the issue of China's development path, but has also provided important knowledge and ideas for the development paths of countries of the South in the 21st century.

The new development idea does not only represent the latest Chinese version of theoretical achievements on development economics, but also the best practices of development economics in the contemporary world.

1.2 History of China's Idea of Development

The laws directing economic and social development are not unchanging, and develop as history develops, and change as history changes.¹ The development of Chinese socialist modernization has successively undergone different development stages, and has formed different development concepts² and three versions of Chinese-style socialism.³

In 2010, regarding China's path, China's history of the development of socialist modernization was considered to be neither a straight road nor a predesigned road. Rather, it was a road of constant exploration, summary, exploitation, and change. As can be seen from the history of socialist modernization since the founding of new China, we have experienced at least three generations of development concepts: Mao Tse-tung, Deng Xiaoping and Jiang Zemin and then Hu Jintao and later. As can be seen from the strategy and development of the three generations of development concepts, each generation represents a connecting link between the preceding and the following, advancing with the times and continuously innovating and reflecting on the characteristics of China's conditions in different periods. It also reflects the different responses of leaders in different periods to the challenges of modernization and globalization. Each generation of development idea has not only experienced historical advancement and rationality, but also historical stages and limitations.⁴ We can describe this as socialist modernization with Chinese characteristics and an upgrade and update of the "software version". During the development and design of this software version, because of the uncertainty and incompleteness of information and knowledge, as well as the lack of adaptability to and coordination with the actual situation, mutual associations and the constant upgrading of the software version has occurred via continuous improvement and

¹Here, we refer to the words of Comrade Mao Tse-tung: "different war situations decide different laws for directing war, which are different at different times and in different regions and have different properties. All the laws for directing war develop as history develops and as war develops; nothing is changeless." Mao Tse-tung: *Problems of Strategy in China's Revolutionary War* (December 1936), *Selected Works of Mao Tse-tung*, pp. 174–173, Vol. 1, Beijing: People's Publishing House, 1991.

²Hu AnGang, Wang YaHua: *National Conditions and Development*, pp. 163–167, Beijing: Tsinghua University Press, 2005.

³Wang ShaoGuang: *Thousands of Peaks Turn out After an Episodic Rain*, preface of *The Great Way Prevails*, February 2015.

⁴Hu AnGang: *China: New Development Concept*, Hangzhou: Zhejiang People's Publishing House, 2004.

constant additions and innovation. In other words, the last version is the foundation of the next version, and the next version is the reform, amendment, and upgrade of the last version. Thus, “socialist modernization with Chinese characteristics” occurs, as do changes in the software version from 1.0 to 2.0 and then to 3.0. The greatest achievement of Comrade Mao Tse-tung is that he created version 1.0, and that of Comrade Deng Xiaoping is that he initiated the upgrade to version 2.0. Comrade Jiang Zemin enriched version 2.0, and Comrade Hu Jintao was responsible for the upgrade to version 3.0, namely presenting the concept of scientific development and integrating the great achievements of China’s pathway for more than 60 years. At that time, we also predicted that, as can be expected, all future leaders would constantly engage in upgrading and updating (i.e., the three versions), thus insisting on “China’s path”, which is uniquely Chinese.⁵

1.3 People-Centered Development Idea

The CPC continually inherits from its predecessors, advances with the times and builds upon China’s original development idea. Since the 18th Party Congress, the CPC Central Committee (with Comrade Xi Jinping as general secretary) has further innovated the development idea and development theory of China’s path from a “people-oriented” development line of thought to “promoting all-round human development”, and then to a “people-centered” development line of thought.

After “continuously meeting the constantly increasing material and cultural needs of the people on the basis of production development and social wealth growth”, the general program of the CPC constitution modified at the 18th Party Congress adds “promoting all-round human development”, emphasizing that “it is necessary to consciously take the people-oriented principle as the core position of further implementing the scientific development concept, always ensuring to properly implement, maintain and develop the fundamental interests of the most extensive masses as the starting point and the foothold of all work of the Party and the state, respect the pioneering spirit of the people, guarantee the rights and interests of the people, and continually achieve new efficiency on the basis of realizing the development achievements shared by the people and promoting the all-round development of human beings.” The idea of “promoting all-round human development” not only promotes the above concept, but also moves with the times, reflecting the “development” of the concept of scientific development. Furthermore, it represents a further upgrade of scientific development, namely, the concept of all-round scientific development. If it is said that the “people-oriented” tenet mainly comes from China’s people-oriented principle, then “promoting all-round human development” comes mainly from and is fully reflected in the Marxist theory on

⁵Hu AnGang: *Genuine Knowledge Comes From Practice, Innovation Comes From Local Places*, *China Study*, No. 22 (2010), July 29, 2010.

all-round human development. Furthermore, it can better reflect the basic characteristics of socialism with Chinese characteristics, and is the perfect combination of integrated innovation from contemporary China and Marxist theory.

As is commonly acknowledged, within the grand territory of China the great “human being” is not only an abstract “human being” but also represents more than 1.3 billion “people”. The latter term is not only the plural form in the general sense of the notion, but a “community” composed of innumerable plural sets. We call this the “community of development”, the “community of interests” and the “community of destiny” of the People’s Republic of China. In China, all-round human development is the general objective of the all-round development of billions of people, and includes the “five-in-one” all-round development of economic development, social development, cultural development, political development and ecological civilization construction, as well as personality development, free development and the all-round development of each concrete person. The development of any (individual) person needs the help of the development of others (including other persons, organizations, society, etc.), and will also have a spillover effect on the development of other persons, thereby forming complementarity and relevant development between them. This includes also includes sharing development, common development and interactive development with others.

The Recommendations of the 5th Plenary Session of the 18th CPC Central Committee presents the basic principle of “adhering to the status of people”; furthermore, “it is necessary to adhere to the concept of people-centered development, and take improving the wellbeing of people and promoting the all-round development of human beings as the starting point and foothold of development.”

What exactly is China’s current five-year plan? Whom is the plan formulated for? What is its core idea? The full name of the outline of the 13th Five-Year Plan is the *13th Five-Year Plan for the Economic and Social Development of the People’s Republic of China*. Obviously, it is the national development plan, relating to the national economy and social development. It also relates to ecological construction, environmental protection, etc., but is essentially the plan of the people, the plan of people development and the plan of development achievements shared by the people. Therefore, “adhering to the status of people” enables the national five-year plan to fully reflect the following aspects:

The people are the subjects of China’s national development and entrepreneurship.

The people are the fundamental impetus promoting national development.

The people are the subjects of national innovation.

The people are the subjects sharing the development achievements.

As early as 1945, Mao Tse-tung commented that, “the people, only the people, are the impetus to create world history.”⁶ It can be stated that the national five-year plan is the development plan of the people and adheres to the idea of people-centered

⁶Mao Tse-tung: *On Coalition Government*, April 24, 1945, *Selected Works of Mao Tse-tung*, pp. 1031, Beijing: People’s Publishing House, 1991.

development. Furthermore, it considers the improvement of the wellbeing of the people and the promotion of all-round human development to be the starting point and foothold of development. Furthermore, the plan organically combines the macro national development plan with the people plan promoting all-round human development. This is the impetus for the Chinese people to create history, and is also the reason for the innovation of successful sustainable development of China.

How can we enable a community of more than 1.3 billion people to achieve common development, sharing and prosperity? This is not only a problem for China, but for the world. Before the creation of China's plan, no other country was able to offer China a ready-made model, a successful answer, and a feasible path. Thus, China's independent innovation will soon become a world innovation. It shall be said that the innovation, formulation and implementation of a five-year plan represents the most significant example of democratic decision making, national governance and scientific management implementation in the world. China's achievements have attracted the attention of the international community.

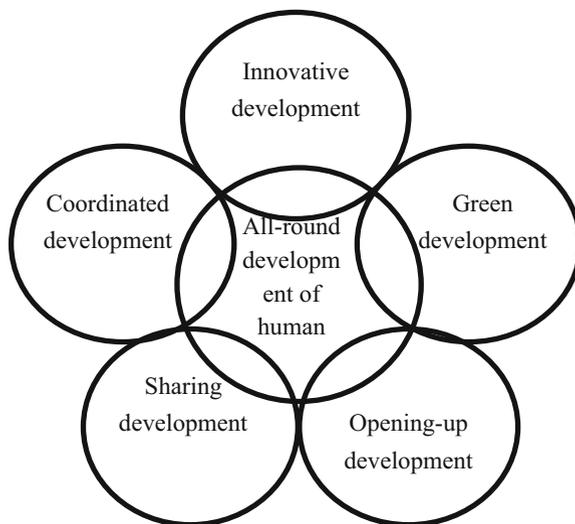
1.4 New Development Idea and All-Round Human Development

The concept of scientific development represents China's original development concept, and properly summarizes China's path in recent times. Furthermore, it will be a theme for sometime yet in China's future, and is a fundamental guiding policy. The report of the 18th CPC Congress stressed that it is necessary to maintain scientific development throughout China's process of modernization, and to reflect the concept of scientific development in all aspects of CPC development. For this purpose, it is necessary to strictly adhere to the concept of scientific development, and to further enrich and explain the concept within the practices of China.

The 5th Plenary Session of the 18th CPC Central Committee stressed that to achieve the development goals of the 13th Five-Year Plan, address development problems, and strengthen development advantages, it is necessary to firmly establish and implement the development strategies of innovation, coordination, greening, opening-up and sharing. Development within these five aspects is an important part of the concept of scientific development, and they maintain the essence of Chinese traditional culture. Development in these areas also fully reflects the new trends and characteristics of modern times, and summarizes the valuable experience of development practices in China.

The new development strategies are not independent of each other, but accommodate, integrate, and promote one another; they have a unified goal. Innovative development is the impetus of development, coordinated development is the art of development, green development is the mode of development, opening-up development supports development, sharing development is the goal of development, and

Fig. 1 New development idea and all-round human development



safe development is the guarantee of development. The ultimate aim of the new development idea is to realize all-round human development (see Fig. 1). This is the development idea consistent with the CPC constitution, and is the ultimate end-result of the development goal.

1.5 Human Development Life Cycle and Five-Year Plan

How then does a new development idea or a five-year plan fully reflect the core development idea to promote all-round human development? What micro-foundation does it have? Upon what rule is it based to ensure legitimization?

As the title implies, the five-year plan is the national plan of “the national economy and social development”, but is essentially a “people-oriented” development plan “promoting all-round human development”.

As can be seen from the historical process of formulating five-year plans and the planning by the CPC Central Committee and the State Council, the five-year plans have successively focused on the core idea of constantly innovating and enriching China’s development, and this core idea has guided the plan’s formulation and implementation and planning. For example, the core idea presented in the recommendations for the formulation of the 10th Five-Year Plan is that “development is the absolute principle”.⁷ The core idea presented in the recommendations for the

⁷*Recommendations for the 10th Five-Year Plan for Economic and Social Development*, (Adopted at the Fifth Plenary Session of the 15th Central Committee of the Communist Party of China on October 11, 2000).

formulation of the 11th Five-Year Plan is to “adhere to people-oriented scientific development”.⁸ The 12th Five-Year Plan also promoted the concept of people-oriented scientific development.⁹ It is these core ideas that guide the whole process, including the formulation, compilation and implementation of the five-year plan or planning, and then become the blueprint and roadmap for improving the wellbeing of all people and promoting all-round human development.

The promotion of all-round human development strongly reflects the Marxist theory on all-round human development, and can better reflect the basic characteristics of socialism with Chinese characteristics. The idea of promoting all-round human development not only follows the above concept, but also keeps pace with the times, and reflects the “development” of the core development idea. This is an interactive cycle process where material turns to spirit, and spirit turns to material.

To follow the people-oriented principle and promote all-round human development, it is necessary to comprehensively understand and follow the human development life cycle. This is also the micro-foundation for formulating a five-year plan, that is, based on the human development life cycle, continuously investing in a variety of human capital at different stages, providing basic public services, improving the social security system for all people and then improving various human development capacities.

Human development capacity is a process of constant accumulation, and is not only a function of the human development life cycle (i.e., human development capacity increases with an increase in age) but also a function of investments in human capital (i.e., human capacity constantly improves with an increase in investment in human capital). Both functions are different: the former is relatively limited and is consistent with the life expectancy finiteness of populations, while the latter is relatively unlimited and is consistent with the size and capacity of investments in a variety of human capitals. Under such circumstances, the so-called theory “life is limited, while innovation is unlimited” emerges. Therefore, human development capacity does not only gradually accumulate in a life time, but also the total capacity set gradually accumulates through continuous investment in human capital in a life time.

⁸The Plenary Session indicates that it is necessary to govern economic and social development via the concept of scientific development, adhere to the people-oriented principle, change the development concept, innovate the development mode, improve the development quality, and transfer economic and social development to a path of all-round, coordinated, and sustainable development. *Recommendations for the 11th Five-Year Plan for Economic and Social Development*, (Adopted at the Fifth Plenary Session of the 16th Central Committee of the Communist Party of China on October 11, 2005).

⁹It was stated in the Plenary Session that in contemporary China, development is the key principle and this means the need for scientific development, a greater emphasis on the people-oriented principle, and all-round, coordinated, and sustainable development. Furthermore, overall consideration, ensuring and improving livelihoods and the promotion of social fairness and justice are also important. *Recommendations for the 12th Five-Year Plan for Economic and Social Development*, (Adopted at the Fifth Plenary Session of the 17th Central Committee of the Communist Party of China on October 18, 2010).

The human development life cycle can be divided into two dimensions. The first is the age dimension—infancy, preschool period, childhood, juvenile period, adolescence, adulthood, senescence and advanced age (80 years old or above)—and the other is the capacity dimension—physical and mental health capacity (reflecting healthy people), learning ability (reflecting learners), cultural civilization ability (reflecting educated people), employability and entrepreneurial ability (reflecting decent respectable people) and social security ability (ability to avoid social risks) (see Table 1). It also includes the quality of the living environment of human beings (especially air quality, water quality, food quality, etc.).

The total capacity set of people is the rectangular area comprising the two dimensions. When the life expectancy of populations constantly increases, the total capacity set of people is continually enhanced, which is very meaningful for modern China. When the life expectancy of nationwide populations improved from 35 years before the founding of the new China to 76 years in 2015, the life span of individuals was effectively increased by 41 years. China's total population increased from 540 million to 1.37 billion in 2015, which is the equivalent of an increase in total life expectancy by 34 billion years. When the side length of the age dimension is fixed (e.g., when the life expectancy of the population and the life expectancy of health are fixed) the area of the total capacity set will increase, mainly by increasing the side length of the capacity dimension. Thus, the capacity area of future generations will be greater than that of former generations. In other words, the total capacity set of people (capacity area) depends more on the side length of the capacity dimension. Improving the capacity of the people also depends on the investment in human capital of all the people in a region or a country, or the capacity of the region or the country, to provide basic public services.

Regarding the human development life cycle, human modernization is essentially the process of investing in human capital, improving the side length of the human capacity dimension, and accelerating human capacity accumulation. In this sense, this requires investments to ensure modern public health, modern education, and public culture. A modern market economy and social security system are also important. From the perspective of human capital theory, people benefiting from human capital investments are not only the only ones to receive a benefit, as others also do (e.g., their families and society) because of spillover effects and positive externalities.

A person is not only a natural person, but also a social person. Therefore, at different ages, a person has different private demands and social demands, and needs different investments in human capital and social investments (including social security). Therefore, after continuously strengthening investments in human capital and social capital (e.g., the proportion of education expenditure in GDP, proportion of total health expenditure in GDP, proportion of research and experimental development expenditure in GDP and proportion of social security and employment expenditure in GDP) in the long term, the capacity set of people forms a society's overall progress, as well as the constant, collective and significant progress of China's 1.3 billion people.

Table 1 Human development life cycle, human capital and public service indexes

Life cycle stages	Health	Education	Culture	Employment	Social security
Infancy	Improve prenatal and postpartum examination rate, hospital delivery rate, and reduce maternal mortality rate, neonatal mortality rate, infant mortality rate, birth defect rate	Maternal health education			Primary medical insurance coverage
Preschool period	Reduce mortality rate of 5-year-old children	Education and training of children's parents, preschool gross enrollment rate, bilingual education	Public culture service		Primary medical insurance coverage
Childhood	Children's health service	Net enrollment rate of elementary school, compulsory education consolidation rate, bilingual education	Public culture service		Primary medical insurance coverage
Juvenile period	Juvenile health and fitness	Compulsory education consolidation rate, bilingual education	Public culture service		Primary medical insurance coverage
Adolescence	Adolescent health and fitness	Gross enrollment rate of high school, gross enrollment rate of higher education, average schooling years of new labor forces, improve continuing education participation rate	Public culture service	Improve the employment participation rate, increase the employment contract signing rate, improve yearly participation rate of continuing education of employees, control and investigate unemployment rate of adolescence	Primary medical insurance coverage, primary endowment insurance coverage

(continued)

Table 1 (continued)

Life cycle stages	Health	Education	Culture	Employment	Social security
Adulthood	Adult health and fitness, improve chronic disease control rate	Improve continuing education participation rate	Public culture service	Improve yearly participation rate of continuing education of employees, control and investigate unemployment rate	Primary medical insurance coverage, primary endowment insurance coverage
Senescence	Senescent health and fitness, improve the chronic disease control rate	Education of the elderly	Public culture service		Primary medical insurance coverage, primary endowment insurance coverage
Advanced age period (80 years old or above)	Health of the elderly improve the chronic disease control rate	Education of the elderly	Public culture service		Primary medical insurance coverage, primary endowment insurance coverage
Core index	Increase the average life expectancy of populations	Increase the average schooling years of populations	Improve the civilization quality of citizens, enrich people's spiritual and cultural life	Realize full employment	Social security system covers all the people

Note Designed by the author according to the national five-year plan

The above items lay the micro-foundation for China's new development idea (innovation, coordination, greening, opening-up, sharing and safety), the five-year plan design for China's new period (reaching middle income to high income levels and moving towards a high-income phase), and represents China's practical innovation and theoretical innovation of development.

China's development planning is considered a great achievement for the country, rather than a trivial matter associated with an ambiguous orientation of the five-year plan (including national and local plans) with an unclear plan objective. In fact, the core objective of the macro national development plan or meso regional development plan with an extensive micro-foundation is "promoting all-round human development based on a people-oriented principle". Social development or social construction within the development plan, especially highlights the subject of "improving people's livelihoods", and strongly matches the human development life cycle and capacity set. It essentially involves the development life cycle of all people and the main public service demands. Furthermore, the plan includes social security. From the perspective of investment in human capital and social capital, this plan clearly promotes all-round human development, and reflects the relationship, similarities, interaction, and requirements between macro national planning and micro human development needs.

Thus, the national development plan is the development plan of the people, that is, a plan that the CPC and the government will use to serve the people wholeheartedly. The service is the basic public service required by multidimensional ability, and public service becomes an investment in human capital promoting all-round development of human beings, which is an effective investment with short-term and long-term returns, and the best investment with private and social benefits. In this sense, the five-year plan is a plan promoting the all-round development of billions of people.

Chapter 2

Innovative Development



As can be seen from the common characteristics of modern economic development, a country or region in different development levels or stages will have different driving forces of development. In general, a country or region in the low-income stage is basically driven by primary elements such as land, resources, energy, and a labor force, whereas a country or region in the lower middle-income stage is largely driven by capital elements such as the domestic savings rate, investment rate, and investment scale, which are of great importance. In contrast, a country or region in the upper middle-income stage is driven by technological elements, which are usually associated with the introduction of large-scale technology, and one in the high-income stage must be driven by a reliance on innovation.

Looking at the various characteristics of the different stages of economic development, China is entering a phase of “new normal” in terms of economic development, transforming from high-speed growth to high- and medium-speed growth, from quantitative expansion to structural optimization, from low- and medium-end to high- and medium-end goods, and from capital-driven development to innovative technology-driven development. Only by adhering to innovative development is it possible to provide new ideas to address the problem of economic and social development, to provide a new impetus for economic and social development, and successfully step over the middle-income trap. In this way it is also possible to guide China’s new normal economy, and realize the transformation of China’s economy from a middle-income to a high-income economy. Thus, these changes represent the historical transformation of China from one of the biggest economic powers in the world to the greatest economic power in the world.

From the perspective of the external macro environment of economic development, opening-up and competition currently represent the general background, trends, and megatrends of world development. A new round of technological and industrial revolution is emerging. The current competition of national strength centered on innovation has become the dominant force reshaping the worldwide economic pattern. Major countries have successively launched new national innovation strategies in search of breakthroughs in scientific and technological

innovations, and they have taken the lead in mapping the future. Furthermore, they are seizing new opportunities for future economic, scientific, and technological development, and have acquired first-mover advantages. Only by adhering to innovative development, engaging in world-leading development that is driven by innovation, and with a strong emphasis on first-mover advantages can China work hard to catch up to or even surpass advanced countries within the arena of scientific and technological innovation in the global arena. Furthermore, China will become the innovator and guider, realize its transformation from a power of technology imitation to a power of technology innovation, and March toward its role as one of the greatest scientific and technological powers in the world.

Innovative development is the driving force to maintain China's high- and middle-speed economic growth in the future, and is the key way to escape the middle-income trap. China's ability to realize its transformation from catch-up growth to endogenous innovation growth, its transform from innovation imitation to independent innovation, and shift from being a follower to leading development represent a general direction and grand strategy to exploit its socialist development path with Chinese characteristics. Additionally, this has both realistic significance and far-reaching historical significance in the attempts to achieve the goal of building an all-round moderately prosperous society by 2020, and then realize the century-old dream of the great rejuvenation of the Chinese nation.

2.1 Concept Origin

The origin of the concept of innovative development includes the following three aspects:

A. Innovative development is rooted in the philosophical thoughts of Chinese civilization for thousands of years, runs in the cultural traditions of the Chinese nation, and is a historical gene of China. As early as in the Yinzhou Dynasty there existed the concept of innovation that "all beneficial ways keep pace with the times", as recorded in the *Changeable Divination* and *The Book of Changes*, inspiring us to understand the rules and general trends, as well as keep pace with the times. Furthermore, it asks that we seek the truth from facts, and keep up with the times via innovative ideas, innovative methods, and innovative technologies, so as to both achieve and control the direction we are traveling. In the Ming Dynasty, the enlightenment thinker Li Zhi also expressed the same simple dialectical materialism thought, and espoused that "what was correct yesterday is wrong today, and what is wrong today will be correct the day after tomorrow".¹ That is, the world changes over time, the situation changes to produce new conditions and new problems, and we can see the trends of the time only by

¹The quote comes from *Collection of Books & Introduction of Total Contents of Century Biographies*.

maintaining a state of innovation. Furthermore, we can walk in the forefront of the times only by constantly breaking free from tradition and updating our ideas.

“If you can make things better for one day, you should make them better every day and never stop doing this!” The *Book of Rites & the Great Learning* emphasizes the necessity and continuity of innovation from a dynamic angle. It is necessary to maintain innovation to adapt to and promote social progress. In the Northern Song Dynasty, Cheng Hao and Cheng Yi, the founders of neo-confucianism, explained the importance of continuous innovation from a different angle, stating that “a gentleman must make new gains every day during study. A person making gains every day makes progress every day. A person without gains every day must step backward every day. There is no person who neither makes progress nor steps backward.”²

The innovative ideas and humanistic spirit of Chinese civilization are not only reflected in famous sayings such as “Zhou is an old country state, but its mission is innovating”,³ “if the world has changed, everything will also change accordingly; and if the situation has changed, political and social policies must also change accordingly”,⁴ but also in the wisdom of the people, which have become common proverbs long ago. For example, “poverty leads to changes, and changes lead to finding a way out, which in turn becomes sustainable”.⁵ These very profound cultural connotations can help us to not only review the past, predict the future, and overcome all difficulties during a period of deepening reform, but can also add pillars of faith in the executive power so that we are more confident in considering problems and handling affairs.

B. Innovative development comes from reference to and exceeding Western traditional theory. According to the classic innovation viewpoint of capitalism proposed by Schumpeter, innovation is revolutionary change, and also means to “destroy” original products, technologies, and production modes. This “innovation” means to establish a new production function, and introduce an unprecedented and “new combination” of production elements and production conditions into the production system.

²Quote comes from *Collection of the Works of the Cheng Brothers & Posthumous Writings of the Cheng Brothers from Henan*, Vol. 25.

³Quote comes from the *Book of Songs & Jedaiah & King Wen*, the original text states, “King Wen has the spirit of a martyr in heaven, and his brilliance most brightly illuminates the sky. Zhou is an old country state, but its mission is innovating.”

⁴Quote comes from *Hanfeizi & Five Beasts* written by Han Fei in Warring States.

⁵Quote comes from the *Book of Changes & the Great Appendix*, the original text reads, “After the death of Shennong, Yellow Emperor, Yao and Shun succeeded to the throne in succession, not only inheriting Shennong’s method of managing state affairs, but they also made changes in view of the general environment so that the masses had ample food and clothing. After Shennong’s method of managing state affairs was changed, the masses lived and worked in peace and contentment. Poverty leads to changes, and changes lead to finding a way out, which in turn becomes sustainable.” Therefore, “only those helping themselves can get help, and only those striving to become stronger relying on themselves can have good luck and make a high profit”.

The subjects of innovation are entrepreneurs whose function is to realize “innovation” and introduce the “new combination”—these features are seen as the “soul” of capitalist development. Economic development within this system is the process in which the whole capitalist society constantly realizes the “new combination” under the guidance of the innovative spirit of entrepreneurs.

Innovation specifically includes five categories: (1) introducing new products; (2) citing new technologies, namely new production methods; (3) opening up new markets; (4) controlling new supply sources of raw materials; and (5) realizing new organizations as enterprises.⁶ Thus, Schumpeter regards innovation as the endogenous development impetus of an economic entity, and considers that innovation is an internal factor, and that economic development represents “a change in economic life from internal creativity”. In this sense, Schumpeter’s theory reveals the endogenousness of economic development.

At present, while China’s socialist innovation refers to and absorbs the essence of Schumpeter’s innovation, it also goes beyond its limitations and covers common innovation and the shared innovation of billions of people. For example, in Chinese innovation, such as “Internet Plus”, innovation is not destructive or disruptive; it is constructive or collaborative. Furthermore, it is not only entrepreneurs who innovate, but also hundreds of millions of people and politicians. Furthermore, there is not only technical innovation and market innovation but also concept innovation, institutional innovation, mechanism innovation, and system innovation.

C. Innovative development is the most important theoretical cornerstone provided by Marxist political economics for the development of contemporary China.⁷ Based on the fundamental standpoint of all-round human development, Marxist political economics emphasizes that the human practice shall consciously understand and respect the laws of economic development, social development, and natural development, and the fundamental impetus of social development lies in the development of productive forces.

The core development idea of contemporary China has been gradually established and improved based on the theory of Marxist political economics. Marx clearly indicated that, “the labor productivity of the society is first the scientific strength”.⁸ On how to develop scientific strength and promote the development of productive forces, as early as in the semi-closed stage after the founding of the New China, Mao Tse-tung creatively lodged an objection against “crawlism” to achieve development gains in science and technology. He stated, “we cannot insist on the

⁶Joseph Schumpeter: *Theory of Economic Development* (Chinese version), Beijing: China Commerce & Trade Press, p. 74, 1991.

⁷Hu Jintao: Speech at the Report Meeting of Learning *Selected Works of Jiang Zemin*, August 15, 2006.

⁸*Complete Works of Marx and Engels*, pp. 211 and 217, Vol. 46.

ready-made principle of technology development in various countries around the world, i.e., we cannot crawl behind others step by step. We must break the routine, and develop China into a great power of socialist modernization in a short historical period using advanced technology as far as possible”.⁹ This idea of innovative development laid the ideological foundation to centralize China’s nationwide strength regarding science and technology, using its second-mover advantage and socialist superiority, and realizing the development gains of major scientific and technological projects.

After the reform and opening-up, the CPC Central Committee constantly presented new ideas and concepts of innovative development, transforming Deng Xiaoping’s theory that “science and technology constitute one of the productive forces”¹⁰ to “science and technology is the primary productive force”.¹¹ The same applies to Jiang Zemin’s theory that “innovation is the soul of a nation’s progress and the inexhaustible impetus of a power’s prosperity”,¹² to Hu Jintao’s demand to “insist on the principle of independent innovation, and build an innovative power (in the world)”,¹³ and later Xi Jinping’s aim to “implement the strategy of innovation-driven development” and “speeding up transformation from giving priority to element-driven and investment scale-driven development to giving priority to innovation-driven development”.¹⁴

The evolution and continuation of lines of thought on innovative development have enriched and developed the concept of socialist development with Chinese characteristics, done so by the CPC’s firm grasp of the analysis method and basic theory of Marxist political economics. This represents the sublimation of the perceptual knowledge of the CPC Central Committee in promoting economic development, the result of the Committee guiding the reform practice. Thus, in adapting to new situations, understanding new problems, and by carefully summarizing China’s concept of development, the CPC Central Committee has achieved many theoretical achievements.

⁹Mao Tse-tung: *Construction of China to a Great Power of Socialist Modernization, Collected Works of Mao Tse-tung*, p. 341, Vol. 8, Beijing: People’s Publishing House, 1999.

¹⁰Deng Xiaoping: *Speech at the Opening Ceremony of the National Science Conference, Collected Works of Deng Xiaoping*, p. 861, Vol. 2, Beijing: People’s Publishing House, 1994.

¹¹Deng Xiaoping: *Science and Technology Is the Primary Productive Forces, Collected Works of Deng Xiaoping*, p. 274, Vol. 3, Beijing: People’s Publishing House, 1993.

¹²Jiang Zemin: *Strategy of Rejuvenating China through Science and Education, Collected Works of Jiang Zemin*, p. 432, Vol. 1, Beijing: People’s Publishing House, 2006.

¹³Hu Jintao: *Insist on the Principle of Independent Innovation with Chinese Characteristics, Strive To Build an Innovative Power*, January 1, 2006.

¹⁴Xi Jinping: *Speech at the 17th Conference of Academicians from the Chinese Academy of Sciences, and at the 12th Conference of Academicians from the Chinese Academy of Engineering, Xi Jinping: The Governance of China*, p. 119, Beijing: Foreign Languages Press, 2014.

2.2 Practical Innovation

Reviewing China's development course over the last 60 years or so, China has developed from a "poor and blank" lagger in modern science and technology, to a big power in science and technology with important worldwide influence. Thus, China's independent path to innovation represents China's innovative development path, and the innovative development path now signifies China's successful development path. China's innovative development path also provides technologically backward countries with a guide for "overtaking on the bends", helping them to transform from laggards to pursuers, and, ultimately, overtakers.

Mao Tse-tung started modern China's historical period of independent innovation. The basic conclusion of the CPC Central Committee at that time was that science and technology in China lagged decades behind those countries with the most advanced science and technology in the world.¹⁵ In January 1956, Mao Tse-tung stated at the 6th Supreme State Conference, with some foresight, that, "the Chinese people should have a long-range plan, strive to change the economic, scientific, and cultural backwardness of China within a few decades, and quickly reach the most advanced level in the world".¹⁶ Based on this grand idea, the Chinese government formulated the *1956–1967 Long-Range Plan of Scientific and Technological Development*, a policy of scientific and technological catch-up by "focusing on development, and coming up from behind", and outlined 57 major tasks to be achieved in 13 areas. The plan also specifically indicated that although the basic principle was to strive for self-reliance, it was necessary to respectfully learn about other countries' strengths, and then combine such scientific inheritances with China's experiences.¹⁷ This represented the first technology development blueprint for the New China to improve its backwardness in science and technology and pursue the dream of advanced countries. It also laid the foundation for the development of China's science and technology.

By 1964, "China had a number of world-class scientists and engineers, and some research achievements had reached or been close to the advanced global level".¹⁸ The scientific and technological gap between China and developed countries was quickly narrowed, and a number of goals for scientific and technological catch-up were achieved. To this end, Mao Tse-tung clearly presented the catch-up route: "we cannot insist on the ready-made principle of technology development in various countries around the world, that is, we cannot crawl behind others step by step. We

¹⁵CCCPC Party Literature Research Office: *Selected Works of Important Literatures since the Founding of New China*, p. 374, Vol. 9. Beijing: Central Party Literature Press, 2011.

¹⁶Mao Tse-Tung: *Socialist Revolution Aims at Liberating the Productive Forces. Collected Works of Mao Tse-tung*, p. 2, Vol. 7, Beijing: People's Publishing House, 1999.

¹⁷CCCPC Party Literature Research Office: *Selected Works of Important Literatures since the Founding of New China*, p. 378, Vol. 9. Beijing: Central Party Literature Press, 2011.

¹⁸CCCPC Party Literature Research Office: *Collected Works of Mao Tse-tung since the Founding of New China*, note on p. 287, Vol. 11. Beijing: Central Party Literature Press, 1996.

must break the routine, and develop China into a great power of socialist modernization in a short historical period using advanced technology as far as possible”.¹⁹

In the late 1970s, China entered an exploratory period of opening-up, catch-up, and innovation. In March 1978, Deng Xiaoping first presented his famous statement that “science and technology constitute one of the productive forces” at the National Science Conference. It was at this conference that the *Outline (Draft) of the 1978–1985 National Scientific and Technological Development Plan* was formulated and the goal of scientific and technological work was presented. In December 1985, the Communiqué of the 3rd Plenary Session of the 11th CPC Central Committee further stated to “actively develop economic cooperation with various countries around the world based on equality and mutual benefit on the basis of self-reliance, and to strive to adopt world-class advanced technology and advanced equipment”.²⁰ The CPC Central Committee also established a fundamental policy where China shall give priority to technology introduction and ensure that science and technology plays the role of a primary productive force.

The pioneering stage of innovative development in China lasted from the end of the nineteenth century to the beginning of this century. The main aim of this stage was to exploit the path of independent innovation, and to implement a strategy to rejuvenate China through science and education. In September 1995, the 5th Plenary Session of the 14th CPC Central Committee first presented its plans to implement a strategy to rejuvenate China through science and education, and for science, technology and education to be closely combined with the economy. This strategy included the following aims: (1) accelerate the commercialization and industrialization of scientific and technological achievements; (2) actively develop high-technology and related industry; (3) strengthen basic scientific research, focus on cutting-edge science, overcome key difficulties, and strive for major breakthroughs in key fields.²¹ In general, the route was still to follow the science and technology of developed countries, but also to accelerate the process of catching up with these countries, and to especially narrow the relative gaps in informatization, networking, and high-technology.

In January 2006, Comrade Hu Jintao more clearly stated that China shall adhere to the principle of independent innovation with Chinese characteristics, and aim for the enhancement of the ability of independent innovation right through to various aspects of modernization. To this end, the State Council formulated the *National Medium- and Long-term Plans for Science and Technology Development (2006–2020)*, and presented the specific goal of creating an innovative country by 2020.

¹⁹Mao Tse-tung: *Construction of China to a Great Power of Socialist Modernization, Collected Works of Mao Tse-tung*, p. 341, Vol. 8, Beijing: People’s Publishing House, 1999.

²⁰*Communiqué of the 3rd Plenary Session of the 11th CPC Central Committee*, adopted at the 3rd Plenary Session of the 11th CPC Central Committee on December 22, 1978.

²¹*Recommendations for the 9th Five-Year Plan for Economic and Social Development and the 2010 Long-Range Goal*, adopted at the 5th Plenary Session of the 14th Central Committee of the Communist Party of China on September 28, 1995.

After the 18th Party Congress, China entered its next development stage, comprehensive innovation. The Report to the 18th Party Congress clearly outlined the implementation of an innovation-driven development idea. On November 9, 2014, President Xi Jinping further stated at the APEC CEO Summit that the “new normal” would bring new opportunities for China’s development, and would shift its innovative development into a new stage. In March 2015, the CPC Central Committee and the State Council issued the *Opinions on Deepening the Reform of the System and Mechanism and Speeding up the Implementation of the Innovation-Driven Development idea*, and presented general thoughts, main goals, and specific measures for innovative development. The 5th Plenary Session of the 18th CPC Central Committee further mentioned innovative development, and “put innovative development at the core of the overall situation of national development”. Thus, China entered a phase of comprehensive innovation.

China’s new policies reflected the development and sublimation of the CPC’s lines of thought on governing and rejuvenating China in the new period. These policies also represented an important cornerstone to guide Chinese innovation to constantly reach new levels and heights. The policies aimed to transform China’s main aims as follows:

- From “marching toward science” to “breaking with tradition to achieve leaps in development”;
- From “science and technology constitutes one of China’s productive forces” to “science and technology is the primary productive force”;
- From “the strategy to rejuvenate China through science and education” to “improving the ability for independent innovation”;
- From “building an innovative country” to “an innovation-driven development idea” and then ultimately to “adhering to innovative development, and shaping world-leading development that is based on innovation, and maximizing first-mover advantages”.

These policies clearly reflect the constantly developing innovative practices of the CPC Central Committee.

From the perspective of China’s historical path, whether a nation intends to and has the ability to design and implement a strategy of national innovation is the key to whether the nation can achieve innovative opening-up, innovative catch-up, and then to encourage innovation from a very low scientific and technological base. In this sense, the innovative development of China is the practical achievements of pursuing, exploring, and innovating the path of development with Chinese characteristics by successive generations of communists. Furthermore, it is the achievements of constant summary and extraction, and the continual deepening of development by the CPC in managing its affairs and dealing with political matters. It is also the significant and realistic achievements of opening up to the outside world, coming from behind, making the greatest efforts to catch up, and striving to catch up with and surpass developed countries as a technologically backward country.

2.3 Definition of Innovation

In terms of China's reform practices, the author defines innovation as "(various) activities creating new social value". There are three key points on this matter: (1) the ability to create new value, rather than relying on existing value; (2) the created value is primarily a social value with positive externalities; and (3) and the various activities related to innovation are not only technological innovation but also innovation to obtain related financing and investments, new technology research and development, the effective protection of intellectual property rights of technological innovation, and the demonstration, application, and promotion of technology innovation.

The previous innovation concept relates to growth without development, science and technology without an appropriate mechanism, and enterprises without people. The innovative development presented by the CPC Central Committee provides innovation with a more profound and comprehensive meaning of these points, so that Chinese innovation will go far beyond any innovative activity in human history.

First, innovative development is different from capitalist economic growth, and denotes the far-reaching innovation of social value. According to Schumpeter's definition, innovation means to establish a new production function, and is the process in which a new combination of production achieves new economic value. In innovative development, any activity that can create new social value should be recognized as social innovation. This includes many aspects as follows: entrepreneurs create economic value, scientists create scientific value, engineers create technological value, teachers create human capital value, environmental protection organizations create ecological value, and artists and writers create cultural value that can be retained in history forever.

What is more important is that innovative development, once serving as the driving force and core idea of a nation, not only brings material productive forces but can also be directly converted into scientific and technological productive forces, cultural productive forces, educational productive forces, knowledge productive forces, and ecological productive forces. Therefore, in this sense, the scope of innovative development is extended from innovation in the field of science and technology and innovation in economics to comprehensive innovation, which includes theoretical innovation centered on scientific and technological innovation, institutional innovation, and cultural innovation. Innovative development runs through all aspects of national economic and social development. This not only transcends Schumpeter-style innovation, but also other innovation activities within Western capitalism. From this perspective, China's socialist innovation must be better than Western capitalist innovation, just as the current form of capitalist innovation is superior to the previous capitalist innovation. For example, (1) China enjoys a larger population size and has more innovative subjects than Europe and North America; (2) the national innovation and social innovation led by the CPC go

beyond those of Europe and North America; and (3) China engages in joint innovation with its citizens.

Second, innovative development is not limited to innovation within science and technology, but integrates a variety of innovation mechanisms. The innovative development of China is a process that comprehensively gives play to a variety of mechanisms and realizes integrated innovation from a very low historical starting point, and via the path of “scientific and technological catch-up” by independent innovation. This process reveals the important law of innovative development. That is, as a nation with backward modernization, there is a huge scientific and technological gap with advanced countries, but China has obvious second-mover advantages and scale advantages, and can greatly reduce the catch-up period to countries with advanced science and technology. This can be achieved by using several innovation mechanisms rather than just one as follows:

- (1) the mechanism of introducing science and technology (T1); the mechanism of science and technology re-innovation (including how to introduce innovation, imitation innovation and integrated innovation) (T2); and the mechanism of independent technological innovation (T3). In addition, as a large country with a population of billions, China has a unique advantage, namely huge national-market innovation (T4) and a mechanism for world market (T5) scientific and technological innovation.²² The use of many innovation mechanisms rather than a single tool is the key driver behind China achieving its technological catch-up, information catch-up, knowledge catch-up, and economic catch-up.

Third, the human-oriented and people-centered principle is the starting point, foothold, and core of innovative development. From a starting-point perspective, the fundamental impetus of innovative development comes from the innovation activities of the people, and also includes the innovation of experts, scholars, scientists, engineers, and artists as well as the innovation of 770 million employees and 1.3 billion people; that is, all of China’s people. Based on the strategy for innovative development, each innovator is not only a subject of innovation activities, but also a beneficiary, transmitter, and sharer of innovation activities and innovation strategies. The micro-innovations of hundreds of millions of innovators and entrepreneurs at every moment of every day and month will be gathered in an unceasing collection of thoughts, knowledge, and technologies, resulting in the exponential growth of social innovation, and represent innovation on a scale never previously seen in the world.

²²That is, a large market-scale effect on any technological innovation will not only greatly reduce the economic costs of technological innovation, but also greatly reduce the transaction costs of technological innovation diffusion and application, especially for those major engineering technologies requiring very high investment, and national defense science and technology. At the same time, it is also possible to exploit the overseas market through exports, foreign investment, technology transfer or technology research and development, namely obtaining the advantages of the economies of scale present in the world market.

In terms of the foothold of innovative development, the fundamental purpose of innovative development is to arouse people's vitality, creativity, and productive forces, which are essential for China to move closer to its goal to be an innovation leader. At the same time, national innovation and institutional innovation, from the top to the bottom, are intended to better protect and encourage innovation. For example, patent laws were first introduced in China in 1985, and within 30 years (1985–2015) they have reached the same level of development as the United States. However, it took the US patent system over 225 years (1790–2015) to achieve this status. Furthermore, China has gone beyond the United States to become the largest patent applicant and grantor state in the world.²³

At the core of innovation development is the essence of socialist modernization—human modernization. In the final analysis, the goal of innovative development is to promote the development of all people, make full use of the superiority and political advantages of the socialist system, continuously invest in the human capital of billions of people, create human development opportunities, and improve the ability for human development.

Promoting innovative development means to form an institutional framework that promotes innovation, and shape world-leading development based on innovation, and to encourage first-mover advantages.²⁴ The realization of leading development needs to follow the laws of scientific and technological innovation, economic innovation, and institutional innovation.

Regarding the laws of scientific and technological innovation, it is necessary to integrate three types of innovations, namely, original innovation, integrated innovation, and its introduction, digestion, absorption, and re-innovation,²⁵ and to advocate and promote collaborative innovation transformation.²⁶ A variety of innovative mechanisms represent the fourth globalization trend to better adapt to future domestic economic integration, regional (referring to East Asia and Asia) economic integration and trade liberalization, and economic integration, trade

²³China has become the largest invention patent applicant and grantor state in the world. In 2013, the number of invention patent applications in China reached 1.7049 million, 2.45 times that of the United States, and the number of granted domestic invention patents in China reached 143,500, 1.07 times that of the United States.

²⁴*Recommendations for the 13th Five-Year Plan for Economic and Social Development*, adopted at the Fifth Plenary Session of the 18th Central Committee of the Communist Party of China on October 29, 2015.

²⁵In 2006, China formulated the *National Guideline for Medium- and Long-term Plans for Science and Technology Development*, which clearly presents that China's independent innovation includes three definitions: (1) original innovation, (2) integrated innovation, (3) and the introduction, digestion, absorption and re-innovation of innovation.

²⁶Collaborative innovation refers to cooperative innovation between multiple enterprises or enterprises and universities, scientific research institutions or other institutions, which co-share innovation achievements, and further includes collaborative innovation between financial institutions and industrial institutions, multiregional collaborative innovation, and international collaborative innovation.

liberalization, investment liberalization, and service industry facilitation. This is downstream sailing, and conforms to the historical trends of the time.

China was a victim of the first globalization period (1870–1913). This period was interrupted by the First World War, the Great Depression, and the Second World War. The total world trade volume peaked in 1929, during which China was still marginalized and the laggard of the second globalization (1950–1973). China opened-up to the outside world in 1978, and entered the third globalization period in 1990, enjoying continuous catch-up since then, as well as becoming the biggest beneficiary in that phase. From the 15th largest importer and exporter in 1990 to the 2nd largest by 2010, China then replaced the United States in 2013, attaining 1st place. In the fourth globalization period, China walked onto the center of the world stage. Only by expanding its opening-up strategy to the outside world and strengthening collaborative innovation can China lead with cutting-edge scientific and technological development, compete and develop with the rest of world, and finally lead the world.

Regarding the laws of economic innovation, China's economic status has undergone great changes in the last 30 years or so, from 15th in 1978 to 6th in 2000, and then sharply rising all the way to 2nd place in 2010. This development has turned from quantitative (scale) change to qualitative (stage) change, and the major contradictions have also changed accordingly, showing obvious characteristics of different stages. This reflects the basic principle of development economics, that is, the stage theory of economic innovation.

From the perspective of world economic history, an economic entity essentially experiences two growth modes:²⁷ one is catch-up innovation, which means that the science and technology that promotes growth mainly comes from the outside. Compared with technology-leading countries, less developed countries have backward technology and they aim for growth catch-up. The other is endogenous innovation, where technology innovation comes from internal operations, and it is this science and technology that leads growth. An economic entity characterized by sustainable development must experience transformation from catch-up innovation to endogenous innovation. The former mode grows rapidly, and the latter more slowly.²⁸ However, only by the successful implementation of innovation transformation can a nation maintain its long-term status of leading the world economy. For example, the United States originally enjoyed catch-up growth, and its GDP

²⁷Jeffrey D. Sachs, 2015. *The Age of Sustainable Development*, Columbia University Press (January 20, 2015).

²⁸In 1820–1870, the United Kingdom enjoyed endogenous innovation with an average annual GDP growth rate of 2.05%; the United States was engaged in catch-up innovation with an average annual growth rate of 4.20%. In 1950–1973, the United States entered a stage of endogenous innovation with an average growth rate of 3.93%, and Japan was then in catch-up mode with an average growth rate of 9.29%. In 1978–2008, the United States enjoyed an average growth rate of 2.84% with endogenous innovation, and China engaged in catch-up innovation with an average growth rate of 9.92%. Calculating data source: Angus Maddison: *Historical Statistics of the World: 1-2008 AD*, <http://www.ggdc.net/maddison/oriindex.htm>.

growth was 4.20% in 1820–1870, which was higher the growth rate (2.05%) of the leading country (the United Kingdom). This was then 3.94% in 1870–1913, transforming from catch-up growth to endogenous growth, and 3.11% in 1913–2008,²⁹ maintaining its leader status in the world economy. Currently, China has had more than 60 years of catch-up development, and therefore must now consciously and purposefully move into a phase of endogenous innovation. It is estimated that it will take approximately 40 years for China to become a development leader.

Regarding the laws of institutional innovation, whether a country can rise ultimately depends on the strength of its institutional innovation. In the last 400 years or so,³⁰ few big powers have had a truly significant impact on world development, and without exception, the prosperity of these big powers reflects the development laws of the institutional innovation.

Any of these countries can be described as a “great power of scientific and technological innovation” and a “great power of institutional innovation”, and their social systems show historical progress and limitations within certain periods and ranges. For example, from the perspective of changing times, capitalism exceeds previous forms of capitalism, and socialism exceeds capitalism. From a national perspective, the United Kingdom exceeds Portugal and Spain, the United States exceeds the United Kingdom, and China is catching up with and will surpass the United States. We acknowledge that capitalism has its own innovation and adjustment mechanisms and takes the lead in industrialization, urbanization, and modernization worldwide. It also has the first-mover advantage, but is increasingly rigid, aging, and has even been “unhealthy” for some time now. Thus, capitalism represents the shackles of economic and social development, and has its own unsolvable crisis and depression, which will cause a significant crisis, mass destruction, and a great recession that could spread worldwide. This has been proved by the successive outbreak of two Asian financial crises and an international financial crisis, all within the last 20 years.

China’s current socialist system with Chinese characteristics enjoys advanced features of modern times for two reasons: it has fully absorbed all of the achievements of human civilization development and represents the theoretical innovation, institutional innovation, and path innovation of self-exploration, self-improvement, and self-transcendence present in China’s reform practices.

Insisting on innovative development means to develop new productive forces, establish new productive relationships and adapt to them, build a new development system, and to speed up the creation of a market environment conducive to innovative development. It also means to develop a property rights system, investment and financing system, distribution system and employment mechanism. Innovative

²⁹Calculating data source: Angus Maddison: *Historical Statistics of the World: 1-2008 AD*, <http://www.ggdc.net/maddison/oriindex.htm>.

³⁰Historians often regard the 16th century as the beginning of modern world history according to the standard of productivity, and modern world history mainly refers to the history of the capitalist period.

development means to continuously make innovations, improve macroeconomic regulations and controls, and further promote the national governance system, governance ability, and modernization.

2.4 Main Aspects

2016 marked the beginning of the decisive phase in national efforts to ensure China becomes a moderately prosperous society, and it was also the crucial year in which key difficulties were overcome to introduce structural reforms. Therefore, the significance of realizing the 13th Five-Year Plan differs from that in the past. Achieving the goal by 2020 lays an important foundation to realize the century-old national dream and China's dream, representing a new development stage, and lays a new foundation for development. Innovative development is the first impetus for entering a new stage, and lays a new foundation. It also means the continuous promotion of theoretical innovation, system innovation, technological innovation, and cultural innovation, creating first-mover advantages, and realizing world-leading development.

Specifically, the 13th Five-Year Plan period means to base China's economic and social development on innovation-driven development, and to speed up the implementation of the transformation of catch-up innovation to include world-leading innovation. In the important field and crucial link concerning national strategic interests and long-term development, China already has outlines for 2030, and aims to reach dizzying heights by 2050. Furthermore, China will be the master of the dominant right to international competition and possess the right to speak out on international rules. China will possess the key knowledge, strengths, and breakthrough points of innovative development from the core of economic growth. This includes the following aspects:

2.4.1 *Strengthening Scientific and Technological Innovation*

As Comrade Xi Jinping once commented, "China's innovation capability is not strong, the overall development level of science and technology is not high, science and technology has an insufficient ability to support economic and social development, and the contribution rate of science and technology to economic growth is far lower than the level of developed countries. This is the 'Achilles heel' for China's economy. A new round of scientific and technological revolution brings fiercer science and technology competition. If science and technology innovation cannot keep pace, it will be impossible to realize the transformation of the impetus for development, and we will be at a disadvantageous position in global economic

competition. The ability for science and technological innovation is not only the core competitiveness of an enterprise, but also the core competence for a nation to participate in international competition and global competition.”³¹ In the field of science and technology innovation, China shall continuously strengthen and simultaneously improve on five major abilities: foundation innovation; original innovation; integrated innovation; introduction, digestion, absorption and re-innovation; and collaborative innovation. Thus, China will promote the efficient allocation and comprehensive integration of all kinds of innovation resources, and use the wisdom and strength of society as a whole to achieve innovative development.

To improve China’s ability to engage in science and technology innovation, it is necessary to give play to the “five-in-one” impetuses of foundation innovation, technological innovation, market innovation, brand innovation, and cultural innovation. Foundation innovation is an important platform for fundamental, world leading research on externalities, and it is necessary to speed up the construction of a number of national laboratories of interdisciplinary collaboration around national strategies in significant fields of innovation. Technology innovation should be rooted in the basic advantages of existing industries, and be upgraded to world-class innovation advantages. Furthermore, it should make full use of China’s market innovation advantages, reduce the costs of science and technology innovation costs by China’s unique economies of scale, and promote the expansion of market innovation by cost advantages. Brand innovation is the most direct standard for checking innovation. To become an innovative country, China is inseparable from the core technologies and independent brands of first-class innovative enterprises. This must encourage innovative enterprises to constantly grow, catch up with and surpass Western world-class enterprises, and constantly create outstanding Chinese brands. Cultural innovation means to advocate the innovation spirit, encourage innovation consciousness, and give play to innovation benefits in society as a whole.

2.4.2 Promoting the Innovation Vitality of Enterprises

“Only when enterprises are strong, can a nation be strong”. Without the innovation of enterprises, there would be no innovation of a nation. To become an innovative country, China must be inseparable from innovative companies that constantly grow, and constantly catch up with and surpass Western world-class companies.

It is necessary to build a market-oriented technology innovation system with enterprises as the subjects, and with industry–university research cooperation. Thus, enterprises essentially become the investors of research and development, the

³¹Xi Jinping: *Speech by President Xi Jinping at the 2nd Plenary Meeting of the 5th Plenary Session of the 18th CPC Central Committee (Excerpts)*, *Qiushi*, No. 1, 2016.

subjects of technological innovation activities, and the subjects of the transformation and application of innovative products. China shall not only “relax control over small enterprises” according to negative list management and support the development of technology-based small and medium-sized enterprises, but also “invigorate large enterprises”, promote state-owned enterprises to further deepen the reform, break administrative monopolies, and enhance the competitiveness and innovation ability of state-owned enterprises.

2.4.3 The Advantages of Building Industry Innovation

Industry is the mechanism that founds a nation as well as the foundation for strengthening a nation. Industrial innovation is the key to realizing world-leading development. The creation of new industrial advantages requires that faster technology innovation and applications in new fields, and also the ability to upgrade traditional advantages, build a new system, expand new spaces, and encourage industry to March toward high-end outputs.

In terms of innovation in new fields, we have already prepared an outline of China in 2050, cultivated strategic industries in fields such as oceanography, information networks, life science, and nuclear technology, sped up the attainment of goals set for 2030, and formed innovative breakthroughs and applications in key directions such as energy conservation and environmental protection, high-end equipment, and a new version of the Internet. In terms of industrial upgrading, we have promoted traditional industries to improve quality and enhance efficiency mainly around the integration of informatization and industrialization, environmental protection, and energy conservation. In terms of building a new system, we have implemented *Made in China 2025*, and achieved intelligent manufacturing, green manufacturing, and service manufacturing. In terms of expanding into new areas, with Internet Plus, high-speed railways, expressways, nuclear power engineering, UHV power transmission, bridge engineering and water conservancy (i.e., dam construction) representing breakthrough, we are promoting domestic and international connectivity. Thus, we lead the way in terms of the modernization of infrastructure in the first half of the 21st century, and have helped to shape the support for China’s innovation.

2.4.4 The Characteristics of Market Innovation

Innovation is an economic activity with very high investments and risks, and is extremely vulnerable to impacts on growth. Therefore, the probability of success is usually small, especially the probability of the realization of business success and market success. However, once the application range of a truly valuable innovation expands from 1 km² to millions of km², and from a population of hundreds or

thousands to one of billions, then the final average fixed cost of upfront investment is almost zero, thereby greatly reducing the economic cost of science and technology innovation, and the transaction cost of science and technology application. China's huge domestic market will become the "first thrust" of innovation growth.

It is necessary to establish a more unified, convenient, and freely circulating tangible and intangible infrastructure (network) in China, and to guide enterprises to better use this scale advantage. In the initial stage, it is possible to use free trial or inexpensive approaches, and then for enterprises to grow into world-class emerging enterprises. Thus, the market advantages that cannot be possessed by multinational companies are converted into innovation advantages for Chinese enterprises.

2.4.5 Improving the Mechanism of Institutional Innovation

Path innovation is the most essential innovation, and is the determinant for realizing all other innovation activities and processes. Promoting innovative development is inseparable from improvements to the following institutional innovation mechanisms: the "two hands" mechanism of the government and market, the "two positive mechanisms" of the central and local governments, the mechanism of "walking on two legs" of state-owned enterprises and private enterprises, and the two-way communication mechanism of "receiving" and "sending".

The measures specifically include the following: improving China's economic decision systems and mechanisms (e.g., the central economic work conference system, the government work report system of the State Council, the five-year plan system for national economic and social development, and all other special plan systems; further developing science and technological system reform, guiding the creating of industrial technology innovation alliances; establishing a diversified societal innovation input mechanism, perfecting a judicial system to protect intellectual property rights; building domestic and international environments for fair competition that stimulate innovation, and establishing a policy environment and social atmosphere that nurtures original innovation, integrated innovation, introduction, digestion, absorption and re-innovation, and collaborative innovation.

2.4.6 Implementing a Strategy of Innovative Talents

"Unusual talents must be relied upon to create unusual achievements".³² Talents are the source of innovations, and top talents are the sources of significant innovations. To achieve innovative development, we must "regard talents as the first resource

³²Quote comes from *Han Book & Emperor Xiaowu 6th* of Ban Gu.

supporting development”,³³ find talents, introduce talents, cultivate talents, and put the use of talents as a key priority in the innovation strategy. We also need to accelerate the implementation of the “four-in-one” talent strategy:

- (1) Implement an education strategy that gives priority to education development, and achieve the goal of striding forward, going from a nation with a large education system to a great educational power and from a nation with significant human resources to a great human resource power;
- (2) Implement a strategy to reinvigorate China via human resource development. China will enter the ranks of the great talent powers in the world, and will ensure that the education development idea target and the main indicators are met by 2020.³⁴ This will highlight the cultivation of innovative talents, create high-end talent for China’s innovation-driven development idea, and form various large-scale talent bonuses;
- (3) Vigorously promote the construction of a talent team, improve the China’s talent use mechanism overall, and promote the construction of talent policy, as well as talents in the areas of enterprise operation and management, professional and technical talents, high-skilled talents, rural talents and social work talents; and
- (4) Intensify the introduction of foreign knowledge by expanding exchanges with the outside. By 2020, China aims to realize the goal that talent resources will reach more than 200 million people, and the proportion of the total quantity of talent resources will be enhanced to 20–25%. Furthermore, China hopes to introduce and cultivate a number of academic leaders of a world-class level, attract and build a number of international academic research centers and idea bank research centers, which will lead to significant innovation activities, and fully meet the needs of economic and social development.

2.4.7 Innovative Macroeconomic Regulation and Control

The “imbalance between supply and demand” has become the biggest obstacle to China’s sustainable economic growth, and the “supply failure” and “weak demand” are presently the biggest problems. The growth dilemma needs to be solved by striving to strengthen the structural reform of the supply front, as well as attempting

³³Xi Jinping: *Speech by President Xi Jinping at the 2nd Plenary Meeting of the 5th Plenary Session of the 18th CPC Central Committee (Excerpts)*, *Qiushi*, No. 1, 2016.

³⁴By 2020, the overall goal of talent development of China is to cultivate and form large-scale talent teams with optimized structure, reasonable layout, excellent quality, and to establish comparative advantages of national talent competition. Further goals include entering the ranks of the great talent powers in the world, and to lay a talent foundation to realizing socialist modernization by the middle of this century. *National Guideline for Medium- and Long-term Plans for Talent Development (2010–2020)*, Xinhua News Agency, June 6, 2010, Beijing.

to increase the quality and efficiency of the supply system whilst moderately expanding aggregate demand.³⁵ It is necessary to open up new policies on macroeconomic regulation and control, and to create new opportunities for economic growth. This is the updated version for the strategic adjustment of the economic structure, and it needs not only to stimulate the economic tension on the demand front, but also to rebuild the economic thrust of the supply front as follows:

- (1) Promote the synchronous development of new industrialization, informationization, new urbanization, agricultural modernization, and infrastructure modernization;
- (2) Strengthen the role of the supply front in the transformation of the demand structure, actively adapt to and guide the upgrading of the consumption structure, and improve the effect of consumption on economic growth. Furthermore, it is essential that China strives to ensure that the contribution rate of consumer spending to economic growth will reach 55% in the 13th Five-Year Plan period, optimize the investment structure, and pay attention to investment benefits. It is also important to open up investments, and accelerate the promotion of international trade liberalization, investment liberalization, and service industry facilitation;
- (3) Promote the great development of the modern service industry, improving its overall quality and competitiveness; and
- (4) Through the reorganization of enterprises by mergers and acquisitions, cultivate enterprise groups with core competitiveness, and effectively solve the problem of excessive production capacity using the market mechanism and economic means.

2.5 Summary

The Fifth Plenary Session of the Eighteenth CPC Central Committee presented the development idea of innovation, coordination, greening, opening-up and sharing. It also prioritized innovation, and emphasized that innovation is the first impetus leading development. Furthermore, the CPC Central Committee stressed that it is necessary to put innovation at the core of national development, reflecting the views of the CPC Central Committee that have centralized the overall situation, keeping pace with the times and a new normal for economic development. From the perspective of the logic of the new development idea, innovative development is the first impetus for revitalizing China, and coordinated development is the art of managing state affairs as a whole. Green development is the core idea of managing state affairs and opening-up development is the only way to revitalizing China.

³⁵Speech by Xi Jinping at the 11th meeting of central finance and economy leading group, the central group stressed to strengthen structural reform of the supply front and control both the demand and supply, Xinhua News Agency, November 10, 2015, Beijing.

Sharing development is the ultimate goal of managing state affairs and safe development is the basic security of managing state affairs. As the basis of economic and social development, innovation plays an important fundamental and guiding role in realizing development, be it coordinated, green, opening-up, sharing, or safe development.

Innovative development is the key to creating a new normal for economic development, representing the latest achievements of the development concepts of the CPC, and it enriches and develops the new meaning behind the concept of socialist development with Chinese characteristics. It is also the best summary of the practice of managing state affairs and dealing with political affairs by the CPC, as well as the development and sublimation of the concept of ruling for the people and revitalizing China. This will have a significant and far-reaching impact on economic and social reform and development in each field and for each link in China in the future. Ultimately, innovative development will trigger extensive, profound reforms.

Since the founding of new China more than 60 years ago, China has developed from a worldwide power without modern science and technology into a great science and technology power. The relative gap between China's strength in terms of science and technology and that of the United States is rapidly narrowing. China's course of innovative development proves the principle that "a nation will be prosperous if it has advanced science and technology, and a power will be strong if it has advanced science and technology". This sets a good example for those countries with backward science and technology, enabling them to catch up with and surpass countries with more advanced levels.

China, starting out with weak development and a backward infrastructure, has achieved such remarkable innovative development. This is seldom seen in developing countries, but China has earned such success for the reasons outline below.

First, in terms of the development path, the CPC Central Committee found an innovative path that is appropriate for China's national conditions, adapting to the different development stages, and making full use of the superiority of the socialist system, the second-mover advantages of the country, and the competitive advantages of the market economy in continuous exploration.

Second, in terms of the development mode, the CPC Central Committee and the State Council accelerated the development of China's ability for independent innovation with foresighted planning in terms of guidance, by controlling key links, scientific planning, overall planning, close cooperation, and mobilizing all social forces and even global innovation resources. These actions formed the unique advantages of China's innovative development pattern.

Third, in terms of China's development idea, the CPC Central Committee has managed to keep pace with the times, expanded and completed development, gradually deepened development, and ensured the transition from "science and technology constitute one of the productive forces" to an "innovation-driven development idea", and from "science and technology is a primary productive force" to "innovation is the main impetus leading development". This not only reflects China's active understanding of the economic laws of innovative

development, but is also an important cornerstone for following the objective requirements of historical development, and constantly helps China's innovative development to reach new levels and heights.

Fourth, in terms of following innovative development laws, China has gradually attained and repeatedly tested an important mechanism for a country with backward science and technology to achieve its "science and technology catch-up" in the practice of innovative development. Thus, to do so significantly enhances the overall strength of science and technology, and ensures significant gains in the development of science and technology by fostering and introducing science and technology capacity (T1), ensuring a capacity for science and technology re-innovation (including introduction innovation, imitation innovation, and integrated innovation) (T2), strengthening the ability for independent innovation in science and technology (T3), actively triggering the innovation advantages of a country of China's size (T4), and creating an arena of science and technology innovation in the world market (T5).

Chapter 3

Coordinated Development



China is a superpower with the world's largest population. Only two countries, China and India, have populations exceeding 1 billion. China also has one of largest territories in the world, ranked third at 9.6 million km². China is also a superpower enjoying one of the largest economies of scale in the world. Only three economic entities have a GDP of more than USD\$10 trillion: the European Union,¹ the United States,² and China.³ Because of its very large population size, geographic area, and economies of scale, China is not only one of the few big countries, but is also an extremely unique “superpower”.

Because of its large population base, vast geographical area, and huge economies of scale, the economic and China's social development faces many contradictions and challenges. These contradictions and challenges will not be solved by any particular methods, but rather by overall coordination and balanced development. In the long-term course of revolution and practices to construct a socialist nation, the 5th Plenary Session of the 18th CPC Central Committee presented a development idea of coordination, greening, opening-up, and sharing. Within this idea, coordinated development is the art of planning the governance of China as a whole. Coordination is a fundamental method of economic and social development, and plays an important role in balancing and promoting the realization of the other four forms of development: innovative, greening, opening-up, and sharing.

Adhering to coordinated development requires a firm grasp on the overall arrangements of the socialist cause with Chinese characteristics, and to properly deal with significant relationships in development. This is a clear reflection of the socialist system's biggest advantage in respect to development. Understanding the

¹USD\$16.45 trillion in 2015 based on exchange rates, and USD\$19.04 trillion in 2015 based on purchasing power parity (PPP).

²USD\$18.12 trillion in 2015 based on exchange rates, and USD\$18.12 trillion in 2015 based on PPP.

³USD\$11.21 trillion in 2015 based on exchange rates, and USD\$18.98 trillion in 2015 based on PPP.

significant relationships and their overall coordination in development requires ensuring the stable coordination of reform and development as well as within the following areas: urban and rural; regional; central and local; economic and social; economic and cultural; domestic and international; individual, collective, and national; and between economic development and national defense. Furthermore, action must be taken to constantly strengthen the relevance, interaction, positive externalities, and integrality of development, and to achieve common development, common prosperity, and co-sharing.

Coordinated development reflects the requirements of building an all-round moderately prosperous society, and makes significant attempts to compensate development weaknesses by focusing on and further advancing development strengths. In this way, it is hoped that the bucket effect (i.e., a bucket with a hole carries as much water as an empty bucket) is avoided. Because China aims to create an all-round moderately prosperous society, it is necessary to make great efforts to compensate for any obvious weakness. Therefore, at the core of “all-round completion” are measures to compensate such weaknesses.

3.1 Concept Origin

The concept of coordinated development comes from the following three aspects.

A. Coordinated development is rooted in the “Doctrine of the Mean” from ancient China. This is the foundation of the traditional concept of coordinated development. The Doctrine of the Mean refers to controlling and restraining the mood and subjective perception means to follow the principles, and following the objective laws of development and restrained conduct means balance and harmony. Impartially keeping the mean is a fundamental concept around the world, and the harmony and peace of everything is a famous dictum under heaven. The doctrine does not only require the self-improvement, self-supervision, self-education, and self-perfection of the ancients, but also governance and governance goals. The doctrine of the mean asks followers to be impartial, and to avoid being “excessive” and “inferior”. Furthermore, it asks that entities are provided with sufficient development space without pursuing perfection, so as to realize the goal that everything is in its place and in harmony. That is, “when reaching the ‘neutralized’ state, heaven and earth are in their respective places, and all things grow and breed”.⁴ Chinese culture does not reject difference, rather it promotes “harmony in diversity”. However, it also considers that “the laws of nature do not bend like a bow to shoot an arrow”, and advocates that moderate adjustments are made to reduce difference to maintain balance. Chinese culture emphasizes harmony and

⁴Lin Yutang: *The Outlook Way of Life*. Shaanxi, Shaanxi Normal University General Publishing House, p. 93, 2007 version.

unity, and lays the foundation for building a harmonious society and realizing the coordinated development of its traditional culture.

B. Coordinated development comes from Marxist dialectical materialism.

Marxist dialectical materialism provides philosophical meaning to overall consideration and coordinated development.⁵ With the unity of opposites as the philosophical basis of coordinated development, dialectical materialism considers that contradictions exist throughout the process of human social development, “the whole great development process is carried out in the form of interaction”,⁶ and the positive and negative factors of affairs are mutually transformed and harmonized in the process of interaction. Thus, only by looking on development based on the unity of opposites, and dealing with the development relationship via overall coordination can orderly development be realized.⁷ Marx’s coordinated development theory lays the theoretical scientific foundation for coordinated development, as shown in Comrade Xi Jinping’s statement, “[the] overall consideration is the scientific methodology of the Communist Party of China, and its philosophical meaning comes from Marxist dialectical materialism”. Marxism takes the unity of opposites as the philosophical basis of coordinated development. First, Marx considered that contradictions exist throughout the process of human social development, and the entire development process is carried out in the form of interactions. Therefore, to achieve orderly development, it is necessary to correctly understand such contradictions and to scientifically coordinate the various relations and interests of various parties. China is presently entering a phase of deepening reform, and is therefore experiencing many prominent and complex contradictions. Thus, China needs to identify and solve these contradictions through coordinated development. In this way, progress can be promoted. Second, Marx also considered the coordination between productive relations and productive forces and that between the superstructure and economic base as the key contradictions that must be addressed in coordinated development. China is currently in a critical period of economic development transformation and industrial restructuring. It also needs to adjust its production relations and superstructure to further liberate and develop its productive forces. Finally, Marx’s coordination theory pays attention not only to the overall coordination among the economy, politics, culture, and society, but also to local coordination among regions. As a result, to achieve coordinated development, China needs to start by looking at the overall situation, and pay attention to the problems of regional imbalance between urban and rural areas, as well as between eastern, central and western China.

⁵Speech made by Xi Jinping while attending the Standing Committee members’ meeting of democratic life of the Jiaying Municipal Party Committee on December 23, 2004.

⁶Engels: *To Konrad Schmidt* (October 27, 1890), *Marx Engels Selected Works*, p. 487, Volume 4, Beijing: People’s Publishing House, 1972.

⁷Huang Jun & Zhang Xiaofeng: Scientific development concept: interpretation of the times of the coordinated development theory of Marxism-taking coordinated development as an example, *Hubei Social Sciences*, No. 1, 2008.

C. Coordinated development comes from the concept of Mao Tse-tung et al.: China should be governed via overall coordination. In 1956, Mao Tse-tung published one of his most important representative works, *On the Ten Major Relationships*. The text focused on China's socialist revolution and construction theory, and the relationships between the following areas:

Heavy industry and light industry and agriculture;
 Coastal industries and mainland industries;
 Economic development and national defense development; China, production units, and individual producers;
 Central and local governments;
 Han Chinese and national minorities;
 Party and non-party;
 Revolution and counter-revolution;
 Right and wrong; and
 China and foreign countries.⁸

He stressed that these ten major relations had to be solved to turn negative factors into positive factors, mobilize all direct and indirect strengths, and to transform China into a powerful socialist country.⁹ Following publications included a number of related concepts such as “walking on two legs”, all walks of life “developing simultaneously”, and “comprehensive balance”.

In 1995, Jiang Zemin proposed 12 major relationships in *Correctly Dealing with a Number of Significant Relationships in Socialist Modernization Construction*. These included the following 12 relationships:

Reform, development, and stability;
 Speed and efficiency;
 Economic development, population, resources and environment; Primary, secondary, and tertiary industries;
 Eastern China and central and western China;
 The market mechanism and macroeconomic regulation and control;
 Public economic sectors and other economic sectors;
 China, enterprises and individuals in expanding income distribution;
 Opening-up to the outside world and insisting on self-reliance;
 Central and local governments;
 National defense and economic development; and
 Material civilization development and spiritual civilization development.¹⁰

⁸Mao Tse-tung: *On the Ten Major Relationships* (April 25, 1956), *Collected Works of Mao Tse-tung*, pp. 23–44, Vol. 7, Beijing: People's Publishing House, 1999.

⁹Mao Tse-tung: *On the Ten Major Relationships* (April 25, 1956), *Collected Works of Mao Tse-tung*, p. 44, Vol. 7, Beijing: People's Publishing House, 1999.

¹⁰Jiang Zemin: *Correctly Dealing with a Number of Significant Relationships in Socialist Modernization Construction*, September 28, 1995, *Collected Works of Jiangzemin*, pp. 460–475, Vol. 1, Beijing: People's Publishing House, 2006.

The idea of coordinated development also comes from the concept of scientific development presented by Comrade Hu Jintao. On July 28, 2003, he proposed to “adhere to the people-oriented principle, establish the concept of all-round, coordinated and sustainable development, and promote economic and social development and all-round human development”. He stated the aim to comprehensively balance five major relationships: urban and rural development; regional development; economic development and social development; harmonious development between humans and nature; and domestic development and opening-up to the outside.

3.2 Practical Innovation

A review of China’s course of development over the last 60 years shows that despite it being a country with the world’s largest population and with one of the largest geographical areas, its internal development is highly inconsistent. Ways to deal with its significant relationships remains an on-going problem for China, and of course the world. Mao Tse-tung commented that “each is in its proper place through overall consideration” when considering the key way to handle various contradictory relations.¹¹ Practical innovation is not the only tool to manage state and political affairs, as the political art of managing state affairs and dealing with political affairs is also required.

First, the statecraft must investigate China’s fundamental national conditions, and pay attention to significant contradictions and significant relationships. Mao Tse-tung stated that the 10 major relationships are also the 10 major contradictions within Chinese society—no contradictions, no world. In a big power with a large population and unbalanced development, there will always be major social contradictions. It is therefore necessary to properly deal with and coordinate these contradictions. However, not all social contradictions have a significant impact on China’s social development. We must identify the major contradictions affecting China’s overall situation—to understand these contradictions means to understand China’s national conditions and development issues. In 1956, Mao Tse-tung summarized these contradictions as 10 major relationships, and regarded heavy industry, light industry, and agriculture as the first major relationship in the early stage China’s industrialization. In 1995, Jiang Zemin represented the contradictions as 12 major relationships, and regarded reform, development, and stability as the first major relationship in a period of economic transition. In 2003, President Hu Jintao described the contradictions as five major relationships, and regarded the contradiction between urban and rural areas as the key relationship in the early 21st

¹¹Mao Tse-tung: *Speech at the Meeting of Party Secretaries of Provinces, Cities and Municipalities* (January 27, 1957), *Collected Works of Mao Tse-tung*, p. 186, Vol. 7, Beijing: People’s Publishing House, 1999.

century. Coordinated development demands the realization of “five major balances” in view of five major contradictions. Realistic contradictions existing in the development process are mainly reflected in five aspects: the widening gap between urban and rural areas; unbalanced regional development; uncoordinated economic and social development; a tense relationship between human and nature; and conflict between domestic development and opening-up to the outside world.

In the face of the five major contradictions, the main task of coordinated development is to realize the “five balances”:

- (1) To balance urban and rural development by gradually changing the urban–rural dual economic structure, gradually narrowing the gap between urban and rural development, realizing comprehensive economic and social development in rural areas, and insisting on a coordinated development path for urban–rural integration and complementary advantages;
- (2) Balance regional development by promoting development in western China, revitalizing the old industrial base in the northeast, promoting the rise of central China, encouraging the eastern region to speed up its development, and forming a regional pattern of mutual promotion and the joint development of eastern, central and western China;
- (3) Balance economic and social development by making great efforts to strengthen the construction of material civilization and spiritual civilization, and meeting the growing demand for the development of the masses;
- (4) Balance harmonious development between humans and nature by respecting the natural laws, further developing energy conservation and emission reduction, strengthening ecological protection, and realizing green development; and
- (5) Balance domestic development and opening-up to the outside world by promoting economic growth whilst maintaining national security, and realizing coordinated development at home and abroad on the prerequisite that economic construction lays the foundation for national defense construction, and national defense construction escort guides economic development.

Second, we need to focus on the analysis of different major social contradictions in different periods. To this end, different leaders share a number of similarities as well as differences. This is discussed below:

- (1) The original principal contradictions have not been appropriately resolved, and more have been highlighted and new ones introduced, such as the contradiction between industry and agriculture, coastal areas and inland areas, and that between central and local governments;
- (2) The importance of the original contradiction no longer exists or is now out of date, such as the party and non-party relationship, the relationship between revolution and counter-revolution, and the relationship between right and wrong;

- (3) The importance of some secondary contradictions is more prominent in the new historical period; that is, the relationship between urban and rural areas;
- (4) The background of the original contradiction has changed and needs to be discussed again. For example, the Sino–foreign relationship and the relationship between economic development and national defense development;
- (5) Many new contradictions have emerged and have become major problems affecting the long-term development and social stability of China (e.g., the relationship between environment and development). Therefore, an analysis of the key elements of a number of significant relationships in China in different periods will reveal different situations.¹²

Third, leaders in different periods discuss China’s significant relationships referring to the same purpose and basic processing principle. The aim is to fully mobilize all positive factors, solve major social contradictions, convert negative factors into positive factors, and to transform disunity into unity and disharmony into harmony. The basic principle for dealing with these major relationships is overall consideration and coordinated development.¹³

Since the 18th Party Congress, in addressing China’s major contradictions and relationships, the CPC Central Committee has furthered its understanding of coordinated development, and enriched the definition of the coordinated development theory. Coordinated development has become an important method to guide the overall situation of economic and social development. At the 5th Plenary Session of the 18th Central Committee of the CPC, in view of China’s development bottleneck of unbalanced, uncoordinated, and unsustainable development, Xi Jinping stated that to “achieve the development goal of the 13th Five-Year Plan period, address development problems, and strengthen development advantages”, we “must firmly establish a development idea of innovation, coordination, greening, opening-up, and sharing”, wherein “coordinated development is the intrinsic requirement of sustainable and healthy development”. The enhancement of coordinated development will open up new development areas and provide development impetus for China.¹⁴

In summary, coordinated development is not only the principle of governance in China, but also the governance technique; it is not only the practice of governance in China, but also governance innovation; and it is practical innovation not only in terms of inheriting the achievements of predecessors, but also in keeping pace with the times.

¹²Hu AnGang: *Ten Major Relationships of China Marching toward the 21 Century*, Heilongjiang Education Publishing House, pp. 3–4, 1995.

¹³Hu AnGang: *National Conditions and Economic Development of China (final volume)*, *China Study*, Vol. 34, 2004, April 26, 2004.

¹⁴Xi Jinping: *Recommendations for the 13th Five-Year Plan for Economic and Social Development-Report at the 3rd Plenary Session of the 18th Central Committee of the Communist Party of China*, on October 29, 2015).

3.3 Requirements for Coordinated Development

Coordinated development is a development concept that realizes comprehensive sustainable development via resolving the imbalances between major relationships and turning negative factors into positive factors. This occurs in a process of development that is based on the demand for “all-round human development”.

The basis of coordinated development is “all-round human development”, and this requires all-rounded economic, social, cultural, political, and ecological civilization development at a national macro development level. Development in major aspects is complementary, appropriate, and essential. Therefore, in the process of development, it is necessary to pay attention to mutual coordination and the proper matching of development relationships and priorities. In this way, all-round human development can be achieved in the interactions of development.

Coordinated development aims to solve the imbalances in major development relationships. As a big power and a world superpower, China will experience some imbalance between significant relationships in the governance of China and social development. Coordinated development not only concerns emerging passive measures (e.g., imbalanced development and unsustainable development requirements) but also to initiative selections based on development trends, emerging as the situation requires and giving play to subjective initiative. Under the framework of the general layout of the socialist cause with Chinese characteristics, coordinated development requires that the major relationships (e.g., urban and rural development, regional development, economic and cultural development) are properly handled. This will ensure that significant efforts are made to promote coordinated development in the four major fields, to improve the integrality, emphasis, and balance of development.

Coordinated development also aims at long-term planning, and the adjustment and balance of the development of the internal structure. It will achieve a higher quality of development in the long run, but may influence the speed of development in the short term. To realize coordinated development, we must adhere to planning over a longer time period and a broader spatial dimension, as well as give full consideration to the optimization of current and future benefits. It also requires a comprehensive plan of the development blueprint for various industries, sectors, and regions. At the same time, it is necessary to properly understand and handle the relationship between development and coordinated development. Coordinated development is one aspect of development, and development is most important. Therefore, coordinated development is not a concession or compromise for industries, sectors, and regions in the short term, but should represent common development, all-round development, and sustainable development. If this is achieved, it provides an impetus for long-term development, and avoids repeated imbalance.

The focus of coordinated development lies on the ability to convert negative factors into positive factors. Coordinated development comes from governance practices in China, the best practices per se, and requires the resolution of

development problems. It also converts negative factors into positive factors via the overall arrangement of the dynamic development process. Specifically, this includes properly understanding and handling the major relationships in the socialist cause, balancing individual interests and collective interests, local interests and overall interests, and current interests and long-term interests. It also requires that the support of all parties is mobilized, so that various regions, sectors, and fields have appropriate representation, reasonable structures, and healthy operation. It is important that such parties promote each other, achieve balanced productive forces and productive relations, as well as an economic basis and superstructure. Balance is also important in each process and aspect of economic, political, cultural, and social construction.

Coordinated development requires integrality. “A person who does not plan for the overall situation is hardly able to manage one aspect”. Coordinated development always requires the ability to consider the whole process in the understanding, promotion and coordination of development. In any development, it is necessary to comprehensively understand the many definitions, the key points of the essence and essential requirements of each type of development, and to clarify that the five-in-one arrangement is an organic whole, with five major constructions to support and guarantee each other. If one item is emphasized at the expense of another, it will cause a shortfall or intensify any original deficits, and lead to imbalanced development. Thus, the development process will be blocked. Regarding development, we need to look at and plan for the overall situation as a whole, and achieve comprehensive coordination and orderly promotion.

Coordinated development also requires emphasis. “Once the key link is grasped, everything else falls into place”. To adhere to coordinated development, we must firmly grasp the overall arrangements of the socialist cause with Chinese characteristics, and properly deal with the major relationships in development. Only by controlling the crucial points can we promote regional coordinated development between urban and rural areas and solve the problems of the urban and rural binary structure. Furthermore, it will enable us to promote coordinated economic and social development and resolve the imbalance, where “one leg is long, while the other leg is short”. The synchronous development of new industrialization, informatization, urbanization, and agricultural modernization will be promoted and both national soft and hard power will be improved. The integrality of development will be continually increased. By smoothing significant relationships in several areas of development, we can direct the kinetic energy of individual development to the potential energy of overall development, focus attention on problem solving, and ensure development that encourages mutual promotion and coordinated promotion.

Coordinated development requires balance. The key to enhancing balanced development is the unification of the “doctrine that everything has two aspects” and the “doctrine that everything has its key points”. It is essential that regional coordinated development and the coordinated development of urban and rural areas, material civilization and spiritual civilization, and economic construction and national defense construction should not only consider consolidating and

strengthening their original advantages, but also make great efforts to solve a myriad of problems. Such problems include compensating for deficits, providing help to less developed areas, poverty-stricken populations, and vulnerable groups, and broadening the development area of coordinated development. Furthermore, the development aftereffect in weaker fields requires further improvements. Various regions are characterized by different situations, advantages, and problems. Achievements in practical development will only occur when we can successfully guide work using dialectical thinking, and are focused and able to stress the key points. Furthermore, we must provide an overall consideration, seek the truth from facts, and implement the coordinated development idea according to local conditions.

The core task of coordinated development is to realize coordinated economic and social development. The contradiction between economic and social development is the key contradiction in development. The intensification of the contradiction between the two will cause development to suffer from significant instability, or even cause reverse development. Imbalance of either economic development or social development will also greatly restrict the development of the other. Approximately 30 years after China's reform and opening-up, rapid economic growth is accompanied by a large number of social problems including "one leg is long, while the other leg is short". The gradually emerging benefits of economic growth cannot effectively make up for the worsening social contradictions. The hidden societal costs of economic development are constantly rising, and social problems are becoming a substantial constraint to economic development. The core task of coordinated development is to achieve coordinated economic and social development, vigorously develop social productive forces, and create solid material foundation for social harmony. However, it is necessary to make great efforts to develop social undertakings to improve the supply of public services (e.g., safety, education, employment, health, and health care), strengthen the construction of a public infrastructure (e.g., traffic and communication), mitigate social conflict, improve the standard of living, and provide a good social environment for economic development.

3.4 Main Aspects

China's development is at a new historical starting point, and the major contradictions and relationships signify great changes. Coordinated development is problem oriented, and decides the overall situation of development in China. Comrade Xi Jinping stated at the 5th Plenary Session of the 18th Central Committee of the CPC that coordinated development focuses on solving the problem of imbalanced development. Imbalanced development in China is a long-standing problem, and is most obvious in regional development, and the relationship between urban and rural development and economic and social development, material civilization and spiritual civilization, and economic construction and

national defense construction. We need to properly understand the features socialism in China, properly deal with the major relationships of development, and constantly enhance the integrality of development.¹⁵

Coordinated development in the new period mainly deals with four aspects as follows:

3.4.1 Regional Coordination

This represents China's economic geography version 4.0. China's regional development idea has comprised four stages or versions, starting with version 1.0 during the time of Mao Tse-tung. Version 2.0 followed under Deng Xiaoping, and then version 3.0 after 2000. In particular, marked by the report to the 16th CPC Congress, the aim to build a moderately prosperous society benefiting billions of people has evolved into an idea of coordinated development and common development.

After the founding of New China, we entered a period of industrialization and modernization by establishing a planned economic system, and for the first time, China's economic geography underwent large-scale reform. That is to say, first, by political unification, we formed three highly unified and integrated regions: the northeast region, coastal regions, and inland regions, and second, by reshaping China's economic geography, namely the reform and opening-up presented by Comrade Deng Xiaoping. He proposed a coastal development strategy that made full use of the concept of economic geography, and introduced the market system and open economic means. Of most important was the opening-up of 14 coastal cities where he actively introduced external investment, made full use of external technologies, and began to reshape the economic geography of China. Since the late 1990s, China has gradually created a regional coordinated development strategy, where east China currently takes the lead in development, followed by the west, central China, and the revitalization of northeast China. The idea also includes the creation of a link of coordinated development between Beijing–Tianjin–Hebei regions and the Yangtze River Economic Zone, and the creation of a regional area development strategy featuring key functional zones.

Since the 18th Party Congress, the CPC Central Committee has presented three major strategies: “One Belt and One Road”, and a strategy of coordinated development for the Yangtze River Economic Zone as well as the Beijing–Tianjin–Hebei regions. A fourth major strategy was also introduced, namely China's maritime power strategy, but this is not discussed in detail here. By inheriting the foregoing four major aspects, China's future grand strategy can be represented as “4 + 3”, or “4 + 4”, thus representing version 4.0. In the 13th Five-Year Plan period, the 5th

¹⁵Xi Jinping: *Speech by President Xi Jinping at the 2nd Plenary Meeting of the 5th Plenary Session of the 18th CPC Central Committee (Excerpts)*, *Qiushi*, No. 1, 2016.

Plenary Session of the 18th Central Committee of the Communist Party of China proposed regional development will usher an orderly flow of elements, effective constraints on the main functions, equality among public services, and a new pattern of balanced regional development that can be supported by China's environmental resources.

This requires us to "upgrade" the existing regional strategy, and to transition from economic resources among existing configurations and coordinated regions to economic resources, social resources, and environmental resources among comprehensive configurations and coordinated regions. We shall also engage in the following actions:

- (1) Guide classifications, increase fiscal transfer payments, and further promote the equalization of public services in various regions;
- (2) Support remote and poverty-stricken regions, especially focusing on the protection of the ecological environment at the same time as economic development;
- (3) Build a number of large urban agglomerations adapting to local resources and the environment in central and western regions according to the layout plan of development priority zones; this represents the main engine of economic development and population aggregation in central and western regions in the future. Furthermore, it will create a new impetus for the development of central and western regions;
- (4) Promote internal and external opening-up by promoting the strategy of "One Belt and One Road", mainly based on the economy and trade, strengthen all-round cooperation with other countries, expand the opening-up of the inland, form new economic growth points for inland areas, and promote the rapid development of central and western regions.

We will gradually build "two horizontal and three longitudinal" axes of urban agglomeration, accelerate the flow of all elements among regions, and stimulate economic vitality. According to the plan for key functional areas, China will form "two horizontal and three longitudinal" axes of urban agglomeration in the future, namely the strategic pattern of urbanization with the Eurasia Land Bridge and the Yangtze River as the two horizontal axes, and with coastal channel (from Dalian to Zhanjiang), Beijing-Harbin, and the Beijing-Guangzhou and Hohhot-Baotou-Erdos-Kunming channel as the three longitudinal axes. The urbanization of regions will represent the main support, and the urbanization of other regions on the axial line will play important roles. China's reshaped economic geography will form one of the largest comprehensive three-dimensional land, sea, and air traffic systems in the world, as well as provide a smooth channel for the free flow of various elements for regions, migration, and the reorganization of urban functions. It will also contribute to the rationalization of resource allocation and improve economic efficiency.

We will guide classifications, increase fiscal transfer payments, and further promote the equalization of public services in various regions. In the short term, under the condition that government levels and the financial system do not change, the human development index can be replaced with a GDP per capita index to guide

the classification of the 31 regions. This classification can be used as policy tool of provincial and regional development, especially in the areas of national support, financial transfer payments, public investment and the like, to make key decisions, and allocate funds. Regarding public service indexes, we shall formulate a minimum service standard, and regard regions below the lowest index as key policy targets. For example, the State Council issued special documents to ensure that the level of basic public services in minority areas will reach the average nationwide levels by 2020.¹⁶ According to the development goal for west China, by 2020 the infrastructure in western China will be further improved, ecological environment deterioration will be effectively contained, and the gap between public service ability in east and west China will be narrowed.¹⁷

We will comprehensively promote the construction of key functional areas, and realize coordination among China's population, industry distribution, and the carrying capacity of environmental resources. On December 21, 2010, the State Council promulgated the *National Planning of Key Functional Areas—Building an Efficient, Coordinated and Sustainable National Spatial Development Pattern*, which divides China into four main functional areas: optimized development zones, key development zones, restricted development zones, and prohibited development zones.¹⁸ The division of the four functional areas is a major measure of the overall consideration of the relationship between urban and rural development, regional development, humans and nature from a spatial perspective,¹⁹ and is advantageous to readjusting the distribution of populations and industries on the basis of the carrying capacity of the regional environment. This realizes the spatial balance between population, economy, resources, and environment.

¹⁶By 2020, the following objectives should be met: a modern comprehensive traffic system and water conservancy project adapting to economic and social development will be built; a modern industry system will be established, and the quality and efficiency of economic development will be improved, as will overall competitiveness, the urbanization level and scientific and technological innovation ability; rocky desertification will be contained, forest coverage will reach 50%, and environmental quality will be of a healthy level; basic public services will reach the nationwide average, the income of urban and rural residents will increase significantly, and the goal of building a moderately prosperous society will be realized in an all-round way. Data source: *A Number of Opinions of the State Council on Further Promoting Sound and Fast Economic and Social Development of Guizhou*, Document [2012] No. 2 issued by the State Council.

¹⁷*A Number of Opinions of the CPC Central Committee and the State Council on Deepening Implementation of the West Development idea* in July 2011.

¹⁸*National Planning of the Main Functional Area—Building an Efficient, Coordinated and Sustainable National Spatial Development Pattern* on December 21, 2010.

¹⁹Chen Deming, the former deputy director of the National Development and Reform Commission, stated at the Huizhou Conference in May 2007 that promoting the formation of main functional areas was a major measure for “implementing the concept of scientific development, balancing urban and rural development, balancing regional development, and balancing human and nature development, and related to the overall situation of economic and social development of China and the long-term development of the Chinese nation.” See Chen Deming: “comprehensively implement the scientific development concept, and firmly promote the work of formulating planning of the national main functional area”, *China Economic Herald*, June 30, 2007.

3.4.2 Coordinated Development of Urban and Rural Areas

Accompanied by the transfer of rural surplus labor, China's urban and rural structure has transformed from a binary structure (1949–1977) to a ternary structure (1978–1991), and then to a quaternary structure (1992–present). At present, China is faced with the contradiction of its quaternary structure: “a binary structure for rural agriculture and township enterprises and a binary structure for regular employment and informal employment in urban areas”, which is more complex and more difficult to deal with than the previous binary structure. According to the resolution of the 5th Plenary Session of the 18th Central Committee of the CPC, during the 13th Five-Year Plan period China will promote the synchronous development of a new period of industrialization, informationization, urbanization, and agricultural modernization. Furthermore, China will address the problem of its quaternary structure by the “synchronization of the four modernizations”, and promote the coordinated development of urban and rural areas.

Agricultural modernization has become the weakest link of the synchronization of the four modernizations, and centers on “enabling agriculture to be strong”. On the one hand, agriculture itself will develop and accelerate the modernization process; on the other hand, it is necessary to rely on the other three modes of modernizations to encourage agricultural modernization. In this way, innovative development will be achieved as will significant steps forward in the development of agricultural modernization. It was once said that “industry compensated for agriculture”, but now it can be said that “industry promotes agriculture” as well as speeds up agricultural mechanization. Furthermore, informationization can greatly accelerate agricultural informatization, networking, and mobility. Agricultural modernization requires China, and society as a whole, to consistently strengthen investments in the various elements of modern agriculture. We must also improve the agricultural infrastructure and our ability to engage in agricultural science and technology innovation and its transformation. This also applies to the level of agricultural mechanization. It is essential that we strengthen the comprehensive production capacity of agriculture (especially grain), and perfect the agricultural service system. We must also speed up the transformation of China's agricultural structure, realize the transformation from low added value to high added value, and move from a self-sufficient agricultural mode to an efficient and open modern agricultural model. Furthermore, China must actively participate in the global market, reform its agricultural production organization mode, and vigorously improve the level of agricultural industrialization (e.g., forming a mechanism of compatibility, benefit sharing, and risk sharing between peasant households and enterprise incentives, promote large-scale agricultural production, as well as its mechanization and modernization, and enhance competitiveness). It is necessary to take full advantage of institutional advantages, strengthen the construction of systems and mechanisms, and mobilize various social strengths to fortify the support for the various “issues of agriculture, rural areas, and farmers”. New relations must be established between industry and agriculture, and between urban and rural areas

in which industry promotes agriculture, urban areas support rural development, industry and agriculture benefit from each other, and urban development and rural development are integrated. In this process, it is necessary to focus on strengthening national and social investment in the elements of modern agriculture, guide the transformation of the modes of production organization and management, and promote the adjustment of the agricultural structure. It is also important to promote the intensive processing of agricultural products and the development of the rural service industry. Channels to increase farmers' income must be expanded and the policy system supporting farmers' income growth must be improved. Finally, the endogenous power for rural development needs to be strengthened.

The key way to supplement the disadvantages of 100 million rural migrant workers in China's new urbanization is to "allow rural migrant workers to become citizens", encourage 100 million agricultural workers to settle in cities and towns, and encourage innovative population management and household registration reform in various regions. It is also necessary to speed up the transformation from "one city with two systems" to "one city with one system", and to realize the complete coverage of essential urban public services, social security, and affordable housing for China's permanent resident population. Only in this way can we continually narrow the gap between rich and poor, strengthen social mobility, build an all-round moderately prosperous society, and fully realize the goal of socialist modernization—"common prosperity". We shall promote the urbanization of rural migrant workers, so that they can truly "work in peace and contentment" and "settle down" in urban situations. We shall gradually perfect a comprehensive public service system accommodating national conditions, and speed up the creation of a government-led sustainable public service system covering urban and rural areas. We shall deepen the reform of the household registration system, strengthen urban construction and management, and speed up the urbanization of rural migrant workers. Furthermore, human-centered new urbanization will be promoted. New urbanization focuses on human urbanization, rationally guides the population flow, and promotes the citizenization of an agricultural population.²⁰ This goal can be achieved by implementing household registration system reform and perfecting residence permit management,²¹ and will lay the foundation to realize the complete coverage of public services for permanent resident populations. This will be beneficial to all-round human development, social fairness, and justice, so that all populations can enjoy the achievements of modernization. In addition, we should gradually establish and improve fiscal transfer payments, and the system in which an increase in land use for urban construction equals the citizenization of populations transferred from rural areas. We should also further the housing system reform, the improvement of urban shantytowns and poor-quality houses in urban

²⁰*National New-type Urbanization Plan (2014–2020)*, March 16, 2014.

²¹*Premier Li Keqiang chaired a State Council Executive Meeting*, Xinhua News Agency, Beijing, October 21, 2015.

and rural areas, and provide adequate living environments and public services for all transferred populations.

We promote the balanced allocation of urban and rural public resources, and the equalization of basic public services. Based on the integration of urban and rural economic and social development, we will gradually improve the comprehensive public service system accommodating national conditions, and focus on the development of social undertakings in rural areas, with more cities and towns accepting agriculture populations. We will also aim to extend urban public services to rural areas, so that the level of rural education, employment, social security, health, and other public services will gradually reach urban levels. Furthermore, there will be an increase in investments in rural construction, as well as improvements in the long-term mechanism of investment in rural infrastructure, address rural settlement, and build a beautiful livable countryside. At the core of supplementing the deficits of rural social development in “urban–rural integration” is the aim to “make rural areas beautiful”, improve rural production and living conditions, and to progress rural planning and management. It is also essential that we create a rural infrastructure, strengthen rural public service facilities, and improve the rural medical, educational, cultural, medical, and social security service network. Thus support for the comprehensive treatment of the rural environment is most important. This means to supplement farmers’ income growth; such measure have already been introduced by “doubling the per capita income of urban and rural residents in 2010”. At the center of this strategy is to “help farmers become rich”, ensuring that farmers’ per capita income growth continues to remain higher than the economic growth and income growth of urban residents. We must also improve the level of the new rural cooperative medical scheme and social security, and effectively share China’s reform achievements.

3.4.3 Coordinated Development of Material Civilization and Spiritual Civilization

At present, China is in the decisive stage of building an all-round moderately prosperous society, and needs to pay attention to promoting national soft power guided by spiritual civilization whilst enhancing national hard power centered on economic science and technology. It is equally important to continue to enhance the integrality of development. The construction of a socialist spiritual civilization is an important strategic task that includes the building socialism with Chinese characteristics. The effective promotion of socialism with Chinese characteristics can only occur with the sound construction of both material civilization and spiritual civilization, enhancing both national material strength and spiritual strength, and improving the material life and spiritual life of the people of all nationalities within China.

The 5th Plenary Session of the 18th Central Committee of the CPC proposed to promote the coordinated development of material civilization and spiritual civilization. Thus, by 2020 it will be necessary to further promote the construction of a socialist value system, advance detailed ideological and ethical trends, and improve citizens' quality of life. This will be achieved as follows:

- (1) There will be more cultural products adapting to the needs of the people, with the constant emergence of cultural masterpieces. Furthermore, cultural undertakings will flourish and a public cultural service system covering all society will be established. Significant efforts will also be made to achieve the equalization of basic public cultural services;
- (2) The cultural industry will become a pillar for the national economy, and its overall strength and international competitiveness will be significantly enhanced, accompanied by the formation of a cultural industry with public ownership and joint development via a variety of ownership forms;
- (3) China will possess an energetic and efficient cultural management system as well as a cultural production and operation system. Appropriate foreign cultures will be adopted, and Chinese culture will keep pace with the world, with the further improvements to the main body (i.e., the national culture);
- (4) A high-quality cultural talent team will be developed and nurtured, resulting in a powerful guarantee of the talent surrounding prosperous cultural development. Both the CPC and China need to make joint efforts to achieve these goals, and continuously improve the scientific level of cultural construction. In this way, a solid foundation will be laid to build China into a great socialist cultural power.

First, we need to establish a common belief, and strengthen the moral construction, thus providing powerful spiritual support for socialist modernization. Building a great socialist modernization power and realizing China's dream of national rejuvenation is our common ideal and belief. In the process of socialist construction, we shall insist on arming the entire CPC with Deng Xiaoping's theory, the "three representative" thoughts, the concept of scientific development and the spirit of a series of important speeches by Comrade Xi Jinping, educate the people, and build consensus toward and gather strength around the Chinese dream and socialist core values. Thus, people across China will be able to establish firm beliefs. This will enhance confidence in the path, as well as confidence in the theory confidence and system. We shall strengthen the establishment of ideologies and morals, and social credit. China's national consciousness will be strengthened, as will awareness of the rule of law and social responsibility. Sound working styles for the CPC and government officials will be established, as well as social atmosphere and family traditions. The morality of society will be improved to provide a good moral environment for the construction of the market economy and a harmonious society.

Second, the cultural industry will experience a boom, and the reform of the cultural system will be furthered. The demand for spiritual civilization by the masses will be met, and policy regarding cultural industry will be improved. The construction of the cultural market mechanism will be strengthened, and new

cultural formats will be enhanced, as will the competitiveness of market subjects, and the vitality and benefits of the cultural market. We will promote the prosperous development of China's literature and arts, press and publications, accompanied by the development of radio, film, and television. We shall deepen the reform of the cultural system, speed up the functional transformation of China's cultural and administrative sectors, and perfect the public cultural service system. Similarly, we will promote the standardization and equalization of public cultural services, and attempt to meet the spiritual and cultural needs of the masses in different classes and regions.

Finally, we shall properly recognize the guidance provided by public opinion, strengthen the integration of both traditional media and new media, as well as the transmission capacity at home and abroad. We shall further improve the mechanism enabling China to be guided by social public opinion, and innovate and improve online publicity. Furthermore, we shall move toward the network dissemination rule, and seek positive energy so that the network area is clear and bright.²² We shall follow the rules of news dissemination and the laws of emerging media development, as well as strengthen Internet thinking, promote the comprehensive integration of traditional media and emerging media regarding content, channel, platform, operation, and management. We will also form a three-dimensional diverse and modern system to disseminate integrated development.²³ China's ability to engage in international dissemination will be strengthened, and we will build international first-class media, innovate external publicity, and strive to build a new concept, new category, and new expression to integrate China and overseas countries. We will tell China's story, and help China's voice to be heard.²⁴

3.4.4 Coordinated Development to Strengthen China's National Defense and Economy

Realizing the great rejuvenation of the Chinese nation is both the dream of rejuvenating China, and also to strengthen the military. To achieve the great rejuvenation of China, we must aim to enrich China and strengthen the military, to strive to build and consolidate national defense and intensify the military.²⁵ As an important part of deepening the reform of China's national defense and military forces, promoting the coordinated development of economic construction and the

²²*Xi Jinping at the First Meeting of the Central Internet Security and Informatization Leading Group*, Xinhua News Agency, Beijing, February 27, 2014.

²³*Xi Jinping Gives an Important Speech at the Fourth Meeting of the Central Internet Security and Informatization Leading Group*, Xinhua News Agency, Beijing, August 18, 2014.

²⁴*Xi Jinping Gives a Speech at the 2013 National Meeting of the Propaganda and Ideology Work*, Xinhua News Agency, Beijing, August 19, 2013.

²⁵*Xi Jinping Gives a Speech when Inspecting at Guangzhou War Zone*, Xinhua News Agency, Guangzhou, December 12, 2012.

construction national defense, the focus must lie on removing institutional barriers, structural contradictions, and policy issues restricting the integrated development of the military and civilians (see Footnote 26).

The 5th Plenary Session of the 18th Central Committee of the CPC proposed to promote the development of economic construction and that of national defense. National defense and security is the most important aspect national security, and is a key national public good. Presently in China, there is an insufficient level of coordination between the construction of national defense and the economy, with defense only receiving a limited budget. As China's economic strength has increased significantly, external threats and challenges also increase. We must raise China's central financial resources to meet the needs of defense spending, and to enhance the security of national defense in China. The defense industry is basically an industry of high industry relevance, and defense industry development has an obvious effect on economic growth. At the same time, we should effectively segment defense articles and services and adopt different operation mechanisms. Furthermore we should significantly reduce non-military spending, seek to improve the benefits of defense spending, and relieve China's very high social burden.

A. We should try to build a smooth and efficient organization management system to ensure unified leadership with civil–military integration. We should strengthen overall consciousness, encourage the view that the military and civilians are united, and consider problems from the perspective of the overall situation of the CPC and national undertaking development (see Footnote 26)@@@. Furthermore, we need to incorporate civil–military integration into local economic and social development, include civil–military integration in local economic and social development plans, and incorporate civil–military integration into the established practices of local economic and social construction. It is also necessary to strengthen the cooperation of both parties in all aspects of economic development, infrastructure, environmental protection, national defense mobilization, and the creation of reserve forces.

B. We shall focus on building a system for the state-led and demand-driven work operation of united market operations. As a national strategy,²⁶ civil–military integration is a complex and systematic project that that must make good use of the “national leading role” and “market function”, and realizes the rational allocation of resources between the military and civilians. On the one hand, China needs to provide a guarantee for civil–military integration, establish a resource-sharing mechanism of unified leadership, as well as ensuring a balance between military and civilians and supply and demand at the national level.²⁷ Furthermore, policies and regulations need to be improved, and civil–military unity

²⁶*Recommendations for the 13th Five-Year Plan for Economic and Social Development*, adopted at the 5th Plenary Session of the 18th Central Committee of the Communist Party of China on October 29, 2015.

²⁷Information office of the State Council of the People's Republic of China: *China's Military Strategy*, May 2015.

must be incorporated into the development plan. On the other hand, the market mechanism provides the vigor for civil–military integration, reduces entry barriers for private enterprises, breaks the monopoly held by the military system, and strengthens security and secrecy supervision. Furthermore, it establishes an open, competitive, and fair military economic market system.

C. We shall form a clear overall pattern of the development of civil–military integration in various fields and with substantial benefits.²⁸ With science and technological innovation as the main impetus, we give full play to the leading and radiating effect of the science and technology industry of national defense, promote to drive civilian technology via military technology, and provide civilian technology for military use. We will further develop the field and scope of integration, and strive to achieve compatible development in many fields, such as the economy, science and technology, talents, and ecology.²⁹

3.5 Summary

There are universal relations between entities, entities and their elements are mutually influenced and mutually restricted, and the whole world is a mutually associated entity and is also an interacting system. Coordinated development is a development concept formed on the basis of the cognition of dialectical materialism. Coordinated development requires solving the problem of unbalanced significant relationships and converting negative factors into positive factors in the process of development. In this way, all-round human development can be achieved.

Coordinated development is a product of long-term development practices. From the ancients' wisdom that "as long as a fine play is really sung, people will naturally join in the chorus, thereby achieving beautiful melodious music" to the modernization concept of the "five comprehensives" and the "synchronization of four modernizations", coordinated development is given different meanings in different times. Since the founding of New China, on the basis of retaining its traditional essence, the concept of coordinated development has fully absorbed the philosophical meanings behind of Marxist dialectical materialism, constantly summarizing the practical experiences of communists in political, economic, and cultural construction. Coordinated development also comprises a comprehensive conceptualization process, which gradually becomes a fundamental method to guide social

²⁸*Xi Jinping Delivers an Important Speech While Attending a Plenary Meeting of the People's Liberation Army (PLA) Deputies Who Attend the Third Session of China's 12th National People's Congress (NPC)*, Xinhua News Agency, Beijing, March 12, 2015.

²⁹*Xi Jinping Delivers a Speech While Inspecting Shenyang Military Region*, Xinhua News Agency, Shenyang, August 30, 2013

development from an auxiliary principle of social development, and outlines the direction for building a comprehensive sustainable development society.

As a fundamental method guiding social development, coordinated development covers a wide range of definitions, and provides a powerful guarantee to promote China's all-round social development. Coordinated development means not only to coordinate and promote the "four comprehensiveness" at the strategic level, but also to coordinate the relationship between various development types at the planning level. It further refers to a system and a mechanism of "assuming the overall situation and coordinating various parties" in terms of CPC organization on the basis of its organizational structure. In this way, a balanced, orderly, and stable nationwide economic and social development system is formed. It also helps to create an efficient and orderly flow of various elements, reduce the energy consumption and social costs caused by contradictions, and promotes societal development and progress.

Chapter 4

Green Development



At the core of green development is finding ways to properly deal with the relationship between humans and nature. This is a key issue in China's new development idea, and is also the main constraint of economic and social development in China. Green development is a core idea guiding the creation of ecological civilization in China, and it is also a necessary condition for sustainable development.

The evolution of the relationship between humans and nature represents an extremely long historical process, as well as an extremely complex development process of understanding. This process is characterized by three stages. In the first stage, humans are nature's slave, and they are passive and controlled by nature in all activities; in the second stage, humans try to become the master of nature, and nature is passive and humans are active. Humans take an inordinate amount of resources from nature. Humans understand nature so that they can change nature and resist nature's constraints. Furthermore, humans destroy nature, thereby destroying the foundation for human survival and development. This stage is the golden age of human development, and also highlights the contradiction between humans and nature. In the third stage, humans and nature coexist harmoniously. Humans are no longer the master of nature but the friend of nature, and they are no longer the destroyer of nature but its protector. Humans now understand nature; they can not only change nature but also let nature take its course. Humans can now use nature in a reasonable way and carefully protect nature. In this way, nature's support system becomes the foundation for the sustainable development of humans.

The 5th Plenary Session of the 18th Central Committee of the CPC introduced the concept of green development. It further promoted green development to a new theoretical level, and pointed out that green development will be an important direction of future development in China. It is also a necessary condition to achieve sustainable development in China. This marks a new period of comprehensive reform: the overall deployment and promotion of green development and the implementation of ecological civilization in China.

This chapter interprets and assesses green development at a deeper level to obtain a comprehensive interpretation and understanding of the origin, development law, development path, main direction, and long-term goals of green development.

4.1 Concept Origin

China's idea for green development strategy has three origins.

A. Green development is rooted in the wisdom of the “integration of humans and nature” in ancient China. This is the origin of the wisdom of green development. The concept of the “integration of human and nature” of ancient Chinese means harmony between humans and nature, complies with the laws of nature, and represents the use of natural resources based on self-discipline. It is also the natural and philosophical view of a long-term and permanent coexistence between humans and nature. The concept differs from the newer “concept of the opposition between humans and nature” found in Western capitalist civilization. The latter tends to conquer, plunder, and damage nature, and vainly attempts to permanently control nature. Under the guidance of the concept to integrate humans and nature, the Chinese people have “paid attention to following heaven, following nature, and integrating with destiny and nature since the ancient times.”¹ Awestruck, Chinese culture naturally preserves nature and attempts to get close to nature. This is the wisdom of traditional Chinese culture, and pursues not only permanence but also eternity. Furthermore, this can be developed into the modern concept of the integration of humans and nature: humans come from nature, let nature take its course, and then we can benefit from nature and nurture nature. Only in this way, can humans grow together with nature, and coexist and flourish with nature. This is the only way for humans to step into the future.

B. Green development comes from Marxist dialectics of nature. This clearly shows the scientific law of green development. The dialectics of nature state that nature is the source and foundation of human life. From the viewpoint of historical materialism, Marx put forward that human history is the continuation of natural history, where “the history itself is the reality of natural history, i.e., the process in which nature becomes human.”² Marx also believed that humans must depend on nature, “no matter for humans and animals, in terms of the human body, human life lies in the fact that humans (like animals) live in an inorganic world, and the more universality humans have than animals, the broader the scope of the inorganic world in which humans live.”³ Second, the dialectics of nature consider the

¹Qian Mu: Future Possible Contribution of Chinese Culture to the Mankind, *New Asia Monthly*, (12), 1990.

²Marx & Engels: *Complete Works of Marx and Engels*, pp. 128, Vol. 42. Beijing: People's Publishing House, 1972.

³Marx: *Economic and Philosophic Manuscripts of 1844* (Chinese version), People's Publishing House, 2000.

relationship between humans and nature to be the unity of opposites. On the one hand, humans understand nature and can change nature. In the relationship between humans and nature, humans are the subjects, nature is the object, and humans change nature via initiatives gained through practice.⁴ Finally, the dialectics of nature believe that humans must respect and follow the laws of nature so that humans are likely to change nature. Engels pointed out that “humans can allow the natural world to serve their own purpose by nature, and control the natural world, but at every step, we shall remember that humans must control the natural world from the perspective of the natural world, and all the ruling power of humans over the natural world lies in being capable of recognizing and properly using the laws of nature.”⁵

C. Green development refers to and surpasses sustainable development. Sustainable development stresses that it is necessary to practically protect resources and environment, and to not only address current development but also to consider the sake of future generations. Furthermore, we should not exploit resources left by our ancestors without constraint, nor deplete the resources of future generations. It is also important that we do not waste resources nor reduce environmental pollution only after causing such contamination.⁶ In the practice of sustainable development, China is now not only fully committed to following international trends in sustainable development, but is also reflecting unique Chinese features. We have gradually begun to reflect China, and highlight Chinese innovation in sustainable development. We first promised to provide a guide for sustainable consumption, and then encountered the fundamental limitations of capitalist development. This marked that China’s sustainable development practices were gradually surpassing the Western concept of sustainable development. Furthermore, after 20 years of practical exploration, China’s sustainable development practices have transformed into a transcendent development idea with Chinese characteristics—green development.

4.2 Practical Innovation

The “greenization” of China’s development idea was not accomplished overnight, but entailed a long exploration process. The CPC’s understanding of green development also experienced important changes.

⁴Marx & Engels: *Complete Works of Marx and Engels*, pp. 519, Vol. 20. Beijing: People’s Publishing House, 1972.

⁵Engels: *Dialectics of Nature, Complete Works of Marx and Engels*, pp. 383–384, Vol. 4. Beijing: People’s Publishing House, 1995.

⁶Jiang Zemin: *Correctly Dealing with a Number of Significant Relationships in Socialist Modernization Construction, Collected Works of Jiang Zemin*, p. 460, Vol. 1, Beijing: People’s Publishing House, 2006.

As early as the 1970s, the CPC noticed that environmental problems were emerging alongside economic development. However, at that stage, limited to the development stage and overall understanding at that time, environmental protection remained in its initial stages.

Upon entering the 1990s, as the global environmental crisis intensified, China's ecological environment problems were also highlighted, and the CPC Central Committee started to realize, from a global scope, that ecological civilization was closely associated with China's all-round development. Therefore, in the late 1990s, the 15th Party Congress stated that they would implement a strategy of sustainable development. In this period, ecological construction and environmental protection were based on the perspective of long-term development.

In 2002, the report of the 16th CPC Congress incorporated "sustainable development" into the goal of building an all-round moderately prosperous society. In 2007, the report of the 17th CPC Congress considered comprehensive, coordinated, and sustainable development as an important feature of the concept of scientific development, and aimed to "build a resource-saving and environment-friendly society". The "construction of ecological civilization" was presented as one of the five major goals of building an all-round moderately prosperous society by 2020.

In 2012, the report of the 18th CPC Congress further highlighted the status of ecological civilization. Not only was this concept proclaimed to be one of the five major goals to build an all-round moderately prosperous society, but it was also stated that, "ecological civilization construction should be a key priority, and integrated into all aspects of society and the processes of economic, political, cultural, and social construction". The Report titled "Vigorously Promoting Ecological Civilization Construction" dedicated an entire chapter on how to ensure an ecological civilization, so as to effectively build the five-in-one "general layout" of socialism with Chinese characteristics: economic, political, cultural, social, and ecological civilization.

On April 25, 2015, the *Opinions of the CPC Central Committee and the State Council on Accelerating the Ecological Civilization Construction* declared that it is necessary to "jointly promote new industrialization, informatization, urbanization, agricultural modernization, and greenization". It was here that the concept of "greenization" was first used, and the "four new modernizations" became "five new modernizations", reflecting that the CPC Central Committee attached great importance to the creation of an ecological civilization.

The 5th Plenary Session of the 18th Central Committee of the CPC further committed that green development would become one of the new development strategies guiding development in the 13th Five-Year Plan period and building of an all-round moderately prosperous society. Thus, the aim for an ecological civilization was promoted to a new level.

In general, in the process of improving the blueprint of socialist modernization with Chinese characteristics, green development went from being "unachievable" to "achievable" and from holding an "auxiliary position" to a "primary position". Furthermore, it went from no goals to many goals, and from a general goal to an important goal. Green development is now an important pillar of the general layout

of the five-in-one socialist construction with Chinese characteristics. It is key within all five areas, political, economic, cultural, social, and ecological.

The development idea of greenization also gradually drives the greenization of China's national development goal. In the early stages of the founding of New China, the goal of national development did not even consider any impact on the ecological environment. After the reform and opening-up, because of a rather one-eyed view about "focusing on economic construction", economic development was pursued at any cost while the costs to the environment were ignored.

The 10th Five-Year Plan was the first to implement sustainable development within the national strategy, regarded as a "long-term strategy for the survival and development of the Chinese nation". A series of quantitative development indicators directly related to green development were introduced: "the natural growth rate of the population is controlled at 9%, and the nationwide total population is limited to 1.33 billion by 2005. The rates of ecological deterioration are kept within certain limits, forest coverage is increased to 18.2%, and green coverage in urban built-up areas is increased to 35%". Furthermore, "urban and rural environmental quality is improved, and the total discharge of major pollutants is reduced by 10% more than the discharge rates in 2000".

The 11th Five-Year Plan introduced a number of innovations regarding green development:

- (1) To speed up building a resource-saving and environment-friendly society;
- (2) For the first time, resource- and environment-orientated goals were included as major goals;
- (3) A special article was included focusing on "building a resource-saving and environment-friendly society", with five chapters dedicated to these issues; and
- (4) It was suggested that a binding indicator system (incorporating resource and environmental objectives) be introduced to clarify and strengthen government responsibility, and that green development goals would be connected with the assessment of cadres.

The 12th Five-Year Plan considered green development to represent the speeding up of the transformation of the economic development mode, and in Part VI to "build a resource-saving and environment-friendly society" with "green development" as the theme. The 12th Five-Year Plan further highlighted the green development indicators, and significantly increased the number of indicators. Among the 24 national economic development and social development indicators, eight concerned resource and environment indicators, accounting for 33.3% of all indicators, including four main pollutant indicators and two forest growth indicators. Among all 28 actual indicators, 12 are resource and environment indicators, accounting for 42.9%, close to 50%.

The *Recommendations for the 13th Five-Year Plan for Economic and Social Development* adopted at the 5th Plenary Session of the 18th Central Committee of the CPC clearly stated that the core goal of the 13th Five-Year Plan was the "overall improvement of ecological environment quality", including the following aims: to increase the green aspects and reduce carbon levels of industry and daily life,

increase energy resource development and utilization efficiency, effectively control energy and water consumption, land construction and total carbon emissions, reduce the total discharge of major pollutants, and establish an outline of main functional areas and ecological security barriers.

This fully reflects the new idea, goal, and direction of green development, and will kick-start a new period of green development in China and socialist ecological civilization. Thus, China will be at the fore of international green development in the 21st century.

4.3 Requirements for Green Development

The definition of green development includes three levels.

A. At the level of economic activity, green development can be defined as the green restructuring of resource use, and the forming of a new green production function. Regarding the new green ecological function, the function aims to develop toward a reasonable optimal configuration capable of reflecting ecological value. Furthermore, resources constantly flow toward a green configuration to promote the continual increase, accumulation, and change of green elements in human economic production and consumption activities. Eventually, human economic activities, production, and consumption patterns will cross the “green” line. Thus, human development will become sustainable development.

B. In the development stage, green development means to achieve a leap forward in green development. It also means an increase in energy resource consumption with a relatively low development level (per capita GDP). Green development at this stage means the separate growth of losses caused by environmental pollution and other ecological deficits resulting from the speed of China’s economic and social development. In the language of development economics, an environmental Kuznets curve will be realized. A Kuznets curve divides the different relations between humans and nature into four stages: a period of slow expansion of ecological deficits, a period of fast expansion of ecological deficits, a period of ecological deficit reduction, and a period of ecological deficit surplus according to the different periods of human development. According to the traditional Western development mode, ecological deficit will peak only when per capita income reaches a high level in a later period of industrial civilization. Only then will humans gradually revise their development mode and allow economic development to be gradually separated from resource consumption and pollution emissions. By then, we will mainly rely on technological progress and production mode changes, thereby entering a period of ecological deficit reduction.

However, we believe that the different relationships between humans and nature depend not only on the human development period and development level, but also on the choice of the development mode and development path. The degree of tolerance and accommodation offered by the natural system is very limited, and the

bearing capacity of China's natural system is at its limit. If we continue to develop according to the traditional development mode, then it is likely that the safety threshold of the natural system will be exceeded. This will pose a major threat to China's economic and social development. Therefore, green development in China must recognize the subjective initiatives of humans, the macro guidance of the national strategy, and the strengths of local innovation. It is also imperative to pay attention to the subjectivity of enterprise innovation and ensure universal participation by all. The speed of the transformation of economic development must be increased; this can be achieved by political will, institutional arrangements, cultural training, and international cooperation. The original development path and environmental Kuznets curve must be changed, as we must realize the separation of development from non-renewable resource consumption, pollutant emissions, and greenhouse gas emissions. Resource, environment, and ecological costs must be reduced. Thus, we must enter a stage of ecological deficit reduction or ecological surplus in a period of relatively low economic development and human development.

C. In the period of the ultimate goal, green development represents the “integration of humans and nature” and the “mutual benefit between humans and nature” so as to realize the goal that humans come from nature, let nature take its course, benefit from nature, and nurture nature. The former development concept criticized black development, which “exploited resources left by our ancestors without constraint, and used up the resources of future generations”. However, it failed to look for a path to promote the sustainable development of humans, and it took a negative view of the relationship between humans and nature. Different from previous development concepts, green development pursues a positive, active, and mutually beneficial relationship between humans and nature. Green development stresses the importance of forming a mutually beneficial relationship between humans and nature—“one generation plants the trees in whose shade another generation rests”—by the orderly use, control, and input of the ecological environment.⁷ In green development, the role of humans is more active. Humans not only “follow nature”, but can also “benefit nature”. Humans not only come from nature and let nature take its course, but can also benefit nature and nurture nature. Thus, humans and nature can not only coexist but also flourish together. This concept outlines the future sustainable development path of humans, and is also the only way for humans to exist in the future.

Green development requires the complete awareness of the unity of three major systems, reflects the value of the ecological environment, and gives play to the energy of different subjects. It requires respect for the unity of the economic system, social system, and the natural system in development. This means that green development is not only the development of the natural system, but also an organic unity of the economic, social, and natural systems. We shall integrate green

⁷An exclusive interview of Jao Tsung-I: human and nature not only are integrated, but also benefit each other, *Nan Fang Daily*, November 18, 2009.

development into all aspects including the processes of economic construction, political construction, cultural construction, and social construction. We shall also promote the idea to integrate development and protection, and adhere to the strategic concept that development is the absolute principle. Development must be green development, cyclic development, and low-carbon development. We must balance the relationship between development and protection. Finally, in the creation of a natural system, we must promote the idea that mountains, water, forests, fields, and lakes are a living community. We need to enhance the capacity for ecosystem circulation via overall protection, system repair, and the comprehensive treatment of natural ecology based on the overall consideration of the various elements of the natural ecology. We need to look above and below mountains, above and underground, on land, in oceans, and upstream and downstream in river basins, all based on the integrality, systematicness, and inherent laws of the ecosystem. In this way we can maintain ecological balance.

Green development demands that we fully reflect the value of the natural system in development. Comrade Xi Jinping explained that, “Green hills and blue waters are gold and silver mountains”,⁸ and therefore we must fully recognize that in green development, both the ecological environment and natural resources are of significant value. Only by depending on a combination of government and market means can the value be reflected in economic and social development activities. In terms of strategy, we should build up the idea that green hills and blue waters are gold and silver mountains. Fresh air, clean water, beautiful mountains and rivers, fertile land, and biodiversity are essential for human survival. Forests, grasslands, rivers, lakes, wetlands, oceans, and other natural ecologies have irreplaceable value for human development. We shall recognize the value of the concepts of natural value and natural capital. Nature conservation is the process of the appreciation of natural value and natural capital. It means to protect and develop productive forces, and should obtain reasonable returns and economic compensation. In terms of the means, we should establish a property right system for natural resources with clear ownership, well-defined power, responsibility, and effective supervision. We also need to focus on solving various problems such as the small number of natural resource owners and unclear ownership boundaries. We must make better use of the economic leverage for environmental governance and ecological protection, establish a systematic environmental governance market system, and make full use of the optimal allocation effect of the market mechanism on resources. The price of resource

⁸On September 7, 2013, Comrade Xi Jinping comprehensively interpreted the “two mountains” theory while delivering a speech at Nazarbayev University in Alma-Ata, Kazakhstan: “We want not only green hills and blue waters, but also gold and silver mountains. We prefer green hills and blue waters, rather than gold and silver mountains, and green hills and blue waters are gold and silver mountains”. The “two mountains” theory has three stages. In the first, green hills and blue waters are exchanged for gold and silver mountains, and in the second stage, we not only want gold and silver mountains, but also to keep the green hills and blue waters. In the third stage, green hills and blue waters are gold and silver mountains. Xinhua News Agency, Astana, September 7, 2013.

products should be increased, and we need to establish a system of resource user fees and an ecological compensation system reflecting market supply and demand, resource scarcity, ecological value, and intergenerational compensation.

Green development requires us to promote the energy of different development subjects in development. Different subjects play different roles in green development. Therefore, we should not only fully engage their energy, but also prevent any conflict or apathy. First, green development requires us to realize a leap forward in development, of which the government plays a leading and supervisory role. This requires an evaluation system to be established, as well as a supervision system, assessment method, and a reward and punishment mechanism. Indicators (e.g., resource consumption, environmental damage, and ecological benefit) can be incorporated into the evaluation system of social and economic development. Second, green development will solve the market externality, which requires tapping into the energy and self-discipline of market subjects. Therefore, we should pay attention to building a fee system for resource use and a system of ecological compensation, reflecting market supply and demand, resource scarcity, natural value, and intergenerational compensation. We need to strive to solve the problem of underpriced natural resources, the fact that production and development costs are lower than the social cost, and ecological protection without reasonable returns. A market system should be established, one that makes more use of the economic leverage for environmental governance and ecological protection. The issue of backward market subjects and market system development should also be addressed, as should poor social participation. Third, green development requires all-round development, demanding both participation and supervision from social organizations and the public. Since the 5th Plenary Session of the 18th Central Committee of the CPC, green development now marks the beginning of a new period of green development for all people, and has established new societal attitudes towards ecological civilization.

4.4 Main Aspects

As China's green development plan, the 13th Five-Year Plan clearly presented the goal to achieve the overall improvement of the quality of the ecological environment by 2020. China's green development idea and practices can be divided into five major aspects.

(1) Optimize the ecological space layout

Accelerate promoting the strategy of main functional areas. The aim here is to promote forming the overall layout of the main functional areas for optimized development, key development, limited development, and prohibited development.

It is also essential to spatially regulate and control the development mode via a planning map and functional area directory, promote the development and evaluation of various regions based on their classifications according to the positioning of main functional areas, and to provide different types of products (e.g., industrial products, agricultural products, and ecological products). On the basis of planning the main functional area, we will comprehensively consider various types of spatial planning, promote the “integration of multiple planning”, and strive to build a nationwide, unified, and mutually associated spatial planning system of hierarchical management. Spatial management and spatial structure optimization will form the main content of the strategy of the main functional areas. The strategy for the main functional areas is to strive to promote the implementation of the spatial development of national land on the basis of planning and with use-control as the main method. Furthermore, it entails coordinating relationships between urban and rural development and between regional development, as well as building patterns in the following areas: scientific and rational urbanization, agricultural development, and ecological security. This is achieved from the perspective of comprehensive development in economic, political, cultural, social, and ecological spheres. Moreover, the development of marine resources and the maintenance of national maritime rights and interests will also be incorporated into the construction of the spatial layout of ecological civilization.

(2) Build a climate adaptive society

The core goal of promoting low carbon cyclic development is to control total carbon emissions, and enter the stage of “absolute emission reduction” as soon as possible. This requires China to fully cooperate with the international community, and to actively adjust our energy consumption structure. We must also increase non-fossil energy consumption, improve energy utilization efficiency, and achieve the promised greenhouse gas emission reduction goal. Similarly, we need to actively increase carbon sinks and address global climate changes. Furthermore, when combining the circular economy with “innovation-driven development” and “economic structure adjustment strategy”, great importance is attached to scientific and technological innovation, the achievement of new green industrialization, and the promotion of energy production and consumption revolution. Equally important are economy development and the promotion of fundamental changes in resource utilization methods. This includes establishing a resource recycling system for all society.

(3) Building a resource-saving society

The core goal of energy conservation and the efficient use of resources require the control of total energy consumption, the total consumption of water resources and construction land, and total consumption and intensity.

China must strictly control its total coal consumption. In 2014, China's coal consumption accounted for 50.6% of the world's total consumption, and for 66.0% of its energy mix. The aim is to reduce this to below 60% by 2020. This can be achieved in two ways. The first is to ensure that coal consumption becomes cleaner. It remains a polluting energy resource and should be replaced by clean green electric power. The second is to further develop fossil energy. Both the 12th Five-Year Plan and the 13th Five-Year Plan further strengthened the role of non-fossil energy. In 2014, China's hydropower consumption accounted for 27.4% of the world's total consumption and China's consumption of other renewable resources accounted for 16.7% of the world's consumption. Regarding wind energy, China consumed 12.4% of the world total, and 15.7% for solar energy. China will become a world leader, and innovator, providing inspiration for the green energy revolution in the 21st century.

Water is the most important and scarce resource in China. China's total water consumption is currently 622 billion m³, with agricultural water consumption accounting for 63%. Therefore, the effective control of the total water consumption centers on the effective control of the total agricultural water consumption, and realizing the growth of agricultural products and the added value of agriculture. This should begin to separate from agricultural water consumption. In addition, industrial water consumption has already peaked and is now reducing somewhat, thus achieving complete separation from the added value of industry. If effective measures are implemented regarding industrial water consumption, the total water consumption of agriculture and industry will peak and then decrease during the 13th Five-Year Plan period, and is supplemented by other forms of water consumption, especially ecological water consumption.

After implementing a "red line" for arable land in 2005 (outlined in the 11th Five-Year Plan), the amount of arable land of China has not decreased, while the amount of built up areas has. Furthermore, without a corresponding increase in the urban population, a new trend has emerged where land urbanization is now growing faster than population urbanization. The 13th Five-Year Plan has clearly addressed the red line in this respect and includes a number of effective measures, thus improving the economic and population density of urban construction areas.

This requires the promotion of fundamental changes in the resource utilization patterns. Such changes can be achieved via the intensive and economical utilization of resources and stronger saving management. Significant reductions in energy, water and land consumption will also be made and improve utilization efficiency and benefits. From the perspective of the entire industry chain of production, circulation, and consumption, the following action must be taken: promote reduction, reuse and recycle, improve saving management within the entire process of resource and energy consumption, and significant reductions must be made in energy, water, and land consumption. Such actions will help to improve use efficiency and benefits. The development of energy saving and low-carbon industries

should be supported, as well as the advent of new and renewable energy sources. We must ensure China's energy security. Additionally, we need to act to strengthen China's water source protection and total water consumption management, and create a water-saving society. We also need to strictly maintain the red line of arable land protection, control land use, and strengthen exploration, protection, and the reasonable development of mineral resources.

(4) **Build an environment-friendly society**

The core goal of declaring war on pollution is to significantly reduce the total discharge of main pollutants. To ensure environmental protection, we must continue to strictly control efforts to reduce pollutant emissions and reduce the flow control of environmental contaminants. Next, we must further promote the overall improvement of the quality of the ecological environment, especially acknowledging those outstanding environmental problems affecting the health and interests of people as the primary issues. Thus, we need to improve water health in key river basins, and monitor and prevent inhalable particulate matter (i.e., PM₁₀ and PM_{2.5}). We also need to reverse heavy metal pollution in soil. During the 13th Five-Year Plan period, we must continue with "significant reduction", and expand the range of target pollutants. For example, we need to use total nitrogen, total phosphorus, and volatile organic compound emissions as binding indicators. Moreover, we shall focus on improving the environmental quality. China is currently engaged in "three big battles": (1) the *Air Pollution Prevention and Control Action Plan*; (2) the *Action Plan for Prevention and Control of Water Pollution* has been promulgated and put into effect; and (3) the *Soil Pollution Prevention and Control Action Plan of China* is currently being formulated. Its goals are as follows: national soil pollution aggravation will not have exceeded acceptable limits by 2020, the quality of soil environment will be stable, farmland soil will be effectively protected, and the environment security of construction land soil is basically guaranteed.

(5) **Protect and repair the natural ecosystem**

The core goal of creating ecological security barriers is to significantly enhance China's national ecosystem stability,⁹ as well as establish said barriers. This includes implementing major ecological restoration projects, strengthening the production capacity of ecological products, and promoting the comprehensive control of desertification, stony desertification, and soil erosion, and intensifying water conservancy. It also includes ensuring that forest coverage reaches more than 23%, comprehensive vegetation coverage of grassland reaches 56%, and wetland areas are not less than 800 million mu. We are also seeking to ensure that more than 50% of governable land suffering desertification is controlled, the retention rate of natural coastlines is not lower than 35%, and that the loss rate of biodiversity is basically controlled.

⁹*Opinions of the CPC Central Committee and the State Council on Accelerating the Ecological Civilization Construction*, April 25, 2015.

4.5 Summary

“Civilization will be prosperous in the case of ecological prosperity, and will decline in the case of ecological decline.”¹⁰ Green development is a new development concept based on a deep understanding of this historical law. Green development means the comprehensive transformation of development in various aspects including ideological understanding, strategy framework, policy support, and mechanism construction. Green development will become the guideline for the future development of China, and indicates the uniqueness of China in terms of its political ecology, cultural ecology, and social ecology. These features can coordinate with each other, jointly impact on China’s natural ecological system, and create a unique ecological civilization path for China.

Green development is the biggest green contribution in the world. The philosophical origin of the term “ecological civilization” presented by the CPC is the philosophical view of the “integration of humans and nature”, which is “the end result of traditional cultural thought in China”. It is also the “contribution of the Chinese culture to the future survival of humans worldwide”. Moreover, as can be found by examining China’s long-term development practices and a summary of experiences and lessons, Chinese communists have incorporated Marxist dialectics of nature and Western theory of sustainable development as presented by Engels. They formed the concept of scientific development, stressing “tolerance, harmony, and unity”, and devised the “five-in-one” socialist framework with Chinese characteristics. This framework integrates economic, political, cultural, social, and ecological development, and has enabled “green development” to become incorporated into the comprehensive five-in-one strategic framework.

This systematic, comprehensive, and theoretical “green development strategy” is very applicable in practice, and represents the biggest green contribution in the world. It is also a centralized reflection of China’s various achievements including its cultural confidence and consciousness, and the great rejuvenation of the Chinese nation and civilization. Promoting China’s idea of ecological civilization means that China should take the lead in demonstrating green innovation, with the largest ecological surplus, and the greatest energy savings and emission reduction. China will lead with 20% of the world’s population to realize new industrialization and green modernization.

¹⁰Xi Jinping: The civilization will be prosperous in case of ecological prosperity- promoting ecological construction and creating “green Zhejiang”, *QiuShi*, No. 13, 2003.

Chapter 5

Open Development



China's opening-up to the outside world can be termed as unprecedented practical innovation. It is a process of constant independent exploration, keeping pace with the times, and constant adjustment by the CPC. Opening-up to the outside world is an important means for the CPC Central Committee to improve and develop China's socialist system with Chinese characteristics.¹ The results have shown that opening-up to the outside world has created significant institutional advantages for China, as well as a huge dividend for development worldwide.

Under China's current conditions, the 18th Party Congress aimed to achieve significant goals by 2020—two “doubles” and two “centenary goals”.² Therefore, “the reform and opening-up has a progressive tense rather than a perfect tense”,³ which requires the further promotion of opening-up to the outside world, upgrading China's opening-up policy, and creating a new dividend from opening-up.” The 5th Plenary Session of the 18th CPC Central Committee further clarified that “in order to adhere to open development, we must follow the trend where China's economy is deeply integrated into the world economy, pursue an opening-up strategy based on mutual benefit, develop a higher level of open economy, actively participate in global economic governance and public product supply, improve China's institutional discourse power in global economic governance, and build an extensive community.”⁴

¹Hu Jintao: *Firmly March on the Path of Socialism with Chinese Characteristics and Strive to Complete Building a Moderately Prosperous Society in All Respects—Report at the 18th National Congress of the Communist Party of China*, November 8, 2012.

²Hu Jintao: *Firmly March on the Path of Socialism with Chinese Characteristics and Strive to Complete Building a Moderately Prosperous Society in All Respects—Report at the 18th National Congress of the Communist Party of China*, November 8, 2012.

³Speech of Xi Jinping at the Second Collective Learning of the Political Bureau of the CPC Central Committee on Firmly Promoting Reform and Opening-up, *People's Daily*, January 2, 2013.

⁴*Communique of the 5th Plenary Session of the 18th CPC Central Committee*, adopted at the 5th Plenary Session of the 18th CPC Central Committee on October 29, 2015.

Under these new conditions and new responsibilities, it is necessary for China to carry forward the cause pioneered by our predecessors and forge ahead into the future taking a widespread view, and “make further progress after having achieved a fair degree of success” in the aspect of open development. China must also adhere to the concept of “win-win” outcomes and understand and extend the period of strategic opportunity guided by win-win development and peaceful development. It is also important to promote the integration of the Chinese and world markets, realize a more open, comprehensive, and mutually beneficial new arrangement based on the existing open economic system, and plan a new overall strategic deployment for the next 10 years or beyond. Additionally, China must devise an upgraded version of its policy to open up to the outside world and create new advantages from open development.

Mutually beneficial open development means “win-win development”, and is the embodiment of scientific development in China’s diplomatic relations. Mutual benefit means peaceful development,⁵ open development,⁶ cooperative development,⁷ and mutually beneficial development. China promotes friendly cooperation with all countries on the basis of the Five Principles of Peaceful Coexistence, and

⁵The Chinese nation loves peace. From their bitter sufferings during war and from poverty in modern times, the Chinese people have learned the value of peace and the pressing need for development. They firmly believe that only peace can allow them to live and work in prosperity and contentment, and that only development can bring a decent standard of living. Therefore, the central goal of China’s diplomacy is to create a peaceful and stable international environment for its development. In the meantime, China strives to make its due contribution to world peace and development. It never engages in aggression or expansion, never seeks hegemony, and remains a staunch force for upholding regional and world peace and stability. See Information Office of the State Council: *White Paper on China’s Peaceful Development*, September 6, 2011.

⁶China has learned from its development course that it cannot develop behind a closed door. Taking reform and opening-up as a fundamental policy, China engages in both domestic reform and opens itself up to the outside world. It pursues independent development and takes part in economic globalization. China carries forward the fine traditions of the Chinese nation while also drawing on the achievements of other civilizations. It combines both domestic and foreign markets and uses both domestic resources and foreign resources. China integrates itself with the rest of the world with an open attitude, expands and deepens its opening-up strategy, and strengthens its exchanges and cooperation with other countries. China strives to build an open economic system that ensures better linkages with the global economy, and mutually beneficial cooperation as well as security and efficiency. China will never close its door to the outside world, and will open itself increasingly wider. See Information Office of the State Council: *White Paper on China’s Peaceful Development*, September 6, 2011.

⁷Countries are becoming increasingly interdependent in the world today. Only when the common development of all countries is realized and more people share the fruit of development can world peace and stability have a solid foundation and be effectively guaranteed. Only then can development be sustainable in all countries. Therefore, China is unswervingly following a strategy of opening-up and mutual benefit. It pursues both its own interests and the common interests of humankind and works to ensure that its own development and the development of other countries are mutually reinforcing, thus promoting the common development of all countries. China sincerely hopes to work with other countries to realize common development and prosperity. See Information Office of the State Council: *White Paper on China’s Peaceful Development*, September 6, 2011.

seeks common ground while putting aside differences. Additionally, China pursues equality, mutual trust, and discussion and consultation. It also seeks to achieve consensus. On the basis of insisting on the principle of equality and mutual benefit, China aims to develop economic and trade relations with other countries. For developing countries, China insists on the principle of first helping them, and then seeking some sort of contribution from them, and of giving more to them, while taking less.⁸ Furthermore, for least developed countries, China shall further insist on this principle. China and other countries have become a community of interests, fate, and development, and will jointly build a peaceful, harmonious, and green world.

5.1 Concept Origin

China's leaders have always advocated the principle of win-win, adhered to the path of peaceful development, and sought to integrate the essence of Chinese historical tradition over thousands of years. Today, they enjoy significant historical resources and modern-day innovativeness.

The concept of open development stems from two sources. First, open development is rooted in the great achievements of the essence of Chinese traditional thought. From the perspective of historical origin, Chinese civilization has unique continuity, inclusiveness, and openness, and since ancient times has possessed the cultural tradition and cultural gene that "harmony is precious". Why does China advocate the "kingly way" while objecting to "hegemony"? Xi Jinping introduced the historical origin of China. The development of Chinese civilization started more than 5000 years ago, and throughout that period China has been both inheriting and pursuing a clear aim of peace and harmony. The maxims "harmony is precious", "be kind to others", "do to others as you would have them do to you", have been handed down from generation to generation in China, and are deeply rooted in the spirit of the Chinese people. Such values are deeply reflected in the behavior of the Chinese people. Long ago, our ancestors knew that "even if a country is very powerful, as long as it is bellicose, it will be bound to go to ruin".

Since ancient times, the Chinese nation has actively carried out diplomacy and trade relations rather than aggressive overseas expansion. China has also persisted in the patriotism of protecting our homes and defending our country rather than the colonialism of pioneering our frontiers and expanding our territory. More than 2100 years ago, the Chinese people opened the Silk Road to promote equal and civilized exchanges between the East and the West, leaving a footprint of mutually beneficial cooperation. People from various countries along the road received

⁸Chapter 36 of *Tao Te Ching* of Lao Tze: "We must temporarily promote a person if we want to depose him and we must temporarily give to a person if we want to seize him. We must first learn from a person if we want to exterminate him." Over time the text has changed to "We must first give to a person if we want to take from him", which is different from the author's meaning.

significant benefits from the trade route. More than 600 years ago, Zheng He led the most powerful fleet in the world, seven times he sailed to the Pacific Ocean and West Indian Ocean, and visited more than 30 countries and regions without occupying foreign land. He sowed the seeds of peace and friendship, and left a much-told story of his friendly exchanges with the people he met along the way and how he helped to spread civilization.⁹

Second, open development integrates the great achievements of the concept of peaceful development of all China's previous leaders. Even back when Mao Tse-tung was leader, China advocated the kingly way and objected to hegemony. China proposed to follow the Five Principles of Peaceful Coexistence,¹⁰ while also firmly objecting to colonialism, imperialism, and hegemonism. China hoped to be able to enjoy more than a decade of international peaceful development, and moved toward socialist modernization.¹¹ On April 10, 1974, Deng Xiaoping gave a speech at the Special Session of the UN General Assembly, and declared China's opposition to hegemony and to uphold the kingly way on behalf of China as a socialist country and the largest country of the third world.

At the beginning of the reform and opening-up, Comrade Deng Xiaoping declared China's aim to strive for 23 years (1977–2000) of international peace to achieve the “four modernizations”, and then declared to strive for 70 years (1980–2050) toward an environment of international peace to serve the “three-step” strategic concept of Chinese modernization. He also announced that peaceful development was the subject of the times, and strongly objected to hegemonism. He considered hegemonism (in the present world) to be the root of all war¹²—and it was.

Since the 21st century, the CPC Central Committee has insisted that China follow the path of peaceful development. This is a new path for humankind to pursue civilization and progress, and is the only way for modernization in China. The CPC has taken “peace, opening-up, cooperation, harmony, and mutual benefit”

⁹Xi Jinping: *Speech at the International Friendly Plenary Meeting and the 60th Anniversary Activity of the Founding of Chinese People's Association for Friendship with Foreign Countries*, Xinhua News Agency, Beijing, May 15, 2014.

¹⁰Namely, mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other's internal affairs, peaceful coexistence, equality and cooperation for mutual benefit, representing earliest basic principle of the concept of win-win, as followed by China.

¹¹On February 22, 1974, Mao Tse-tung presented the concept of hegemony specifically to the United States and the Soviet Union when meeting President Kaunda of Zambia. According to Mao Tse-tung, Deng Xiaoping's speech (approved by the Political Bureau of the Central Committee of the CPC via discussions at the Special Session of the UN General Assembly) elaborated Mao Tse-tung's strategic thought on the division of three worlds, and also presented anti-colonialism, anti-imperialism, and anti-hegemonism in public, especially anti-plunder and anti-control by the superpowers. Party Literature Research Center of the CPC Central Committee: *Mao Tse-tung's Manuscripts since the Founding of New China*, pp. 379–387, Vol. 13, Beijing: Central Party Literature Publishing House, 1998.

¹²*Selected Works of Deng Xiaoping*, p. 102, Vol. 3. People's Publishing House, 1993.

as China's main propositions, ideas, principles, and pursuits.¹³ The CPC Central Committee has also clearly aimed to implement an opening-up strategy of mutual benefit,¹⁴ and this created a precedent for world powers. Such an announcement had never been made before in the history of human development.

Since the 18th Party Congress, the CPC Central Committee (with Comrade Xi Jinping as the general secretary) has inherited the fundamental concepts of successive leaders on peaceful development and mutual benefit, and has taken the lead to vigorously promote the theoretical and practical innovation of diplomacy with politicians and friends from other countries.¹⁵ The notions of the "Chinese dream", "Asian dream",¹⁶ "Asia-Pacific dream"¹⁷ and "world dream" have also been promoted. China is adhering to a strategy of moral rights and profits, and has created a new Sino-US relationship. Furthermore, it is pursuing the concept of amity, sincerity, mutual benefit, and inclusiveness on diplomacy with its neighbors.¹⁸ Twenty-first century versions of the Silk Road and a maritime silk road have been

¹³Information Office of the State Council: *White Paper on China's Peaceful Development*, December 2005.

¹⁴By making full use of the favorable conditions created by economic globalization and regional economic cooperation, we will realize the transformation of opening-up to the outside world by focusing on exports and attracting foreign investment. An equal emphasis will be placed on imports and exports, and on attracting foreign investment and making overseas investment. We will continuously expand the reach of China's opening-up strategy, and improve and enhance the level of the open economic system to promote China's development, reform, and innovation. Information Office of the State Council: *White Paper on China's Peaceful Development*, September, 2011.

¹⁵Wang Yi: *2014 is a year of bumper harvest for China's diplomacy*. Xinhua News Agency, Beijing, December 24, 2014.

¹⁶Xi Jinping pointed out that, "China will work alongside other parties to actively advocate a common, comprehensive, cooperative, and sustainable security concept in Asia, establish a new regional security cooperation framework, and to jointly build a road for the security of Asia that is shared by all and is a win-win for all. China's peaceful development begins in Asia, finds its support in Asia, and delivers tangible benefits to Asia. The Chinese people are willing to work together with other parties to realize the Asian dream of lasting peace and common development." Xi Jinping: *Actively Practice the Asian Security Concept and Jointly Create a New Situation of Security Cooperation-Speech at the Fourth Summit of Conference on Interaction and Confidence Building Measures in Asia*, Xinhua News Agency, Shanghai, May 21, 2013.

¹⁷Xi Jinping: *Seek Sustained Development and Fulfill the Asia-Pacific Dream-speech at the opening ceremony of the APEC CEO Summit*, Xinhua News Agency, Beijing, November 9, 2014.

¹⁸Xi Jinping pointed out at a conference on diplomatic work with neighboring countries that the basic policy of diplomacy with neighbors is to treat them as friends and partners, to make them feel safe, to help them develop, and to highlight the idea of affinity, sincerity, mutual benefit, and inclusiveness. To do well in diplomacy with neighbors under the latest conditions, we must analyze and deal with issues strategically, improve the capability to control the overall situation, the overall planning operation, and implementation, and to comprehensively promote diplomacy with neighbors. Xinhua News Agency, Beijing, October 25, 2013.

established as have new international relations centered on win-win cooperation.¹⁹ China has worked hard to build a global partnership network,²⁰ further clarified its desire for peaceful development, and has become an advocate, practitioner, and pioneer for building a harmonious world (referring to the world of universal harmony).

5.2 Practical Innovation

“Taking history as a mirror, you will know how things rise and fall”. In 1870, China’s export value was just 2.49% of the world total, and just 1.69% in 1950. By 1973, it reached an all-time low of 0.65%. From that point however, it began to rise, reaching 8.24% in 1992, and then 12.37% in 2014, replacing the United States to become the largest trading entity in the world. One hundred years earlier (1913), the United States replaced the United Kingdom. This means that China will eventually have the status of being the largest trading entity in the world for decades or even hundreds of years, as well as marking that China now stands in the center of the world economic arena. This creates an unprecedented period of strategic opportunity for China.

We must be very aware of the historical significance of our current situation and that it represents the greatest opportunity in history. From a historical perspective, this is the window of strategic opportunity first opened by Mao Tse-tung, via his policy to open China with the creation of New China. From 1978, Deng Xiaoping continued this policy, and Jiang Zemin then ensured China’s accession to the World Trade Organization (WTO). Hu Jintao too worked to continuously open up to the outside world, and Xi Jinping sought mutually beneficial, win-win, and open development, the inevitable result of the cumulative qualitative change of the unprecedented integration of China into the world economy for more than 30 years.

Mao Tse-tung provided China with many strategic opportunities when he decided to implement China’s opening policy. Since the founding of New China in 1949, affected by the US-led long-term Western blockade and with worsening Sino-Soviet relations, China was basically isolated from the world economy and world market. From the late 1960s to the mid-1970s, the international situation

¹⁹Xi Jinping commented at a central foreign affairs meeting that we should adhere to win-win cooperation, promote the establishment of new international relations centered on win-win cooperation, adhere to a mutually beneficial and win-win opening-up strategy, and reflect the idea of win-win cooperation in all aspects of foreign cooperation including politics, economy, security, and culture. Xinhua News Agency, Beijing, November 29, 2014.

²⁰Xi Jinping also mentioned at the central foreign affairs meeting that we should make a lot of friends on the prerequisite of adhering to the principle of nonalignment, and form a worldwide partnership network. Xinhua News Agency, Beijing, November 29, 2014.

underwent a number of changes. Chen Yi et al.²¹ reported that Mao Tse-tung considered the situation from the perspective of state interests. He went beyond ideology and promoted the establishment of “triangular” relations among the Soviet Union, the United States, and China. This acted to balance and restrict international strategic forces so that international tensions were relaxed somewhat. Thus, China further opened up a new situation of diplomacy,²² thereby building a relatively favorable environment for China to officially restore all legal rights and become a permanent member of the Security Council at the 26th UN General Assembly. China was able to establish or improve diplomatic relations with many Western European countries and Japan. This also provided an important opportunity for China to be introduced to the advanced technologies of Western countries, and to realize integration with the world market and economy. In the 1970s, China rapidly developed trade with the United States and Japan. The Sino–US trade volume was just USD \$4.9 million in 1971, and increased to USD \$930 million by 1974, with the United States becoming China’s second largest trading partner. Sino–Japan trade volume reached USD \$1.1 billion in 1972, and USD \$3.78 billion in 1975, making Japan China’s largest trading partner. China’s diplomatic status also experienced major changes. By the end of 1969, 44 countries had established official diplomatic relations with China, growing to 88 by the end of 1972, and this was doubled 3 years later.²³ In the early 1970s, Mao Tse-tung’s strategic measure of opening Sino–US relations created favorable preconditions for Deng Xiaoping’s efforts to open China to the outside world at the end of the 1970s, and opened a window of strategic opportunities. Thus, Deng Xiaoping walked with a decisive stride, that is, China was opening-up to the Western world.

Under Deng Xiaoping’s leadership, China not only achieved great economic development but also experienced true opening to the outside world. China’s opening to the outside world not only fundamentally changed the nation, but also profoundly affected the world. A very important reason for the success China’s

²¹At that time, three problems required urgent solutions: (1) Will a Sino–US war and a Sino–Soviet war occur? (2) Which country poses a greater threat to the safety of China, the Soviet Union or the United States? (3) Are there any new ideas on opening the situation? In response, Mao Tse-tung directed that Chen Yi take command, and Xu Xiangqian, Nie Rongzhen, and Ye Jianying presented two international issue reports: *Preliminary Estimate of the War Situation* (July 1969) and *View on the Current Situation* (September 1969). Chen Yi et al. considered that within the triangular relations among the Soviet Union, the United States, and China, the Sino–Soviet conflict was of greater concern than the Sino–US conflict, and the US–Soviet Union was of greater concern than the Sino–Soviet conflict. In the situation that both the United States and the Soviet Union were eager to play the “China card”, China was able to exercise some strategic initiatives. See pp. 1624–1625 of *Mao: A Biography (1949–1976)* edited by Pang XianZhi and Jin Chongji, Beijing: Central Literature Publishing House, 2003.

²²Qian Qishen: *Mao Tse-tung is creating new diplomacy and international strategic thought of New China-speech at the opening ceremony of Mao Tse-tung’s life and thought seminar on December 26, 1993, Ten Episodes in China’s Diplomacy*, Beijing: World Affairs Press, 2003.

²³Jin Chongji: *Outline of History of China in the 20th Century*, pp. 1072–1073, Vol. 3, Beijing: Social Science Academic Press, 2009.

reform and opening-up was that Deng Xiaoping correctly understood and followed Mao Tse-tung's political legacy. Thus, this knowledge gave him all he required for the reform and opening-up. Comprehensively reviewing international trends and those in China, Deng Xiaoping not only presented the concept of "peace and development" but also the aim to have a greater global influence; for example, the reform and opening-up, and guiding the large ship (i.e., China) to follow the general trends of the world. Thus, China was "oriented to modernization, the world and the future".²⁴ Because of the reform and opening-up initiated by Deng Xiaoping, China soon engaged in significant social productivity, and realized a great leap forward in, for example, economic growth, poverty reduction, and social progress.

In the 21st century, China joined the WTO, and its opening to the outside world entered a new stage of comprehensive opening-up, participation, cooperation, and promotion.²⁵ Accession to the WTO has contributed to the success of China, and also to the success of the world. China has become the largest development engine in the world. When deciding to join the WTO, the CPC Central Committee considered that "it will not only bring opportunities but also challenges for China. In general, the advantage is greater than the disadvantage, and we shall promote the beneficial and abolish the harmful up to the hilt".²⁶ To this end, in preparation for accession to the WTO, China always considered the initiative, strategy, and principle, and successfully responded to various external shocks, including the global financial crisis. Thus, the development path was increasingly more stable and wider.

With the constant deepening of economic globalization, opening to the outside world will be a long-term and arduous task. China needs to constantly summarize and draw lessons from the previous experiences listed below, and further implement initiatives, strategies, and principles.

First, we adopted a "proactive and progressive" strategy, and actively created a "buffer period". For example, China's customs tariffs were among the highest in the world in the early 1980s, but since the 1990s China has taken the initiative to significantly reduce the tariffs. In the 10th Five-Year Plan, China formulated the *Key Special Plan on Accession to the World Trade Organization to Improve the International Competitiveness*, and sought to comprehensively promote international economic competitiveness among industries. These arrangements become the key steps for China to successfully respond to the external competition of economic globalization.

²⁴In September 1983, Deng Xiaoping wrote a motto for Beijing Jingshan School, "education shall be oriented to modernization, the world and the future".

²⁵Hu AnGang: *Reassessment of China's accession to the WTO: how does China implement comprehensive opening-up, comprehensive participation, comprehensive cooperation and comprehensive promotion*. *China Study*, (26), 2006, November 28.

²⁶Planning Department of the National Development and Reform Commission. *Key Special Planning on Accession to the World Trade Organization to Improve the International Competitiveness*. *Key Special Planning on the National "10th Five-Year Plan"*. Beijing: China Prices Press, 2002.

Second, we introduced an economic reform strategy to “give priority to China, and to promote domestic trade by external trade”, and diligently practiced the necessary skills in the open state. Through the absorption and utilization of foreign capital, we formed a large number of talents capable of efficiently improving the quality of assets, technology, management, and other creative resources. These provided exemplary role models and competition pressure to inland enterprises, fostered a market economy system with Chinese characteristics, and provided conditions for the common development of enterprises under different ownership modes. China also promotes diversified economic development. With the removal of various barriers and more efficient opening to the outside world, a higher level of industry potential was achieved along with an increase in production capacity and market share. Affected industries include light textiles and household appliances. The CPC Central Committee described this methodology as “crossing the river by touching the stones”. In the future, we should continue to promote further reform and development by opening-up.

Third, we adhered to the concept of “peaceful development and mutual benefit”, and fostered an international environment conducive to the development of an open economy. Since accession to the WTO, China has not intentionally pursued a trade surplus, and has strictly abided by its WTO commitments. China has also significantly reduced import duties and non-tariff barriers, and has achieved considerable progress in the internationalization of a technical standard system, intellectual property rights protection, and service trade openness. China has provided the world with the second largest import market on a scale of USD \$2 trillion and has produced a direct spillover effect on industry development and employment creation in other countries. Furthermore, China has created a stable international environment for its own development. The guiding ideology on foreign affairs expressed by Chinese leaders in diplomacy (e.g., “harmony in diversity” and “do to others as you would have them do to you”) has great affinity and attraction. China should continue to innovate and develop the quintessence of harmony, peaceful development, and mutually beneficial Chinese culture, and be actively integrated into the global economy. China must continue to participate in global governance and make greater contributions to the world.

China’s development is the result of China’s opening to the outside world, as is the overall promotion of the open economy. Engagement in win-win strategies is the inevitable choice for China when entering the center of the world stage. Under new conditions and responsibilities, it is necessary for China to carry forward the cause pioneered by previous leaders and forge into the future based on an overall perspective. It is also essential to “make further progress after having achieved a fair degree of success” in the aspect of opening to the outside world, and then to summarize and learn from China’s 30 years of successful reform and opening-up. We must work to understand and extend China’s period of strategic opportunities, and plan new overall strategic deployment for the next 10 years and beyond. In dealing with China’s future international strategic positioning and response to global political, economic, and diplomatic uncertainty, we need to better “comprehensively consider domestic and international overall situations”, not only

understand current development trends and world patterns, but also accurately understand China's global role, function, and status. We must plan the overall situation, plan for the long run, "share the development opportunities [of China]" with the world, and jointly respond to the development challenges [of the world]."

China is the largest trading entity in the world and this has epoch-making historical and global significance. It has also opened up a new period of win-win interactions. Thus, we have entered a period of mutual benefit in world trade and investment.

5.3 Requirements for Open Development

Open development is essentially the overall consideration of international and domestic situations, and "pays attention to solving the problem of better linkages with global development".²⁷ The core of open development is "win-win development", and as explained previously, it represents peaceful development,²⁸ open development,²⁹ cooperative development,³⁰ and mutually beneficial development.

²⁷Xi Jinping: *Speech by President Xi Jinping at the 2nd Plenary Meeting of the 5th Plenary Session of the 18th CPC Central Committee (Excerpts)*, *Qiushi*, No. 1, 2016.

²⁸Peaceful development. The Chinese nation loves peace. From their bitter sufferings from war and poverty since modern times, the Chinese people have learned the value of peace and the pressing need of development. They firmly believe that only peace can allow them to live and work in prosperity and contentment and that only development can bring them decent living. Therefore, the central goal of China's diplomacy is to create a peaceful and stable international environment for its development. In the meantime, China strives to make its due contribution to world peace and development. It never engages in aggression or expansion, never seeks hegemony, and remains a staunch force for upholding regional and world peace and stability. See Information Office of the State Council: *White Paper on China's Peaceful Development*, September 6, 2011.

²⁹Open development. China has learned from its development course that it cannot develop itself with its door closed. Taking reform and opening-up as a basic policy, China both carries out domestic reform and opens itself to the outside world, both pursues independent development and takes part in economic globalization and both carries forward the fine traditions of the Chinese nation and draws on all the fine achievements of other civilizations. It combines both the domestic market and foreign market and uses both domestic resources and foreign resources. China integrates itself with the rest of the world with an open attitude, expands and deepens the opening strategy, and strengthens exchanges and cooperation with other countries. It strives to build an open economic system which ensures better linkages with the global economy, mutually beneficial cooperation as well as security and efficiency. China will never close its door to the outside world, and will open itself increasingly wider. See Information Office of the State Council: *White Paper on China's Peaceful Development*, September 6, 2011.

³⁰Common development. In the present world, countries are becoming increasingly interdependent. Only when common development of all countries is realized and more people share the fruit of development, can world peace and stability have a solid foundation and be effectively guaranteed, and can development be sustainable in all countries. Therefore, China unswervingly follows a strategy of opening-up and mutual benefit. It pursues consistency of its own interests and the common interests of mankind and works to ensure that its own development and the

China promotes friendly cooperation with all the other countries on the basis of the Five Principles of Peaceful Coexistence, seeks common ground while putting aside differences, pursues equality, mutual trust, and talks and consultation, and expands consensus. On the basis of insisting on the principle of equality and mutual benefit, China develops economic and trade relations with all the other countries. For developing countries, China insists on the principle of first giving them, and then taking from them, and giving more to them, while taking less from them. Especially for least developed countries, China shall further insist on the principle.³¹ China and various countries in the world have become a community of interests, fate and development, and will jointly build a peaceful, harmonious, and green world.

China is the only superpower in the world that clearly seeks to implement a strategy that is mutually beneficial and seeks win-win outcomes via open development to the outside world. This strategy is a comprehensively cooperative strategy of opening-up to the outside world. This idea works in well with China's interests and also promotes common development. It is considered a basic principle for dealing with the economic and trade relations with other countries. Open development insists on the development of economic and trade relations with other countries on the basis of equality and mutual benefit, and unceasingly contributes to the continuous growth of global trade.³² China cooperates with both developing countries and developed countries, and both big and small powers. China promotes not only South-South cooperation, but also North-South cooperation, as well as trade, economic, and technical cooperation and security and non-traditional security cooperation. China actively promotes the development of economic globalization to achieve common prosperity among developing countries and other countries.

We believe that the basic meaning of win-win development is to understand, create, and extend the period of strategic opportunities, and to continue to insist on the strategy of peaceful development and mutual benefit. In this way, (1) China does not follow a Cold War mentality, and avoids initiating a new Cold War situation; (2) China does not encourage an ideological Cold War, and avoids official confrontation (however, China does not prevent academic research and civil freedom in China); (3) China does not challenge the dominant rights of the United States, and will only use its right of veto for significant matters of principle at the

development of other countries are mutually reinforcing, thus promoting the common development of all countries. China sincerely hopes to work with other countries to realize common development and prosperity. See Information Office of the State Council: *White Paper on China's Peaceful Development*, September 6, 2011.

³¹China encourages least-developed countries to expand their exports to China and has pledged zero tariffs for more than 95% exports from least-developed countries that have diplomatic relations with China. The Chinese government has reduced and canceled 380 debts incurred by 50 heavily indebted poor countries and least-developed countries, trained 120,000 people for other developing countries, and sent 21,000 medical personnel and nearly 10,000 teachers abroad to help in other countries. See Information Office of the State Council: *White Paper on China's Peaceful Development*, September 6, 2011.

³²Information Office of the State Council: *White Paper on China's Peaceful Development*, December 22, 2005.

UN Security Council. China continues to pursue the open principle of “mutual benefit, multivariate balance, safety, and high efficiency”, and further improves the market-oriented mechanism of a socialist market economy with Chinese characteristics. China also continues to create an open bonus that is more conducive to the development of China and the world.

China’s main strategies in this regard are as follows:

- (1) Voluntarily reduce tariff levels, expand import trade, and establish a Chinese market, sharing with the world;
- (2) For least developed countries and low-income countries, we shall first help them before asking for anything from them, we will give more than we take, and often we simply give to them. Furthermore, we shall implement zero tariffs, increase assistance to trade promotion, and provide talent training so that developing countries gain the “Chinese benefit”;
- (3) We will further open the domestic service industry market, promote the transformation and upgrading of that industry, establish a large service trade power, and provide “Chinese service” to the world;
- (4) China will speed up the implementation of its “going out” strategy, foster a number of world-class multinational companies and leading innovative enterprises, fulfill its social responsibility, benefit local people, and create a global “Chinese image”; and
- (5) Actively promote green development, honor its international commitments to reduce emissions, vigorously promote the intensification of agricultural development, ensure grain supply, continue to strive for the interests of developing countries, and provide a “Chinese guarantee” to the world.

Increasingly, a more open China will make greater contributions to world development and human progress in many aspects in the 21st century. This includes a greater contribution to world economic growth, world trade growth, foreign investment (especially investment in infrastructure), poverty reduction around the world, the creation of global employment, and to the growth of invention patents. From a long-term perspective, this also includes a greater contribution to scientific inventions, basic research, and technology innovations, as well as a large and unique “Chinese contribution” to a more diversified human civilization and culture. Thus, the world will not only bid farewell to “a period of hegemony”, but will enter “a period of win-win development”.

5.4 Main Aspects

China has formulated a national strategy of opening-up to the outside world and participating in global governance. This is based on the 13th Five-Year Plan and follows the objective reality that domestic economic development enters a “new normal”. It also follows the trends of the times and is based on the overall consideration of domestic and international situations at the strategic level. China’s

opening-up to the outside world enters a new stage of “comprehensive opening, participation, cooperation, and promotion”, and promotes the construction of an international governance system. It also builds an image of a mature, responsible, and attractive superpower. The basic concept of open development entails the features described below.

(1) Formulate China’s global development and security strategy

From the key idea of “Chinese” development to the key idea of “world” development, China needs to do more to actively realize the transformation of its current pattern of economic development. Thus, there needs to be a shift from the allocation of domestic resources to the allocation of both domestic and international resources, and from the development and utilization of the domestic market to the development and utilization of both the domestic and international markets. Furthermore, we need to increase the intensity of “going out”, make full use of China’s national strength and international influence, and actively expand China’s development space in the world. Efforts must also focus on improving China’s development potential, and constantly enhance international competitiveness. China needs to actively participate in the governance of global economic and political affairs, and further promote “Chinese recommendations” and the “Chinese scheme”, and allow these to become a part of the “world scheme”. As the member state with the largest trade volume in the WTO, China needs to actively promote global trade liberalization, investment liberalization, and service facilitation, and to firmly support the goals of the WTO. We need to “establish a complete, more dynamic, and more durable multilateral trading system, including goods, services, trade-related investment, and intellectual property rights, so that it can include the results of GATT trade liberalization and all the achievements of the Uruguay Round of Multilateral Trade Negotiations.”

(2) Comprehensively open up to the outside world

China needs to further promote the development of multilateral and free trade areas, and improve its level of opening to the outside world. China must continue to open up to the outside world, constantly enhance the level of opening, and follow an appropriate combination of “introduction” and “going out”, with a greater focus on to “going out”. China is expanding open develop along inland frontiers, and is promoting the various aspects of opening-up, understands the overall situation, and is ensuring that cooperation prevails. China should take the lead in actively reducing tariffs and non-tariff trade barriers, provide other countries with a larger and more open “Chinese market”, and speed up the implementation of a free trade area strategy. China will also take the lead in promoting world trade liberalization, investment liberalization, and service facilitation, and explore the construction and development of a free trade area. China will become a leader in a new round of globalization and free trade, and will vigorously open up and develop the service industry. China will also become a service trade power. China continues to promote its strategy for the internationalization of the renminbi (RMB), and promotes the bilateral exchange scale of RMB and other currencies according to the “active,

progressive, and controllable” principle. Overseas RMB loans will be introduced, and an offshore RMB market will be created. China will engage with the World Bank, International Monetary Fund (IMF), Asian Development Bank, and other international financial institutions, and actively participate in the reform of the Special Drawing Rights of the IMF. China will also constantly improve the extent of the internationalization of the RMB and the RMB as a reserve currency by other countries.

(3) Promote the construction of “One Belt and One Road”

China will speed up the implementation of its “going out” policy. Via the “One Belt and One Road” strategy, China will build a new pattern of international cooperation characterized with open development and win-win development; that is, opening up to all countries. No matter the countries along the One Belt and One Road area or the countries outside the territory of China, they can all contribute to their national and regional economic prosperity and development via participation in co-construction. The construction of the One Belt and One Road initiative will promote interconnectivity among participant countries, especially interconnectivity in infrastructure construction so that the mainland between Asia, Europe, and Africa will essentially become interconnected. This will promote trade growth for goods and services, and direct investment growth, establishing and strengthening the interconnectivity of the partnerships of those countries involved in the initiative. It will also build an omni-directional, multilevel, and complex interconnection network. China will perfect its foreign investment system, and encourage and support Chinese enterprises to invest in Asia and around the world. Regarding the construction of the One Belt and One Road initiative, both trade and investment are based on the principle of mutual benefit. China is willing to develop mutually beneficial and win-win cooperation with big and small and rich and poor countries regardless of their population size and cultures. China seeks bilateral interests and the greatest common denominator, cooperation. This is different from the traditional zero-sum game, and is a new mode characterized by incentives, compatibility, reciprocity, and mutual benefit.

(4) Expand mutually beneficial and win-win cooperation with Southern countries

China will provide a “Chinese market” for Southern countries, and will actively encourage least developed countries to export to China. For such countries with diplomatic relations with China, China has pledged zero tariffs for over 95% of their exports.³³ China also aims to apply the same measures for low-income countries, low- and middle-income countries and middle-income countries so that China will become the largest import market for Southern countries.

China aims to implement the “China Development Assistance Plan”, and establish the International Development Assistance Bureau of China. This is a

³³Information Office of the State Council: *White Paper on China's Peaceful Development*, September 6, 2011.

medium-term and long-term global foreign aid plan of the Chinese government. China's International development assistance (based on various GDP percentages) will be increased in three steps: the first step is to reach 0.3% of GDP; the second is 0.5% of GDP; and the third step is to reach 1.0% or above. China aims to become the largest development assistance donor country in the world. In this way China can assist Southern countries, helping them to improve their development ability and to promote their development and transformation. This includes human resource development, poverty reduction, agricultural and rural development, infrastructure construction, energy and power, environmental protection, and ecological restoration. China will provide international loans for infrastructure inter-connectivity among surrounding countries and for Southern countries, and will actively cooperate with the World Bank, Asian Development Bank, and the African Development Bank. China will participate in the construction of global and regional infrastructure networks.

(5) Achieve the win-win goal of economic development and adapting to climate change

From a medium- and long-term perspective, China's strategy to adapt to climate changes includes the following measures: comprehensively consider the international and domestic situation, the mutual promotion of economic transformation, upgrade, emission control, realizing an ecological and economic win-win result, improving the ability to adapt to climate change, and building a society that can adapt to climate change. Internationally, China claims joint liability, is taking initiatives to make more contributions, and takes the moral high ground in efforts to reduce greenhouse gas emissions. Through energy conservation and improvements in energy efficiency, China will control greenhouse gas emissions, significantly reduce energy consumption and carbon dioxide emissions via various means (e.g., adjusting the speed of economic growth, industrial structure and energy structure, energy saving, improving energy efficiency, increasing forest carbon sinks), effectively control greenhouse gas emissions, and enhance its capacity to adapt to climate change and the impact of related disasters. China will insist on the people-oriented principle, respect for science, and acknowledge people's safety as the fundamental principle of disaster prevention and reduction. China will also strengthen the construction of comprehensive disaster prevention and reduction capacity, and reduce the vulnerability of economic and social response to natural disasters. Moreover, China will vigorously develop a "green industrial revolution", and convert challenges into opportunities. China will seek to shift from "accelerating development" to "scientific development", and from "black development" to "green development". The emphasis on "high carbon development" will change to "low carbon development". China shall create a green system, and implement green reform. China will strengthen its responsibility regarding energy conservation and emission reduction goals, as well as reasonably control its total energy consumption. It will allow green development to permeate every aspect of economic activity. Guided by "common responsibilities and greater contribution", China will actively participate in international negotiations. On the basis of fully considering the stage

of economic development, China has the courage to undertake to address international carbon emissions, promote the establishment of an international system that fairly and reasonably adapts to climate change, and to strengthen international exchanges and strategic policy dialogue in the field of climate change. China will also carry out pragmatic cooperation in scientific research, technological research and development, capacity building and so on, and promote the upgrading of technological installations. China will establish a platform for international cooperation and a management system for capital and technology transfer. China will actively provide support and help to developing countries to adapt to climate change, and promote regional cooperation for climate change.

(6) Comprehensively improve China's ability to participate in global governance

For China to participate in the global economy and global governance, it is essential that it expand its ability for global governance. Thus, China will then be able to expand its international development space, and enhance its development potential and national competitiveness. This is also an important symbol of the improvement of China's comprehensive national strength and international influence. Specifically, China should actively participate in and lead economic globalization, economic integration, trade liberalization and investment liberalization, and promote the establishment of a balanced, all-inclusive and win-win multilateral trading system. China should also object to all forms of protectionism, and promote the international economic order to develop toward a fairer and more reasonable direction. China shall guide and promote the regional cooperation process, and deepen pragmatic cooperation with emerging-market countries and developing countries. China shall increase its financial aid to developing countries, and actively promote world powers, high-income countries, and emerging economies to increase the proportion of development aids in GDP. China will expand its global assistance plan, actively participate in and promote the realization of the sustainable development agendas of the United Nations and other international organizations by 2030. The faster implementation of free trade zone strategies will help China to form a global-oriented high-standard free trade area network for surrounding countries. China shall speed up the building of an upgraded version of the China-ASEAN free trade area, implement China-South Korea and Sino-Australian free trade agreements, promote Negotiations on the China-Japan-South Korea Free Trade Agreement, and comprehensive regional economic partnerships. Similarly, China will promote the Asia-Pacific economic integration process, perfect and stabilize trade relations among developed economies, actively expand the scale of foreign trade to BRICS and emerging market economies in developing countries, and promote diversified trade partners.

5.5 Summary

Looking at the history of world development over the last 500 years, two things become clear: the unprecedented rise of globalization and the close relations between countries. This has resulted in great global change, development, and progress. However, China has experienced periods of colonialism,³⁴ imperialism,³⁵ and hegemony.³⁶ It was only in the 21st century that China became the world's largest trading entity and the second largest economic entity, as well as a standard-bearer initiating a new period of win-win development. The essence of win-win development is to advocate impartiality instead of injustice; to advocate inclusiveness instead of exclusiveness; and to advocate harmony instead of conflict. This is a non-zero-sum game, rather than a zero-sum game, and thus it is repeatable, sustainable, and persistent.

In conclusion, China continues to follow the concept of open development, firmly maintains the global free trade system, and drives to build an open world economy. Holding the banner of pacifism, corporatism and win-win development are “appropriate, and then actions can follow words” and “and then work can be accomplished”. China not only has hard power, but also soft power; it not only has money (capital), but it also has thought; and it not only has a cooperative vision, but also plans.

A comprehensively open and innovative China will make increasingly greater contributions to world development and human progress in many respects in the 21st century. This includes the greatest contribution to world economic growth, world trade growth, foreign investment (especially investment in infrastructure),

³⁴Colonialism means an aggressive policy in which a capitalist power oppresses, enslaves, and exploits backward countries, and makes these countries their colony or semi-colony (*CiHai* (sixth edition) compact edition, p. 2450). It can be divided into two stages: the first stage is from 1450 to 1763 with the colonial expansion of European countries, commonly called “colonies of the mercantilism times” by Western commentators; the second stage is from 1763 to 1875 with colonial expansion from Europe to the rest of the world, and termed “colonies of the Industrial Revolution” in the West.

³⁵Lenin pointed out in the book *Imperialism, the Highest Stage of Capitalism* (1979) that if it is necessary to give imperialism a brief definition, then imperialism is the monopoly stage of capitalism (*Lenin Collected Works*, p. 650, vol. 2). Lenin pointed out that the transition of capitalism from the free competition stage to the monopoly stage was finally completed in between the late 19th century and the early 20th century. Only capitalist countries have the foundation to implement imperialism. Imperialism is monopolistic, parasitic, decayed, and dying capitalism, and is the highest and final stage of the capitalist development.

³⁶Hegemonism refers to the policy of seeking hegemony in the world or a region, and usually means that a big power or a great power does not respect the sovereignty and independence of other countries, and interferes with, controls, and rules other countries (*CiHai* (sixth edition) compact edition, p. 54).

worldwide poverty reduction, the creation of global employment, and to invention patent growth. From a long-term perspective, this also includes a greater contribution to basic research, scientific inventions, and knowledge and technological innovations worldwide. Thus, China will make a significant and unique Chinese contribution to create a more diversified civilization and culture.

Chapter 6

Shared Development



“Everyone is kind to each other, everyone is equal, and the world is shared by people; it is just like a society of great harmony”.¹ Comrade Xi Jinping commented, “let the masses jointly share the achievements of reform and development, which are the essential requirements of socialism, the centralized reflection of the superiority of the socialist system, and an important reflection of the fundamental purpose of our party in serving the people’s heart and soul”.² Shared development means to firmly insist on a path of common prosperity and to promote all-round human development. It also means to achieve development for the people, development relying on the people, and development success shared by the people.³

Shared development means to be aware of development, understand development, and seek development from a broader perspective. Understanding shared development needs to go beyond the mere category of economic growth, and instead promote the ultimate goal of all-round human development in three fields: economy, society, and politics. Insisting on shared development requires further effective institutional arrangements and to enable all people a greater sense of benefit from co-construction and shared development. It also asks that the impetus for development be strengthened, as well as unity among all of China’s citizens. In

¹Kang YouWei: *Book of Great Harmony*, Beijing, China Pictorial Publishing House, January 2012. Mao Tse-tung quoted the book in 1949. He commented that the ideal of “great world harmony” espoused by Confucius, Kang YouWei, and Sun Yat-Sen will only ever be a utopia, and that they “have not found, and it is impossible to find, the way to great harmony. The bourgeois republic has been embraced by foreign countries, but will not be embraced by China because China is a country oppressed by imperialism, and the only way is the People’s Republic led by the working class” (Mao Tse-tung: *On the People’s Democratic Dictatorship* (June 30, 1949), see *Selected Works of Mao Tse-tung*, 2nd edition, p. 1471, Vol. 4, Beijing, People’s Publishing House, 1991).

²Xi Jinping: *Speech by President Xi Jinping at the 2nd Plenary Meeting of the 5th Plenary Session of the 18th CPC Central Committee (Excerpts)*, *Qiushi*, No. 1, 2016.

³Hu Jintao: *Hold the great banner of socialism with Chinese characteristics, and strive for new victory of building a moderately prosperous society in an all-round way- report at the 17th National Congress of the Communist Party of China*, October 15, 2007.

this way, all people will try their best, jointly create all kinds of wealth, receive their due benefits, jointly share social well-being, coexist harmoniously, jointly build happiness and good health, and make good progress toward common prosperity.

Regarding the characteristics of the various stages of contemporary human development,⁴ China is transitioning from a stage of limited shared development (centered on economic growth) to a stage of shared development (centered on social construction). This period is characterized by rapid development in social innovation and significantly improved national governance capacity, which helps to provide a system guarantee to realize shared development.

Insisting on shared development will provide a legal and institutional basis for broader social innovation, and it will provide a new impetus to promote medium- and high-speed economic development for China. Thus, China will avoid the “middle-income trap”. Shared development can also improve people’s livelihoods and help to create an all-round moderately prosperous society.

Shared development is a key requirement for China’s development path, thus, it is an essential requirement of socialism with Chinese characteristics. Comrade Xi Jinping commented that, “the Chinese dream, after all, is the dream of the people, and must be realized by firmly relying on the people, and it must continuously benefit the people.” The 5th Plenary Session of the 18th CPC Central Committee stated that shared development historically inherits traditional Chinese theory, more fully reflects socialist factors, and provides new meaning for the times.

Thus, it can be said that to achieve the Chinese dream of “common prosperity”, we must insist on a path of socialism with Chinese characteristics, which is clearly to follow the path of shared development. Shared development is the latest development achievement of the CPC, and it has helped to enrich and develop a new definition for socialist development with Chinese characteristics. Additionally, it is an important summary of the governance practices of the CPC Central Committee. It also represents the development and sublimation of the principles of the CPC Central Committee on governing and rejuvenating China. This will have a significant influence on China’s economic and social reform and development in all areas, as well as on each link in the future. This will result in widespread and profound reform.

⁴In the *China Human Development Report 2015*, the UN Development Program defines the new stage of human development as promoting inclusive development by social innovation. Based on the target population involved in inclusive development, social innovation in inclusive human development is divided into three stages: the first stage is the limited inclusive human development stage centered on economic growth (18th century to the early 20th century); the second stage is the golden age of inclusive human development stage of developed countries centered on social development (the 1920s to the 1970s); and the third stage is the differentiation stage of inclusive human development (since the 1980s).

6.1 Concept Origin

The concept of shared development includes the following three aspects.

A. Shared development is rooted in the blood of the Chinese civilization, and runs through the Chinese dream throughout history. Two thousand years ago, Confucius presented the Chinese dream of a “society of great harmony” and a “moderately prosperous society”.⁵ It is only in modern times that China has been carved up by Western powers and experienced significant decline. However, these experiences have never destroyed the Chinese people’s great dream. Kang Youwei reaffirmed and further developed the “Ideal of Great Harmony”, an ideal that has existed since ancient times.⁶ In 1924, Mr. Sun Yat-Sen stated that in the future society he fought for, there would be neither extreme disparity between the rich and poor, nor the phenomenon of injustice where the minority rich oppress the poor, all people would have “happy and equal lives”; there would exist a government “of the people”, “by the people” and “for the people”, and the “democratic system” described by the ancients would be achieved.⁷ However, their desire for a “world of great harmony” can only be a utopia, as they “have not found, and it is impossible to find, the way to great harmony.”⁸

⁵Confucius imagined an ideal society as follows: “when a supreme political ideal is implemented, the world is shared by people. People of noble morality and capable people are selected, strive for integrity, and are trained for harmony. Therefore, people not only love others as they love their loved ones, but also treat the children of others as their own children, so as to allow old people to complete their natural life span, middle-aged people to work for society, and young children to grow up comfortably, and so that old men without wives, old women without husbands, children experiencing the death of their parents, old people without sons and the disabled, can all get support. Men have positions, and women have homes to return to. Regarding money and goods, people do not like to cast them aside, but do not always try to possess them. People do not believe in avoiding contributing to the workforce, but do not always seek their own personal gains. Therefore, treacherous plans will not be made, nor will theft, rebellion, and victimization. Thus, people do not need to close their doors. This is called great harmony.” *Road Trip*. Confucius considered a world of great harmony to be a utopian ideal, and instead believe it was possible build a moderately prosperous society in the real world, a lesser ideal than a world of great harmony.

⁶Kang Youwei believed that capitalism was not the ultimate goal of human beings, but rather a “constitutional monarchy” followed by a higher stage of social development, namely a “world of great harmony” in which the great harmony of humans was realized, all boundaries and differences were eliminated, and everyone was equal and happy. This included “a world where all nine boundaries were eliminated”. These boundaries are as follows: national boundaries, class boundaries, race boundaries, shape boundaries, family boundaries, industry boundaries, disorder boundaries, category boundaries, and bitter boundaries. See Kang Youwei: *Book of Great Harmony*, Shenyang, Liaoning People’s Press, 1994.

⁷See Sun Wen: *Three Principles of the People*, book collected by Hanwen Guild Hall, 1927.

⁸Mao Tse-tung: “They have not yet found, and it is impossible to find, the way to great harmony. The bourgeois republic has been embraced by foreign countries, but cannot be embraced by China because China is a country oppressed by imperialism, and the only way is the People’s Republic led by the working class”. This historical conclusion was reached by Mao Tse-tung on the eve of the founding of New China in 1949 (*On the People’s Democratic Dictatorship* (June 30, 1949),

B. Shared development comes from the theory and practice of Marx’s scientific socialism. The occurrence, development, and diffusion of capitalism have resulted in significant worldwide change in the last 200 years or so. Capitalism rules the world, and has caused unprecedented economic growth and social development (if, for example, characterized by the life expectancy of populations, average schooling years, and the human development index [HDI]). It has caused unprecedented divergence (divergence of Northern and Southern countries, and vergence within various countries), differentiation, and conflict (two world wars, and hundreds of other wars and conflicts in the 20th century alone). Accompanied by this, humans have further pursued fair and just socialist movements, and had been engaging in exploration and practice while pursuing progress and prosperity. The earliest socialist movement was the ideological trend of utopian socialism. In the mid-19th century, Marx and Engels founded scientific socialism to achieve a leap forward from utopian socialism to scientific socialism. In the 20th century, Lenin led the October Revolution to victory and practiced socialism, which opened up a new era of human history and socialist development. Stalin established a socialist system, and also formed a unique Soviet mode. After experiencing numerous reforms and setbacks, the Soviet Union crumbled, leaving behind significant historical lessons. Both the socialist theory and movement have had long-term impacts on the new democratic revolution and socialist practices of China, and have helped to initiate the socialist path of common prosperity.

C. Shared development has integrated the socialist beliefs of the previous leaders of New China. The founding of New China has liberated the Chinese people, achieved national independence, eliminated the exploitation system, and established the socialist system. Thus, an institutional foundation had been laid, enabling China with more than 20% of the world’s population to begin to pursue and achieve a “world of great harmony”, and to turn the unattainable Chinese dream into reality for the first time.

A great power needs a great dream, and great times further the need for a great dream. What was Mao Tse-tung’s Chinese dream? It was to build a great socialist power of common prosperity.⁹ Mao Tse-tung failed to completely eliminate poverty during his time, and it was impossible to reach his desired “rich” level. It was also impossible to achieve common prosperity, but despite having a very low average income, China has achieved a relatively high level of human development, and built

see *Selected Works of Mao Tse-tung* 2nd edition, p. 1471, Vol. 4, Beijing, People’s Publishing House, 1991.

⁹In October 1955, Mao Tse-tung stated that, “our goal is to enable our country to achieve greater development, and to become richer and stronger than it now is. Now, our country is neither rich nor strong, and it is a very poor country... we must implement such a system and such a plan so that we can get richer and stronger year after year. To be rich is to have common prosperity and to be strong is to have common strength... We are sure about common prosperity, other than failing to know tomorrow’s events today.” Mao Tse-tung: *Speech at the Symposium on Socialist Transformation Problems of Capitalist Industry and Commerce* (October 29, 1955), see *Collected Works of Mao Tse-tung*, pp. 495–496, Vol. 6, Beijing: People’s Publishing House, 1999.

a relatively fair socialist society.¹⁰ China has also laid fundamental social and political foundations for its and opening-up. Thus, it has been guaranteed that China will move toward the socialist path of common prosperity.

6.2 Practical Changes

The move toward common prosperity is a great dream of China, and it is also a historical mission of the CPC. A significant historical mission requires significant long-term strategy. Such a strategy must fully reflect the historical mission so that we do not only insist on our belief,¹¹ but also keep pace with the times.¹² This is the “Chinese road” of the “Chinese path”. The historical mission of the CPC is continually clarified, as is the strategy to achieve the mission, showing their creativity, succession, and continuity. Thus, this strategy has become a target and a map guiding the large ship of China toward common prosperity.

In 1949, Mao Tse-tung presented the first generation of China’s grand strategy, including two major goals: (1) the goal of the industrialization and modernization of China: China must change its status as a backward country, and become a truly powerful country in the world; and (2) the goal of socialist revolution: the Chinese people must eliminate poverty, and move toward common prosperity; China must adhere to the socialist path to ensure the common prosperity of the people and the common strength of China.

Throughout his life, Mao Tse-tung followed the socialist principle of fairness, and eliminated exploitation via the socialist system. Thus, he constantly narrowed the major differences between industry and agriculture, urban and rural areas, and between mental labor and physical labor. The aim of the two goals was to turn China, a very poor and backward country with the world’s largest population, into a modern socialist power in a relatively short period of time.

In the early 1980s, Deng Xiaoping presented a number of additional goals including a “moderately prosperous” China and the “Chinese dream”. He also aimed to achieve “moderately prosperous families”,¹³ a “moderately prosperous

¹⁰The World Bank pointed out in its China Investigation Report in the early 1980s that overall, China’s earlier development idea and the current system have created a very equal society. The report found a very low degree of urban income inequality in China, and that there was no extreme poverty in urban areas. In the first 10 years after the revolution, measures were taken to significantly reduce the degree of inequality and poverty in rural areas. Twenty years later, rural income distribution may be more unequal. World Bank Delegation: *China: Development of the Socialist Economy* (Chinese version), Beijing: China Financial and Economic Publishing House, 1983.

¹¹It is stated that “I will always insist on my belief” in the *Analects* of Confucius.

¹²“God gives air to the earth, the earth generates all things after absorbing the air, and the interests thereof reach everywhere by every possible means. Only by changing trends and seizing opportunities can we keep pace with the times” in the “symbol of gain” of the *Book of Changes*.

¹³On December 6, 1979, Deng Xiaoping stated at his meeting with Japanese Prime Minister Masayoshi Ohira that, “we seek to realize four modernizations, which are four Chinese-style

level”¹⁴ and a “moderately prosperous society”.¹⁵ These objectives were not only inherited from the ideal of great harmony, but were also innovations from the socialist ideals of the time. They were also different from moderate prosperity in the traditional sense, and more importantly reflected the socialist idea and direction of common prosperity. In 1987, Deng Xiaoping officially presented a “three-step” long-term strategy for China’s socialist modernization. The report of the 13th National Congress explained the three steps for China’s economic construction. In the first step, China had doubled its 1980 GNP, and solved the problem of feeding and clothing the people. In the second step, by the end of the century, China would have again doubled its GDP, and the people’s standard of living would reach a level of moderate prosperity.¹⁶ In the third step, reached in the mid-21st century, per capita GNP would reach the level of moderately developed countries, people would have a higher standard of living, and modernization will be achieved.¹⁷ Deng Xiaoping also creatively presented a “two-step” roadmap to realize common prosperity. The first step was to “allow some people to become rich first” and the second step was “common prosperity”, where “those who became rich first can now drive others to finally achieve common prosperity”. Thus, China formed two different yet related development stages: the concept where just a few become rich (1978–2001) followed by the concept of common prosperity (after 2002).

modernizations. The concept of our four modernizations is not like the concept of your modernizations, but the moderately prosperous family...By the end of the century [the 20th century], even if China reaches a per capita gross national product (GNP) of USD\$,1000, China will still be in a moderately prosperous state by that time. China is only a moderately prosperous country”. (see Deng Xiaoping: *The Goal of China in the Century Is to Achieve Moderate Prosperity*” (on December 6, 1979), 2nd edition, pp. 237–238, Vol. 2, Beijing: People’s Publishing House, 1994.

¹⁴Deng Xiaoping: *Carry Out Adjustment Policy, Guarantee Stability and Unity* (December 25, 1980), see *Collected Works of Deng Xiaoping*, 2nd edition, pp. 237–238, Vol. 2, Beijing: People’s Publishing House, 1994.

¹⁵On March 25, 1984, Deng Xiaoping met with Japanese Prime Minister Yasuhiro Nakasone and stated that, “quadrupling and a per capita GNP of USD\$800 means to build a moderately prosperous society in China by the end of this century. A moderately prosperous society represents Chinese-style modernization. Quadrupling, a moderately prosperous society, and Chinese-style modernization are our new concepts.” (see Deng Xiaoping: *Development of Sino-Japan Relations Shall See Further* (December 24, 1984), see *Collected Works of Deng Xiaoping*, p. 54, Vol. 3, Beijing: People’s Publishing House, 1993.

¹⁶In 1987, the report of the 13th National People’s Congress further developed the concept and goal of attaining a “moderately prosperous level”, and predicted that China’s proportion of the world per capita GNP would be significantly improved by 2000. The report also stated that junior middle school education would be commonplace in cities, towns, and most rural areas, and that senior high school and vocational and technical training equivalents would be available in large cities. The Chinese people would by then enjoy moderately prosperous lives. See Party Literature Research Center of the CPC Central Committee: *Selected Works of Important Literatures since the 13th National Congress*, p. 16, 1st Vol. Beijing: People’s Publishing House, 1991.

¹⁷Party Literature Research Center of the CPC Central Committee: *Selected Works of Important Literatures since the 13th National Congress*, p. 16, 1st Vol. Beijing: People’s Publishing House, 1991.

At the turn of the century, the CPC Central Committee predicted China's development stage and internal and external conditions for the next 20 years, and replenished and enriched Comrade Deng Xiaoping's three-step strategic assumption. In 1997, the report of the 15th CPC Congress stated specific efforts deploy the three-step development strategy of cross-century socialist modernization according to China's current level of social and economic development.¹⁸ In 2002, the report of the 16th CPC Congress further clarified the three-step strategy to achieve modernization in the 21st century.¹⁹ In 2007, the 17th Party Congress presented new requirements of building an all-round moderately prosperous society.²⁰ After successfully achieving the first 10-year goal of the 21st century, Hu Jintao's speech on July 1, 2011 at a meeting commemorating the 90th anniversary of the founding

¹⁸The report of the 15th CPC Congress stated that the late 1990s until the first decade of the 21st century (1997–2010) was a critical period for China to realize its second-step strategic goal and to stride forward to the third step. Looking forward to the 21st century, China's goal for the first decade (2010) was to double China's 2000 GNP so that the people's moderately prosperous life was more comfortable, and to create a perfect socialist market economy system. Over the following 10 years, and marking 100 years since the founding of the CPC (2021), the national economy will be further developed, and various systems will be improved. One hundred years after the founding of New China (2049), it is hoped that the desired modernizations will have been achieved, and that we have created a prosperous, strong, democratic, and civilized socialist country. Jiang Zemin: *Report at the 15th National Congress of the Communist Party of China*, CPCCC Party Literature Research Office: *Selected Works of Important Literatures since the 15th National People's Congress*, 1st Vol. Beijing: Central Party Literature Press, 1999.

¹⁹The report of the 16th Party Congress predicted that by 2010, further improvements would have been made to the economic aggregate, national strength, and people's lives. This will lay a solid foundation for greater development over the next 10 years. By 2020, it is hoped that China will have quadrupled its 2000 GDP, and significantly enhanced its national strength, and international competitiveness. A further aim is to reach a higher level of moderate prosperity benefiting a population of billions. By the mid-20th century, China will have realized its modernization aims, and have transformed into a prosperous, strong, democratic, and civilized socialist country. Jiang Zemin: *Build a moderately prosperous society in an all-round way, and create a new situation of the socialist cause with Chinese characteristics—Report at the 16th National Congress of the Communist Party of China*, see CPCCC Party Literature Research Office: *Selected Works of Important Literatures since the 16th National Congress*, pp. 14–16, 1st Vol. Beijing: Central Party Literature Press, 2005.

²⁰The report of the 17th Party Congress stated that when the goal of building an all-round moderately prosperous society is realized in 2020, China, a country with an ancient civilization and long history, and as a large developing socialist country, will become a country in which industrialization is largely achieved, its national strength is significantly enhanced, and the scale of its overall domestic market will be the largest in the world. China will be a country with people enjoying greater levels of prosperity, significantly improved quality of life, and a good ecological environment. China will be a country where people enjoy more democratic rights, and a high level of civilization and spiritual pursuit. It will be a country in which key systems will be further improved, and society is more dynamic, stable, and united. China will become a more open country, with greater affinity and able to make significant contributions to human civilization. Hu Jintao: *Hold the great banner of socialism with Chinese characteristics, and strive for new victory of building a moderately prosperous society in an all-round way—report at the 17th National Congress of the Communist Party of China* (October 15, 2007), Xinhua News Agency, Beijing, October 24, 2007.

of the CPC again expressed China's two goals: in the first half of this century, our party would unite and lead the people to complete two grand goals: to reach a higher level of moderate prosperity benefiting a population of billions by the time the CPC has been in existence for 100 years, and to create a prosperous, strong, democratic, civilized, and harmonious country of socialist modernization before the 100th anniversary of New China.²¹

The 18th Party Congress presented "two centenary" goals, marking that in the 21st century, the CPC Central Committee presented the great Chinese "trilogy": (1) Building an all-round moderately prosperous society within a 20-year period before the CPC reaches its 100th anniversary. The 18th National Congress systematically designed a "five-in-one" goal system integrating economic, political, cultural, social, and ecological civilization construction around this core goal. The 5th Plenary Session presented two new goals: (2) Realizing common prosperity and all-round socialist modernization with Chinese characteristics in the next 30 years and before the 100th anniversary of the founding of New China, and (3) Realizing the great rejuvenation of the Chinese nation step by step by the end of the 21st century.

The beginning of the 21st century marks China entering the stage of building an all-round moderately prosperous society, with the development aims of common prosperity and shared development. The essence of socialism is common prosperity. This has a very special and important significance in China.

6.3 Requirements for Shared Development

Shared development acts to increase the socialist features of the development of contemporary China. Common development, common sharing, and common prosperity give play to the advantages of the socialist system and its politics. Capitalist features can enable people to get rich, but they cannot achieve common prosperity. Socialist features not only allow people to get rich faster, but also enable people to achieve common prosperity.

China's socialist system was established less than 70 years ago, and is more transient and underdeveloped relative to capitalism and its extensive historical development. Socialism in China has experienced various stages, typically immature, imbalanced and unequal, and has gradually moved toward a level of moderate prosperity. It has gradually developed and become more mature, developed, balanced, and has reduced the level of inequality. Furthermore, socialism will reach even wealthier, fairer, and more mature, developed, and balanced stages in the future. Only by constantly increasing its socialist features will China's socialist system bring together billions of people, effectively mobilize various social forces,

²¹Hu Jintao: *Speech at a Meeting Commemorating the 90th Anniversary of the Founding of the CPC* (July 1, 2011).

give play to the creativity of the people, and jointly share its development achievements. Only by adhering to socialism can China guarantee to politically achieve national unity, integrated pluralism,²² national unity, and prolonged stability.

Insisting on shared development and unwaveringly following the path of common prosperity is the essence of building an all-round moderately prosperous society, and it is also the foundation for building a harmonious socialist society.²³ It has three important principles: (1) All people should make significant efforts to jointly develop the economy and society, and jointly create all kinds of wealth; (2) all people will receive their due benefits, jointly share in China's development achievements, and jointly achieve prosperity; and (3) all people will live in harmony, jointly create a society, all enjoy good health, and help each other.

First of all, common prosperity is not average prosperity, and in reality it is hard to achieve average prosperity. Differences can be seen among interregional development conditions, and also in human capital among population groups. We shall objectively recognize social differences, however, it is impossible to eliminate such differences. As long as there is society, there will be social differences.

Second, common prosperity is centered on the notion of "common", and it enables billions of people to commonly participate in development opportunities, improve China's development ability, promote the development level, and share in development achievements. Only with these four "common" features can we achieve common prosperity in a real sense.

Third, the bottom line of common prosperity is to prevent polarization. We do not have to worry about the economic growth rate of China because China is in the economic take-off stage. We should however be concerned about whether China can maintain long-term, stable, and coordinated social development. Common prosperity is the banner of Chinese-style socialism, and represents the common fundamental interests of billions of people. It is also intended to prevent social unrest as well as social revolution. Common prosperity gives the CPC its political

²²In 1949, the *Common Program* stipulated that "all nationalities in the People's Republic of China are equal", designed to implement a system of regional national autonomy, namely "integrated pluralism", which is pluralism under a unitary system. This institutional arrangement organically combines national autonomy and regional autonomy, and not only contributes to ensuring the completeness and unity of a state, but also gives play to the desire of ethnic minorities for autonomy in autonomous regions under the leadership of central government. The integration provides the foundation, and the pluralism is based on integration. The EU also follows "pluralism in integration". For example, various member states are sovereign countries, have the freedom to exit, and are "quasi-super national entities". The so-called integration is based on pluralism, and includes market integration and economic integration. However, this is "quasi-integration" or "semi-integration", and includes monetary semi-integration (16 countries use the Euro), official language diversity (24 official languages), political pluralism, financial diversification, national defense diversification, and diplomatic diversification.

²³Hu AnGang, Yang YiLong & Wei Xing of National Conditions Research Center of Tsinghua University: *2030 China: Towards A Common Prosperity*, p. 10, Beijing: China Renmin University Press, 2011.

legitimacy to govern and rejuvenate China, and to govern for the people. Additionally, also it provides political security for social stability and China's prolonged stability. We are not only materialists who can objectively recognize social differences, but also dialectical materialists. We encourage people to create wealth but also act to prevent very large social differences, and shall further prevent social instability caused by substantial social variance.²⁴

The basic goals of shared development are to reduce the regional development gap, narrow the income gap between rural and urban residents, increase family property, and to ensure people live richer lives. Furthermore, we must aim to narrow the relative gap between public services in urban and rural areas, and for interregional residents, and reduce the relative gap between main social development indicators, and enhance human capital and the development ability of populations in rural and underdeveloped regions. It is just as important that rural populations are encouraged to transfer to cities and towns, and populations in underdeveloped regions are encouraged to move to developed regions so that they can share in the development achievements of urban and developed regions, and also obtain corresponding public services. A further goal is to establish a fair and reasonable redistribution system to encourage people to create wealth, while also avoiding the polarization of the rich and poor. These goals represent a richer and more developed moderately prosperous society of a higher level.²⁵

After 2020, China will enter a period of common prosperity. That is, a time of great harmony, including common development and common prosperity. Common development creates common prosperity. A sign of common prosperity is embodied in continuously narrowing the three main gaps: the gap between urban and rural areas, the regional gap, and the gap between people. These gaps are not just a single income gap, but also a development gap in a broader sense, containing multidimensional indicators such as income, health, education, and public service supply level. No matter whether people are urban or rural populations, living in eastern coastal areas or western inland provinces, and no matter whether they are workers or farmers, they can all live a relatively rich life and obtain public services of a relatively high quality. Covering the main social security populations, 1.4 billion people could fairly share in China's development achievements. From an international perspective, China's results for average life expectancy of populations, schooling years of populations, and the HDI show a very high human development level, and are constantly improving.

²⁴Hu AnGang: *China: New Development Concept*, Hangzhou: Zhejiang People's Publishing House, 2004.

²⁵According to the author's forecast using three methods (exchange rate method, present price; purchasing power method, present price; purchasing power method, international USD price in 1990), by 2020 China's per capita GDP will be equivalent to 20–40% of that of the United States; (Hu AnGang, Yang YiLong & Wei Xing of National Conditions Research Center of Tsinghua University: *2030 China: Towards A Common Prosperity*, pp. 112, 135, Beijing: China Renmin University Press, October 2011) The Engel coefficient of nationwide residents will be reduced from 30.6% (2015 rate) to about 27%, which signifies a richer consumption structure.

6.4 Main Aspects

Shared development is the basic direction of socialist development of China, and enables the public to share a common aspiration. It is also the common interests and causes of billions of Chinese people. The socialist modernization of China is essentially the modernization of the people, and is the continuous investment in the human capital of billions of people, taking full advantage of the socialist system and political system. It includes creating opportunities for human development, improving human development ability, inspiring human development vitality and creativity, and fully reflecting the new “people-oriented” requirements.

According to the new three-step strategy of the CPC Central Committee, during the 13th Five-Year Plan period we shall speed up the transformation of China’s economic and social development, comprehensively incorporate China into the orbit of scientific development, and build an all-round moderately prosperous society benefiting a population of billions. Its core idea is an all-round moderately prosperous society rather than a one-sided moderately prosperous society. This is a moderately prosperous society benefiting a population of billions rather than a moderately prosperous society benefiting minority populations. It also enters the phase of common prosperity, and bids farewell to the stage in which just a few people became rich. The realization of the goal by 2020 will lay an important foundation to China to achieve its centenary national dream and the Chinese dream. Thus, China will reach a new development level, and also lay a new foundation for development. This stage includes the following main aspects:

(1) Plan to alleviate poverty

To highlight the status of people in shared development, the primary task is to implement a poverty alleviation plan during the 13th Five-Year Plan period, and to assist poverty-stricken areas by building an all-round moderately prosperous society. Comrade Xi Jinping commented that the most difficult and onerous task in building an all-round moderately prosperous society is to reach rural areas, especially poverty-stricken areas. Without moderate prosperity in rural areas, and especially in poverty-stricken areas, it would be impossible to build an all-round moderately prosperous society. Thus, the 13th Five-Year Plan period is regarded as a decisive phase to realize the difficult goal of building an all-round moderately prosperous society. The key to its success or failure lies in whether the desired prosperity can reach rural areas. Statistics show that poverty-stricken populations in rural areas were reduced by nearly 100 million in the 5 years from 2010 to 2014 (according to the national standard of the new poverty line). While more than 70 million people were still living below the poverty line at the end of 2014, few populations were still living in extreme poverty. Therefore, the 5th Plenary Session of the 18th CPC Central Committee proposed the planning requirements that “poverty under the current standards will be eliminated from rural poverty-stricken populations in China, and poverty will be eliminated from poverty-stricken counties, and the problem of overall regional poverty will be solved”. This will be

solved by the creation of an all-round moderately prosperous society by 2020. Thus, the alleviation of development-oriented poverty is, for the first time, a priority. At the same time, this also reflects the aim that in the 13th Five-Year Plan period, we will focus on assisting rural areas based on the economic and social development achievements of the past.

The main task of poverty alleviation in the 13th Five-Year Plan period is to further strive for targeted poverty alleviation and implement poverty alleviation measures based on increasing the ability of poverty-stricken areas to become richer and improve the ability of self-development among poverty-stricken populations. This is done in accordance with the requirements of the “four practicalities” (i.e., implement leadership responsibility, accomplish targeted poverty alleviation, strengthen social cohesion, and strengthen grassroots organizations) presented by General Secretary Xi Jinping. For poverty-stricken populations, we shall realize “two enoughts and three guarantees”.²⁶ A number of specific measures to be implemented are described below.

Regarding organization and policy, poverty alleviation resources will be integrated into various units at various levels, and we will effectively form a poverty alleviation policy based on the linkages between central and local governments and between government and society. In terms of financial investment, efforts will be made to increase the transfer of payments to older revolutionary base areas, areas of ethnic minorities, border areas, and poverty-stricken areas. The necessary infrastructure for poverty alleviation will be developed in an orderly manner, as will the necessary financial measures for poverty alleviation. Both a foundation and motivation will be provided to poverty-stricken areas, helping them to move forward.

Regarding resource inputs, efforts will be made to accurately identify the cause of poverty for different populations in different areas, and China will selectively provide support for the alleviation of ecological poverty, industrial poverty, and educational poverty. Measures to alleviate ecological poverty include increasing ecological emigration and relocation from areas with severe natural conditions. To alleviate industrial poverty, it is necessary to evaluate basic conditions and the industrial development potential of poverty-stricken areas, provide targeted industry support according to local endowment conditions, and pay attention to the long-term returns and social benefits of industrial projects for poverty alleviation. Poverty alleviation projects must also provide employment opportunities for poverty-stricken populations, and avoid economic development at the expense of the ecological environment. In terms of educational poverty alleviation, the focus must be on blocking the “intergenerational transmission” of poverty, to improve the level of basic education in poverty-stricken areas, to strengthen teacher training for

²⁶*Outline for Development-oriented Poverty Reduction for China's Rural Areas (2011–2020)* stated that by 2020, the overall goal for the alleviation of development-oriented poverty in China is to “consistently provide enough food and clothing to those in need of poverty alleviation, and to guarantee compulsory education, basic medical care, and housing”, abbreviated as the “two enoughts and three guarantees”.

basic education, and ensure exchanges with teachers in other areas. It is also important to positively develop vocational skills education combined with industrial poverty alleviation, and labor service exports. We must act to comprehensively use various policy instruments, and promote the talent flow to poverty-stricken areas while preventing local brain drain.

(2) Promote common prosperity between urban and rural areas

Common prosperity between urban and rural areas means to realize urban and rural integration, and is the integration of the pluralistic social structure. It also specifically reflects the elimination of poverty in poverty-stricken populations in rural areas, and the convergence of income levels and living standards in urban and rural areas. The annual average growth rate of per capita disposable income of urban and rural residents was about 7.0%. The 12th Five-Year Plan presented an expected goal of more than 7%. The annual average growth rate was between 8.0 and 10.1% in 2011–2014, which was higher than the economic growth rate, and became the highlight of the 12th Five-Year Plan period. In view of this result, similar practices were adopted in the 13th Five-Year Plan period to achieve synchronous income growth and economic development, as well as income growth in rural areas that is higher than in urban areas. The income growth of low-income populations is now higher than the average growth so that both the proportion of income in the national income, and the proportion of labor remuneration in primary distribution are higher. This represents the starting point for economic growth. It is suggested that local governments below the provincial level should take this as the core index, expand the survey sample, and improve the quality of statistics. It is also recommended that they do not assess their gross regional domestic product index.

An important measure when building an all-round moderately prosperous society is the Engel coefficient: when it declines the standard of living typically increases. The Engel coefficient refers to the proportion of total food expenditure within total personal consumption expenditure. As a relative index, it also deducts the impact of price level in different countries or areas, and can more objectively reflect the actual living standard of residents in urban and rural areas and various regions than the absolute index of per capita income. As the per capita income of residents in urban and rural areas in China increases, the Engel coefficient significantly reduces. The Engel coefficient of residents in urban and rural areas in 2010 was 35.7 and 41.1%, respectively, reducing to 30.0 and 33.6% in 2014²⁷ (a decrease of 5.7 and 7.5%, respectively). The Engel coefficient of national residents reduced to 30.6% in 2015, close to a higher standard of living (below 30%). The goal now is to see the Engel coefficient of national residents and that of urban and rural residents lower than 30% (i.e., 25–27%) by 2020. Internationally, such levels belong to a country with higher levels of consumption.

²⁷National Bureau of Statistics: *2015 China Statistical Abstract*, pp. 58 and 60, China Statistics Press, 2015.

(3) Promote regional common prosperity

Regional development imbalance is a fundamental characteristic of China's national conditions.²⁸ Despite these differences, the income levels in all regions are increasing. Thus, we can describe the regional development gap with the term “one China, four worlds”.²⁹ As we enter the 21st century, this pattern has undergone significant change. Some regions are experiencing continuous improvements to their income level, as well as convergence. This represents a transformation from the original “four worlds” to the current “two worlds” (i.e., high- and middle-income and high-income levels). By 2020, when the overall level of China will be close to the level of high- and middle-income countries, approximately half of the provinces (cities, regions) will reach a high-income level, and the other half will be in the high- and middle-income level. After 2020, China will further develop from “two worlds” to “one world” (i.e., all areas enjoying a high-income level).

What is most significant is the constant improvements to the HDI. From the perspective of an international comparison, the HDI is the best index to measure a country or region's development level. Index data is collected and published by the UN, and is used in 188 countries and regions around the world. As the country with the largest populous in the world, China should adopt this index to objectively evaluate its development level and quality. According to the *Human Development Report 2015* of the UN Development Programme, China's HDI was 0.727 in 2014, ranked 90th out of 188 countries. China's average life expectancy was 75.8 years, average schooling years was 7.5, the expected number of schooling years was 13.1, and per capita GDP (PPP) was USD\$12,547, representing a high level of human development (a country's HDI must be greater than 0.700).³⁰ According to our calculations, by 2020, China's HDI will reach 0.770, equivalent to 66th place in the 2014 world rankings.³¹ Thus, China sits within the high and middle level groups of high human development. Regarding different regions, the HDI of some regions is higher than 0.80, and will enter the stage of very high human development level,

²⁸Hu AnGang, Wang ShaoGuang & Kang XiaoGuang: *Regional Disparities in China*, Shenyang: Liaoning People's Publishing House, 1995.

²⁹The first world refers to Shanghai and Beijing, where the income level is higher than the average level of high- and middle-income countries. The second world refers to Tianjin, Guangdong, Zhejiang, Jiangsu, Fujian, and Liaoning, where the income level is higher than the average level of low- and middle-income countries, but is lower than the average level of high- and middle-income countries. The third world refers to Hebei, northeast China and the central region of northern China, where the income level is higher than the average level of low-income countries, but lower than the average level of middle-income countries. The fourth world refers to the poverty-stricken areas in central and western regions, ethnic minority areas, rural areas, and remote areas in China where the income level is below the average level of low-income countries (see Hu AnGang: *Region and Development: New Strategy of Western Development*, Beijing: China Planning Press, 2001).

³⁰United Nations Development Programme: *Human Development Report 2015*, Table 1, United Nations, 2015.

³¹United Nations Development Programme: *Human Development Report 2015*, Table 1, United Nations, 2015.

while the other regions (including Tibet) are in the stage of high human development. This is the international measure of building an all-round moderately prosperous society in China, and is internationally recognized.

(4) The equalization of basic services

All-round human development not only depends on the economic development level, but also on the level of the supply and equalization of basic public services. In the 13th Five-Year Plan period, we will focus on promoting the equalization of basic public services. This has become a major task of scientific and harmonious development, and the basic responsibility of government at all levels. Basic public services are the most fundamental and central part of public services, and are one of the greatest concerns of the masses. The equalization of basic public services means that people can enjoy equal rights and public services of an equal level as far as possible. Realizing the equalization of basic public services is a core responsibility of modern government. Government today must ensure that all society members—no matter whether they are urban or rural residents, living in developed areas or poverty-stricken areas, or are from different social groups—can fairly enjoy various basic public services of a relatively equal level. Such services include compulsory education, public health and basic medical care, social security, public employment services, and basic housing security. China will act to establish and improve a sustainable public service system complying with national conditions. This system will essentially cover urban and rural areas, and gradually narrow the gap between people's living standards and the public service gap in urban and rural areas. The equalization of public services mainly stresses the equality of opportunity and effect, rather than simple equalization and no differentiation.

(5) Speed up education modernization

The 12th Five-Year Plan period saw a continual increase in the proportion of fiscal expenditure of education funds in GDP. That period also marked the successful implementation of the key tasks of education development presented in the national 12th Five-Year Plan. The compulsory education consolidation rate reached 93% and the gross enrollment rate at senior high schools reached 87%, which is close to the 2020 goal of 90%. The gross enrollment rate of higher education reached 40%, achieving the 2020 goal well ahead of schedule. This reflects the significant progress made by China in the realization of education modernization, and further narrows the gap between China's main education development indicators and those of developed countries.

Speeding up the realization of education modernization means ensuring that education is recognized as a key modernization element, and to guarantee the "right to receive education" to all of society, especially those seeking education. It also means to continuously improve the level of human capital and development ability. Only by realizing education modernization can we fundamentally promote the modernization of billions of Chinese people, and then realize the modernization of China. According to the *National Outline for Medium and Long-term Education Reform and Development (2010–2020)*, the overall objective of education

development during the 13th Five-Year Plan period is that “by 2020, China will basically realize the modernization of education, form a learning society, and be listed in the world rankings of countries rich in human resources”. This specifically means to further expand and ensure many educational benefits, and to comprehensively build a lifelong modern education system and a society of fair education benefiting all people. China aims to establish a lifelong learning society with a perfect system, and to create a country with a high level of human resources. In achieve this goal, China needs to continue to deepen its education reform, increase investment in education, and build a government-led sustainable supply of public education and a supply mechanism. This will enable participation by multiple subjects and the raising of funds via a variety of channels with public financial security. This strategy is grassroots-oriented and with upper and lower linkages. China needs to promote the equalization of basic public education services. This can be done by improving the quality of China’s education, guaranteeing children from low-income population the right to education, promoting fair education, and by popularizing senior high school education. By meeting the requirements of the 5th Plenary Session of the 18th CPC Central Committee, human development rights will be guaranteed by supplying high-quality, fair, and inclusive education. China needs to innovate its national education system and personnel training, to make breakthroughs in, for example, teaching content, enrollment system, and quality evaluation reform. To do so will result in providing an education system that satisfies the needs of all.

(6) Full employment

Comrade Xi Jinping repeatedly stressed that, “employment is vital to people’s livelihoods”. Realizing full employment is one of the most important goals of national governance in China. In China, the pressure to solve the issue of employment comes directly from China’s huge population. However, the large population size also contributes to the incredible achievements made thus far in creating more jobs. In the 12th Five-Year Plan period, it took just four years (2011–2011) for China to fulfill the planning goal of creating a further 45 million jobs in cities and towns. The range of jobs was diverse, and this target was met ahead of schedule. This achievement helped to optimize the employment structure, and enabled the service industry to absorb the majority of workers. This led to the creation of China’s current employment pattern, which is led by the service industry. The 13th Five-Year Plan highlights the important contribution of employment in the increase in economic growth, national income, and social stability.

In the 13th Five-Year Plan period, China’s employment development will face both opportunities and challenges. From the perspective of opportunities, domestic demand and entrepreneurship will help to promote employment growth. Furthermore, the modern service industry has contributed to improvements to the economy, and has enhanced the ability to absorb employment. Urbanization development and the emergence of an aging population have created a demand for more workers. From the perspective of challenges, economic transformation and upgrading presents a higher labor quality, and labor cost increases will lead some

labor-intensive industries to move to areas with lower labor costs. Thus, the overall employment situation will still be serious, and the structural contradictions of employment will remain. Therefore, the basic strategy of employment development for China during the 13th Five-Year Plan period includes the measures listed below. The spirit of the 5th Plenary Session of the 18th CPC Central Committee will be followed, and employment will continue to be a priority strategy. Efforts will be made to create a more active employment policy and to stimulate the role of entrepreneurship in the creation of new employment opportunities. Entrepreneurship will be considered a new growth point of employment, and action will be taken to strengthen support for flexible employment and new employment areas. Furthermore, China will endeavor to improve and perfect its employment and entrepreneurship systems and mechanisms for the coordinated promotion of employment development, economic growth, and structure upgrading, as well as to promote the realization of higher employment. Good employment situations will be sought, where all laborers have their own skills and jobs, and competent employees will apply various jobs and showcase their talents to employer organizations.

More specifically, we shall first build an “entrepreneurial society”, a new growth point of employment. China will make great efforts to improve the environment surrounding entrepreneurship policy and the financial and social environments. We shall strengthen entrepreneurship education, establish a government-led entrepreneurial service mechanism and entrepreneurial insurance system that includes various parties, and act to reduce the systemic risks of entrepreneurship. It is also important to encourage social entrepreneurial vitality, and to create a situation of dynamic public entrepreneurship and innovation by millions of people. Thus, the 13th Five-Year Plan period will become a “golden period”. Second, we shall accelerate improvements to relevant employment policy, strengthen the coordination of said policy as well as the policy governing industry, trade, the economy, and taxation. We will actively develop a modern service industry and emerging industries with a strong ability to absorb employment. Third, we shall continuously improve the labor quality and employability through lifelong and universal vocational skill training. We will focus on free vocational skill training, and do our best to help employ vulnerable populations with poor employability (e.g., children from poverty-stricken families, the unemployed, and workers facing redundancy). Finally, we shall perfect the employment service system based on the overall consideration of the human resource market, build harmonious labor relations, and improve the employment assistance mechanism.

(7) Social security for all of China

The creation of a social security system is one of the most difficult, problematic, and prominent development issues in the world.³² A low level of social security is a key

³²According to the *World Social Protection Report 2014* of the International Labour Organization, at present, only 27% of the global population has access to relatively complete social security, 39% have no medical security, and 49% of those reaching retirement age have no retirement pension. Furthermore, 72% of all workers receive no unemployment insurance benefits as prescribed by

obstacle for overall improvements to human development worldwide. In the 13th Five-Year Plan period, China should adhere to the basic concept of “urban and rural integration, improving the quality and system, and promoting fairness”. Furthermore, China should continue to promote the development of social security policies, and accelerate the establishment of a sound social security system with Chinese characteristics.

Urban and rural integration means to gradually narrow the gap between urban and rural social security levels via overall planning and comprehensive research into the social security of urban workers, urban residents, and villagers. The “one country, two systems” policy segmenting urban and rural social security mechanisms must be abolished, replaced by a “one country, one system” for urban and rural social security integration. Quality improvements (in the general context of a “basic guarantee”) concern the gradual improvement of China’s social security level, adjusting the level in line with economic development, price levels, and income levels. It also means to expand the benefit scope of the insured, and to simplify the social security system.

Improvements to the system include forming a social security system of different levels, with wide coverage, and one that can adapt to changing economic development levels. It must also expand funding channels, improve the overall level of insurance funding, and establish an individual payment incentive mechanism. Ultimately, China must continue to strengthen the operation and supervision of the social insurance fund and the security fund.

The promotion of fairness means to integrate social groups at a higher level, and urban and rural segmentation security is transformed into urban and rural integration security. It means to realize equal rights and equal interests between different regions and groups in terms of security measures, and to achieve coordination and balance between different subjects (e.g., national and social organizations, and individuals) in security undertaking.

(8) Innovate the social management system

China must improve its shared development system, integrate social management resources, improve the level of social management, and enhance the CPC’s social management pattern with social cooperation and public participation. The basic government function of social management and public service must also be improved, and efforts must be made to establish and improve the urban and rural grassroots community organizations. China must develop and perfect all kinds of social organizations in accordance with the law and establish a social mechanism to coordinate various interests based on overall consideration. Furthermore, various social contradictions should be addressed. The ability to deal with all kinds of social crises and social risks must be improved, and social costs must be reduced. China’s

law, 60.6% of the workforce has no injury insurance, and 48% of older populations receive no pensions. Online international report forwarded by Xinhuanet: http://www.xj.xinhuanet.com/2014-06/03/c_1110962069.htm, June 3, 2014.

social security control system requires improving, and efforts must be made to maintain the security of the social environment and a stable social order. All people have a right to education, employment, medical care, elder care, and housing. Thus, China aims to perfect and innovate its social management system with Chinese characteristics, and maintain overall social stability and order.

6.5 Summary

Shared development means the creation of a society of socialist modernization with Chinese characteristics, one that is created by the people under the leadership of the CPC. It is a process of constantly absorbing, diffusing, spreading, and applying modern factors, and this is process that enables the modernization of all society. It is also a process of continuous development, innovation, and dissemination of socialist factors, and it enables all society to develop toward fairness, justice, and equality. Shared development is a modernized Chinese-style innovation with traditional cultural and historical resources, collective innovation, innovation for all, and innovation over several generations. The historical path of China is unique, as are the characteristics of China's national conditions, and its development path is even more unique. Therefore, the future socialist society of China must be not only unique, but also beautiful.

The 5th Plenary Session of the 18th Central Committee of the CPC placed “the status of the people” at the top of its six major principles. These are the principles that must be followed to realize the goal of building an all-round moderately prosperous society. Thus, the status of the people is an important aspect of shared development, seeking to achieve development for the people, development relying on the people, and development achievements shared by the people. This will enable the people to possess a greater sense of benefit in China's co-construction and shared development. The concept of shared development embodies the socialist essence intended to achieve common prosperity for all. Moreover, by 2020, all people will enter an all-round moderately prosperous society, which will become an important milestone in the path to realizing common prosperity for all. In the 13th Five-Year Plan period, we will highlight the status of people in shared development, and focus on the favorable and synchronous implementation of a “combination” of livelihood, poverty alleviation, education, employment, and social security. We will solve the problems of greatest concern to the people, and achieve, maintain, and develop the fundamental interests of the overwhelming majority of Chinese people.

Chapter 7

Security Development



China's core development idea is to promote all-round human development.¹ The term "human" is used in a broad sense, and not only refers to China's population of billions, but also to each "individual". Security development is an important aspect of China's core idea. For China's billions of citizens, national security and development security are China's greatest public welfare products. For each individual, security needs come second in the hierarchy of needs, and include personal safety, health security, and family security, which are indispensable basic needs. Without security, there would be no social stability, personal happiness, national prosperity, and peace. Security is like the fresh air people breathe every moment of the day; however, it is not provided free-of-charge by nature like air, but is instead provided by the CPC and the people's government.²

At present, the meaning, application, and conditions describing China's security development are characterized by significant change and complexity. As explained by Comrade Xi Jinping, "at present, the meaning and application of the national security of China are more profuse than at any time in history, are broader in the space-time field than at any time in history, and have more complex internal and external factors than any time in history".³

This time in history represents the overlapping of hegemonism, power politics, terrorist activities, the financial crisis, energy crisis, food crisis, environmental destruction, natural disasters, and other global threats. These threats are transmitted with the help of globalization and informationization, can easily form chain reactions, and then impact on people's safety, national security, and even world security.

¹Hu AnGang: The core idea of the "13th Five-Year Plan" is to promote all-round human development [J]. *Red Flag Manuscript*, 2015 (23): 4–6.

²Hu AnGang: "Universal peace and order is one of the greatest public welfare products", *People's Daily*, March 6, 2013.

³Xi Jinping: Speech at the First Meeting of the National Security Commission of the Communist Party of China, Xinhuanet, April 15, 2014.

Because of the current situation, Comrade Xi Jinping has repeatedly stressed the relationship between security and development, and presented an idea of security development in the new period. He pointed out that, “security and development are both wings of an organic whole, and are the two driving wheels. Security is the guarantee of development, and development is the goal of security”.⁴ This concept reflects Comrade Xi Jinping’s profound understanding of the dialectical relationship between security and development, and his understanding of the profound changes within the complex world situation today. It also reflects the changes of the times and China’s new requirements for development. Security development further enriches and expands the other five major development ideas, and can be classified as the sixth major development idea.

Comrade Xi Jinping described the new development idea as “one center, six major developments”. One center refers to the concept of “people centered”,⁵ and is the further development of the people-oriented principle; the term “six major developments” represents further innovation and improvement on the basis of the five major developments, and incorporates the concept of security development into the development idea.

7.1 Concept Origin

The concept of the security development of China comes from three main lines of thought. From the perspective of Chinese traditional culture, as early as in the pre-Qin period more than 2000 years ago, ancient Chinese summarized dialectical thinking concerning security and risks and security and development. There is a famous saying in the most important ancient book of thought, the *Book of Changes*: “don’t forget crisis in times of safety, don’t forget extinction in times of survival, and don’t forget unrest in times of social stability”.⁶ This emphasizes the importance of being prepared for war in times of peace. What is more praiseworthy is that notions of safety in ancient China explained not only negative concepts of security in that “a man will not stand beside a collapsing wall”,⁷ but also positive concepts in that “an event shall be properly managed before it occurs; and a country shall be governed by making early preparations before a disaster occurs”.⁸ Thus, in ancient times, the Chinese believed that “preventing bad things before they occur is the best

⁴On December 16, 2015, Xi Jinping delivered a keynote speech at the opening ceremony of the Second World Internet Conference.

⁵Xi Jinping presided over a meeting of the Political Bureau of the CPC Central Committee, and deliberated the *Opinions on Strengthening National Security Work*, Xinhua News Agency, Beijing, December 9, 2016.

⁶*Book of Changes, Great Appendix, Section II.*

⁷*Mencius, Devotion.*

⁸*Tao Te Ching*, Zhonghua Book Company, January 1, 2011.

policy”,⁹ and sought to ensure safety via active prevention measures. It can be said that the summary of dialectical thinking on security and risks and security and development is China’s most important historical lesson. It also becomes an important point of origin for the contemporary concept of security development in China.

A. The materialist dialectics of Marxism illustrate the importance of security development from a more comprehensive and scientific perspective. Marxist materialist dialectics espouse that there is no absolutely secure state, all entities encounter risks from birth, and the risk potential may be increased or decreased in the intermediate process, but will not disappear. Furthermore, risks exist in the time and space of all systems. The pairing of safety and risk represents a conflict. On the one hand, both oppose each other, exclude each other, and negate each other; the higher the degree of safety, the lower the risk potential, and vice versa. On the other hand, safety and risk depend on each other, are in unity, and can transform each other. Moreover, the promotion of risk to transition to safety entails certain costs; that is, the necessary cost of safety. We cannot completely eliminate risks but we can constantly improve the risk resistance capacity of a system to ensure that the system can spontaneously reach a new balance via self-adjustment to address impacts on the environment.

From the perspective of development economics, the relationship between security and development is endowed with a more scientific definition in economics.

B. Safety is the most important public good provided by China, and has strong positive externalities. It can be said that if there is no security, any development is unsustainable. However, if there is no effective and high quality development, it would be difficult to bear the necessary costs of security, including the costs to create national defense capabilities and a social system. Thus, the whole system would be threatened.

7.2 Practical Innovation

A. In the first stage (1949–1976), security development focused on homeland security and military security, and provided a climate for the development of security, and the notion that development serves security. At the beginning of the founding of New China, a tense security situation at home and abroad posed a key challenge. During this period, homeland security and military security were of paramount importance to the national development of China. Therefore, at the beginning of the founding of New China, faced with the challenge of the most powerful and most hegemonic nation in the world, the United States, and without the

⁹*Shen-chien.*

public support of the Soviet Union, Comrade Mao Tse-tung was determined to resist U.S. aggression and aid Korea. The situation that followed represented a comprehensive contest of military, political, economic, and diplomatic strength between New China and the United States, and it broke the myth that the number one world power, the United States, was invincible. It taught the United States a serious lesson.¹⁰ Since then, the United States has dared not to attempt to invade China, thereby providing China with a relatively stable and peaceful international environment. No matter whether it is from a historical or long-term perspective, this result can be seen as a long-term peace dividend as well as a national security dividend.¹¹

However, a security dividend also has its costs. The national development idea hereafter attached great importance to national defense security, and directly affected the decisions of Mao Tse-tung regarding China's economic development idea. It also led to the development of security, and development serves security. This includes "accelerating the development of heavy industry to strengthen national defense"¹² and implementing the "construction of three big lines and three small lines". From an objective perspective, these strategies distorted the optimal allocation of economic resources to a certain extent. Economic development paid a price for national security, but laid an important foundation for obtaining security and independence for New China. It also verified the simple truth that "no security, no development". Homeland security and military security then became a core guiding ideology of China's diplomatic policy. For this purpose, Mao Tse-tung successively presented a diplomatic strategy of "leaning to one side" and "one line"¹³ in the 1950s and 1970s. This demonstrates how Mao Tse-tung's national

¹⁰Party History Research Center of the CPC Central Committee: *History of the Communist Party of China (1949–1978)*, p. 88, Part I, Vol. 2. Beijing: CPC History Press, 2011.

¹¹Hu Sheng: *The Seventy-Year History of the Communist Party of China*, p. 304. Beijing: CPC History Press, 2004.

¹²On September 8, 1953, Chou En-lai stated, "at the beginning of the first five-year construction plan, the Soviet Union had a more solid foundation for heavy industry than us, but still focused on the development of heavy industry. We still need to focus on the development of heavy industry because our foundation is weak. The defense industry needs to be developed on the basis of heavy industry. We still do not manufacture tanks, airplanes, cars, tractors, or advanced cannons. The Soviet Union has been planning construction since 1928. At that time, many capitalist countries also sold machines to the Soviet Union, but the international situation was not as tense as in later years, Hitler was still to come to power, and we were still doing our thing, step by step. Our current situation is different from the situation of the Soviet Union, and we shall further accelerate the development of heavy industry to strengthen the national defense." Chou En-lai: *General Line for the Transition Period* (September 8, 1953), *Selected Works of Chou En-lai*, pp. 109–110, Volume II. Beijing: People's Publishing House, 1984.

¹³In February 1973, Mao Tse-tung presented his "one line" strategic vision of jointly dealing with the Soviet Union to Henry Kissinger, Assistant to the President for National Security Affairs, on a visit to China. He stated, "we shall build a horizontal line, i.e., a latitudinal line, so that the United States, Japan, China, Pakistan, Iran, Turkey, and Europe can jointly deal with the beast (the Soviet Union)!" *Conversation of Mao Tse-tung when meeting with Kissinger*, February 17, 1973, forwarded from p. 203 of *From Diplomatic Thaw to Establishing Diplomatic Relations* edited by Gong Li et al. Beijing: Central Literature Publishing House, 2004.

security strategy was subject to the supreme interests of China and went beyond not only the ideology, but also economic interests. The idea also considered the situation, was flexible and effective, and ensured the national security of China. It created an international security environment for domestic economic development after the Korean War to resist U.S. aggression and to aid Korea. This broke the deadlock of Sino–US relations, and thereafter opened a strategic window for opening to the outside world.

It is necessary to explain that in this period, Mao Tse-tung also prioritized political security and was concerned about the capitalist restoration of China. He presented the CPC's fundamental theory of "taking class struggle as the guiding principle", which was based on the "four existences"; that is, "socialist society is enjoying a long historical stage, and in this historical stage there will always exist class, class contradictions, and class struggles, there exists conflict between the socialist path and capitalist path, there exists the risks of the capitalist restoration, and there exists threats of imperialist subversion and aggression." Objectively, the fourth existence presented by Mao Tse-tung did exist, but he seriously misjudged "taking class struggle as the guiding principle" as the CPC's fundamental theory, which inevitably led to a greater class struggle in practice, and then to the outbreak of the Cultural Revolution. The fact that "Comrade Mao Tse-tung's mistake in theory and in practice regarding the class struggle of socialism became more serious", as reported in the *Decision on a Number of Historical Issues of the Party since the Founding of New China* at the 6th Plenary Session of the 11th CPC Central Committee in 1981, was also an important reason for the start of the Cultural Revolution. Therefore, the 3rd Plenary Session of the 11th CPC Central Committee decisively stopped using the above slogan, which was inapplicable to Chinese socialist society, and then made the strategic decision to transfer the key emphasis to seek socialist modernization.¹⁴

B. In the second stage (1977–1991), the key aim of security development was still political security. However, the focus changed from "first develop security" to "security guarantees development, and safety serves development". It was for this reason that Deng Xiaoping took a clear-cut stand in presenting the CPC's fundamental theory of "one center, two values" at the beginning of the reform and opening-up. He stressed that adhering to the four cardinal principles, namely adhering to the socialist path, adhering to the people's democratic dictatorship, adhering to the leadership of the CPC, and adhering to Marxism–Leninism and Mao Tse-tung, was the foundation underlying all our efforts to advance China. Throughout the process of socialist modernization, we must adhere to the four cardinal principles and oppose bourgeois liberalization. This will ensure political security, the greatest public welfare product of China, and only in this way can we ensure China's social and national security.

¹⁴*Decision on a Number of Historical Issues of the Party since the Founding of New China* unanimously approved at the 6th Plenary Session of the 11th CPC Central Committee on June 27, 1981.

After the reform and opening-up, based on his clear insight into the international situation, Comrade Deng Xiaoping intelligently corrected Mao Tse-tung's "theory that world war is inevitable",¹⁵ and proposed the "idea of keeping the peace for 20 years". He also planned to "serve domestic economic development by creating an international peaceful environment".¹⁶ This concept lays an important foundation for China's strategy of opening to the outside world. Comrade Deng Xiaoping's understanding of and decision to strive for security development (i.e., security guarantees development and security creates development) is considered within China to be a true "grand idea of China". It reflects the core national interests and long-term fundamental interests of China, and is a bold and foresighted strategic vision.

Since the 1980s, the international situation has changed significantly, and political security represents a main challenge to China's security development. International hostile forces stepped up their various attempts to penetrate and sabotage China, aiming for Westernization and differentiation, while striving for "peaceful evolution". China's political security was faced with a serious threat. Therefore, Comrade Deng Xiaoping stated that, "national sovereignty and national security should always be our first concern". In view of the unrest at home and abroad at that time, Comrade Deng Xiaoping further stressed that, "on this point, we are clearer than in the past. Some Western countries actually want to damage our national sovereignty under the cover that our human rights and socialist system are unreasonable and illegal."¹⁷ More importantly, on this basis, Comrade Deng Xiaoping creatively demonstrated the effect of the foundation and positive externalities of security development, and "the most crucial problem is stability for China to eliminate poverty and realize the four modernizations."¹⁸ This thesis

¹⁵*Chairman Mao's Theory of the Differentiation of the Three Worlds is a Major Contribution to Marxism-Leninism.*

¹⁶On September 14, 1977, Deng Xiaoping spoke at a meeting with a delegation representing Japan's New Liberal Club. He stated that the international situation has changed considerably, and that many old concepts and formulae no longer reflected reality, and that old strategic regulations had not adapted to these changes. He further declared that we needed a peaceful environment, and we hoped that we would not fight for another 23 years, that is, until the end of the 20th century. By then, China should have reached an advanced level, and while we did not say that we would go beyond, we hoped that we would at least catch up to or get close to the world level at that time. The world was making progress, and especially the field of science and technology was developing by leaps and bounds. By then, we might go beyond the world's advanced level in individual fields, but would be more likely to get close to the world's advanced levels, so we required a peaceful environment. See Party Literature Research Center of the CPC Central Committee: *Chronicle of Deng Xiaoping's Life (1975-1997)*, pp. 200–201, 1st Vol. Beijing: Central Literature Publishing House, 2004.

¹⁷Deng Xiaoping: *The National Sovereignty and National Security Should Always Be Put in the First Position*, December 1, 1989.

¹⁸Deng Xiaoping: *The National Sovereignty and National Security Should Always Be Put in the First Position*, December 1, 1989.

explains the basic meaning of national security for the four modernizations and development, and further clarifies the dialectical relationship between security and development. Guided by this concept, and faced with the upheaval in the Soviet Union and Eastern European countries, as well as unprecedented pressure at home and abroad, China continued on its quest for socialism, prevented peaceful evolution, and maintained that, “we remain unmoved despite being besieged by a myriad of enemies”.¹⁹ This was the biggest security, stability, and development dividends for China after the reform and opening-up.

C. In the third stage (1992–2012), the key point of security development was economic security and social security, and it was characterized by the unceasing extension of security development and the resolution of security issues. At the end of the last century and at the beginning of this century, the international political situation was changing, and the United States and other Western great powers presented various “new interventionism” catchphrases such as “human rights above sovereignty”, so as to provide a theoretical basis for their promotion of hegemonism and power politics. China was faced with another round of challenges concerning political security and military security, but the CPC Central Committee with Comrade Jiang Zemin continued to adhere to the CPC concept of “one center, two values”. It also adhered to the fundamental socialist system, thereby creating further a security dividend for China’s development. However, China’s rapid economic development, economic security, and social security have also become paramount in China’s security development.

In terms of economic security, China successfully responded to the 1998 financial crisis and maintained rapid economic growth. In terms of social security, via the effective development of a social security system, China gradually solved the many employment and social security issues brought about by the economic reform, created significant employment opportunities, and solved China’s large-scale unemployment.

In August 2005, General Secretary Hu Jintao presented the security development idea for the first time. In the same year, the 5th Plenary Session of the 16th CPC Central Committee first listed “security development” as one of the guiding principles for the national five-year plans, representing a milestone in security development in China. In 2007, the report of the 17th Party Congress clearly outlined intentions to “insist on security development, strengthen the management and supervision of security production, and ensure the security of people’s lives and property”. Promises were also made to further enrich the inner link between security development and economic development. In October 2008, the 3rd Plenary Session of the 17th CPC Central Committee stated that whether security development could be realized was a major test of the CPC’s governing capacity. In 2012, the State Council first presented to implement the strategy of security development, strengthen the supervision of security production, and prevent major

¹⁹Mao Tse-tung: *Moon over the West River. Jinggang Mountains*, autumn of 1928.

and serious incidents. In general, this was a security development idea in a relatively narrow sense.

D. In the fourth stage (2013–present), Comrade Xi Jinping realized two major innovations in security development. After the 18th Party Congress, Comrade Xi Jinping made two major innovations based on fully referring to, absorbing, and summarizing China’s past experiences and lessons in security development: (1) a new concept of security development, that is, we must adhere to the overall concept of national security, fully consider domestic and international situations based on the security of the people, and consider development and security,²⁰ and (2) establish a National Security Commission, and build a national security system. These two major innovations represent the final national security development idea.

In terms of concept innovation, Comrade Xi Jinping systematically illustrated the security development theory of China and clarified the relationship between security and development. He also defined the core concept of security development, provided a comprehensive definition for the idea, and integrated the strategy. Comrade Xi Jinping then clarified the dialectical relationship between security and development, and pointed out that, “security guarantees development, and development is the purpose of security”.²¹ Thus, we must now take a dynamic look at security and development, and promote the common extension of both. Security means neither unchangeable or to stand still and refuse to make progress. However, it does mean to, in the process of development, constantly create new balances, expand the ability of the people, and protect the security of human life and freedom. Security without development is like “water without a source”. Similarly, development must rely on a security guarantee, and asks that we “do not forget crisis in times of security”. Development cannot occur at the expense of sacrificing security. Development without security is doomed to be “like a tree without roots”.

E. Comrade Xi Jinping also realized that security was relative, and that different forms of security would have different results. Thus, China sought to transform from passive security development to active security development; that is, “an event shall be properly managed before it occurs, and a country shall be governed by making early preparations before disaster occurs”.²² Thus, Comrade Xi Jinping repeatedly warned the CPC to increase awareness and surveillance, and learn to “play offensive chess” so that our party remains invincible forever.²³

²⁰Xi Jinping presided over a meeting of the Political Bureau of the CPC Central Committee, and deliberated the *Opinions on Strengthening National Security Work*, Xinhua News Agency, Beijing, December 9, 2016.

²¹Xi Jinping delivered a speech at the Second World Internet Conference, on December 16, 2015.

²²*Tao Te Ching*, Zhonghua Book Company, January 1, 2011.

²³Xi Jinping: Speech at a Meeting Summarizing the Educational Practice Activities of the Party’s Mass Line, *People’s Daily*, October 9, 2014.

The important theoretical explanations (e.g., concepts of overall national security,²⁴ red line consciousness,²⁵ and new Asian security²⁶) successively presented by Comrade Xi Jinping have enriched the definition of security development. This is especially true of the overall national security concept of “integrating political security, homeland security, military security, economic security, cultural security, social security, technological security, information security, ecological security, resource security, and nuclear security”. This clearly defined national security for the first time, and expanded the idea to include many new fields.

In terms of institutional innovation, after the 3rd Plenary Session of the 18th CPC Central Committee, the CPC Central Committee set up a National Security Commission of the CPC with Comrade Xi Jinping as President and Li Keqiang and Zhang Dejiang as Vice Presidents. The commission’s role was to make decisions, deliberate and coordinate national security issues, and to fully consider and coordinate important events and tasks related to national security. In this way, the ability to make and execute decisions concerning security development is ensured, thus forming a centralized and unified national security leadership system that is both efficient and authoritative.²⁷ Furthermore, it can effectively consider domestic and international situations and internal and external affairs. This will greatly improve the position of security development in China’s overall development, contribute to improving the response ability of China in the face of various security crises and challenges, and create another significant system dividend for security development in China.

7.3 Requirements for Security Development

First, the new security development idea proposed by Comrade Xi Jinping includes “one center, two values”. The so-called “one center” means that security development is people-centered and concerns the security of the people.²⁸ The term “two values” reflects the core value and instrumental value of security development.

²⁴Xi Jinping: Speech at the First Meeting of the National Security Commission of the Communist Party of China, Xinhuanet, April 15, 2014.

²⁵Xi Jinping: Important Instructions for Completing Safety Production Work, *People’s Daily*, June 8, 2013.

²⁶Xi Jinping: Speech at the Fourth Summit of the Conference on Interaction and Confidence-Building Measures in Asia (CICA), May 21, 2014.

²⁷Xi Jinping presided over a meeting of the Political Bureau of the CPC Central Committee, and deliberated the *Opinions on Strengthening National Security Work*, Xinhua News Agency, Beijing, December 9, 2016.

²⁸Xi Jinping presided over a meeting of the Political Bureau of the CPC Central Committee, and discussed the *Opinions on Strengthening National Security Work*, Xinhua News Agency, Beijing, December 9, 2016.

Security itself is a core value of development, and neither needs to show their value by associating or promoting other core concepts. For any system and any part of a system, survival or continual health is the first priority. No form of development should or can go beyond its value. From this perspective, security development, as presented by Comrade Xi Jinping, is always “people-centered”, and human security is not only the starting point of security development, but also the foothold of security development. In fact, security development must inherently contain the value of security in the process of development, and requires that no development form can purely pursue growth and expansion without a quality guarantee at the expense of sacrificing the system security and the basic security of the people. In this way, the development system can spontaneously recover to find a new balance through self-regulation to address any impact on the environment.

Second, security development has a very high instrumental value. The instrumental value means “universal peace and order” and “prolonged stability”. This is because security has a very strong externality in the development system, and is one of the key public welfare products. Security development is the essential prerequisite and guarantee of innovative development, green development, coordinated development, shared development, and open development. History has shown many times that human progress and effective development must be based on system security. In this regard, security development plays an instrumental role as the means of development. This instrumental role is not directly reflected by security development, but is usually shown through constructive promotion and the association of security development with other forms of development.

In general, security development should be a positive security concept in the process of pursuing development under open conditions. Security is an important goal of development, and is also an indispensable means for promoting development. In the process of development, security development should not be at the expense of sacrificing the system security and the basic security of the people. It is also required to promote the integrated, comprehensive, and sustainable development of other development forms in the development process.

7.4 Main Aspects

China’s development idea is not only scientific and systematic, but also, more importantly, operable and practical. The development of China is strongly based on previous practices, and further guides future practices. In terms of security development, we should strive to create “favorable climatic, geographical, and human conditions” for Chinese development.

Political security is a fundamental guarantee of China’s development. Adherence to the basic political system of the people’s democratic dictatorship represents the key “favorable climatic condition” for development. Political security is the core of national security, and requires adherence to the CPC’s leader status, as well as to the CPC’s fundamental theory of “one center, two values”. In this regard, we shall

neither lack vigilance, nor give up the necessary struggle by any means. Just as the CPC Constitution states, “because of domestic factors and international influences, class struggle will still exist within a certain range for a long time, and may be intensified under certain conditions, but it has not been the principal contradiction”. This explains why political security is treated as the bottom line, and why we take effective measures to promptly deal with and crack down on any power, representative, and influence challenging the leadership of the CPC in accordance with the constitutional prescription.

To maintain political security is to maintain the political system established by the Constitution of the People’s Republic of China, and to enhance the confidence of the Chinese people on the socialist path with Chinese characteristics, theoretical confidence, system confidence, and cultural confidence. In this way security will be ensured, as will stability and the flexibility of the national system and mechanism. Specifically, political security requires further improvements to the national security guarantee system and mechanism, and to ensure the security of national political power and sovereignty. It is also essential to establish and perfect joint inter-departmental and cross-regional mechanism, closely guard against and restrict attempts of penetration, subversion, and sabotage by hostile forces, violent and terrorist activities, national divisive activities, and religious extremist activities in accordance with law. Security development also asks that we bolster the construction of the professional antiterrorism forces and the legal construction of national security. However, with the constant acceleration of the globalization process, China is working to continuously improve its national strength. To maintain basic political security and homeland security, China should also actively participate in international public security, oppose all forms of terrorism, actively support and participate in UN peacekeeping operations, strengthen non-proliferation international cooperation, participate in control over hot spots and sensitive issues, and jointly maintain the international channel security. It should also act to strengthen multilateral and bilateral coordination, participate in international cyberspace governance, and maintain global network security.

Homeland security, economic security, and ecological security are the foundation of all development, and healthy economic and ecological environments are the key “favorable geographical positions” of development. Regarding economic security, we shall pay attention to the dialectical relationship between economic development and security development, improve the security level by development, and guarantee development quality by security. Specifically, economic security includes enhancing the security guarantee ability of agricultural products, ensuring basic self-sufficiency via grains, and the absolute security of stockpiles. Economic security also means maintaining national economic security in the areas of strategic resources, key industries, finance, and cross-border capital flows, and effectively preventing major and serious security incidents. It means to set up obligatory indexes such as death rates in production security incidents per unit of GDP. Regarding ecological security, we shall especially pay attention to development with no cost to the ecological environment, and improve the ability to cope with natural risks. Specifically, this includes perfecting the ecological security

guarantee mechanism, strengthening guarantees for water security, improving our ability for disaster prevention and mitigation, and establishing various indicators (e.g., the red lines of gross consumption of primary energy, total carbon emissions, gross water consumption for industrial and agricultural sectors, the total discharge of major pollutants, forest coverage and stock volume, and deaths caused by disasters).

Society, culture, science and technology, and information security are important goals of development, and represent the key “necessary human conditions” in development. Security development has comprehensively broken through the traditional military and political areas, and now runs through many fields. Therefore, this requires that security development in the new period shall fully consider security in various fields, and comprehensively consider each field, each factor, and each level of security via the creation of essential systems and mechanisms. It must also create a healthy pattern of security development and guarantee social, cultural and network security.

Regarding social security, we shall further improve the public security system, and establish various indicators. These should include public security (criminal crime rate per 10,000 people), traffic safety (traffic accident death rate per 1 million people), fire safety (fire accident death rate per 1 million people), and production safety (production accident death rate per unit of GDP).

For cultural security, we shall strengthen the construction of a cultural mechanism, and maintain national cultural security. In science and technology security, we shall focus on strengthening guidance by technological innovation, and improve the scientific and technological innovation. Regarding information security, we shall fully consider network security and information development, improve the national network security guarantee system, strengthen the information system and data resource protection, improve the ability of network governance, and guarantee national information security.

7.5 Summary

Security development is the most important aspect of China’s development practices, and represents a summary of China’s social development law. The essential requirements of security development are to create a phenomenon where “the whole world is at peace”. If this is achieved, then people’s lives are stable. If people’s lives are stable, then various industries are prosperous, and everyone is fighting hard to take the lead. Thus, “the world will experience great change”, and we can maintain “universal peace and order” and “prolonged stability”.

In summary, the 3rd Plenary Session of the 11th CPC Central Committee established the CPC’s fundamental theory of “one center, two values”. This started China’s journey of reform and opening-up, and has produced a number of great

development achievements in Chinese history and even in world history. These have been recognized both throughout China, and the rest of the world. Furthermore, Comrade Xi Jinping's idea of "one center, six major developments" does not just represent the inheritance, innovation, and development of the CPC's fundamental theory, but it also guides and promotes the "two centenary goals" and the great drive to rejuvenate the Chinese nation.

Chapter 8

China's Unique Development Path



“Zhou is an old country state, but its mission is reform”.¹ Chinese civilization is an ancient civilization with a long history; however, it also represents the rebirth of a new civilization.² The Chinese nation is a historical giant, and has always been a giant in the world no matter whether she is standing tall or lying down, or whether she is prosperous or in decline.³ The Chinese people have a great dream, which is to live a happier and more wonderful life. The People's Republic of China has a great goal, which is socialist modernization with Chinese characteristics. The CPC shoulders a great historical mission, which is to realize the “Chinese dream” of the great rejuvenation of the Chinese nation.

Socialist China has followed a uniquely Chinese path in its long journey to modernization. It has not indiscriminately followed the path of the former Soviet Union, nor copied the Western capitalist path. Instead, China has created a socialist path with Chinese characteristics. Furthermore, socialist China has looked back at its development economics and concept of development while fully absorbing advanced development from the modern world, and combining this with China's national conditions.

Comrade Mao Tse-tung was the first to present the concept of the “Chinese path”. In 1956 with his speech *On the Ten Major Relationships*, he attempted to ensure that Chinese development did not follow the Soviet mode. He also summarized China's experience of economic development in the 7 years since the

¹Text comes from the *Book of Songs Elegance King Wen*.

²Webb wrote that, “a great nation will not change or become old because of the heavy burden of a brilliant history of thousands of years. As long as a nation has the ability and courage to maintain confidence in itself, and to retain its great instinct that it has possessed all along, the nation can be young forever”. Webb: *Weber Political Writings*, translated by Yan Kewen, p. 23, The Oriental Press, 2009.

³Song Jian: *Spreading Science & Technology into People*, *Science & Technology Daily*, February 3, 1990.

founding of New China. Thus, he described a unique path for China.⁴ This represents Mao Tse-tung's preliminary exploration. He further pointed out that, "a country that copies the experience of other countries will suffer losses, and a country that copies the experience of other countries is bound to be fooled. This is an important international experience".⁵

The Chinese path was largely developed by Comrade Deng Xiaoping, the chief designer of China's reform and opening-up. He commented during the opening ceremony of the 12th Party Congress in 1982 that, "our efforts in modernization must proceed from the practices of China. For both revolution and construction, we should pay attention to learning from and referring to foreign experience. However, any country that indiscriminately imitates the experiences of other countries and the modes of other countries can never succeed. We've had many lessons in this regard. Combining the universal truth of Marxism with the concrete practices of China, insisting on our own path, and building socialism with Chinese characteristics are the basic conclusions drawn by us after summarizing our long-term historical experience".⁶ Since then, Chinese leaders have been engaged in continual exploration, practices, summaries, and innovation along this path.

"Genuine knowledge comes from practice". Thus, knowledge and theory "come from practice" and then "go to practice". As Comrade Mao Tse-tung commented, "knowledge comes from practice. Theoretical knowledge is obtained from practice, and then must return to practice. The dynamic role of cognition is not only reflected in the dynamic leap from perceptual knowledge to rational cognition, but also, more importantly, still needs to be reflected in the leap from rational knowledge to revolution practice".⁷ In the process of China's path, there have been both success and failure. Furthermore, as Comrade Mao Tse-tung stated, "generally speaking, what succeeds is correct, and what fails is wrong".⁸ Practice is not only the criterion for testing truth and rightness but also the criterion for testing fallacy and mistakes.

We live in a great country, and also in great times. We need to understand the unique economic and social background behind China's incredible achievements and original development path. For example, how were these achievements created? What is the fundamental cause behind these achievements? Why does China

⁴In the *Collected Works of Mao Tse-tung*, Vol. 7, *On the Ten Major Relationships* (April 25, 1956), it is described how this speech summarized China's experiences with reference to the experiences of the Soviet Union, presented various positive factors as the fundamental policy serving the socialist cause, and explored whether the road to socialism was suitable for China's national conditions. *Collected Works of Mao Tse-tung*, pp. 44–45, Vol. 7, Beijing: People's Publishing House, 1999.

⁵Mao Tse-tung: *Unite with All Forces that Can Be United*, April 29, 1956. *Collected Works of Mao Tse-tung*, p. 64, Vol. 7, Beijing: People's Publishing House, 1999.

⁶Deng Xiaoping: *Opening Speech at the 12th National Congress of the Communist Party of China*, September 1, 1982. *Selected Works of Deng Xiaoping*, pp. 2–3, Vol. 3, Beijing: People's Publishing House, 1993.

⁷Mao Tse-tung: *On Practice*, July 1937. *Selected Works of Mao Tse-tung*, p. 281, Vol. 1.

⁸Mao Tse-tung: *Where do Right Human Thoughts Come from*, May 1963. *Collected Works of Mao Tse-tung*, p. 320, Vol. 8. Beijing: People's Publishing House, 1999.

constantly achieve? If we can answer these questions, we can say that we have opened up the “Chinese path” with “Chinese characteristics”, and independently innovated China’s development theory and economics.

The main reason for China’s successful path is that a greater emphasis is laid on the unique theory of understanding the combination of universality and particularity. The development path of a country must contain both universality and particularity. To understand universality, it is important to note that particularity is more important for the success of certain countries. Furthermore, greater attention is paid to the “theory of harmony and unity” on the basis of understanding the dialectical relationship of the unity of opposites. On the one hand, the development of things includes opposites and mutual conflict between Yin and Yang. On the other hand, we constantly promote unity and blending so that both combine and depend with each other. We emphasize the unity and fusion of both conflicting sides.

The concept of harmony and unity always starts from a united entirety, which is often characterized by, for example, “one”, “tao”, “truth”, “human nature”, “Taiji”, and “supreme harmony”. The philosophy of harmony and unity is the philosophy of solving the contradiction of things via the fusion of conflicting sides, and is the integral philosophy that “Yin and Yang are generated from one”.

“The operation changes of Yin and Yang are called tao; humans obtain goodness from changes to the natural law, and human nature enables the goodness given to humans by natural law to be completed and displayed”.⁹ We can summarize the characteristics and the internal mechanism of the Eastern giant as having two brains (one brain is the CPC Central Committee and the State Council, and the other is the think tank), two hands (the government and the market), two legs (state-owned economy and private economy), and two drives (central and local governments).¹⁰

A. The giant has its own “brain” and an “exobrain”. Since the founding of New China, China has significantly changed its main decision mechanism, and has constantly democratized, scientized, and institutionalized its major decisions. The number of bad decisions has been considerably reduced, and China has been able to promptly correct any decision mistakes. At present, various exobrain or think tanks are emerging and developing. In recent years especially, the Chinese government has been actively encouraging universities to “deeply research policies, actively give play to the effects of think tanks, and to strive to make positive contributions to the scientific and democratic decisions of the Party and China”.¹¹ A giant with two brains is more intelligent and smarter than a giant with only one brain.

B. The giant not only has an “invisible hand”, but also a “visible hand”. China will “grasp with both hands”, that is, the hand of the government and the hand of

⁹*Book of Changes Great Appendix*, Vol. 1.

¹⁰Hu AnGang: The ‘tao’ of China’s development miracles is neither complex nor mysterious, *People’s Daily (Overseas Version)*, April 25, 2011.

¹¹Hu JinTao: *Speech at a Meeting Celebrating 100th Anniversary of Tsinghua University*, April 24, 2011. Xinhua News Agency, Beijing, April 24, 2011.

the market, simultaneously using both hands, and forming a resultant force. “Both hands shall be strong” but without rigidity, and “both hands shall be flexible” but without disorder. Following this path, China’s economy has always maintained vitality and creativity, as well as basic macroeconomic stability. No matter what kind of internal and external impact arises, China can “remain unmoved”.

C. The giant not only has a “left leg”, but also a “right leg”. China is a pluralistic, diverse, and huge country and society with very significant large-scale differences. It has both the traditional and the modern, and is characterized by both backwardness and advancement. Therefore, in 1958, the Central CPC Committee pragmatically and innovatively formulated a complete policy of “walking on two legs” for the creation of a Chinese socialist society.¹² Since the reform and opening-up more than 30 years ago, China has further developed the reform and opening-up development policy of “walking on two legs”, which is mainly reflected in the various policies under this concept. These policies focus on the simultaneous development of the following factors: agricultural and non-agricultural industries, industrialization and informationization, state-owned economy and non-state economy, large and medium-sized enterprises and small and micro-sized enterprises, domestic-funded enterprises and foreign-funded enterprises, the formal economy and informal economy, labor-intensive industries and technology-intensive industries, coastal areas and inland areas, economic construction and social construction, and “introduction” and “going out”. These are termed the “two legs” of the Oriental giant, rather than “one leg”. They need to coexist and coordinate with each other, which also explains why China has developed so fast.

D. The giant governs the state and local areas relying on “two drives”. This refers to the two drives of central and local governments, as well as effectively solving the contradictions and conflicts between national interests and local interests. The “two drives” also clarify the functional division between central government and local government, and generally form a system of labor division and cooperation, and the incentive compatibility mechanism including central decisions,

¹²In 1958, the 2nd Session of the 8th Party Congress proposed the policy of “walking on two legs” for socialist construction, and proposed six “simultaneous measures”. Liu Shaoqi’s work report at the 2nd Session of the 8th Party Congress described how the construction of the First Five-Year Plan and the great leap forward in 1958 enriched our experience of socialist construction, and overall helped us to achieve a greater, faster, better, and higher level of economic socialist construction by going all out and aiming high. A complete set of policies for walking on two legs were also devised, and included the simultaneous development of industry and agriculture on the basis of giving priority to the development of heavy industry, heavy industry and light industry, central and local industries, large enterprises and small and medium-sized enterprises, overseas production methods and local production methods, and combining centralized leadership for industries involved in mass movements. The general line for socialist construction and the policies of “walking on two legs” reflect the objective laws of China’s socialist construction, summarize the experience of the masses in production and struggle, and also guide the production and struggle of the masses. Liu Shaoqi: *Work Report of the Central Committee of the Communist Party of China to the 2nd Session of the 8th National Congress*, May 5, 1958.

national planning, sector guidance, provincial governments taking overall responsibility, and prefectural-level and county- and municipal-level governments being responsible for implementation. We not only give play to the superiority of socialism in that it concentrates strengths to achieve great things (i.e., “when difficulties arise in one place, help comes from all sides”), but we also give play to the creativity of local governments. The central government trusts local governments, handles affairs relying on local governments, supports local innovation, helps local governments to fix problems, and guides local development.

The presentation of the new development idea illustrated the CPC's understanding of socialist construction law, social development law, and the CPC's governance law. It also revealed how China's status and role in the world in the new period reached new heights, as did the combination of Marxism and the unique conditions of the CPC and national conditions. The concept of people-centered governance promoting all-round human development has become the political consensus and political program of the CPC, and an important strategic concept guiding the development of the CPC, the People's Liberation Army, and China.

The new development idea is not only problem-oriented but also goal-oriented, and aims to solve various outstanding problems as well as provide future development goals. China's innovative development reflects economic development law and the control of the CPC Central Committee over economic development law. It also provides a new impetus for economic development. The general law of modern economic development indicates that a country or region will have different driving forces for development at different stages of development. In general, a country or region in the low-income stage is basically driven by primary elements such as land, resource, energy, and labor force. In contrast, a country or region in the middle-income stage is largely driven by capital elements such as the domestic savings rate, investment rate, and investment scale, which are of great importance. A country or region in a high-income stage is motivated by technological elements, which are usually associated with large-scale technology introduction. Finally, a country or region in the higher-income stage must be driven by their reliance on innovation.

China has successively experienced the stage of element-driven development and that of capital-driven development. It is now moving towards the innovation-driven stage. As China's economic development enters a “new normal”, implementing a strategy of innovation-driven development and building a grand strategy of innovative development are key to achieving a fundamental change to China's economic development mode within the 13th Five-Year Plan period. This will guarantee achieving comprehensive scientific development under the “six-in-one” overall distribution, and also provide considerable impetus for maintaining China's long-term high and medium growth rate. The strategy is important to guarantee, by 2020, a two-fold growth in China's 2010 GDP and per capita income of urban and rural residents.

Coordinated development requires that development includes comprehensiveness to avoid the problem where “one leg is long, and the other leg is short”. It also

requires the CPC Central Committee's control over the dialectical law of development. As China's economic development enters a new normal, some of the contradictions revealed during China's high-speed economic development are highlighted. First, China's early mode of extensive economic growth is now incapable of supporting any further development, and thus the transformation of the current economic development approach is imperative. Second, problems such as the gap between rich and poor, urban and rural, and regional gaps have been prominent for some time now, and social contradictions are constantly emerging, all of which have considerable influence on China's further economic and social development. Finally, other contradictions (e.g., backward social production, the slow development of social undertakings, and lagging political reform) have also emerged, and solving isolated contradictions will not meet the everyday and social development needs of the people. In the new development stage, development must be continuously promoted to solve existing contradictions. The effective alleviation of these contradictions and the orderly coordination of major relationships will improve development quality and provide a new impetus for development.

Green development embodies a harmonious coexistence between humans and nature, and the control of the CPC Central Committee over the natural law of development. How to appropriately handle the relationship between humans and nature is a key issue in China's new development idea, and is the most important prerequisite for sustainable economic and social development in China. First, green development requires respect for the unity of the various economic, social, and natural systems in development. This means that green development is not only the development of the natural system, but also the organic unity of the three major systems: economic, social, and natural. Green development shall be integrated into various aspects of Chinese society and throughout the development processes of China's economic, political, cultural, social, ecological civilization, and CPC spheres. Second, green development requires the creation of an idea for the unity of development and protection, and to adhere to the strategic thought that scientific development is the key principle. Furthermore, development must be low-carbon development, cyclic development, sustainable development, and balance the relationship between development and protection. Finally, in the creation of a natural system, we shall promote the concept of a life community, giving full consideration to various natural and ecological elements for overall protection. We must also consider system repair and comprehensive treatment according to the integrality, systems, and inherent law of the ecosystem, enhance the ecosystem circulation capacity, and maintain ecological balance.

Open development not only seeks active integration into the world, but also to actively shape fair, mutually beneficial, and win-win globalization. It also represents the control of the CPC Central Committee over world development law. That is, the strategic vision of having the whole world in view of the CPC and its ability to consider both domestic and international situations. Comrade Xi Jinping once commented that, "the reform and opening-up only has a progressive tense without a perfect tense". China cannot develop without the world, and world development needs China. Furthermore, Chinese development will provide the world further

great contributions. In the 13th Five-Year Plan period, the global role of China will be more open, active, and constructive, and China will undertake more responsibilities, which will create huge opportunities for world development. First, as the country with the world's largest export trade and second in terms of import trade, China will continue to provide a huge world market in the 13th Five-Year Plan period. Second, as China accelerates its promotion of One Belt and One Road, countries along the line are interconnected, and will further encourage an all-round opening for a new international cooperation mode of win-win development. China will be able to drive the development of its domestic economy by making full use of various favorable factors of the international market. Third, as China plays an increasingly important role in the world, it will play a more active role in global governance, undertake more responsibilities and obligations, and also more actively promote the establishment and maintenance of the international order.

Shared development reflects the substantive characteristics of Chinese socialism, and reflects the control of the CPC Central Committee over social development law. The 5th Plenary Session of the 18th CPC Central Committee proposed that "insisting on shared development means to adhere to development for the people, development relying on the people, and development achievements shared by the people. It also means to create more effective system arrangements, enable all people to enjoy the benefits of co-construction, sharing, and development, strengthen the impetus of development, enhance the unity of the people, and make steady progress towards common prosperity". There are three important principles for shared development: (1) all people do their best to jointly contribute to economic and social development, and jointly create all kinds of wealth; (2) all people are in their proper place to jointly share development achievements and jointly achieve prosperity; and (3) all people live in harmony and jointly build a society of good health, mutual aid, and mutual help. The new goals and requirements of building an all-round moderately prosperous society include "generally improving people's living standards and quality, alleviating poverty for rural poverty-stricken populations in China, removing poverty from all poverty-stricken counties, and solving regional poverty". The key problem to create an all-round moderately prosperous society is the special population groups accounting for a low proportion of the total population but still representing a considerable population. Special measures and targeted practices will need to be introduced (for both individuals and families) to enable them to live within a comfortable standard of living. From now until 2020, it will take only three years to build an all-round moderately prosperous society, and the top priority is to help those living in poverty in rural areas.

Security development embodies the dialectical relationship between security and development, as well as the comprehensive control of the CPC Central Committee over the development guarantee. The concept of security development consists of "one center, two values", where "one center" refers to the people-centered focus of security development, aiming for the security of the people. The term "two values" refers to the core value and instrumental value of security development. Security development requires that China seeks basic human security and systemic security in the process of pursuing development with open conditions. Under the background of

modern times, China's security development includes triple security: "favorable climatic, geographical, and human conditions". Political security is the greatest "favorable climatic condition" of development, and requires that we always adhere to the CPC's leader status and to the CPC's key theory of "one center, two values". It also provides a fundamental guarantee for China's development. Homeland security, economic security, and ecological security are the greatest "favorable geographical conditions" of development, and China must strive to improve food supply, resources, finance and production security, strengthen the ability to provide environmental protection, and the ability to cope with the risks of natural systems. China must also provide a solid foundation for development. Social security, cultural security, technological security, and information security are the most important "favorable human conditions" in development. Thus, full consideration must be given to various fields, factors, and levels of security in the construction of China's security system and mechanism. It is also essential that a security pattern is created and that we provide a good environment for China's development. The essential requirements of security development are to ensure the advent of the phenomenon where "the whole world is at peace" and to provide the greatest public product of stability and security for development. In this way, "prolonged stability" and "universal peace and order in the world" will be achieved.

The successful 5th Plenary Session of the 18th CPC Central Committee marked China's development entering a new stage. It also represented the ability of the CPC to properly understand the overall situation at home and abroad. The CPC had the initiative to adapt and lead a new normal for economic development, and presented a new development idea. It also promoted the realization of the first grand centenary goal of building an all-round moderately prosperous society by 2020.

In conclusion, the Chinese path is a path leading to tremendous changes for Chinese society, and it is a path for less developed countries (including that with the largest population and the most backward economy in the world) to realize the development transformation of industrialization, urbanization, informationization, and modernization. It is a path of innovation for the few socialist countries in the world, where they can continue to explore and practice socialist construction and revolution (including reform). It is the path to the great rejuvenation of the Chinese nation composed of and jointly promoted by billions of people, 56 ethnic groups, 31 provinces, cities and autonomous regions, Hong Kong, Macao, Taiwan and overseas Chinese. Finally, it is the path of peaceful development for China, enabling it to rapidly rise to become a world power.¹³ Its political influence and social significance have rarely been seen before in the history of human

¹³China's peaceful development has broken the traditional mode of the rise of great powers, where "a strong nation is bound to seek hegemony". Establishing a colonial system, struggling for influence and overseas military expansion are the traditional paths that have helped some big powers to rapidly rise in modern history. Information Office of the State Council: *White Paper on China's Peaceful Development*, September 2011, http://www.gov.cn/jrzq.09/09/06/content_1941204.htm.

development. We have self-confidence in our system, in the path we are following, and in our development. In the new development period, under the guidance of the new development idea, China's development will continue to enjoy great achievements, which will be shared by all people, and create a better environment and conditions to realize all-round human development.

Chapter 9

Postscript



China is in a period of transition, moving from a modern laggard, latecomer, and pursuer to an innovator and leader. Along the way, China encountered a number of fundamental hurdles: should China develop? Why develop? What is the purpose of development? How to measure development? How to develop? How to achieve development goals? In essence, these are the hurdles facing China's development idea, development concept, development path, and development mode.

Where can we find the answers to these problems? As Mao Tse-tung commented, "a correct understanding often needs to be completed through multiple repeats from material to spirit and from spirit to material, namely from practice to understanding and from understanding to practice".¹ Therefore, to properly address the hurdles and problems facing Chinese development, it requires a few decades to experience the repeated process of repeated practice and understanding, to change from scant knowledge to greater knowledge, from shallow knowledge to deep knowledge, and from one-sided knowledge to comprehensive knowledge. China's significant period of reform, opening-up, and its unique practices provide us with practical innovation and knowledge sources, while also providing the decision makers and think tanks with interactive exploration, generalization, summary, and sublimation. That is, the two brains of the "Oriental giant".

This book presents a monographic study on the new development idea proposed by the CPC Central Committee. It has taken us more than 20 years to conduct the necessary academic research, tracking study, and long-term research on the problem. To engage in a deep and comprehensive study of China's national conditions, we needed start our research on China's development path at 1949, and from the perspective of the relationships between development and the natural environment, development and human resources, development and innovation, development and fair coordination, and development and globalization. We also needed to look at the six aspects of the new development idea. We were then able to form various

¹Mao Tse-tung: *Where do Right Human Thoughts Come from. Collected Works of Mao Tse-tung*, pp. 320–321, Vol. 8. People's Publishing House, 1999.

processes of interaction, including theoretical and conceptual interactions, and discussions with the CPC Central Committee.

As early as 1989, the National Conditions Analysis and Research Group of Chinese Academy of Sciences presented a basic strategy and main countermeasures for sustainable development by 2000, and even in the first half of the following century via a system analysis of the necessity of choosing a non-traditional (non-Western) modernization pathway based on the China's national conditions and long-term constraints of development. These constraints included fundamental contradictions and the relationships between populations, resources, environment, food, survival, development, and the key trends thereof.² At that time, this attracted the attention of the CPC Central Committee and Comrade Deng Xiaoping.

In 1995, I studied the concept of overall coordination in Mao Tse-tung's *On the Ten Major Relationships*³, and wrote and published *China: Ten Major Relationships towards the 21st Century* (Heilongjiang Education Press, 1995)⁴. Moreover, I recommended that the CPC Central Committee research the 10 new major relationships of contemporary China. In 1995, Comrade Jiang Zemin discussed the "12 major relationships" at the 5th Plenary Session of the 14th CPC Central Committee.⁵ Then, in 2010, I again researched China's 10 major relationships.⁶

²Hu AnGang & Wang Yi of National Conditions Analysis and Research Group of Chinese Academy of Sciences: *Survival and Development*, Science Press, 1989.

³Mao Tse-tung discussed ten major relationships, the relationship between (1) heavy industry and light industry and agriculture; (2) coastal industry and inland industry; (3) economic construction and national defense construction; (4) China, production units, and individual producers; (5) central and local governments; (6) ethnic Han and minority nationalities; (7) party and non-party; (8) revolution and counter-revolution; (9) right and wrong; and (10) China and foreign countries. Mao Tse-tung: *On the Ten Major Relationships, Collected Works of Mao Tse-tung*, pp. 23–44, Vol. 7, Beijing: People's Publishing House, 1999.

⁴This refers to the relationships between (1) central and local governments; (2) developed and underdeveloped regions; (3) industries and agriculture; (4) urban and rural areas; (5) economic growth and economic stability; (6) population and development; (7) environment and development; (8) state economy and non-state economy; (9) development and corruption; and (10) China and foreign countries. Hu AnGang: *China: Ten Major Relationships towards the 21st Century*, Heilongjiang Education Press, 1995.

⁵Jiang Zemin discussed 12 major relationships between (1) reform, development, and stability; (2) speed and efficiency; (3) economic construction and population, resources and environment; (4) primary, secondary, and tertiary industries; (5) East China and Central and Western China; (6) the market mechanism and macro-control; (7) public economic sectors and other economic sectors; (8) China, enterprises, and individuals in the income distribution; (9) opening wider to the outside world and adhering to self-reliance; (10) central and local governments; (11) national defense construction and economic construction; and (12) the construction of material civilization and the construction of spiritual civilization. Jiang Zemin: *Correctly Dealing with a Number of Significant Relationships in Socialist Modernization Construction, Collected Works of Jiang Zemin*, pp. 460–475, Vol. 1, Beijing: People's Publishing House, 2004.

⁶This refers to the relationships between (1) reform, development, and stability; (2) growth rate and development mode; (3) urban areas and rural areas; (4) regions; (5) economic construction and social construction; (6) human and nature; (7) governments and markets; (8) central and local governments; (9) material construction and cultural construction; and (10) China and the world.

In 1999, I proposed that the strategy of sustainable development was still one of the major strategies of the 10th Five-Year Plan and China's 2015 long-range plan. Furthermore, the key principle within the strategy was people-oriented and people-centered, that is, aiming to considerably improve people's quality of life (improvements to the environment quality are also an important aspect of the quality of life). A further aim was to change the development mode from "high capital investment, high resource consumption, and high pollution emissions", to a "resource-saving" and "environmentally friendly" national economic system suitable for China's national conditions using the market mechanism and technological progress. China also sought to move towards trade liberalization and invest in liberalization by making full use of the "two resources" and "two markets", and implementing this strategy in a wider scope.⁷

At that time, some colleagues and myself also put forward some recommendations and strategies that were not adopted. However, later we presented the "people-oriented" guiding ideology in the outline of the 11th Five-Year Plan to establish, for the first time, "a resource-saving and environment-friendly society" in Part VI, and also divided it into five chapters.⁸

In 2005, we further analyzed China's fundamental national conditions when we were researching the background of the 11th Five-Year Plan. Here, we presented an analysis framework of the "five major capitals", namely physical capital, human capital, knowledge capital, natural capital, and international capital. We comprehensively evaluated the success and costs of Chinese development, and analyzed and summarized China's long-term development mode, thus presenting four major strategies promoting the comprehensive, coordinated, and sustainable development of China. The four strategies are as follows: economic globalization strategy, human resource development strategy, knowledge development strategy, and green development strategy. These strategies embodied the basic concept of the new development idea. We also summarized China's three generations of development strategies: the first generation was the traditional development idea of the planned economy period (1950–1978); the second generation was the economic development strategy of the economic transition period (1978–2002); and the third generation was the new development concept strategy represented by the scientific development concept (after 2002).

We also pointed out that the three generations of development strategies had both similarities and differences, but overall were not that different. The similarities are reflected in the inheritance of previous development strategies, and the

Hu AnGang: *On "Ten Major Relationships" in the New Period*, *Journal of Tsinghua University (Philosophy and Social Sciences)*, No. 2, 2010.

⁷Hu AnGang: *Ten Major Goals for Sustainable Development of China: about Recommendations for the 10th Five-Year Plan*, *Analysis and Research Report on National Conditions of China*, No. 61, 1999, July 25.

⁸*Outline of the 11th Five-Year Plan for Economic and Social Development of the People's Republic of China*, adopted at the 4th Session of the 10th National People's Congress on March 14, 2011.

differences are reflected in the level of innovation of each development idea. The development idea of each generation is a connecting link between the preceding and the following, has a tie with the others, keeps pace with the times, and constantly innovates. Of course, the development idea of each generation is shaped by historical rationale and limitations.⁹ We also believed that because “existence determines consciousness”, our viewpoint constantly adjusted and changed with China’s development process. We also tried to learn from international development strategies, consciously summarized China’s development practices, and purposely refused to be constrained.

In August 2010, we provided the basic idea of “six major developments” as research for the 12th Five-Year Plan: green development, innovative development, coordinated development, shared development, security development, and win-win development.¹⁰

I also published a book titled *China: Innovative Green Development* (China Renmin University Press) in April 2012, with an English-language version published by Springer in 2014. A Japanese version was published by the Newspaper Office of Chinese living in Japan in 2015.

In September 2012, I published a further book titled *2020 China: Building a Moderately Prosperous Society in an All-Round Way* (Tsinghua University Press). I sought to “insist on the concept of scientific development: five major developments”. These are innovative development, green development, coordinated development, shared development, and win-win development.¹¹ I summarized green development therein as “respecting nature, following nature, protecting nature, benefiting from nature, using nature, and nurturing nature”. In this way we can achieve harmony between humans and nature. What surprises me most, is that “respecting nature, following nature, and protecting nature” is written in both the report of the 18th Party Congress and the revised CPC Constitution. However, at that time, we failed to fully and systematically develop and elaborate the new development idea. In 2015, I sent the book to the decision makers for reference and received positive feedback.

In 2013, my colleagues and myself were authorized by the National Development and Reform Commission to conduct a mid-stage assessment of the 12th Five-Year Plan. Based on the assessment results, we suggested China’s economic transformation and upgrading via “five major developments”. The 13th Five-Year Plan was based on these suggestions.¹²

⁹Hu AnGang & Wang YaHua: *National Conditions and Development*, pp. 163–165, Tsinghua University Press, 2005.

¹⁰Hu AnGang & Yang YiLong: *12th Five-Year Plan: Background, Idea and Goal of China, Report of National Conditions*, No. 24, 2010, August 8.

¹¹Hu AnGang: *2020 China: Building a Moderately Prosperous Society in an All-Round Way*, Tsinghua University Press, 2012.

¹²Hu AnGang, Yang YiLong & Yang ZhuSong: *Recommendations for Basic Idea of the “13th Five-Year Plan”*, *Review of Economic Research*, 2013 (55): 71–78.

In October 2015, the *Recommendations of the CPC Central Committee for the 13th Five-Year Plan for Economic and Social Development* adopted at the 5th Plenary Session of the 18th CPC Central Committee outlined the need to firmly establish a new development idea of innovation, coordination, green, openness, and sharing. For this purpose, Comrade Xi Jinping specifically discussed the new development idea at the plenary session.¹³

My basic evaluation is as follows: since the 18th Party Congress, the CPC Central Committee, lead by Comrade Xi Jinping, has promoted the “five-in-one” overall layout based on full consideration, coordinated to promote the strategic layout of the “four comprehensive factors”, and presented the “people-centered” new development idea. This has become the guiding ideology of the CPC, People’s Liberation Army, and China, and it has become the guiding concept of innovation and practical innovation. It is mainly reflected in the following aspects: first, the new development idea comes from the largest development practices of reform and opening-up in the world; second, the new development idea summarizes the innovation and essence of previous five-year plans; third, the presentation of the new development idea is a major breakthrough in five-year plan designs, and becomes an important way to achieve the building of an all-round moderately prosperous society; fourth, the new development idea is one aspect of the comprehensive scientific development concept; and fifth, China’s development idea is bound to have a huge impact on the world. Thus, the new development idea not only represents the latest theoretical achievements of Chinese development economics, but also the best practices of development economics in the contemporary world.¹⁴ As Mao Tse-tung stated, “people’s social existence decides people’s thinking. The right thoughts representing the advanced classes, once mastered by the masses, will become a material force in transforming the world and transforming society”.¹⁵ In my mind, I likened Comrade Xi Jinping’s new development idea as a “spiritual atomic bomb”. Once it is understood by billions of Chinese people, it will represent great innovation and entrepreneurship, as well as the innovation of intelligence and wealth.

This is a process in which the “material atomic bomb” interacts with the “spiritual atomic bomb”. For us, it is also a process of constant learning, exploration, innovation, and writing.

The 5th Plenary Session of the 18th CPC Central Committee officially presented the new concept containing “five major developments”: innovative development, coordinated development, green development, open development, and shared development. We have repeatedly edited the book after careful learning, in-depth research, and group discussion. In the process of research and writing, Assistant

¹³Xi Jinping: *Speech by President Xi Jinping at the 2nd Plenary Meeting of the 5th Plenary Session of the 18th CPC Central Committee (Excerpts)*, (October 29, 2015), *Qiushi*, No. 1, 2016.

¹⁴Hu AnGang: *How do Five Major New Development Ideas Guide the 13th Five-Year Plan*, *People’s Tribune*, November 17, 2015.

¹⁵Mao Tse-tung: *Where do Right Human Thoughts Come from. Collected Works of Mao Tse-tung*, p. 321, Vol. 8. People’s Publishing House, 1999.

Professor Yan YiLong helped me to organize research and writing. Tang Xiao, Lu YuFeng, Zhang Xin, and Dr. Jiang Jiaying participated in the research and writing of various chapters in the book. Associate Professor Zhou Shaojie provided relevant research findings. The first edition of the book was completed at the end of 2015, and was officially published in April 2016.

As a second edition, the book now includes Chap. 7. Since the 18th Party Congress, General Secretary Xi Jinping has introduced two new areas of innovation. The first is security development idea innovation, that is adhering to the concept of overall national security, aiming for the security of the people, fully considering domestic and international situations, and development and security. It also means to adhere to the new strategies including that national security is for the people and depends on the people. The second is national security system innovation. On January 24, 2014, after much research, the Political Bureau of the CPC Central Committee held a meeting to establish the National Security Commission. Xi Jinping serves as the chairman of the National Security Commission, and Li Keqiang and Zhang Dejiang are the Vice Presidents. China has established a centralized, unified, efficient, and authoritative national security system. For both the CPC and China, it represents prime examples of institutional innovation and mechanism innovation. On October 14, 2013, the *Report of National Conditions* (No. 15 of the 2013 Special Issue) of the *Recommendations for the Establishment of the National Security Commission* written by professor Men Honghua and I, recommended that for major national security issues, it was essential that the following occur: “high authority, the decentralization of low-level authorities, decisions to be made by the Commission, and various parties to handle affairs”. All this was to operate under the direct leadership of the Political Bureau of the CPC Central Committee and the Standing Committee. The aim is to establish a national security leadership system led by the President of China. This strategy coincides with the strategic decision of the central government. On November 12, 2013, the Communiqué of the 3rd Plenary Session of the 18th CPC Central Committee stated its intention to establish the National Security Commission, perfect the national security system and the national security strategy, and ensure China’s national security. For this purpose, I further felt that it was necessary to summarize the new idea of security development of China from the viewpoint of China’s security development practices. When Chap. 7 of the book was finalized, I did not think that on December 10, 2016, the Political Bureau of the CPC Central Committee would hold a meeting to deliberate the *Opinions on Strengthening the National Security Work*. Comrade Xi Jinping delivered an important speech at the meeting. Xinhua News Agency only published two paragraphs, but a substantial amount of information was provided, and the idea was very innovative, and helped us to finalize the “Security Development” chapter.

Chapter 7 “Security Development” was written by Tang Xiao, Tang YiLong, and myself, and was finally complete after my careful and repeated revision. This article was internally published as the *Report of National Conditions* (No. 42 of 2016 Special Issue) for the reference of policy makers.

Moreover, I wrote a book titled *China: Determine the Victory of the Centenary Goal* in light of the recommendations adopted at the 5th Plenary Session of the 18th CPC Central Committee. The book was also published by the Zhejiang People's Publishing House. The two books and the book titled *Grand Strategy of the "13th Five-Year Plan"* (Zhejiang People's Publishing House, edition of June 2015) written by Yan YiLong, Zhou Shaojie, and I epitomize our research on the 13th Five-Year Plan, represent the systematic research achievements of the development theory, development idea, and development plan, and provide intellectual support for policy makers and public knowledge for all society.

As a think tank, the Research Institute of National Conditions of Tsinghua University aims for "knowledge serving the people, and serving China". Furthermore, "it is concerned with the issues China is concerned about, it thinks about the issues China thinks about, and also thinks about those issues that China is not thinking about". For a long time now, we have been tracking both professional and occupational research on China's five-year plans, and have provided advice to the CPC Central Committee and the State Council. Recently, the Research Institute of National Conditions of Tsinghua University has also been honored as one of the first pilot units of the national high-end think tank, and directly serves the decisions of the CPC Central Committee and the State Council. This fully affirms our previous work, and represents expectations of our future development. We feel great responsibility, and will focus on further research on China's national conditions, national policies, and medium and long-term strategic planning, and create a world-class high-end think tank with the Tsinghua brand with Chinese characteristics. We will also continue to provide high-end knowledge products for high-end customers, namely the *Report of National Conditions*, and take the initiative to strengthen communication and contact with decision-making sectors and other high-end think tanks. We will continue to create channels of knowledge spillover and communication, and strive to start a new journey to building high-end think tanks.

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