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A WORLD IN  
(DIS-)ORDER?



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# THE NEW PLAN FOR CHINA'S MODERNIZATION

## THE TRANSFORMATIONAL DECISIONS OF THE 19<sup>TH</sup> CPC NATIONAL CONGRESS

Li Wei

CHINA HAS undergone profound and fundamental changes since the 1978 introduction of the Reform and Opening-up policy, which was followed up with regular leadership meetings—particularly important was the 18<sup>th</sup> National Congress of the Communist Party of China (CPC), which took place in 2012. And last year's 19<sup>th</sup> CPC National Congress's broke significant new ground, when General Secretary Xi Jinping announced that socialism with Chinese characteristics has entered a new era.

He made clear that in this new era China will face new environments, new tasks, and new challenges in its modernization. To this end, the 19<sup>th</sup> Congress, over which Xi presided, formulated a new plan for China's modernization. I have no doubt that China will follow through with this blueprint in the time ahead.

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### NEW ERA MODERNIZATION

Since the onset of modern times, the Chinese have been steadfastly committed to the goal of modernization, in order to catch up with the times. We can go back even further: with a history of 5,000 years, the Chinese have made outstanding contributions to humanity over millennia. For many centuries before the Renaissance, China held a leading position in global economic, technological, and cultural developments. Distinguished economic historian Angus Maddison once stated

[China] is and has been a larger political unit than any other. Already in the tenth century, it was the world's leading economy in terms of per capita income and this leadership lasted until the fifteenth century. It outperformed Europe in levels of technology, the intensity with which it used its natural resources and its capacity for administering a huge territorial empire.



*General Secretary Xi Jinping voting during the 19<sup>th</sup> CPC Congress*

Unfortunately, China did not embark on the path of industrialization at that time. Reduced to a semi-colonial and semi-feudal society, China fell further behind the West in the wake of the First Opium War (1840–1842).

Facing this painful reality, the Chinese came to realize that they must pursue modernization if they wanted to realize national independence, economic prosperity, and a decent livelihood for the people. Since the early nineteenth century, Chinese intellectuals and people had made arduous explorations and efforts at modernization. However, no major progress was made prior to

the founding of the People's Republic of China in 1949. Its establishment, coupled with the subsequent construction of basic socialist institutions, provided the fundamental political and institutional basis for China's modernization. Since then, China has taken off and recorded one achievement after another in its modernization drive.

Before Deng Xiaoping launched the 1978 Reform and Opening-up policy, the CPC had already led the Chinese people in an earnest modernization endeavor. In twenty-plus years, China had established a comprehensive national economic and industrial

system, laying solid foundations of the material and human resources required for modernization. Its steel industry was almost nonexistent in 1949, but by 1978 was producing 31.78 million tons of steel annually; its grain production doubled in the same period; its literacy rate and average life expectancy increased remarkably—much higher than the average level in the developing world on the eve of the Reform and Opening-up; and it made major advances in science and technology, as evidenced by its satellite launches and synthetic insulin production.

Following the launch of the Reform and Opening-up policy, China unveiled a strategic three-step vision for modernization. Guided by this blueprint, China reformed its old institutions, built new ones, integrated itself into the global economy, and made new achievements on modernization. The Chinese began to enjoy a moderately prosperous life, with China crossing the threshold for low-middle income countries in 1999 and upper-middle income countries in 2010 (according to standards set by the World Bank).

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2016, China's GDP reached \$11.2 trillion in total and \$8,100 in per capita terms. China is the largest producer of more than 200 important industrial products, as well as numerous leading technologies, like the BeiDou Navigation Satellite System. Apart from economic achievements, China has also come a long way in other aspects of modernization. For example, the share of urban residents in the total population increased from less than 18 percent in 1978 to 57.4 percent

in 2016, indicating that urban areas have taken a dominant position in China's development. In 2015, China's average life expectancy reached 76.34, which is 8.57 years more than in 1981.

By 2020, China will complete the building of a moderately prosperous society in all respects. By then, China's social productivity and composite national strength will further increase; it will move closer to developed countries in terms of per capita income; and all who live below the current poverty line will be lifted up. However, we are keenly aware that accomplishing such goals is just another starting point in China's modernization.

On the one hand, China still lags far behind developed countries on aggregate and in structural terms, as

well as in the economic field and public services. Even by 2020, China's GDP per capita will only be a fifth that of the United States and its urbanization rate will still be around 20 percent lower than that of developed countries. China must press ahead with modernization in order to catch up with developed countries.

On the other hand, the new technological revolution continues to yield new outcomes that have been applied extensively. Globally, a number of changes are about to take place in economic, social, and cultural fields. Modernization will be more substantive, at both material and spiritual levels. China must move ahead with modernization if it is to catch up with the times.

### PROSPEROUS, STRONG, AND HARMONIOUS

China's overall objective of modernization in the new era is to build a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by 2050.

Modernization is a comprehensive transformative process—a grand move-

ment away from a traditional society and towards a modern society. It includes a series of shifts in economic, political, social, cultural, and ecological fields, as well as profound changes in the balance of interests between different regions, urban and rural areas, and social groups. It is full of opportunities, tensions, and challenges.

As the modernization of first-mover countries was basically a spontaneous process, they were in a position to take only correctional and reparative measures when facing serious economic and social challenges. While making huge achievements in modernization, they also paid a huge and painful price. International experience indicates that we can achieve a relatively smooth modernization process and pay a reduced price merely by implementing a coordinated and systematic strategy, properly managing various social tensions and balancing interests, and steering modernization in the right direction once we have mastered the laws of modernization.

China's modernization is thus a catch-up process of a late-comer country, which can and will be

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guided by a clearly-targeted and forward-looking strategy. Successive Chinese leaders have been committed to modernization by implementing strategies with clear goals. In the first three decades after the founding of the People's Republic, China put forward the objectives of "building strong modern industry, agriculture, transport and national defense," and "building China into a strong socialist country with modern industry, agriculture, transport and national defense by 2000." Guided by these objectives, China has made impressive progress in its modernization in less than 30 years.

After the introduction of the Reform and Opening-up policy in 1978, China proposed the three-step development strategy. In the first step, China would double its GDP between 1981 and 1990, in order to meet the Chinese people's demand for basic living. As envisioned by the second step, the country would double its GDP again between 1991 and the end of the twentieth century, to provide a moderately prosperous life for its people. Finally, in the third step, China would raise its GDP per capita to the level of mid-level developed countries, providing a prosperous life for its people and

basically realizing modernization by the mid-twenty-first century. Each of these steps was achieved in turn.

Later, China set two centenary goals: to complete the building of a moderately prosperous society in all respects by

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2020—roughly around the time the CPC will commemorate its centenary; and to complete the building of a prosperous, strong, democratic, culturally advanced, and harmonious modern, socialist country by 2050—roughly to coincide with the

celebration of the centenary of the People's Republic. China's modernization objective was also more clearly-defined with a five-sphere integrated plan being proposed—one to promote coordinated economic, political, cultural, social, and ecological advancement.

According to the objective presented during the 18<sup>th</sup> Congress in 2012, and the plan adopted in the 19<sup>th</sup> Congress in 2017, China will complete the building of a moderately prosperous society in all respects by 2020, ushering in a new era of modernization. To pursue modernization in a better way in this new era, the 19<sup>th</sup> Congress adopted a new two-stage plan to be implemented between 2020 and the middle of the twenty-first century.

In the first stage (2020-2035), China will build on the foundation created by the moderately prosperous society, with a further 15 years of hard work to see that socialist modernization is basically realized. In the second stage, which is slated to be completed around the mid-century mark, China will develop into a great modern socialist country—one that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful.

The 19<sup>th</sup> Congress proposed the basic realization of modernization 15 years in advance: in 2035, rather than in 2050 (the target date set back in the 1980s). This new vision was set forth on the basis of China's beyond-expectations development over the past three-plus decades. If the current trend continues, China is fully capable of realizing this new objective of modernization on schedule.

The new goals and plans adopted at the 19<sup>th</sup> Congress for China's modernization over the next three decades cover economic, political, cultural, social, and ecological fields. It highlights the aspirations for well-rounded human development and common prosperity;

social equity and justice; and harmony between man, nature, and sustainable development. It also coincides with the general trend of development and progress of human society; responds

to the people's new aspirations for a better life; reflects changes in the world, China, and Chinese society; and follows laws governing modernization, socialist construction, and human society.

### "XI JINPING THOUGHT"

China will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era in its modernization.

This new theory is essential for China to address new issues and challenges in its modernization in the new era.

Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era is so broad that it covers all aspects of China's modernization and governance; it is a complete system with components inherently connected with each other; practical and well-conceived, it reflects general laws of social and economic development, and responds to the specific needs of China's modernization.

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I believe we need to understand and interpret Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era in the following five aspects.

First, *changes in the principal contradiction in*

*Chinese society in the new era.* Modernization is an evolving and upward spiraling process in continuous cycles from quantitative to qualitative changes, with different features during different stages. In different stages of modernization, principal social contradictions, and consequently major development tasks, differ. History has repeatedly shown that correct modernization strategies and policies can only be formulated with a correct understanding of the changes in principal social contradictions and its inherent laws.

In the past several decades, the principal contradiction in Chinese society was the one between the growing material and cultural demands of the people and backward social production. At that time, the main task of modernization was to address quantitative issues.

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China has now taken historic leaps in its economy, science and technology, composite national strength, industrialization, and urbanization. As a result, the principal contradiction has become the one between unbalanced and inadequate development and the people's ever-growing need for a better life. The main task of modernization now is to resolve qualitative issues. China will double its efforts aimed at promoting balanced and adequate development, as well as pursuing common prosperity and high-quality development.

Second, *the people-centered development philosophy and the new development philosophy.* "People"

was mentioned more than 200 times in General Secretary Xi's report delivered at the 19<sup>th</sup> Congress, indicating that the people's interests hold a paramount position in China's modernization process.

In the future, China will take well-rounded human development and common prosperity as the starting point and objective of its development, while the modernization drive in the new era will fully embrace the philosophy of innovative, coordinated, green, open,

and shared development. This will help resolve the issue of weaker traditional growth drivers and an extensive growth model via innovative development, and build new growth drivers for sustainable development. It will also aim to overcome weaknesses in development and improve economic structure through coordinated development to foster balanced development; meet the people's growing demand for a good environment through green development to realize harmony between man and nature; fully leverage its own strength and better utilize international and domestic markets and resources through open development to foster synergy in building a community with a shared future for mankind; and narrow the income and wealth gap between urban and rural areas and different regions and groups in order to create an enabling environment for common prosperity through shared development.

Third, *overall planning and coordinated progress on all fronts of modernization.* In a huge and complex project like modernization, all fronts mutually support and crosscheck each other. Only by making coordinated progress can the modernization drive be sustained. Of course, coordinated progress does not mean modernization in all areas should march forward in lockstep.

Indeed, faster progress can be made in some areas. However, this prioritization must conform to the laws of economic and social development—otherwise modernization would be stalled. At present, progress is notably delayed in some areas. For example, although great headway has been made in education, healthcare, social management, and

*The main task of modernization now is to resolve qualitative issues.*

ecological protection, it still falls far short of the people's needs. In an effort to improve these "weak links," China will pay more attention to

top-level design, overall planning, and coordinated progress in its modernization drive in the new era.

Fourth, *an improved, modernized economy.* "Modernized economy" is a concept that was proposed for the first time at the 19<sup>th</sup> Congress. According to my understanding, a modernized economy, first and foremost, is a highly efficient economy that optimally allocates resources to different regions and industries whilst efficiently utilizing all kinds of production factors. Second, it is a high-quality economy that strikes a balance between speed and return on investment, and between economic and social development. Third, it is an economy conducive to balanced development, in which different regions and groups have due roles to play and gain due benefits. Fourth, it is an economy conducive to sustainable development,

as it cannot only minimize the negative impact of development on the environment, but must also continue fostering new growth drivers and build an industrial system backed by modern science and technology, mindful of ecological considerations.

To build a modernized economy quickly in the future, China will deepen supply-side structural reforms, pursue a coordinated regional development strategy, move fast in improving its socialist market economic system, and push for a pattern of comprehensive opening-up.

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**F**ifth, *deepening reform*. To realize modernization goals, we must build sustained growth drivers and effectively address potential risks and challenges. This means we must improve the market economic system, make the governance system more effective, and continue increasing our governance capacity.

China has made remarkable progress in reform on various fronts and in institution building. According to the decisions made at the 19<sup>th</sup> Congress, China will improve its ownership re-

gime to provide equitable protection to the legitimate rights and interests of all investors; deepen the reform of state-owned enterprises and develop a mixed ownership economy in different ways; press ahead with reform in monopoly

sectors and create a level playing field; continue to transform government functions and establish an administrative system as required by the market economy in order to leave more space for the market to play a decisive role in allocating resources; press ahead with the building of an open economic system and open up more sec-

tors; and move forward with reform in political and judicial fields, as well as building a systematic and complete governance system.

**C**hina has to date made impressive progress on its modernization; looking ahead, we will face heavier tasks and more daunting challenges. However, we have full confidence that, provided we follow through with the strategies and plans adopted at the 19<sup>th</sup> Congress, China will overcome successive challenges and difficulties, realize its objectives, and make greater achievements. ●