



Some Issues about the 13th Five-Year Plan

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Profile of Liu Shijin

Liu Shijin, male, born in 1955, is long engaged in research of economic theories and policies, mainly covering enterprise reform, evolution of economic systems, macroeconomic policies, industrial development and policies. His publications include more than 200 papers and a dozen academic writings he has authored, co-authored or edited, including *Catching Up from Behind: Looking to the New Period for Chinese Industrial Development*, *What Is Socialist Market Economy*, *Modern Corporate System*, *Strategic Restructuring of State-owned Economy*, and *Handbook on Transforming Enterprises into Stock Companies*. He once held capacities such as deputy director of Development Research Center of the State Council, concurrently executive director of China Federation of Industrial Economies (CFIE) and deputy director of CFIE's academic committee, member of academic committee of China Reform Foundation, member of the National Industrial Policy Advisory Committee, and member of COSTIND Experts Committee.

Some Issues about the 13th Five-Year Plan

The Proposal of the CPC Central Committee for the Formulation of the 13th Five-Year Plan for National Economic and Social Development (hereinafter referred to as the "Proposal") was adopted on the fifth plenary session of the 18th CPC Central Committee. As a key plan formulated at the critical stage of completing the building of a moderately prosperous society in all respects, the first of the two centennial goals, the 13th Five-Year Plan is one marking Chinese economic development into a "new normal" and a critical period of transformation and upgrading. It is also a plan formulated and fully implemented by the central collective leadership of this current administration. It is of great significance in many respects and will become a programmatic document for the next 5 years of China's economic and social development.

First, about important changes in the connotation of the period of strategic opportunities for China's development. Although China remains in an important period of strategic opportunities for its development during the 13th Five-Year Plan period, the connotation of the period of strategic opportunities has undergone profound changes. Of these changes, the most important one is that China's economic development has entered a "new normal". The **international experience** shows that those successful catching-up economies, which enjoyed rapid growth for two or three decades, all experienced a slowdown in their economic growth without exception, when their per capita income reached 11,000 international dollars. Chinese per capita income reached this level last year, and the southeast coastal areas where such a level had been hit several years before, were the first to see a decrease in economic growth rate. **As far as the supply is concerned**, a turning point has been observed in Chinese population structure, labor force and flow of rural labor force to non-agricultural sectors, marking a narrowing space for technological catch-up. **As for the demand**, key industrial products have seen peak demands. China's economic development demonstrates three characteristics: change in growth rate, optimization of economic structure, and shifting of driving force. Its growth rate shifts to medium-to-high speed from high speed, and the size- and speed-oriented extensive growth mode is giving way to the quality- and efficiency-oriented intensive one. The economic restructuring is shifted to adjusting the existing and optimizing the additional resources from increasing the output and production capacities, and the driving force for development is switched to rely on innovation from the input of production elements such as resources and low-cost labor force. In view of regularity of the "new normal", such changes which are independent of human consciousness will remain the necessary requirements on Chinese economic development at a particular stage. Without a full understanding of these characteristics, some international sources who are accustomed

to the rapid growth of Chinese economy, mistake the slowdown in Chinese economy for a big problem. Such changes in China's economic growth are normal in fact.

Second, about the major targets of economic and social development during the 13th Five-Year Plan period. The Proposal requires that new targets be achieved with efforts for the next 5 years in addition to the established goal of completing the building of a moderately prosperous society in all respects, that is, economic growth to be kept at a medium-to-high rate; the people's living standards and quality to be raised universally; the overall caliber of the population and the moral and ethical standards of the whole society to be significantly raised; the ecological and environmental quality to be overall improved; institutions in all sectors to be made more mature.

For the rate of economic growth which is a common concern, the Proposal does not give directly an indicator but set a target that its 2010 GDP and per capita income for both urban and rural residents should be doubled by 2020. To achieve this target, we should keep the annual economic growth above 6.5% from 2016 to 2020. Economic growth at a medium-to-high rate is beneficial to improving the people's livelihood and provides the people with better access to the fruits of completing the building of a moderately prosperous society in all respects. As China's economic development enters into a "new normal", it will take some time to resolve overcapacity, and to optimize and upgrade the industrial structure for innovation-driven development. It is therefore not easy to maintain a high growth rate against the downward pressure on economy. It is universally held by major research institutes both at home and abroad that the potential annual growth rate of Chinese economy during the 13th Five-Year Plan period will stay at 6%-7%. To sum up, it is possible for Chinese economy to maintain a growth rate of 7% or so in the future although some uncertainties lie ahead. Meanwhile, as the economic aggregate continues to increase, the growth rate will slow down, as a basic law so dictated. China's development during the 13th Five-Year Plan period should be examined not only in terms of growth speed and quantity, but also of economic increment and quality. In order to realize economic growth of quality, efficiency and sustainability, efforts should be made to transform the economic development modes, optimize the economic structure, improve the ecologic environment, and raise the developmental quality and efficiency.

Third, about the five conceptions of development. The Proposal requires the establishment of five conceptions of development, that is, innovative, coordinated, green, open and sharing. Although some of them were mentioned, the five conceptions were put forth as a mutually independent and supported whole for the first time. They are a systematic integration and sublimation of existing theories and practice on development. Innovation refers to the driving force; coordination is intended to solve the structural problems; green is targeted at sustainable development, embodying a new mode of development; opening focuses on utilization and optimal allocation of resources to the maximum extent; sharing is an expression of the starting point and the foothold of our development.

Fourth, about major measures for promoting economic and social development.

There are some 50 major measures to be taken, with the following key ones:

The "weak spots" will be shored up, that is, about 70 million people will be lifted out of poverty as specified by the current standards of China. All poverty-stricken counties will be rid of their "poverty hats" in an effort to solve the regional poverty. 50 million poverty-stricken population will be helped to lift themselves out of poverty by means of industrial support, nonagricultural employment, relocation and resettlement. And the remaining 20 million people who lose or partially lose working capacity can be all covered by basic subsistence allowances and thus lifted out of poverty by means of social security.

Efforts will be made to deepen the strategy of innovation-driven development. A batch of major science and technology projects at the national level will be implemented, and a batch of national laboratories will be set up in major innovative areas. Active efforts will be increased to propose and lead international large sci-tech programs and projects.

The most stringent environmental protection system will be put in practice. Functional zones will be given full play as the basic protection system in the development of China's geographical space. The implementation of pollution control plans with respect to air, water and soil will be further advanced. A vertical management control system will be implemented in monitoring, surveillance and enforcement by the environmental protection agencies under the provincial level.

Balanced development of population will be promoted, with the strategy of population development to be improved. The two-child policy will be implemented to the full in an active response to the aging of population.

Open economy will be developed in a higher level. China will follow a win-win strategy of opening up and play an active part in global economic governance and the supplies of global public services and products in a bid to raise its institutional discourse power about global economic governance and build an extensive community of shared interests. To be specific, **first of all**, we will improve the external strategic layout. **Second**, we will bring new institutions of opening up into being, make the business environment law-based, international and convenient, improve the institutions and mechanisms that are beneficial to win-win cooperation and accommodate international trade and investment rules, enhance the quality of construction of experimental free trade zones (FTZ), fully implement the system of pre-establishment national treatment plus a negative list, and increase the two-way opening up of financial sector. **Third**, we will press ahead with the Belt and Road Initiative. Efforts will be made to take enterprises as subjects and follow the market-based operation, push ahead with the infrastructure connectivity and the construction of international

corridors, and strengthen cooperation with international financial institutions. **Fourth**, cooperation with Hong Kong, Macau, and Taiwan will be furthered. **Fifth**, active efforts will be made to participate in global economic governance. We will promote the reform and improvement of the international economic governance system, guide the agenda of global economy, push the development of the international economic order toward the direction of equality, justice, win-win cooperation, strengthen the international coordination of macro policies, actively participate in the formulation of international rules for new areas including network, deep sea, polar region and space-aeronautics, push ahead with multilateral trade negotiations and speed up the implementation of FTZ strategy. **Sixth**, we will actively assume international responsibilities and obligations. We will actively participate in negotiations about global climatic change, implement our commitments to reducing emissions, improve the foreign aid modes and safeguard the international public safety.

Fifth, about the tasks and requirements for strengthening Party's self-conduct in accordance with rules. Fight against corruption will be consolidated with efforts to forge institutions and mechanisms that deter, dismantle and deprive mal-conducts and corruption. Efforts will be increased to remove mal-practice off some cadres such as nonfeasance, irresponsible behaviors in a bid to foster a responsible and aspiring attitude. We will make cadres honest, government clean and politics clear, providing strong political guarantee for economic and social development.