

Understanding Xi Jinping's Governance

Angang Hu

# Modernization with Chinese Characteristics and Great Power

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# **Understanding Xi Jinping's Governance**

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# Modernization with Chinese Characteristics and Great Power

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# Chapter 1

## The Path to the Socialist Modernization with Chinese Characteristics



Modernization has recently become the major trend in world historical development. However, there is no fixed pattern for the path to modernization—only when each individual country walks its own path that matches its national conditions can it be successful.

What is modernization? Modernization is the initiation of industrialization and the promotion of long-term sustained economic growth by beginning “a series of basic production functions (or combination of the factors of production) in the national economy that continuously undergo radical changes from low to high-level.”<sup>1</sup> This can initiate industrialization, promote long-term and continuous economic growth, boost the transformation of social productive forces, and then further promotes the fundamental transformation of both the social and economic structure. What are the elements of modernization? These include more than ten elements: population, labor force, capital, education, technology, science, information, digital technology, culture, energy, resource, environment, ecology, national defense, etc., all of which are important factors for the occurrence and completion of the above-mentioned modernization process on a regional, national and worldwide level.

### 1.1 Modernization with Chinese Characteristics and Its Main Features

In the centuries-old historical process of global modernization, different countries have different modes of modernization due to different national conditions, different paths taken, different outcomes, and different timing for beginning modernization. There are nearly 200 countries in the world today and thus there are nearly 200 patterns.

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<sup>1</sup> Peigang (2002).

What is the modernization with Chinese characteristics? It is socialist modernization, which is essentially different from the northern countries that have achieved modernization (referring to the Organization for Economic Cooperation and Development (OECD) countries), and the path taken is also different from the developing countries that are undergoing modernization (referring to non-OECD countries). It is the path to socialist modernization most suitable for China's national conditions.

In the report to the 20th National Congress of the Communist Party of China, General Secretary Xi Jinping summarized modernization with Chinese characteristics as: the socialist modernization led by the Communist Party of China, which not only has the common characteristics of the modernization of all countries, but also has Chinese characteristics based on national conditions. The modernization with Chinese characteristics is a modernization of a huge population. The modernization with Chinese characteristics is a path of modernization in which all people achieve common prosperity. The modernization with Chinese characteristics is a modernization in which material civilization and spiritual civilization have a coordinated development. The modernization with Chinese characteristics is the modernization with a harmonious coexistence between man and nature. The modernization with Chinese characteristics is a modernization that takes the path of peaceful development.<sup>2</sup>

The modernization with Chinese characteristics possesses common features of the modernization of many countries around the globe. This manifests itself as follows: First, the continuous growth of per capita income has successively gone through several stages including the extremely low-income level (1949–1990), the low-income level (1990–2000), the lower middle-income level (2000–2010), the upper middle-income level (2010–2020),<sup>3</sup> and will enter the high-income stage in the future.

Second, it also goes through the continuous accelerated process of industrialization: the stage of initially establishing an independent industrial and national economic system (1953–1978), the stage of accelerating industrialization (1978–2006<sup>4</sup>), and the stage of accelerating informatization (2000–2020<sup>5</sup>).

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<sup>2</sup> Jinping (2022).

<sup>3</sup> According to purchasing power parity per capita GDP (international dollar in 2017), China had a GDP of 1424 international dollars in 1990, equivalent to the average level of low-income countries (1378 international dollars), and 3712 international dollars in 2001, equivalent to the average level of lower middle-income countries (3758 international dollars). By 2021, China had a GDP of 17,503 international dollars, which is close to the average level of upper middle-income countries (18,195 international dollars). Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?locations=CN-XM-XT-XN>.

<sup>4</sup> In 2006, the industrial added value accounted for the highest proportion of GDP, which was 42.0%. Compiled by the National Bureau of Statistics of China (2022).

<sup>5</sup> China's Internet penetration rate has risen from 2% in 2000 to 70% in 2020, higher than the world's average penetration rate (60%), but lower than that of OECD countries (86%). Data Source: World Bank Database: <https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=CN-1W-OE>.

Third, it goes through stages for continuous accelerated process of urbanization, from low urbanization (1949–1980) to accelerated urbanization (1980–2020<sup>6</sup>).

Fourth is the continuous improvement of the level of human capital, such as the increase in the average life expectancy, from 35 years before 1949 to 48 years in 1964, reaching the life expectancy level of lower middle-income countries (48 years). China's average life expectancy reached 63 years by 1974, which indicated reaching the level of upper middle-income countries (63 years).<sup>7</sup> By 2021, it reached 78.2 years, which is close to the average level of high-income countries (80 years in 2020), and surpasses the life expectancy of the United States (77 years).<sup>8</sup> Another example is the increase in per capita years of education, from one year in 1950 to 10.8 years in 2020.

Modernization with Chinese characteristics can be summarized into five factors: The First is the ever-increasing modernization factors, such as a country's total power generation and per capita power generation. The second is the ever-increasing socialist factors, such as the fundamental socialist political system, basic political system, important political system, basic socialist economic system, and social system. The third is the ever-increasing Chinese cultural factors, advanced socialist culture, core socialist values, national cultural soft power, and Chinese cultural influence. The fourth is the ever-increasing green ecological factors, including the construction of ecological civilization, adherence to the concept that lucid waters and lush mountains are invaluable assets, green, circular, and low-carbon development, and building an ecological civilization system. The fifth is to comprehensively strengthen the political factors of the leadership of the Communist Party of China, adhere to the centralized and unified leadership of the CPC Central Committee, improve the CPC's leadership system, ensure the authority and centralized and unified leadership of the CPC Central Committee, and ensure that it fully exerts its core role in providing overall leadership and coordinating the efforts of all sides. Among the five factors, the leadership of the party has become the core factor, which greatly promotes the interconnection, interaction, mutual promotion and complementarity of the other factors. These together constitute the path of socialism with Chinese characteristics. There are five major advantages, that is, in addition to the latecomer advantage of developing countries, China's unique advantages are: the advantages of the socialist system, the long-term advantages of Chinese cultural traditions, the advantages of green innovation and ecology, and the core advantages of the political leadership of the Communist Party of China, which is the biggest advantage.<sup>9</sup>

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<sup>6</sup> China's urbanization rate exceeded 20% in 1980, 50% in 2011, and reached 65% in 2021, surpassing the world's urbanization rate (57%). Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=CN-1W>.

<sup>7</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=CN-XM-XT-XN>.

<sup>8</sup> Data Source: World Bank Database: [https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=XD-US-CN&most\\_recent\\_value\\_desc=false](https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=XD-US-CN&most_recent_value_desc=false).

<sup>9</sup> Hu et al. (2018a).

As General Secretary Xi Jinping said: The essential requirements of the modernization with Chinese characteristics are: adherence to the leadership of the Communist Party of China, adherence to socialism with Chinese characteristics, achievement of a high-quality development, development of a people's democracy, enrichment of the people's internal world, realization of common prosperity for all people, promotion of the harmonious coexistence of man and nature, promotion of the building of a community with a shared future for mankind, and creation of a new era of human civilization.<sup>10</sup>

In the following section, in order to deeply analyze the path to the modernization with Chinese characteristics, I will summarize it and break down its ten main characteristics.<sup>11</sup>

### 1. The Modernization Led by the Communist Party of China

The fundamental institutional conditions for China to realize socialist modernization are extremely unique. Modernization has become a worldwide trend. If developing countries want to realize modernization, one of the basic core issues they encounter is who will initiate and lead this modernization? **The Communist Party of China has become the leading core force and the biggest driving factor of the modernization with Chinese characteristics:** “adhering to the overall leadership of the Party and constantly improving the Party’s leadership”.<sup>12</sup> “The Party exercises overall leadership over all areas of endeavor in every part of the country.”<sup>13</sup> This ensures that there will not be the flip-flop or countermeasure mechanism on party alternation and parties taking turns in power in China, and helps maintain the long-term, stable and continuous governance of the ruling party, while also constantly innovating and advancing the modernization with Chinese characteristics with the times.

The realization of socialist modernization has always been the historical mission of the Communist Party of China. In 1945, Mao Zedong envisioned in the Report to the Seventh National Congress of the Communist Party of China: “After the political conditions for new democracy are obtained, the Chinese people and their government must take concrete steps to **gradually build up heavy and light industries within a few years, so that China will change from an agricultural country to an industrial country.**” He also pointed out: “**Without the efforts of the Communist Party of China and Chinese Communists as the mainstay of the Chinese people, China’s independence and liberation would be impossible, and China’s industrialization and agricultural modernization would also be impossible.**”<sup>14</sup> Later, the historical facts of New China showed that without the Communist Party of China, there would be no New China; without New China, there would be no industrialization and

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<sup>10</sup> Jinping (2022).

<sup>11</sup> Hu (2022).

<sup>12</sup> Jinping (2021a).

<sup>13</sup> On December 14, 1973, Mao Zedong said in a talk with some members of the Political Bureau of the CPC Central Committee: The Party exercises overall leadership over all areas of endeavor in every part of the country. Party Literature Research Center of the CPC Central Committee (2011b).

<sup>14</sup> *Selected Works of Mao Zedong*: Vol. 3. Beijing: People’s Publishing House, 1991: 1081, 1098.

modernization with Chinese characteristics; without the modernization with Chinese characteristics, there would be no strong China.

In order to gain the power and opportunity for the launching and leading of modernization with Chinese characteristics, the Communist Party of China has paid a huge price. From the founding of the Communist Party of China in 1921 to the founding of the People's Republic of China in 1949, in the 28 years, according to the statistics of the Ministry of Civil Affairs and the Organization Department of the CPC Central Committee, "revolutionary martyrs" whose names can be found out are more than 3.7 million, an average of 370 people dying per day. Many people have created the fundamental political and social conditions for China to realize socialist modernization. In this sense, if one can declare that "without the Communist Party, there would be no new China", then in a similar trend, after the founding of new China, "there would be no modernization with Chinese characteristics without the Communist Party."

From the perspective of the national development life cycle, from a traditional agricultural country to a modern country, the modernization with Chinese characteristics has gone through at least three stages of development: the period from 1949 to 1978 was the preparatory growth period, that is, on the foundation of intense poverty, the country first started industrialization and modernization. It did this through self-reliance, establishing a relatively independent and complete industrial system and national economic system, and establishing modern education, culture and healthcare system, investing in all people.

In the early days of the founding of New China, the modernization with Chinese characteristics began with the industrialization with Chinese characteristics. In 1953, Mao Zedong proposed the "one industrialization and three transformations", and declared, "It will be a transitional period from the founding of the People's Republic of China to the basic completion of socialist transformation. The Party's general line and mission in this transitional period is to gradually realize socialist industrialization and gradually realize the socialist transformation of agriculture, handicraft industry, and capitalist industry and commerce (referring to the "three transformations") by the state over a long period of time."<sup>15</sup> This is different from Western-style industrialization, and is clearly a socialist industrialization. This was the starting point of industrialization and modernization in China's transition to socialism. At that time, the CPC Central Committee considered using three Five-Year Plans (that is a total of 15 years, from 1953 to 1968) to gradually transition to a socialist society. As a result, the "three transformations" were completed in advance in 1956 and the historical task of transitioning from a new democracy society to socialism has been basically achieved.<sup>16</sup>

In 1956, the Eighth National Congress of the Communist Party of China pointed out that the principal contradiction in China is the contradiction between the people's demand for the establishment of an advanced industrial country and the reality of an under-developed agricultural country, the contradiction between the needs of the

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<sup>15</sup> *The Writings of Mao Zedong*: Vol. 6. Beijing: People's Publishing House, 1999: 316.

<sup>16</sup> Party History Research Center of the CPC Central Committee (2011).

people for rapid economic and cultural development and the current economic and cultural inability to meet those needs. Thus, the current main task of the Party and the people is to concentrate efforts to resolve this contradiction and to transform our country from an under-developed agricultural country into an advanced agricultural country as soon as possible.<sup>17</sup> The Constitution of the Communist Party of China adopted by the Eighth National Congress of the Communist Party of China pointed out that the task of the Communist Party of China is to develop the national economy in a planned way, to realize the industrialization of the country as quickly as possible, to carry out the technological transformation of the national economy in a systematic and step-by-step manner, and to ensure China has a strong modern industry, modern agriculture, modern transportation system and modern national defense.<sup>18</sup> This is the primary mission of the Communist Party of China for the realization of socialist modernization (shortly the “four modernizations”).

In 1964, Premier Zhou Enlai proposed in the Government Work Report at the first session of the Third National People’s Congress “to build China into a socialist power with modern agriculture, modern industry, modern national defense and modern science and technology, catching up with and exceeding the advance level established by global peers, and this was the ‘Strategic Objectives of Four Modernizations’”.<sup>19</sup>

In 1975, Premier Zhou Enlai, on behalf of the CPC Central Committee and Mao Zedong, reiterated the mission of realizing the “four modernizations” and the “two-step” strategic vision at the first session of the Fourth National People’s Congress: the first step was to build an independent and relatively complete industrial system and national economic system within 15 years, that is, before 1980; the second step was to fully realize agricultural, industrial, national defense and technological modernization allowing China to count itself among the world elite in the twentieth century.<sup>20</sup>

By 1980, the first step of China’s strategic goal of “four modernizations”, was basically realized. As Comrade Ye Jianying, Chairman of the Standing Committee of the National People’s Congress, said, we have established an independent and relatively complete industrial system and national economic system on the basis of poverty and backwardness left over from old China. The fixed assets of enterprises of ownership by the whole people reached CNY 320 billion, which is equivalent to 25 times of the industrial fixed assets accumulated in old China in the past nearly 100 years. From 1952 to 1978, the average annual growth rate of China’s industrial output value reached 11.2%. Great achievements had been made in all sectors of the national economy.<sup>21</sup> Additionally, calculated at constant prices, China’s annual average growth rate of GDP has reached 6.0%, and the average annual growth rate of

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<sup>17</sup> Party Literature Research Center of the CPC Central Committee (2011a).

<sup>18</sup> Party Literature Research Center of the CPC Central Committee (2011a: 270).

<sup>19</sup> *Selected Works of Zhou Enlai*: Vol. 2. Beijing: People’s Publishing House, 1984: 439.

<sup>20</sup> *Selected Works of Zhou Enlai*: Vol. 2. Beijing: People’s Publishing House, 1984: 479.

<sup>21</sup> Ye (1979), *Selected Important Documents Since the Third Plenary Session of the Eleventh Central Committee* (Vol. 1), People’s Publishing House, 1982 Edition, pp. 212–213.

GDP per capita has reached 4.0%,<sup>22</sup> much higher than any period before 1949. It is also higher than India's average annual growth rate of 4.0% of GDP and 1.8% of GDP per capita in the same period.<sup>23</sup> China's per capita life expectancy increased from 35 years in 1949 to 67.8 years in 1981, significantly higher than India's 54 years,<sup>24</sup> which already demonstrates the superiority of China's socialist system.

The new period of reform and opening up and socialist modernization can be regarded as the second stage of the life cycle of the development of a modern country with Chinese characteristics, that is, the period of economic take-off, to achieve sustained and high economic growth. The Communist Party of China has made it clear that the principal contradiction in China's society is the contradiction between the growing material and cultural needs of the people and the lagging social production. The primary task of Communist Party of China was still to achieve socialist modernization, and Deng Xiaoping made it clearer that it was to be a modernization with Chinese characteristics. The core question was, what stage of socialist modernization was China in, and how does one determine the long-term goals and implementation paths for modernization? In this regard, Deng Xiaoping's more liberal and pragmatic attitude allowed for a revision of Mao Zedong's four modernizations with Chinese characteristics by the end of twentieth century.

In 1979, Deng Xiaoping formally proposed the "Four Modernizations with Chinese Characteristics" based on the basic national conditions of China's weak economic base, large population and small amount of arable land.<sup>25</sup> This actually adjusted the original goal of realizing "Four Modernizations with Chinese Characteristics" in a comprehensive way by the end of the twentieth century and proposed the more practical goal of "providing a relatively comfortable life for the people" and "building a moderately prosperous society in all respects".

In 1982, the 12th National Congress of the Communist Party of China put forward the strategic goals of taking "two steps": by the end of the twentieth century, the total output value of industry and agriculture will be quadrupled and people have reached a "well-off standard of living".<sup>26</sup> This was functionally intending to reach a lower-middle income country status.

In April 1987, Deng Xiaoping, for the first time, clearly put forward the strategic goal of China's economic construction. He roughly divided it into "three steps". He envisaged the following: from 1981 to the end of this century, it took 20 years

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<sup>22</sup> Computational Data Source: Compiled by the National Bureau of Statistics of China: 70 Years of Glory: New China's Economic and Social Development Achievements 1949–2019, China Statistics Press, 2019 edition, p. 373.

<sup>23</sup> Angus Maddison, *Historical Statistics of the World Economy: 1–2008 AD*.

<sup>24</sup> World Bank Database: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?end=2020&locations=IN-CN&start=1981&view=chart>.

<sup>25</sup> On December 6, 1979, Deng Xiaoping met with Japanese Prime Minister Masahiro Ohira and said: "The four modernizations we want to achieve are four modernizations with Chinese characteristics. Our concept of four modernizations is not the concept of modernization like yours, but instead is a represents the goal of a 'home of moderate prosperity'." GNP per capita reached USD 1000. *Selected Works of Deng Xiaoping*: Vol. 2. Beijing: People's Publishing House, 1994: 237.

<sup>26</sup> Party Literature Research Center of the CPC Central Committee (1986).

to quadruple the per capita Gross National Product (GNP) and reach the well-off level, which means that the annual per capita GNP of from USD 800 to 1000. By the middle of the next century, we can reach the level of a medium-level developed country, with a per capita GNP of USD 4000 and an annual gross GNP of USD 6 trillion, allowing China to rank among the top nations in the world.<sup>27</sup> In October 1987, the 13th National Congress of the Communist Party of China further clarified that the strategic deployment of China's economic construction was to be roughly divided into three steps. The first step is to double the GNP level in 1980 and solve the problem of providing basic levels of food and clothing for the people. This task had been basically achieved. The second step is to double the GNP again, and ensure the people a well-off level by the end of the twentieth century. The third step is that by the middle of the twenty-first century, the per capita GNP will reach the level of medium-level developed countries, the people's life will be relatively prosperous, and modernization will be basically achieved. Then development will continue from this basis.<sup>28</sup>

In 1992, the report to the 14th National Congress of the Communist Party of China put forward the criteria of "Three Favorables" for the first time: whether what we do is conducive to the development of the productive forces of the socialist society, whether what we do is helpful for the enhancement of the comprehensive national strength of the socialist country, and whether what we do can contribute to the improvement of the people's living standards,<sup>29</sup> which can be viewed as strategic steps of the modernization with Chinese characteristics. At that time, the US gross domestic product (GDP) (the international dollar in 2017) accounted for 19.6% of the world (1990), which was 6.1 times that of China's GDP (3.2%).<sup>30</sup> The United States dominated the world, sanctioned China, the Soviet Union disintegrated, and Eastern Europe underwent drastic changes—the socialist movement was at a low, and the West was very strong.<sup>31</sup> China has always adhered to the road of socialism and reform and opening up, has withstood the economic sanctions and political pressure from the West led by the United States. It is just as Jiang Zemin said: "International hostile forces are trying their best to implement a political strategy of Westernization and division of our country. Taiwan's separatist forces are going further and further

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<sup>27</sup> *Selected Works of Deng Xiaoping*: Vol. 3. Beijing: People's Publishing House, 1994: 224–225.

<sup>28</sup> Compiled by the Party Literature Research Center of the CPC Central Committee (1991).

<sup>29</sup> Jiang Zemin: "Accelerate Reform, Opening up and Modernization and Achieve Greater Success in Building Socialism with Chinese Characteristics", October 12, 1992, the Party Literature Research Center of the CPC Central Committee, People's Publishing House. *Selected Important Documents Since the Fourth CPC National Congress*: Vol. 1. Beijing: People's Publishing House, 1995: 11.

<sup>30</sup> Calculation data source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?locations=US-1W-CN>.

<sup>31</sup> Jiang Zemin stated at an Enlarged Meeting of the Central Military Commission in December 1991: based on the comparison of overall international political and economic forces, the West is strong and our socialist countries are weak, and this situation will last over a long period. For a long time, we will face a relatively severe situation. The key is to do well in our country's domestic affairs, concentrate our efforts on economic development, and consolidate China's socialist position. Party Literature Research Center of the CPC Central Committee (2010).

down the road of ‘Taiwan independence’, and the situation in the Taiwan Strait is becoming increasingly severe.”<sup>32</sup> Finally, China has tided over this toughest time. China still maintained rapid economic growth. During the period from 1990 to 2000, the average annual growth rate of GDP reached 10.4%, which was higher than the world average growth rate (2.9%), ranking among the top in the world. China’s GDP (international dollar in 2017) accounted for 3.2% of the world in 1990 to 6.4% in 2000,<sup>33</sup> doubling that of 1990.

China realized the strategic vision of the second step of the “three-step” strategy for modernization as scheduled. Calculated at constant prices, in 2000, China’s GDP was 6.55 times that of 1980, and the per capita GDP was 5.09 times that of 1980, reaching 3452 international dollars,<sup>34</sup> which greatly exceeded the expected target in the Reports to 13th and 14th National Congress of the Communist Party of China. In November 2002, the report to the 16th National Congress of the Communist Party of China officially announced: China’s economic aggregate has ranked sixth in the world from eleventh in 1990, and peoples’ lives have achieved a historic leap from secure access to food and clothing to moderate prosperity. It is also clear that we have successfully achieved the goals of the first and second steps of the “three-step” strategy for the modernization, and people’s lives have generally reached a moderately prosperous level. To this end, in the first 20 years of this century, China will concentrate its efforts on building a moderately prosperous society at a higher level that will benefit more than one billion people. On the basis of optimizing the structure and improving efficiency, the GDP will be quadrupled by 2020 compared to 2000, and the overall national strength and international competitiveness will be significantly enhanced.<sup>35</sup> To this end, the party concerned proposed that by 2020, the average annual growth rate of GDP will be about 7.2%; GDP per capita will reach more than USD 3000; the urbanization rate will be over 50%; and the proportion of the population engaged in agriculture dropped from 50% in 2000 to about 30%.<sup>36</sup>

In October 2007, the 17th National Congress of the Communist Party of China further proposed that the GDP per capita will quadruple by 2020 compared with the 2000 level, and China will become a country with basically realized industrialization, significantly enhanced comprehensive national strength, and the overall size of the domestic market ranking among the top in the world.<sup>37</sup> The party concerned proposed that by 2020, China’s per capita GDP will be about USD 5000, the proportion of employment in primary industry will drop to roughly 30%, and the urbanization rate

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<sup>32</sup> *Selected Works of Jiang Zemin*: Vol. 3, People’s Publishing House, 2006 edition, p. 604.

<sup>33</sup> Source of calculation data: World Bank database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?locations=CN-1W>.

<sup>34</sup> GDP per capita, PPP (constant 2017 international \$)—China. <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?locations=CN>.

<sup>35</sup> *Selected Works of Jiang Zemin*: Vol. 3. Beijing: People’s Publishing House, 2006:532, pp. 542–543.

<sup>36</sup> *Tutorial for the Report to the 16th CPC National Congress*. Beijing: People’s Publishing House, 2002:80.

<sup>37</sup> *Selected Works of Hu Jintao*: Vol. 2. Beijing: People’s Publishing House, 2016 edition, pp. 627–628.

may be close to 60%.<sup>38</sup> In fact, by 2020, China's per capita GDP (current USD) was USD 10,409,<sup>39</sup> the proportion of employment in the primary industry dropped to 23.6%, and the urbanization rate increased to 63.9%.<sup>40</sup>

In November 2012, the 18th National Congress of the Communist Party of China clearly proposed to ensure that by 2020, the GDP and per capita income of urban and rural residents will double from 2010. For the first time, the reform objectives and requirements of speeding up the establishment of an ecological civilization system were clearly put forward. This ensured that the construction of an ecological civilization and economic construction, political construction, cultural construction, and social construction could be combined, and the goal of struggle fully reflects requirements of the Five-sphere Integrated Plan of socialism with Chinese characteristics.<sup>41</sup>

In October 2017, the 19th National Congress of the Communist Party of China clearly stated that by the 100th anniversary of the founding of the Party, a moderately prosperous society will be built with a more developed economy, a more robust democracy, a more advanced science and education, a more prosperous culture, a more harmonious society, and there will be a better life for the people. The period from 2017 to 2020 will be the decisive period for building a moderately prosperous society.<sup>42</sup>

In addressing this, I systematically evaluated and summarized the comprehensive construction of a moderately prosperous society according to the method of goal congruence, including four main goals and quantitative indicators of economic development, innovation, people's livelihood and well-being, and resources and environment. By 2020, calculated at constant prices, China's GDP will be equivalent to 5.28 times that of 2000, with an average annual growth rate of 8.7%. The per capita GDP (the international dollar in 2017) will reach 16,316 international dollars, equivalent to 4.72 times that of 2000. The average growth rate ended up being 8.1%,<sup>43</sup> and the urbanization rate reached 63.9%, both exceeding the quantitative expectations and targets set forth in the Reports of the 16th and 17th National Congress of the Communist Party of China. The basic conclusions of my assessment are: in the first 20 years of the twenty-first century, China was able to take advantage of a period

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<sup>38</sup> *Tutorial for the Report to the 17th CPC National Congress*, Beijing: People's Publishing House, 2007 edition, pp. 92–93.

<sup>39</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?end=2020&locations=CN&start=1960>.

<sup>40</sup> Compiled by the National Bureau of Statistics of China (2022, pp. 19, 41).

<sup>41</sup> *Tutorial for the Report to the 18th CPC National Congress*. Beijing: People's Publishing House, 2012: 97.

<sup>42</sup> Xi Jinping. "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era."//The Institute of Party History and Literature of the Central Committee of the Communist Party of China (2019).

<sup>43</sup> Data Source: World Bank Database: GDP per capita, PPP (constant 2017 international \$)—China | Data (worldbank.org).

of valuable strategic development opportunities, had comprehensive rapid development, and achieved the historic and overall transformation and progress, making it one of the world's great powers.<sup>44</sup> The great rejuvenation of Chinese nation go hand in hand with major changes unseen in a century. At the same time, China has made commitments to lift the whole population from absolute poverty, promote economic growth, promote industrialization, promote trade growth, increase global investment, promote technological innovation, increase patented inventions, promote scientific research, develop green energy, promote green development, and promote world peace development and nine other global contributions.<sup>45</sup>

On July 1, 2021, General Secretary Xi Jinping solemnly announced to the world at the celebration of the 100th anniversary of the founding of the Communist Party of China: “We achieved the first centenary goal, built a moderately prosperous society in all respects in the land of China, and solved the problem of absolute poverty.”<sup>46</sup> This has been recorded in the history of modernization in contemporary China and the world.

In short, the Communist Party of China is the core leading force leading the modernization of socialism with Chinese characteristics, and the Party represents the highest level of political leading force. Achieving socialist modernization has always been the core goal of the Communist Party of China. After more than 70 years of long-term efforts and struggles, the first centenary goal had been fully achieved, and a new journey to realize the second centenary goal was in progress. This marks China entering the third stage of its national development life cycle, that is, the development period for becoming a world power. To this end, the report to the 19th National Congress of the Communist Party of China in 2017 proposed to basically realize socialist modernization by 2035; and develop China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by 2050.<sup>47</sup> In 2020, the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China will take into account the “14th Five-Year Plan” and the Long-Range Objectives Through the Year 2035, and draw a blueprint for China’s future development. In the Communiqué of the Fifth Plenary Session and CPC Central Committee’s Proposals for Formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035, the “powerful country” were noted “11 + 1” times: China will become a powerful country in terms of culture, education, human capital, sports, manufacturing, quality, network, science and technology, transportation, trade, oceans, etc., and ultimately a powerful modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful. The report to the 20th National Congress of the Communist Party of China in 2022 reaffirmed the above goals: China’s overall development objectives for the year

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<sup>44</sup> Ray Dalio’s judgment: “China is a power (second among major countries today) is rising rapidly.” Dalio (2022).

<sup>45</sup> Hu (2021b).

<sup>46</sup> Jinping (2021a).

<sup>47</sup> Jinping (2017).

2035 are as follows: Significantly increase economic strength, scientific and technological capabilities, and composite national strength; substantially grow the per capita GDP to be on par with that of a mid-level developed country; Join the ranks of the world's most innovative countries, with great self-reliance and strength in science and technology; Build a modernized economy; form a new pattern of development; basically achieve new industrialization, informatization, urbanization, and agricultural modernization; Basically modernize the system and capacity for governance; improve the system for whole-process people's democracy; build a law-based country, government, and society; Become a leading country in education, science and technology, talent, culture, sports, and health; significantly enhance national soft power; In addition, the report also proposed that we will move faster to boost China's strength in manufacturing, product quality, aerospace, transportation, cyberspace, and digital development, build China into a strong maritime country and elevate our people's armed forces to world-class standards. For the first time, the goal of moving faster to build up China's strength in agriculture was proposed.<sup>48</sup> As a result, the "one plus fifteen" goal system for strengthening the country has been formed, and it will become a strategy of modernization with Chinese characteristics for strengthening the country for the next fifteen years. These have become two signposts on the road to becoming a modern socialist power and realization of the great rejuvenation of the Chinese nation, and will have a large impact on the major changes of the world.

## 2. The Basic National Conditions and Conditions of Modernization with Chinese Characteristics

China has very particular fundamental national conditions. Compared with western developed countries, China started its industrialization and modernization late, at least one or two hundred years behind, and its development starting point was extremely low. In 1950, China's per capita GDP (the international dollar in 1990) was only equivalent to 4.7% of the per capita GDP of the United States and 9.8% of the per capita GDP of Western Europe.<sup>49</sup> It was a backward and poor country from a global perspective.

At that time, China was still a country with very typical traditional agriculture. In March 1949, Mao Zedong pointed out at the Second Plenary Session of the Seventh Central Committee of the Communist Party of China that China's scattered, individual agricultural economy and handicraft economy still accounted for 90% of the national economy, which is outmoded and very similar to system used in ancient times. The output value of China's modern industry still only accounts for about 10 percent of the total output value of the national economy.<sup>50</sup> This is a typical "1:9" feature of modern industry and traditional agriculture. In 1956, Mao Zedong called China's basic national conditions "poverty and blankness".<sup>51</sup> The "poverty" referred

<sup>48</sup> Jinping (2022, p. 15, 17–18).

<sup>49</sup> Maddison Database 2010. <https://www.rug.nl/ggdc/historicaldevelopment/maddison/releases/maddison-database-2010>.

<sup>50</sup> *Selected Works of Mao Zedong* (Vol. 4), People's Publishing House, 1991 edition, pp. 1430–1431.

<sup>51</sup> *The Writings of Mao Zedong*: Vol. 7. Beijing: People's Publishing House, 1999: 43–44.

to the fact that there was not much industry and agriculture was underdeveloped. The “blankness” referred to the level of education and technology is not high. Mao Zedong specifically put forward the way of governing the country involving “overall planning and consideration, and each having its own place”, which is reflected in his famous “On the Ten Major Relationships.” For this reason, the Eighth National Congress of the Communist Party of China, based on the situation after China’s socialist transformation had been completed, pointed out that the principal contradiction in the country is no longer the contradiction between the working class and the bourgeoisie, but the people’s needs for rapid economic and cultural development and the current economic and cultural inability to meet those needs. The main task of the people of the whole country is to concentrate on the development of social productive forces, realize the industrialization of the country, and gradually meet the growing material and cultural needs of the people.<sup>52</sup> The resolution of the Eighth National Congress of the Communist Party of China on the political report also specifically mentioned the strategic vision of building a functionally complete industrial system.<sup>53</sup> After implementing five five-year plans, China has established the independent and relatively complete industrial system and national economic system. Additionally, the agricultural production conditions had changed significantly, and education, science, culture, health, and sports made great progress.<sup>54</sup> During this period, China basically achieved the initial goal of national industrialization, quickly completing the primitive accumulation required for national industrialization. In particular, at the end of 1964, China repaid various loans and interest owed to the Soviet Union,<sup>55</sup> and independently established a relatively independent and complete industrial system. China effectively laid the foundation of physical capital, human capital, social capital and technological capital for the subsequent economic take-off.

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<sup>52</sup> “Resolution of the Central Committee of the Communist Party of China on the major Achievements and Historical Experience of the Party over the Past Century”. People’s Daily. 2021-11-17(1).

<sup>53</sup> “Resolution of the Eighth National Congress of the Communist Party of China on the Political Report” (adopted by the Eighth National Congress of the Communist Party of China on September 26, 1956), edited by the Literature Research Office of the Central Committee of the Communist Party of China: *Selected Important Documents Since the Founding of the People’s Republic of China: Book Nine*. Central Party Literature Press, 2011 edition, p. 296.

<sup>54</sup> “Resolution of the Central Committee of the Communist Party of China on the major Achievements and Historical Experience of the Party over the Past Century”. People’s Daily. 2021-11-17(1).

<sup>55</sup> In December 1964, Premier Zhou Enlai of the State Council pointed out in the “Government Work Report” of the First Session of the Third National People’s Congress: We owed the Soviet Union a total of 1.406 billion new rubles in various loans and interest payables (a large part of which is the loan and interest of military materials used and consumed in the War to Resist US Aggression and Aid Korea), and 1.389 billion new rubles were repaid on schedule. The figure remaining is 17 million new rubles. We have already proposed to the Soviet side to use part of this year’s trade surplus with the Soviet Union to pay off all of it in advance. Party Literature Research Center of the CPC Central Committee: *Selected Important Documents Since the Founding of the People’s Republic of China: Book Nineteen*. Central Party Literature Press, 2011 edition, pp. 410-411.

In 1978, after the Third Plenary Session of the Eleventh Central Committee of the CPC, China entered a new era of reform, opening up and socialist modernization. In 1979, Deng Xiaoping pointed out that China's basic national conditions were: weak economic base, a large population and little arable land—80% of the population are farmers, and China still one of the poorest countries in the world.<sup>56</sup> To this end, he proposed the innovative, long-term strategic goal of “modernization with Chinese characteristics”, and pointed out that “by the end of this century, China will build a moderately prosperous society. This construction of a moderately prosperous society can be called the modernization with Chinese characteristics. Quadrupling the output value, a society of moderate prosperity, the modernization with Chinese characteristics—these are our new concepts.”<sup>57</sup> Based on an assessment of China's national conditions, the report to the 13th National Congress of the Communist Party of China in 1987 added, for the first time, “GNP per capita still ranks behind the world” in its basic judgment of China's national conditions.<sup>58</sup> This was the starting point for the development of innovative modernization with Chinese characteristics after China's reform and opening up.

At the beginning of the new period of reform and opening up and socialist modernization, the basic characteristics of China's national conditions could be summarized as follows: first, China has a super-large population. In 1978, it was 956 million people (mid-year population), accounting for 22.3% of the world's total population (4.281 billion people), slightly lower than the total population of OECD countries (36 countries) (1 billion people). This means that once China achieves modernization, it is equivalent to more than one-fifth of the world's population entering the ranks of modernization, fundamentally changing the world's geographical distribution of modernization. Second, the main resources per capita in China are significantly lower than those in OECD countries. The per capita agricultural land is less than half of that of OECD countries, only 43.3%<sup>59</sup> and the per capita freshwater resources in China are only 26.9% of that of OECD countries.<sup>60</sup> This means that in the future, a new kind of green modernization must be innovated on the basis of China's much lower per capita resources. Third, the starting point of modernization with Chinese characteristics development is very low. In 1978, China's per capita gross national income ranked 175th among 188 countries and regions in the world,<sup>61</sup> ranking in the last 7%. However, China has the advantage of being a latecomer and has a rapid development speed. China belongs to a classic “catch-up” modernization model—with an abundant labor force, so it can create greater economic, social, ecological

<sup>56</sup> *Selected Works of Deng Xiaoping*: Vol. 2. Beijing: People's Publishing House, 1994: 163–164.

<sup>57</sup> *Selected Works of Deng Xiaoping*: Vol. 3. Beijing: People's Publishing House, 1994: 54.

<sup>58</sup> Party Literature Research Center of the CPC Central Committee (1991: 10).

<sup>59</sup> In 2016, China's agricultural land accounted for 10.9% of the world's total, and OECD countries accounted for 25.2% of the world's total. <https://data.worldbank.org.cn/indicator/AG.LND.AGRI.K2?end=2018&locations=1W-CN-OE&start=1981>.

<sup>60</sup> China's freshwater resources account for 6.6% of the world's share, and OECD countries account for 24.5% of the world's share. <https://data.worldbank.org/indicator/ER.H2O.FWTL.K3?end=2020&locations=1W-CN-OE&start=1990&view=chart>.

<sup>61</sup> Compiled by the National Bureau of Statistics of China (2022, p. 204).

and cultural wealth. By 2020, the per capita gross national income will rise to 64th of 187 countries and regions in the world, ranking in the top 34% of the world.<sup>62</sup> Calculated in purchasing power parity (PPP), the international dollar in 2017,<sup>63</sup> the per capita GDP rose from 1424 international dollars in 1990 to 16,316 international dollars in 2020,<sup>64</sup> and the average annual growth rate will be at the forefront of the world, reaching as high as 8.7% from 1990 to 2020, which is equivalent to the U.S. per capita GDP level from 4.7% in 1990, rising to 27.2% in 2020. The average life expectancy of the population increased from 67.8 years in 1981 to 77.93 years in 2020, and the relative U.S. level increased from 91.6% in 1981 (74.0 years) to 100.7% in 2020 (77.4 years, the U.S.). The expected years of education of the population increased from 52.5% of the U.S. level in 1990 to 68.9% of the U.S. level in 2020, and the Human Development Index (HDI) increased from 57.7% in 1990 to 82.2% in 2019 relative to the U.S. level (see Table 1.1). This fully reflects that China, as a socialist country, has been able to blaze new trails, innovate new models of modernization with Chinese characteristics; creating a unique path of modernization, and achieving sustained high-speed economic growth, high levels of economic well-being, increased human capital investment, social equity, ecological development, and high levels of people well-being. China has taken the lead in realizing the catch-up to international standards of human capital, which in turn promoted the catch-up of China's per capita GDP.

**The essence of the modernization with Chinese characteristics is the modernization of all the people, which highlights the investment in people's education. This represents a transition from a country with just the largest population in the world to the country with the largest level of human capital and human resources in the world.** According to the data of the third and seventh national population census, the population with university (junior college or above) education in the country has increased from 6.2 million in 1982 to 218.36 million in 2020, with an average annual growth rate of 9.8%. This amount of people exceeds the total population of Brazil (212.56 million people), the sixth most populous country in the world and is close to the total population of Pakistan (221 million people), the fifth most populous country in the world. The population with high school (including technical secondary school) education has increased from 68.91 million in 1982 to 213.01

<sup>62</sup> National Bureau of Statistics of China (2022: 204).

<sup>63</sup> **The main basis for this book's use of purchasing power parity for international comparisons is: The five institutions of the United Nations, the European Commission, the Organization for Economic Cooperation and Development, the International Monetary Fund, and the World Bank clearly require the International Comparison (ICP) to be based on the purchasing power parity method (PPP, constant price international dollar).** For details, please refer to System of National Accounts 2008 (Chinese version, China Statistics Press, 2012 edition, p. 6). The CIA also uses this method to estimate the GDP of countries around the world. For details, see the CIA website: The World Factbook.

<sup>64</sup> GDP per capita, PPP (constant 2017 international \$)—China. <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?locations=CN>.

**Table 1.1** The catch-up coefficient of China's main per capita indicators relative to the United States (1950–2020) Unit: United States = 100%

Years	GDP per capita (PPP)	Mean year of schooling	Expected years of schooling	Average life expectancy of the population (years)	Human development index (HDI)
1950	4.7	20.4		60.1	
1960	5.8	29.1		62.7	
1970	5.2	37.5		83.4	
1980	5.7	46.8	58.9	90.8	
1990	3.5	52.5	58.6	91.9	57.7
2000	6.9	59.4	63.4	93.2	66.4
2010	16.3	62.3	75.6	94.7	76.3
2020	27.2	68.9	85.3 (2018)	100.7	82.2 (2019)

*Data sources* GDP per capita data: use international dollar in 1990 for the 1950–1980 period, from Maddison Database 2010. <https://www.rug.nl/ggdc/historicaldevelopment/maddison/releases/maddison-database-2010>; use the international dollar in 2017 for the 1990–2020 period, from the World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?end=2020&locations=CN-US&start=1990>

Population life expectancy data: World Bank Database: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?end=2019&locations=CN-US&start=1960>.

Mean year of Schooling data: Barro and Lee: Educational Attainment for Total Population, 1950–2015, vol. 3.0, September 2021. <http://barrolee.com/>; The data of 2020 is estimated by the authors  
Human Development Indicators Data: UNDP database: <http://hdr.undp.org/en/indicators/137506>

million in 2020, with an average annual growth rate of 3.0%. The population with above a high school (including technical secondary school) education has increased from 75.11 million in 1982 to 431.37 million in 2020,<sup>65</sup> which is already higher (by 100 million) than the total population of the United States, the third most populous country in the world (329.48 million in 2020). It is equivalent to 2.62 times the total U.S. labor force (165 million in 2020). As General Secretary Xi Jinping said: “**Our country’s modernization is a modernization of a huge population. Our country’s population of 1.4 billion will enter a modern society as a whole, and its scale will exceed the sum of the existing developed countries. It will completely rewrite the world’s geographical distribution of modernization, which is a major event with far-reaching influence in human history.**”<sup>66</sup> This shows that over 1.4 billion Chinese people can realize the modernization of human capital in a relatively short period of time, and then greatly promote the modernization of the entire society

<sup>65</sup> The data is calculated based on the third and seventh national population census data.

<sup>66</sup> Xi Jinping. “Unswervingly Walk Down This Bright Road”. People’s Daily.

and the country, from falling behind to catching up, and then catching up with great strides! (See Table 1.1).

### 3. The Basic Nature of Modernization with Chinese Characteristics is Socialist Modernization with Chinese Characteristics

The particularity of China's national conditions lies in adhering to the socialist road. Therefore, China's modernization is different from American capitalist modernization. It is socialist modernization, but it is not Soviet-style socialist modernization. It is the socialist modernization with Chinese characteristics, which is also called the Chinese-style modernization. Deng Xiaoping had a high degree of political consciousness and clear standards for this. In 1980, he innovatively put forward three requirements: "Our socialist modernization is to catch up with the developed capitalist countries economically, to create a higher and more practical democracy politically than that of the capitalist countries, and to create more and better talent than these countries. To meet the above three requirements, the time we spend can be shorter, or sometimes longer, but as a big socialist country, we can and must meet them. Therefore, whether the various systems of the Party and the state are good or not, whether they are perfect or not, must be tested by whether they are favorable to the realization of these three points."<sup>67</sup> The author refers to these three requirements as the "Standards for the modernization with Chinese characteristics" for measuring the quality of China's system, put forward by Deng Xiaoping. It is not the "Standards for American-style Modernization" or "Standards for Soviet-style modernization" but the "Chinese Standards of Practice" for testing and comparing the quality of China's system.<sup>68</sup>

In 1992, Deng Xiaoping further put forward the "Three Favorables" criteria in his south tour Speeches, which won a high degree of political consensus of the whole Party, the whole army, and was officially included in the report to the 14th National Congress of the CPC.<sup>69</sup> I call these three standards "China's (socialist modernization) standards." This is different from the so-called "Western democracy" standard. At this time, the Soviet Union, the first socialist country, had disintegrated. "It broke up into 15 independent states." This proved that the modernization with Chinese characteristics was the best methodology. We can further analyze this.

From the perspective of the nature of the country, China is a socialist country, not a capitalist country, which determines that it is impossible for China to rely on the world capitalist system headed by the United States, and China is a truly independent world socialist country. From the perspective of the national governance system, China is a country led by the Communist Party of China and implementing the National People's Congress system and the system of multi-party cooperation and political consultation, which indicates that it is impossible for China to copy the presidential system, parliamentary system, two-party system or multi-party system of Western countries. From the perspective of the concept of state governance, the modernization with

<sup>67</sup> *Selected Works of Deng Xiaoping*: Vol. 2. Beijing: People's Publishing House, 1994: 322–323.

<sup>68</sup> Hu and Yang (2013: 5).

<sup>69</sup> *Selected Works of Jiang Zemin*: Vol. 1. Beijing: People's Publishing House, 2006: 219.

Chinese characteristics is based on a modernization centered on all the people, not modernization centered on a few monopoly capital groups. From the perspective of national development tasks, the essence of socialism is to liberate productive forces, develop productive forces, eliminate exploitation and polarization, and ultimately achieve common prosperity.<sup>70</sup> From the perspective of national development goals, the purpose of modernization with Chinese characteristics was to realize the modernization of the whole people with the common participation, common development, common sharing of resources for all people, and common prosperity, rather than the modernization of severe social divisions, confrontation between parties and political contradictions between political parties. From the perspective of the relationship between the country and the world, China is an advocate for joint construction of a community with a shared future for mankind in the world powers, a country that implements win-winism among world powers, but opposes the implementation of colonialism, imperialism, and hegemonism.<sup>71</sup>

In conclusion, as General Secretary Xi Jinping pointed out: “For governing a country and promoting a country to achieve modernization, the Western model is not the only path. Every country can go its own way”.<sup>72</sup> The path to modernization with Chinese characteristics is a socialist modernization road, not a copy of the Western capitalist modernization road, much less following Western countries’ steps. It is precisely because of this that China can quickly catch up with Western countries in industrialization, modernization, and urbanization, and create a road of modernization with Chinese characteristics which is accelerating beyond the speed of Western modernization and opening up a new path for the modernization of southern countries.

#### **4. The Essence of Modernization with Chinese Characteristics is to Gradually Realize the Modernization of Common Prosperity for All the People**

China has special social and national conditions, not only has a large population, a large number of ethnic minorities, a vast territory, and great differences in natural and geographical conditions, but also extremely unbalanced regional development, unbalanced urban and rural development, and large income gaps between residents. If China adopts the capitalism, it can only make a few people rich. This must exacerbate the gap between the rich and the poor, polarization, ethnic confrontation, the country’s break-up, and China will retreat into the old China before 1949. When New China was founded, Mao Zedong made a far-sighted vision of innovation in the national system. Instead of establishing a Soviet-style federal republic, that is, the Union of Soviet Socialist Republics, he innovatively established a “pluralistic integration” system of regional ethnic autonomy according to the general trend of China’s historical development, that is, the People’s Republic of China is a unified multi-ethnic state,

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<sup>70</sup> *Selected Works of Jiang Zemin*: Vol. 1. Beijing: People’s Publishing House, 2006: 219.

<sup>71</sup> Hu and Lu (2017).

<sup>72</sup> Xi Jinping. “Speech at the Seminar on the Study and Implementation of the Spirit of the 3rd Plenary Session of the 18th Central Committee of the Provincial and Ministerial Leading Cadres to Comprehensively Deepen Reform”. <http://jhsjk.people.cn/article/29583383>.

and the state adheres to the principle of equality, unity and common prosperity of all ethnic groups. This fully demonstrates that China can not only become a unified country with the largest population and many ethnic groups in the world, but also establish a super-large scale, diversified and networked domestic unified market, and implement a socialist political system. This demonstrates the obvious “multiplier effect” of the superiority of the socialist system and a large-scale market economy.

The Communist Party of China unswervingly adhered to the path of socialist common prosperity, which can be roughly divided into three historical periods: The first is the period of socialist revolution and construction (1949–1978). In this period the main task facing the Party was the realization of the transition from new democracy to socialism, carrying out socialist revolution, initiating industrialization of the country, promoting socialist construction, and laying the fundamental political premise and institutional foundation for the achievement of the great rejuvenation of the Chinese nation. China had basically completed the socialist transformation of private ownership of the means of production, basically realized public ownership of the means of production and distribution according to work, and established a basic socialist economic system. After implementing five five-year plans,<sup>73</sup> among major developing countries in the world, China is the only one that has established an independent and relatively complete industrial system and national economic system. Additionally, the agricultural production conditions had changed significantly, and education, science, culture, health, and sports made great progress.<sup>74</sup> This has laid the institutional foundation, economic foundation, human capital foundation and industrialization foundation for the economic take-off brought by the reform and opening up.

The second period was the new period of reform and opening up and socialist modernization (1978–2012). The main task facing the Party at this point was to continue to explore the correct path for building socialism in China, liberate and develop social productive forces, and enable the people remove themselves from poverty and become prosperous as soon as possible. It will provide institutional guarantees full of new vitality and material conditions for rapid development for the realization of the great rejuvenation of the Chinese nation. In 1978, the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China first put forward the “theory of being rich first”, that is, to encourage some regions and some groups to get rich first. China would take the lead in breaking through the “poverty trap” among developing countries with over 100 million people and solve the problem of food and clothing for farmers. Furthermore, it would achieve a moderately prosperous level first, and then concentrate efforts from all sectors of the country to finally eliminate absolute poverty in rural areas. According to the 2010 rural poverty line standard (living standard of CNY 2300 per person per year (constant

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<sup>73</sup> For detailed analysis, see: Editor-in-Chief Liu Guoguang, Associate Editors Zhang Zhuoyuan, Dong Zhikai, and Wu Li: *Research Report on China's Ten Five-Year Plans*, People's Publishing House, 2006 edition.

<sup>74</sup> “Resolution of the Central Committee of the Communist Party of China on the major Achievements and Historical Experience of the Party over the Past Century”. *People's Daily*. 2021-11-17(1).

price in 2010)), the rural poor population decreased from 770.39 million in 1978 to 98.99 million in 2012, and the incidence of poverty dropped from 97.5% to 10.2%.<sup>75</sup> The equalization of basic public services for all the population in poverty-stricken areas has been realized, and the absolute poverty population in rural areas has been substantially eliminated. According to the poverty line of 2.15 international dollars per person per day by the World Bank, the incidence of poverty in China has dropped from 72% in 1990 to 0.1% in 2019.<sup>76</sup> This demonstrates that China is taking the lead in realizing the complete eradication of absolute poverty in developing countries.

In 1992, Jiang Zemin established the reform goals and basic framework for the socialist market economic system in the report to the 14th National Congress of the Communist Party of China. He also established the basic economic system for the primary stage of socialism under which public ownership is the mainstay and diverse forms of ownership develop together and the distribution system whereby distribution according to work is dominant and a variety of modes of distribution coexist. By 2001, China's GDP (according to the current USD) ranked sixth in the world.<sup>77</sup> Calculated in international dollar in 2017, China's GDP surpassed that of Japan, ranking second in the world.<sup>78</sup> 1.2 billion people's lives have changed from food and clothing shortage to initial prosperity.

By 2012, it has laid a solid foundation for building a moderately prosperous society. China's economic aggregate has jumped from No. 6 in the world to No. 2. Social productivity and scientific and technological strength have also increased to a new level. People's living standards, residents' income levels, and social security levels have been similarly upgraded. The comprehensive national strength, international competitiveness and international influence have also risen to an unprecedented level. China's international status has been improved, demonstrating the great superiority and strong vitality of socialism with Chinese characteristics.<sup>79</sup> The third period is the period which began with the 18th National Congress of the Communist Party of China. It represented a time where socialism with Chinese characteristics entered a new era of development. The main task facing the party at this point was to realize the first centenary goal, and begin to implement the second centenary goal, and continue to move forward toward the overall target of realizing the great rejuvenation of the

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<sup>75</sup> National Bureau of Statistics of China (2021).

<sup>76</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SI.POV.DDAY?end=2019&locations=1W-CN&start=1981&view=chart>.

<sup>77</sup> Jiang Zemin: "Building a Moderately Prosperous Society in All Respects and Creating a New Situation for the Cause of Socialism with Chinese Characteristics — Report at the 16th National Congress of the Communist Party of China" (November 8, 2002), *Selected Important Documents Since the 16th CPC National Congress*, Vol. 1, Central Party Literature Press, 2004, p. 5.

<sup>78</sup> Data Source: World Bank Database: [https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2001&locations=1W-CN&most\\_recent\\_value\\_desc=true&start=1990&view=chart](https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2001&locations=1W-CN&most_recent_value_desc=true&start=1990&view=chart).

<sup>79</sup> Hu Jintao: "Advance unswervingly along the road of socialism with Chinese characteristics, and strive to build a well-off society in an all-round way — Report at the 18th National Congress of the Communist Party of China" (November 8, 2012), Edited by the Institute of Party History and Literature of the CPCPC: *Selected Important Documents Since the 18th National Congress of the Communist Party of China* (Vol. 1), CCCPC Party Literature Publishing House, 2014 edition, p. 5.

Chinese nation. By 2020, all rural poor people were functionally eliminated, and the international community's 2030 Global Sustainable Development Goals (SDGs) of eliminating absolute poverty were achieved 10 years ahead of schedule. The number of people participating in the national basic medical insurance reached 1.361 billion, and the insurance participation rate was as high as 95%. Among them, the number of people participating in basic medical insurance for employees was 340 million people. The number of people participating in the basic medical insurance for urban and rural residents is 1.02 billion, the number of people participating in the basic endowment insurance for urban employees nationwide is 467 million, and the number of people participating in the basic endowment insurance for urban and rural residents is 547 million. The total number of basic old-age pensioners in the country was 1.014 billion,<sup>80</sup> reaching the goal of the insurance participation rate exceeding 90%. The world's largest two systems of basic medical insurance and basic pension security covering the entire population has been established. The total population covered has exceeded that of OECD countries (1.38 billion people), and is also equivalent to 4.25 times the population of the United States. In the highly developed United States, there are still 27 million people who do not have medical insurance.<sup>81</sup> This basic medical insurance system in China has played a great role in responding to the sudden outbreak of the COVID-19 pandemic. China has successfully built a moderately prosperous society that can benefit 1.4 billion people on schedule.

General Secretary Xi Jinping clearly stated that the modernization with Chinese characteristics is a path of modernization in which all people achieve common prosperity.<sup>82</sup> To this end, the Fifth Plenary Session of the 19th CPC Central Committee put forward an even more ambitious goal: "Achieving more obvious and substantial progress for common prosperity of all people". Common prosperity itself is one of the most important goals and tasks of socialist modernization. This is the biggest difference between China's socialist modernization and Western capitalist modernization, and it is also China's greatest political and institutional advantage. Implementing the strategy of common prosperity has always been the guiding principal of the Communist Party of China. It will use the power of the whole country to make long-term strategic arrangements and take effective measures to continuously narrow the regional development gap step by step, urban-rural development gap, and residents' income gap, so that more development achievements can benefit all people in a more equitable way. This is the biggest difference between modernization with Chinese characteristics and American modernization.

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<sup>80</sup> State Council Information Office of the People's Republic of China. "Moderate Prosperity in All Respects: Another Milestone Achieved in China's Human Rights". *People's Daily*. 2021-08-13(10).

<sup>81</sup> During the COVID-19 pandemic in the United States, the number of people covered by medical insurance has dropped sharply. The United States has been unable to achieve universal health insurance due to political polarization, and the number of people enjoying health insurance has shrunk sharply due to the epidemic. Between March and May 2020, an estimated 27 million Americans, or 8.2% of the total population, lost health insurance due to the pandemic. State Council Information Office of the People's Republic of China. 2020 Report on Human Rights Violations in the United States.

<sup>82</sup> Jinping (2021b).

In short, China completed the planning process that took developed countries hundreds of years in only a few decades, creating the two miracles of realizing rapid economic development and long-term social stability. The Communist Party of China led more than one billion people to successfully walk out of the path to modernization with Chinese characteristics, creating a new form of human civilization, and expanding the variety of paths available for other developing countries.<sup>83</sup>

**5. The economic foundation of modernization with Chinese characteristics is the realization of industrialization, informatization, networking, digitization, and intelligence**

In 1953, Mao Zedong proposed “one transformation (socialist industrialization) and three transformations (gradually realizing the country’s socialist transformation of agriculture, handicrafts, and capitalist industry and commerce)”<sup>84</sup> and began to launch national industrialization in the context of an extremely low level of development. In 1956, the Eighth National Congress of the Communist Party of China proposed a long-term goal that use three five-year plans to initially realize the country’s industrialization, and then use decades to approach or catch up with the world’s most developed capitalist countries.<sup>85</sup> In 1964 and 1975, on behalf of Mao Zedong, Premier Zhou Enlai twice proposed the grand goal of realizing the “four modernizations” by the end of the twentieth century, especially focusing on the establishment of a relatively independent and complete industrial system and national economic system. In 1979, Deng Xiaoping put forward the idea of achieving a moderately prosperous level, and in 1987, he put forward the “three-step” strategy for China’s socialist modernization. The report to the 16th National Congress of the Communist Party of China proposed that by 2020, the goal of industrialization will be basically realized, and a new road of industrialization will be taken, that is to say, “China will adhere to driving industrialization with informatization, promote informatization with industrialization, and develop a new industrialization path with high technological content, good economic benefits, low resource consumption, little environmental pollution and full use of human resource advantages”.<sup>86</sup> And then the “China Manufacturing 2025”<sup>87</sup> plan was issued. The first step: China will strive to enter the ranks of manufacturing powers within ten years. The second step: in 2035,

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<sup>83</sup> “Communique of the Sixth Plenary Session of the Nineteenth Central Committee of the Communist Party of China” (Adopted at the Sixth Plenary Session of the Nineteenth Central Committee of the Communist Party of China on November 11, 2021). Xinhua News Agency, Beijing, November 11, 2021.

<sup>84</sup> *The Writings of Mao Zedong*: Vol. 6. Beijing: People’s Publishing House, 1999: 316.

<sup>85</sup> Party History Research Center of the CPC Central Committee. *The History of the Communist Party of China (1949–1978)*: Vol. 2: Book One. Beijing: Party History Publishing House of the CPC, 2011: 397.

<sup>86</sup> Jiang Zemin: “Building a Moderately Prosperous Society in All Respects and Creating a New Situation for the Cause of Socialism with Chinese Characteristics — Report at the 16th National Congress of the Communist Party of China” (November 8, 2002), *Selected Important Documents Since the 16th CPC National Congress*, Vol. 1, Central Party Literature Press, 2004, p. 16.

<sup>87</sup> “Notice of the State Council on Issuing the ‘China Manufacturing 2025’” (Guo Fa [2015] No. 28). [http://www.gov.cn/zhengce/content/2015-05/19/content\\_9784.htm](http://www.gov.cn/zhengce/content/2015-05/19/content_9784.htm).

the manufacturing industry as a whole will reach the middle level of the world manufacturing power camp. The third step: by the 100 years of the founding of the People's Republic of China, the manufacturing power will be further consolidated. China will become one of the strongest world manufacturing powers. These strategic visions of and basic paths to modernization have been maintained throughout the passing of different generations and have kept pace with the times, that is, higher ambitious goals have been set based on new starting line of development.

China had basically achieved industrialization and become the most powerful industrial manufacturing country in the world. Calculated at constant prices, China's industrial added value has increased by 1052 times from 1952 to 2020, with an average annual growth rate of 10.8%, setting a new record in the history of world industrialization. China established a complete and powerful industrial system with a range of world industries. It has industries representing 41 major industrial categories, 207 medium categories, and 666 subcategories. It is the only country in the world that has all the industrial categories present in the United Nations Industrial Classification.<sup>88</sup> Among the more than 500 major industrial products in the world, China ranks first in the world with an output of more than 220 products. Calculated in current USD, China's share of the world's added value of manufacturing increased from 8.6% in 2004 to 28.3% in 2019, equivalent to 1.63 times that of the U.S.<sup>89</sup> The proportion of China's industrial added value in the world increased from 4.4% in 1994 to 22.1% in 2019, equivalent to 1.46 times that of the United States (14.6%).<sup>90</sup> According to the "International Yearbook of Industrial Statistics" issued by the United Nations, among the 22 manufacturing sectors in the world that are tracked and monitored, China ranks first in the world in 16 categories. In the textile, clothing and leather industries, China accounts for more than 50% of the world's total manufacturing. It also accounts for more than 40% of the world's total in industries such as electrical equipment, basic metals and computers. By contrast, the United States only ranks first in the world in six manufacturing categories, and ranks second in the other 13 categories.<sup>91</sup> As General Secretary Xi Jinping said: in a few decades, we have completed the process of industrialization that developed countries have gone through for hundreds of years.<sup>92</sup>

China has created a new path of industrialization for the countries of the South. General Secretary Xi Jinping stated: "Western developed countries represent a 'serial' development process, with industrialization, urbanization, agricultural modernization, and informatization developing in sequence. The completion of development

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<sup>88</sup> Through constant effort, China has caught up begin to lead on the world stage — performing an industrialization miracle. China News. 2019-09-27 (B16).

<sup>89</sup> Data Source: World Bank Database:

<https://data.worldbank.org/indicator/NV.IND.MANF.CD?locations=CN-US>.

<sup>90</sup> Data Source: World Bank: <https://data.worldbank.org/indicator/NV.IND.TOTL.KD?locations=CN-IW-US>.

<sup>91</sup> Quinlan (2022).

<sup>92</sup> Xi Jinping. "Speech at the Celebration of the 40th Anniversary of Reform and Opening up". People's Daily. 2018-12-19(1).

has taken more than 200 years to the present. We want to overtake our competitors and this means that our development must be a ‘parallel’ instead of ‘serial’ process, and the processes of industrialization, informatization, urbanization, and agricultural modernization must occur simultaneously.”<sup>93</sup> China has not only already become the world’s largest industrial value-added country and manufacturing value-added country, but also the country with world’s largest Internet society, and the world’s most mobile phone and fixed mobile broadband Internet users. The proportion of China’s mobile phone users in the world has increased from 4.0% in 1995 to 23.2% in 2020.<sup>94</sup> The proportion of China’s fixed mobile broadband Internet users in the world increased from 0.9% in 2001 to 40.2% in 2020.<sup>95</sup> China’s digital economy has risen from CNY 4.8 trillion in 2008 to CNY 45.5 trillion in 2021, and the proportion of GDP it occupies has increased from 15.2% to 39.8%,<sup>96</sup> realizing the parallel and leapfrog development of industrialization, informatization, networking, digitization and intelligentization.<sup>97</sup> It has become a new driving force for China’s economic development, and has become an innovator and leader of the fourth industrial revolution, providing a new path for southern countries to realize the “five modernizations (industrialization, informatization, networking, digitization and intelligentization).”

#### **6. Modernization with Chinese Characteristics is the Joint Achievement of Urbanization and the Modernization of Agriculture, Rural Areas and Farmers**

Modernization with Chinese characteristics is a transformation from a typical traditional urban–rural dual structure (1:9) to a modern urban–rural modernization layout (2:1). On the one hand, urbanization has been accelerated, and the urbanization rate has increased from 10.6% in 1949 to 64.7% in 2021, which has exceeded the world’s average urbanization rate (56.2% in 2020). The proportion of the world’s

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<sup>93</sup> The Publicity Department of the Central Committee of the Communist Party of China. “An outline for the study of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era”. Beijing: Learning Publishing House, People’s Publishing House, 2019(60).

<sup>94</sup> Calculation data source: World Bank Database: <https://data.worldbank.org/indicator/IT.CEL.SETS?locations=1W-CN>.

<sup>95</sup> Calculation data source: World Bank Database: <https://data.worldbank.org/indicator/IT.NET.BBND?locations=1W-CN>.

<sup>96</sup> Data of 2008 come from China Academy of Information and Communications Technology, China Commercial Industry Research Institute, April 26, 2019; Data of 2021 come from China Academy of Information and Communications Technology: “China Digital Economy Development Report (2022)”, July 2022, Xinhuanet: <http://www.xinhuanet.com/techpro/20220712/6a013c95b81248e78dfabe9337a57f51/c.html>.

<sup>97</sup> The report to the 20th National Congress of the Communist Party of China clearly stated that “move the manufacturing sector toward higher-end, smarter, and greener production.” According to the information provided by the China Electronics and Information Industry Development Research Institute, the influence of China’s artificial intelligence industry in the world continues to increase. From 2017 to 2021, the scale of China’s artificial intelligence industry has increased by 2.6 times, accounting for 16.8% of the world’s total. The proportion of patent applications in the world continues to expand, from 13% in 2012 to 70.9% in 2021. China News Service, Nov. 18, 2022. China News Network: <https://chinanews.com.cn/cj/2022/11-18/9897611.shtml>.

total urban population has risen from 10.6% in 1960 to 19.8% in 2020,<sup>98</sup> representing the world's largest modern urban society has been established. On the other hand, modernizations of agriculture, rural areas and farmers are promoted. The proportion of China's agricultural added value (USD in 2015) in the world's total has increased from 18.6% in 1970 to 30.3% in 2020. This is not only much higher than the proportion of China's agricultural land in the world (11.1%),<sup>99</sup> but it is also higher than the proportion of China's total population in the world (18.1%),<sup>100</sup> and it has continuously ranked first globally. It is also equivalent to 4.85 times the United States' agricultural added value.<sup>101</sup> China's agricultural labor productivity (USD in 2010) relative to the world's agricultural labor productivity level rose from 51.4% in 1991 to 112.7% in 2019, higher than the world average level, but significantly lower than that of OECD countries (equivalent to only 23.3%).<sup>102</sup> This shows that China has considerable room to improve agricultural labor productivity, which is also one of the important signs of agricultural modernization. China's per capita output of major agricultural products and food consumption are both higher than the world's per capita level.<sup>103</sup> In 2020, China's per capita food stores exceeded 474.7 kg, which is higher than the international food safety standard of 400 kg per person.<sup>104</sup> The agricultural comprehensive production capacity has been steadily improved, and China has registered bumper grain harvests year after year, with the output continuously maintaining at more than 1.3 trillion catties. Among them, China's grain output accounted for 20.6% of the world's share in 2018 from 14.8% in 1961, which is equivalent to double India's Fig. (10.7%),<sup>105</sup> achieving basic self-sufficiency in

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<sup>98</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.URB.TOTL?locations=1W-CN>.

<sup>99</sup> Data Source: World Bank Database: <https://data.worldbank.org/cn/indicator/AG.LND.AGRI.K2?end=2020&locations=1W-CN&start=1981&view=chart>.

<sup>100</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.POP.TOTL?end=2021&locations=1W-CN&start=1981&view=chart>.

<sup>101</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NV.AGR.TOTL.KD?locations=1W-US-CN>.

<sup>102</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NV.AGR.EMPL.KD?locations=1W-CN-OE>.

<sup>103</sup> According to the United Nations Food and Agriculture Organization database, 2004–2006 was 100%. In 2016, China's agricultural production index was 139.2%, the world average was 127.3%, China's food was 139.8%, and the world average was 127.8%. (National Bureau of Statistics of China. (National Bureau of Statistics of China. *China Statistical Abstract 2021*. Beijing: China Statistics Press, 2019:928).

<sup>104</sup> State Council Information Office of the People's Republic of China. "Moderate Prosperity in All Respects: Another Milestone Achieved in China's Human Rights". People's Daily. 2021–08-13(10).

<sup>105</sup> Cereal production data relate to crops that are used only as dry grain after harvest, except cereal crops harvested for use as hay after harvest or harvested immaturely for food, fodder or silage or for pasture. Data Source: World Bank Database: <https://data.worldbank.org/cn/indicator/AG.PRD.CREL.MT?end=2018&locations=CN-1W-IN&start=1961>.

grain; The three major indexes that reflect the progress of my country's agricultural modernization have increased significantly, becoming an important symbol of building up China's strength in agriculture: First, the crop production index has risen from 15.71 in 1961 to 106.1 in 2020, which is already higher than that of the United States (99.0).<sup>106</sup> There is a large variety and supply of meat, egg, milk, aquatic products, fruit, vegetable and tea—ranking first in the world in these respects. Second, the food production index rose from 11.76 in 1961 to 103.0 in 2020, slightly lower than that of the United States (104.5).<sup>107</sup> Third, the animal husbandry production index has increased from 3.52 in 1961 to 95.8 in 2020, which is still lower than the 111.1<sup>108</sup> in the United States. In 2020, the contribution rate of China's agricultural scientific and technological progress has reached 60.7%. The total power of agricultural machinery in the country increased from 117 million kilowatts in 1978 to 1.056 billion kilowatts in 2020,<sup>109</sup> and the comprehensive mechanization rate of crop cultivation and harvesting exceeded 80% in 2021.<sup>110</sup> The essence of rural modernization is to achieve full coverage in households for modern amenities, and to fully implement comprehensive road access, electrification, informatization, and broadband access. The per capita disposable income of rural residents has risen from CNY 43.8 in 1949 to CNY 17,131 in 2020, which is 391 times the value of 1949. In 2020, it was equivalent to a daily income of 11.2 international dollars per person, which is entering the international middle-income level (10–100 international dollars). The Engel coefficient of rural households has dropped from 68.6% in 1954 to 32.7% in 2021, which is close to the Engel coefficient of urban households of 28.6%. China has transitioned from absolute poverty to affluent consumption structure.<sup>111</sup> By the end of 2020, the penetration rate of sanitary toilets in rural areas across the country has exceeded 68%, and the proportion of administrative villages where household waste was collected, transported and treated exceeded 90%. The level of rural domestic sewage treatment has been improved, with over 95% villages has conducted cleaning actions. Since 2005, the country has been implementing a rural drinking water safety project. By the end of 2015, drinking water safety problems

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<sup>106</sup> The crop production index shows annual agricultural production relative to the base period 2004–2001, including all crops except forage crops. The sum of regions and income groups of the Food and Agriculture Organization of the United Nations (FAO) production index is calculated in terms of potential value in international dollars, normalized to the base period 2004–2006. Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/AG.PRD.CROP.XD?end=2020&locations=CN-US&start=1961>.

<sup>107</sup> The Food Production Index covers food crops that are considered edible and contain nutrients. Calculation data source: World Bank Database: <https://data.worldbank.org.cn/indicator/AG.PRD.FOOD.XD?end=2020&locations=CN-US&start=1961>.

<sup>108</sup> The Livestock Production Index includes meat and milk from all sources, dairy products such as cheese, eggs, honey, raw silk, wool and leather. Calculation data source: World Bank Database: <https://data.worldbank.org.cn/indicator/AG.PRD.LVSK.XD?end=2020&locations=CN-US&start=1961>.

<sup>109</sup> National Bureau of Statistics of China (2021: 111).

<sup>110</sup> The comprehensive mechanization rate of cultivation and harvesting of staple crops in China exceeds 80%. *People's Daily*, March 15, 2021.

<sup>111</sup> National Bureau of Statistics of China (2021: 57).

have been alleviated for a total of 520 million rural residents and more than 47 million rural school teachers and students in their immediate area. The penetration rate of tap water in poverty-stricken areas increased from 70% in 2015 to 83% in 2020.<sup>112</sup> The acceleration of urbanization drove urban–rural integration and the urban–rural population layout increased from “2:1” to “3:1” and “4:1”. This is more conducive to promoting the overall rural revitalization with the strength of urban modernization so as to effectively realize urban–rural joint modernization. This helped continuously narrow the development gap between urban and rural areas, which provides a new path for developing countries to realize urban–rural modernization.

## 7. Modernization with Chinese Characteristics is the Modernization of Harmonious Coexistence Between Man and Nature

Although the land area is 9.6 million square kilometers, most of the land is unusable and the ecological environment foundation is fragile. Due to the limitation of natural and geographical conditions, the total area of arable land only accounts for 14.1% of the total land area, and the area of forest land only accounts for 26.3%. China’s total resources are abundant, but the per capita resources are far below the world average. In 2017, the amount of cultivated land in China ranked third in the world, but the per capita cultivated land area was less than 1.5 mu—which is less than half of the world average. In 2018, China’s water resources amounted to 591.8 billion cubic meters, about 15.0% of the world’s total,<sup>113</sup> and the spatial and temporal distribution was extremely unbalanced. China’s oil reserves accounted for 1.5% of the world’s total, natural gas reserves accounted for 4.5% of the world’s total, and coal reserves accounted for 13.3% of the world’s total. The amount of resources is significantly lower than China’s oil, natural gas, and coal consumption, which account for 16.6%, 9.4%, and 53.8% of the world’s share.<sup>114</sup> The per capita reserves of bulk minerals such as iron and copper are also far below the world average level, and the general dependence on foreign countries is high. The per capita forest area is only 1/5 of the world average. The conflict between man and nature, and the conflict between development and resources is very prominent. These two conflicts have been steadfast companions of China’s throughout its modernization process.

Under the hard constraints of the above-mentioned natural and national conditions, China’s modernization cannot follow the traditional path of European and American modernization characterized by high consumption of per capita resources. China must make innovations and implement the green modernization suitable with its national conditions of natural resources. As General Secretary Xi Jinping stated, when China builds a modern country, it will be impossible to follow the old road of the United States and Europe. Even if there were several earth’s resources available, it would not be enough to cover the consumption of China’s population. It is this fact

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<sup>112</sup> State Council Information Office of the People’s Republic of China. “Moderate Prosperity in All Respects: Another Milestone Achieved in China’s Human Rights”. *People’s Daily*. 2021–08-13(10).

<sup>113</sup> World Bank Database: <https://data.worldbank.org/indicator/ER.H2O.FWTL.K3?end=2021&locations=IW-CN&start=1981&view=chart>.

<sup>114</sup> Data Source: bp Statistical Review of World Energy June 2022.

which results in the situation that China must innovate a green modernization, that is, modernization in which man and nature coexist in harmony.<sup>115</sup>

The modernization with Chinese characteristics must find a unique way to transition from an unsustainable to sustainable development strategy and then further implement a “green” development strategy. This is the road China must walk on to modernize effectively.<sup>116</sup> The “Eleventh Five-Year Plan” set mandatory resource and environmental indicators for the first time. It also clarified and strengthened government responsibilities, and required the government at all levels to ensure the achievement of the set mandatory indicators through rational allocation of public resources and effective use of administrative power. These indicators include green development indicators, such as the reduction of energy consumption per unit of GDP, the reduction of water consumption per unit of industrial added value, the effective utilization coefficient of agricultural irrigation water, the comprehensive utilization rate of industrial solid waste, the amount of cultivated land, the total reduction of major pollutant emissions, forest coverage and accumulation volume. After the practice and efforts of the three five-year plans of the “Eleventh Five-Year Plan”, “Twelfth Five-Year Plan” and “Thirteenth Five-Year Plan”, the three major action plans for the prevention and control of air, water and soil pollution were implemented, and the battle to defend the blue sky, clear water and pure land had resulted in victory. China’s ecological environment protection had undergone a historic turning point and tremendous overall changes.<sup>117</sup> By 2020, 59.9% of the 337 prefecture-level and above cities in the country met air quality standards. 83.4% of the 1940 surface water sections monitored by the state showed excellent and good quality (meeting Class I to Class III surface water quality standards), and only 0.6% of sections suffered from poor water quality below Class V. The proportion of offshore waters reaching Class I and Class II sea water quality standards has risen to 77.4%, and the proportion of offshore waters worse than Class IV has dropped to 9.4%; in 2020, the domestic sewage treatment rate also reached 25.5%.<sup>118</sup> The installed capacity of hydropower, wind power and solar power generation in China currently accounts for 30.8%, 29.3% and 30.5% of the world respectively.<sup>119</sup> China has become the largest green energy country in the world.

China has spearheaded the Paris Agreement on global climate change, with President Xi Jinping promising: by 2030, China’s carbon dioxide emissions per unit of

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<sup>115</sup> Speech by General Secretary Xi Jinping during his inspection tour in Guangdong in December 2012. Party Literature Research Center of the CPC Central Committee. An excerpt of Xi Jinping’s discussion on the construction of socialist ecological civilization. Beijing: Central Party Literature Press, 2017: 34.

<sup>116</sup> Hu and Wang (2005).

<sup>117</sup> “Resolution of the Central Committee of the Communist Party of China on the major Achievements and Historical Experience of the Party over the Past Century”. People’s Daily, 2021–11–17(1).

<sup>118</sup> State Council Information Office of the People’s Republic of China. “Moderate Prosperity in All Respects: Another Milestone Achieved in China’s Human Rights”. People’s Daily, 2021–08–13(10).

<sup>119</sup> Calculation Data Source: BP Statistical Review of World Energy June 2021, BP website: <https://www.bp.com/>. Date of visit: October 24, 2021.

GDP will drop by more than 65% compared with the 2005 level, the proportion of non-fossil energy in primary energy consumption will reach roughly 25%, the forest volume will increase by 6 billion cubic meters compared with the 2005 amount, and the total installed capacity of wind power and solar power generation will reach more than 1.2 billion kilowatts.<sup>120</sup> China has become an innovator and contributor to launch and lead the world's green industrial revolution, green energy revolution, green innovation revolution and green consumption revolution in the twenty-first century. China is innovating to lead the world's green modernization in the twenty-first century, that is, the modernization of harmonious coexistence between man and nature.

## 8. **Modernization with Chinese Characteristics is the Modernization of the Great Rejuvenation of the Chinese Nation**

The long history and excellent traditional culture of the Chinese nation endow the modernization with Chinese characteristics with unique historical and cultural characteristics. China is inheriting and carrying forward the excellent traditional culture of the Chinese nation for more than 5000 years, continuously innovating the revolutionary culture and advanced socialist culture created by the Chinese revolution, socialist construction, reform and opening up, and promoting cultural prosperity and revival. This continuously improves the country's cultural soft power, international influence, charisma, and constantly demonstrates the unique charm of Chinese culture to the world. "To fully implement the socialist thought with Chinese characteristics in the new era, and to adhere to the combination of the basic principles of Marxism with China's specific conditions and with the excellent traditional Chinese culture." "Promoting the coordinated development of material civilization, political civilization, cultural-ethical standards, social civilization, and ecological civilization", "creating a new form of human civilization", and making great contributions to human civilization.<sup>121</sup>

**The historical development process of the modernization with Chinese characteristics itself is the long march of the great rejuvenation of the Chinese nation.**

The great victory of the new democratic revolution solemnly declares to the world: the Chinese people have stood up and created fundamental social conditions for the realization of the great rejuvenation of the Chinese nation. As Mao Zedong predicted: winning a national victory is only the first step in a long march of ten thousand miles. Although this step is also worth being proud of, it is relatively small, and there is more to be proud of yet to come. If in the future one looks at the victory of the Chinese people's democratic revolution after several decades, it will make one feel as if it was just a short prelude to a much longer performance. "A story must begin with a prologue, but the prologue is not the climax."<sup>122</sup> This means that the socialist modernization with Chinese characteristics is like the Long March, and it is also substantiated by the recent 70-year history of New China.

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<sup>120</sup> Jinping (2020).

<sup>121</sup> Jinping (2021a).

<sup>122</sup> *The Writings of Mao Zedong*: Vol. 4. Beijing: People's Publishing House, 1991: 1438.

The construction and socialist revolution was a great victory, as echoed by Mao Zedong solemnly declaring to the world as early as 1949: the Chinese people are “good at not only destroying an old world, but also building a new world”,<sup>123</sup> laying the fundamental political premise and institutional foundation for the realization of the great rejuvenation of the Chinese nation.

The great victory of reform and opening up and socialist modernization has provided a system guarantee full of new vitality and material conditions for rapid development for the realization of the great rejuvenation of the Chinese nation.

Since the 18th National Congress of the Communist Party of China, socialism with Chinese characteristics entered a new era of development, which solemnly has declared to the world: China would realize the first centenary goal, begin to implement the second centenary goal, and continue to move forward toward the overall target of realizing the great rejuvenation of the Chinese nation.

The report to the 20th National Congress of the Communist Party of China clearly stated that “From this day forward, the central task of the Communist Party of China will be to lead the Chinese people of all ethnic groups in a concerted effort to realize the Second Centenary Goal of building China into a great modern socialist country in all respects and to advance the rejuvenation of the Chinese nation on all fronts through a Chinese path to modernization.”<sup>124</sup>

## 9. The Modernization with Chinese Characteristics Creates a Path of Peaceful Development for a World Power

Up to this point, Western countries conducted oversea primitive accumulation of capital for their commencing and completion of industrialization and modernization by the way of foreign wars of aggression and incursions. The launching of the colonialist wars, the imperialist wars, World War I, World War II—in all these cases China has always been the biggest victim. After World War II, the United States was the country who initiated the most foreign wars, and this can be especially seen in the Korean War, which directly endangered the newly established New China. The United States directly interfered in the internal affairs of other countries and safeguarded the world hegemony. It first supported Chiang Kai-shek’s government in exile in Taiwan, and then encouraged the “Taiwan independence” and “Hong Kong independence” forces—publicly supporting the separatist forces in Tibet and Xinjiang. In contrast, China has established a strategy for promoting world peace since its founding. In the 1950s, it advocated the “Five Principles of Peaceful Coexistence” in international relations. From opposing imperialism to opposing superpowers and hegemonism,<sup>125</sup> and to taking the path of peaceful development in the twenty-first

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<sup>123</sup> *The Writings of Mao Zedong*: Vol. 4. Beijing: People’s Publishing House, 1991: 1439.

<sup>124</sup> Jinping (2022).

<sup>125</sup> In 1973, the report to the 10th National Congress of the Communist Party of China stated: today, it is mainly the two nuclear superpowers, the United States and the Soviet Union, competing for hegemony. They call for disarmament every day, but in fact they are expanding their army constantly. Their purpose is to dominate the world. They compete and collude. The purpose of their collusion is for a bigger competing. Their competing is absolute and long-term; their collusion is relative and temporary. In the international arena, our Party must adhere to proletarian internationalism, adhere

century,<sup>126</sup> as President Xi Jinping pointed out during the video conference with US President Joe Biden, the Chinese people have always loved peace and advocated peace. There is no gene for invading others and becoming global kings in our blood. Since the founding of the People's Republic of China, China has not initiated a war or conflict on our own initiative, nor have we invaded an inch of other countries' land.<sup>127</sup> China has actively promoted economic globalization and trade liberalization, and vigorously advocated the "Belt and Road", providing important public goods for the world<sup>128</sup>; China has eradicated absolute poverty, has taken the lead in implementing the United Nations 2030 Agenda for Sustainable Development, and then fulfilled<sup>129</sup> China's commitment to "increase aid to developing countries, especially the least developed countries, and helped narrow the development gap between the North and the South."<sup>130</sup>; China has supported developing countries in their fight against the pandemic and has taken the lead in advocating the building of a community with a shared future for human health.<sup>131</sup> All of these actions fully reflect China's reliance on peaceful development to enrich the people and strengthen the country, and further show that "the stronger China is, the more the world will benefit." As

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to the Party's consistent policy, strengthen its unity with the proletariat, the oppressed people and nations of the world, and strengthen its unity with all those affected by imperialist aggression, subversion, interference, control and bullying. There must be a unity of the countries, forming the broadest united front against imperialism and old and new colonialism, especially against the hegemonism of the two superpowers, the United States and the Soviet Union. Zhou Enlai. Report at the Tenth National Congress of the Communist Party of China. 1973-08-28.

<sup>126</sup> China will unswervingly follow the path of peaceful development. China opposes all forms of hegemonism and power politics, and will never seek hegemony or expansion. *Selected Works of Hu Jintao: Vol. 2*. Beijing: People's Publishing House, 2016: 650-651.

<sup>127</sup> "Xi Jinping held a video meeting with US President Joe Biden". Economic Information Daily. 2021-11-16(1).

<sup>128</sup> State Council Information Office of the People's Republic of China. "China's international development cooperation in the new era". People's Daily. 2021-01-11(14).

<sup>129</sup> Xi Jinping. "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era."//The Institute of Party History and Literature of the Central Committee of the Communist Party of China (2019: 42).

<sup>130</sup> China will provide USD 2 billion over two years to help with COVID-19 response and with economic and social development in affected countries, especially developing countries. State Council Information Office of the People's Republic of China. "China's international development cooperation in the new era". People's Daily. 2021-01-11(14).

<sup>131</sup> On March 21, 2020, when President Xi Jinping called French President Emmanuel Macron, he proposed the initiative to "build a community of health for mankind" for the first time. President Xi Jinping pointed out that public health security is a common challenge faced by mankind. China is willing to work with France to jointly promote international cooperation in pandemic prevention and control, and support the United Nations and the World Health Organization in playing a central role in improving global public health governance and building a community of health for mankind. "President Xi Jinping calls French President Emmanuel Macron".

[http://www.xinhuanet.com/2020-03/21/c\\_1125748121.htm](http://www.xinhuanet.com/2020-03/21/c_1125748121.htm), 21 March 2020.

General Secretary Xi Jinping said: the modernization with Chinese characteristics is a modernization that takes the path of peaceful development.<sup>132</sup>

#### 10. **Modernization with Chinese Characteristics Shares and Supports a Common Destiny with Mankind**

China's position towards the world is consistent, that is, to make great contributions to human development. As early as 1956, Mao Zedong boldly predicted, "When we enter the twenty-first century, the face of China will change greatly. China will become a powerful socialist industrial country"; "China should make great contributions to mankind".<sup>133</sup> Xi Jinping has always advocated China's responsibility to the world and role in the global landscape: "China has always been a builder of world peace, a contributor to global development, and a defender of the international order. It has always adhered to the path of peaceful development, promoted the building of a new type of international relations and a community with a shared future for mankind, and provided new opportunities for the world. And it has always carried forward the common values of peace, development, fairness, justice, democracy and freedom for all mankind."<sup>134</sup> The report to the 20th National Congress of the Communist Party of China once again reiterated: "Promoting world peace and development and building a human community with a shared future."<sup>135</sup> This is the international logic of "win-winism" advocated by China, resolutely opposed to the American logic of hegemonism of "a strong country must dominate." Our logic will help build a community of common development and common destiny for all mankind.

China has currently entered the center of the world stage and now proactively provides public products globally. China has become a major trading partner of more than 140 countries and regions, the total volume of trade in goods ranks first in the world, and it ranks among the top in the world in attracting foreign capital and foreign investment.<sup>136</sup> The most classic example of this is the "Belt and Road" initiative. So far, China has signed more than 200 cooperation agreements with 140 countries and 32 international organizations to jointly build the "Belt and Road" project. The total trade volume of goods with countries along the route has reached USD 10.4 trillion, and the non-financial direct investment in countries along the route exceeding USD 130 billion.<sup>137</sup> The initiative promoted policy coordination, connectivity of infrastructure and facilities, unimpeded trade, financial integration of relevant countries, strengthened people-to-people ties and made active contribution to building the "Belt and Road" of peace, prosperity, openness, innovation and

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<sup>132</sup> Jinping (2021b).

<sup>133</sup> *The Writings of Mao Zedong*: Vol. 7. Beijing: People's Publishing House, 1999: 156.

<sup>134</sup> Jinping (2021a).

<sup>135</sup> Jinping (2022).

<sup>136</sup> Jinping (2022).

<sup>137</sup> Xi Jinping. "Aiming at high standards and sustainable benefits for people's livelihood, we will continue to promote the high-quality development of the 'Belt and Road' initiative". *People's Daily*. 2021-11-21(1).

civilization. According to the report of “Belt and Road Economics” released by the World Bank, the construction of the “Belt and Road” will increase the real income of countries and regions along the “Belt and Road” by 1.2–3.4%, and the global real income by 0.7–2.9%, thus promoting the realization of common prosperity. The full implementation of the “Belt and Road” initiative will increase trade between participating countries by 4.1%, and the total foreign direct investment of countries and regions along the “Belt and Road” will increase by 4.97%. In addition, BRI-related investments can help lift as many as 34 million people out of moderate poverty and 7.6 million people out of extreme poverty.<sup>138</sup> China has also become an important foreign aid country in the world. From 2013 to 2018, China’s foreign aid amounted to CNY 270.2 billion, including free aid, interest-free loans and preferential loans.<sup>139</sup> China actively promoted the establishment of international cooperation mechanisms such as the Asian Infrastructure Investment Bank and the BRICS New Development Bank, formally established the China International Development Cooperation Agency, and carried out unprecedented breadth and depth of international cooperation for mutual benefit and win–win cooperation. China has also actively contributed to the implementation of the United Nations 2030 Agenda for Sustainable Development by supporting poverty reduction in other developing countries, improving agricultural development, promoting education equity, improving infrastructure, and advancing the process of industrialization.<sup>140</sup>

To summarize, the modernization with Chinese characteristics is “people-oriented” modernization, not material-oriented modernization. It is the people-centered modernization, not the capital-centered one. “Only by sticking to the notion that development is for the people, depends on the people, and its fruits should be shared by the people can we have a correct outlook on development and modernization.”<sup>141</sup> It is not the capital-oriented modernization. It is the modernization of all people, ethnic groups, and regions, not the modernization of a minority of groups, just a specific few ethnic groups, and few regions. It is the real modernization of democracy for all people, common prosperity, equality, freedom and happiness, not the modernization of false democracy, polarization, extreme inequality, freedom for a few, and happiness for a few. The modernization with Chinese characteristics is a comprehensive modernization, a Six-sphere Integrated Plan of

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<sup>138</sup> Wang Huiyao. “The Belt and Road Initiative is an actual practice of building a community with a shared future for mankind”. *Guangming Daily*. 2021–11–21(8).

<sup>139</sup> State Council Information Office of the People’s Republic of China. “China’s international development cooperation in the new era”. *People’s Daily*. 2021–01–11(14).

<sup>140</sup> State Council Information Office of the People’s Republic of China. “China’s international development cooperation in the new era”. *People’s Daily*. 2021–01–11(14).

<sup>141</sup> Xi Jinping delivered an important speech at the opening ceremony of the seminar on the study and implementation of the spirit of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China for leading cadres at the provincial and ministerial levels. 2021–01–11. *People’s Daily Online*: Database of Xi Jinping’s series of important speeches (people.cn).

economic construction, political construction, cultural construction, social construction, ecological civilization construction, and national defense construction.<sup>142</sup> The Five-pronged Comprehensive Strategy consists of completing the building socialist modernization in all respects, comprehensively expanding in-depth reform, comprehensively promoting law-based governance, comprehensively enforcing strict Party self-governance, and full participation in global governance. The Plan and Strategy constitute “two layouts” for the modernization with Chinese characteristics. The Five-pronged Comprehensive Strategy serves the Six-sphere Integrated Plan. Both of two complement each other, support each other, and lead the effort of the modernization with Chinese characteristics. Economic modernization is the economic foundation of comprehensive modernization, social modernization embodies the superiority of the socialist system, green modernization is the basic requirement of China’s national conditions, political modernization provides an effective political guarantee for it, cultural modernization is the great support for realizing the great rejuvenation of the Chinese nation and national defense modernization is the security guarantee for modernization of the country. The modernization with Chinese characteristics has always shared the development goals and overall destiny with the whole of mankind, and has continuously made significant contributions to worldwide human development.<sup>143</sup>

From the perspective of international comparison of global modernization, China’s “Six-sphere” modernization model has surpassed Western modernization marked by economic modernization, capital-based modernization, materialistic modernization, and democratization featuring supremacy of election, and has also provided the important experience for southern countries to innovate and realize the comprehensive modernization.<sup>144</sup> It is mutually promoted and coordinated with the socialist modernization of Five-pronged Comprehensive Strategy, and has become the grand strategy of the modernization with Chinese characteristics.

## **1.2 The Principal Contradiction of Chinese Society in the New Era and the Major Changes in Its Development Stage**

Since the 18th National Congress of the Communist Party of China, China has entered a new era of socialism with Chinese characteristics. The CPC Central Committee with Comrade Xi Jinping as its core has made new major judgments on China’s basic national conditions, principal contradiction, developmental stages and central missions. This requires a correct understanding of: China’s basic national conditions

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<sup>142</sup> The author suggests that the modernization of national defense and the army should be incorporated into the “Six-sphere” overall modernization strategy. Hu et al. (2018a: 91).

<sup>143</sup> Hu et al. (2018a, pp. 91–92).

<sup>144</sup> Written by Hu Angang. *Chinese Road and Chinese Dream*. Hangzhou: Zhejiang People’s Publishing House, 2013: 91.

and dynamic changes, the principal contradictions of the primary stage of socialism and Chinese society in the new era, how to basically realize socialist modernization by 2035, and how to actively promote the development of socialist modernization with Chinese characteristics.

### 1. The Primary Stage of Socialism

China is currently in the primary stage of socialism and will be in this stage for a relatively long period of time. As early as the late 1950s, Mao Zedong pointed out: “Socialism may be divided into two stages, the first stage is underdeveloped socialism, and the second stage is relatively developed socialism. The latter phase may take longer than the former.”<sup>145</sup>

Since the reform and opening up, our party has gained a profound and comprehensive understanding of China’s national conditions. In particular, Comrade Deng Xiaoping put forward the major era proposition of modernization with Chinese characteristics. Shortly after the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China, Deng Xiaoping pointed out that one issue was China has a weak economic base. The second issue is China’s large population and little arable land. These have become features that must be considered in China’s modernization. He formally proposed that “The modernization with Chinese characteristics must proceed from the specific characteristics of China.”<sup>146</sup> He stressed that China’s modernization must be a long-term project for hundreds of years. In fact, China’s total population accounted for 22.3% of the world’s total at that time,<sup>147</sup> and it was still the country with the lowest per capita gross national income in the world. In 1978, among the 188 countries and regions in the world, China’s per capita gross national income ranked 175th,<sup>148</sup> equivalent to the bottom 6.9%.

In 1980, the “Resolution of the Central Committee of the Communist Party of China on Several Historical Issues of the Party Since the Founding of the People’s Republic of China” (passed by the Sixth Plenary Session of the Eleventh Central Committee of the Communist Party of China) proposed for the first time that China’s socialist system is in its early, primary stage. However, there is no doubt that China has established a socialist system and entered a socialist society, and it would be wrong to deny this basic fact.<sup>149</sup>

On the eve of the 13th National Congress of the Communist Party of China, Deng Xiaoping emphasized: “The 13th National Congress of our Party will explain what stage China’s socialism is in, that is to say, it is in the primary stage. Socialism itself is the primary stage of communism, and China is in the primary stage of socialism,

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<sup>145</sup> *The Writings of Mao Zedong*: Vol. 8. Beijing: People’s Publishing House, 1999: 116.

<sup>146</sup> *Selected Works of Deng Xiaoping*: Vol. 2. Beijing: People’s Publishing House, 1994: 163–164.

<sup>147</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=CN-1W>.

<sup>148</sup> Compiled by the National Bureau of Statistics of China (2022, p. 204).

<sup>149</sup> *Selected Important Documents Since the Third Plenary Session of the Eleventh Central Committee* of the Communist Party of China: Vol. 2. People’s Publishing House, 1982:838.

that is, an underdeveloped stage. Everything must proceed from this fact and we must make plans according to this reality.”<sup>150</sup>

In 1987, the report to the 13th National Congress of the Communist Party of China made a basic judgment of China’s basic national conditions: “With a large population and a weak economic base, the per capita GNP still ranks behind in the world. China’s more standout qualities are as follows: with a population of more than one billion, among which 800 million are in rural areas, the population still basically used hand tools to make food; some modern industries co-exist with a large number of industries that are decades or even hundreds of years behind the modern level; some economically developed areas coexist with the vast underdeveloped areas and poverty-stricken areas; China has a small amount of world’s advanced science and technology with generally backward science and technology level; a small amount of the population has advance levels of science and technology education. But generally, the population has a low level of science and technology education, and illiterate and semi-literate people still account for nearly a quarter of the population.” “The report’s basic judgment on the principal contradiction in our society still follows the formulation of the ‘Resolution on Certain Historical Issues of the Party Since the Founding of the People’s Republic’” passed by the Sixth Plenary Session of the Eleventh Central Committee of the Communist Party of China, pointing out: “the current principal contradiction in China’s society is the contradiction between the growing material and cultural needs of the people and the lagging social production.” The report to the 13th National Congress of the Communist Party of China systematically expounded the theory of the primary stage of socialism, and believed that, “China’s socialist society is still in the primary stage. We must proceed from this reality and cannot somehow skip this stage of development.” “The stage of socialism in our country is the stage of gradually getting rid of poverty and lagging development.” “It is a stage in which an agricultural country based on manual labor with the majority of the agricultural population gradually transforms into a modern industrial country with a non-agricultural majority; it is a stage in which the natural economy and semi-natural economy account for a large proportion, and the commodity economy is highly developed.” “From the basic completion of the socialist transformation of the private ownership of the means of production in the 1950s to the basic realization of socialist modernization, it will take hundreds of years for our country, which all belong to the primary stage of socialism.”<sup>151</sup> The theory of the primary stage of socialism provides a theoretical basis for how to realize the socialist modernization with Chinese characteristics, pointed out a development path, and also stipulates that it will take hundreds of years to functionally achieve it.

In 1997, the report to the 15th National Congress of the Communist Party of China summarized the process characteristics of the historical development of the primary stage of socialism from nine aspects (see Box 1.1).

<sup>150</sup> *Selected Works of Deng Xiaoping*: Vol. 3. Beijing: People’s Publishing House, 1999: 252.

<sup>151</sup> Party Literature Research Center of the CPC Central Committee. *Selected Important Documents Since the Thirteenth CPC National Congress*: Vol. 1. Beijing: People’s Publishing House, 1991: 10–13.

**Box 1.1 The report to the 15th National Congress of the Communist Party of China on the primary stage of socialism (1997)**

The primary stage of socialism is a historical stage in which it gradually gets rid of underdevelopment and basically achieves socialist modernization; It is a historical stage in which a country with a large proportion of the agricultural work population and mainly relying on manual labor gradually transforms into an industrialized country with a non-agricultural population accounting for the majority—with an inclusion of modern agriculture and modern service industries; It is a historical stage in which the natural economy and semi-natural economy account for a large proportion of the overall market and there is a gradually transformation into a relatively high degree of economic marketization; It is a historical stage in which large illiterate and semi-literate population decreases and the underdeveloped science, technology, education and culture gradually transform into relatively developed science, technology, education and culture; It is a historical stage in which poverty-stricken people account for a large proportion with a low standard of living and there is a gradually transformation into the situation where all people are relatively prosperous; It is a historical stage in which the regional economic and cultural gap is gradually narrowed by orderly development based on unbalanced regional economic and cultural development; It is a historical stage in which a relatively mature and dynamic socialist market economic system, a socialist democratic political system and other systems are established and improved through reform and exploration; It is a historical stage in which the people firmly establish the common ideal of building socialism with Chinese characteristics, strive for self-improvement, forge ahead, work hard, build the country with diligence and thrift, and strive to build cultural-ethical standards while also building material foundations; It is a historical stage in which the gap with the world's advanced level is gradually narrowed and the great rejuvenation of the Chinese nation is realized on the foundation of the system of socialism. Such a historical process will take at least a hundred years.

*Selected Works of Jiang Zemin*, Vol. 2, People's Publishing House, 2006 Edition, pp. 14–15.

In 2012, the report to the 18th National Congress of the Communist Party of China pointed out: the basic national condition that our country is still in and will remain in the primary stage of socialism for a long time has not changed, and the principal social contradiction between the people's growing material and cultural needs and lagging social production has not changed. China is still the largest developing country in the world. This fact has also not changed.<sup>152</sup> It is referred to as “Three Facts that Have not Changed”.

<sup>152</sup> *Selected Important Documents Since the 18th CPC National Congress*: Vol. 1. Beijing: Central Party Literature Press, 2014:12–13.

Chinese socialist society is always developing and changing, and it will never halt completely at a certain level. But the changes are eternal, and there will always be a quantitative change and qualitative change, as well as a gradient and sudden change. In fact, the “Three Facts that Have not Changed” even as the remain unchanged are changing. The scale of change can be small or large, and the speed of change can be slow or fast. It all depends on the interaction between the mobilizing factors and restricting factors, favorable factors and unfavorable factors of modernization. The general trend is that there are more mobilizing factors than restricting factors, and more favorable factors than unfavorable factors. This is also in line with the development logic of Deng Xiaoping’s “every few years China takes a big step”, and it is more in line with the results that every “Five-Year Plan” pushes China to a new stage. This fully reflects the development path and logic of modernization with Chinese characteristics.

## 2. Socialism with Chinese Characteristics Has Entered a New Era

General Secretary Xi Jinping pointed out in the report to the 19th National Congress of the Communist Party of China: after long-term efforts, socialism with Chinese characteristics has entered a new era, representing a new historical direction for China’s development.<sup>153</sup> Significant changes have taken place in China’s basic national and developmental conditions, reflecting China’s historic transformation—from standing upright to becoming prosperous and growing in strength.

From the perspective of social productive forces, China has basically changed from a country with underdeveloped production abilities to achieving a major leap towards more advanced social production. The basic structure of socialist productive forces with Chinese characteristics can be defined as a productive system with “one center and five dimensions”: taking the people as the center is the starting point, the foothold and the core point of developing the productive forces in an all-round way. The “five dimensions” of productivity are economic productivity, scientific and technological productivity, social productivity, cultural productivity and ecological productivity. The roles of the five productive forces are as follows: economic productivity signifies the material foundation of development. Scientific and technological productivity supports intellectual endeavors. Social productivity guarantees people’s basic livelihood. Cultural productivity provides spiritual guidance for the people and ecological productivity is the premise of sustainable development. Five productive forces are correlative and integrated, promoting each other. Synchronized development, parallel development, and win–win development of five productive forces are unified to serve the overall people-centered development goal. Furthering the comprehensive deepening of the reform is ultimately the key to promoting the leap-forward development of the five productive forces.<sup>154</sup>

In 2017, the report to the 19th National Congress of the Communist Party of China made a new major judgment on China’s national conditions: “The overall

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<sup>153</sup> *Selected Important Documents Since the 19th CPC National Congress*: Vol. 1. Beijing: Central Party Literature Press, 2019:7–8.

<sup>154</sup> Hu et al. (2018b).

level of social productivity in China has been significantly improved, and China's social productivity has become some of the best in the world in many aspects."<sup>155</sup> This is in line with what Mao Zedong said about the law of human development, that is, "The history of mankind is a history of continuous development from the kingdom of necessity to the kingdom of freedom. This history will continue without end."<sup>156</sup> Therefore, China's socialist society will not always stay in the primary stage. After more than 70 years, it will inevitably transition to a higher stage of development, reflecting its regular quantitative changes to partial qualitative changes, from extremely low income to low income. From low income to lower-middle income, to upper-middle income, and then to high-income. This change in income reflects multi-stage development. Transitioning from quantitative changes to qualitative changes, from the primary stage to the second stage of moderately developed socialism, to the relatively developed stage, and then to the developed stage represent the qualitative changes in socialism development. As the largest socialist country in the world, China will not stay in the primary stage forever. It will always innovate the socialist road and model, always be able to actively create and adapt to a new stage of development gradually, and gradually transition to a new stage of moderately developed socialism in a gradualism manner.<sup>157</sup>

China has entered a new historical stage of socialist development. To this end, I mainly examine discussions on the primary stage of socialism in the report to the 15th National Congress of the Communist Party of China (see Box 1.1), and have conducted both quantitative analysis and international comparison.

From the perspective of employment structure, China has stopped having its entire economy be composed of the agricultural industry—which stood at 50.0% of the overall economy in 2002 and dropped to 22.9% in 2021. In parallel, the proportion of non-agricultural employment has risen to more than 3/4 of the overall economy.<sup>158</sup> During the period from 2000 to 2020, the average annual growth rate of agricultural employment was -3.5%, the average annual growth rate of agricultural added value was 3.9%, and the average annual growth rate of agricultural labor productivity reached 7.4%. This was much higher than the average annual growth rate of the world agricultural labor productivity (USD in 2015) in the same period (3.8%), exceeded the world average,<sup>159</sup> and was only 1.1 percentage points behind the national average labor productivity growth rate (8.5%). China has gradually transformed from an economy dominated by the natural economy and a semi-natural economy to a stage

<sup>155</sup> Xi Jinping. "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era". *Selected Important Documents Since the 19th CPC National Congress*: Vol. 1. Beijing: Central Party Literature Press, 2019:7-8.

<sup>156</sup> *The Writings of Mao Zedong*: Vol. 8. Beijing: People's Publishing House, 1999: 325.

<sup>157</sup> Written by Hu Angang. "Correctly understanding the new stage of Chinese socialism: 2020-2035" [J/OL]. *Journal of Beijing University of Technology (Social Science)*: 1-13[2022-07-30]. <http://kns.cnki.net/kcms/detail/11.4558.G.20220510.1605.006.html>.

<sup>158</sup> *China Statistical Abstract 2021*. Beijing: China Statistics Press, 2021: 41.

<sup>159</sup> Data Sources: World Bank Database: <https://data.worldbank.org/indicator/NV.AGR.EMPL.KD?locations=IW-CN&start=1984&view=chart>.

with a relatively high degree of economic marketization, and has established one of the largest market economies in the world. The total volume of retail sales is CNY 44.1 trillion by 2021 from CNY 430.5 billion in 1985, which is equivalent to 102 times the value in 1985.<sup>160</sup> One can take the consumption expenditure of Chinese residents as an example, it has risen from CNY 462.7 billion in 1985 to CNY 38,717.7 billion in 2020, which is equivalent to 83.7 times that the 1985 level.<sup>161</sup> Calculated in USD in 2015, the consumption expenditure of Chinese residents has surpassed that of Italy (1999), France (2000), the United Kingdom (2004), Germany (2004), Japan (2008), jumping to the second place in the world, from USD 934.8 billion in 1995 to USD 7.87 trillion in 2020 and its proportion of the world's total increased from 3.0% to 13.2%.<sup>162</sup> Judging from the comparison of gross domestic product by expenditure approach, in 2019, China's household consumption accounted for 39.1% of GDP, government consumption expenditure (mainly used for public services) accounted for 16.6%, and the total capital formation of non-financial corporate sector accounted for 26.1%. It is significantly higher than that of the general government sector, accounting for 4.4%,<sup>163</sup> and it is also the world's largest non-government investor.

**China has fundamentally changed its previous situation of lagging in its development of science, technology, education and culture, has become a great country in science, technology, education and culture, and is moving towards a world power in all these areas.** For example, according to the information provided by the National Bureau of Statistics of China, in 2020, the added value of the national culture and related industries has reached CNY 4.50 trillion, accounting for 4.43% of GDP. If the tourism and related industries (4.01% of GDP) and the sports industry (1.06%) are added, the cultural tourism and sports industry accounts for a total of 9.50% of GDP.<sup>164</sup>

**China has eliminated the world's largest population existing in absolute poverty.** Based on the poverty headcount ratio at per capita consumption expenditure of 1.90 international dollars per day defined by World Bank, China's poverty headcount ratio dropped from 66.3% in 1990 to 0.5% in 2016<sup>165</sup>; According to the poverty headcount ratio at daily consumption expenditure of 1.90 international dollars per person, the moderate poverty headcount ratio in China has dropped from 90% in 1990 to 5% in 2016,<sup>166</sup> and it has been completely eliminated as of 2020; According to the poverty headcount ratio at 1.90 international dollars per person per

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<sup>160</sup> *China Statistical Abstract 2021*. Beijing: China Statistics Press, 2021: 145.

<sup>161</sup> *China Statistical Abstract 2021*. Beijing: China Statistics Press, 2021: 33.

<sup>162</sup> Data Sources: World Bank Database: Final consumption expenditure (constant USD in 2015)—China, United Kingdom, Japan, Germany, France, Italy | Data (worldbank.org).

<sup>163</sup> Calculation data source: *China Statistical Abstract 2021*, China Statistics Press, 2021 edition, pp. 34, 37.

<sup>164</sup> *China Statistical Abstract 2022*. Beijing: China Statistics Press, 2021: 13.

<sup>165</sup> Data Sources: World Bank Database: Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)—China | Data (worldbank.org).

<sup>166</sup> Data Sources: World Bank Database: Poverty headcount ratio at \$3.20 a day (2011 PPP) (% of population) — China | Data (worldbank.org).

day, it has dropped from 89% in 1999 to 16% in 2019<sup>167</sup>; According to the 2010 standard of the national rural poverty line (that is, the annual living standard per person is CNY 2300 (constant price in 2010), there was 98.99 million people in poverty in 2012, and there was zero by 2020.<sup>168</sup> After 2020, the state will step up measures to provide basic living security for the poor. By the end of June 2022, a total of 40.62 million people in urban and rural areas will receive subsistence allowances, accounting for 2.9% of the country's total population. Among them, there are 7 million people receiving urban subsistence allowances, accounting for 0.8% of the country's total urban population, and 33.62 million people receiving rural subsistence allowances, accounting for 6.7% of the country's total rural population. The national urban subsistence allowance level is CNY 734 per person per month, and the rural subsistence allowance level is CNY 554 per person per month, which is equivalent to a daily subsidy of 5.8 international dollars and 4.4 international dollars per person, respectively. The actual per capita daily consumption expenditure exceeds the high poverty line defined by World Bank—5.5 international dollars. Regardless of the standard employed, China has eliminated the severe and moderate poverty, and will soon eliminate the mild levels of poverty in its population.

**The position of China's per capita GDP ranking low internationally has also fundamentally changed.** China has moved from a low-income level (1978–2000) to a lower middle-income level (2000–2010), and then to an upper middle-income level (2010–2020). Calculated in USD in 2015, China's per capita GDP will reach USD 11,200 by 2021, higher than the world average (11,057 international dollars).<sup>169</sup> Calculated in purchasing power parity, the international dollar in 2017, China has reached 17,484 international dollars, which is higher than the world average (17,081 international dollars),<sup>170</sup> and will soon enter the stage of high-income development.

**China has rapidly narrowed the gap between it and more the world's advanced standards.** Calculated in purchasing power parity, the international dollar in 2017, the relative gap between China's per capita GDP and the United States has narrowed from 28.4 times in 1990 to 3.6 times in 2021.<sup>171</sup>

China has entered a historical stage of gradually narrowing the regional development gap, however development imbalance still exists. China previously entered the stage of social development dominated by a rural population (before 2010) and entered the stage of social development dominated by an urban population (after 2011), becoming the world's largest modern urban society. The proportion of China's

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<sup>167</sup> Data Sources: World Bank Database: <https://data.worldbank.org/indicator/SI.POV.UMIC?locations=IW-CN&start=1984&view=chart>.

<sup>168</sup> China Statistical Abstract 2022. Beijing: China Statistics Press, 2022: 69.

<sup>169</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD?locations=CN-IW>.

<sup>170</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?locations=CN-IW>.

<sup>171</sup> Computational Data Sources World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?end=2021&locations=CN-US&start=1990&view=chart>.

urban population in the world has increased from 13.2% in 1990 to 19.9% in 2020.<sup>172</sup> It has entered a green development stage (post 2010) transitioning from a condition of environmental degradation and ecological deficit to comprehensively controlling environmental pollution and improving ecology.

It can be expected that, on this basis, with the implementation of the three five-year plans, **China will enter a higher stage of socialist development by 2035, that is, the moderately developed stage.** This fully reflects the continuous development, innovation, self-reform, self-breakthrough and self-upgrade of a socialist modernization with Chinese characteristics. China has not only achieved the two miracles of sustained and rapid economic development and long-term social stability, but also innovated a miraculous, new form of the modernization with Chinese characteristics. As Mao Zedong said, “within the scope of production struggles and scientific experiments, human beings are always developing, and nature is always evolving, and will never stop. Therefore, human beings must constantly accumulate their experiences, discover, invent, create new things, and make progress. The arguments of stop, pessimism, inaction and complacency all represent incorrect paths forward.<sup>173</sup> This is the theoretical basis and practical basis for China’s transition into a new stage of socialism. It was the first time in the history of Marxism that the scientific concept of the primary stage of socialism was clearly put forward in the Party’s Program.”<sup>174</sup> This is Deng Xiaoping’s contribution to socialist theory and practice.

### 3. From the Primary Stage of Socialism to an Even Higher Stage

**It is the first time in the history of Marxism that China will move from the primary stage of socialism to a higher stage, that is, a moderately developed stage. This represents both the theoretical and practical contribution to the new era of socialism.**

**First, the report to the 19th National Congress of the Communist Party of China made a new major judgment on China’s place in the world:** “Our country’s economic strength, scientific and technological strength, national defense strength, and comprehensive national strength have entered the forefront of the world’s ranking.”<sup>175</sup> This is the basis of strategic goals of basically realizing socialist modernization by 2035 and developing China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by 2050. To this end, I further made quantitative calculations, international comparisons, and ex-post evaluation from the perspectives of economic strength, agricultural production capacity, industrial manufacturing strength, scientific and technological

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<sup>172</sup> Calculation data source: World Bank Database: <https://data.worldbank.org/indicator/SP.URB.TOTL?end=2020&locations=CN-1W&start=1990&view=chart>.

<sup>173</sup> *The Writings of Mao Zedong*: Vol. 8. Beijing: People’s Publishing House, 1999: 325.

<sup>174</sup> *Selected Important Documents Since the 15th CPC National Congress* (Vol. 1), People’s Publishing House, 2000 Edition, p. 15.

<sup>175</sup> Xi Jinping. “Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era”. *Selected Important Documents Since the 19th CPC National Congress*: Vol. 1. Beijing: Central Party Literature Press, 2019:7–8.

strength, infrastructure modernization, human resources, trade strength, comprehensive national strength, international influence, and international status. My basic research conclusions are as follows: **By 2020, the most demonstrative indicator is that China's GDP, calculated by the World Bank in international dollars (in 2017), surpassed that of European Union in 2016 and that of the United States in 2017,**<sup>176</sup> after the United States' GDP (1990 international dollars) surpassed China in 1890—127 years previously.<sup>177</sup> **This marks that China has transformed from the world's largest developing country to the world's largest emerging economy and a power with comprehensive national strength—entering the center of the world stage.**<sup>178</sup> **This is an unprecedented major change in China's position in the world, which in turn has triggered a major change in the world unseen in a century.**

#### 4. The Principal Contradiction Presented by China's Unbalanced, Insufficient and Incomplete Development

The above-mentioned major changes in China's basic national conditions, development level, economic strength, scientific and technological strength, trade strength, national defense strength, comprehensive national strength, and status in the world will inevitably lead to major changes in the social principal contradiction present in Chinese society. In this regard, the report to the 19th National Congress of the Communist Party of China firstly made a new major judgment on the change of the principal contradiction present in Chinese society: "Socialism with Chinese characteristics has entered a new era, and the principal contradiction in our society has been transformed into the contradiction between the people's ever-growing needs for a better life and unbalanced and inadequate development."<sup>179</sup> The report to the 20th National Congress of the Communist Party of China reaffirmed this basic judgment, "and we have made it clear that closing this gap should be the focus of all our initiatives. With these efforts, we have made constant progress in enriching and developing a new form of human advancement."<sup>180</sup>

The changes in the principal contradiction in Chinese society today are reflected in the fact that all kinds of contradictions are undergoing major historic changes. **China's prominent contradictions of unbalanced, inadequate, and incomplete development in economy, culture, society, and ecology** can be seen in three main aspects:

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<sup>176</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?locations=US-EU-CN>.

<sup>177</sup> According to the world economy (GDP, international dollars in 1990) database provided by Angus Maddison, in 1890, the US GDP (214.7 billion international dollars) surpassed China (205.4 billion international dollars), becoming the world's largest economy. Angus Maddison: *Historical Statistics of the World Economy: 1–2008 AD*.

<sup>178</sup> Hu Angang: "How China's Comprehensive National Strength Entered the Top in the World (2000–2020)", *China Study*, No. 1, 2021, January 29, 2021.

<sup>179</sup> Jinping (2017). *Institute of Party History and Literature of the Central Committee of the Communist Party of China* (2019: 8).

<sup>180</sup> Jinping (2022, p. 7).

First, the **“unbalanced development” is specifically reflected in:** First, there will be a long-standing imbalance in the development between urban and rural areas, and the gap between urban and rural residents’ income and consumption is also still very large.<sup>181</sup> As General Secretary Xi Jinping pointed out: “It is an objective law, but under the national conditions of my country’s population of more than 1.3 billion, no matter what stage of industrialization and urbanization progresses, we must develop agriculture, and rural areas will not die out and instead there will be continued coexistence between urban and rural areas. This is also an objective law.”<sup>182</sup> Second, there will be a long-standing imbalance in regional development. Although the imbalances in regional development have been present for a long time, the regional development gap has narrowed. At the same time, the trend of differentiation is still obvious, that is the trend of increased differentiation in the four major economic plates. The economic growth in the south is faster than that in the north and there is also an obvious trend of differentiation in such economic plates.<sup>183</sup> Third, there will be a long-standing imbalance in industrial development. During the period from 2000 to 2020, the average annual growth rate of the primary industry was 3.9%, and the average annual growth rates of the secondary and tertiary industries were 9.0% and 9.4% respectively.<sup>184</sup> The internal development of the industry is also unbalanced. The proportion of agricultural added value in GDP and the proportion of labor force are also not balanced.<sup>185</sup> The latter lags behind the former, and the proportion of the added value of manufacturing in GDP is declining too fast.<sup>186</sup> Fourth, there will be a long-standing imbalance in social development. China has formed a large-scale floating population. The national floating population has risen from 121.07 million in 2000 to 375.82 million in 2020, exceeding the total population of the United States (329 million). The proportion of the total population has increased from 9.6% to 26.6%, an increase of 17 percentage points. There is a large gap in the basic public services of floating population between urban and rural areas and among different regions. Fifth, there will be a long-standing imbalance in ecological development. From the perspective of economic geography, the population density and economic density on the east and west sides of the “Hu Huanyong Line” are very

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<sup>181</sup> In 2020, the urban–rural per capita disposable income gap will be 2.56 times, and the per capita consumption expenditure gap will be 1.96 times. Calculation Data Source: National Bureau of Statistics of China (2021: 56–57).

<sup>182</sup> Xi’s speech at the eighth group study session of the Political Bureau of the 19th CPC Central Committee. September 2018.

<sup>183</sup> Series Writing Group of National Development and Reform Commission. *Implement the Strategy for Regional Development*. Beijing: China Planning Press, China Market Press, 2020: 28–30.

<sup>184</sup> National Bureau of Statistics of China (2021: 10).

<sup>185</sup> By 2020, the proportion of China’s agricultural added value in GDP has dropped to 7.7%, while the proportion of agriculture in total employment is as high as 23.6%, and the average agricultural labor productivity is equivalent to 32.6% of the national average. Calculation Data Source: National Bureau of Statistics of China (2021: 25, 41).

<sup>186</sup> The share of China’s manufacturing industry in GDP has dropped from 32.1% in 2011 to 26.2% in 2020. <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=CN>.

different. 94% of the population resides in the southeast of the line. The southeast, 43% of the national land, bears a huge environmental pressure. While the northwest, 57% of the national land, is dominated by grasslands, the Gobi desert, oases and snow-covered plateaus. The ecological environment is very fragile, which directly affects the imbalance between urban and rural areas of China's economic, social and ecological environment. **These five imbalances will continue to exist. They are interrelated and interacting with each other, and will become the main long-term constraint to fulfillment of the 1.4 billion people's ever-growing needs for a better life.**

From a more proactive perspective, five coordinated development strategies are needed: an urban and rural coordinated development strategy, a regional coordinated development strategy, an industrial coordinated development strategy, an economic and social coordinated development strategy, and a green development strategy. For example, relatively underdeveloped regions need to take advantage of the gap, give play to their late-mover and comparative advantages, and work to gradually narrow the gap. Developed regions and relatively less underdeveloped regions should provide support as well. During the "14th Five-Year Plan" period, 6 cities in Guangdong province helped 66 poverty-stricken counties in 8 cities and prefectures in Guizhou province except for Guiyang city. In 2021, the GDP of Guangdong province reached CNY 12.44 trillion, and that of Guizhou province was 1.96 trillion. The former is 6.3 times that of the latter, which can boost the sustained economic growth of Guizhou province, and can directly help Guizhou province enter the world market through economic and trade integration with Guangdong province.

**Secondly, the so-called "inadequate development" is specifically reflected in the insufficient development of regions with development potential.** First, compared with the southern regions, the northern regions are underdeveloped. Second, compared with economic development, social development is relatively lagging. Third, when comparing general development with the level of ecological environment protection, the lack of ecological environment protection has become the biggest stumbling stone in building a beautiful China. Fourth, compared with economic development, cultural construction is lagging, and cultural soft power is at an insufficient level. Fifth, the national defense strength is relatively insufficient compared with China's status as a major power in the world. In 2020, military expenditure (current USD) will account for 13.1% of the world's share, which is lower than the world proportion occupied by China's GDP (current USD) (17.4%), and only equivalent to 1/3 of the US amount.<sup>187</sup> In the face of long-term threats and severe challenges from the United States and other countries, it is even more necessary to accelerate the modernization of national defense and the military. It is especially necessary to increase investment in national defense construction, including basic defense expenditures, scientific and technological research expenditures, defense equipment expenditures, and defense personnel expenditures. Sixth, compared with high-income countries, China has entered into the ranks of them. According to the

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<sup>187</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/MS.MIL.XPND.CD?end=2020&locations=1W-CN-US&start=1990&view=chart>.

World Bank's per capita GDP of high-income countries (48,000 international dollars in 2020),<sup>188</sup> China is still a country with a low per capita level. This shows obvious underdevelopment, room for improvement, and late-comer advantage.

Insufficient development of these six major areas has become the top priority for China's economic, technological, social and cultural, ecological and national defense modernization development. Specifically, it is necessary to develop economic productivity, scientific and technological productivity, cultural productivity, ecological productivity, and to improve the national defense strength. **The fundamental dynamic changes of the principal contradiction in our society are promoting the transition from the primary stage of socialism to a higher stage of moderate developed socialism. The leapfrogging of our economic strength, scientific and technological strength, trade strength, national defense strength, and comprehensive national strength is promoting China to transition from the world's largest developing country to the world's largest emerging economic country, and then to the world's largest high-income country and medium-level developed countries in the future—this represents a major transition in the international status.**

**Thirdly, the “unbalanced development” referenced is reflected in the follow aspects:** from a micro-perspective, according to Marx's theory of comprehensive development of the human being, it means that a human's development is not being implemented in a comprehensive way. From a macro perspective, according to Deng Xiaoping, the essence of socialism is to achieve common/mutual prosperity, which implies that currently the world has yet to reach this state, thus development is incomplete. Mutual prosperity is not a statistical “average” state of prosperity. Its core is the “mutual” adjective, so that more than one billion people can all have the opportunity to participate in development together, jointly improve the development capacity, jointly promote the level of development, and jointly share the fruits of development. The bottom line of common prosperity is to prevent polarization and prevent excessive social differences from causing social instability.<sup>189</sup> From the perspective of the overall layout of socialist modernization, the CPC Central Committee has proposed the “Five-sphere Integrated Plan” and “Four-pronged Strategy.” The Report to the 20th National Congress of the Communist Party of China reiterated this strategic goal of “basic realization of modernization of national defense and army by 2035 and building the people's army into a world-class army in an all-round way by mid-century” proposed at the 19th National Congress of the Communist Party of China.<sup>190</sup> To this end, the “Five-sphere Integrated Plan” can be further expanded into “Six-sphere Integrated Plan”, reflecting the fact that it has become even more necessary to speed up the modernization of national defense and the army.

It is very important to correctly understand and grasp the principal social contradictions, development stages, and the dynamic changes and development trends of

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<sup>188</sup> Data Sources: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?end=2020&locations=CN-XD&start=1990&view=chart>.

<sup>189</sup> Hu (2012).

<sup>190</sup> Jinping (2022, p. 15).

China's international status. Among them, the major changes in the principal social contradictions have played a key role in long-term development.

The fact that China is the country with the largest population in the world and the third largest country in terms of land area determines the unique nature of China's socialist modernization development, that is, the main long-term issues of unbalanced, insufficient and incomplete development will still exist for a long time. These factors have always intertwined, influenced and interacted with each other, bringing about various social contradictions and problems, which are the main causes of various social contradictions at different development stages of China's socialism. And it is still difficult and complicated to solve these contradictions over a longer time period. From the perspective of dialectical materialism, we must not only objectively recognize the "contradiction between the people's ever-growing needs for a better life and unbalanced, inadequate and incomplete development", but also subjectively strive to make full use of and resolve this major social contradiction, as Mao Zedong said: "Once this principal contradiction is grasped, all problems will be solved easily." "The nature of things is primarily determined by the main aspect of the prevailing contradiction. The primary and secondary aspects of contradictions mutually transform each other, and the nature of things changes accordingly."<sup>191</sup> The impetus to promote China's social development is precisely from the constant solution of social contradictions, that is, solving the principal contradiction in our society has become the driving force for the modernization of political, economic, social, cultural, ecological and national defense development. The process of solving contradictions is itself the process of modernization development and efforts should be made to realize the mutual transformation of the primary and secondary aspects of the contradiction and form a positive cycle of mutual interaction. For example, to solve the contradiction between urban and rural areas one must continuously increase the population of cities and towns, especially to absorb the rural transfer population on a large scale. The ratio of urban population to rural population stood at 2:8 in 1980 (19.4% and 80.6% in 1980), changing to 2:1 (64.7% and 35.3% in 2021). In the future, it will be further transformed into 8:2 (after 2035), which will help the whole country to revitalize agriculture and rural areas in an all-round way, so that all farmers and the urban population can be prosperous together. This is a mutual adaptation process of continuous development and gradual reform, and it is also a long-term process of continuously solving the principal contradiction in society. Once old contradictions are solved, new contradictions will arise and need to be solved again. Actively promoting the transformation of the main aspects of contradictions, making full use of favorable conditions, actively overcoming unfavorable conditions, and constantly turning disadvantages into advantages: this is the theory of practice and contradiction that correctly handles the principal contradiction in the new stage of China's new era socialism.

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<sup>191</sup> *Selected Works of Mao Zedong*: Vol. 1. Beijing: People's Publishing House, 1991: 322–323.

**To summarize, the major changes in the principal contradiction of our society will inevitably lead to and promote the major transition of our country from the primary stage of socialism to the stage of moderately developed socialism, of which the basic realization of socialist modernization by 2035 has become a major turning point.**

### **1.3 The World Is Undergoing Major Changes Unseen in a Century<sup>192</sup>**

#### **1. Mao Zedong's Great Prophecy**

**Comrade Mao Zedong was the first to foresee the great changes in China.** In 1962, he made a centenary prophecy at the Seven Thousand Cadres Conference: from now on, within 50 years (referring to 2012) to a hundred years (referring to 2062), it will be a great era of complete changes in the social system in the world, an era of earth-shaking events, unparalleled by any historical era in the past. In such an age, we must prepare for a great struggle with many different characteristics from past struggles. For this cause, we must do our best to combine the universal truth of Marxism-Leninism with the reality of China's socialist construction, as well as with the reality of the future world revolution and learn the laws of the struggle step by step from actual implementation.<sup>193</sup>

This is Mao Zedong's unique outlook on China, the world, the times, and the future. At the Enlarged Working Conference of the Central Committee of the Communist Party of China (Seven-thousand People Congress) in 1962, he predicts that, from now on, China can build a powerful socialist economy in 50 years (referring to 2012) to 100 years (referring to 2062), and can catch up with and exceed the most advanced capitalist country in the world (referring to the United States). The author calls it "Mao Zedong's prophecy", which has been verified by the great implementation and reality of Chinese style modernization.

#### **2. The World Today Has Undergone Great and Unprecedented Changes<sup>194</sup>**

**Xi Jinping's report to the 20th National Congress of the Communist Party of China stated: "The Party Central Committee has pursued a strategy of national rejuvenation amid global changes of a magnitude not seen in a century." "At present, momentous changes of a like not seen in a century are accelerating across the world. A new round of scientific and technological revolution and industrial transformation is well under way, and a significant shift is taking place in the international balance of power, presenting China with new strategic**

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<sup>192</sup> Written by Hu (2021c).

<sup>193</sup> *The Writings of Mao Zedong*: Vol. 8. Beijing: People's Publishing House, 1999: 302.

<sup>194</sup> Written by Hu (2021c).

**opportunities in pursuing development. At the same time, however, the once-in-a-century pandemic has had far-reaching effects; a backlash against globalization is rising; and unilateralism and protectionism are mounting. The global economic recovery is sluggish, regional conflicts and disturbances are frequent, and global issues are becoming more acute. The world has entered a new period of turbulence and change.”<sup>195</sup> The author calls it the “Xi Jinping Prophecy.”**

**Today’s world is going through great unprecedented changes and the trend of the world landscape of “rising in the south and falling in the north” is more obvious.** China is rising rapidly on an extremely large scale, which has become the biggest independent and dependent variable in the overall world landscape. This has fundamentally altered the world’s economic landscape, manufacturing landscape, trade landscape, science and technology landscape, globalization landscape and world modernization landscape previously dominated by “northern countries” (referring to OECD countries).

**The world economic landscape is undergoing major changes.** According to the data provided by the World Bank, calculated in terms of purchasing power parity,<sup>196</sup> the share of GDP (the international dollar in 2017) of OECD countries in the world dropped from 63.0% in 2000 to 46.4% in 2020, of which the share of US GDP in the world dropped from 20.8% to 15.8%, while the proportion of GDP of southern countries (referring to non-OECD countries) in the world has increased from 37.0% in 2000 to 53.6% in 2020. Of this amount, China’s GDP proportion has increased from 6.4% to 18.3%.<sup>197</sup> The ratio of southern countries’ GDP to northern countries’ GDP has changed from 4:6 to 5:5, **and to 6:4 in the future, so that the world economic landscape previously dominated by northern countries will be changed.**

**The world industrialization landscape is also undergoing major changes.** The share of the world’s manufacturing value added (current USD) in OECD countries dropped from 77.7% in 2000 to 51.9% in 2019, while the share of the world’s manufacturing value added in the southern countries rose from 22.3% to 48.1%, with the ratio of the latter to the former changing from 2:8 to 5:5. China’s proportion has risen from 8.6% in 2004 to 28.6% in 2020.<sup>198</sup> This shows that the industrialization of the southern countries is accelerating, and China has become the biggest driving force. The implementation of the “Belt and Road” initiative has been conducive to boosting

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<sup>195</sup> Jinping (2022, pp. 5, 15–16).

<sup>196</sup> The World Bank and other international institutions stipulate that: GDP calculated in terms of Purchasing Power Parity (PPP) is gross domestic product converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GDP as the USD has in the United States. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. These Data are calculated in constant international dollar in 2017.

<sup>197</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=CN-US-OE-1W&start=2000>.

<sup>198</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/NV.IND.MANF.CD?end=2020&locations=CN-US-OE-1W&start=2000>.

the industrialization development of the southern countries, becoming a new trend of world industrialization, changing the long-term monopoly of the northern countries. Eventually, there will be new manufacturing landscape of the southern and northern countries, that is, the ratio of the former to the latter will be 6:4. China's manufacturing industry will account for more than 1/3 of the world's manufacturing industry, which will drive the industrialization of the southern countries and **accelerate the change of the world industrialization landscape.**

**The world trade landscape is undergoing major changes.** The share of OECD countries' exports of goods in the world has dropped from 72.3% in 2000 to 57.2% in 2020. At the same time, the proportion of goods exported by southern countries in the world has continued to rise, from 27.7% to 42.8%, and the ratio of southern countries' exports of goods to OECD countries' exports of goods has changed from 3:7 to 4:6. The proportion of China's exports of goods in the world has increased from 1.8% in 2000 to 14.4% in 2020.<sup>199</sup> As the world's largest trader of goods, China is also the largest trading partner and stakeholder of more than 140 countries and regions in the world, and a major trading partner of other countries and regions. Comprehensive opening to the outside world and various free trade agreements will greatly help to promote the export growth of the southern countries.<sup>200</sup> These will also change the ratio of OECD countries' exports to southern countries' exports from 4:6 to 5:5, even 6:4 and **the long-term monopoly of the northern countries on the trade is being changed.**

**The world's technological innovation landscape is undergoing major changes.** Calculated in terms of the number of domestic resident patent applications,<sup>201</sup> the proportion occupied by the southern countries in the world has increased from 8.6% in 2000 to 55.4% in 2020, of which China's proportion in the world has increased from 3.0% to 51.9%. The proportion of northern countries in the world has increased from 91.4% in 2000 down to 44.6% in 2020.<sup>202</sup> In terms of the number of articles published in scientific and technological journals,<sup>203</sup> the proportion of southern countries in the world increased from 17.4% in 2000 to 55.7% in 2018,

<sup>199</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/BX.GSR.MRCH.CD?end=2020&locations=CN-US-OE-1W&start=2000>.

<sup>200</sup> So far, China has signed 19 free trade zone agreements. In particular, the Regional Comprehensive Economic Partnership (RCEP) covers a market of 2.2 billion people (nearly 30% of the world) and nearly 28% of global trade (figures in 2019).

<sup>201</sup> According to the World Intellectual Property Organization (WIPO): a patent application is a patent application filed worldwide through the Patent Cooperation Treaty procedure or to a national patent department for the purpose of possessing an exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem. A patent right protects the patent owner's invention for a limited period of time, typically 20 years.

<sup>202</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/IP.PAT.RESD?end=2015&locations=1W-OE-CN&start=1981&view=chart>.

<sup>203</sup> Articles in scientific journals refer to scientific and engineering articles published in the following fields: physics, biology, chemistry, mathematics, clinical medicine, biomedical research, engineering and technology, as well as earth and space sciences. National Science Foundation: "Science and Engineering Indicators".

of which China's proportion in the world rose from 5.0% to 20.7%. However, the proportion of northern countries in the world dropped from 82.6% in 2000 to 44.3% in 2018, and the proportion of the United States in the world dropped from 28.6% to 16.6%, after China.<sup>204</sup>

**The world modernization landscape is undergoing major changes.** From the perspective of modernization factors, I adopted the physical indicator of power generation, which better reflect the great changes in the world modernization landscape than other various value indicators. The proportion of power generation in the southern countries in the world has risen from 36.3% in 2000 to 59.4% in 2020, exceeding the proportion of OECD countries (40.6%). The ratio of southern countries' power generation to northern countries' power generation has changed from 1:2 to 6:4. Among them, the proportion of China's power generation in the world has increased from 8.7% in 2000 to 29.0% in 2020, which has exceeded the proportion of the United States (16.0%), equivalent to 1.81 times that of the United States,<sup>205</sup> and significantly higher than the proportion of China's GDP (the international dollar in 2017) in the world (18.3%). This is equivalent to 1.16 times the proportion of US GDP in the world (15.8%),<sup>206</sup> **which reflects the accelerated modernization development trend of southern countries, which has changed the long-term monopoly of northern countries in the world modernization landscape. Behind this change China is both the largest independent and dependent variable.**

As early as more than 100 years ago, Lenin clearly stated: "The imbalance of economic and political development is an absolute law of capitalism."<sup>207</sup> This is the objective law of the imperialist era in the twentieth century, in which the unbalanced development of the United States and the United Kingdom is particularly prominent.<sup>208</sup> More than 100 years later, the fact of unbalanced economic and political development is the objective law of the era of peaceful development in the twenty-first century. The representative of this is the countries in the south rising rapidly and countries in the north entering a period of decline. Of the overall changes, the imbalance of economic development between China and the United States is the most prominent,<sup>209</sup> the US hegemony has entered a period of decline, and the northern countries have entered a period of slow growth, which has fundamentally altered the

<sup>204</sup> Calculation data source: World Bank Database: [https://data.worldbank.org.cn/indicator/IP.JRN.ARTC.SC?locations=CN-OE-1W-US&most\\_recent\\_value\\_desc=false](https://data.worldbank.org.cn/indicator/IP.JRN.ARTC.SC?locations=CN-OE-1W-US&most_recent_value_desc=false).

<sup>205</sup> Calculation data source: BP Statistical Review of World Energy, June 2021.

<sup>206</sup> Calculation data source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=1W-CN-US&start=1990&view=chart>.

<sup>207</sup> Lenin pointed out: "The imbalance of economic and political development is an absolute law of capitalism." Lenin. "On the Slogan for a United States of Europe". Selected Works of V.I. Lenin: Vol. 2. Beijing: People's Publishing House, 1995: 709.

<sup>208</sup> According to the Angus Maddison World Economic Database, during the period 1870–1913, the average annual growth rate of UK GDP (the international dollar in 1990) was 1.9%, while the average annual growth rate of US GDP was 3.9% during the same period, surpassing the UK in 1872. Calculation Data Source: Angus Maddison: Historical Statistics of the World Economy: 1–2008 AD.

<sup>209</sup> According to the World Bank database, from 1990 to 2021, the average annual growth rate of China's GDP (the international dollar in 2017) was 9.2%, while that of the United States was

world political and economic landscape long dominated by northern countries. Great and unprecedented changes unseen in a century have been dramatized.

**The outbreak of COVID-19 and the pandemic have accelerated the great division, great change, and great reorganization of the world.** First, the world economy has entered a period of deep recession; second, the world unemployment rate has risen to a record high; third, world trade has entered a period of severe recession, with anti-globalization prevailing and unilateralism and protectionism on the rise; fourth, the world poverty headcount ratio is on the rise<sup>210</sup>; fifth, humanity faces a growing peace deficit, development deficit, security deficit and governance deficit; sixth, global hegemony, highhandedness, and bullying held by some countries (with the America as the representative) prevail; seventh, global climate change has been the greatest challenge the world is facing. At the same time, China's leading role in world economic growth, industrial and manufacturing growth, trade growth, and technological innovation has become more prominent, which has greatly accelerated the rise of southern countries (non-OECD countries) and presented a new pattern of "rising in the south and falling in the north (OECD countries)." This has functioned to make the international power more balanced and global development more sustainable overall.

**Peace and development are still the major global themes of the current period.**

China advocates for a path of peaceful coexistence and win-win results, which is in line with the historical law of "a just cause enjoys abundant support." It also works to promote world political multi-polarization, economic globalization, cultural diversity, the reform and balance of the world governance system, and better respond to global challenges. For example, global climate change, global pandemic prevention and control, global and regional peaceful coexistence, and actively promoting the realization of the goals of the 2030 Sustainable Development Agenda (SDGs) of the international community are all more conducive for the sustainable development of southern countries. Obviously, the U.S. national policy of hegemony and war are contrary to the trend of the world, and it conforms to the objective historical law of "an unjust cause cannot find support." This is the inevitable result of the continuous decline of the United States, and it is also the fundamental reason why the United States challenges China constantly.<sup>211</sup> The stronger China is, the more able it is to

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2.4%. China's GDP surpassed the US GDP in 2017. In 2021, China's GDP was 119% of the US GDP. Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2021&locations=CN-US&start=1990>.

<sup>210</sup> Written by Hu (2021a).

<sup>211</sup> I believe that with the substantial improvement of China's comprehensive national strength, the shared interests between China and the United States have increased and the space for competition and cooperation between the two countries has also increased. Due to the nature of domestic capitalism and the world hegemony of the United States, the United States will still challenge China with a confrontation-based strategic. China is the leading party in promoting win-win cooperation between the two countries and managing and controlling differences. It actively responds and makes great achievements to lead the peaceful development of the world and promote the building of a community with a shared future for mankind. Hu et al. (2022).

stop wars. Even if the United States launches an economic blockade or military intervention, China will be able to defeat American hegemony.

**The world has entered an unprecedented period of technological innovation.** As General Secretary Xi Jinping pointed out, global scientific and technological innovation has entered an intensive and active period, and a new round of scientific and technological revolution and industrial transformation has had a profound impact on the global economic structure.<sup>212</sup> Especially with the accelerated development of the fourth industrial revolution and the rapid rise of emerging industries, China has become not only an innovator, but also a leader. This can be seen particularly in China actively promoting the dissemination, diffusion and sharing of new technologies, new models and new forms with other southern countries.

### 3. China Enters the Center of the World Stage

China's international status and influence have been greatly improved, and China has increasingly stepped into the center of the world stage. The rapid rise of China's comprehensive national strength has profoundly changed the world's political, economic, trade, and technological landscape. From the perspective of comprehensive national strength (see Table 1.2), in the first two decades of the twentieth century, China has accelerated its pace of becoming a world power from a big country, especially achieving an overall accelerated catch-up with the United States in terms of economic, technological and overall national strength. Among the 21 major indicators of China summarized by the author, in 2000, China ranked first in the world in 4 indicators, in 5 indicators in the world in 2010, and in 6 indicators in the world in 2020 and has a ranking of second in the world for 16 indicators. China's comprehensive national strength has leapt to the forefront of the world, and its status as a world power has been consolidated.

Development is overriding importance, and strength is also overriding importance. The next 15 years will still be a period of strategic opportunity for China's development. China needs to adhere to high-quality development and continuously improve its scientific and technological strength, industrial strength, trade strength, national defense strength, and comprehensive national strength on the basis of doubling its total economic output.

### 4. China: "Global Development Initiative" and "Global Security Initiative"

The great changes in the world and the pandemic of the century are superimposed on each other, the global political economy is more turbulent, and hegemonism is more prevalent, exacerbating the severe challenges of global development deficit, security deficit, and climate deficit. To this end, Chinese President Xi Jinping clearly answered the question of the times, the question being asked all over the world, and put forward two major "China initiatives" in time.

**The first is the "Global Development Initiative".** On June 24, 2022, at the high-level dialogue on global development, President Xi Jinping advocated the "Global

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<sup>212</sup> Xi Jinping sends a congratulatory letter to the Greater Bay Area Science Forum 2021. People's Daily. 2021-12-12 (1).

**Table 1.2** Years in which China's main indicators ranked third, second and first in the world

Number	Main indicators	3rd	2nd	1st	Data sources
1	Total urban population (10,000 people)			1975	World Bank
2	GDP (exchange rate method, current USD)	2007	2010		World Bank
3	GDP (PPP, the international dollar in 2017)	1994	2001	2017	World Bank
4	Agricultural value added (USD in 2015)			1990	World Bank
5	Industrial value added (current USD)	1999	2006	2011	World Bank
6	Merchandise exports (current USD)	2004	2007	2009	World Trade Organization
7	Merchandise imports (current USD)	2003	2009		World Trade Organization
8	Exports of services (current USD)	4th place 2021			International Monetary Fund
9	Imports of services (current USD)	2009	2013		International Monetary Fund
10	Total foreign exchange reserves (excluding gold) (current USD)	1995	1996	2006	International Monetary Fund
11	Number of domestic invention patent applications	2003	2009	2010	World Intellectual Property Organization
12	Number of trademark applications filed directly by local residents		1997	2001	World Intellectual Property Organization
13	Number of scientific and technical journal articles	2003	2004	2016	National Science Foundation
14	Railway passenger traffic (million passengers-km)			1999	World Bank
15	Highway (km)	2000	2001	2012	
16	Air transport (passenger)	1993	2004		International Civil Aviation Organization
17	Port container throughput (20-foot equivalent)			2000	"International Yearbook of Containerization"

(continued)

**Table 1.2** (continued)

Number	Main indicators	3rd	2nd	1st	Data sources
18	Energy consumption (oil equivalent)	1985	1993	2009	BP World Energy Statistics
19	Power Generation (KWh)	1994	1996	2011	BP World Energy Statistics
20	Renewable energy consumption (oil equivalent)	2011	2012	2018	BP World Energy Statistics
21	Military spending (current USD)	2005	2007		Stockholm International Peace Research Institute

Development Initiative”, which aimed to “promote the United Nations 2030 Agenda for Sustainable Development to start again and promote the building of a global development community”.<sup>213</sup> As the world’s largest developing country, China has provided a large amount of foreign aid to developing countries. From 2013 to 2018, China’s foreign aid amounted to CNY 270.2 billion, including free aid, interest-free loans and preferential loans. Of the total aid, CNY 127.8 billion of free aid was provided, accounting for 47.30% of the total foreign aid.<sup>214</sup> In this regard, President Xi Jinping solemnly promised: China will increase resource investment in global development cooperation, integrate and upgrade the South-South Cooperation Assistance Fund to become the “Global Development and South-South Cooperation Fund”, and beginning with a base amount of USD 3 billion, increase the capital by USD 1 billion. China has become the world’s second largest foreign investor. In 2020, China’s foreign direct investment in the whole industry reached USD 132.94 billion<sup>215</sup>; China is also the world’s largest foreign project contracting country.<sup>216</sup> During the “13th Five-Year Plan” period, the turnover of foreign contracted projects reached USD 825.9 billion. 52 African countries have signed cooperation documents with China to jointly build the “Belt and Road” Initiative, achieving full coverage. The “Belt and Road” construction has become a classic global public product provided by China to the world, and the “Global Development Initiative” is the largest public product provided by China to the world—this represents a re-mobilization of global development cooperation.<sup>217</sup>

<sup>213</sup> Xi Jinping: “Building High-Quality Partnerships to Open a New Journey of BRICS Cooperation—Speech at the 14th BRICS Leaders’ Meeting”, June 23, 2022, People’s Daily Online: <http://jhsjk.people.cn/article/32455215>.

<sup>214</sup> State Council Information Office of the People’s Republic of China: “China’s International Development Cooperation in the New Era” (White Paper), January 2021, Chinese government website: <http://www.scio.gov.cn/zfbps/32832/Document/1696685/1696685.htm>.

<sup>215</sup> Ministry of Commerce: “Report on Development of China’s Outward Investment and Economic Cooperation 2020”, February 2021, Chinese government website: [http://www.gov.cn/xinwen/2021-02/03/content\\_5584540.htm](http://www.gov.cn/xinwen/2021-02/03/content_5584540.htm).

<sup>216</sup> Compiled by the National Bureau of Statistics of China (2022, p. 103).

<sup>217</sup> Ma (2022).

**The second is the “Global Security Initiative”.** On April 21, 2022, President Xi Jinping attended the opening ceremony of the Boao Forum for Asia Annual Conference 2022 and delivered a speech. The Global Security Initiative advocated by President Xi Jinping would adhere to the concept of common, comprehensive, cooperative and sustainable security, and jointly maintain world peace and security. It would adhere to respect for the sovereignty and territorial integrity of each country, non-interference in the internal affairs of other countries, and respect for the development path and social system independently chosen by the people of each country. It would follow purposes and principles of the UN Charter, abandon the Cold War mentality, oppose unilateralism, and refrain from bloc politics and camp confrontation. It would adhere to taking seriously all countries’ legitimate security concerns, uphold the principle of indivisible of security, build a balanced, effective and sustainable security architecture, and oppose basing national security on the insecurity of other countries. It would additionally focus on the peaceful settlement of differences and disputes between countries through dialogue and consultation, support all efforts that are conducive to the peaceful resolution of crises, do not practice double standards, and oppose the abuse of unilateral sanctions and “long-arm jurisdiction.” It would follow the overall strategic plan to maintain security in traditional and non-traditional areas, and jointly address regional disputes and global issues such as terrorism, climate change, cybersecurity, and biosecurity.<sup>218</sup> It aimed to “advocate a vision of common, comprehensive, cooperative and sustainable security, follows the philosophy that humanity is an indivisible security community, and aims to create a new path to security that features dialogue over confrontation, partnership over alliance and win–win over zero-sum.”<sup>219</sup> Since 1990, the contingent of Chinese peacekeeping military professionals represented by military observers, staff officers, and contract officers has continued to grow. The Chinese military is a key force in UN peacekeeping operations. Over the past 30 years, the Chinese military has dispatched 2064 peacekeeping military professionals to 25 peacekeeping missions and headquarters of the UN. Chinese officers and soldiers have conducted peacekeeping operations in more than 20 countries and regions, and actively performed their functions in monitoring ceasefires, stabilizing the situation, protecting civilians, escorting security, and supporting guarantees.<sup>220</sup>

**Third, China has always adhered to multilateralism and win-winism,** supported multilateral political systems such as the United Nations, and the multilateral trading system with the World Trade Organization at its core. It has built an open world economy, trade, technology, and opposed unilateralism, protectionism, and hegemonism. It also opposes exclusive political alliances, opposes the politicization

<sup>218</sup> “Xi Jinping Proposes Global Security Initiative”, April 2022, Xinhuanet: [http://www.news.cn/world/2022-04/21/c\\_1128580296.htm](http://www.news.cn/world/2022-04/21/c_1128580296.htm).

<sup>219</sup> Xi Jinping: “Building High-Quality Partnerships to Open a New Journey of BRICS Cooperation—Speech at the 14th BRICS Leaders’ Meeting”, June 23, 2022, People’s Daily Online: <http://jhsjk.people.cn/article/32455215>.

<sup>220</sup> State Council Information Office of the People’s Republic of China: “China’s Armed Forces: 30 Years of UN Peacekeeping Operations” (White Paper), September 18, 2020, Chinese government website: [http://www.gov.cn/zhengce/2020-09/18/content\\_5544398.htm](http://www.gov.cn/zhengce/2020-09/18/content_5544398.htm).

and weaponization of economic, technological and trade issues, and opposes various forms of proxy warfare and military intervention.

The above initiatives are aimed at realizing the UN 2030 Agenda for Sustainable Development and implementing the outcomes of the Conference of the Parties to Article 26 of the “United Nations Framework Convention on Climate Change”. China not only takes the lead in fulfilling the responsibility for emission reduction, but also supports the United Nations’ proposal that developed economies should take the lead in fulfilling the responsibility for emission reduction and implement publicly committed financial (bring USD 100 billion a year) and technical support.

Both history and the future will prove that among more than 240 countries and regions, there has never been as much interconnectedness as today—all countries have a shared destiny. There can be no global development without global security, and no sustainable security without global development. Only with common global development can all countries develop; only with common global security can all countries be safe. Global security and development are the real “righteous path in the world”.

In the first 20 years of the twenty-first century, the world economic landscape, industrialization landscape, science and technology landscape, trade landscape, urban landscape, and modernization landscape has undergone major changes, ranging from quantitative changes to qualitative changes. Emerging economies like China and India are rapidly on the unprecedented rise. Divergence of OECD and non-OECD countries has turned to great convergence,<sup>221</sup> and the pandemic shock has undoubtedly accelerated the great changes in the world political landscape and global governance landscape. China itself is the biggest variable in the world’s recent unprecedented changes. It is both an independent variable and a dependent variable. The interaction between these two variables has led to great changes in China and the world, and has become a great opportunity for China to achieve its second century goal.

In short, China will still have in its possession an extremely rare, auspicious chance for development in the future, as General Secretary Xi Jinping judged: “Time and momentum are on our side, which is where our strength and confidence lie, as well as where our determination and confidence lie.”<sup>222</sup> China is more powerful and capable of proactively responding to foreseeable and unforeseen external challenges—especially hegemony challenge led by the United States. China must coordinate both

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<sup>221</sup> The GDP of the countries of the South (the international dollar in 2017) will increase its proportion of the world total from 37.2% in 2000 to 54.2% in 2021, while the countries of the North (OECD) will drop from 62.8% to 45.8%. Among them, the proportion of China and India’s GDP in the world will increase from 10.4% in 2000 to 25.5% in 2021, an increase of 15.1 percentage points. The GDP of the countries of the South (the international dollar in 2017) will increase its proportion of the world total from 37.2% in 2000 to 54.2% in 2021, while the countries of the North (OECD) will drop from 62.8% to 45.8%. Among them, the proportion of China and India’s GDP in the world will increase from 10.4% in 2000 to 25.5% in 2021, an increase of 15.1 percentage points. Among them, China’s GDP surpassed that of the United States in 2017, and India surpassed Japan in 2009, ranking third in the world. Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?locations=IN-JP-US-IW>.

<sup>222</sup> Jinping (2021b).

domestic and international situations, firmly seize the important period of strategic opportunities, actively create a favorable international environment, promote the building of a new type of international relations, promote the building of a community of shared future for mankind, and create a new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other.<sup>223</sup> China will ensure that the grand goal of socialist modernization is basically achieved by 2035.

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<sup>223</sup> Men (2022).

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# Chapter 2

## The Basic Realization of Socialist Modernization by 2035



The history of human development is a history of continuous development from “realm of necessity” to the “realm of freedom”. Comrade Mao Zedong pointed out: Freedom is the understanding of necessity and the transformation of the objective world. Only on the basis of knowing necessity can people act freely. This is the dialectical law of freedom and necessity. The so-called necessity is a law of the objective understanding of existence.<sup>1</sup>

What is the objective law of China’s socialist modernization development, and how can we follow the law and achieve scientific development? In this regard, General Secretary Xi Jinping pointed out: “Development must be scientific development that follows economic laws, sustainable development that follows natural laws, and inclusive development that follows social laws.”<sup>2</sup> At the same time, China’s development must adhere to social laws, that is, the inclusive development.

These are the three major laws and three major developments in the modernization with Chinese characteristics. They are also the basis for the basic realization of socialist modernization in China by 2035—including the basis for strategic goals, theory creation, practical implementation, and development stages.

### 2.1 Basis for Modernization with Chinese Characteristics Strategic Objectives by 2035

On July 1, 2021, General Secretary Xi Jinping solemnly announced to the world at the Celebration of the 100th Anniversary of the Founding of the Communist Party of China: “We achieved the first centenary goal, built a moderately prosperous society in all respects in the land of China, and solved the problem of absolute poverty.

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<sup>1</sup> *The Writings of Mao Zedong*: Vol. 8. Beijing: People’s Publishing House, 1999: 306.

<sup>2</sup> Xi [1].

We are striding towards the second centenary goal of building a powerful modern socialist country in a comprehensive way.”<sup>3</sup>

In 2017, in the report of the 19th CPC National Congress, the CPC made, for the first time, a strategic plan for the realization of the second centenary goal in two stages, that is, to basically realize socialist modernization by 2035, and to develop China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by the middle of this century.<sup>4</sup> This constitutes the blueprint for China’s “two-step” strategy for realizing the modernization in the new era.

**China has entered a new era of innovative power, which requires careful planning, design and formulation of a grand strategy of enriching the people and strengthening the country.** The “Proposals” of the Fifth Plenary Session of the 19th Central Committee of the CPC has further developed the overall strategic conception and overall design of the long-term goal of basically realizing socialist modernization by 2035. General Secretary Xi Jinping’s statement on the “Proposals” specifically pointed out: taking all factors into consideration, the proposed draft adopts a qualitative approach with quantitative implications for the “14th Five-Year Plan” and economic development goals by 2035.<sup>5</sup> When compiling the “Outline” of the plan, the corresponding quantitative targets can be put forward on the basis of careful calculation.

In 2022, the report to the 20th National Congress of the Communist Party of China further clarified the goals and tasks of China’s development by 2035 utilizing eight aspects regarding the basic realization of socialist modernization, and additionally put forward new and higher requirements.

The calculations mentioned above have become the basis and background of the further quantitative research in this book. According to the spirit of the 20th CPC National Congress, I have made a targeted, systematic study on the long-term goal of basically realizing socialist modernization by 2035, and quantitatively analyzes the development goals and indicators, as well as the implementation path and policy orientation.

The fundamental questions we need a systematic and deep study in: what is the theoretical basis for basically realizing the long-term goal of socialist modernization by 2035? What is the analytical framework? How to use the concept of systemization to analyze the interactive relationship between China’s economy, politics, society, culture and ecology? How to quantify and find metrics for significant qualitative

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<sup>3</sup> Xi [2].

<sup>4</sup> Xi Jinping. “Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era”—Report at the 19th National Congress of the Communist Party of China. The Institute of Party History and Literature of the Communist Party of China (CPC) Central Committee. *Selected Important Documents Since the 19th National Congress of the Communist Party of China: Vol. I*. Beijing: Central Party Literature Press, 2019: 20–21.

<sup>5</sup> “CPC Central Committee’s Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035”. Beijing: People’s Publishing House, 2020: 72.

development goals? How to further conduct qualitative analysis and quantitative prediction of long-term trends? How to conduct an international analysis and make comparisons? What is the status of China on the global stage and what role can it play?

Therefore, based on the spirit of the 20th CPC National Congress, starting from the development process of China's socialist modernization and its objective laws, we have given a long-term outlook for China's basic realization of socialist modernization by 2035. We have combined qualitative analysis and quantitative calculation to make trend judgments and predictions, and further explore the theoretical basis, practical basis and stage basis for basically realizing socialist modernization.

## 2.2 Theoretical Basis and Development Stages for Basic Realization of Socialist Modernization

### 1. Theoretical basis

Mao Zedong pointed out: There must be a process for understanding the laws of building socialism, starting from experience gained from implementation, from inexperienced to experienced, from less experience to more experience. This process starts from building socialism, the unrecognized kingdom of necessity, to gradually overcoming blindness, understanding objective laws, and thus gaining freedom—a leap in cognition occurs, reaching the realm of freedom.<sup>6</sup> In this regard, Mao Zedong, Deng Xiaoping, Jiang Zemin, Hu Jintao, and Xi Jinping successively made continuous innovative explorations and theoretical summaries.

Mao Zedong proposed that the “two-step” strategy of the modernizations of China's socialism is based on the route outlined by the Eighth National Congress of the Communist Party of China. He states: “The stage of socialism may be divided into two stages, the first stage is underdeveloped socialism, and the second stage is relatively developed socialism. The latter stage may take longer than the previous stage.”<sup>7</sup> He also believes that it is necessary to quantitatively investigate and study the “edge” of building socialism through the development of productive forces and the degree of people's wealth, namely the features of this stage. Mao Zedong's thought on the development stage of socialism has become the main ideological source for the theory of the primary stage of socialism.<sup>8</sup> This shows that the primary stage of socialism is not infinite and has an “edge”. This “edge” is a demonstration of the step-by-step nature of socialist society development, from a low-level stage to a medium-level stage, then to a high-level stage. The key is how to objectively and comprehensively recognize and analyze this “edge”, so as to grasp the opportunity

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<sup>6</sup> *The Writings of Mao Zedong*: Vol. 8. Beijing: People's Publishing House, 1999: 300.

<sup>7</sup> *The Writings of Mao Zedong*: Vol. 8. Beijing: People's Publishing House, 1999: 166.

<sup>8</sup> Xu [3].

when the socialist society accumulates enough quantitative changes to have a partial qualitative change (“edge”).

Deng Xiaoping proposed that the theoretical basis for the “three-step” strategy of China’s socialist modernization is the theory of the primary stage of socialism, which is the theoretical basis for realizing the first “two steps” ahead of time.

Jiang Zemin put forward two centenary goals of socialist modernization in the report of the 15th National Congress of the CPC.<sup>9</sup> In his report to the 16th National Congress of the CPC, he formally put forward the centenary goal of the founding of the Party, which is to comprehensively build a higher-level well-off society that benefits more than one billion people.<sup>10</sup> The theory of the primary stage of socialism is the theoretical basis for realizing the first centennial goal.

Hu Jintao pointed out in the report of the 17th National Congress of the CPC that the Scientific Outlook on Development is based on the basic national conditions in the primary stage of socialism, summarizing China’s development practices, drawing lessons from foreign development experience, and adapting to new development requirements. Entering a new stage of the new century, China’s development presents a series of new, step-by-step features. The feature of the current stage of China’s development is the concrete manifestations of the basic national conditions in the primary stage of socialism in the new century and new stage. China is still in the primary stage of socialism and will remain so for a long time to come has not changed, nor has Chinese society’s principal contradiction—the one between the over-growing material and cultural needs of the people and the low level of social production.<sup>11</sup> “The two factors that have not changed” is in line with China’s national conditions and development stage at that time.

Since the 18th National Congress of the CPC, the socialism with Chinese characteristics has entered a new era. The report of the 19th National Congress of the Communist Party of China put forward for the first time that, the principal contradiction facing Chinese society in the new era is that between unbalanced and inadequate development and the people’s ever-growing needs for a better life. Major shifts in the principal contradictions facing our society will surely cause overall, long-term and periodic changes. In the Fifth Plenary Session of the 19th CPC Central Committee, General Secretary Xi Jinping’s statement on the “Proposals” pointed out that our country is still in the primary stage of socialism and will stay in it for a long time. Our country is still the largest developing country in the world, and development is still the top priority of our Party in governing and rejuvenating the country. It must be emphasized that the development of the new era and new stage must implement the new development concept and it must be high-quality development.

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<sup>9</sup> Jiang Zemin pointed out: “By the 100th anniversary of the founding of the Party, the national economy will be further developed, and various systems will be increasingly perfected; by the middle of the century, the 100th anniversary of the founding of the People’s Republic of China, modernization will be basically realized, and a prosperous, strong, democratic and civilized socialist country will be built.” *Selected Works of Jiang Zemin*: Vol. 2. Beijing: People’s Publishing House, 2006: 4.

<sup>10</sup> *Selected Works of Jiang Zemin*: Vol. 3. Beijing: People’s Publishing House, 2006: 542–543.

<sup>11</sup> *Selected Works of Hu Jintao*: Vol. 2. Beijing: People’s Publishing House, 2016: 622–623.

In the report to the 19th National Congress of the Communist Party of China, General Secretary Xi Jinping proposed a “two-step” strategic arrangement for building China into a powerful socialist modernization country in an all-round way: On the basis of building a moderately prosperous society benefiting 1.4 billion people on the basis of the 100th anniversary of the founding of the CPC, socialist modernization will be basically realized by 2035. From 2035 to the middle of the century, China will be built into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious and beautiful.<sup>12</sup> This advances the strategic goal of “three-step” strategy proposed by Deng Xiaoping in 1987 by 15 years, and has become the top-level design and the overall design of the strategic goal of China’s socialist modernization development. At the 20th National Congress of the Communist Party of China, General Secretary Xi Jinping once again reiterated this “two-stage” goal of building China into a powerful modern country with Chinese characteristics. So, how can we understand China’s new development stage? General Secretary Xi Jinping stressed that the new development stage we are in today is just one part of the primary stage of socialism, and it is a period that marks a new starting point for us after decades of accumulation. From a historical standpoint, this new stage will see our Party lead the people in completing the historic transformation from standing up and becoming prosperous to growing strong.<sup>13</sup> He also noted: the primary stage of socialism is not a static, cast-iron, or stagnant period, nor is it a spontaneous and passive stage that can easily and naturally be passed through. Rather, it is a stage of dynamism, action, and promise, one that should always brim with vitality. It develops gradually but ceaselessly, moving from quantitative increases to qualitative leaps. Fully building a modern socialist China and basically realizing socialist modernization are essential for China’s development in the primary stage of socialism, and essential for China to advance from the primary stage to a higher stage of socialism.<sup>14</sup> This is a major theoretical innovation and overall strategic design in the development stage of China’s socialist modernization.

What needs to be explained in particular is that in 1987 Deng Xiaoping had conceived: From 1981 to the end of this century, it took 20 years to reach the well-off level, that is, the annual gross national product per capita is USD 800 to 1000. On this basis, it will take 50 years to quadruple the value to reach USD 4000 per capita. By the middle of the next century, China will reach the level of moderately developed countries. He said with confidence: This not only paves the way for the third world, which accounts for three-quarters of the world’s total population, but more importantly, shows mankind that socialism is the only way, and that socialism is superior to capitalism.<sup>15</sup>

Later, China’s economic growth record also surpassed Deng Xiaoping’s estimate, that is, the per capita GNP in 2050 will be 16 times that in 1980. Calculated at constant prices in 1980, the per capital GNP actually reached 26 times the original

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<sup>12</sup> Xi [4].

<sup>13</sup> Xi [5].

<sup>14</sup> Xi [5].

<sup>15</sup> *Selected Works of Deng Xiaoping*: Vol. 3. People’s Publishing House, 1993: 225.

amount by 2021.<sup>16</sup> This also demonstrates the fact that China will enter the middle stage of socialism earlier than before 2050.

Firstly, according to the reports to the 19th and 20th CPC National Congress, China will basically achieve socialist modernization 15 years ahead of schedule by 2035. Secondly, the theoretical basis is the transition to a higher stage of socialism. The so-called new era contains the development process from the primary stage of socialism to a higher stage of socialism: a transitional period from a primarily developed stage to a moderately developed stage with three Five-Year Plans<sup>17</sup> and a transitional period from a major modern socialist country in the world to a powerful modern socialist country in the world. It is the main basis for the basic realization of socialist modernization.

## 2. New trends and new characteristics of modernization with chinese characteristics

During this period, China will undergo major changes in eight aspects, with new trends and new characteristics that are greatly different from the past.

**First, the principal contradiction facing China's society has undergone a major transformation.** The report of the 19th National Congress of the Communist Party of China clearly pointed out that the principal contradiction facing Chinese society in the new era has changed from the contradiction between the people's growing material and cultural needs and lagging social production to the gap between unbalanced and inadequate development and the ever-growing expectation of the people for a better life.<sup>18</sup> This shows that the principal contradictions facing our society is not static, but has undergone a major transformation, which not only objectively reflects the major changes in China's basic national conditions, but also promotes China's socialism to enter a new stage. Because China has made a major leap in its productivity, changing the lagging social productive force to an increasingly advanced one, not only was there a major leap in economic productivity, in which the per capita GDP has leapt to the upper middle position by global standards and it is expected to be a medium-level developed country by 2035; the urbanization rate of China's permanent resident population has also reached 64.7% (data from 2021), and by 2035, it will reach more than 75%. There will also be a major leap in scientific and technological productivity, people's livelihood productivity, and cultural productivity. I believe that the principal social contradiction can be further stated as: **"the contradiction between unbalanced, inadequate and incomplete development and the people's ever-growing needs for a better life."** The first part to address is the unbalanced development. According to China's basic national

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<sup>16</sup> Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 29.

<sup>17</sup> Here is a reference to the formulation of the article on the Party's general line in the transitional period put forward by Mao Zedong in December 1953: it will take about three five-year plans, that is, about 15 years or so, to gradually realize the "one modernization and three reforms". *The Writings of Mao Zedong*: Vol. 6. Beijing: People's Publishing House, 1999: 316.

<sup>18</sup> Xi [4]: 8.

conditions, the unbalanced development mainly refers to the unbalanced development of various regions, urban and rural areas. This covers various facets of development, especially the relatively lagging economic, social and ecological development levels in old revolutionary base areas, areas with concentrations of ethnic minorities, border areas, and areas with relatively high incidences of poverty, which restricts the overall development of the country. The income level of Chinese residents continues to increase, but the income gap is still large. It is extremely difficult to achieve common prosperity for all people. A social security system covering both urban and rural residents has taken shape, but it is extremely difficult to achieve equalization. The second part to address is insufficient development, which mainly refers to insufficient development in many fields and aspects. For example, China's agricultural foundation is still not stable, agricultural labor productivity is relatively low, per-capita primary resources are few, and ecological and environmental protection issues are pressing. These issues have consistently been shortcomings of realizing China's socialist modernization. **The third part to address is incomplete development.** From a micro perspective, according to Marx's theory of well-rounded human development, the human development is incomplete. As the most populous country in the world, individuals and families vary greatly in their human capital, developmental abilities and income levels. From a macro perspective, the essence of socialism proposed by Deng Xiaoping is to achieve common prosperity for the people, that is, the common prosperity of urban and rural areas for all regions and all people. This also has not yet been achieved, which highlights the incomplete development. To this end, it is necessary to always adhere to the "Five Development Concepts" (the concepts of innovative, coordinated, green, open, and shared development), and further add one additional concept to make it to the "Six Development Concepts" (the concept of innovative, coordinated, green, open, shared, and secure development).<sup>19</sup> The concepts highlight the idea of "National security and development are two wings of one body and two wheels of one vehicle. Security fundamentally guarantees development, and development is in turn the purpose of security."<sup>20</sup> This is from the perspective of the overall layout of socialist modernization, from the "Four-pronged Comprehensive Strategy" to the "Five-pronged Comprehensive Strategy" consists of **building socialist modernization in all respects, comprehensively expanding in-depth reform, comprehensively promoting law-based governance, comprehensively enforcing strict Party self-governance, and full participation in global governance—this is the general strategy for governing the country on a quite long-term basis.** This is because China is entering the center of the world stage gradually, becoming the largest independent variable and dependent variable for world peace and development, and has taken the initiative to build a community with a shared future for mankind. In the future, the development of modernization with

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<sup>19</sup> In August 2010, we provided the basic ideas of the "Six Development Concepts" for the "Twelfth Five-Year Plan" research: green development; innovative development; coordinated development; contribution development; secure development; win-win development. Hu and Yan [6], August 8, 2010. For detailed analysis, see: Hu et al. [7].

<sup>20</sup> "Xi Jinping's Speech at the Opening Ceremony of the Second World Internet Conference" (2015-12-16). [http://www.xinhuanet.com/politics/2015-12/16/c\\_1117481089.htm](http://www.xinhuanet.com/politics/2015-12/16/c_1117481089.htm).

Chinese characteristics should be relatively balanced development, more adequate development, and more comprehensive development. Special attention should be given to the well-round development of people, the comprehensive development of society, the common prosperity of all the people, the comprehensive security of the country, and the mutually interactive development of China and the world. China will make greater contribution to world peace and development. Therefore, a correct understanding of the principal contradiction facing our society is the theoretical basis for understanding the development stage of socialist society, as well as the practical basis for basically realizing socialist modernization. I label this as the theoretical basis of modernization with Chinese characteristics.

**Second, China's basic national conditions have undergone major changes.** China's national conditions of population and resources of "large population<sup>21</sup> and little arable land<sup>22</sup>" have not changed, but the economic and social conditions of "weak foundation<sup>23</sup> and per capita GDP ranking behind the world" have fundamentally changed. The GNI (Gross National Income) per capita ranks the 175th, ranking in the bottom 7% of the world. By 2020, China will rise to the 64th place,<sup>24</sup> among 187 countries and regions in the world, and its position in the world's GNI per capita will rise from 93% in 1978 to 38% in the upper middle position. During the "14th Five-Year Plan" period, China has entered into a high-income stage. By 2035, China will enter the top 20% (top 40) of the world's GNI per capita. The major changes in China's basic national conditions and the remarkable rise of China's GDP per capita ranking in the world are among the main reasons to implement the grand strategy of socialist modernization. I label this as the basic national conditions criteria of modernization with Chinese characteristics.

**Third, China's socialist modernization development stage has undergone major changes.** The basic judgment of the report of the 13th National Congress of the CPC in 1987 was: from the basic completion of the socialist transformation of the private ownership of the means of production in the 1950s to the completion of socialist modernization, it will take at least a hundred years (referring to 2050). These activities are all part of the primary stage of socialism.<sup>25</sup> **After achieving the first centenary goal in 2020, for China, there will be a transition period from the**

<sup>21</sup> In 1978, China's overall population accounts for 22.3% of the world's population, declining to 18% in 2021. Calculated Data Resources: World Bank Database: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=CN-1W>.

<sup>22</sup> In 1978, China's farmland accounts for 10.8% that of the world, remaining 10.9% in 2019. Calculated Data Resources: World Bank Database: <https://data.worldbank.org/indicator/AG.LND.AGRI.K2?locations=CN-1W>.

<sup>23</sup> In 1978, China's total capital formation accounts for 2.4% that of the world, increasing to 28.7% in 2020. Calculated Data Resources: World Bank Database: <https://data.worldbank.org/indicator/NE.GDI.TOTL.CD?locations=CN-1W>.

<sup>24</sup> National Bureau of Statistics [8]: 204.

<sup>25</sup> The basic judgment of the report of the 13th National Congress of the Communist Party of China: it will take at least a hundred years, and will remain in the primary stage of socialism. Institute of Party History and Literature of the Communist Party of China (CPC) Central Committee. *Selected Important Documents Since the 13th National Congress of the Communist Party of China*: Vol. I. Beijing: People's Publishing House, 1991: 12.

**primary stage of socialism to a higher stage. In effect, it will take fifteen years to basically achieve the higher stage. The goal of basically realizing socialist modernization by 2035 is to reach the level of medium-developed countries. This marks that after 2035, China will start to enter a higher stage of socialist modernization, that is, the stage of medium-development; by the 100th anniversary of the founding of the People's Republic of China, a powerful modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious and beautiful will be built in an comprehensive way, after which China will enter a stage of relatively-developed socialism; by the 100th anniversary of reform and opening up, a developed and mature socialist modern country will be basically built, laying the foundation for the great rejuvenation of the Chinese nation by the end of this century.** This has become a general trend, as well as different development stages of modernization with Chinese characteristics in the twenty-first century. It also reflects the proven law of quantitative changes leading to partial qualitative changes, and further deepens these changes in China's socialist society. I label the system of these changes as the theory of practice and dialectical materialism of modernization with Chinese characteristics.

**Fourth, socialist modernization centered on the people is to be achieved.** Modernization has always been the common aspiration of the development of all countries in the world, but modernization does not follow a transcendental or fixed model or path. Although Western countries are the leaders of global modernization, Western modernization is mainly the modernization of things. It is also a modernization that only benefits a select few, especially the modernization of capitalism, benefiting a small number of capital groups. These countries continuously experience economic, social, political, cultural, and ecological crises, and create international financial crises, military intervention, and war conflicts. The United States is the most typical representative of Western-style modernization. China's modernization is not an imitation or upgraded version of Western modernization, but is an innovation version of socialist modernization. The most essential difference between the two is that socialist modernization is centered on all the people, which is the most innovative modernization with Chinese characteristics. In 2020, "The moderately prosperous society China builds will be enjoyed by each and every Chinese person; on the march towards common prosperity, no one must be left behind."<sup>26</sup> By 2035, "Disparities in urban-rural development, in development between regions, and in living standards are significantly reduced; equitable access to basic public services is basically ensured; and solid progress has been made towards prosperity for everyone. Common prosperity for everyone is basically achieved. The Chinese people enjoy happier, safer, and healthier lives."<sup>27</sup> As a latecomer to the global modernization, modernization with Chinese characteristics has learned from the modernization of the former Soviet Union and the West, including both positive and negative aspects of

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<sup>26</sup> Xi Jinping. "New Era, New Initiatives, New Achievements, and the Life of the Chinese People Will Definitely Get Better Year by Year" (2017-10-25). People's Daily Online. <http://jhsjk.people.cn/article/29608726>.

<sup>27</sup> Xi [4]: 20.

both modernization efforts. More importantly, it has successfully innovated modernization with Chinese characteristics independently and used it to catch up to western countries. This has been a rapid catch-up process: “China has completed a process of industrialization that took developed countries several centuries in the space of mere decades, bringing about the two miracles of rapid economic growth and enduring social stability.”<sup>28</sup> This is because modernization with Chinese characteristics does not imitate others, but constantly surpasses the Western modernization model. The essence is socialist modernization centered on all the people. I refer to this process as people’s modernization with Chinese characteristics. Because the 1.4 billion people are not only the main body driving modernization together, but also the principal recipients of its benefits.

**Fifth, it makes clear that the overall plan for building socialism with Chinese characteristics is the Six-sphere Integrated Plan.** China’s modernization is not limited to economic modernization, but contains instead comprehensive modernizations with Chinese characteristics, from “four (agriculture, industry, national defense and science and technology) modernization” (1964, 1975),<sup>29</sup> to the “three-step” Modernization Strategy (1987).<sup>30</sup> From the general layout of the “Three-sphere Integrated Plan” featuring economic construction, political system reform, and spiritual civilization established by the Sixth Plenary Session of the 12th Central Committee of the Communist Party of China,<sup>31</sup> to the “the overall plan for advancing socialism with Chinese characteristics” proposed by Hu Jintao for the first time in February 2005, it has developed into modernization focusing on socialist economy construction, political construction, cultural construction, and social construction—“Four-sphere Integrated Plan”.<sup>32</sup> The 18th National Congress of the Communist Party of China formally make it clear that the overall plan for building socialism with Chinese characteristics is the Five-sphere Integrated Plan.<sup>33</sup> Among the five aspects, economic construction is the center, political construction acts as the guarantee, cultural construction is the soul, social construction is the precondition, ecological civilization construction is the foundation, and national defense construction is the security guarantee. They interact, influence and support each other, forming an organic whole that is interconnected and mutually reinforcing. This overall layout of the “Six-sphere Integrated Plan” is conducive to promoting the coordination of all aspects of modernization with Chinese characteristics. It promotes the coordination between the forces of production and relations of production, superstructures and

<sup>28</sup> “Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party over the Past Century” (2021-11-11) [http://www.gov.cn/zhengce/2021-11/16/content\\_5651269.htm](http://www.gov.cn/zhengce/2021-11/16/content_5651269.htm).

<sup>29</sup> *Selected Works of Zhou Enlai*: Vol. 2. Beijing: People’s Publishing House, 1984: 439, 479.

<sup>30</sup> Compiled by the Party Literature Research Center of the CPC Central Committee. *Selected Important Documents Since the Thirteenth CPC National Congress*: Vol. 1. Beijing: People’s Publishing House, 1991: 16.

<sup>31</sup> “Reports of All Party Congresses and Central Plenary Sessions since the Third Plenary Session of the Eleventh Central Committee”: Vol. I. Beijing: China Founder Publishing House, 2008: 268.

<sup>32</sup> *Selected Works of Hu Jintao*: Vol. 2. Beijing: People’s Publishing House, 2016: 274.

<sup>33</sup> *Selected Works of Hu Jintao*: Vol. 3. Beijing: People’s Publishing House, 2016: 619.

the economic basis, and achieves development landscape featuring economic prosperity, political democracy, cultural prosperity, social equity, and sound ecology. We should also promote the comprehensive development and progress of contemporary China, building our country into a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious. From the modernization overall layout of the “Five-sphere Integrated Plan” to the modernization of the state system and capacity for governance (2019).<sup>34</sup> Considering that the report of the 19th and 20th National Congress of the CPC proposed to basically realize the modernization of national defense and the military by 2035<sup>35</sup> **and the strategic layout of the “Six-sphere Integrated Plan”, as well as to speed up the modernization of national defense and the military.**<sup>36</sup> **This has become an integrated version of the overall strategic layout of building socialist modernization with Chinese characteristics and an important basis for basically realizing socialist modernization. I call it the overall layout of modernization with Chinese characteristics.**

**Sixth, it is clear that the strategic layout of China’s socialist modernization is the Five-Pronged Comprehensive Strategy.** The “Four-Pronged Comprehensive Strategy” is an important part of the new concept, new thinking and new strategy of the CPC Central Committee in governing the country with Comrade Xi Jinping as the core, and has become a brand-new strategic layout of the CPC Central Committee in governing the country. Building a moderately prosperous society in all respects is a major indicator for the realization of the first centenary goal and itself was a leading and core strategic goal. Comprehensively deepening reforms and comprehensively advancing law-based governance are the driving force and stabilizing system for China’s economic and social development. The two aspects are like the two wings of a bird, as well as two wheels of a vehicle. It is because of them that the goal of building a moderately prosperous society in all respects can be realized on schedule. Exercising full and rigorous governance for the Party is the leading key to advancing the “Four-Pronged Comprehensive Strategy”. After 2020, the full realization of the second centenary goal became the core strategic goal, which lead to it retaining its position as a key component. **As China increasingly moves into the center of the world stage and fully participates in global governance, the government is promoting the overall coordination and integration of the “Five-Pronged Comprehensive Strategy” and the modernization overall layout of the “Six-sphere Integrated Plan”.** This deepens the Party’s commitment to understanding the laws of building modernization with Chinese characteristics, and it is a general strategy related to the long-term development of the party, the country and development of China with the rest of the world. **I label this as the overall modernization strategy with Chinese characteristics.**

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<sup>34</sup> “Decision of the Central Committee of the Communist Party of China on Upholding and Improving the Socialist System with Chinese Characteristics and Modernizing the State System and Capacity for Governance”, (adopted at the Fourth Plenary Session of the Nineteenth Central Committee of the Communist Party of China on October 31, 2019).

<sup>35</sup> Xi [4]: 37–38.

<sup>36</sup> Hu et al. [9]: 111.

**Seventh, China has entered a new era of building a great modern socialist country in all respects.** From the perspective of the life cycle theory of modern national development,<sup>37</sup> I have analyzed the century-old historical development track and historical motives of the Communist Party of China and the modernization with Chinese characteristics. The Communist Party of China is the innovator and leader of China's socialist modernization. The new-democratic revolution ended the history of rapid decline in modern China (1921–1949), helped realize the fundamental transformation from the old China to the People's Republic, and created political prerequisites for entering a new life cycle of national development. The socialist revolution and construction started **the period of preparation and growth of modernization with Chinese characteristics (1949–1977)**, which laid the economic foundation, social foundation, human capital foundation and institutional foundation for modernization with Chinese characteristics. Reform and opening up started **the rapid growth period of modernization with Chinese characteristics (1978–2012)**, and helped secure sustained and rapid economic growth. Due to this, China's economic strength and trade strength jumped to the second place in the world. The new era also has ushered in **the prosperous period of modernization with Chinese characteristics (2012–now)**. China's economic strength, scientific and technological strength, trade strength, national defense strength, and comprehensive national strength have leaped to a higher level. This has allowed China to enter the center of the world stage. The current core issue of the national development life cycle is whether it can continue to innovate. Continuous innovation is the driving force for the rise of a country. **Innovation is not only technological innovation, but also includes institutional innovation, organizational innovation, market innovation, cultural innovation, concept innovation and theoretical innovation. Since the reform and opening up: China has entered an era of large-scale innovation, accelerated innovation, and innovation by the whole Party, the whole nation, the whole people and the whole army.**<sup>38</sup> This constitutes the interconnected and mutually reinforcing “Chinese innovation integration”, which determines the evolution and progress of the life cycle of modern China's development. This innovation includes China's transition from the country with the world's largest population to a major agricultural value added country in this world (1997),<sup>39</sup> from the world's major manufacturing country (2010) to the world's largest import and export trade country (2015), and then to the world's largest economy (according to international dollar in 2017).<sup>40</sup> According to the strategic vision of the report of the 19th and 20th National Congress of the CPC, in the second stage from 2035 to the middle of the twenty-first century, we

<sup>37</sup> For detailed analysis, see Hu [10, 11].

<sup>38</sup> Written by Hu [12].

<sup>39</sup> Calculated in USD in 2015, China's agricultural value added in 1997 was equivalent to 3.8 times of the United States. Data Sources: World Bank Database: <https://data.worldbank.org/indicator/NV.AGR.TOTL.KD?end=2020&locations=CNUS&start=1960>.

<sup>40</sup> In 2017, China's GDP (PPP) reached at 19.9 trillion international dollars (2017 price), and the US GDP was 19.5 trillion international dollars. Data Sources: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=US-CN&start=1997&view=chart>.

will, building on having basically achieved modernization, work hard for a further 15 years and develop China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful.<sup>41</sup> **I label this as the integrated and innovative modernization with Chinese characteristics.**

**Eighth, from “stage of letting some people get rich first” to “stage of common prosperity”.** China’s socialist modernization development strategy has also had a few different development stages. After the reform and opening up, the theme of “letting some people get rich first” was the primary strategic focus. This allowed some groups and some regions become rich first, taking the lead in breaking through the “poverty trap” in poor countries with hundreds of millions of people. Initially, the problem of providing basic levels of food and clothing for 1.1 billion people has been solved. And then at the end of the twentieth century, “the people have reached a well-off standard of living on the whole, and the Seven-Year Priority Poverty Alleviation Program has been completed.” “The well-off standard of living reached now is still a relatively low, incomplete, and unbalanced”<sup>42</sup>; To this end, the 16th National Congress of the Communist Party of China clearly proposed a grand goal of “building a moderately prosperous society benefiting more than one billion people in an all-round way” and entering the stage of “common prosperity”, which marks the transition from the theme of “letting some people get rich first” to the theme of “common prosperity”<sup>43</sup>; Since the 18th National Congress of the Communist Party of China, our Party has made every effort to eliminate the absolute poverty that has existed for thousands of years, taking the lead in achieving the 2015 “Millennium Development Goal (MDG)” in developing countries, that is, the incidence of poverty was reduced by half compared with 1990.<sup>44</sup> China also achieved the “2030 Sustainable Development Goals (SDGs)” agreed by the international community 10 years earlier than scheduled and took the lead in eradicating absolute poverty. On the occasion of realizing the first centenary goal of building a moderately prosperous society in all respects, the “Proposal” issued at the Fifth Plenary Session of the Nineteenth Central Committee of the Party first proposed that by 2035, “the common prosperity for all people will achieve more obvious and substantial progress”. This indicated that “common prosperity for all people” had become the theme of the new era. This was not only an essential requirement of socialism, but also in the common interests of more than the 1.4 billion people. This is in line with the development laws and stages of the modernization with

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<sup>41</sup> Xi Jinping, “Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era”—report at the 19th National Congress of the CPC. (October 18, 2017). The Institute of Party History and Literature of the Communist Party of China (CPC) Central Committee. *Selected Important Documents Since the 19th National Congress of the Communist Party of China*: Vol. I. Beijing: Central Party Literature Press, 2019: 20.

<sup>42</sup> *Selected Works of Jiang Zemin*: Vol. 3, People’s Publishing House, 2006 edition, pp. 530, 542.

<sup>43</sup> Written by Hu [13].

<sup>44</sup> According to the data provided by the World Bank, the poverty incidence rate in China dropped from 66.3% in 1990 to 31.7% in 2002 based on the low poverty line standard of less than 1.9 international dollars per person per day. Data Sources: World Bank Database: <https://data.worldbank.org/indicator/SI.POV.DDAY?locations=CN-IN>.

Chinese characteristics. It is fundamentally different from the mode and essence of Western modernization, and highlights the essence of the modernization with Chinese characteristics—centering on all the people, and it is also the fundamental reason and purpose for the continuous success of modernization with Chinese characteristics. **I label this as the modernization with Chinese characteristics to achieve common prosperity.**

## 2.3 The Practical Basis for Basic Realization of Socialist Modernization

The basic realization of socialist modernization with Chinese characteristics is not only a question of innovation of socialist theory, but also innovation in socialist practice. The China's general goal of basically realizing socialist modernization by 2035 is not only based on long-term practical experience, but also the general strategic needs for keeping pace with the level of global development and innovation.

### 1. China's grand strategy for realizing socialist modernization

In 1987, Deng Xiaoping first proposed the “three-step” strategy for China's socialist modernization. At that time, the main quantitative indicators and basis of Deng Xiaoping's making this forward-looking and overall vision were: By the middle of the twenty-first century, China's per capita GNP will quadruple from the level in 2000, that is, from USD 1000 per capita to USD 4000 at the exchange rate of CNY and USD in 1980, which is equivalent to quadrupling the per capita GDP.<sup>45</sup> I called it “Deng Xiaoping's Prophecy”, and the subsequent practice greatly exceeded Deng Xiaoping's strategic vision. The Party Central Committee also helped keep pace with the times and improved the strategic goals and development indicators of socialist modernization.

The report of the 13th National Congress of the Communist Party of China in 1987 made an analysis of China's basic national conditions: China has a **large population and a weak foundation, and its per capita GNP still ranks at the bottom of the world**. The key conditions to be addressed were the following: with a population of more than one billion, among which 800 million are in rural areas, the people were still basically using hand tools to make a living; some modern industries co-exist with a large number of industries that are decades or even hundreds of years behind the modern level; some economically developed areas coexist with the vast underdeveloped areas and poverty-stricken areas; a small number of the people have advanced science and technology education but generally the people have a low

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<sup>45</sup> *Selected Works of Deng Xiaoping*: Vol. 3. Beijing: People's Publishing House, 1993: 216.

level of science and technology education, and illiterate and semi-literate people still account for nearly a quarter of the population.<sup>46</sup>

## 2. Two-stage strategy based on national conditions and national strength

More than 40 years have passed away, China's basic national conditions have undergone substantial changes, and China's socialist modernization construction has made substantial progress. To this end, it is necessary to analyze the national conditions for basically realizing socialist modernization by 2035.

**First, the basic national condition of “China’s per capita income ranks at the bottom of the world” has changed.** Calculated at constant prices, China's per capita GDP is 14.5 times<sup>47</sup> that of the 1985 value. Calculated at the current exchange rate between the USD and the CNY, China's per capita GDP has risen from USD 294 in 1985 to USD 10,435 in 2020,<sup>48</sup> and China's per capita gross national income has also increased. In 1990, it ranked 178th among the world's 200 countries and regions, and was listed in the bottom 11.0% of the world. By 2019, China's per capita gross national income ranked the 73rd among 194 countries and regions in the world, rising by 105 places<sup>49</sup>—rising from the bottom of the world to the forefront of the world, ranking the top 37.6% of the world. Calculated according to the 2017 international dollar price of purchasing power parity (PPP), China's per capita GDP has risen from 1424 international dollars in 1990 to 16,316 international dollars in 2020, surpassing the world's per capita level (16,189 international dollars) for the first time compared with the per capita GDP of the United States, which rose from 3.5 to 27.1%,<sup>50</sup> showing a clear catch-up effect.

**Second, the basic national conditions of “weak foundation” have fundamentally changed.** In 1978, China's total capital formation (in current USD) accounted for 2.4% of the world's total, and the total capital formation of the United States was 10.4 times that of China. In 2010, China surpassed the U.S., ranking first in the world. By 2020, China's proportion in the world has risen to 28.7%, equivalent to 1.45 times that of the U.S. in the world (19.8%).<sup>51</sup> Calculated in international dollar in 2017, China's total capital formation is equivalent to 2.38 times that of the United States.<sup>52</sup>

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<sup>46</sup> *Selected Important Documents Since the 19th National Congress of the Communist Party of China*: Vol. I. Beijing: People's Publishing House, 1991:10–11.

<sup>47</sup> National Bureau of Statistics [14].

<sup>48</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?end=2020&locations=CN&start=1991&view=chart>.

<sup>49</sup> National Bureau of Statistics [14]: 208.

<sup>50</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?end=2020&locations=US-CN-1W&start=1990&view=chart>.

<sup>51</sup> Calculation data source: World Bank Database: <https://data.worldbank.org/indicator/NE.GDI.TOTL.CD?locations=CN-1W-US>.

<sup>52</sup> Calculated based on GDP (international dollar in 2017) and capital formation rate data, World Bank database: <https://data.worldbank.org/indicator/NE.GDI.TOTL.ZS?end=2020&locations=1W-CN-US&start=1981&view=chart>; <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=1W-CN-US&start=1981&view=chart>.

China's increasingly strong domestic capital strength, that is, "solid foundation" is the material basis for China to basically achieve socialist modernization.

**Third, China's basic national condition of "800 million people living in rural areas" has fundamentally changed.** From 2000 to 2021, the rural population in China dropped from 808.37 million to 498.35 million. The urban population increased from 459.06 million to 914.25 million, and the proportion of urban population in the total population also increased from 20.91% in 1982 to 51.83% in 2011. By 2021, it further increased to 64.72%, and it took only more than 20 years to realize the transformation from a society dominated by rural population to a society dominated by urban population. It is estimated that by 2035, the proportion of the rural population in the total population will be further reduced from 1/3 to less than 1/4, which will be more conducive to the direct transfer payment from the state to the rural population. This will also be more conducive to the rapid spread of modernization factors to rural areas. Calculated at constant prices, in 2020, the per capita disposable income of the rural population was equivalent to 4.4 times that of 2000. Calculated in terms of purchasing power parity (international dollar in 2017), the per capita daily income rose from 6.5 international dollars to 28.4 international dollars. This represents a transition from slightly higher than the World Bank's high poverty line standard (per capita daily income of 5.50 international dollars) to the World Bank's middle-income standard (per person's daily income of 10–100 international dollars). The Engel coefficient of rural households has dropped from 49.1% in 2000 to 32.7% in 2021, which is close to the more affluent consumption structure (below 30%).

**Fourth, China has established the world's largest educational system.** The illiteracy rate of China's population has dropped from 22.81% in 1982 to 2.67% in 2020. The illiterate population has been basically eliminated. The population of college students and above has reached 218 million from 6.2 million, and the population of high school (including technical secondary school) has reached 213 million from 68.34 million, and the total of the two has reached 431 million.<sup>53</sup> This is equivalent to 2.61 times of the U.S. workforce (165 million<sup>54</sup>). The average years of education of the national population has increased from 4.61 years to 9.91 years, and the total human capital (the product of the population over the age of 15 and the average years of education per capita) has risen from 3.087 billion person-years in 1982 to 11.479 billion person-years in 2020—equivalent to 3.72 times the 1982 value, with an average annual growth rate of 3.5%. This is a huge achievement of China's educational modernization, undergoing the historic transformation and leap development from the "most illiterate" country to the world's largest education modernization country, human capital country, and human capital country. It has

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<sup>53</sup> Office of the Leading Group of the State Council for the Seventh National Population Census [15]: 11–12.

<sup>54</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?locations=US>.

the most diverse modernization with Chinese characteristics and the most competitive human resources and talent resources.<sup>55</sup> This is the inevitable result of China's modernization centering on the whole population, accelerating the modernization of education, investing in all the people and building a strong country with human capital.

**Fifth, China has built the largest social security system in the world.** “The basic pension insurance covers one billion and forty million people, and the participation rate of basic medical insurance is stable at 95 percent.”<sup>56</sup> The goal of ensuring people's livelihood by providing medical care for the sick, support for the elderly, housing for the people, and support for those in poverty has been realized. By the end of 2021, the number of people participating in the basic old-age insurance for urban workers and residents has reached 480.75 million, the number of people participating in the basic old-age insurance for urban and rural residents has reached 547.97 million, and the number of people participating in the basic medical insurance has reached 1364.24 million.<sup>57</sup> This fully reflects the superiority of the socialist state system and the advantages of modernization with Chinese characteristics that is “centered on the whole population”.

**Sixth, China will become a modern and medium-level developed country by 2035.** The report to the 20th National Congress of the Communist Party of China clearly stated that by 2035, socialist modernization will be basically realized, China's economic strength, scientific and technological strength, and comprehensive national strength will rise sharply, and the per capita GDP will reach a new level and China as a whole will reach the level of medium-developed countries.<sup>58</sup> I predict that China's per capita GDP (international dollars in 2017) will exceed 34,000 international dollars in 2035 from 16,300 international dollars in 2020, reaching the level of medium-developed countries.<sup>59</sup>

If the conclusion of the report of the 13th National Congress of the Communist Party of China in 1987 that “we are still far from the primary stage of socialism” is considered in line with China's national conditions at that time, experiences from the past have also proved it to be correct. Then by 2022, the conclusion that “we are moving from the primary stage to a higher development stage today” is also in line with China's reality.

**Seventh, China will make greater contributions to world peace and development.** The biggest difference from modern western countries is that China did not

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<sup>55</sup> For detailed analysis, see Hu Angang: “Modernization with Chinese characteristics and the leap-forward development of human capital (1950–2035)”, February 2022.

<sup>56</sup> Xi [16].

<sup>57</sup> National Bureau of Statistics. Statistical Communiqué of the People's Republic of China on the 2021 National Economic and Social Development. (2022-02-28). <https://baijiahao.baidu.com/s?id=1725969272845474093&wfr=spider&for=pc>.

<sup>58</sup> Xi [16], p. 14.

<sup>59</sup> In 2021, the per capita GDP of OECD countries (international dollar in 2017) will be from 14,700 international dollars to 119,000 international dollars. Data Sources: World Bank Database: [https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?locations=OE&most\\_recent\\_value\\_desc=false](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.KD?locations=OE&most_recent_value_desc=false).

pursue development by establishing colonies and dependencies (such as the United Kingdom and France) and waging wars with foreign countries (such as Japan and the United States), but by reforming and opening up and self-reliance. It did not grow by flaunting Western freedom, democracy and human rights to dominate the world,<sup>60</sup> but instead employed a strategy of mutual benefit by making great contributions to human development. As it develops to a moderate-level stage, China will also make greater contributions to world peace and development.

**Eighth, from the perspective of changes in international status, China will develop from the world's largest low-income country to the world's largest developing country, and to the world's largest emerging economy.**<sup>61</sup> It will additionally transition to be the world's largest high-income country (by 2025), the largest medium-developed country (by 2035) and the most powerful modern country (by 2049). At the same time, China will become the largest engine and contributor to world economic growth, agricultural growth, industrial growth, international trade growth, and technological innovation, and will become a country that makes more and more contributions to world peace, human civilization and development.

In short, after achieving the first centenary goal, from 2020 to 2035, we will see that socialist modernization is basically realized; from 2035 to the middle of this century, we will develop China into a great modern socialist country. By the end of that stage, the following objectives will have been met: new heights will be reached in every dimension of material, political, cultural-ethical, social, and ecological advancement; modernization of China's system and capacity for governance will be achieved; China will become a global leader in terms of composite national strength and international influence; common prosperity for all will be largely realized; the Chinese people will enjoy happier, safer, and healthier lives; and the Chinese nation will stand taller and prouder among the nations of the world.<sup>62</sup> As General Secretary Xi Jinping said, "Fully building a modern socialist China and basically realizing socialist modernization are essential for China's development in the primary stage of socialism, and essential for China to advance from the primary stage to a higher stage of socialism."<sup>63</sup> This refers to the fact that China's new transitional stage, from the primary stage of

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<sup>60</sup> State Council Information Office of the People's Republic of China. The Report on Human Rights Violations in the United States in 2021. 2022-02-28. <https://baijiahao.baidu.com/s?id=1725990688912379722&wfr=spider&for=pc>.

<sup>61</sup> The author's definition of emerging economies is that the GDP (PPP, international dollar in 2017) of major developing countries accounts for more than 1.0% of the world. There are ten emerging economies in the world: In 2017, China's GDP accounted for 16.4% of the world's total, India's 6.7%, Russia's 3.2%, Brazil's 2.5%, Indonesia's 2.4%, Mexico's 2.1%, Turkey's 1.9%, Saudi Arabia's 1.3%, Iran's 1.1% and Egypt's 1.1%, accounting for 38.7% of the world's total. Calculation Data Sources: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=1W-CN-IN-ID-SA-RU-BR-MX-TR-IR-EG&start=1990&view=chart>.

<sup>62</sup> "Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party over the Past Century" (Adopted at the Sixth Plenary Session of the 19th Central Committee of the Communist Party of China on November 11, 2021) Beijing: People's Publishing House, 2021: 74.

<sup>63</sup> Xi [5].

socialism to the medium-developed stage of socialism (or the intermediate stage of socialism), will take at least fifteen years or more.

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# Chapter 3

## The Basic Realization of Economic Modernization by 2035



The basic realization of economic modernization is the economic foundation and basic condition for basic realization of socialist modernization by 2035. It has a specific meaning and several key indicators. According to the report of the 19th and 20th National Congress of the Communist Party of China, **by 2035, China's economic strength, scientific and technological strength, and comprehensive national strength will jump significantly to the level of medium-developed countries, ranking among the forefront of the world's innovative countries.**<sup>1</sup> Economic strength is the core for achieving the goals listed above.

According to the "CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035" of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, **by 2035, China's total economic volume and the per capita income of urban and rural residents will reach a new level, and key core technologies will achieve major breakthroughs and enter the forefront of the world's innovative countries. New industrialization, informatization, urbanization, agricultural modernization will be basically realized, and a modern economic system will be built. In this regard, General Secretary Xi Jinping statement in the "Notes to the Proposals" that by the end of the "14th Five-Year Plan" period, the current high-income national standards will be reached, and the total economic volume or per capita income will be doubled by 2035 (that is, the average annual growth rate will be 4.7%), which are entirely possible.**<sup>2</sup> This quantitative target is instructive, feasible and assessable

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<sup>1</sup> Jinping (2019).

<sup>2</sup> Explanation of "the CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035". Beijing: People's Publishing House, 2020: 71.

for all regions of the country. To this end, we have made medium and long-term forecasts and developed an analysis of trends and key indicators of basically realizing economic modernization by 2035.

### 3.1 China's Economy Maintains Medium-to-High-Speed Growth

**China's economy has huge development potential and growth inertias, and it will remain in a stage of medium-to-high-speed growth (about 5%) in the coming years.** The growth rate during the period of 2021–2025 will be 5.5%, which is in the stage of medium-to-high-speed growth; it will be 5.0% in the period of 2025–2030 and 4.5% in the period of 2030–2035, both of which fall under the stage of medium-speed growth. According to this growth rate trend, China will double its GDP (at constant price in 2020) in 15 years, from CNY 101.4 trillion in 2020 to over CNY 213 trillion in 2035, which is equivalent to 2.1 times 2020's level (see Table 3.1).<sup>3</sup> This expected growth rate is in line with the characteristics of the acceleration, structural optimization, and kinetic energy transformation as China enters the high-income development stage, and is more conducive to the realization of high-quality economic development, and thus to the realization of innovative development, coordinated development, green development, open development, shared development and safe development. It should be pointed out that this growth rate is significantly higher than the average growth rate of high-income countries other than China, which is about 2%, and is also higher than the average growth rate of developed countries (referring to OECD countries) and the United States.<sup>4</sup> Due to the fact that China's per capita GDP is much lower than that of the United States, China is still demonstrating a marked “catch-up” effect. Judging from the history of China's economic development, usually the actual results will exceed the expected target, which can instead be treated as the lower end of expected outcomes of China's economic growth.

**China's economic strength will jump significantly, fundamentally changing the world's overall economic pattern.** In terms of purchasing power parity (the international dollar in 2017), China's GDP has surpassed the European Union in 2016, and surpassed the United States in 2017, ranking first in the world.<sup>5</sup> This is the most important starting point for China's high-quality economic development

<sup>3</sup> This is basically consistent with the prediction results of Liu Wei and Chen Yanbin. They predict that China's real GDP will grow at an average annual rate of around 5.3% from 2020 to 2035, making the per capita real GDP level in 2035 2.1 times that of 2020. Wei and Yanbin (2020).

<sup>4</sup> From 2009 to 2021, the annual average growth rate of China's GDP (PPP, international dollar in 2017) was 7.9%, that of high-income countries was 1.9%, that of OECD countries was 2.0%, that of the U.S. is 2.2%, and the world's average growth rate was 3.5%. Data source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=CN-1W-US-OE-XD&start=1991&view=chart>.

<sup>5</sup> Data Source: World Bank: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=CN-EU-US&start=1990&view=chart>.

**Table 3.1** Growth of China's GDP and other indicators (2020–2035)

Indicator	2020	2025	2030	2035	Average annual growth rate or change from 2020 to 2035 (%)
GDP (CNY 1 trillion)	101.35	132	171	213	Around 5
GDP (1 trillion international dollars)	23.02	30.1	38.9	48.5	Around 5
GDP per capita (CNY)	72,000	95,000	121,242	151,090	Around 5
GDP per capita (international dollar)	16,315	21,526	27,473	34,237	Around 5
U.S. GDP per capita (international dollar)	60,138	66,939	70,554	74,521	1.0
China's per capita GDP relative to the US level (US = 100%)	27.1	32.2	38.9	45.9	18.8
China's labor productivity (CNY)	115,009	151,742	193,666	242,534	> 5
China's labor productivity (international dollar)	31,234	41,210	52,596	65,867	> 5
U.S. labor productivity (international dollar)	130,835	141,005	151,902	163,642	1.5
China's labor productivity relative to the US level (US = 100%)	23.9	29.2	34.6	40.3	16.4

*Note* This table is based on purchasing power parity (PPP) prices in the international dollar in 2017. Data source of GDP in 2020: World Bank Database; The rest are predicted by the author

heading towards 2035. China's GDP will increase from 23.02 trillion international dollars in 2020 to more than 48.5 trillion international dollars in 2035 (see Table 3.1). China's GDP will account for about 27% of the world's total in 2035, from 18.3% in 2020. The contribution rate to world GDP growth has remained above 1/3,<sup>6</sup> and it is still acting as a major driving factor for the world economy. At present, the world economic pattern has formed a new situation involving the three major economies of "China-US-EU", but the development is extremely unbalanced. During the period from 2000 to 2019, calculated in international dollar in 2017, China's GDP growth rate was 9.0%, the United State's rate was 2.0%, and that of the European Union was 1.8%. By 2020, the three major economies accounted for 18.3%, 15.8% and 14.9% of the world's GDP (international dollar in 2017), respectively. In the coming years, it will have a significant and far-reaching impact, further strengthen the imbalance between the three major economies of China, the United States and the European

<sup>6</sup> From 2010 to 2020, China's GDP (international dollar in 2017) growth contributed 38.0% to world GDP growth. Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=CN-1W&start=1991&view=chart>.

Union, and it will be more conducive to China's economic strength to surpassing that of the United States and the European Union.<sup>7</sup>

**China has a comprehensive source of resources to achieve medium-high or medium-speed growth.** In terms of growth sources, China has many advantages for development.

First, China's capital availability ranks first in the world and has the fastest growth rate internationally. To start with, China has one of the highest domestic savings rates in the world (44.5% in 2020). Secondly, it has one of the highest domestic investment rates in the world (43.5% in 2020). Thirdly, China's gross capital formation (USD in 2010) ranks first in the world, surpassing the United States in 2009, and reaching USD 6.37 trillion in 2020—which is equivalent to 1.53 times the value of the United States (USD 4.16 trillion).<sup>8</sup> During the period from 2010 to 2020, the growth rate of China's total capital formation (USD in 2010) was as high as 6.6%, which was twice the average annual growth rate of the United States (3.3%).<sup>9</sup>

Second, China's labor force resources also rank first in the world. In 2020, China's labor force accounted for 22.9% of the world's total, equivalent to 1.16 times that of the OECD's share of the world's share (19.7%).<sup>10</sup> Although China's labor force shrank and demographic dividends decreased, the employment rate of the total population remained above 55%,<sup>11</sup> among which the employment participation rate of women also stayed at a relatively high level (62%). This was obviously higher than the OECD average (52%) and the world average (46%)—ranking among the top in the world.<sup>12</sup> The amount of non-agricultural employment continued to grow<sup>13</sup> and due to agricultural population transferring to non-agricultural sectors, the amount of agricultural employment continued to decline<sup>14</sup>—while the productivity of agriculture had a

<sup>7</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=CN-EU-US-1W&start=1990&view=chart>.

<sup>8</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NE.GDI.TOTL.KD?end=2020&locations=CN-US&start=1991&view=chart>.

<sup>9</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/NE.GDI.TOTL.KD?end=2020&locations=CN-US&start=1991&view=chart>.

<sup>10</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/SL.TLF.TOTL.IN?end=2020&locations=CN-US-1W-OE&start=1991&view=chart>.

<sup>11</sup> In 2021, China's total population was 1,412.6 million, and the number of employed persons nationwide will be 746.52 million, accounting for 52.8% of the total population. Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, pp. 18, 40.

<sup>12</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/SL.TLF.CACT.FE.ZS?end=2021&locations=1W-CN-OE&start=1990&view=chart>.

<sup>13</sup> From 2010 to 2020, the national non-agricultural population increased from 481.74 million to 573.49 million, a net increase of 91.75 million, with an average annual growth rate of 1.8%. Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2021*, China Statistics Press, 2021 edition, p. 41.

<sup>14</sup> From 2010 to 2020, the number of agricultural employments in the country decreased from 279.31 million to 177.15 million, a net decrease of 102.16 million, with an average annual growth rate of - 4.5%. Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2021*, China Statistics Press, 2021 edition, p. 41.

steady increase. Our country has the world's largest advantage in terms of talent. From the perspective of human capital elements, China has become the world's largest reservoir of knowledge-based, skilled, entrepreneurial and innovative workers, and its proportion of the working population possessing labor skills has increased significantly. According to the information provided by the Ministry of Human Resources and Social Security, in 2020, there was more than 200 million skilled workers in China, accounting for 26.7% of the total employment in the country. Among them, there are more than 50 million highly skilled workers, accounting for 1/4 of the total amount of skilled workers.<sup>15</sup> It is estimated that by 2035, the number will reach 300 million and 100 million respectively, and highly skilled talent will account for 1/3 of total amount of skilled workers. In addition, China has the advantage of new high-quality labor force. Every year, there are tens of millions of graduates from colleges, universities, and graduate schools (more than 9 million in 2021) and 1 million graduates from technical colleges. The two together exceed 10 million people, accounting for more than 70% of the new urban employment. The scale of various types of talents is rapidly expanding, one of economic growth sources is shifting from the declining demographic dividends to the rising of talent dividends and human capital. For example, the annual growth rate of the schooling years of working-age population is around 2%, effectively supporting continuous economic growth.

Third, China has an advantage of innovation-driven development. The growth rate of total factor productivity (TFP) has remained above 1%, and the contribution rate of scientific and technological progress has increased from 60% in 2020 to more than 65%.

Fourth, China still has two types of "economic catch-up" advantages. The first is worldwide economic catch-up advantage. Calculated in terms of purchasing power parity (international dollar in 2017), China's per capita GDP was equivalent to 27.1% of that of the US in 2020, and will be above 40% in 2035 so there is still room for further closing the gap between China and the levels of other countries.<sup>16</sup> The second is the economic "catching up" of various domestic regions. The gap between the per capita GDP of the central and western regions and the eastern coastal regions is very large. According to the 2021 purchasing power parity and CNY conversion factor of 4.19 provided by the World Bank database,<sup>17</sup> the per capita GDP of Beijing in 2021 was 43,909 international dollars, 30th in the world. Shanghai was 41,439 international dollars, 33rd in the world and Jiangsu was 32,706 international dollars. Fujian was 27,909 international dollars, Tianjin was 27,143 international dollars, and Zhejiang was 26,977 international dollars. All of these areas have entered the global stage of high-income level, thereby driving the growth of per capita GDP in other domestic regions and helping them converge. It is not only necessary but

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<sup>15</sup> There are more than 200 million skilled workers in China, and more than 50 million highly skilled workers. People's Daily. 2020-12-19(4).

<sup>16</sup> According to the IMF report: given that the per capita income gap between China and advanced economies remains large, there is ample room for convergence, but this requires major reforms to boost productivity. "IMF Country Report: People's Republic of China", August 2019.

<sup>17</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/PA.NUS.PPP?locations=CN&start=1984&view=chart>.

also possible that China maintains medium-to-high-speed growth for more than ten years in the future. Through comprehensively deepening reforms, comprehensively opening to the outside world, and comprehensively building a unified, wide-scale domestic market, the huge potential of China's economic development can be fully put into play.

**Fifth, China will accelerate the development of the tertiary industry.** According to the USD in 2015, the added value of China's service industry in 2020 accounted for 14.6% of the world's share, which was significantly lower than that of the United States (28.7%),<sup>18</sup> indicating that China's service industry added value and service trade still have huge room for development. In 2020, the added value of China's tertiary industry accounted for 54.5% of the national GDP, which was significantly lower than the world average (65.7% in 2020).<sup>19</sup> In 2020, China's tertiary industry accounted for 47.7% of the national employment, which was also lower than the average of world (51% in 2019).<sup>20</sup> This shows that China's tertiary industry has had great development potential in for creating employment. It can not only absorb a large number of new laborers, such as college and technical secondary school graduates, but also absorb a large number of transferred labor forces from the primary and secondary industry. The number of employed people in the primary industry has continued to decline significantly, with a decrease of 94 million people from 2010 to 2021. The number of employed people in the secondary industry has continued to decline since 2012, with a decrease of 8.27 million people, while the number of people employed in the tertiary industry has increased by 86.82 million people.<sup>21</sup> To this end, the outline of the "14th Five-Year Plan" clearly states: we must vigorously promote the integrated development of the productive service industry, promote the deep integration of modern service industry with advanced manufacturing and modern agriculture, and accelerate the quality development of life service industry, especially the development of health, pension, childcare, culture, tourism, sports, property management and other service industries. We must expand the opening of the service industry to the interior and the outside world, especially the development of export-oriented service trade. To this end, post-secondary education must adapt to and be redirected into the cultivation of professional talent for China's modern service industry.

**Sixth, China will maintain the fastest growth rate of all-personnel labor productivity in the world.** In the coming years, the biggest advantage of China's economy maintaining medium-to-high-speed growth will come from possessing the world's largest labor force which experiences continuous improvement of human capital. This will keep China's labor productivity growth at the forefront of the world.

<sup>18</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/NV.SRV.TOTL.KD?end=2020&locations=CN-US-1W&start=1991&view=chart>.

<sup>19</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NV.SRV.TOTL.ZS?end=2020&locations=CN-1W&start=1991&view=chart>.

<sup>20</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SL.SRV.EMPL.ZS?end=2020&locations=CN-1W&start=1991&view=chart>.

<sup>21</sup> Data Source: Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 41.

From 2010 to 2020, China's labor productivity (using 2017 international dollars) had an average annual growth rate of 6.9%, significantly higher than the world average labor productivity (2.0%) in the same period, and much higher than the 1.0% growth rate of the United States in the same period.<sup>22</sup> This is the main reason why the Chinese economy is able to successfully catch up with the US economy. It is estimated that from 2021 to 2035, the average annual growth rate of labor productivity in China will remain above 5%, slightly higher than the growth rate of GDP. By 2035, labor productivity (constant price) will be more than doubled. China's labor productivity (international dollar in 2017) will rise from 31,000 international dollars in 2020 to 66,000 international dollars in 2035, and the proportion of China's labor productivity in the US level will increase from 23.9% in 2020 to about 40% in 2035 (see Table 3.1). This is because: Firstly, the stock of physical capital per capita of China's labor force continues to grow. With China's higher education entering the stage of popularization (gross enrollment rate greater than 50%) from the stage of massification (gross enrollment rate less than 50%), the gross enrollment rate of higher education will rise from the 57.8% in 2021 to more than 75% in 2035, and will continue to maintain more than 80% (the average of OECD countries in 2020 was 77%<sup>23</sup>) to ensure the continuous growth of per capita human capital (average years of education). It is estimated that China's population of higher education graduates will increase from 218 million in 2020 to more than 400 million in 2035, accounting for more than half of the labor force. This group will become the main group composing the middle-income sector. This is not only conducive to promoting economic growth, but also conducive to promoting common prosperity. More than half of the new labor force has received higher education, and the estimated average schooling year has reached 13.9 years.<sup>24</sup> It is expected to reach more than 16 years by 2035—striving to reach the rather-high development level (16.4 years).<sup>25</sup> This increase will continue to improve the human capital level of the new labor force.<sup>26</sup> The effect of human capital dividend on economic growth and social progress is becoming more and more obvious. Secondly, China's labor force continues to shift from low-productivity sectors to high-productivity sectors. With the accelerated accumulation of physical and human capital in China, and the structural effect of the continuous transfer of labor from the agricultural sector to non-agricultural industries, labor resources will continue to

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<sup>22</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/indicator/SL.GDP.PCAP.EM.KD?end=2020&locations=CN-1W-US&start=1991&view=chart>.

<sup>23</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/SE.TER.ENRR?locations=CN-OE&start=1984&view=chart>.

<sup>24</sup> Conceição (2019).

<sup>25</sup> In 2018, the expected years of education in very high human development countries reached 16.4 years. UNDP, *Human Development Report 2019*, p. 303.

<sup>26</sup> According to the data provided by the official website of the United Nations Development Programme (<http://hdr.undp.org/en/data>), China's per capita expected years of schooling in 2000 was 9.6 years, reaching 13.9 years in 2018, an increase of 4.3 years in 2018. It is estimated that by 2035, with the further popularization of higher education and the development of vocational education, the expected years of schooling per capita will increase by more than 2 years.

shift from low-productivity sectors to high-productivity sectors. This will drive the shift from low-paying jobs to higher-paying jobs. These changes and the continuous improvements incurred by the transition from unprofessional and unskilled labor to profession and skilled labor are the main sources of sustained growth in China's labor productivity. Thirdly, China has built the world's largest scientific and technological innovation team with a large range of different expertise areas. The total number of human resources in China has reached 220 million people, accounting for 29.25% of the total number of employees in the country, including 78.4 million professional and technical personnel.<sup>27</sup> China has the world's largest professional full-time talent pool, which in turn increases labor productivity at a slightly faster rate than the rate of economic growth.

Based on the overall trend of China's economic growth, **China put forward the goal of doubling the GDP by 2035 compared to the 2020 on the basis of improving the balance, coordination and sustainability of development. This goes along with goals associated with quantitative indicators such as the goal of simultaneous growth of the all-personnel labor productivity and the per capita disposable income of residents. These goals and metrics will become the foundation for basically realizing socialist economic modernization by 2035.**

### 3.2 China's Per Capita GDP Reaches the Level of Medium-Developed Countries

The realization of the economic modernization by 2035 can be divided into two steps: The first step will be to enter from the upper-middle income level to the high-income level by 2025; the second step will be to reach the level of medium-developed countries on the basis of the high-income level by 2035.

First, during the "14th Five-Year Plan" period, China's per capita GDP will reach the high-income level. Calculated in purchasing power parity (international dollar in 2017), China's per capita GDP will increase from 16,300 international dollars in 2020 to more than 22,000 international dollars in 2025. This is equivalent to an increase in the level of US per capita GDP from 1/4 of its 2020 level (27.1%) to 1/3 of its level in 2025 (32.4%). China's per capita national income will enter a high-income stage. This will have a significant impact on the global high-income overall dynamic. The total population of high-income countries and regions in the world will rise from 1.215 billion in 2020 to more than 2.6 billion, which is equivalent to an increase of 1.4 billion people. **China has become the country with the largest population of high-income earners in the world. A country with a high-income population is one of the notable signs of a post-well-off society. Thus, China will still function as the largest engine supporting the world's economic growth.**

**By 2035, China's per capita GDP will reach the level of medium-developed countries.** China will successfully cross the middle-income stage and continue to

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<sup>27</sup> Jinping (2021).

make a big step forward in the high-income stage.<sup>28</sup> China's per capita GDP will rise from CNY 72,000 in 2020 to CNY 151,000 in 2035, achieving the goal of doubling, equivalent to reaching 34,200 international dollars from the 16,300 international dollars of 2020 (see Table 3.1). The results may again exceed this expectation.

**Furthermore, rural and urban residents' per capita income will reach a new level.** According to the goals set out in the report to the 20th National Congress of the Communist Party of China: "The growth of the residents' income will be basically synchronized with economic growth, and the increase in labor remuneration will be basically synchronized with the increase in labor productivity." From 2021 to 2035, the growth rate of residents' income will remain at around 5%, and the residents' income (at constant prices) will basically double. As a result, the per capita consumption level of residents will increase along with it, and the consumption structure will be further optimized. China vigorously advocates achieving wealth through labor, innovation, entrepreneurship, which promotes the continuous increase in the proportion of workers' wage income in per capita disposable income, the increasingly diversified sources of residents' income, and the continuous increase in net operating income, net property income, and percentage of net transfer of income. This will provide a better and higher income level foundation for the country to solidly promote common prosperity in the future.

### 3.3 Building a Strong Domestic Demand Market

From the perspective of future development trends, consumption growth has become the main driving force of economic growth. In the historical process of China's transition to a high-income and medium-developed economy, economic growth driven by consumption, especially resident consumption, will be a prominent feature of this stage of development. China already has a large-scale domestic economy with 500 million households<sup>29</sup> and 1.4 billion consumers. The consumption market has become a long-term significant advantage of China's economic development. For this reason, China continues to implement the strategy of expanding domestic demand and strengthens the basic and key role of consumption and investment in economic development. In this process, the rising proportion of final consumption expenditure in GDP is a basic evident trend. It is expected to rise from 54.3% in 2020 to 60.7% in 2025, and further rise to 66.5% in 2035. Of the increased amounts, the government and household consumption rates will reach 17.6% and 48.9% respectively in 2035 (see Table 3.2).

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<sup>28</sup> Zheng (2020).

<sup>29</sup> **In 2020, there were 494.16 million households in the country, with an average population of 2.62 per household.** Data Source: National Bureau of Statistics of China, "Main Data of the Seventh National Population Census", May 11, 2021, National Bureau of Statistics of China website: [http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510\\_1817176.html](http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510_1817176.html).

**Table 3.2** Composition of GDP by expenditure approach (2020–2035) Unit: %

Indicator	2020	2025	2030	2035
Capital formation	43.1	39.3	36.2	33.5
Final consumption expenditure	54.3	60.7	63.8	66.5
Household consumption expenditure	37.7	44.6	47.0	48.9
Government consumption expenditure	16.6	16.1	16.8	17.6
Net exports	1.5	0	0	0

Source The data of 2020 are compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2021*, Beijing, China Statistics Press, 2021 edition, p. 34; the data of 2025–2035 were calculated by Liu Shenglong

**China is building the world’s largest domestic consumer market.** China has become the second largest domestic consumption country in the world. In 2020, China’s total final consumption expenditure (international dollar in 2017) accounted for 13.0% of the world’s total, and was only equivalent to 64.9% of the United States.<sup>30</sup> This is still significantly lower than the proportion of China’s total population in the world (18.2%<sup>31</sup>), which shows that China’s per capita final Consumer spending is still significantly lower than the world average, and it is even more necessary to build the world’s largest domestic consumer market and improve the consumption welfare of all people. By 2035, China’s total final consumption expenditure will at least double, and its proportion in the world will further increase, reaching a level proportionate with the proportion of China’s population in the world. The core goal of implementing the strategy of expanding domestic demand is to expand domestic consumption demand, especially expanding the potential, diverse and personalized needs of 1.4 billion consumers and 500 million households. To this end, it is necessary to comprehensively promote the consumption of residents, society and government, strengthen the basic role in economic development, and accelerate the construction of a strong domestic consumption market. At the same time, China actively advocates green consumption, promotes a green and low-carbon lifestyle, and helps implement sustainable consumption.

**China has the world’s largest consumer group.** In 2020, there was 500 million households and 1.4 billion consumers nationwide.<sup>32</sup> These are China’s unique advantages in terms of population and family size, consumption, and market. In 2020, the total domestic consumption expenditure (PPP, international dollar in 2017) accounted

<sup>30</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NE.CON.PRVT.PP.KD?locations=CN-US-1W>.

<sup>31</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.POP.TOTL?end=2020&locations=1W-CN-US&start=1982&view=chart>.

<sup>32</sup> According to the data of the seventh China population census, the national average household size has decreased from 3.10 in 2010 to 2.62 in 2020, and the total number of households in China has increased from 432.55 million to 538.65 million, with an average annual growth rate of 2.2%. It is expected to reach 670 million by 2030. Calculation data source: Main data of the Seventh National Population Census in 2020. China Statistics Press, 2021 edition, p. 8.

for 13.0% of the world total,<sup>33</sup> but the proportion of household consumption in GDP was only 38.7%, which is much lower than the average of world (57.7%<sup>34</sup>). This signifies that there is a large amount of room for growth. It is estimated that by 2025, the proportion of household consumption expenditure in the total GDP will increase to 44.6%, and the total household consumption expenditure will increase from CNY 38.8 trillion in 2020 to nearly CNY 60 trillion, which is equivalent to an increase from 8.693 trillion international dollars (in 2017<sup>35</sup>) to 13.4 trillion international dollars. By 2035, this proportion will increase to 48.9%. Total household consumption expenditure rose to over CNY 77.6 trillion, equivalent to 17.4 trillion international dollars. Therefore, the core goal of expanding domestic demand is to expand the consumption demand of urban and rural residents. China has the most conditions and the highest ability to achieve the goal of “continuously meeting the people’s growing needs for a better life”.<sup>36</sup>

China will become the world’s largest government consumer spending country. Calculated in current USD, China’s government consumption expenditure has risen from USD 887.94 billion in 2010 to USD 2.461 trillion in 2020, making it the world’s second largest government consumption expenditure country, with an average annual growth rate of 10.71%. This is much higher than the world average (2.5%). The proportion of China’s government consumption expenditure in the world total increased from 7.7% to 16.4%, but it was still lower than that of the United States (20.5%)<sup>37</sup>—if calculated by purchasing power parity, it will in fact surpass the United States. For the near future, the proportion of China’s government consumption expenditure in GDP will continue to increase, from 16.4% in 2020 to 17.8% in 2025, and to more than 20% in 2035. As the largest public service provider, China will directly serve more than 1.4 billion people, provide more accessible, fairer and higher-quality basic public services, and support and drive the development of non-basic public services. Government consumption is an important part of the domestic service consumption market. It has a complementary and interactive relationship with residential consumption, and it is also an important part of vigorously developing tertiary industries.

**China is still the world’s largest domestic investment market. This is China’s most important and long-term advantage in expanding domestic demand.** China is one of the countries with high domestic savings rate in the world, reaching 44.5%

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<sup>33</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NE.CON.PRVT.PP.KD?end=2020&locations=1W-CN-US&start=1982&view=chart>.

<sup>34</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NE.CON.TOTL.CD?end=2018&locations=1W-CN-US&start=1981&view=chart>.

<sup>35</sup> Data Source: World Bank Database: [https://data.worldbank.org/indicator/NE.CON.PRVT.PP.KD?end=2020&locations=CN-1W&most\\_recent\\_value\\_desc=true&start=2000](https://data.worldbank.org/indicator/NE.CON.PRVT.PP.KD?end=2020&locations=CN-1W&most_recent_value_desc=true&start=2000).

<sup>36</sup> Xi Jinping. “Xi Jinping’s Report at the 19th National Congress of the Communist Party of China”. (2017-10-28). People’s Daily Online: <http://jhsjk.people.cn/article/29613660>.

<sup>37</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/NE.CON.GOVT.CD?end=2020&locations=CN-US-1W&start=1981&view=chart>.

in 2020, much higher than the average of world (26.1%).<sup>38</sup> China is also one of the countries with the highest proportion of total capital formation to GDP in the world, reaching 43.5% in 2020, 17.1 percentage points higher than the average of world (26.4% in 2020<sup>39</sup>), falling to 39.3% in 2025, and further dropping in 2035 to 32.5% (see Table 3.2). According to the USD exchange rate in 2010, China's total capital formation accounted for 29.2% of the world's total in 2020, equivalent to 1.53 times that of the United States (19.1%)<sup>40</sup> and significantly higher than the proportion of China's total population in the world (18.2% in 2020).<sup>41</sup> This shows that **China is the country with the most capital resources in the world, and has the ability to invest in productive industrial systems and modern infrastructure systems as well as urban and rural facilities. This is a basis for China's long-term medium-to-high speed growth.** From 2020 to 2035, the contribution rate of physical capital to GDP growth rate is still more than 40%. This is the most important factor of production for China's long-term sustainable development. It will help China accelerate its accumulation of capital for urban and rural construction, help improve the building of the world's most advanced modern infrastructure system covering the interconnection of all parts of the country, reshape China's economic geography, and build the world's largest domestic demand (especially consumption) market.

**Implement the strategy of actively expanding domestic demand is still a long-term strategy in China, which is complementary to the main line of supply-side structural reform and the "dual circulation" strategy.** Especially in the context of the possibly regular, medium-term and long-term global pandemic situation, it has more practical and long-term significance. This is determined by China's basic national conditions and major production factors. The needs of millions of households are varied and high, and the domestic consumer market has developed a huge capacity. China is still in a golden development period when the "five modernizations" of industrialization, informatization, urbanization, agricultural modernization, and infrastructure modernization promote each other and develop in parallel. Whether it is national infrastructure construction and new infrastructure construction, urbanization and new rural construction and residential housing construction (especially the renovation of over 20 million old houses)<sup>42</sup>; whether it is the private consumption

<sup>38</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NY.GNS.ICTR.ZS?end=2020&locations=1W-CN&start=1982&view=chart>.

<sup>39</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NE.GDI.TOTL.ZS?end=2020&locations=CN-1W&start=1990>.

<sup>40</sup> Calculation Data Source: World Bank Database: <https://data.worldbank.org/cn/indicator/NE.GDI.TOTL.KD?locations=1W-CN-US>.

<sup>41</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=CN-1W>.

<sup>42</sup> According to information provided by the Ministry of Housing and Urban-Rural Development of the People's Republic of China, from 2019 to 2021, a total of 115,000 old urban communities have been renovated across the country, benefiting more than 20 million households. The Information Office of the State Council held a press conference on promoting high-quality development of housing and urban and rural construction, February 24, 2022.

of 1.4 billion consumers, 500 million households, or government public consumption that provides basic public services to all urban and rural people; whether it is the upgrading of traditional consumption models such as clothing, food, housing, and transportation, or the innovation of consumption models such as e-commerce and artificial intelligence—all of them determined that we must do everything possible to build China into the world's strongest domestic consumer market and the world's strongest domestic investment market. It is China's huge development potential and long-term advantage and an urgent need to accelerate the establishment of a “dual circulation” development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement.

### 3.4 Building the World's Largest Modern Infrastructure

**China will build the world's largest advanced communication network infrastructure powerhouse.** The modernization of infrastructure is a major symbolic measure of a country's overall modernization. At present, the overall level of China's infrastructure modernization has reached the level of the OECD's developed countries, and infrastructure has become a key field and fountainhead for the basic realization of national modernization. The total number of mobile phones in China exceeds that of OECD countries, reaching 1.72 billion by 2020, surpassing that of OECD countries (1.60 billion).<sup>43</sup> The penetration rate of broadband Internet in China has risen from 12.66% in 2012 to 33.60% in 2020, surpassing 33.31% in OECD countries,<sup>44</sup> accounting for 39.4% of the total broadband Internet in the world.<sup>45</sup> In 2020, the penetration rate of fixed broadband households in China had reached 96%, and the penetration rate of mobile broadband users had reached 108%, both exceeding the expected targets of 70% and 85% of the national “13th Five-Year Plan” and exceeding the 2025 target of 82% annual fixed broadband household penetration ahead of schedule. The number of netizens in China has increased from 564 million in 2012 to 1.032 billion in 2021, and the Internet penetration rate has increased from 42.1% to 73%. **All prefecture-level cities have been fully incorporated into the optical network cities. The broadband connection rate of administrative villages and poverty alleviation villages has reached 100%. The large-scale deployment of IPv6 has achieved remarkable results, and the number of addresses owned ranks second in the world. The fixed network has gradually achieved a leap from 10 to 100 megabits and then to gigabit, and the mobile network has achieved a leap from “3G breakthrough” to “4G synchronization” to “5G leadership”.** Among

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<sup>43</sup> World Bank Database: <https://data.worldbank.org.cn/indicator/IT.CEL.SETS?locations=1W-CN-OE>.

<sup>44</sup> World Bank Database: <https://data.worldbank.org.cn/indicator/IT.NET.BBND.P2?locations=1W-CN-OE>.

<sup>45</sup> World Bank Database: <https://data.worldbank.org.cn/indicator/IT.CEL.SETS?locations=1W-CN-OE>.

them, 4G network users are close to 1.3 billion, and the world's largest optical fiber and mobile 5G broadband network have been built. The number of 5G base stations has reached 1.854 million, and 5G mobile phone users have exceeded 455 million.<sup>46</sup> **In April 2021, China's fiber broadband penetration rate was 94%, much higher than the 36.61% in the United States (2020) and 33.31% in OECD countries (2020). This was also significantly higher than the world average of 15.89% (2020).**<sup>47</sup> **The e-commerce transaction volume and mobile payment transaction scale ranked first in the world.**<sup>48</sup> The national e-commerce transaction volume rose from CNY 20.8 trillion in 2015 to CNY 42.3 trillion in 2021, equivalent to 2.03 times that of 2015. This marks that China is at the forefront of the contemporary world information and network revolution, just as General Secretary Xi Jinping said: Since the 18th National Congress of the Communist Party of China, the Party Central Committee has attached great importance to the development of the digital economy, implementing the national strategies for cyber development and big data, expanding the space of the Internet economy, supporting various Internet-based innovations, and promoting the deep integration of the Internet, big data, artificial intelligence and the associated real economy. China has integrated and built a digital China and a smart society, promoting digital industrialization and industrial digitization, and building a digital industry cluster with international competitiveness. China's digital economy has developed rapidly and achieved remarkable achievements.<sup>49</sup>

**Realize the infrastructure modernization basically. China will build the world's largest modern transportation infrastructure, and realize the historic leap from a major transportation country to a powerful transportation country.** The operating mileage of railways across China increased from 97,200 km in 2012 to 150,700 km in 2021. Among them, the operating mileage of high-speed railways increased from 9356 km in 2012 to 40,000 km in 2021. The railway covers 81% of the counties in the country. High-speed railway reaches 93% of cities with a population of more than 500,000.<sup>50</sup> The national highway mileage has increased from 4.24 million

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<sup>46</sup> Zhang Cong: "Strides from a Big Internet Country to a Strong Internet Country", People's Daily, 4th edition, August 20, 2022.

<sup>47</sup> Data Source: World Bank Database: [https://data.worldbank.org/indicator/IT.NET.BBND.P2?end=2020&locations=1W-CN-OE-US&most\\_recent\\_value\\_desc=true&start=2010&view=chart](https://data.worldbank.org/indicator/IT.NET.BBND.P2?end=2020&locations=1W-CN-OE-US&most_recent_value_desc=true&start=2010&view=chart).

<sup>48</sup> Cong (2022).

<sup>49</sup> "Xi Jinping Emphasized in the 34th Collective Study Session of the Political Bureau of the CPC Central Committee Grasping the Development Trend and Law of Digital Economy to Promote the Healthy Development of China's Digital Economy" People's Daily, 1st edition, October 20, 2021.

<sup>50</sup> The so-called "two horizontal and three vertical axes" refers to a strategic pattern of urbanization that the land bridge channel and the Yangtze River channel are the two horizontal axes, and the coastal line, Beijing-Harbin Railway, Beijing-Guangzhou Railway, and Baotou-Kunming Railway are the three vertical axes. Major city clusters are the support and other urbanized areas and cities on the axes are important components. See the "Outline of the Twelfth Five-Year Plan for National Economic and Social Development of the People's Republic of China", Fig. 4 a strategic pattern of urbanization featuring "two horizontal and three vertical axes".

km in 2012 to 5.28 million kilometers, of which the operating mileage of expressways has increased from 96,200 km in 2012 to 169,100 km in 2021,<sup>51</sup> connecting 95% of the country's population and covering about 99% of urban and prefecture-level administrative centers with a population of 200,000. Among them, the total mileage of rural roads in China is 4.382 million km, accounting for 84.3% of the total road mileage.<sup>52</sup> China has also become the world's largest automobile kingdom. The number of civilian vehicles in the country has risen from 109 million in 2012 to 294 million in 2021, surpassing the figure of 271 million cars in the United States in 2020.<sup>53</sup> Of the total there was 260 million passenger cars.<sup>54</sup> At the same time, China has also become the world's largest electric vehicle kingdom. Of the 6.75 million new energy vehicles sold globally in 2021, China's electric vehicle sales reached about 3.3 million, accounting for 49% of the world's total, and the United States was 608,000, accounting for only 9.0% of the world's total.<sup>55</sup> According to statistics from the China Association of Automobile Manufacturers, as of the end of June 2022, the number of new energy vehicles in the country reached 10.01 million, of which the number of pure electric vehicles was 8.104 million, accounting for 81% of the total number of new energy vehicles.<sup>56</sup> The overall scale of China's water transportation infrastructure remains the world's largest. By the end of 2021, the country's ports had 20,900 berths for production, 2,659 berths of 10,000 tons and above, and 128,000 km of inland waterways, including more than 16,000 km of high-grade waterways. The coastal transportation channel, the Yangtze River trunk line, the West River shipping trunk line, the Beijing-Hangzhou Grand Canal-Huai River, etc. have been utilized as the main water transportation channels.<sup>57</sup> China has become the country with the largest container terminal throughput in the world, and its proportion in the world has increased from 25.7% in 2012 to 32.3% in 2020, which is equivalent to 4.5 times the level of the United States.<sup>58</sup> China also is the country with the highest degree of maritime connectivity in the world. It has established maritime route connections with major regions and ports in more than 100 countries, and has become the country

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<sup>51</sup> Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 145.

<sup>52</sup> cctv.com: "The total mileage of rural roads in China reaches 4.382 million km, accounting for 84.3% of the total road mileage", October 9, 2021, website: <https://news.cctv.com/2021/10/09/ARTI91mqcYjIOfh2s1Xju9ay211009.shtml>.

<sup>53</sup> Data Hermit: "China overtakes the U.S. as No. 1 in terms of the car ownership in major countries", October 21, 2021, website: [https://page.om.qq.com/page/OELEA4wYIYL6Mgj1X\\_Co2yng0](https://page.om.qq.com/page/OELEA4wYIYL6Mgj1X_Co2yng0).

<sup>54</sup> Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 146.

<sup>55</sup> Reported on the website of Engadget on August 23, 2022, quoted from Reference News, August 27, 2022, 1st edition.

<sup>56</sup> Electric Economic Observer: <http://www.eeo.com.cn/2022/0715/543791.shtml#:~:text=%E6%88%AA%E8%87%B32022%E5%B9%B46,%E8%BD%A6%E6%80%BB%E9%87%8F%E7%9A%8481%25%E3%80%82>.

<sup>57</sup> "The overall scale of China's water transport infrastructure remains the largest globally", People's Daily, August 26, 2022, 1st edition.

<sup>58</sup> Data Source: World Bank Database: [https://data.worldbank.org.cn/indicator/IS.SHP.GOOD.TU?end=2020&locations=1W-CN-US&most\\_recent\\_value\\_desc=true&start=1991&view=chart](https://data.worldbank.org.cn/indicator/IS.SHP.GOOD.TU?end=2020&locations=1W-CN-US&most_recent_value_desc=true&start=1991&view=chart).

with the largest Liner Shipping Connectivity Index<sup>59</sup> in the world, rising from 133.8 in 2012 to 162.4 in 2020, which is close to a value of 1.56 times that of the United States (103.9). The global top ten ports in terms of container throughput in 2020 are as follows: Shanghai Port, Singapore Port, Ningbo Zhoushan Port, Shenzhen Port, Guangzhou Port, Qingdao Port, Busan Port, Tianjin Port, Hong Kong Port, Rotterdam Port, China has 7 of them (including Hong Kong).<sup>60</sup> This marks that China, which has a coastline of 18,000 km, has become a powerful country globally in terms of ocean transportation. China has built a world-class modern comprehensive transportation system and become a renowned country with strong transportation network. For this reason, the Ministry of Transport of the People's Republic of China issued the "Green Transportation Standard System (2022)" to accelerate the development of the world's largest green and low-carbon transportation system. This supports the promotion and the construction of an ecological civilization in the transportation industry, serving the national goal of peaking carbon and carbon neutrality, and helps in the fight of pollution prevention and control.<sup>61</sup> The mileage of China's oil (gas) pipelines has increased from 98,500 km in 2012 to 131,200 km in 2021,<sup>62</sup> including 116,000 km of trunk natural gas pipelines.<sup>63</sup> Natural gas production increased from 110.6 billion cubic meters in 2012 to 207.6 billion cubic meters in 2021.<sup>64</sup> The modernization of transportation infrastructure has greatly promoted the flow of various elements of the domestic unified market, and favored the development of transportation modernization with Chinese characteristics. As General Secretary Xi Jinping said: "We adhere to the priority of transportation, and have built the world's largest high-speed railway network, expressway network, and world-class port group. Aviation and navigation have reached the world, and the comprehensive transportation network has exceeded 6 million kilometers. We adhere to innovation and leadership. Major breakthroughs have been made in the manufacture of high-speed railway, large aircraft and other equipment. New energy vehicles account for more than half of the global total. Super-large transportation projects such as the Hong Kong-Zhuhai-Macao Bridge and Beijing Daxing International Airport have

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<sup>59</sup> The Liner Shipping Connectivity Index shows how well countries are connected to global shipping networks. It is computed by the United Nations Conference on Trade and Development (UNCTAD) based on five components of the maritime transport sector: number of ships, container carrying capacity of ships, maximum vessel size, number of services, number of companies deploying container ships in a country's ports. It is based on China's 2004 figure of 100.

<sup>60</sup> The World Port Forecast Research Group of the Center of Forecasting Science of the Chinese Academy of Sciences "Outlook of Container Throughput at Global Top20 Ports in 2021", website: [http://cefs.amss.cas.cn/kydt/202107/t20210723\\_654063.html](http://cefs.amss.cas.cn/kydt/202107/t20210723_654063.html).

<sup>61</sup> Interpretation of "Green Transportation Standard System (2022)", Ministry of Transport website: [https://www.mot.gov.cn/2022zhengcejd/202208/t20220817\\_3666575.html](https://www.mot.gov.cn/2022zhengcejd/202208/t20220817_3666575.html).

<sup>62</sup> Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 145.

<sup>63</sup> Department of Petroleum and Natural Gas of National Energy Administration, etc.: "China Natural Gas Development Report 2022", August 2022, National Energy Administration website: [http://www.nea.gov.cn/2022-08/19/c\\_1310654101.htm](http://www.nea.gov.cn/2022-08/19/c_1310654101.htm).

<sup>64</sup> Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 129.

been completed and put into operation.”<sup>65</sup> “Transportation has become the pioneer of modernization with Chinese characteristics.” “Accelerate the construction of a strong transportation country; accelerate the formation of a comprehensive transport system that is safe, convenient, efficient, green and economical.”<sup>66</sup> The modernization of China’s transportation has reshaped China’s economic geography, accelerated domestic economic integration, and at the same time reshaped world economic geography, accelerated global economic integration, and created a modern comprehensive transportation system for the dual circulation for domestic and foreign markets.

**Build the world’s largest modern national grid.** China did not have its first 750 kV UHV transmission network until 2005, which is 40 years behind that time of implementation of the developed countries in the West. Since 2010, the size of the State Grid has nearly doubled. In 2020, the total electricity consumption in the company’s operating area reached 5.83 trillion kWh, the highest electricity load was 875 million kW, and the total installed capacity of grid-connected power generation was 1.7 billion kW, which exceeded the 4.28 trillion kWh value of the United States in 2020—equivalent to 1.36 times that of the United States.<sup>67</sup> By the end of 2020, the length of 110 (66) kV and above transmission lines was 1.142 million kilometers, and the substation (conversion) capacity was 5.23 billion kVA (kW). Among them, the State Grid has completed and put into operation 26 UHV projects of “14 AC and 12 DC”, and 31 UHV transmission projects in operation and under construction have a line length of 41,000 km. The UHV cumulative electricity transmission is more than 2.1 trillion kWh, ranking first in the world. By the end of 2020, the cumulative installed capacity of clean energy power generation was 740 million kilowatts, accounting for 75% of the national total, accounting for 43% of the total installed power capacity, of which clean energy power generation was 1.8 trillion kilowatt hours, accounting for 31.2% of the total power generation.<sup>68</sup> In addition, State Grid Corporation of China has built 10 transnational power transmission lines connecting Russia, Mongolia, Kyrgyzstan and other neighboring countries, and the accumulated electricity transaction has exceeded 31 billion kWh. State Grid ranks second in the world by Fortune Global 500 in 2021.

In fact, how can we measure the level of modernization development of a country? It is usually expressed in terms of GDP in the national economic accounts, but it is seriously affected by the exchange rate between the USD and the local currency. Even if the international dollar of purchasing power parity is used, it is unable to make an accurate international comparison. Therefore, I propose that the power generation can better reflect the modernization factors and level of modernization of a country. It is not affected by the currency of each country and the exchange with the USD in

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<sup>65</sup> “Crossing the World and Connecting with the Times on the Road of Sustainable Development—Keynote Speech at the Opening Ceremony of the Second United Nations Global Sustainable Transport Conference,” *People’s Daily*, 1st edition, October 15, 2021.

<sup>66</sup> Cited from: Li Xiaopeng. “The achievements, experience and enlightenment of the party leading the transportation industry” [N]. *China Communications News*, 2021-11-22(001).

<sup>67</sup> bp Statistical Review of World Energy June 2022.

<sup>68</sup> State Grid: [http://www.sgcc.com.cn/html/sgcc\\_main/col2017041241/column\\_2017041241\\_1.shtml?childColumnId=2017041241](http://www.sgcc.com.cn/html/sgcc_main/col2017041241/column_2017041241_1.shtml?childColumnId=2017041241).

international comparison, and thus is more comparable and objective. China's power generation has risen from 4.99 trillion kWh in 2012 to 8.53 trillion kWh in 2021, an increase of 70.9%, with an average annual growth rate of 6.1%. According to the "bp Statistical Review of World Energy 2022" provided by British Petroleum (BP), in fact, China's power generation surpassed the EU in 2007, and surpassed the United States in 2011, and its share of the world's power generation increased from 21.9% in 2012 to 30.0% in 2021, equivalent to nearly 2 times the United States' share of the world's power generation (15.5%).<sup>69</sup> In other words, China's modernization factors is nearly twice that of the United States. This shows that the modernization factor of the physical quantity reflects the centrality of the historical process of modernization with Chinese characteristics in the world better than the modernization factor of monetary quantity.

### 3.5 Building a Strong Modern Economic System

The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China clearly stated that by 2035, a new type of industrialization, informatization, urbanization, and agricultural modernization will be basically realized, and a modern economic system will be built.<sup>70</sup>

**A modern industrial system with optimized structure and coordinated development.** As China moves from the upper-middle-income level to the high-income level, and then enters the medium-developed level, it is undergoing the process of continuous upgrading and optimization of its industrial structure. Specifically, the proportion of primary industry and the secondary industry has continued to decline, and the proportion of the tertiary industry has risen significantly, becoming the largest industry and employment channel. This is including the absorption of labor from the primary and secondary industries. The optimization and upgrading of the industrial structure will also promote the optimization of the employment structure. This increase is in line with the basic trend of industrial structure modernization (see Table 3.3).

**Realize the agricultural modernization basically.** Agricultural modernization is not only an important foundation for China to basically realize modernization, and especially for a China with a population of 1.4 billion, it is also the biggest shortcoming of China's modernization. China's basic national conditions of a large population, little arable land, and few water resources have not changed. China's

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<sup>69</sup> bp Statistical Review of World Energy June 2022.

<sup>70</sup> "CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035". Chinese government website. [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

**Table 3.3** Composition of China's GDP (2021–2035) Unit: %

Indicator	2021	2025	2030	2035
Primary industry	7.3	6.2	5.5	4.9
Secondary industry	39.4	35.8	32.6	30.0
Industry	32.6	28.2	26.5	25.5
Tertiary Industry	53.2	58.0	61.9	65.1

*Data Source* 2021 data from the National Bureau of Statistics of China: “Preliminary Accounting Results of GDP for the Fourth Quarter and the Whole Year of 2021”, January 18, 2022, National Bureau of Statistics of China website: [http://www.stats.gov.cn/tjsj/zxfb/202201/t20220118\\_1826497.html](http://www.stats.gov.cn/tjsj/zxfb/202201/t20220118_1826497.html). Data from 2025 to 2035 are estimated by Liu Shenglong.

freshwater resources only account for 6.5% of the world's share,<sup>71</sup> agricultural land only accounts for 11.0% of the world's total,<sup>72</sup> and the cultivated land area is only 3/4 of that of the United States.<sup>73</sup> The total population still accounts for 18.2% of the world's total.<sup>74</sup> The demand for agricultural products also continues to grow. From the perspective of development trends, the added value of the primary industry continues to grow, with an average annual growth rate of around 3%, which basically meets the needs of 1.4 billion people for agricultural products. At the same time, the proportion of agricultural added value in GDP will continue to decline—from 7.3% in 2021 to below 5% in 2035. The share of agricultural employment has also continued to decline. By 2035, a modern agricultural industry system will be basically established, which will become an important foundation for China's modern economic system. First, one must ensure food security. Chinese people's rice bowl must be firmly held in their hands at all times, and rice contained in the bowl must be mainly China-grown. China will provide a wide range of high-quality agricultural and sideline products for 1.4 billion consumers. Second, as the total number of agricultural labor force continues to decline,<sup>75</sup> it is expected that the total number of agricultural labor force will drop to less than 100 million by 2035. Its proportion of total employment will continue to decline, agricultural labor productivity will continue to increase, and the average annual growth rate will reach more than 4%. The narrowing of the relative gap in labor productivity levels in non-agricultural industries is also a basic way to increase the income of agricultural laborers. The

<sup>71</sup> Calculation Data Source: World Bank Database <https://data.worldbank.org/indicator/ER.H2O.INTR.K3?end=2020&locations=CN-US-1W&start=1991&view=chart>.

<sup>72</sup> Calculation Data Source: World Bank Database <https://data.worldbank.org.cn/indicator/AG.LND.AGRI.K2?end=2020&locations=CN-1W&start=1991&view=chart>.

<sup>73</sup> Calculation Data Source: World Bank Database <https://data.worldbank.org.cn6/indicator/AG.LND.ARBL.HA?end=2020&locations=CN-US&start=1991&view=chart>.

<sup>74</sup> Calculation Data Source: World Bank Database <https://data.worldbank.org.cn/indicator/SP.POP.TOTL?end=2020&locations=CN-1W&start=1991&view=chart>.

<sup>75</sup> The number of people employed in the primary industry in China dropped from 279.31 million in 2010 to 177.15 million in 2020, and the proportion of the primary industry's employment in China dropped from 36.7% to 23.6%. National Bureau of Statistics of China. *China Statistical Abstract 2021*. Beijing: China Statistics Press, 2021: 41.

third is that China's agricultural added value ranking first in the world will be increasingly consolidated, and its proportion occupied of the world total will remain around 30% (30.3% in 2020<sup>76</sup>). This means that China's per capita agricultural product consumption is equivalent to about twice the world average. Fourth, the contribution rate of agricultural science and technology progress will increase from 60% in 2020 to 64%<sup>77</sup> in 2025, and will reach more than 70% by 2035. Fifth, greater progress will be made in agricultural mechanization. The comprehensive mechanization rate of crop cultivation and harvesting will increase from 71.25% in 2020 to 75% in 2025. The total power of agricultural machinery in China will be stabilized at around 1.1 billion kilowatts. There will be improvement in the mechanization of commercial crop production, acceleration in the development of the mechanization of livestock and poultry aquaculture, active promotion of the mechanization of primary processing of agricultural products, acceleration in the improvement of the shortcomings of agricultural mechanization in hilly and mountainous areas, acceleration in the promotion of intelligent, green, and mechanization agriculture, and expansion and strengthening of the industrial chains and industrial clusters of agricultural mechanization. By 2035, the production of major crops will be fully mechanized throughout the entire process, agricultural production will be basically mechanized, and the layout will be formed that mechanization supports agricultural and rural modernization in an all-round and high-quality way.<sup>78</sup> In the future, China's agricultural modernization will achieve a higher level, and its basic position in the national economy will become more prominent, ensuring 1.4 billion consumers' high-quality demand for high-quality and diversified agricultural products.

**Basically, realize the modernization of the service industry.** The proportion of the added value of the tertiary industry in GDP will increase significantly, from 53.2% in 2021 to 58.0% in 2025, and to about 65% in 2035. The tertiary industry has become the industry with the largest number of employment in China, reaching 358.06 million in 2021, accounting for 47.7% of the total employment in the country,<sup>79</sup> but it is still lower than the average of world (50.6% in 2019) and far lower than OECD countries (72.6%).<sup>80</sup> By 2035, this proportion will reach more than 2/3, which will not only absorb the new labor force, but also absorb the labor force transferred from the primary and secondary industries. In the future, the development of China's service

<sup>76</sup> In 2020, China's agricultural added value (USD in 2015) is equivalent to 1.48 times that of OECD countries and 5.0 times that of the United States. Calculation Data Source: World Bank Database <https://data.worldbank.org/indicator/NV.AGR.TOTL.KD?end=2020&locations=CN-1W-US-OE&start=1991&view=chart>.

<sup>77</sup> "The Plan for Promoting Agricultural and Rural Modernization During the 14th Five-Year Plan Period (2021-11)". Chinese government website: [http://www.gov.cn/zhengce/content/2022-02/11/content\\_5673082.htm](http://www.gov.cn/zhengce/content/2022-02/11/content_5673082.htm).

<sup>78</sup> Ministry of Agriculture and Rural Affairs. "The Plan for China's Agricultural Mechanization During the 14th Five-Year Plan Period". January 2022. Economic Information Daily, 2022-01-06.

<sup>79</sup> National Bureau of Statistics of China. *China Statistical Abstract 2021*. Beijing: China Statistics Press, 2021: 41.

<sup>80</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/SL.SRV.EMPL.ZS?end=2020&locations=CN-1W-US-OE&start=1991&view=chart>.

industry will be more knowledge-intensive and information-intensive, and it will be a key area to meet people's growing demand for a better life.

**China has entered the “era dominated by services”.** In 2012, the proportion of added value of the tertiary industry exceeded that of the secondary industry, becoming the overall largest industry. The proportion of industrial added value in GDP continued to decline, from 40.0% in 2011 to 32.6% in 2021. The proportion of China's manufacturing industry to GDP has also dropped from 32.1% in 2011 to 26.2% in 2020.<sup>81</sup> This does not mean China is undergoing a “de-industrialization” or “de-manufacturing” process. On the one hand, it is necessary to stabilize the proportion of the added value of industry and manufacturing in GDP, and on the other hand, it is necessary to vigorously promote new industrialization. At the same time, the first, second, third and fourth industrial revolutions will be simultaneously completed, which we can label as a process of “parallel industrialization.” By 2035, the integration of the secondary industry and the tertiary industry will be higher, which is embodied in the mutual extension of the manufacturing and service industries. In particular, the development of artificial intelligence technology provides technical support for the integration of the two industries. At the same time, the integrated development of the primary industry, the secondary and tertiary industries have grown deeper. For example, the secondary industry provides equipment for the development of the primary industry, while the development of the tertiary industry will provide technological support, market support and production support for the development of the primary industry.

**New industrialization will be basically realized, and a powerful modern industrial system will be built in the world.** After 2011, China surpassed the United States to become the world's largest industrial producer. By 2020, the industrial added value (USD in 2010) was USD 5.77 trillion, accounting for 26.2% of the world's total, equivalent to 1.61 times the US's share (16.3% in 2019).<sup>82</sup> It is estimated that by 2025, the proportion of China's industrial added value in GDP will drop to 28.2%, but it will account for 23.5% of the world's industrial added value. By 2035, the proportion of China's industrial added value in GDP will account for 25.5% and the industrial added value will reach 27.7% of the world's total industrial added value. This is equivalent to 2.54 times the US industrial added value of the world's total (10.9%). China's industry has entered the stage of medium-high speed growth from high speed growth (above 7%), and the average annual growth rate of industrial added value from 2020 to 2035 is 4.5%, slightly higher than the world's average annual growth rate of 4.1% (see Table 3.4). This marks the transformation of China's industry from speed-based growth to high-quality, high-efficiency, and high value-added growth. By 2035, China will realize the major transformation from a large world industrial country to a world industrial power, which is the most important industrial foundation for China to become a world economic power.

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<sup>81</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?end=2020&locations=1W-CN-US&start=1982&view=chart>.

<sup>82</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/NV.IND.TOTL.KD?locations=CN-US-1W>.

**Table 3.4** Growth of industrial added value in China, the United States and the world (2020–2035)

Indicator	2020	2025	2030	2035	Growth rate and change in 2020–2035 (%)
World industrial added value (USD 1 billion)	220,686	269,792	329,824	403,214	4.1
China's industrial added value (USD 1 billion)	57,719	71,928	89,636	11,703	4.5
U.S. industrial value added (USD 1 billion)	36,879 (2019)	37,198	40,669	43,812	1.8
China's industrial added value of the world's total (%)	26.2	26.7	27.2	27.7	1.5
U.S. industrial added value of the world's total (%)	16.3	13.8	12.3	10.9	− 5.4

Note constant 2010 U.S. dollar

Source of Data in 2020: World Bank Database:

<https://data.worldbank.org.cn/indicator/NV.IND.TOTL.KD?locations=CN-1W-US>

The rest are calculated by the author

**The world manufacturing power will be basically built.** China is in the process of decreasing its proportion of manufacturing added value in GDP, from 29.0% in 2015 to 26.2% in 2020. This is higher than the proportion seen in developed countries such as the United States (10.9%, the United States). It has formed a number of world-class advanced manufacturing industries clusters. Additionally, the level of modernization of industrial chain and supply chain has been greatly improved and the level of modernization of industrial chain and supply chain has also been greatly improved.<sup>83</sup> This has allowed China to enter the middle and high end of the global value chain—China has formed a group of world-class enterprises with global competitiveness. Additionally, China has a group of the world's most influential brands<sup>84</sup> and “Made in China” has approved by the world. By 2035, China will realize its transformation from a large manufacturing country to a world manufacturing power. The manufacturing industry is also one of the most important industrial foundations for China to become a world economic power.

The deep integration of the Internet, big data, artificial intelligence and the real economy will form a group of digital industry clusters with international competitiveness, and the level of digital intelligence in public services, social governance and other fields will also be greatly improved.<sup>85</sup> In addition, **the “three new” economy**

<sup>83</sup> See Footnote 28.

<sup>84</sup> Among the World's 500 Most Influential Brands compiled by the World Brand Lab, China has increased from 17 brands in 2010 to 66 brands in 2018, and dropped to 44 brands in 2021, falling to the fourth place in the world. Data Source: World Brand Lab: <https://www.worldbrandlab.com/world/2021/202112/>.

<sup>85</sup> See Footnote 28.

**has become an important economic pillar,<sup>86</sup> and its proportion in GDP will increase from 16.7% in 2020 to more than 1/4 in 2035.**

**A new type of urbanization will be realized.** This will happen through adhering to the urbanization path with Chinese characteristics, accelerating the urbanization of people from rural areas, promoting the integrated development of urban clusters, and improving the spatial layout of urbanization (see Fig. 3.1). By 2035, the urbanization rate of China's permanent population will increase from 63.9% in 2020 (which has exceeded the world's average of 56.1%) to 78–80% in 2035, close to the level of OECD countries (81% in 2020).<sup>87</sup> This also marks four-fifths of the population reaching middle-income levels. Urbanization reshapes China's economic geography, leading to the coordinated development of the world's largest urban clusters, large, medium and small cities and small towns. The quality of cities has been significantly improved and the population urbanization rate has increased to a new level. Public services have grown to cover all permanent residents. Public security has grown to cover the actual population including domestic and foreign tourist groups, and a new type of urbanization with people as the core has been functionally realized. By 2035, China's coastal and riverside port systems will be complete and more modernized, with a higher level of connectivity with other transportation infrastructure. The level of coordination between sea and land will grow, the scale of the marine economy and its proportion in GDP will be further increased, and the goal of becoming a marine power will be basically achieved.

**Build the world's largest market entity.** The report to the 20th National Congress of the Communist Party of China clearly stated the goal of “building a high-level socialist market economic system”, which includes accelerating the construction of world-class enterprises and building a unified national market.<sup>88</sup> The number of market entities in China increased from 490,000 in the early stage of reform and opening up to 77.469 million in 2015, and further increased to 150 million by the end of 2021. The main reasons for the vigorous development of market players are the continuous improvement of China's marketization level and the continuous improvement of the business environment. Full play is given to the initiative and creativeness of market entities, which injects fresh impetus to China's economy. It is necessary to build a group of world-class enterprises. In addition, the huge number of market players will inevitably give birth to a large number of large enterprises with global competitiveness. In 2010, the number of Fortune 500 companies in China was 54 (including Hong Kong, Macao and Taiwan companies, and 43 in mainland China), which will increase to 143 by 2021 (including Hong Kong, Macao and Taiwan companies, and 135 in mainland China). This has surpassed the

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<sup>86</sup> China's “three new” economy of new industries, new business forms and new business models has grown rapidly, with the added value rising from 10.15 trillion in 2015 to 14.54 trillion in 2018, with an average annual growth rate of 12.7%. The proportion of “three new” economy in China's GDP has increased from 14.8% to 16.1% in 2020. National Bureau of Statistics of China: *China Statistical Abstract 2021*, Beijing: China Statistics Press, 2021: 13.

<sup>87</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/SP.URB.TOTL.IN.ZS?locations=CN-OE-1W>.

<sup>88</sup> Jinping (2022, p. 17).

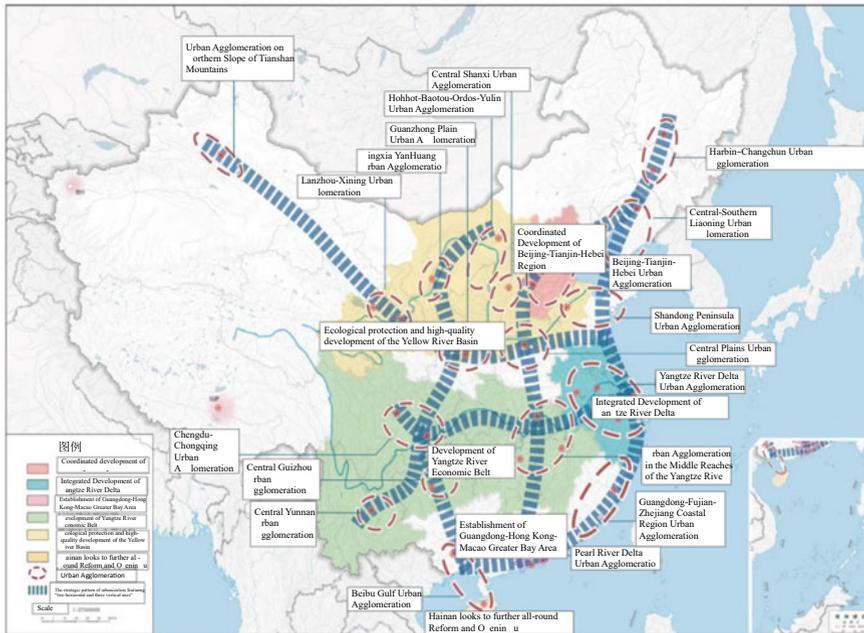


Fig. 3.1 Schematic diagram of the spatial pattern of urbanization. Source “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”, March 2021

number of companies in the United States (122).<sup>89</sup> To this end, the State-owned Assets Supervision and Administration Commission of the State Council proposed that Chinese central State-owned enterprises should take world-class enterprises as their development standards and work to continuously improve themselves. The development standards include: becoming a leading enterprise that dominates the allocation of international resources, a leading enterprise that leads the technological development of the global industry, and a leading enterprise that has the right to speak and influence in the development of the global industry; leading in efficiency, efficiency and quality; becoming a model of practicing green development concept, a model of fulfilling social responsibilities, and a model of a world-renowned brand image. At the 24th meeting of the Central Committee for Comprehensively Deepening Reforms, the “Guiding Opinions on Accelerating the Construction of World-Class Enterprises” was reviewed and approved. General Secretary Xi Jinping pointed out: “We are accelerating the construction of a group of world-class enterprises with excellent products, outstanding brands, leading innovation and modern

<sup>89</sup> Data Source: Fortune 500—Fortune China website: <https://www.fortunechina.com/fortune500/index.htm>.

governance.”<sup>90</sup> Among the Fortune Global 500 in 2021, the number of central State-owned enterprises increased from 43 in 2012 to 47 in 2022, and the main efficiency indicators of central enterprises in industries such as power generation, shipping, and ships reached world-class levels. There are 95 state-owned enterprises in total.<sup>91</sup> The number of central State-owned enterprises that have entered the Global 500 2022 has increased from 13 in 2012 to 21 in 2022. They have created a number of national business cards with independent intellectual property rights such as high-speed rail, nuclear power, and UHV. A number of corporate brands with industry influence and an established reputation have been cultivated.<sup>92</sup> It is expected that by 2035, the number of China’s Fortune Global 500 companies will continue to increase. Both history and the future prove: if there is prosperous enterprise, there will be a prosperous country; if there is strong enterprise, there will be a strong country.

By 2035, the unified, open, competitive and orderly market system, income distribution system, urban and rural regional development system, green development system, and comprehensive opening-up system will be more complete. The construction of a modern economic system will provide important support for the basic realization of modernization.

**We will build a new system of a comprehensive and open economy, and integrate into the global economy in a larger scale and more deeply manner.** China will significantly enhance the comprehensive strength and competitiveness of its foreign trade, consolidate its position as the largest trader in goods, implement a comprehensive opening-up import promotion strategy, accelerate the transformation from export-oriented growth to import-oriented growth, and become the world’s largest importer of goods as soon as possible.<sup>93</sup> China is actively expanding and improving the consumption welfare of domestic residents and the production welfare of market entities.<sup>94</sup> A large “Chinese Market” will provide services to more than 240 countries and regions in the world and will achieve a basic balance between import and export of goods (the proportion of current account surplus against GDP will be less than 1.0%). China will significantly improve its ability to export services to foreign countries, provide “Chinese services” to the world, and achieve a basic balance between service imports and exports. It will significantly enhance the strength and competitiveness of Chinese foreign investment, providing “Chinese

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<sup>90</sup> Xinhua News Agency, Beijing, February 28, 2022. People’s Daily Online: <http://cpc.people.com.cn/n1/2022/0301/c64094-32362007.html>.

<sup>91</sup> Peiyu (2022).

<sup>92</sup> State-owned Assets Supervision and Administration Commission of the State Council: “High-quality Development Report of Chinese Central State-owned Enterprises (2022)”, November 20, 2022. <https://mp.weixin.qq.com/s/9PO3edFv0eAavgvqek21-Q>.

<sup>93</sup> In 2021, China’s total imports of goods accounted for 11.9% of the world’s total, while the exports of goods accounted for 15.1% of the world’s total. This demonstrates an increase of at least 3.2 percentage points. The calculated data come from World Trade Organization database, Data Source: Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 202.

<sup>94</sup> We estimate that in 2021 alone, China achieved a balance of import and export of goods, and its import dividend accounted for 3.8% of GDP.

investment” to the world, and achieve a basic balance between attracting foreign capital and foreign investment. It will accelerate the liberalization of trade and investment services to achieve a basic balance of international payments and accelerate the internationalization of the CNY to effectively reduce USD foreign exchange reserves. It will vigorously support the overall rise of emerging market countries and southern countries, and actively promote the high-quality development of the joint construction of the “Belt and Road.” Connecting the dual circulation for domestic and foreign markets and through the construction of the open domestic economy and international economy, China will build a trade and investment economy and technological community. There will be continuing efforts to strengthen macroeconomic policy coordination with international institutions, effective handling of various international economic and financial crises, and full play will be given to the world’s largest economic growth engine and macroeconomic stabilizer as the largest free trade country in the world.

### 3.6 Entering the Forefront of the World’s Innovative Countries

On March 13, 2021, the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China” (hereinafter referred to as the “Outline of the 14th Five-Year Plan and the Long-Range Objectives Through the Year 2035”) proposed the following: by 2035, the goal of China’s scientific and technological development is that its scientific and technological strength will jump significantly, key core technologies will achieve major breakthroughs, and China will enter the forefront of innovative countries.<sup>95</sup> In particular, the general goal of China’s scientific and technological innovation proposed by General Secretary Xi Jinping’s investigation in Fujian was set to “enter the world’s first phalanx of scientific and technological development”.<sup>96</sup> The report to the 20th National Congress of the Communist Party of China once again clearly stated that by 2035, China’s scientific and technological strength will increase significantly with great self-reliance and strength in science and technology. We adhere to the facts that science and technology are the primary productive forces, talent is the primary resource, and innovation is the primary driving force. We must thoroughly implement the strategy of rejuvenating the country through science and education, the strategy of strengthening the country with talents, and the strategy of innovation-driven development. We must open up new fields and new tracks for development, and constantly actively work to shape new development momentum and new advantages.<sup>97</sup>

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<sup>95</sup> China government website: [http://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](http://www.gov.cn/xinwen/2021-03/13/content_5592681.htm).

<sup>96</sup> Database of Xi Jinping’s important speeches: <http://jhsjk.people.cn/article/32060807>, published on March 25, 2021.

<sup>97</sup> Jinping (2022, pp. 15, 19).

I quantitatively evaluated the leap-forward development of China's scientific and technological strength from 2000 to 2020. China has shifted from a technological catch-up country to a technological innovation country, from the second phalanx of the world's science and technology to the first phalanx, from the accumulation of quantity to the leap of quality, all achieving a historic leap forward. These developments fully reflect the political advantages of the Party's overall leadership, the advantages of the national innovation-driven development strategy, the new national system under the socialist market economic system, the scientific and technological human resources, and the domestic market scale.<sup>98</sup> Technology has become the primary productive force, and innovation has become the main driving force.

**Increase the intensity of R&D investment and become the world's largest R&D investor.** The total amount and growth rate of R&D expenditure and its proportion in GDP are key indicators reflecting a country's technological innovation capability. The ratio of China's R&D expenditure to GDP (that is, R&D expenditure) increased from 1.0% in 2000 to 2.44% in 2021. According to the calculation of GDP (PPP, international dollar in 2017) and R&D expenditure intensity in the World Bank database, China's R&D expenditure has increased from 45.1 billion international dollars in 2000 to 552 billion international dollars in 2020, with an average annual growth rate of 13.3%. This is 11.0% points higher than the average annual growth rate of the United States (2.3%). China is the country with the fastest growth in R&D expenditure in the world. The elasticity coefficient for GDP growth is as high as 1.264, that is, the average annual growth rate of GDP has increased by 1 percentage point, and the average annual growth rate of R&D expenditure is increased by 1.264 percentage points. In 2021, China's total R&D investment reached CNY 2.79 trillion, equivalent to 607.1 billion international dollars, surpassing the United States for the first time (560.8 billion international dollars in 2020). The "14th Five-Year Plan" proposed for the first time that "the R&D investment of the whole society will increase by more than 7% annually, and we will strive to make the investment intensity higher than that of the '13th Five-Year Plan' period". It is expected that the R&D investment intensity will reach more than 2.6% by 2025, reaching the average level of OECD countries (2.6% in 2018<sup>99</sup>). By 2030, it will reach more than 2.8% and increase to more than 3.0% by 2035, higher than that of the United States (2.8% in 2018).<sup>100</sup> It is estimated that the proportion of China's R&D expenditure in the world will increase from 1/5 in 2020 to 1/4 in 2035, reaching 1.6 trillion international dollars, equivalent to 1.78 times that of the United States, accounting for 1/4 of the world's proportion (see Table 3.5). This will allow China to assume a ranking of first in the world, still maintaining an obvious comparative advantage and forming a strong competitive advantage. The state supports basic research in a long-term and

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<sup>98</sup> Hu Angang. "The Great Leap Development and Outlook of China's Scientific and Technological Strength (2000-2035)". Journal of Beijing University of Technology (Social Science): 1-15[2022-02-19]. <http://kns.cnki.net/kcms/detail/11.4558.G.20211027.1047.002.html>.

<sup>99</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS?end=2020&locations=CN-OE&start=1982&view=chart>.

<sup>100</sup> Data Source: World Database: <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS?end=2020&locations=CN-OE-US&start=1982&view=chart>.

**Table 3.5** R&D expenditures in China and the United States and their share of the world total (2020–2035)

Indicator	2020	2025	2030	2035
<i>R&amp;D expenditure to GDP (%)</i>				
China	2.40	2.6	2.8	3.1
U.S	2.83	2.95	3.1	3.2
World	2.20	2.5	2.65	2.8
<i>R&amp;D expenditure (1 billion international dollars)</i>				
China	5520	8398	11,614	16,002
U.S	5608	6829	7880	8943
World	27,624	40,816	52,141	64,449
<i>R&amp;D share in the world (%)</i>				
China	19.98	20.6	22.3	24.8
U.S	20.30	16.7	15.1	13.9
China/U.S. (%)	98.42	123.4	147.4	178.4

Calculation Data Source for 2020: World Bank Database:

GDP (PPP, international dollar in 2017): <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?end=2020&locations=1W-US-CN&start=1990&view=chart>

R&D as a percentage of GDP (%):

<https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS?end=2020&locations=1W-US-CN&start=1990&view=chart>

stable manner, and encourages the whole of society, especially enterprises, to invest in basic research. There will be an increase in the proportion of basic research in total R&D expenditure from 6.1% in 2021 to more than 8% in 2025, and it will reach more than 10% by 2030. According to the statistics of the Web of Science database, from 2012 to 2021, the number of scientific research papers published in China showed a continuous growth trend, ranking second in the world for 10 consecutive years. In May 2021, China surpassed the United States and ranks first in the world.<sup>101</sup> This all has made China one of the largest science centers in the world, building several global science and technology innovation centers.<sup>102</sup>

**China is strengthening its national strategic scientific and technological might** and adhering to the core position of innovation in China's overall construction.<sup>103</sup> The national innovation system is more complete, and it has long-term and stable support to build a number of world-class scientific research institutions and innovative enterprises, becoming the world's largest innovation center and R&D

<sup>101</sup> Chinese Social Sciences Today, March 18, 2022, 1st edition.

<sup>102</sup> According to the "Global Innovation Hubs Index (GIHI) 2020" (November 2020) jointly released by the Center for Industrial Development and Environmental Governance at Tsinghua University and Springer Nature, for the overall GIHI ranking, Beijing ranks 5th, Shanghai ranks 17th, and Shenzhen ranks 25th. For research innovation, Beijing ranks 8th. For innovation economy, Beijing ranks 3rd, Shenzhen ranks 4th and Shanghai ranks 5th.

<sup>103</sup> See Footnote 88.

base. China will improve new whole-nation systems, help implement a number of forward-looking and strategic national major scientific and technological projects, and advance the deployment of cutting-edge technology and disruptive technology research and development. National scientific and technological teams such as the Chinese Academy of Sciences have become an important part of the national strategic scientific and technological strength, representing the highest level of scientific and technological innovation in China. The country should steadily strengthen investment and support, especially in major basic research frontiers and key areas to achieve major breakthroughs. At present, colleges and universities have established more than 60% of the national key laboratories, gathering more than 60% of the national high-level talents, and undertaking more than 80% of the National Natural Science Foundation projects of China. In the field of higher education, following the “211 Project” and “985 Project”, the “First-class universities and disciplines of the world” has been implemented, and National and local governments have worked together to jointly built a number of world-class universities and first-class disciplines, especially offering support for the development of high-level research-oriented universities and cultivating an increasing number of basic research talent. China continues to expand the scale of graduate students, doctoral students, and postdoctoral fellows, giving full play to the strengths of research-oriented and applied-oriented universities, and strengthening the cultivation of research-oriented (academic) and application-oriented talent (such as professional degrees) that are large-scale, innovative and competitive. In line with the goal of more universities and disciplines entering the world's leading ranks in 2030 and the goal of building China with strong education and talents in 2035, it is necessary to formulate a second national medium and long-term talent development planning outline, according to “We will speed up efforts to build a contingent of personnel with expertise of strategic importance and cultivate greater numbers of master scholars, science strategists, first-class scientists and innovation teams, young scientists, outstanding engineers, master craftsmen, and highly-skilled workers.” proposed in the report to the 20th National Congress of the Communist Party of China.<sup>104</sup>

**Achieve major breakthroughs in key core technologies. Take the lead in the world in major emerging strategic science and technology fields,** and create more original achievements that have an important impact on the development of world science and technology and the progress of human civilization. China will adhere to the path of independent innovation with Chinese characteristics, make major breakthroughs in key common technologies, cutting-edge leading technologies, modern engineering technologies, and disruptive technological innovations, realize independent and controllable key core technologies,<sup>105</sup> and overcome major bottlenecks restricting national defense science and technology; implement strategies of invigorating the country in major fields, and **build a world power in space, information, network, intellectual property, etc.**

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<sup>104</sup> Jinping (2022, p. 20).

<sup>105</sup> See Footnote 28.

**Build the world's largest knowledge-intensive industry. At present, the number of trademark registrations, patent ownership and international patent applications in China has ranked first in the world for many years.** The knowledge-intensive service industry has become an important pillar industry in China and its added value has increased from 20% to about 1/4 of GDP. Among them, patent-intensive industries have become one of the most important knowledge-intensive service industries in China. In 2020, the added value of patent-intensive industries in China has reached CNY 12.13 trillion, accounting for 11.97% of GDP and 15.7% of contribution rate to GDP growth<sup>106</sup>; by 2035, its proportion in GDP will reach more than 16%,<sup>107</sup> and the contribution rate to GDP growth will reach more than 20%. This will lead to it becoming an important support for high-quality economic development. According to the national "14th Five-Year Plan", the indicator of invention patents per 10,000 population is no longer adopted, but the indicator of high-value invention patents per 10,000 population will instead be used.<sup>108</sup> This value will increase from 6.3 in 2020 to 12 in 2025.<sup>109</sup> The total number of high-value invention patents will increase from 889,000 to 1.72 million, and China will strive to double the value again by 2035. China has become the country with the largest number of international patent applications under the Patent Cooperation Treaty (PCT)<sup>110</sup> and continually strives to more than triple the international patent applications by 2035 to about 200,000. This will help provide the world original Chinese technological inventions, technological innovations and technological applications and help China become an important contributor to the world's scientific and technological progress.

**Build the world's largest digital economy.** China has built the world's largest optical fiber and fourth-generation mobile communication (4G) network, and the construction and application of fifth-generation mobile communication (5G) network is accelerating. The penetration rate of broadband users has increased significantly, with fiber users accounting for more than 94%, mobile broadband users reaching 108%, and the number of active Internet Protocol Version 6 (IPv6) users reaching 460 million, becoming a main technology for the development of the digital economy.

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<sup>106</sup> Data from the State Intellectual Property Office, National Bureau of Statistics of China, "Bulletin on the Value-added Data of National Patent Intensive Industry in 2020", January 5, 2022.

<sup>107</sup> In 2019, EU patent-intensive industries accounted for 16.1% of GDP.

<sup>108</sup> The number of high-value invention patents per 10,000 population = the number of high-value invention patents/total population (10,000 people). High-value invention patents include: (1) valid invention patents in strategic emerging industries; (2) valid invention patents with overseas patent family member(s); (3) valid invention patents maintained for more than 10 years after grant; (4) valid invention patents that realizes a higher amount of pledged financing; (5) valid invention patents that win the State Science and Technology Awards or the China Patent Awards.

<sup>109</sup> "Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China", March 2021, China Government Website: [http://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](http://www.gov.cn/xinwen/2021-03/13/content_5592681.htm).

<sup>110</sup> In 2021, China filed 69,540 applications through WIPO's Patent Cooperation Treaty (PCT) system, becoming the largest user of the PCT system designed to stimulate and disseminate innovation, equivalent to 1.16 times the number of US applications (59,570 applications). World Intellectual Property Organization website: [https://www.wipo.int/pressroom/en/articles/2021/article\\_0011.html](https://www.wipo.int/pressroom/en/articles/2021/article_0011.html).

The digital economy is the main economic mainstay after the agricultural economy and the industrial economy. It takes data resources as the key element and utilizes modern information networks as the main carrier. The digital transformation of various areas has become an important driving force to promote this new economic development model that is more unified with stronger elements of fairness and efficiency. According to the “a plan to facilitate development of the digital economy in the 14th Five-Year Plan period (2021–2025)”, by 2025, the digital economy will enter a period of comprehensive expansion, and the added value of the core industries of the digital economy will account for 10% of GDP,<sup>111</sup> making it an important pillar industry and basic industry in China. The penetration rate of industrial Internet platforms will reach 45%, the national online retail sales will reach CNY 17 trillion, and the scale of e-commerce transactions will reach CNY 46 trillion. The ability of digital innovation to lead development has been greatly improved. The level of intelligence has been obviously strengthened and remarkable progress has been made in integrating digital technology with the real economy. The digital economy governance system has further improved, and the competitiveness and influence of China's digital economy have steadily increased. By 2035, the digital economy will have moved towards a period of prosperity and maturity, forming a modern market system for the digital economy that is unified, fair, competitive, and mature. The basis of digital economy and the development level of industry system enter the forefront of the world.<sup>112</sup> By guiding the high-quality development of the entire national economy and society with the digital economy, the world's largest country with a digital economy, a digital society, digital schools, a digitally advanced government, and digital families will be built.

**Build the world's largest domestic technology market.** The rapid growth of China's technology market transaction volume has become one of the important symbols of an innovative world power. The transaction volume rose from CNY 65.1 billion in 2000 to CNY 2,825.2 billion in 2020, equivalent to 43.4 times the value of 2000, maintaining an average annual growth rate of 20.7%. This is also significantly higher than the average annual growth rate of R&D expenditure, equivalent to an

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<sup>111</sup> The core industries of the digital economy include: (1) All subcategories of “computer, communication and other electronic equipment manufacturing”; (2) Mechanical and electrical equipment manufacturing (including some sub-categories of “electrical machinery and equipment manufacturing”, etc.); (3) Electronic equipment manufacturing (including some sub-categories of “instrument manufacturing”, etc.); (4) All subcategories of “telecommunications, radio and television and satellite transmission services”; (5) Internet services (including all sub-categories of “Internet and related services”, etc.); (6) All subcategories of “software and information technology services”; (7) Cultural digital content services (including all sub-categories of “radio, television, film and recording production”, etc.).

The Finance and Economy Committee of the National People's Congress and National Development and Reform Commission: Interpretations on the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China”, China Planning Press, March 2021, 1st edition, p. 223.

<sup>112</sup> “Notice of the State Council on Printing and Distributing the 14th Five-Year Plan for the Development of the Digital Economy” (The Bulletin of the State Council of the People's Republic of China No. 3, 2022), February 9, 2022.

increase in the ratio of GDP from 0.65% to 2.79%, which is already higher than the ratio of R&D expenditure to GDP (2.40%). The positive interaction between R&D investment and technology market output economic benefits will be formed and will exceed the initial level of R&D expenditure. It is expected that China will develop into the world's largest R&D industry system and technology market system by 2025. According to the "Outline for Building a Country Strong on IPR (2021–2035)" (September 2021), by 2035, China's comprehensive competitiveness in intellectual property will rank among the top in the world, the intellectual property system will be complete, intellectual property will promote the vigorous development of innovation and entrepreneurship, the awareness of intellectual property rights in the whole society will have basically taken shape, the international cooperation pattern of comprehensive and multi-level participation in the global governance of intellectual property will have been basically formed, and a strong intellectual property country with Chinese characteristics and world-level intellectual property will have been basically established.<sup>113</sup> China will become the world's largest international technology market to make large contribution to worldwide innovation.

Enter the forefront of innovative countries in the world. China's economy has shifted from a stage of high-speed growth to a stage of medium–high-speed growth, and it will further downshift to a medium-speed growth stage in the future. Although the economic growth rate has declined, the supporting role of scientific and technological innovation on economic development has become increasingly prominent, and the economic growth model has gradually changed from being factor-driven to innovation-driven. It will play a fundamental supporting role in the development goal of basically realizing modernization. To this end, the first step is to **reiterate the goal of realizing the modernization of science and technology** as the core goal of basically realizing socialist modernization. With the core strategic goal of building an innovation-oriented country, China must give full play to the fundamental supporting role of scientific and technological modernization in realizing economic modernization, and lead its economic modernization with scientific and technological modernization. **The second is to use 10 years to achieve the target of "science and technology indicators multiplying"**, that is, to double the main science and technology development indicators in 10 years, with an average annual growth rate of 7.2%, which is higher than the economic growth rate. It will be considered as the anticipated target. The status and strength of the world's scientific and technological power will be further improved. China will basically achieve scientific and technological modernization by 2030, and enter the forefront of innovative countries by 2035. **The third is to start to formulate the second outline of the national medium- and long-term program for science and technology development and the outline of the national medium- and long-term talent development plan.** This involves putting forward guidelines, formulating the overall goals, specific indicators and overall arrangements for 2025, 2030 and 2035, defining major innovation

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<sup>113</sup> The Central Committee of the Communist Party of China and the State Council issued the "Outline for Building a Country Strong on IPR (2021–2035)", September 22, 2021. Chinese government website: [http://www.gov.cn/zhengce/2021-09/22/content\\_5638714.htm](http://www.gov.cn/zhengce/2021-09/22/content_5638714.htm).

projects and key projects, making science and technology the primary productive force, making innovation the primary driving force for development, and putting science and technology the primary strength of the country. China will achieve a major transformation from a world large country with science and technology to a world science and technology power enter the forefront of the world's innovation countries, and make a huge contribution to the world's scientific and technological innovation.<sup>114</sup>

### 3.7 Building the World's Largest Modern City

The level of urbanization in China has improved significantly. The total urban population has increased from 722 million in 2012 to 914 million in 2021, an increase of 192 million, equivalent to 27.0% of the world's urban population increase of 710 million in the same period.<sup>115</sup> It has also become the biggest engine driving China's economic and social changes and urbanization in the world. China's urbanization rate has increased from 53.10% in 2012 to 64.72% in 2021, which is higher than the world's average urbanization level (57%)<sup>116</sup> and exceeds the expected target proposed by the "National New Urbanization Plan (2014–2020)" that the urbanization rate of the permanent population in 2020 is about 60%, which is equivalent to an increase of 56.48 million urban permanent residents. Among them, there are 16 cities with an urban permanent population of more than 10 million. China has accelerated the implementation of a strategic pattern of urbanization featuring "two horizontal and three vertical axes".<sup>117</sup> In 2017, the national urban built-up area reached 56,225 km<sup>2</sup>, accounting for only 0.58% of the country's land area (9.6 million km<sup>2</sup>), carrying two-thirds of the total population and producing 90% of total GDP. China's urban infrastructure capacity and service level have been continuously improved, the comprehensive urban carrying capacity has gradually increased, the urban living environment has been significantly improved, and the quality of life of the people has continued to improve—reaching the level of medium-developed countries. In 2020, China had 493 thousand km urban roads, with the operating mileage of urban rail

<sup>114</sup> Hu Angang. "The Great Leap Development and Outlook of China's Scientific and Technological Strength (2000-2035)". *Journal of Beijing University of Technology (Social Science)*: 1–15[2022-02-19]. <http://kns.cnki.net/kcms/detail/11.4558.G.20211027.1047.002.html>.

<sup>115</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.URB.TOTL?locations=1W-CN&start=1984&view=chart>.

<sup>116</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=1W-CN&start=1984&view=chart>.

<sup>117</sup> The so-called "two horizontal and three vertical axes" refers to a strategic pattern of urbanization that the land bridge channel and the Yangtze River channel are the two horizontal axes, and the coastal line, Beijing-Harbin Railway, Beijing-Guangzhou Railway, and Baotou-Kunming Railway are the three vertical axes. Major city clusters are the support and other urbanized areas and cities on the axes are important components. See the "Outline of the Twelfth Five-Year Plan for National Economic and Social Development of the People's Republic of China," Fig. 4 a strategic pattern of urbanization featuring "two horizontal and three vertical axes".

transit reaching 6600 km which is 1.20 times the figure in 2015. By the end of 2021, 51 cities across the country have constructed and operated urban rail transit systems and online car-hailing has now covered more than 300 cities above the prefecture level in China. The average daily reservation amount is about 21 million.<sup>118</sup> The water penetration rate has increased to 99.0%, exceeding the original target of 90%. The urban sewage treatment rate has reached 97.5%, the urban gas penetration rate has reached 97.9%, the harmless treatment rate of domestic waste has reached 99.7%, and the green area rate in the built-up areas has reached 38.2%.<sup>119</sup>

In the future, in accordance with the requirements of the report to the 20th National Congress of the Communist Party of China: China will advance people-centered new urbanization and work faster to grant permanent urban residency to eligible people who move from rural to urban areas. China will leverage the role of city clusters and metropolitan areas to promote coordinated development of large, medium, and small cities and push forward with urbanization that is centered on county seats. Guided by the principle that cities should be built by the people and for the people, China will improve urban planning, construction, and governance, move faster to change the development models of super-large and mega cities and carry out urban renewal projects and improve urban infrastructure to build livable, resilient, and smart cities.<sup>120</sup>

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<sup>118</sup> Hui (2022).

<sup>119</sup> Ministry of Housing and Urban–Rural Development, National Development and Reform Commission: “14th Five-Year Plan for National Urban Infrastructure Construction”, July 2022, Ministry of Housing and Urban–Rural Development website: [https://www.mohurd.gov.cn/gongkai/fdzdgknr/zfhcxjsbwj/202207/20220729\\_767388.html](https://www.mohurd.gov.cn/gongkai/fdzdgknr/zfhcxjsbwj/202207/20220729_767388.html).

<sup>120</sup> Jinping (2022, p. 18).

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# Chapter 4

## Promoting Common Prosperity for All People by 2035



The Fifth Plenary Session of the 19th CPC Central Committee clearly stated: By 2035, our country's GDP per capita will reach the level of medium-developed countries, the middle-income group will be significantly expanded, the basic public services will be equalized, and the gap between urban and rural regional development and the gap in living standards will be significantly narrowed; people's lives will be better, and people's all-round development will be improved. More obvious substantive progress will be made for the common prosperity of all people.<sup>1</sup> General Secretary Xi Jinping specifically pointed out: this is the first time this kind of expression has been given in an official document of the Party. It not only points out the direction and goal of struggle, but also seeks truth from facts, conforms to the law of development, and takes into account needs and possibilities. It is ultimately conducive to positive and stable implementation of our strategies. It will allow us to move forward on the road of promoting common prosperity for all people.<sup>2</sup>

From building a moderately prosperous society that benefits 1.4 billion people in an all-round way to common prosperity for all people, this is the continuation and expansion of the first centenary goal and the core task of realizing the second centenary goal. Based on the above development tasks, we can look forward to the basic realization of socialist modernization in China by 2035, and make medium and long-term forecasts and analysis of major social development goals and indicators.

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<sup>1</sup> "CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035" Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

<sup>2</sup> Xi Jinping: "Explanation on the 'CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035'", November 3, 2021.

## 4.1 People's Living Standards Reaching the Level of a Moderately Developed Country

**The per capita disposable income of urban and rural households in China is growing at a medium and high speed.** The average growth rate during the period from 2020 to 2035 will remain at about 5%, which is basically in line with the GDP growth. China remains one of the major countries with a relatively high growth rate in terms of the per capita income. It will take about 15 years, based on the constant price of the international dollar in 2017 (the same below), to double the income of residents from that of 2020 by 2035.

**China's middle-income group will expand significantly and become the world's largest middle-income group.**<sup>3</sup> From the perspective of international comparison, the World Bank's definition of middle income means that the per capita daily income or expenditure is 10–100 international dollars, and the per capita annual income nationwide will increase from 8394 international dollars in 2021 to 16,600 international dollars in 2035 (see Table 4.1), that is to say it will be doubled in fifteen years. The average annual income of each household in the country (calculated based on 2.6 people, according to the data of the seventh national census in 2020<sup>4</sup>) is about 36,000 international dollars. Calculated in international dollars per capita per day, the income rose from 23 international dollars in 2021 to more than 28 international dollars in 2025, and to more than 45 international dollars in 2035. In the process of continuous growth of per capita income, the proportion of high-income and middle-income groups continues to increase. The sources of income of residents across the country are more diversified. In addition to salary income, the proportion of net business income, net income from property and net income from transfer has been increasing.

**The per capita consumption expenditure of urban and rural households in China is growing at medium and high speed.** It will remain at a growth rate of about 5% during the period of 2021–2035, growing in line with the GDP. From an international comparison, the per capita daily consumption expenditure of Chinese residents has increased significantly, from 13.8 international dollars in 2021 to about 20 international dollars in 2025, and to about 32 international dollars in 2035. The final consumption expenditure nationwide will rise from 9.16 trillion international dollars in 2020 to about 18.68 trillion international dollars in 2035, equivalent to 2.0 times that of 2020, making it the world's largest and most potential household consumption market with huge room for growth. To this end, the core of implementing the strategy of actively expanding domestic demand is, to actively expand the consumption demand of 1.4 billion consumers and 500 million households, so as to better realize the individualization, diversification and maximization of consumer welfare. This has become the main driving force for domestic demand to support the sustainable medium and high-speed growth of China's economy.

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<sup>3</sup> Han [1].

<sup>4</sup> Data Sources: National Bureau of Statistics [2]: 29.

**Table 4.1** Per capita income, consumption expenditure and Engel's coefficient of Chinese residents (2021–2035)

Index	2021	2025	2030	2035
Total per capita disposable income of nationwide residents (CNY)	35,128	43,151	54,495	69,550
Total per capita disposable income of nationwide residents (international dollars)	8394	10,274	13,202	16,619
Per capita disposable daily income of residents (international dollars)	23.0	28.1	36.2	45.5
Total per capita consumption expenditure of nationwide residents (CNY)	21,210	30,237	38,591	49,253
Total per capita consumption expenditure of nationwide residents (international dollars)	5020	7318	9340	11,769
Per capita daily consumption expenditure of residents (international dollars/day)	13.8	20.0	25.6	32.2
Engel's coefficient of households (%)	29.8	26.4	24.3	22.0

Explanation: the data of 2021 are from National Bureau of Statistics, and the website is:

[http://www.stats.gov.cn/tjsj/zxfb/202201/t20220117\\_1826403.html](http://www.stats.gov.cn/tjsj/zxfb/202201/t20220117_1826403.html)

The data of 2025 to 2035 are predicted by the author

The per capita income of residents in international dollars in 2017 adopts the PPP conversion factor of private consumption, and it is 4.185 in 2020

In 2017, the per capita consumption expenditure of residents in international dollars adopts the private consumption PPP conversion factor, and it is 4.225 in 2020

The data are from World Bank database

<https://data.worldbank.org.cn/indicator/PA.NUS.PPP?end=2020&locations=CN&start=1990&view=chart>

<https://data.worldbank.org.cn/indicator/PA.NUS.PRVT.PP?end=2020&locations=CN&start=1990&view=chart>

**The consumption structure of urban and rural residents in China has changed from an affluent consumption structure to a medium-developed consumption structure.** By 2021, the Engel's Coefficient of urban and rural households will drop to 27.6% and 30.0% respectively, showing convergent tendencies; it is expected that by 2025, the Engel's Coefficient of urban households will drop below 25%, which is close to that of medium-developed countries, and the Engel's Coefficient of rural households rural households will drop to below 26%. By 2035, the Engel's Coefficient of urban and rural households will drop to about 22% (see Table 4.1). From the perspective of consumption structure, a typical basic trend is that the service consumption of households in China has risen rapidly, exceeding the proportion of commodity consumption. The housing level of urban and rural residents will reach or exceed the level of medium-developed countries, the per capita living area of urban and residents will increase from 39.8 m<sup>2</sup> in 2019 to 50 m<sup>2</sup> in 2035, and the per capita housing area of rural residents will increase from 48.9 m<sup>2</sup> to more than 60 m<sup>2</sup>. This will help and encourage urban and rural residents to accumulate

more and more household assets.<sup>5</sup> It can be expected that by 2035, the actual living standard and quality of urban households in China will reach the level of developed countries, the actual living standard and quality of rural households will be close to the level of medium-developed countries, the living environment in rural areas will be significantly improved, the income and consumption levels of urban and rural residents will be doubled, and the total household assets will be increased by more than 50%.

## 4.2 Realizing Fuller and Higher-Quality Employment

Employment is the most important part of people's livelihood, and achieving fuller and higher-quality employment is a foundation for promoting common prosperity for all people. This includes: first, effectively controlling the unemployment rate; second, securing a relatively high labor participation rate; third, maintaining the simultaneous and continuous growth of labor remuneration and labor productivity; fourth, making sure the unemployed have unemployment benefits and re-employment opportunities.

The basic national conditions of China's employment are: first, China is the country with the most abundant labor force in the world. In 2020, the amount of China's labor force was 776 million people, accounting for 22.9% of the world's total, higher than the amount of 668 million people and the percentage of 19.7% of the OECD countries.<sup>6</sup> Second, China is the country with the greatest employment pressure in the world. The number of new jobs in cities and towns alone is as high as tens of millions each year. During the "13th Five-Year Plan" period, 65.64 million new jobs were created in cities and towns nationwide, with an average annual growth of 13 million people, accounting for more than 1/3 of the world's labor force growth (increasing an average of 37 million people every year). Third, China is also one of the countries with the highest labor force participation rate in the world. In 2019, China's labor force participation rate was as high as 75.6%, higher than the OECD countries' 72.2%.<sup>7</sup> Fourth, China is a country that has basically achieved full employment. The surveyed urban unemployment rate is controlled at around 5%, which is lower than the lowest unemployment rate of 5.4% of the OECD countries

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<sup>5</sup> According to the survey on the assets and liabilities of China's urban households conducted by the Statistics and Analysis Department of the People's Bank of China in 2019, the average total assets of urban households in China was CNY 3.179 million, or about US\$454,000. Calculated based on the registered urban population, it was 621 million. Calculated by the size of a family household of 2.6 persons, there are about 239 million households with urban household registration nationwide, and the total assets of urban households are CNY 760 trillion, equivalent to 109 trillion US dollars.

<sup>6</sup> The data are from the World Bank database: <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?end=2020&locations=1W-CN-OE&start=1982&view=chart>.

<sup>7</sup> The labor force participation rate refers to the proportion of the labor force in the population aged 15–64. The world average rate is 66.4%, and that of India is only 52.1%. The data are from the World Bank database: <https://data.worldbank.org.cn/indicator/SL.TLF.ACTI.ZS?end=2019&locations=CN-US-OE-1W-IN&start=1991&view=chart>.

in 2019.<sup>8</sup> Fifth, the human capital level of the working-age population in China has been improved. The average schooling of the working population has increased from 10.23 years in 2015 to 10.75 years in 2020, growing by an average of 0.1 years per year, and the total human capital has increased by 100 million person-years. Sixth, the total number of skilled workers in China has continuously increased, from 130 million in 2009 to 200 million in 2020, accounting for an increase from 17.2 to 26.7% of the total employed population.

China's employment situation is generally stable, the employment structure has been continuously optimized, and the quality of employment has been continuously improved. The goal of fuller and higher-quality employment has been achieved, which is the greatest well-being of more than 700 million labor force.<sup>9</sup>

China has entered a stage of gradual decline in total employment. In 2014, the total employment of China had reached a peak of 763 million people, and it dropped to 751 million people in 2020.<sup>10</sup> **The employment pressure of the total population is gradually decreasing, but the structural employment contradictions are becoming more prominent. These will become the main contradictions in the field of employment, especially in new urban jobs. 11 million to 13 million new jobs need to be created every year, among which 9 million to 10 million jobs are created for college graduates.**<sup>11</sup> There are a large number of agricultural laborers move to non-agricultural industries, and lots of rural laborers move to cities, shifting from low wages to higher wages. In particular, the application of intelligent technologies such as artificial intelligence is accelerating, and the employment replacement effect is emerging. The international environment is also becoming more and more complex with the instability and uncertainty increasing significantly, and the potential impact on employment needs to be watched out.<sup>12</sup>

**The future development trend of employment in China:** First, the proportion of China working-age population in the total population will continue to decline, from 68.5% in 2020 to 62.7% in 2035, and the total labor supply also continues to decrease. Second, the total jobs in China will continue to decrease, from a peak of 776.4 million in 2017 to 768.71 million in 2025, and will further decline by 2035. The employment rate will continue to decline. Although it remains above 50%, it remains its global status as a country with a high employment rate. Similarly, China's labor force participation rate (as a proportion of the population aged 15–64) continues to decline, but it also remains a high position around the world, at 75.9% in 2019.<sup>13</sup>

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<sup>8</sup> The data are from the World Bank database: <https://data.worldbank.org/indicator/SL.UEM.TOTL.NE.ZS?end=2020&locations=1W-CN-OE&start=1982&view=chart>.

<sup>9</sup> The State Council. "14th Five-Year Plan for Employment Promotion" (2021-08-23). Chinese government website: <http://yun.hnbys.haedu.gov.cn/wenku/www/202109/03162738qq4c.pdf>.

<sup>10</sup> National Bureau of Statistics [2].

<sup>11</sup> The State Council. "14th Five-Year Plan for Employment Promotion". (2021-08-23). Chinese government website: <http://yun.hnbys.haedu.gov.cn/wenku/www/202109/03162738qq4c.pdf>.

<sup>12</sup> The State Council. "14th Five-Year Plan for Employment Promotion". (2021-08-23). Chinese government website: <http://yun.hnbys.haedu.gov.cn/wenku/www/202109/03162738qq4c.pdf>.

<sup>13</sup> In 2019, the labor force participation rate (as a proportion of the population aged 15–64) of the OECD members averaged 72.2%, and that of the world was 66.4%. Data Sources:

The Chinese people's life expectancy has continued to be improved, and it will reach 79.5 years by 2035, which is 14.5–19.5 years higher than the current retirement age of 55–60 years old. China has already met the population conditions for delaying the retirement age. According to the “Proposals” of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, it will “implement a progressive delay of the statutory retirement age”. Given that variance of the average life expectancy of between women and men continues to be higher, from 2.99 years in 1981 to 5.79 years in 2015, becoming a unique female health dividend in China, it is necessary to implement institutional arrangements for the convergence of male and female retirement ages.<sup>14</sup> It is helpful to actively develop “aging human resources (for the people aged between 56 and 65)”, and it is also helpful to improve the level of women's pensions. These mechanisms are compatible with the incentives of the state and individuals, society and families. The state supports the elderly self-employed entrepreneurs and workers, and will also increase the employment or entrepreneurial participation rate of the younger (60–69) elderly population, and increase the expected level of pensions. Third, the number of agricultural jobs will continue to decline, falling to 152.21 million in 2025 and 96.1 million in 2035, 98.35 million fewer than in 2020. Most of the relevant people will move to non-agricultural industries, which will help increase the growth rate of the agricultural labor productivity, actively promote migrant workers to move to new jobs, ease the transfer of jobs, help locating employment nearby, and help workers return to their hometowns to start businesses.<sup>15</sup> Fourth, the number of jobs in the tertiary industry will continue to rise, from 358.06 million in 2020 to 491.74 million in 2035 by an increase of 133.68 million, with an average annual growth rate of 2.1%, becoming the main source of emerging employment in urban areas and agricultural and industrial transfer employment. Fifth, the per capita fixed capital stock of employees has grown rapidly, which will help to continuously improve the level of labor productivity (the average annual growth rate is about 5%), and increase the pay of labor. The average growth rate of actual wage is above 5%. Sixth, the average schooling of the working-age population will continue to increase, from 10.75 years in 2020 to 11.3 years in 2025, and will reach 12.8 years in 2035, reaching the average level of a country with a very high level of human development. To this end, we will continue to prioritize employment in economic and social development and in the macro policy, make it the top priority for ensuring and improving people's livelihood, and take stabilizing and expanding employment as the priority goal of macroeconomic regulation and the lower limit of a reasonable range for economic operation. During the “14th Five-Year Plan” period, more than 55 million new urban jobs will be created, and efforts will be made to achieve this goal on a larger scale. The surveyed urban

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World Bank Database: <https://data.worldbank.org/indicator/SL.TLF.ACTI.ZS?end=2019&locations=CN-1W-OE&start=1990&view=chart>.

<sup>14</sup> Compiled by the National Bureau of Statistics: *China Statistical Abstract 2016*, China Statistics Press, 2016 edition, p. 18.

<sup>15</sup> From 2000 to 2018, the average annual growth rate of the value-added of China's primary industry was 4.0%, the average annual growth rate of the primary industry was – 3.2%, and the average annual growth rate of agricultural labor productivity was as high as 7.2%.

unemployment rate will be controlled to be within 5.5%, and the employment of key groups will remain stable. The total amount of high-skilled personnel nationwide has been steadily expanded. The average schooling of the working-age population has reached 11.3 years, and the proportion of newly-added laborers who have received higher education has reached 55%.<sup>16</sup> More than 10 million students will graduate from junior colleges or above every year.

In the future, the evolution of China's employment structure will show an optimization trend. The number of employed persons in the primary industry will continue to decline, and it is expected that it may be reduced by more than half, and the corresponding labor productivity will be more than doubled. The proportion of employed persons in the whole country will drop from 23.6% in 2020 to 13.1% in 2035. The number of employed persons in the secondary industry shows a decreasing trend, with the labor productivity increasing significantly; the proportion of employment in the country continues to decline, dropping from 28.7% to 21.7%. Only the proportion of employment in the tertiary industry continues to increase, from 47.7 to 65.2%, namely 2/3 (see Table 4.2), making the tertiary industry the largest employment sector. This has helped promote the continuous convergence of comparative labor productivity in agriculture to the secondary and tertiary industries, thereby increasing the average labor productivity of the whole society, and achieving the goal of growing in line with the economic growth rate.

**Achieving the goal of high-quality and full employment.** China is the country with the richest labor force in the world and one of the countries with the highest labor force participation rate. Achieving high-quality as well as full employment is the greatest boon for people's livelihood.

Significant changes have taken place in the number and composition of urban and rural employment in China. By 2020, the proportion of urban employment in total employment would increase from 23.1% in 2000 to 61.6% in 2020, while the proportion of rural employment would drop from 67.9 to 38.4%, showing the ratio of urban employed persons to rural employed persons is 6:4—a new employment pattern. Therefore, the core goal of achieving “full employment” in China is mainly reflected in the fact that more than 10 million new jobs are created in cities and towns every year, creating employment opportunities and jobs for the new labor force. The surveyed unemployment rate in urban areas is controlled at about 5.5%, and the registered unemployment rate in urban areas is controlled within 4.5%. At the same time, China provides labor market information to the large number of migrant rural laborers who have moved to work in cities, enabling them to find jobs and even helping them become new urban residents.

In China, to achieve the goal of “ensuring all people have the right to employment and pay”, the so-called “employment” is the enabling of employees to continuously improve labor productivity and create more economic and social wealth. The so-called “pay” is the simultaneous improvement of the wages and salaries, thus bringing about expected economic income. This includes promoting employment fairness,

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<sup>16</sup> The State Council. “14th Five-Year Plan for Employment Promotion”. (2021-08-23). Chinese government website: <http://yun.hnbys.haedu.gov.cn/wenku/www/202109/03162738qq4c.pdf>.

**Table 4.2** China's total population, employment and structure (2020–2035)

Index	2020	2025	2030	2035	2020–2035 Variation
Proportion of population aged 0–14 (%)	18.0	16.8	15.5	13.9	– 4.1
Proportion of population aged 15–64 (%)	68.5	67.3	65.8	63.6	– 4.9
Proportion of population aged 65 and over (%)	13.5	15.9	18.7	22.5	9.0
Employment rate of the total population (%)	53.2	54.3	53.8	52.5	– 2.8
Number of employed persons (10,000 persons)	75,064	74,414	73,764	73,114	– 1950
Number of employed persons in the primary industry (10,000 persons)	17,715	15,221	11,654	9610	– 9835
Proportion of primary industry (%)	23.6	20.9	15.8	13.1	– 10.5
Proportion of secondary industry (%)	28.7	25.7	23.1	21.7	– 7.0
Proportion of tertiary industry (%)	47.7	53.4	61.1	65.2	17.5

Explanation: the employment rate of the total population refers to the ratio of the actual employment to the total population

Data Source: The data of 2020 are from the seventh national census, compiled by the National Bureau of Statistics: *China Statistical Abstract 2021*, China Statistics Press, 2021 Edition, pp. 20, 40, 41; the population data from 2025 to 2035 are predicted by Yu Miao, and the rest is predicted by the author

ensuring the dignity of workers, strictly prohibiting wage arrears, and protecting the legitimate rights and interests of workers; promoting the transfer of occupations or employment of surplus rural workers, providing migrant workers with equal employment services and rights; strictly implementing the system of holiday leave and annual leave with pay; improving labor standards and conditions and the working environment, and ensuring the safety and health of workers. It also involves the following: promoting harmonious employment, and helping private enterprises establish and improve harmonious labor relations; improving and perfecting the employment mechanism, and realizing “in-dependent job-seeking by workers, employment based on market forces and the promotion and encouragement of employment by the government”, so that labor resources can be more fully utilized; improving and strengthening labor security supervision, the ability to handle labor issues using mediation and arbitration, and providing high-quality services for laborers’ employment; continuing to implement the national employment action plans and entrepreneurship training plans, encouraging job growth through the creation of new businesses, and providing a full range of public employment services for the entire employment life cycle (18–64 years old).

### 4.3 Significantly Narrowing the Gap Between Urban and Rural Residents' Living Standards

The 19th National Congress of the Communist Party of China and the Fifth Plenary Session of the 19th CPC Central Committee clearly put forward the strategic goal of significantly narrowing the gap between urban and rural residents' living standards by 2035. This is a major sign of “more obvious and substantive progress in achieving the common prosperity of all people”.<sup>17</sup>

General Secretary Xi Jinping has repeatedly emphasized that “without the modernization of agriculture and rural areas, there will be no modernization of the entire country.” The modernization of agriculture and rural areas has always been the weakest link of realizing the modernization with Chinese characteristics. Therefore, the realization of the rural revitalization strategy will enable 500 million rural people to enter a high-income level with the people of the whole country. This requires basically realizing the urban–rural integrated development by 2035; the income and consumption expenditure of rural residents will then increase rapidly, the Engel's coefficient of urban and rural households will decline simultaneously, and the rural infrastructure and public services should be significantly improved.

**First of all, the per capita disposable income of urban and rural residents is growing at a medium–high speed,** the per capita disposable income in urban areas is relatively high, and the average annual growth rate can be maintained at more than 4%. The daily income per person should increase from 28.4 international dollars in 2020 to 54.0 international dollars by 2035. The per capita disposable income in rural areas is relatively low, and the average annual growth rate should be maintained at about 6%. The daily income per person in rural areas will be raised from 11.1 international dollars in 2020 to 27.0 international dollars in 2035, reaching the World Bank's middle-income standard (10–100 international dollars per person per day). At the same time, the relative gap ratio between urban and rural per capita disposable income will continue to narrow, from 2.56 times in 2020 to 2.37 times in 2025. By 2035, it will be below 2 times.

**Secondly, the per capita consumption expenditure of urban and rural residents is growing at a medium–high speed,** the average annual growth rate of urban per capita consumption expenditure can be maintained at around 5%, and the average annual growth rate of rural per capita consumption expenditure can be maintained at around 6%. The consumer spending gap will be narrowed from 1.97 times in 2020 to below 1.7 times in 2035. Taking into account that urban households pay higher living expenses than rural households (equivalent to 2.35 times that of rural households in 2020), the actual per capita consumption expenditure ratio of urban and rural residents will be lower.

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<sup>17</sup> “CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035” Chinese government website: [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

**In addition, the Engel's coefficient of urban and rural households will decline simultaneously**, with an average drop of about 8 percentage points by 2035, from the affluent consumption structure, that is, the Engel's coefficient is less than 30%, to the more developed consumption structure, that is, the Engel's coefficient is about 20% (see Table 4.3). Taking into account the per capita housing area of urban and rural residents and the facilities such as household appliances, the actual consumption capacity and consumption structure will reach the standards of medium-developed countries. Considering that rural residents pay only 40% of the living expenses of urban residents, the Engel's coefficients of actual urban and rural residents are basically the same, which means that their actual consumption benefits are the same, which is smaller than the nominal income gap.

**Rural infrastructure construction has been strengthened.** China has promoted the simultaneous planning and construction of urban–rural gigabit optical networks, 5G, Mobile Internet of Things, and improved rural broadband networks. There will be acceleration of the development of rural e-commerce, expansion in the coverage of e-commerce in rural areas, acceleration of the cultivation of rural e-commerce

**Table 4.3** Trends of per capita indicators of urban and rural residents (2020–2035) (the price in 2020)

Index	2020	2025	2030	2035	Average annual growth rate or change from 2020 to 2035 (%)
<i>Per capita disposable income</i>					
Urban (CNY/year)	43,834	55,143	68,719	83,205	4.4
Urban (international dollars/day)	28.4	35.8	44.6	54.0	4.4
Rural area (CNY/year)	17,132	23,260	31,570	41,654	6.1
Rural (international dollars/day)	11.1	15.1	20.5	27.0	6.1
Urban/rural (ratio)	2.56	2.37	2.18	2.00	
<i>Per capita consumption expenditure</i>					
Urban (CNY/year)	27,007	37,411	46,621	56,449	5.0
Rural area (CNY/year)	13,713	19,384	25,295	33,217	6.0
Town/rural	1.97	1.93	1.84	1.70	
<i>Engel's coefficient</i>					
Urban (%)	28.6	23.8	22.1	19.6	– 9.0
Rural (%)	32.7	26.5	24.4	21.8	– 10.9

Explanation: 2020 data source compiled by the National Bureau of Statistics: *China Statistical Abstract 2021*, China Statistics Press, 2021 Edition, pp. 55–57

The data of 2025–2035 are based on the author's prediction, the CNY is the price in 2020, and the daily international dollars per person is the international dollars price in 2017, calculated based on the private income factor of 4.225

entities, and guidance of market entities such as e-commerce, logistics, commerce, finance, supply and marketing, postal services, express delivery and so on to be deployed in rural areas. By 2025, the rural transportation and basic infrastructures will be further developed: the proportion of natural villages (groups) with larger populations that have access to paved roads will exceed 85%; the penetration rate of rural tap water will increase from 83% in 2020 to 88% in 2025, and will be basically universal by 2035.<sup>18</sup>

**To summarize, China has entered a stage of narrowing the gap between urban and rural residents' income and consumption, which has become one of the major signs of achieving the goal of "making solid progress toward prosperity for everyone" and has more and more favorable conditions.** These conditions include: the continuous reduction of the rural population, direct transfer of the population to cities and towns, the integration of urban and rural infrastructure and public service facilities, increase of the state's various inputs to agricultural development and rural construction, as well as direct transfer payments to peasant families, the improvement of public services, and the continuous growth of social security expenditures.

#### **4.4 Building a Powerful Education and Talent System in a Comprehensive Way**

**The essence of the modernization with Chinese characteristics is the modernization of people, and the essence of people's modernization is the continuous improvement of human capital. This includes the modernization of education, which has become a solid foundation for the modernization with Chinese characteristics.**

**The most abundant resource in China is its human resources.** China used to be a populous country filled with illiterates. In 1949, the illiteracy rate was as high as 80%; in 1982, the illiteracy rate dropped to 1/3; by 2020, it has dropped to 2.67%, taking the lead in basically eliminating the illiterate population among developing countries with a large population.<sup>19</sup> With the gross enrollment rate of higher education being 15.0% in 2002, China entered the stage of mass higher education. By 2021, it increased to 57.8%, an increase of 42.8 percentage points, and an average annual increase of 2.3 percentage points. China has entered the stage of universal higher education<sup>20</sup> and greatly exceeds the world average (40.2%). The relative gap with the

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<sup>18</sup> "The Plan for Promoting Agricultural and Rural Modernization During the 14th Five-Year Plan Period", November 2021, Chinese government website: [http://www.gov.cn/zhengce/content/2022-02/11/content\\_5673082.htm](http://www.gov.cn/zhengce/content/2022-02/11/content_5673082.htm).

<sup>19</sup> National Bureau of Statistics: "Main Data of the Seventh National Population Census," May 11, 2021, National Bureau of Statistics website: [http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510\\_1817176.html](http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510_1817176.html).

<sup>20</sup> According to the higher education stage theory put forward by Martin Trow, when the number of university-age young people in a country remains within 15%, it belongs to the stage of elite

OECD average has narrowed from 42.3 percentage points in 2000 to 18.5 percentage points in 2020.<sup>21</sup> China not only has a large population, but also has had a continuous increase in the number of schooling years per capita. In particular, China has become the world's largest country with its people have access to high school education and above (including technical secondary school). The number of people with an education background of high-school and above has risen from 187 million people in 2000 to 431 million people in 2020,<sup>22</sup> which greatly exceeds the total population of the United States (329 million people in 2020), the third most populous country in the world. It has achieved the strategic goal of moving from a country with just a large population to a country with strong human resources.<sup>23</sup> The modernization of education has played the biggest role in this transition, that is, the entire population, especially the school-age population (from pre-school education to higher education), has obtained continuous human capital investment, especially the compulsory education. As of 2020, 96.8% of county-level units across the country have achieved basically balanced development of compulsory education, and 85.8% of the children of migrant workers who have relocated to cities are studying in public schools or enjoying government-supported degrees.<sup>24</sup> In a trend of continued improvement of the level of human capital, the average schooling years of the super-large one-billion working-age population continue to increase, and the average schooling years of the population aged 15 and over increased from 9.08 years in 2010 to 9.91 years in 2020.<sup>25</sup> In the process of the working-age population (quantity) dividend decreasing, the population quality dividend will be continuously improved. **This fully reflects that the essence of modernization with Chinese characteristics is the modernization of the people, and the comprehensive development ability of the people should be continuously improved through educational modernization, especially lifelong education (from the fetus to old age).**

From the comparison between China and the United States, in 2020, the per capita schooling years in China and the United States (population aged 15–64) reached 10.8 years and 13.4 years, respectively. China's total human capital (referring to the product of the population over the age of 15 and the per capita schooling years)

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higher education; when the gross enrollment rate of higher education exceeds 15%, the country enters stage of mass higher education; when the gross enrollment rate of higher education is greater than 50%, the country enters the stage of universal higher education. Pan [3].

<sup>21</sup> Data Sources: World Bank Database <https://data.worldbank.org/indicator/SE.TER.ENRR?end=2020&locations=1W-OE-CN&start=1981&view=chart>.

<sup>22</sup> National Bureau of Statistics: "Main Data of the Seventh National Population Census", May 11, 2021, National Bureau of Statistics website: [http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510\\_1817176.html](http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510_1817176.html).

<sup>23</sup> Ministry of Education. "From the Population Country Head into the Human Resource Country-Education and Human Resource Problem Report in China." Beijing: Higher Education Press, 2003.

<sup>24</sup> National Development and Reform Commission: *Plan for Public Services During the 14th Five-Year Plan Period*, 2021, National Development and Reform Commission website: <https://www.ndrc.gov.cn/xxgk/zcxfb/ghwb/202201/P020220110357049883156.pdf>.

<sup>25</sup> National Bureau of Statistics. "Main Data of the Seventh National Population Census". 2021-05-11. National Bureau of Statistics website, [http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510\\_1817176.html](http://www.stats.gov.cn/tjsj/zxfb/202105/t20210510_1817176.html).

has reached 8.87 billion people a year, equivalent to 3.11 times that of the United States.<sup>26</sup> **It is not only the largest human capital wealth for every Chinese person, but also the largest human capital wealth of China.** This shows that among all kinds of modern resources or capital, China has a very competitive advantage in human capital. It is expected that by 2035, the per capita education years in China will increase to 12.3 years, and the relative gap with the United States will be further narrowed. Considering the total population of China's total population is 4.3 times that of the US, this means that China's total human capital will still be several times that of the United States! **This is “strength in numbers (talents)”, which has become the scale advantage, comparative advantage and long-term resource advantage of China's socialist modernization development.**

**China has entered a new era of becoming an educational power.** In 2017, General Secretary Xi Jinping clearly stated in the report of the 19th National Congress of the Communist Party of China: “We must give priority to developing education. Strengthening education is fundamental to our pursuit of national rejuvenation. We must give priority to education, further reform in education, speed up its modernization, and develop education that people are satisfied with.”<sup>27</sup> To this end, the “China's Education Modernization 2035” plan was formulated, and it was proposed that in the next 15 years, we should speed up the modernization of education, build a world education power, create an education system that the people are satisfied with, and to train socialist builders and successors who have all-round attainments in moral, intellectual, physical and aesthetic education. By 2025, the overall strength and international influence of China's education will be significantly enhanced, the average schooling years of the working-age population will increase significantly, and important progress will be made in the modernization of education. There will be an acceleration of the construction of a number of world-class universities and disciplines, improvement in the overall level of China's higher education development, and enhancements in the core competitiveness of national talents. The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China once again put forward the strategic goal of building China into a world education power by 2035.<sup>28</sup>

**By 2035, China will realize a modernization of its education system and step into the ranks of the world's foremost educational powers.** We should make efforts to build China into a great country in learning, human resources and talents, and lay a solid foundation for building a prosperous, strong, democratic, culturally advanced, harmonious and beautiful socialist modernized country by the middle of

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<sup>26</sup> Hu Angang: “Modernization with Chinese Characteristics and Human Capital Leapfrog Development.” February 2022, to be published.

<sup>27</sup> *Selected Important Documents Since the 19th National Congress of the Communist Party of China*: Vol. I. Beijing: Central Party Literature Press, 2019: 32.

<sup>28</sup> “CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035” Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

this century.<sup>29</sup> In general, the development of education is more based on the needs of national development, and is aimed at building a dynamic modern education system in an all-round way, a country with a higher level of human resources, a fair education society that benefits the whole people, and a life-long learning society with a complete system, so as to allow for continuous development that benefits the country. This will allow for the creation of educational dividends, human resources dividends, and talent dividends, so that China's education modernization will reach the level of developed countries. The specific education development goals and trend indicators are:

**First, the popularization level of pre-school, high school and higher education in China will reach the level of medium-developed countries.** In 2020, the gross enrollment rate of China's pre-schools reached 85.2%, exceeding the average level of OECD countries (81.7%), and it will reach over 90% by 2025,<sup>30</sup> and over 97% by 2035. The gross enrollment rate for high school education will increase from 91.2% in 2020 to over 92% in 2025, and over 99% by 2035. The gross enrollment rate of higher education will increase from 54.4% in 2020 to more than 75% in 2035, reaching the average level of OECD countries (76.9% in 2020<sup>31</sup>), a considerable increase of 20 percentage points, and an average annual increase of 1.3 percentage points. Additionally, the gross enrollment rate of women in higher education has increased from 63.9% in 2020 to over 80%. It is estimated that the population of junior college students and above in China will increase from 218 million in 2020 to more than 400 million in 2035, which not only exceeds the total population of the United States (360 million in 2035),<sup>32</sup> but also accounts for from 15.5% of the country's total population to above 1/4 of the total population. The average schooling years of the working-age population nationwide will increase from 10.8 years in 2020 to 11.3 years in 2025, and to 12.3 years in 2035. The overall level of education in China has reached the level of medium-developed countries. The total human capital dividend (referring to the product of the working-age population and the per capita schooling years) will reach 14.1 billion people a year in 2035 from 10.5 billion people a year in 2020, with an average annual growth rate of 2.0%. China will become a true human resources powerhouse.

**Second, China's expected schooling years will reach a very high level of human development index.** According to the statistics of the United Nations Development Programme (UNDP), in 2018, China's expected schooling years was 13.9 years, which was higher than the world average of 12.7 years, and reaches the average level of high human development countries of 13.8 years. However, it is lower than the very high human development average of 16.4 years. China strives to

<sup>29</sup> The Central Committee of the Communist Party of China and the State Council issued "China's Education Modernization 2035". 2019-02-23. Chinese Government Website, [http://www.gov.cn/zhengce/2019-02/23/content\\_5367987.htm](http://www.gov.cn/zhengce/2019-02/23/content_5367987.htm).

<sup>30</sup> "14th Five-Year Plan for Public Services", 2021, National Development and Reform Commission website: <https://www.ndrc.gov.cn/xxgk/zcfb/ghwb/202201/P020220110357049883156.pdf>.

<sup>31</sup> Data Sources: World Bank Database <https://data.worldbank.org/indicator/SE.TER.ENRR?end=2020&locations=1W-OE&start=1981&view=chart>.

<sup>32</sup> United Nations Population Division: *World Population Prospects 2019*.

increase the gross enrollment rate of higher education by the Three Five-Year Plan, so that the expected schooling years in China will reach or be close to the average of the very high human development index at that time. There will be an acceleration of the implementation of 15-year compulsory education (three years before school and 12 years of primary and secondary education), and by 2035, the gross enrollment rate of the three years before school will reach over 97%, the gross enrollment rate of high school will reach over 99%, and the gross enrollment rate of higher education will reach 75%. The average number of schooling years of the newly added labor force is more than 16.4 years.<sup>33</sup> The total human capital of education in China, that is, the product of the per capita schooling years and the population over 15 years old, will increase from 10.40 billion person-years in 2020 to 11.36 billion person-years in 2035, with an average annual growth rate of 0.6%. The total human capital continues to rise and remains one of the sources of long-term sustained economic growth.

**Third, we should substantially increase the human capital investment.** The ratio of total education expenditure (including household education expenditure) to GDP will increase from 5.69% in 2020 to more than 7.5% in 2035. According to the price in 2020, the total expenditure will increase from CNY 5.3 trillion to CNY 15.7 trillion, which is equivalent to 3 times that of 2020, of which the ratio of fiscal education expenditure to GDP increases from 5.7% to over 7% (see Table 4.4).

**Fourth, we should comprehensively improve the quality of various types of education.** China will set an excellent foundation in pre-school education for three years, develop nine-year compulsory education in a balanced way, professionally popularize high school education, accelerate the development of modern vocational education, actively develop continuing education, and form a life-long, multi-level and all-round education system to meet the increasingly diverse needs of the people. It is necessary to vigorously promote educational equity, rationally allocate educational resources, support the development of education in rural, remote, poverty-stricken, and ethnic areas, support the development of special needs education, encourage and guide social entities to set up education institutions, and protect every child's right to education.

**Fifth, we should make efforts to build the world's largest higher education power of higher-level.** The State Council formulated the *Overall Plan for Promoting the Construction of First-Class Universities and Disciplines of the World*, and proposed that by 2030, more universities and disciplines will enter the ranks of global first-class, several universities will enter the forefront of the global first-class universities, and a number of disciplines will enter the forefront of global first-class disciplines. The overall strength of higher education has been significantly improved.

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<sup>33</sup> In 2019, the expected years of schooling of the very high human development group reached 16.4 years, and the expected years of schooling in China was 14.0 years, with an average years of schooling of 8.1 years. United Nations Development Programme (UNDP): *Human Development Report 2020*, UNDP, Table 4.2.

By the middle of this century, the number and strength of first-class universities and first-class disciplines will be at the forefront of the world, and a country with higher education will basically be built.<sup>34</sup>

**Table 4.4** Trend indicators of China's education modernization and talent development (2020–2035)

Index	2020	2025	2030	2035	2020–2035 Variation
Nursing places for infants and young children under 3 years old per 1000 population	1.8	4.5	7.2	10	8.2
Gross enrollment rate of preschool education (%)	85.2	> 90	> 95	> 97	> 11.8
Consolidation rate of nine-year compulsory education (%)	95.2	96	97	98	2.8
Gross enrollment rate of senior high school (%)	91.2	> 92	> 97	99	7.8
Gross enrollment rate of higher education (%)	54.4	> 62	> 68	> 75	> 20.6
Average schooling years of new labor force (years)	13.8	14.5	15.2	> 15.9	> 2.1
Average schooling years of the working-age population (years)	10.75	11.3	11.8	12.3	1.5
Population with junior college degree or above (100 million people)	2.18	2.8	3.4	> 4.0	1.82
Total human resources (100 million people)	2.2	2.6	2.9	3.2	1.5
Professional and technical personnel (100 million people)	0.78 (2019)	> 1.0	> 1.3	> 1.6	0.8
Full-time equivalent of R&D personnel (10,000 years)	509	760	> 1000	> 1300	> 790
Continuing education participation rate (%)	50 (2018)	55	60	65	15
The ratio of total education expenditure in the whole society to gdp (%)	5.2	6.0	> 7.0	> 7.5	> 2.3
Ratio of fiscal education expenditure to GDP (%)	4.2	4.6	> 5.0	> 5.5	> 1.3

(continued)

<sup>34</sup> To this end, the Ministry of Education, the Ministry of Finance, and the National Development and Reform Commission formulated the “Several Opinions on Further Promoting the Construction

**Table 4.4** (continued)

Index	2020	2025	2030	2035	2020–2035 Variation
The proportion of human capital investment to GDP (%)	15.5	16.5	> 18	> 20	> 4.5

The data of 2020: the gross enrollment rates of different education types: *China Statistical Abstract 2021*, China Statistics Press, 2021 Edition, p.187; data on total social education expenditure and financial education expenditure: Compiled by the National Bureau of Statistics: *China Statistical Yearbook 2021*, p.704; data on expected schooling years and average schooling years of the new labor force: UNDP database: <http://hdr.undp.org/en/data>

Sources of population data of junior college and above: “Main Data of the Seventh National Population Census in 2020”, China Statistics Press, 2021 Edition, p. 72

The proportion of human capital investment to GDP is the sum of the R&D investment, the ratio of total education expenditure to GDP, and the ratio of total health expenditure to GDP

The data from 2025 to 2035 are predicted by the author

Accelerating the modernization of China’s education is not only an important part of basically realizing socialist modernization, but also greatly promotes China’s going into a new era of a world power in human resources and talents resources.

**China has entered a new era of human resource power.** The total number of human resources in the country continued to grow, and the average schooling years of the working-age population in the country have increased from 10.75 years in 2020 (equivalent to 69% of that of the United States, the schooling years of which were 13.3 years) to more than 12 years (equivalent to 88% of that of the United States, the schooling years of which were 13.3 years).<sup>35</sup> The average schooling years of the newly added labor force increased from 13.8 years (equivalent to a high school or above) to 15.2 years (equivalent to a junior college degree or above). In particular, the population of junior college students and above in the country continues to grow. It is expected to increase from 218 million in 2020 to 330 million in 2030, and will be more than 400 million in 2035, with an average annual growth rate of 4.1% (lower than 6.2% from 2010 to 2020). Its proportion of the total population has increased from 15.5% to 27.6%. Although the demographic dividend has declined, the human capital dividend has continued to rise, which has also provided an important source for the continuous growth of the total amount of various types of human resources. This has allowed for increased levels of resource advantages and helped China enter the ranks of the world’s human resources power. China’s human capital investment

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of World-Class Universities and First-Class Disciplines” and the “Implementation Measures for Overall Promotion of the Construction of World-Class Universities and First-Class Disciplines (Interim)”; the Ministry of Education, together with the other two ministries studied and reported to the State Council for approval to announce the list of the second round of “double first-class” universities and disciplines. Ministry of Education website: [http://www.moe.gov.cn/srcsite/A22/s7065/202202/t20220211\\_598710.html](http://www.moe.gov.cn/srcsite/A22/s7065/202202/t20220211_598710.html).

<sup>35</sup> For detailed analysis, see Hu Angang: “Modernization With Chinese Characteristics and the Leap-Forward Development of Human Capital (1950–2035)”, February 2022.

(including R&D expenditure, total education expenditure, and total health expenditure) continues to grow rapidly, and its ratio to GDP will rise from 13.7% in 2020 to more than 20% in 2035 (see Table 4.4), becoming the world's largest country investing in human capital. The country with the largest human capital investment has produced a huge human resource dividend for China's economy, society, culture, ecology and civilization.

**China has entered a new era of talents power.** General Secretary Xi Jinping clearly stated: "We must deeply implement the strategy of strengthening the country with talents in the new era, and accelerate the construction of an important talent center in the world." Talents refer to people who have certain professional knowledge or skills, perform creative work and make contributions to society, and they are workers with higher abilities and value in terms of human resources.<sup>36</sup> Talent is the first resource for China's economic and social development.<sup>37</sup> The total amount of national talents continues to grow. The total number of national human resources has increased from 120 million in 2010 to 220 million in 2019, ranking the first in the world, of which professional and technical talents have increased from 55.504 million to 78.398 million in 2021. There is a population of more than 60 million highly-skilled individuals.<sup>38</sup> By 2030, the total number of skilled talents of China will reach more than 280 million, the proportion occupied by these workers in terms of total employment will increase from 29.3% to nearly 2/5, and the total number of professional and technical personnel will exceed 100 million. By 2035, the total amount of talent will reach more than 320 million, an increase of 100 million compared with that in 2020. Among them, the full-time equivalent of various R&D personnel will be more than doubled, from 5 million people per year in 2020 to more than 13 million people a year in 2035.

This is equivalent to 2.3 times of the 5.57 million people a year of OECD countries in 2018.<sup>39</sup> This has become China's largest talent comparative advantage, competitive advantage and innovation advantage, leading China to become the world's talent powerhouse. We should cultivate a large number of world-class scientists and technologists in strategically important fields, scientific and technological leaders, and young scientists and engineers, as well as high-performing innovation teams: "the contribution of talents to economic and social development has

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<sup>36</sup> Xi[4].

<sup>37</sup> The Central Committee of the Communist Party of China and the State Council issued the "Outline of the National Medium- and Long-Term Talent Development Plan (2010–2020)". Chinese government website, [http://www.mohrss.gov.cn/SYrlzyhshbzb/zwgk/ghcw/ghjh/201503/t20150313\\_153952.htm](http://www.mohrss.gov.cn/SYrlzyhshbzb/zwgk/ghcw/ghjh/201503/t20150313_153952.htm).

<sup>38</sup> Xi [4].

<sup>39</sup> This indicator is calculated by the total population of OECD and the number of R&D personnel per million population. The calculation data come from: World Bank Database: <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=CN-OE>; <https://data.worldbank.org/indicator/SP.POP.SCIE.RD.P6?locations=CN-OE>.

increased year by year”.<sup>40</sup> We must strengthen international scientific and technological exchanges, make full use of “two kinds of talents”, actively support overseas visiting research and cooperative research of domestic scientific and technological talents, vigorously attract the world’s top scientists on a global scale, sponsor and invite world-class scholars to visit and give lectures on a short-term basis, and strengthen international cooperation with world-class scientific research institutions, “assemble the best minds across the land and draw fully on their expertise”.

To this end, it is necessary to formulate the second “Outline of the National Medium and Long-Term Education Reform and Development (2021–2035)”, of which the core goal is to become the world’s largest talent power (see Table 4.4), and this will help build the powerful foundation to realize the second centenary goal.

## 4.5 Building a Healthy China in an All-Round Way

Health is an inevitable requirement to promote the all-round development of human beings and the basic condition to enhance economic and social development. Promoting the construction of a healthy China is an important foundation for building a moderately prosperous society in all respects and basically realizing socialist modernization. The essence of the modernization with Chinese characteristics is the modernization of people, and the essence of people’s modernization is the continuous improvement of the human capital. These include health modernization, which is not only an important part of the modernization with Chinese characteristics, but also the human capital (health capital) basis of the modernization with Chinese characteristics. Remarkable achievements have been made in the reform and development of China’s health sector. The main health indicators are generally better than the average level of middle and high-income countries, and some indicators are close to the average level of the OECD countries, which will further increase the health productivity of the more than one billion people.

In 2016, China took the lead among developing countries in formulating a national health medium and long-term strategy, namely the *Outline of the “Healthy China 2030” Plan*, which has become an action plan promoting the construction of a healthy China.

In 2017, the report of the 19th National Congress of the Communist Party of China put forward: we should carry out the Healthy China initiative. A healthy population is a key mark of a prosperous nation and a strong country. We will improve the national health policy, and ensure the delivery of comprehensive lifecycle health services for our people.<sup>41</sup>

In 2019, China issued the “Healthy China Action Plan (2019–2030)”, which proposed that by 2030, the health literacy of the whole people will be greatly improved, a healthy lifestyle will be basically popularized, the main health factors

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<sup>40</sup> Xi [4].

<sup>41</sup> Xi [5].

of residents will be effectively controlled, and the premature mortality rate caused by major chronic diseases will be significantly reduced. The healthy life expectancy per capita will be greatly improved, the main health indicators of residents will enter the ranks of high-income countries, and health equity will be basically achieved.

In 2020, the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China proposed that we should comprehensively promote the construction of a healthy China. It advocated to prioritize the protection of people's health, put disease prevention first, implement the Healthy China Action in depth, improve national health promotion policies, build a solid national public health protection network, and provide the people with a full range of full-cycle health services.<sup>42</sup>

At present, China has established a basic medical and health care system with Chinese characteristics covering 1.4 billion urban and rural residents. Everyone can enjoy basic medical and health services. The main health indicators are showing that China is in the forefront of middle and high-income countries, which has become one of the important symbols of building a moderately prosperous society in all respects. By 2020, China's average life expectancy reached 77.93 years, which is 5.2 years higher than the world average (72.7 years), and also higher than the average level of middle and high-income countries (75.9 years).<sup>43</sup> In 2021, China's average life expectancy reached 78.2 years. According to data provided by the Centers for Disease Control and Prevention, the US average life expectancy decreased from 78.1 years in 2019 to 77.0 years in 2020, and to 76.1 years in 2021, with a decrease of 2.0 years.<sup>44</sup> In 2020, China's infant mortality rate dropped to 5.4‰, lower than the original target of 7.5‰ and lower than that of the OECD countries average (6‰). The mortality rate of children under 5 dropped to 7.5‰, lower than the original target of 9.5‰, close to 7.0‰ of the OECD countries.<sup>45</sup> The maternal mortality rate dropped to 16.9 per 100,000 people,<sup>46</sup> which was lower than the original target of 18 per 100,000 people and was also lower than 18 per 100,000 people of the OECD countries (data from 2017). The survival rate of women aged 65 and over reaches 89%, which is close to 90% that of the OECD countries, which is significantly higher than the world average of 82%.<sup>47</sup> The survival rate of men aged 65 and over reaches 84%, which has exceeded 83% that of the OECD countries, and it is far higher than the world average

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<sup>42</sup> "CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035". Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

<sup>43</sup> Data Sources: World Bank Database <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=1W-CN-XT>.

<sup>44</sup> By The Associated Press, New York, August 31, 2022, Quoted from Reference News, Xinhua News Agency, Version 1, September 1, 2022.

<sup>45</sup> Data Sources: World Bank Database: <https://data.worldbank.org/indicator/SH.DYN.MORT?end=2020&locations=CN-1W-OE&start=1990&view=chart>.

<sup>46</sup> National Bureau of Statistics [6].

<sup>47</sup> Data Sources: World Bank Database <https://data.worldbank.org/indicator/SP.DYN.TO65.FE.ZS?end=2020&locations=CN-1W-OE&start=1990&view=chart>.

level of 74%,<sup>48</sup> which fully reflects the superiority of the socialist system, that is, the health indicators not only came up to convergence to, but even surpassed that of the OECD countries when the per capita level is much lower than that of medium-developed countries. For the 1.4 billion people, it is the greatest health benefit. This is the most important achievement of the 70 years since the founding of the People's Republic of China, as it focuses on all the people and invests in people's health. It also lays a higher development foundation for building a healthy China in all aspects.

On the other hand, the pace of industrialization, urbanization, aging population, changes of the incidences of diseases, ecological conditions and lifestyles are all posing new challenges to China's efforts to maintain and promote people's health, with the provision of healthcare services falling short of increasing demands. The unbalanced and inadequate development of medical and health services have constrained China to meet the huge, diversified and individualized health needs of the people; the Covid-19 pandemic has especially further revealed the shortcomings such as infectious disease prevention and control and the construction of public health emergency systems. There are other shortcomings. The smoking rate of people aged over 15 years old in China is 25.8%, with a total amount of nearly 300 million people, which is still far from achieving the national tobacco control target (20%) in 2030. The proportion of urban and rural residents who regularly participate in physical exercise in China is only 33.9%. The prevalence of mood disorders and anxiety disorders, mainly depression, is on the rise in China. The prevalence of depression is 2.1%, nearly 30 million people. Additionally, there are about 200 million people in China exposed to hazardous factors of occupational diseases, and nearly 180 million seniors suffering from chronic diseases. It is necessary to fully implement the Healthy China Strategy. For this reason, China has formulated the *Healthy China Action Plan (2019–2030)*.<sup>49</sup>

As a type of special human capital, health is not only the foundation of people's well-being, but also the foundation of social productivity. In the new era, priority should be given to the development of healthcare productivity, and the promotion of the productivity of healthcare systems, which requires a transition from inequity to fairness and from insufficiency to sufficiency. This may require a comprehensive construction of a health service system that follows the life-cycle of human beings, the promotion of fair access to basic medical and health care systems, and the promotion of the healthcare industry. It may also need the full development of other non-basic medical and health service fields, the comprehensive improvement of the modernization of health management, and the active improvement of the construction of the universal medical insurance system.<sup>50</sup>

The basic idea of promoting the Healthy China Strategy is to promote the supply-side structural reform of healthcare services, improve the universal medical insurance

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<sup>48</sup> Data Sources: World Bank Database <https://data.worldbank.org.cn/indicator/SP.DYN.TO65.MA.ZS?end=2020&locations=CN-IW-OE&start=1990&view=chart>.

<sup>49</sup> Healthy China Promotion Committee. "Healthy China Action Plan (2019–2030)". Chinese government website, [http://www.gov.cn/xinwen/2019-07/15/content\\_5409694.htm](http://www.gov.cn/xinwen/2019-07/15/content_5409694.htm).

<sup>50</sup> Hu and Wang [7].

system, provide fair and accessible, systematic and continuous medical services covering the whole population and the whole life-cycle, and establish a healthcare industry with a complete system and an optimized system, so as to achieve the goal of greatly enhancing the physical fitness of all people.

According to the main indicators and requirements of the *Outline of the “Healthy China 2030” Plan*, by 2030, the institutional system for promoting national health will be further improved, the development of the healthcare industry will be more coordinated, healthy lifestyles will be popularized, and the quality of health services and health security will be continuously improved. The healthcare industry will be prosperously developed, and health equity will be basically achieved, and the main health indicators will enter the ranks of high-income countries. By 2050, China will be built into a healthy country compatible with a great modern socialist country. The main development goals and indicators of the Healthy China are as follows (see Table 4.5):

First, by 2025, the main health indicators will enter the ranks of high-income countries, and by 2035, it will enter the rank of a medium-developed countries. Firstly, the average life expectancy will increase from 77.93 years in 2020 to 78.9 years by

**Table 4.5** China’s Main Health development trend indicators (2020–2035)

Index	2020	2025	2030	2035	2020 to 2035 Variation and average annual growth rate
Average life expectancy of the population (years)	77.9	78.9	80	81.1	3.2
Infant mortality rate (%)	5.4	4.2	3.0	< 2	– 3.4
Mortality rate of children under 5 (%)	7.5	6.0	5.0	< 4	– 3.5
Maternal mortality rate (1/100,000)	16.9	14.0	11.0	< 8	– 8.9
Ratio of total health expenditure to GDP (%)	7.10	7.5	8.3	8.9	2.33
Ratio of government health spending to GDP (%)	2.1	2.4	2.8	> 3.0	1.18
Number of licensed physicians & physician assistants per 1000 population	2.9	3.2	3.5	3.8	0.9
Basic medical insurance participation rate (%)	95	> 95	> 96	> 97	> 2
Total value of health service industry (CNY trillion)	8	11	16	22	7.0

Data Sources: the data for 2020 are compiled by the National Bureau of Statistics of China, *China Statistical Yearbook 2021*, China Statistics Press, 2021 Edition, pages 727–728; the data of 2025 are from the National Development and Reform Commission: “14th Five-Year Plan for Public Service”, 2021; the data of 2030 are based on *Outline of the “Healthy China 2030” Plan*, October 25, 2016; the data of other years are estimated by the author

2025, 80.0 years by 2030, and 81.1 years by 2035, which is close to the level of the OECD countries (80.2 years in 2020<sup>51</sup>). The average healthy life expectancy of the people has increased continuously. According to the World Health Organization, China's average life expectancy was 68.5 years old in 2019, which has exceeded the average of world and that of the Europe. In the future, the average healthy life expectancy of the people will increase by one year every five years, a cumulative increase of three years. Secondly, the infant mortality rate in China will continue to decline, from 5.4‰ in 2020 to 4.2‰ by 2025, and to 2‰ by 2035. There will be an additional continuous decline in the mortality rate of children under 5 in China, from 7.5‰ in 2020 to 6.0‰ by 2025, and it will drop to less than 4‰ by 2035. The maternal mortality rate will drop from 16.9 per 100,000 people in 2020 to 14.0 per 100,000 people by 2025, and it will drop to less than 8 per 100,000 people by 2035. All this above means the health indicators will reach the level of a medium-developed country.

Second, the ratio of total health expenditure to GDP will continue to increase, reaching 7.5% by 2025 and around 9% by 2035. The ratio of government health expenditure to GDP will continue to increase, reaching over 3% by 2035.

Third, the capability of securing national health will be significantly improved. The number of licensed physicians & physician assistants per 1000 population will rise from 2.9 in 2020 to 3.2 in 2025, and the number of registered nurses per 1000 people will rise from 3.36 in 2020 to 3.8 in 2025. The basic medical insurance participation rate will also increase from 95% in 2020 to over 95% in 2025.<sup>52</sup>

Fourth, China will build a strong public health system and improve the ability to respond to public health emergencies, including command and dispatch capabilities, monitoring and early-warning capabilities, prevention and control capabilities, emergency treatment capabilities, and capabilities of securing basic supplies.

Fifth, China will vigorously popularize the health-related knowledge, vigorously enhance the health awareness of the whole people, greatly improve the health literacy of the whole people, guide the formation of a healthy lifestyle that is self-disciplined and in line with their own characteristics, effectively control major health risk factors, and basically build a healthy environment for production and living. Especially in the implementation of the Healthy China Tobacco Control Action. According to the Office of the Healthy China Promotion Committee, the secondhand smoke exposure rate of non-smokers nationwide in 2020 was 56.6%. Meanwhile, the smoking rate of people aged over 15 years old (1.16 billion people) in China is 25.8%, the total amount of which is as high as 299 million, which is significantly higher than the world average (19.2%).<sup>53</sup>

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<sup>51</sup> Data Sources: World Bank Database: <https://data.worldbank.org.cn/indicator/SP.DYN.LE00.IN?end=2020&locations=CN-OE&start=1982&view=chart>.

<sup>52</sup> “14th Five-Year Plan for Public Services”, 2021, National Development and Reform Commission website: <https://www.ndrc.gov.cn/xxgk/zcfb/ghwb/202201/P020220110357049883156.pdf>.

<sup>53</sup> Healthy China Action Tobacco Control Action Progress Exchange and 2021 Annual Summary Meeting of China Tobacco Control Mass Communication Activities. 2021-12-20. Baidu Jiankang website, <https://baijiahao.baidu.com/s?id=1720627512118165786&wfr=spider&for=pc>.

Sixth, the total value of the health service industry will increase from CNY 8 trillion in 2020 to CNY 22 trillion by 2035. Calculated in 2017 international dollars, it will reach 5.26 trillion international dollars by 2035 from 1.91 trillion international dollars in 2020. The average annual growth rate will be as high as 7%, making the healthcare service industry a pillar industry of the national economy and allowing it to leap to the forefront place of the world. By 2035, China's main health indicators will basically reach the level of developed countries.

Seventh, China's total healthy human capital will continue to rise, that is, the product of average life expectancy and the total population will increase from 110.02 billion person-years in 2020 to 114.08 billion person-years in 2035. As the total population declines, although the per capita life expectancy has increased, the total healthy human capital will continue to decline. It will fall to 108.18 billion person-years by 2050, remaining above 100 billion person-years.

**China has transformed from the country with the world's largest population to the country with the world's largest amount of human capital.** According to the Human Capital Index (HCI) provided by the World Bank, there is a new definition of human capital; it also proposes that what health and education contribute to increasing the productivity of the next generation of workers should be quantified. Countries can use it to assess the loss of income from human capital gaps, and to understand the effectiveness of immediate action in turning losses into gains, and to calculate the contribution of health and education to the productivity of workers. Being scored on a scale from 0 to 1, the index measures the productivity of a child born today as a worker of the future, given optimal health and education conditions. The larger the index, the larger productivity and the higher wage of the workers, resulting in higher total wealth and a stronger economy.

**China's total human capital will rank the first in the world for a long time.** In 2020, China's HCI was 0.653, the US's HCI was 0.702, and India's HCI is 0.494.<sup>54</sup> In 2020, China's total human capital (the product of total population and HCI) was 921 million, the United States' total human capital was 231 million, and India's total human capital was 687 million. China's total human capital was 3.99 times that of the United States and 1.34 times that of India. **Although the total population of India exceeds that of China, China's total human capital still ranks the first in the world.** This shows that the essence of the modernization with Chinese characteristics is the level of China's human capital, especially the level of education, health and economic growth, becoming the world's largest human capital stock, which in turn greatly promotes the continuous improvement of the level of modernization with Chinese characteristics.

As General Secretary Xi Jinping pointed out: "China's modernization must cover a massive population. The 1.4 billion people will enter a modern society as a whole, and its scale will exceed the sum of the existing developed countries. It will completely rewrite the world map of modernization, which is a major event with far-reaching

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<sup>54</sup> Data Sources: World Bank Database: <https://data.worldbank.org/indicator/HD.HCI.OVRL?end=2020&locations=CN-US-IN&start=2010>.

influence in human history.”<sup>55</sup> Modernization with Chinese characteristics is entirely a people-centered modernization, which fully reflects the level of human capital of all people, especially the continuous improvement of health indicators such as life expectancy and it will allow China to take the lead in narrowing the relative gap with developed countries.

## 4.6 Promoting the Long-Term Balanced Development of the People

China is the country with the largest population in the world, and it is also a country undergoing rapid modern transformation of its population. To this end, the “Proposals” of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China clearly put forward the implementation of the national strategy of actively responding to the population aging. This involves formulating long-term population development strategies, optimizing fertility policies, enhancing the inclusiveness of fertility policies, improving the level of prenatal and postnatal care services, developing a nursery service system benefiting all, reducing the cost of fertility, parenting, and education, promoting long-term and balanced population development, and improving population quality.

**China’s national condition of the population has undergone major changes. The rapid aging as well as the huge scale of the population will become the biggest development challenge in the future.** Based on the data of the seventh national census, the total population of China will grow from 1411.78 million in 2020 to 1442.09 million—1461.39 million in 2035, estimated by the total fertility rates (1.678–1.800) of different women. The annual average growth rate will be between 0.19 and 0.27% (see Table 4.6). According to the data provided by the *World Population Prospects 2019* released by the Department of Economic and Social Affairs Population Division of the United Nations,<sup>56</sup> the proportion of China’s total population to the world’s total population will decrease from 18.2% in 2020 to 16.2–16.5% in 2035. The amount of the population aged 15–64 will drop from 967 million in 2020 to 924 million in 2035, and its proportion to the world total will drop from 19.0% in 2020 to 16.2% in 2035. The elderly population aged 60 and over will rise from 262 million in 2020 to 441 million in 2035. The annual average growth rate will be as high as 3.43%, with an annual average increase of 11.93 million people aged 65 and over will increase from 190 million in 2020 to 327 million in 2035. The annual average growth rate will be as high as 3.67%, with an annual average increase of 9.13 million people. In 2020, it has already accounted for 23.4% of the world total, and it will increase in the future.

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<sup>55</sup> Xi [8].

<sup>56</sup> United Nations, Department of Economic and Social Affairs, Population Division (2019). Probabilistic Population Projections Rev. 1 based on the *World Population Prospects 2019* Rev. 1.

**Table 4.6** Trends of major indicators of population development in China (2020–2035)

Index	2020	2025	2030	2035	2020 to 2035 Annual average growth rate and variation (%)
Total population (10,000 people)	141,178	143,635	145,218	145,281	0.19
Population of children (0–14 years old)	25,412	24,143	22,502	20,197	– 1.37
Working-age population (15–64 years old)	96,707	96,657	95,556	92,381	– 0.30
Elderly population (60 years and older)	26,620	31,732	38,406	44,127	3.43
Elderly population (60 years and older)	19,059	22,834	27,160	32,703	3.67
Proportion of the population of children (%)	18.0	16.81	15.50	13.90	– 4.10
Proportion of Working-age population (15–64 years old) (%)	68.5	61.10	58.06	55.72	– 12.78
Proportion of elderly population (65 years old and above) (%)	13.6	15.90	18.70	22.51	8.91

The data of 2020 are from: the *China Statistical Abstract 2021*, compiled by the National Bureau of Statistics, China Statistics Press, 2021 Edition, p. 20; the rest of the data are based on the prediction of Dr. Yu Miao, and the total fertility rate of women is assumed to be 1.678

To this end, the “Proposals” proposed by the Central Committee put forward: “implementing a national strategy to actively respond to population aging” for the first time. To this end, it is necessary to seize the strategic opportunity for coping with population aging, formulate national special medium and long-term plans, actively develop aging human resources, develop the Silver Economy, and give full play to the “longevity dividend”. Additionally, efforts will be made to coordinate elderly care programs and elderly care industries, improve the basic elderly care service system, develop elderly care services that benefits all and is mutually-assisted, support families to undertake elderly care responsibilities, cultivate new elderly care businesses, build an elderly care service system that coordinates home care and community services and integrates medical care and health care, and improve the comprehensive supervision system of elderly care services.<sup>57</sup>

<sup>57</sup> “CPC Central Committee’s Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035” Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

According to the “Proposals”, the relevant state departments have formulated the “14th Five-Year Plan” for National Aging Development and Elderly Care Service System. The Plan focuses on speeding up the improvement of social security, elderly care services, and health support systems, integrating the concept of active aging and the concept of healthy aging into the entire process of economic and social development, doing our best and do what we can to deepen reform and comprehensively implement policies, increasing system innovation, policy supply, and the fiscal investment, **and continuing to make new progress in supporting the elderly, providing medical care for the elderly, doing something for the elderly, giving learning opportunities to the elderly, and providing entertainment for the elderly, so that the elderly can share the fruits of reform and development and enjoy a happy old age.**<sup>58</sup>

## 4.7 Equalization of Basic Public Services

The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China clearly stated that by 2035, the strategic goal of realizing equal access to basic public services will be achieved.<sup>59</sup> China needs to use three more five-year plans to establish a national basic public service system that is compatible with the goal of basically realizing socialist modernization. By 2035, the equal access to basic public services in China will be basically achieved, and a national basic public service system that is more balanced, of higher-quality, more convenient, and more sustainable will be basically built so that the basic public services can cover the entire population. The income gap will continue to narrow, the level of equalization of basic public services will be significantly improved, and the people’s multi-level and diverse needs for basic public services will be met.

**The social security system will cover the entire population, and the security standards will be steadily improved.** There will be reform and improvement of the social security system, implementation of a national insurance plan, improvement of the basic old-age insurance system for employees and residents, realization of the national overall planning of old-age insurance, steady increases in the level of basic pensions, and full coverage for the people in terms of the participation of basic medical insurance. A multi-level and diversified social security system will be basically formed, the scale of enterprise annuities and commercial old-age insurance

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<sup>58</sup> “‘The 14th Five-Year Plan’ for National Aging Development and Elderly Care Service System”. Xinhua News Agency. 2022-02-21. China Government website, [http://www.gov.cn/xinwen/2022-02/21/content\\_5674877.htm](http://www.gov.cn/xinwen/2022-02/21/content_5674877.htm).

<sup>59</sup> “CPC Central Committee’s Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035”. Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

will be continuously expanded, and a sustainable old-age insurance system will be formed to achieve the unification of social and economic benefits.

**Building the world's largest healthy age-friendly society.** There will be a comprehensive building of a social service system in which “the elderly enjoys the recreational activities, has access to knowledge, has something to do, can contribute to the society, can be supported, and has health care.” According to the “*14th Five-Year Plan for Public Services*”, firstly, the basic old-age insurance participation rate will be greatly increased, from 90% in 2020 to 95% in 2025, and more than 97% by 2035. Secondly, there will be an increase in the total number of elderly care beds, from 8.24 million in 2020 to more than 10 million in 2025. Thirdly, there will be an increase the proportion of nursing beds in elderly care institutions from 38% in 2020 to 55% in 2025, and to more than 60% in 2035, and this will be used as a binding indicator; Fourthly, the coverage rate of elderly care service facilities in newly-built urban areas and residential (community) areas will reach 100% by 2025, which will also be used as a binding indicator. There are indicators such as the number of elderly care beds per 1000 elderly people, the proportion of nursing beds used for elderly patients, and the proportion of elderly people receiving education and training to the elderly population. These will be used to build a social environment for the elderly that contains filial piety and respect.

**To ensure common prosperity, even one cannot be left behind.** The system and mechanism for solving the problem of relative poverty has been basically perfected. China will improve the social welfare system focusing on helping the elderly, the disabled, children, and people in straitened circumstances, and continuously raise the minimum social security standards for residents. In December 2019, the average benchmark for rural subsistence allowances formulated by China was CNY 5,336 per person per year.<sup>60</sup> It is estimated that by 2025, the poverty population of 3.2 international dollars per person per day can be eliminated, and the incidence of poverty population of 5.5 international dollars per person per day can be reduced to less than 1% (Table 4.7). China will focus on the living security of key groups without the ability to work and without a source of income, including the elderly in rural areas who doesn't have a source of support from relatives, poor children from rural low-income families, children from single-parent low-income families, and people with disabilities who are unable to work and lack a source of support.

**Significant progress has been made in housing.** According to the “*14th Five-Year Plan for Public Service*”, firstly, by 2025, the guarantee rate of urban household recipients of subsistence allowances and that of low-income families applying for public rental housing should be secured as much as possible, and it should be used as a binding indicator. Secondly, the housing security rate of rural low-income groups who has reached the level of protection should also be guaranteed, and this should be used as a binding indicator. Thirdly, China will renovate old urban communities,

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<sup>60</sup> According to the 2019 private consumption purchasing power parity (PPP) factor of 4.176, the daily expenditure is equivalent to 3.5 international dollars per person, which is higher than the poverty benchmark of 3.2 international dollars, and it accounts for 64% of the benchmark of 5.5 international dollars per person per day (when the annual income is CNY 8383, as per the 2018 prices).

**Table 4.7** Trends of main indicators of social development and public services (2020–2035)

Index	2020	2025	2030	2035
Basic old-age insurance participation rate (%)	90	95	> 96	> 97
Basic medical insurance participation rate (%)	95	> 95	> 97	> 98
Coverage rate of social security card holders (%)	93.2 (2019)	100	100	100
Number of elderly care beds (10,000)	824	1000	1200	> 1300
Proportion of elderly care beds to nursing beds (%)	38	55	> 60	> 60
Annual circulation of public libraries (100 million visits)	8	11	15	20
Proportion of people who regularly participate in physical exercises (%)	35	32	> 40	> 47
Coverage rate of basic rehabilitation services for persons with disabilities (%)	80	90	95	100

Explanation: the data of 2020 and 2025 are from the National Development and Reform Commission: “14th Five-Year Plan” for Public Services  
The data of 2030–2035 are estimated by the author

and the amount of which will reach 219,000 by 2025, not only for providing basic living arrangements but also for improving the quality of life.

**Assistance will be provided for the whole vulnerable group.** According to the China Disabled Persons’ Federation, during the “13th Five-Year Plan” period, 1.075 million people with disabilities received assistance and support for the extremely poor, 10.768 million people with disabilities received minimum subsistence allowances, 12.126 million people with disabilities and difficulties received living allowances, and 14.738 million people with severe disabilities received nursing care allowances. The participation rate of basic old-age insurance for the disabled in urban and rural areas exceeded 90%, and the participation rate of basic medical insurance reached 95%. According to the “14th Five-Year” Plan for Public Service, China’s living subsidies for the disabled and the nursing subsidies for the severely disabled have achieved a coverage of 100%, fully reflecting the superiority of the socialist system.

**It can be expected that by 2035, China will realize the beautiful vision of “ensuring people’s access to childcare, education, medical services, elderly care, housing, and social assistance”, and it will see that our people will always have a strong sense of fulfillment, happiness, and security.**

## 4.8 Solid Progress Has Been Made Toward Prosperity for Everyone

**In essence, the process of China’s basic realization of socialist modernization is to make all the people be prosperous together.** This requires China to develop through different stages. “A select few achieving wealth” is not the ultimate goal, but the starting point, breakthrough point and basic means to achieve the goal of common wealth. Similarly, the realization of “common wealth” cannot be a quick victory but instead a longer term battle,<sup>61</sup> which can be divided into several distinct phases: the first stage is “a select few first achieving wealth” (1978–2000), the second stage is building a moderately prosperous society in all respects (2000–2020), and the third stage is the stage of common prosperity for all (2020–2035).

By 2035, as China basically realizes its modernization, it will also usher in an era of common development, common prosperity and common wealth. Common development creates common prosperity, and common prosperity drives an increase in the wealth for all. There must be a continuously narrowing of the gap between urban and rural areas, of the gap between different regions, and of the gap between urban and rural income. It is also necessary to significantly narrow the gap in wider fields, including the development gap in multi-dimensional indicators such as consumption, housing, employment, education, health, culture, basic public services, and social security. China must enable all the 1.4 billion people to live a richer, higher-quality and safer life, and the level of human capital owned by workers will be higher and higher. They will have the ability to independently start a business, bring about innovations, and create wealth, and can fairly share the fruits of social development and achieve the grand goal of “making solid progress toward prosperity for everyone”.

**By 2035, China will not only become a medium-developed country, but also a country with a very high level of human development.** According to the United Nations Development Programme (UNDP), China’s Human Development Index (HDI) reached 0.761 in 2019, ranking the 85th among 189 countries—the top 45% of the world. Among them, China’s GDP per capita is 15,011 international dollars (constant price in 2017), the average life expectancy is 76.7 years,<sup>62</sup> the expected schooling years are 13.9 years, and the average schooling years are 7.9 years.<sup>63</sup> It is estimated that by 2025 or so, China’s HDI will be 0.810, entering a very high level of human development, which will increase the total population of the world’s very

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<sup>61</sup> In 1991, the author believed that we could create miracles in a certain aspect or field, and catch up with or surpass developed countries, but in terms of the overall level of development and the whole country, it is impossible for China to create a great miracle or make a dramatic progress of its modernization in a short period of time. China’s modernization must be a long-term struggle. This is not only a profound summary of the historical lessons of China’s economic development over the past 40 years, but also a basic conclusion drawn from the analysis of China’s national conditions. Written by Hu Angang: *China: Going to 21st Century*, China Environmental Science Press, 1991 Edition, p. 47.

<sup>62</sup> According to data provided by the National Bureau of Statistics, China’s average life expectancy in 2020 was 77.93 years.

<sup>63</sup> United Nations Development Programme (UNDP): *2020 Human Development Report*, Table 4.1.

**Table 4.8** Trends of China's human development index (1990–2035)

Years	GDP per capita (2017 international dollars)	Expected schooling years	Average schooling years	Life expectancy (years)	Human development index (HDI)
1990	1424	8.8	4.8	69.1	0.501
2000	3452	9.6	6.5	71.4	0.591
2010	8885	12.9	7.3	74.4	0.702
2020	16,847	13.8	8.0	77.3	0.763
2025	21,679	15.0	8.7	78.3	0.810
2030	25,270	15.5	9.3	79.0	0.836
2035	33,501	16.0	9.9	79.5	0.850

Explanation: the data of the GDP per capita of 1990–2020 are based on the World Bank database, which are in 2017 international dollars; the HDI data are from the UNDP database; the data of 2020–2035 are estimated by the author

high human development by more than 90%. By 2035, China's HDI will exceed 0.850 (see Table 4.8), to become the most dynamic and creative modern country in the world, and become one of the major international symbols for the common prosperity of all people.

**In short, by 2035, the grand goal of “China's entry into the ranks of high-income countries, and the life expectancy of its population and the level of national education reaching the world's advanced level” will be achieved as scheduled.**

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## Chapter 5

# The Basic Realization of Green Modernization by 2035



The world has entered the era of the fourth industrial revolution, and China has become a leader and practitioner of innovative green modernization. China's basic national conditions determine the path of modernization with Chinese characteristics, and at the same time, it also determines that green modernization must be chosen to realize the path of modernization with Chinese characteristics, that is, there must be a modernization of the harmonious coexistence between man and nature. China has entered a new era of green innovation, ecological investment, and ecological surplus, forming a new green modernization pattern of harmonious development between man and nature. This is one of the core goals and distinctive features of modernization with Chinese characteristics.

General Secretary Xi Jinping proposed at the National Conference on Ecological and Environmental Protection that “we must ensure that by 2035, the spatial pattern, industrial structure, production mode, and lifestyle of saving resources and protecting the environment will be generally formed, the quality of the ecological environment will be fundamentally improved, and the modernization of national governance system and governance capability in the field of ecological environment will be implemented, and the goal of building a beautiful China will be basically achieved. In this regard, we look forward to the main goals and development indicators of basically realizing green modernization with Chinese characteristics in 2035.”<sup>1</sup>

The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China proposed to promote green development and promote the harmonious coexistence of man and nature. It promoted to adhering to the concept that lucid waters and lush mountains are invaluable assets, adhering to respect for nature, conforming to

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<sup>1</sup> Xi Jinping. Speech at the National Conference on Ecological Environmental Protection. 2018-05-18. People's Daily Online, <http://jhsjk.people.cn/article/30603656>.

nature, and protecting nature, giving the priority to resource conservation and protection, as well as natural restoration, and guarding the boundaries of natural ecological security. It further promoted deeply implementing the sustainable development strategy, improving the overall coordination mechanism in the field of ecological civilization, building an ecological civilization system, promoting a comprehensive green transformation of economic and social development, and building a modernization where man and nature coexist in harmony.<sup>2</sup>

In 2021, the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China” (the “Outline” for short) put forward the main quantitative indicators (5 items) and sub-priority indicators (9 items) of green ecology in 2025.<sup>3</sup> The “Outline” is not only organically linked with the national “Twelfth Five-Year Plan” and “Thirteenth Five-Year Plan”, but also supported by the long-range objectives through the year 2035. This is an important basis for this paper to quantitatively analyze the basic realization of modernization by 2035. To this end, this paper makes a mid- and long-term outlook on China’s 2025 and 2035 objectives and indicator trends, highlighting the development trend and main characteristics of its green modernization with Chinese characteristics.<sup>4</sup>

In particular, President Xi Jinping solemnly announced at the General Debate of the 73rd Session of the United Nations General Assembly that China will increase its nationally determined contribution, adopt more powerful policies and measures, and strive to achieve a peak in carbon dioxide emissions before 2030, and strive to achieve a carbon neutrality by 2060.<sup>5</sup>

The above is the basic basis for us to look forward to China’s ecological and environmental goals in 2035, especially in addressing the biggest challenge of global climate change. The comprehensive construction of modernization also includes the modernization of harmonious coexistence between man and nature, which can be called green modernization. The medium- and long-term outlook for China’s 2025 and 2035 objectives and indicator trends here highlights its development trend and main characteristics of green modernization with Chinese characteristics.<sup>6</sup>

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<sup>2</sup> “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”. Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). Source: (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

<sup>3</sup> The Financial and Economic Committee of the National People’s Congress, National Development and Reform Commission. *Interpretations on the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”* [M]. Beijing: China Planning Press, 2021, p. 218.

<sup>4</sup> Wan et al. (2021).

<sup>5</sup> “Xi Jinping Delivers Important Speech at the General Debate of the 75th Session of the UN General Assembly”. 2020-09-22. Chinese Government Website, [http://www.gov.cn/xinwen/2020-09/22/content\\_5546168.htm](http://www.gov.cn/xinwen/2020-09/22/content_5546168.htm).

<sup>6</sup> *Tutorial for the Report of the 19th National Congress of the Communist Party of China*. Beijing: People’s Publishing House, 2017: 374.

## 5.1 Basic Establishment of a Clean, Low-Carbon, Safe and Efficient Energy System

The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China clearly pointed out that it is necessary to accelerate the promotion of green and low-carbon development, and promote the safe and efficient use of clean, low-carbon energy.<sup>7</sup> “Clean” refers to reducing pollution emissions from energy production and consumption, especially air pollution emissions. “Low-carbon” refers to reducing the carbon intensity of energy consumption and achieving low carbon or no carbon. “Safety” refers to ensuring the safety of energy supply and consumption. “High efficiency” refers to reducing energy consumption per unit of GDP and carbon emissions.

**Strictly control the total energy consumption.** The basic national conditions of China’s energy situation are as follows: oil reserves account for 1.5% of the world’s total, natural gas reserves account for 4.5% of the world’s total, and coal reserves account for 13.3% of the world’s total. China’s oil production accounts for 4.7% of the world’s total, while oil consumption accounts for 16.4%, a gap of 11.7% points. China’s natural gas production accounts for 5.2% of the world’s total, while natural gas consumption accounts for 16.6%, a gap of 11.4% points. As a result, and China has also become the world’s major importer of oil and natural gas.<sup>8</sup> At the same time, China is the world’s largest energy consumer. In 2020, the total consumption reached 4.98 billion tons of standard coal,<sup>9</sup> accounting for 26.5% of the world’s total,<sup>10</sup> significantly higher than the ratio (18.3%) of China’s GDP (international dollar in 2017) to the world’s total. This functionally means that China’s unit energy consumption is equivalent to 1.43 times the world average. It is estimated that the total consumption will reach 5.5 billion tons of standard coal in 2025, and may exceed 6 billion tons of standard coal ahead of schedule by 2035. The average annual growth rate is 2.5%, which can support the economic growth rate of about 5%, thus the overall energy self-sufficiency rate can be kept above 80%, basically guaranteeing the overall security of China’s energy.

**The energy utilization efficiency will reach the international advanced level.<sup>11</sup>**

The national 14th Five-Year Plan clearly states that the allocation of energy resources will be more reasonable, the utilization efficiency will be greatly improved, and the energy consumption per unit of GDP and carbon dioxide emissions will be reduced

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<sup>7</sup> “CPC Central Committee’s Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035”. Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). Source: (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

<sup>8</sup> Data source, BP Statistical Review of World Energy July 2022.

<sup>9</sup> National Bureau of Statistics of China (2021).

<sup>10</sup> Data source: BP Statistical Review of World Energy, June 2022.

<sup>11</sup> Zheng(2020).

by 13.5% and 18% respectively.<sup>12</sup> There will be an annual cumulative decline of more than 50% in energy consumption per unit of GDP. China will implement the Nation of Energy Savers Initiative, comprehensively promote energy conservation in various industries, strictly control the growth of total energy consumption, and build an energy-saving society.

**Strictly control the total coal consumption.** In 2020, China total coal consumption was 2.83 billion tons of standard coal,<sup>13</sup> accounting for 53.3% of the world's coal consumption.<sup>14</sup> From 2.83 billion tons of standard coal in 2020, the amount will be reduced to 2.7 billion tons of standard coal by 2025, and it will be controlled below 2.5 billion tons of standard coal by 2035. China will reduce the proportion of coal consumption in total energy consumption, from 56.8% in 2020 to below 50% (48.8%) by 2025, and then dropping below 40% (37.9%) by 2035. Coal accounts for about 94% of the proven reserves of fossil energy resources in China. According to the requirements of the Central Economic Work Conference: **“Based on the basic national conditions of coal-based energy consumption structure, we must further promote the energy revolution”,<sup>15</sup> and accelerate the low-carbon, clean and comprehensive utilization of coal.** China has built the world's largest clean and efficient coal power supply system. In 2019, there were 111 one-million-kilowatt ultra-supercritical coal-fired power generating units in operation across the country, increasing the proportion of coal for power generation in coal consumption from 55% to more than 60% in 2025, and to more than 75% by 2035. This will greatly lower the overall burden of coal emissions.

**The greening of energy consumption structure will be accelerated.** The proportion of non-fossil energy in total energy consumption continues to increase. According to the requirements of the “Outline”, this proportion will increase from 15.9% in 2021 to about 20% in 2025, and the supply of non-fossil energy will reach about 1.1 billion tons of standard coal. This will be increased to about 25% by 2030,<sup>16</sup> and more than 30% by 2035; the proportion of clean energy consumption will be greatly increased, from 24.3% in 2020 to 28.5% in 2025, and by 2035 annual increase of more than 37% (see Table 5.1). China will accelerate the greening of the power structure, and establish a modern green energy supply system driven by a variety of renewable energy sources. The installed capacity of non-fossil energy power generation accounted for 43.4% of China's total in 2020, and is expected to reach 50% in 2022<sup>17</sup> and will exceed 60% in 2035. The proportion of renewable energy installed

<sup>12</sup> “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China”. March 2021.

<sup>13</sup> National Bureau of Statistics of China 2021.

<sup>14</sup> Data Source: BP Statistical Review of World Energy, June 2021.

<sup>15</sup> “Central Economic Work Conference,” Xinhua News Agency, December 10, 2021.

<sup>16</sup> The Financial and Economic Committee of the National People's Congress, National Development and Reform Commission. *Interpretations on the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China”*. Beijing: China Planning Press, 2021: 238–239.

<sup>17</sup> According to the information provided by the China Electricity Council, it is estimated that by the end of 2020, the installed capacity of full-caliber power generation in my country will reach

capacity in the world's total continues to increase, from 16.0% in 2020 to more than 30%.<sup>18</sup> Approximately 40 million kilowatts of additional hydro power capacity will be installed during both the 14th and 15th Five-Year Plan periods, respectively. By 2025, the installed capacity of new energy storage will reach more than 30 million kilowatts. By 2030, the installed capacity of pumped storage power stations will reach about 120 million kW.<sup>19</sup>

China will actively promote the development of nuclear power in an orderly manner and on the premise of safety. China's nuclear power development has entered the fast lane. From 2009 to 2019, the growth rate of nuclear power generation was as high as 17.4%, much higher than the world's average growth rate (0.4%). In 2020, nuclear power generation accounted for 14.6% of the world's electricity generation, ranking behind the United States (29.3%) and slightly higher than France (13.5%), making it the second largest country in terms of nuclear power. In the future, China's nuclear power development will have great potential. According to the "Plan for a Modern Energy System During the 14th Five-Year Plan Period", by 2025, the installed capacity of nuclear power operation will reach about 70 million kilowatts.<sup>20</sup>

Looking forward to 2035, decisive progress will be made in high-quality energy development, and the current generation energy system will be basically established. The ability to guarantee energy security will have been greatly improved, and green production and consumption patterns will have more coverage across the country. The proportion of non-fossil energy consumption will increase to 25% by 2030. Renewable energy power generation will become the main power source, and new power system construction will achieve substantial results.<sup>21</sup> As the world's largest energy producer and consumer, China will take the lead in realizing a green-oriented transition of energy and electricity by 2035, and become the initiator and leader of the world's green energy revolution and green electricity revolution in the twenty-first century.

**The efficiency of water resources utilization will reach the international advanced level, and the decoupling of water resources consumption and**

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about 2.6 billion kilowatts. Among them, the total installed capacity of non-fossil energy power generation will reach about 1.3 billion kilowatts, which is expected to account for 50%. Gu Yang. "The proportion of non-fossil energy power generation installed capacity is expected to reach 50%". *Economic Daily*, 2022-02-14 (9).

<sup>18</sup> In 2020, China's hydropower accounted for 30.8% of the world's total, nuclear power accounted for 13.6%, wind power accounted for 29.3%, solar power accounted for 30.5%, and the installed capacity of green energy accounted for 16.0%. Data Source: BP Statistical Review of World Energy July 2021.

<sup>19</sup> "Notice of the State Council on Issuing the Action Plan for Carbon Dioxide Peaking Before 2030", October 2021, Ministry of Ecology and Environment website: [https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026\\_957879.shtml](https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026_957879.shtml).

<sup>20</sup> National Development and Reform Commission, National Energy Administration. "Plan for a Modern Energy System During the 14th Five-Year Plan Period" [EB/OL]. (2022-01-29)[2022-03-12]. [http://www.gov.cn/zhengce/zhengceku/2022-03/23/content\\_5680759.htm](http://www.gov.cn/zhengce/zhengceku/2022-03/23/content_5680759.htm).

<sup>21</sup> National Development and Reform Commission, National Energy Administration. "Plan for a Modern Energy System During the 14th Five-Year Plan Period" [EB/OL]. (2022-01-29)[2022-03-12]. [http://www.gov.cn/zhengce/zhengceku/2022-03/23/content\\_5680759.htm](http://www.gov.cn/zhengce/zhengceku/2022-03/23/content_5680759.htm).

**Table 5.1** Growth trends for China's energy consumption and carbon emissions (2020–2035)

Years	Total energy consumption (100 million tons of standard coal)	Coal consumption (100 million tons of standard coal)	Proportion of coal consumption in energy consumption (%)	Total clean energy consumption (100 million standard coal)	Proportion of clean energy in energy consumption (%)	Proportion of green energy in installed generation capacity	Carbon emissions (100 million tons of carbon equivalent)	Energy consumption per unit of GDP (ton of coal equivalent / CNY 10,000)	Carbon emissions per unit of GDP (tons of carbon equivalent / CNY 10,000)
2020	49.8	28.3	56.8	7.92	15.9	43.4	98.9	0.49	0.95
2025	55.3	27.0	48.8	15.8	28.5	50	95.9	0.41	0.68
2030	61.0	26.0	42.6	20.1	33.0	53	90.6	0.36	0.51
2035	65.0	25.0	37.9	24.4	> 37	56	84.3	0.32	0.40
Average annual growth rate and change from 2020 to 2035 (%)	1.8	- 0.7	- 19.8	4.9	13.6	16	- 1.0	- 2.6	- 5.3

Data of 2020: *China Statistical Abstract 2021*, China Statistics Press, 2021 edition, pp. 80, 82; carbon emission data source: BP Statistical Review of World Energy, July 2021; other data are predicted by the author

**economic growth will be achieved.** Water is a basic natural resource and a strategic economic resource related to the national economy and people's livelihood, and it is a controlling element of the ecological environment. Severe shortage of water resources is a common condition in China and an important bottleneck restricting economic and social development. China's resources only accounts for 6.6% of the world's total renewable inland freshwater resources,<sup>22</sup> while its population accounts for 18.2% of the world's total. Water resources per capita are only 36% of the world's average. The uneven spatial and temporal distribution of water resources and the prominent conflict between supply and demand<sup>23</sup> are one of the biggest limiting factors for realizing the modernization of a population of more than one billion. To this end, it is necessary to fully implement the dual control goals of total volume and intensity of water resource consumption, and **to build the world's largest water-saving society by realizing the modernization of water conservancy and implementing national water-saving action.** The comprehensive improvement of water resource utilization efficiency and benefit indicators will be integrated into the national five-year plan and annual assessment indicators (see Table 5.2). First, China's water resource utilization efficiency must reach the international advanced level, and China must realize the complete decoupling of water resource consumption and economic growth. China will strive to reach the international advanced level and effectively control the total water consumption in the country.<sup>24</sup> During the 14th Five-Year Plan period, calculated in terms of the potential economic growth rate, if the total water consumption is basically stable, the water consumption for per unit of GDP can be reduced by about 22%.<sup>25</sup> In 2025, the total annual water consumption in China will be controlled to a value within 640 billion cubic meters, in reality this can be further reduced to within 580 billion cubic meters. The total water consumption will be reduced to 60 billion cubic meters, and the effective utilization coefficient of farmland irrigation

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<sup>22</sup> Data Source: World Bank Database: <https://data.worldbank.org.cn/indicator/ER.H2O.INTR.K3?end=2016&locations=CN-1W&start=1961>.

<sup>23</sup> National Development and Reform Commission, Ministry of Water Resources. "National Water Conservation Action Plan." April 2019.

<sup>24</sup> According to the 13th Five-Year Plan, by 2020, the total national water consumption would be controlled within 670 billion cubic meters, and the actual total water consumption in 2020 was 581.3 billion cubic meters, which is equivalent to 86.8% of the control target and equivalent to 18.4% of the total water resources of the year (3160.5 billion cubic meters). According to the "National Water Conservation Action Plan" (2019), the total national water consumption will be controlled within 670 billion cubic meters by 2022, and the total national water consumption was 592.1 billion cubic meters in 2021. Data Source: Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 74.

<sup>25</sup> Compiled by the Financial and Economic Committee of the National People's Congress and the National Development and Reform Commission: *Interpretations on the "Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China"*, China Planning Press, 2021 edition, p. 244.

water will increase from 0.565 in 2020 to above 0.58 in 2025.<sup>26</sup> By 2035, the accumulative total will be controlled at 553 billion cubic meters, which is significantly lower than the target of 700 billion cubic meters, and the total water consumption will continue to decline. The actual total national water consumption and total water consumption per capita, having reached their peak plateau, will continuously decline.<sup>27</sup> Second, China must reduce the water consumption per CNY 10,000 of GDP by about 16% compared with the 2020 value.<sup>28</sup> By 2035, the water consumption per unit of GDP will decrease by 56.4%, with an average annual decrease of about 3.0%, **striving to reach the international advanced level.**<sup>29</sup> Third, the national agricultural water consumption occupies 62.1% of the total water consumption, which already demonstrates a continuous downward trend. At the same time, the efficiency of agricultural water use was improved, which was 4.1% lower in 2020 than in 2016, and was completely decoupled from the growth of agricultural added value. Fourth, the national industrial water consumption drops significantly. In 2011, the national industrial water consumption reached a peak of 146.2 billion cubic meters. By 2020, it dropped to 103.0 billion cubic meters, a decrease of 29.5%.<sup>30</sup> Furthermore, the water consumption per unit industrial added value declines obviously.<sup>31</sup> By 2025, the water consumption of industrial added value will decrease by 16% compared with 2020,<sup>32</sup> with an average annual decrease of about 3.0%, which will have been completely decoupled from the growth of industrial added value. Fifth, domestic water consumption increases slightly. Sixth, ecological water consumption continues to rise, which doubled in 2020 compared with 2015, rising from accounting for 2.0% of total water consumption in 2015 to 5.4% in 2021.<sup>33</sup> Seventh, the national per capita domestic water consumption has decreased year by year.<sup>34</sup> Eighth, China will fully implement tiered pricing of water, implement dual control of total water resource consumption and intensity, and give full play to the price lever to realize

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<sup>26</sup> Ministry of Water Resources, National Development and Reform Commission: “Notice on Issuing the Dual Control Targets for Total Water Use and Intensity During the 14th Five-Year Plan”, March 2022.

<sup>27</sup> National Development and Reform Commission, Ministry of Water Resources. National Water Conservation Action Plan. April 2019.

<sup>28</sup> Ministry of Water Resources, National Development and Reform Commission: “Notice on Issuing the Dual Control Targets for Total Water Use and Intensity During the 14th Five-Year Plan”, March 2022.

<sup>29</sup> See Footnote 11.

<sup>30</sup> Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2022*, China Statistics Press, 2022 edition, p. 74.

<sup>31</sup> In 2020, the water consumption per CNY 10,000 of industrial added value was 32.9 cubic meters, down 39.6% from the previous year.

<sup>32</sup> Ministry of Water Resources, National Development and Reform Commission: “Notice on Issuing the Dual Control Targets for Total Water Use and Intensity During the 14th Five-Year Plan”, March 2022.

<sup>33</sup> Chinese government website: [http://www.mwr.gov.cn/xw/slyw/202206/t20220616\\_1579606.html](http://www.mwr.gov.cn/xw/slyw/202206/t20220616_1579606.html).

<sup>34</sup> In 2020, the national per capita water use was 412 cubic meters, down 4.0% from the previous year.

the construction of a water-saving society. “The water price formation mechanism that reflects the scarcity degree of water resources and water supply cost and is conducive to water saving, industrial structure adjustment, and ecological compensation will be established and perfected. China will additionally give full play to the role of market mechanism and price leverage in water resource allocation, conservation and protection.”<sup>35</sup> Ninth, the effective irrigation area of China’s farmland has grown to 1.037 billion mu, and the water-saving irrigation area has reached 560 million mu.<sup>36</sup> The Israeli-style agricultural drip irrigation technology has been widely promoted nationwide, which has greatly improved water productivity,<sup>37</sup> especially in the northern regions, and arid/semi-arid areas. Tenth, through measures such as the construction of reclaimed water facilities, by 2025, the recycling rate of sewage in water-deficient cities at the prefecture level and above will reach more than 25%.<sup>38</sup> Eleventh, during the 14th Five-Year Plan period, the water consumption per unit of GDP will drop by about 16%. During the 15th Five-Year Plan and “16th Five-Year Plan”, it will both drop by about 16%, and the cumulative reduction in the 15 years will be more than 50%. It means that GDP growth will be completely decoupled from water consumption. Twelfth, China must ensure water security. By 2025, the ability to prevent floods and droughts, the ability to economically and intensively utilize water resources safely, the ability to optimize and allocate water resources, and the ability to protect and manage rivers and lakes will be further strengthened, and the country’s ability to ensure water security will be significantly improved.<sup>39</sup> By 2035, the modernization of water conservancy, the high-efficiency, intensification and harmlessness of industrial, agricultural and domestic water will be basically realized. This is an important part of basically realizing green modernization, and it is also an important aspect of basically realizing socialist modernization.<sup>40</sup> By 2035, the world’s largest high-efficiency water-saving society will be built. The modernization of water conservancy will be basically realized, the economical and intensive utilization of water resources will reach the world’s advanced level, and the total national

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<sup>35</sup> “Plan for the Establishment of Water-Saving Society During the ‘14th Five-Year Plan’ Period”, October 2021, Chinese government website: [http://www.gov.cn/zhengce/zhengceku/2021-11/09/content\\_5649875.htm](http://www.gov.cn/zhengce/zhengceku/2021-11/09/content_5649875.htm).

<sup>36</sup> “Investigation on the problem of cultivated land.” *Economic Daily*, 2022-02-14 (1).

<sup>37</sup> In 2017, Israel’s water productivity per unit of GDP (water consumption per unit of GDP (2015 price)) was 12.8 times that of China, and the United States’ figure was twice that of China. Calculation Data Source World Bank Database: <https://data.worldbank.org/indicator/ER.GDP.FWTL.M3.KD?locations=CN-IL-US>.

<sup>38</sup> Compiled by the Financial and Economic Committee of the National People’s Congress and the National Development and Reform Commission: *Interpretations on the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”*, China Planning Press, 2021 edition, p. 243.

<sup>39</sup> “Issuance and Implementation of the 14th Five-Year Plan for Water Security Guarantee”, January 2022, Chinese government website: “14th Five-Year” Water Security Plan Issuance and Implementation\_Department and Government Affairs\_Chinese Government Website ([www.gov.cn](http://www.gov.cn)).

<sup>40</sup> Wang and Hu (2011).

**Table 5.2** Trends of water use and efficiency in China (2020–2035)

Index	2020	2025	2030	2035	Variation between 2020 and 2035
Total water use (1 billion cubic meters)	6021	5814	5670	5500	– 521
Decrease in water consumption per unit of GDP (%)		16	14	12	48.1
Effective utilization coefficient of agricultural irrigation water	0.565	0.58	0.60	0.62	0.055
Decline rate of industrial added value per CNY 10,000 (%)		16	16	16	56
Proportion of ecological water use in total water use (%)	5.3	> 7	> 8	> 10	> 4.7

*Note* GDP is the price in 2020; 2020 data are compiled by the National Bureau of Statistics: *China Statistical Abstract 2021*, China Statistics Press, 2021 edition, p. 75; Ministry of Water Resources: “2020 China Water Resources Bulletin”, July 2021; other data are predicted by the author

water consumption will be controlled within 550 billion cubic meters.<sup>41</sup> This means that **the total national water consumption and per capita water consumption will continue to decline in the circumstance of basically unchanged total population, and this also means that economic growth, agricultural growth, and industrial growth, will be completely decoupled from the total water consumption (especially agricultural and industrial water consumption). The cumulative effect and benefits will be huge. By 2035, the total amount of water that can be saved will reach more than 52.1 billion cubic meters, the cumulative reduction of water consumption per unit of GDP will reach more than 48%, and the proportion of ecological water in total water consumption will increase.** This means that China has launched an unprecedented water-saving revolution decoupled from the total water consumption, which is the main feature of Chinese-style water conservancy modernization characterized by harmony human-water relationships.

## 5.2 Realizing a Fundamental Improvement in Environmental Quality

Since the 18th National Congress of the Communist Party of China, the Party Central Committee with Comrade Xi Jinping as the core has comprehensively strengthened its leadership over ecological civilization and ecological environmental protection, and has carried out a series of fundamental, pioneering and long-term work. The measures to promote pollution prevention and control are of great importance and

<sup>41</sup> This is significantly smaller than the goal of controlling the total national water consumption within 640 billion cubic meters in 2025 and within 700 billion cubic meters in 2035, as proposed in the “Plan for the Establishment of Water-Saving Society During the ‘14th Five-Year Plan’ Period”.

intensity, with remarkable achievements. The phased goals and tasks of the nationwide battle to prevent and control pollution have been successfully completed, the ecological environment has been significantly improved, the people's sense of gain has been significantly enhanced, and the green background and quality of building a well-off society in an all-round way have been planted.<sup>42</sup>

The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China clearly stated that by 2035, the ecological environment will be fundamentally improved.<sup>43</sup> This is a key sign of building an ecological civilization and a beautiful China. The 14th Five-Year Plan clearly requires the continuous reduction of major pollutant emissions and the continuous improvement of the ecological environment.<sup>44</sup>

**Atmospheric, water, soil and other environmental conditions will be improved significantly.** There will be a clear delineation of the red line of environmental quality and safety and the whole-region and systemic environmental protection will be implemented. By 2025, the average number of days with good air quality in cities at the prefecture level and above will increase from 87% in 2020 to 90% in 2025. In 2020, the average PM2.5 concentration of cities at the prefecture level and above that do not meet the national standard decreased by 28.8% compared with the 2015 level, and the number of cities that meet the standard increased to 202. By 2025, it will drop by another 10 percentage points compared with 2020, or about 3.3  $\mu\text{g}$  per cubic meter.<sup>45</sup> By 2035, all cities that do not meet the standard (accounting for 40% of total cities) will meet the national standard. The proportion of cross-sections with excellent or good surface water quality (Class I to Class III) nationwide will be increased from 83.4% to 95%, and the proportion of water quality (Class I and Class II) in coastal waters will reach about 79% in 2025. The proportion of cross-sections with surface water below Class V, the lowest level, will be controlled within 1% (actually 0.6% in 2020) by 2025—heavily polluted weather and urban black and odorous water bodies will be basically eliminated, soil pollution risks will be effectively managed and controlled, solid waste and new pollutant treatment capabilities will be significantly enhanced, and the ecosystem quality and stability will continue to improve. The total emission of major pollutants will continue to decrease. By

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<sup>42</sup> “Opinions of the Central Committee of the CPC and the State Council on Further Fighting the Tough Battle of Pollution Prevention and Control”. 2021–11-02. Chinese government website, [https://www.mee.gov.cn/zcwj/zyygwj/202111/t20211108\\_959456.shtml](https://www.mee.gov.cn/zcwj/zyygwj/202111/t20211108_959456.shtml).

<sup>43</sup> “CPC Central Committee’s Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035”. Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

<sup>44</sup> “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”. March 2021.

<sup>45</sup> Compiled by the Financial and Economic Committee of the National People’s Congress and the National Development and Reform Commission: *Interpretations on the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”*, China Planning Press, 2021 edition, p. 242.

2025, the total emission of chemical oxygen demand and ammonia nitrogen will drop by 8% compared with 2020, and the emission of sulfur dioxide and nitrogen oxide will decrease by 15% (see Table 5.3). The harmless treatment rate of urban sludge will reach 90%, and the recycling rate of sewage in water-deficient cities at the prefecture level and above will exceed 25%.

**In the future, China's agricultural and rural ecological environmental protection tasks will be arduous.** In some areas, soil and groundwater pollution problems are more prominent. There is greater pressure in soil and groundwater pollution source prevention. The task of environmental protection in agriculture and rural areas remains difficult. About two-thirds of the administrative villages in the country's rural areas have not met the requirements for environmental remediation, and the effect of remediation implemented have not been fully stabilized. The problem of black and odorous water bodies in rural areas is prominent, and about three-quarters

**Table 5.3** Environmental quality trends (2020–2035)

Index	2020	2025	2030	2035
Proportion of days with good air quality in cities at prefecture level and above (%)	87	90	94	> 97
Decrease in the concentration of fine particulate matter (PM2.5) in cities at or above the prefecture level that did not meet the standard (%)	8.3	4		
The proportion of surface water reaching or better than water body at Class III (%)	83.4	85	> 90	> 95
Proportion of water bodies below Class V (%)	0.6	< 8		
The proportion of coastal waters with excellent and good water quality (Class I and Class II) (%)		79		
Chemical oxygen demand reduction	13.8	8	6	5
Ammonia nitrogen reduction	15.0	8	6	5
Sulphur dioxide reduction	25.5	8	6	5
NOx reduction	19.7	8	6	5
Safe utilization rate of contaminated arable land (%)	Around 90	Around 93	Around 95	Around 96
Proportion of Class V water at national groundwater monitoring stations (%)	Around 15	Around 10		
Treatment rate of rural domestic sewage (%)	25.5	40	50	60

2020 data: "Evaluation Report of the Implementation of the 'Outline of the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China'", 2025 data: "Indicator description of the 'Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China'", quoted from: Compiled by the Financial and Economic Committee of the National People's Congress and the National Development and Reform Commission: *Interpretations on the "Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China"*, China Planning Press, 2021 edition, pp. 182, 232–234, 242–243. Other data are estimated by the authors

of the administrative villages have not implemented domestic sewage treatment. To this end, the Ministry of Ecology and Environment of the People's Republic of China has put forward the main objectives of the "14th Five-Year Plan for the Protection of Soil, Groundwater and Rural Ecological Environment". It states that by 2025, the overall quality of soil and groundwater environment across the country will remain stable, the safe use of contaminated farmland and key construction land will be consolidated and improved; agricultural non-point source pollution will be controlled, the construction of rural environmental infrastructure will be steadily advanced, and the rural ecological environment will continue to improve. By 2035, the national soil and groundwater environmental quality will be stable with good momentum for improvement, the soil environmental safety of agricultural land and key construction land will be effectively guaranteed, and soil environmental risks will be fully controlled; agricultural non-point source pollution will be curbed, rural environmental infrastructure will be improved. The rural environment will overall have fundamental improvements.<sup>46</sup>

Environmental risks are effectively controlled to ensure the safety of the whole society. By 2035, the main environmental protection indicators will strive to reach the level of medium-developed countries, which is an important international symbol for realizing the goal of fundamental improvement of the ecological environment and building a beautiful China.

### 5.3 The Basic Formation of the Green Development Mode

The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China clearly stated that by 2035, a green production and lifestyle will be widely formed. This is a major sign and basic approach to basically achieve green modernization.<sup>47</sup> As General Secretary Xi Jinping said: "Promoting the formation of green development methods and lifestyles is a profound revolution in the concept of development."<sup>48</sup>

**The green development mode of production will basically take shape.** China will build a green, circular, and low-carbon industrial system with a complete system and optimized structure, for example, green agriculture, forestry, and grass industry in the primary industry, green mining, green energy and energy conservation, green

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<sup>46</sup> Ministry of Environmental Protection: "14th Five-Year Plan for the Protection of Soil, Groundwater and Rural Ecological Environment", December 2021, Chinese government website: <http://www.gov.cn/zhengce/zhengceku/2022-01/04/5666421/files/3bf48f0ca40e4bc a9e9bf14853edefe3.pdf>.

<sup>47</sup> "CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035" Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

<sup>48</sup> Jinping (2017).

manufacturing, environmental protection, and recycling economy, green construction in the secondary industry, green commerce, green transportation, green tourism and other industries in the tertiary industry have become the pillar industries of the national economy. China will accelerate the formation of green and low-carbon transportation methods. By 2030, the share of incremental vehicles fueled by new and clean energy will reach about 40%, carbon emission intensity of commercial vehicles measured on the basis of converted turnover will drop by about 9.5% compared with 2020, and comprehensive energy consumption of the national railways per unit of converted turnover will be cut by 10% compared with 2020. We will strive to reach a peak in petroleum consumption for land transportation before 2030.<sup>49</sup> There will be a creation of a good production environment for enterprises, formation of a large number of large green enterprise groups with green innovation capabilities and international competitiveness, and formulation of green technology product standards and green brand standards. There will be an establishment of a green financial system, issuance of green bonds, setting up of green development funds, and vigorous promotion of green procurement and green service systems for the government and enterprises. China will realize the green transformation of economy and industry, industry and enterprise, technology and product, sales and service, and create the world's largest repository of green jobs. According to the data of the Chinese Research Academy of Environmental Sciences, China's environmental protection industry is growing rapidly. During the period from 2016 to 2020, the compound annual growth rate of the environmental protection industry's operating income reached more than 13%, and the ratio to the nominal GDP growth rate (8.1%) was 1.605, so it belongs to a high-growth emerging industry with elasticity. Furthermore, the environmental protection industry's contribution to national economy increased from 3.3% in 2016 to 4.5% in 2020.<sup>50</sup> According to this trend, the environmental protection industry will become the fastest growing emerging strategic industry in China and the largest green industry. China will transition from being the world's largest "black cat" to the world's largest "green cat".

**The green development lifestyle will basically take shape.** The national awareness of environmental protection will be stronger, and green consumption service standards will be formulated to promote green consumption, green diet, green shopping, green travel, green living, and green office. By 2025, new urban buildings will fully implement green building standards. By 2025, renewable resources will account for 8% of the alternative to conventional energy used in buildings, and we will strive to reach 50% photovoltaic coverage on the roofs of newly constructed public buildings and factories.<sup>51</sup> There will be comprehensive promotion of the classification

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<sup>49</sup> "Notice of the State Council on Issuing the Action Plan for Carbon Dioxide Peaking Before 2030", October 2021, Ministry of Ecology and Environment website: [https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026\\_957879.shtml](https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026_957879.shtml).

<sup>50</sup> Liu Jin, "Dual Carbon Goals Accelerate the Transformation of Environmental Protection Industry", *Economic Daily*, March 18, 2022, 6th edition.

<sup>51</sup> "Notice of the State Council on Issuing the Action Plan for Carbon Dioxide Peaking Before 2030", October 2021, Ministry of Ecology and Environment website: [https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026\\_957879.shtml](https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026_957879.shtml).

and harmless treatment of urban and rural waste. By 2025, a basic sorting system for urban household waste will be established, with the reclamation rate up to about 60%. By 2030, the sorting system for urban household waste will cover all cities, and the reclamation rate will rise to 65%.<sup>52</sup> Importing hazardous waste will be strictly prohibited. From kindergarten to primary, middle schools and universities, we will carry out green education compulsory courses, make green life a priority in people's lives, create a good living environment for the people, and consciously contribute to building a beautiful China.

**The green development system and mechanism will be basically completed.**

The legal and policy system for green development will be basically formed, green finance and green investment will become the main bodies of investment and financing, and green standards and signs will be basically popularized nationwide.

## 5.4 The Construction of Ecological Civilization Will Achieve Remarkable Results

The construction of China's ecological civilization is in a critical period of super-imposed pressure and heavy load. It has entered a crucial period for providing more high-quality ecological products to meet the people's growing needs for a beautiful ecological environment, and a window period for solving outstanding ecological environment problems with favorable conditions and capability.<sup>53</sup> This means that China has moved from an era of ecological deficit to ecological restoration, and then further developed to a new era of ecological surplus.

China's basic national conditions are a large population and little arable land. China's population accounts for 18.2% of the world's total, and its agricultural land only accounts for 11.0% of the world's total.<sup>54</sup> For this reason, the state has put forward the requirements of optimizing the development and protection of national land space, especially for the establishment of a redline for cultivated land.

**Strictly observe the red line for cultivated land.** At all times, food security must be established on the basis of basic food self-sufficiency, the Chinese people's rice bowl must be firmly in their own hands, the national food security defense line must be built, and the overall social stability must be ensured. Regarding the amount of cultivated land, the CPC Central Committee clearly stipulated that by 2020, the amount of cultivated land in the country should not be less than 1.865 billion mu (124.3333 million ha), and the permanent basic farmland protection area should not be less than 1.546 billion mu (53.3333 million ha). Ensuring the construction of 800

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<sup>52</sup> "Notice of the State Council on Issuing the Action Plan for Carbon Dioxide Peaking Before 2030", October 2021, Ministry of Ecology and Environment website: [https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026\\_957879.shtml](https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026_957879.shtml).

<sup>53</sup> Jinping (2022).

<sup>54</sup> Calculation Data Source World Bank Database: <https://data.worldbank.org/indicator/AG.LND.AGRI.K2?end=2020&locations=1W-CN&start=1981&view=chart>.

million mu (53.3333 million ha) and striving to build 1 billion mu (66.6667 million ha) of high-standard farmland will functionally be the basic goals for 2030.<sup>55</sup> In addition, the 14th Five-Year Plan clearly states: during the 14th Five-Year Plan and 15th Five-Year Plan period, the scale of newly added construction land should not exceed 27.36 million mu (1.824 million ha) on average.<sup>56</sup> However, with the acceleration of industrialization and urbanization, demands for industrial land, transportation land, and urban expansion land are very strong, and the contradiction between supply and demand of construction land is prominent, which is an important reason for the continuous reduction of cultivated land.<sup>57</sup> Protecting the total area of arable land, improving the quality of arable land, and ensuring the irrigated area<sup>58</sup> are the basic national policies to strictly observe the red line for arable land. As General Secretary Xi Jinping has requested, “1.8 billion mu of cultivated land must be deserved, farmland is farmland, and it must be fertile land.”<sup>59</sup> It is necessary to promote the transformation and upgrading of the value chain of the entire industry chain of agriculture and animal husbandry in the western region, and vigorously develop high-efficiency dry farming, water-saving facility agriculture, Gobi agriculture, and cold and drought agriculture.<sup>60</sup>

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<sup>55</sup> The “Eleventh Five-Year Plan” proposed that the red line of arable land should be maintained at 1.8 billion mu, the “Twelfth Five-Year Plan” proposed that such red line increased to 1.818 billion mu, and the “Thirteenth Five-Year Plan” clearly proposed that it should be maintained at 1.865 billion mu. Chen Xiwen, chairman of Agriculture and Rural Affairs Committee of the National People’s Congress, introduced that 1.8 billion mu was calculated based on factors such as economic development, population status, and grain yield per unit. Taking into account the multiple cropping index, 1.8 billion mu of arable land corresponds to an annual crop sown area of 2.4 billion mu. Among them, the grain sown area is about 1.7 billion mu, and the rest is used for cotton, oil, sugar, vegetables and other planting. “Investigation on the Problem of Cultivated Land”. *Economic Daily*, 2022-02-14 (1).

<sup>56</sup> Compiled by the Financial and Economic Committee of the National People’s Congress and the National Development and Reform Commission: *Interpretations on the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”*, China Planning Press, 2021 edition, p. 244.

<sup>57</sup> “Investigation on the Problem of Cultivated Land.” *Economic Daily*, 2022-02-14 (1).

<sup>58</sup> China’s natural geographical conditions determine that agricultural production are highly dependent on irrigation. In 2020, the irrigated area of arable land nationwide reached 69.1 million ha. Compiled by the National Bureau of Statistics of China: *China Statistical Abstract 2021*, China Statistics Press, 2021 edition.

By 2020, the national high-efficiency water-saving irrigation area will reach about 360 million mu, accounting for more than 32% of the irrigated area, and the effective utilization coefficient of farmland irrigation water will reach more than 0.55. Ministry of Water Resources, etc.: “Implementation Plan for Newly Added 100 Million Mu of High-efficiency Water-Saving Irrigation Area During the 13th Five-Year Plan”, February 2017.

<sup>59</sup> The Central Rural Work Conference was held in Beijing, Xi Jinping made important instructions to do a good job in “three rural” work, and Li Keqiang made requests. *People’s Daily*, 2020-11-19 (1).

<sup>60</sup> “The Plan for Promoting Agricultural and Rural Modernization During the 14th Five-Year Plan Period (2021–11)”. Chinese Government Website, [http://www.gov.cn/zhengce/content/2022-02/11/content\\_5673082.htm](http://www.gov.cn/zhengce/content/2022-02/11/content_5673082.htm).

**Vigorously improve the quality of inland water bodies.** The water quality compliance rate of water functional areas of important rivers and lakes has increased from 63.5% in 2012 to 76.9% in 2017. About 80% of the target can be achieved by 2020, about 90% of that can be achieved by 2035, and these all will help the achieving of ecologically sustainable development in major water body areas.

**Vigorously improve grassland ecological functions.** The grassland vegetation coverage will increase significantly. In 2018, the comprehensive vegetation coverage ratio of grasslands nationwide reached 55.7%, an increase of 6.7 percentage points over 2011. The areas of grassland grazing prohibition and grassland-animal balance reached 80.43 million ha and 170 million ha, respectively. By 2035, the national grassland vegetation coverage will strive to reach more than 70%, realizing a mutually reinforcing circle of grassland ecological and economic functions.

**Build the world's largest green forestry industry.** As of 2019, the country's forest area has reached 220 million ha, and China forest resources have entered a period of steady development of quantitative growth and quality improvement. However, China is still an ecologically fragile country with a scarcity of forest resources. In 2016, China forest land area only accounted for 5.3% of the world's total.<sup>61</sup> The situation of total forest resources featuring relative insufficiency, low quality and uneven distribution has not been fundamentally changed, and the development of forestry is also facing enormous pressure and challenges. Therefore, vigorously developing forestry undertakings, strictly observing the red line for ecological forestry, and maintaining the bottom line of national ecological security are China's long-term ecological national policies. By 2035, the forestry modernization will be preliminarily realized, the ecological situation will be fundamentally improved, and the goal of building a beautiful China will be basically realized. The forest coverage rate will increase from 22.96% to about 25% in 2030,<sup>62</sup> the forest stock volume will increase from 17.56 billion cubic meters to 22.7 billion cubic meters in 2035, and the total stock of living trees will increase from 19.7 billion cubic meters to 23.9 billion cubic meters. It is necessary to continue to improve the forest coverage, from 22.96% in 2019 to 24.1% in 2025 and to 26% in 2035, thereby further increasing the total amount of carbon dioxide absorbed. It is estimated that the total amount of carbon dioxide absorbed by 2035 will reach 41.671 billion tons of carbon equivalent, an increase of 9.536 billion tons of carbon equivalent from the 32.135 billion tons of carbon equivalent absorbed in 2018 (see Table 5.4), making it the world's largest forestry carbon sink market. The ecological function and economic function of forestry development allow for the realization of a benign development mechanism. The total output value of China's forestry industry will increase from CNY 8.1 trillion in 2020 to more than CNY 20 trillion in 2035, the import and export trade volume of forest products will reach from USD 160 billion to USD 300 billion, and the number of national forest tourism tourists will double, from 1.8 billion in 2018 to

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<sup>61</sup> Calculation Data Source World Bank Database: <https://data.worldbank.org/indicator/AG.LND.FRST.K2?end=2016&locations=1W-CN&start=1990&view=chart>.

<sup>62</sup> "The Action for Consolidating and Enhancing Carbon Sink—Action Plan for Carbon Dioxide Peaking Before 2030", October 2021.

3.6–4 billion. The comprehensive social output value created thereby will rise from CNY 1.75 trillion to 3.5–4 trillion. A number of permanent national forest parks and provincial forest parks will be built. The nature reserves dominated by national parks will account for more than 18% of the land area, and endangered wild animals and plants as well as their habitats will be fully protected.<sup>63</sup> **This fully reflects the new concept of green development that “lucid waters and lush mountains are invaluable assets”, making China’s forestry modernization at the forefront of the world.**<sup>64</sup>

**Important progress will be made in major ecological protection and restoration projects.** China will continue to expand the return of farmland and grazing to forests and grasslands. China will further restore degraded wetlands, ensuring that the national wetland area is not less than 800 million mu, and increase the comprehensively controlled soil erosion and desertification land area.<sup>65</sup> The total vegetation coverage of grasslands nationwide will increase from 55.7% in 2018 to more than 70% in 2035. The decline trend of biodiversity will be fundamentally controlled, the populations of wild animals and plants under national key protection will generally remain stable, the invasion of alien species will be strictly controlled, and the stability of the ecosystem will be significantly enhanced.

**The modernization of national governance capacity in the field of ecological environment will be basically realized.** Green development indicators will be used as evaluation indicators for ecological civilization construction, and annual evaluation and five-year evaluation will also be implemented. China will improve its ecological and environmental protection system, establish a variety of ecological compensation mechanisms, further improve the system of policies, laws and regulations for ecological civilization construction, basically modernize the governance system and governance capacity in the field of ecological civilization construction, improve the ecological environment resource value assessment and accounting system, and compile/synergize various resources. It will additionally construct a physical quantity accounting system, establish physical quantity accounting accounts, form responsible subjects and accountability systems that are compatible with natural laws, and form a complete ecological environment management system.

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<sup>63</sup> National Development and Reform Commission and Ministry of Natural Resources. The overall plan for major projects in the protection and restoration of important national ecosystems (2021–2035). June 2020.

<sup>64</sup> General Secretary Xi Jinping stated: Promoting ecological progress is a long-term task of vital importance to the people’s wellbeing and China’s future. We want not only lucid waters and lush mountains, but also invaluable assets. We would rather want lucid waters and lush mountains than invaluable assets, and lucid waters and lush mountains are invaluable assets. “Xi Jinping Answers Students’ Questions at Nazarbayev University in Kazakhstan,” September 7, 2013, People’s Daily Online: <http://jhsjk.people.cn/article/25567379>.

<sup>65</sup> During the “13th Five-Year Plan” period alone, the newly added soil erosion control area reached 270,000 , accounting for 2.7% of the country’s land area.

**Table 5.4** Changes in forest resources and carbon sinks in China (1948–2035)

Year or period	Forest coverage rate (%)	National forest area (100 million ha)	Forest stock volume (1 billion m <sup>3</sup> )	Total stock volume of living trees (1 billion m <sup>3</sup> )	Cumulative total amount of carbon dioxide absorbed (100 million tons)
1949	12.50	1.20	108.00		197.6
1950–1962	11.81	1.13	110.24		197.8
1973–1976	12.70	1.22	86.6	95.32	156.6
1977–1981	12.00	1.15	90.3	102.61	165.21
1984–1988	12.98	1.25	91.41	105.72	167.28
1989–1993	13.92 (10.05)	1.33 (0.96)	106.7	119.50	185.26
1994–1999	16.55 (11.14)	1.59 (1.07)	112.7	124.90	206.19
1999–2003	18.21 (12.46)	1.75 (1.198)	124.56	136.18	227.94
2004–2009	20.36 (12.53)	1.65 (1.20)	137.21	149.13	251.09
2009–2013	21.63	2.08	151.37	164.33	277.01
2014–2019	22.96	2.20	175.6	197.07	321.35
2025	24	2.30	191.2	205.28	347.83
2030	25	2.40	208.9	221.70	405.71
2035	26	2.45	227.7	239.43	438.16

*Note* The data in parentheses are these of natural forest

From 1950 to 1962, a forest resources inventory across the country was carried out, but due to the variety of methods used and the inconsistent requirements, the data could not reflect the actual situation at that time and were only used for reference. The data from 1973 to 2019 are from the first to the ninth forest resources inventory. The forest area in the sixth forest resource inventory includes the newly-added shrub forests specially stipulated by the state during the inventory interval. Data from 1948 to 2015 are provided by the National Forestry and Grassland Administration: *The Overview of China's Sustainable Development*, p. 47, Beijing, China Forestry Press; Edited by the Development Planning and Fund Management Department of the National Forestry and Grassland Administration, and the Economic Development Research Center, the National Forestry and Grassland Administration: *Digital Interpretations on China's Forestry Development During the Tenth Five-Year Plan Period*; data from the 7th National Forest Resources Inventory; the 4th natural forest data were calculated by Liu Min based on the data; the calculation method of the total amount of carbon dioxide absorbed by forests is the forest stock volume of the year\*1.83 tons/m<sup>3</sup> (IPCC Special Report (2000): Trees can absorb 1.83 tons of carbon dioxide per cubic meter of growth). The data from 2014 to 2018 came from the ninth national forest resources inventory, of which the total biomass of vegetation was 18.802 billion tons and the total carbon storage was 9.186 billion tons. The data of 2025, 2030, and 2035 are calculated by Liu Min and the author based on the relevant thematic research, combined with the historical data of forest resources inventory, using the relative comparison method and the trend average method

The 2025–2035 data are estimated by the author and Liu Min

## 5.5 Basic Establishment of Ecological Security Barrier System

The national 14th Five-Year Plan clearly stated that the ecological security barrier should be reinforced.<sup>66</sup> To this end, the state has put forward requirements for ecological protection red lines.

**Establish a national unified spatial planning system.** There should be an establishment of an ecological function guarantee baseline, including the ecological red line for prohibited development zones, important ecological functioning areas, and ecologically sensitive areas and vulnerable areas. There should be an additional drawing of environmental quality safety bottom lines, including the red line for environmental quality compliance, total pollutant discharge control and environmental risks management. The utilization of natural resources, including promoting resource and energy conservation, ensuring the efficient use of energy, water, land and other resources, should not exceed the maximum limit.

**The planning goals of national main functional zone will be basically achieved.** A strategic pattern of urbanization with “two horizontal and three vertical axes” as the main body will be basically formed,<sup>67</sup> and most of the population and economic aggregate of the country will be concentrated in the major urbanized areas of the country. The agricultural strategic pattern with “seven districts and twenty-three belts” as the main component will basically be formed,<sup>68</sup> and the security of agricultural product supply will be effectively guaranteed. The ecological security strategic pattern with “two screens and three belts” main components will have been basically formed,<sup>69</sup> and ecological security will be effectively guaranteed. The strategic pattern of major marine functional areas will be basically formed, and remarkable achievements will have been made in marine resource development, marine economic development and marine environmental protection.

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<sup>66</sup> “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”. March 2021.

<sup>67</sup> “Two horizontal and three vertical axes” refers to a strategic pattern of urbanization that the land bridge channel and the Yangtze River channel are the two horizontal axes, and the coastal line, Beijing-Harbin Railway, Beijing-Guangzhou Railway, and Baotou-Kunming Railway are the three vertical axes. Major city clusters are the support and other urbanized areas and cities on the axes are important components. After the construction of such strategic pattern of urbanization featuring “two horizontal and three vertical axes” is completed, China will form a complete urban network clusters.

<sup>68</sup> “Seven districts” refer to seven main agricultural product producing areas such as Northeast Plain, Huanghuaihai Plain, Yangtze River Basin, Fenwei Plain, Hetao Irrigation Area, South China, Gansu and Xinjiang; “Twenty-three belt” refers to the twenty-three industrial belts in the seven districts that mainly produce agricultural products such as rice and wheat, and an agricultural strategic pattern with “seven districts and twenty-three belts” as the main body will be established.

<sup>69</sup> “Two barriers and three belts” refer to the “Qinghai-Tibet Plateau Ecological Barrier,” “Loess Plateau-Sichuan Yunnan Ecological Barrier” and “Northeast Forest Belt”, “North China Sand Control Belt”, and “South China Hilly and Mountainous Belt”, thus forming an overall green development ecology silhouette.

**Make full use of both domestic and foreign resources.** China's basic national conditions are still large population base, serious shortage of arable land and other resources, low per capita ecological resources, great environmental pressure, and a weak ecological foundation. To this end, in the international context of opening to the outside world, China, as the world's largest trading body and foreign exchange reserve country, imported USD 977.06 billion of primary products in 2021, accounting for 36.3% of total imports. Of that amount, fossil fuels accounted for 15.0% of the total imports,<sup>70</sup> and there is still room for further expansion—which also helps to reduce the trade surplus. To this end, **we will make full use of the two resources, develop the two markets, use the two technologies, and attract the two kinds of talents, and ensure China's energy security, resource security, environmental security, and ecological security through independent and comprehensive opening to the outside world.**

## 5.6 Striving for Carbon Emissions Peaking by 2030

The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China clearly proposed to reduce the intensity of carbon emissions, support places where conditions permit first to reach the peak of carbon emissions, and formulate a carbon emissions plan before 2030.<sup>71</sup> The total carbon emissions will stabilize and then decline after reaching a peak before 2030, and will play a more important role in addressing global climate change.<sup>72</sup>

General Secretary Xi Jinping emphasized at the ninth meeting of the Central Committee for Financial and Economic Affairs that achieving carbon peaking and carbon neutrality is an extensive and profound change in the nature of the economic and social system, and that carbon peaking and carbon neutrality should be incorporated into the overall layout of ecological civilization construction. No efforts should be spared to achieve the goal of carbon emissions peaking by 2030 and carbon neutrality by 2060 as scheduled.<sup>73</sup>

Climate change is a central issue of global sustainable development. China is also a major country that supports global climate governance, plays an important role in the global climate governance system, and actively includes climate change as an important goal of national development. In 2020, China's carbon emissions were

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<sup>70</sup> National Bureau of Statistics of China (2022).

<sup>71</sup> "CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035" Chinese government website, [http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.htm](http://www.gov.cn/zhengce/2020-11/03/content_5556991.htm). (Adopted at the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China on October 29, 2020).

<sup>72</sup> See Footnote 11.

<sup>73</sup> "Promote the Regulated, Healthy and Sustainable Development of the Platform Economy and Incorporate the Peaking of Carbon Emissions and Carbon Neutrality into the Overall Layout of Building an Ecological Civilization," *People's Daily*, March 16, 2021, 1st edition.

9.89 billion tons of carbon equivalent, accounting for 30.9% of the world's total.<sup>74</sup> China's carbon emissions have entered a peak plateau or a period of decline, and has already achieved the main goal of addressing climate change in 2020 ahead of schedule.

The Chinese government formulated the “Action Plan for Carbon Dioxide Peaking Before 2030”, which is China's most ambitious emission reduction action, and will help make China's contribution to achieving the goals set in the “Paris Agreement” on climate change. This will be achieved in phases using two five-year plans. The basic trend of future carbon emissions is from the relative emission reduction period from 2005 to 2020 to the peak plateau period after 2020. The carbon emission must reach its peak before 2030, and then enter an emission reduction period.

During the 14th Five-Year Plan period, by 2025, the proportion of non-fossil energy consumption will reach about 20%, the energy consumption per unit of GDP will decrease by 13.5% compared with 2020, and the carbon dioxide emission per unit of GDP will decrease by 18% compared with 2020, laying a solid foundation for achieving carbon peaking. To this end, the Chinese government has formulated a “1 + N” policy system for carbon neutrality, formed the main framework of carbon neutrality work, and carried out the ten major peaking carbon dioxide emissions actions in all regions of the country (see Box 5.1).

#### **Box 5.1: Ten Major Peaking Carbon Dioxide Emissions Actions**

1. The action for green and low-carbon energy transition
2. The action for energy saving, carbon emission mitigation and efficiency improvement
3. The action for peaking carbon dioxide emissions in industry sector
4. The action for peaking carbon dioxide emissions in urban–rural development area
5. The action for promoting green and low-carbon transportation
6. The action for promoting circular economy in carbon mitigation purpose
7. The action for advancing green and low-carbon technology innovation
8. The action for consolidating and enhancing carbon sink
9. The action for green and low-carbon society
10. The action for promoting all regions peaking carbon dioxide emissions hierarchically and orderly

*Source* State Department: “Action Plan for Carbon Dioxide Peaking Before 2030”, October 2021, Chinese government website: [http://www.gov.cn/zhe/ngce/content/2021-10/26/content\\_5644984.htm](http://www.gov.cn/zhe/ngce/content/2021-10/26/content_5644984.htm).

During the 15th Five-Year Plan period, by 2030, the proportion of non-fossil energy consumption will reach about 25%, the carbon dioxide emission per unit

<sup>74</sup> Data source: BP Statistical Review of World Energy, June 2021.

of GDP will drop by more than 65% compared with 2005, and the goal of carbon peaking by 2030 will be successfully achieved.<sup>75</sup>

**In the future, the implementation of “dual control” on the total amount and intensity of carbon emission consumption is the main idea for China to mitigate climate change.** The total amount and intensity of carbon emission are regarded as important binding indicators for economic and social development, and a mechanism for index decomposition and implementation will be established. Through the establishment of the world’s largest carbon emission market,<sup>76</sup> market entities and enterprises in high-carbon industries will be encouraged to implement the carbon emission reporting system, and enter the market to directly trade with green energy companies. Thereby they can play the role of reducing carbon dioxide emissions by reducing pollution. According to the assessment of the Chinese Academy of Engineering, the measures of the “Air Pollution Prevention and Control Action Plan” and the “Three-Year Plan on Defending the Blue Sky” have led to a cumulative reduction of 1.41 billion tons of carbon dioxide. This has become an innovative carbon reduction combination for coordinated response to climate change and ecological protection.

China actively participates in global climate governance,<sup>77</sup> reduces the intensity of carbon emissions, supports regions with the favorable conditions first to reach the peak of carbon emissions, and accelerates the implementation of the “Action Plan for Carbon Dioxide Peaking Before 2030”.

**The basic trend for future carbon emissions is movement from the relative emission reduction period from 2005 to 2020 to the peak plateau period after 2020. The first step is that China will enter an absolute emission reduction period before 2030.** The main ways to achieve this goal are as follows: the first is to continue to reduce the total coal consumption; the second is to vigorously promote the clean utilization of coal; the third is to greatly increase the proportion of clean energy in the total energy consumption. It is expected that carbon emissions will drop from 9.89 billion tons of carbon equivalent in 2020 to less than 8.5 billion tons of carbon equivalent in 2035, and the carbon emissions per unit of GDP will drop by nearly 60%, with an average annual decrease of 5.3%, achieving “double declines” in carbon emissions ahead of schedule. This will drive the world’s total carbon emissions into

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<sup>75</sup> “Notice of the State Council on Issuing the Action Plan for Carbon Dioxide Peaking Before 2030”, October 2021, Ministry of Ecology and Environment website: [https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026\\_957879.shtml](https://www.mee.gov.cn/zcwj/gwywj/202110/t20211026_957879.shtml).

<sup>76</sup> As of December 31, 2021, the national carbon market has been running for 114 trading days, the cumulative trading volume of carbon emission allowances is 179 million tons with a turnover of CNY 7.661 billion. Calculated at the amount of compliance, the completion rate of compliance was 99.5%. The closing price on December 31, 2021, was CNY 54.22/ton. Calculated at the average exchange rate of CNY to USD in 2021 (6.45), the average closing price is only USD 8.4/ton, which is significantly lower than the carbon trading price in the EU regions (EUR 48/ton). Qin Yan: “Analysis of the Development Status of the European Carbon Market and the Trend of Carbon Prices,” May 6, 2021, Source: The International Institute of Green Finance of the Central University of Finance and Economics.

<sup>77</sup> Vice Premier Han Zheng holds a symposium at the Ministry of Ecology and Environment, Xinhua News Agency, Beijing, October 13, 2020.

a period of decline,<sup>78</sup> which is of great significance to the global response to climate change. At the same time, China continues to carry out extensive international cooperation, actively and deeply participates in addressing global climate governance, and supports developing countries in improving their response to climate change, controlling carbon emissions, and implementing emission reduction commitments. The second step is to achieve carbon neutrality by 2060.

**While actively promoting climate change mitigation actions, it is necessary to strengthen the observation and assessment of the impact of global climate change on vulnerable regions in China, and more importantly, to actively enhance the ability to adapt to climate change, and prevent and reduce the loss of natural disasters caused by climate change.** The main measures are to coordinate the construction of ecological civilization, with economic construction and social construction, promote ecological civilization construction, advance the development of an ecological civilization, promote ecological protection and restoration, strengthen grassland ecological construction, vigorously carry out afforestation, and curb desertification, rocky desertification, and sloping farmland. Additionally, China must strictly protect important ecological functional areas such as river sources, wetlands and lakes.

**The state must strengthen comprehensive disaster prevention and mitigation measures.** China is a country with frequent occurrence of natural disasters. Natural disasters pose a huge threat to agricultural production and the safety of people's lives and properties. In 2020, a total of 138 million people were affected by various natural disasters across the country, equivalent to 9.8% of the total population. 591 people died or disappeared due to disasters, the lowest amount in China's history. The direct economic loss was CNY 370.15 billion, equivalent to 0.37% of GDP, significantly lower than the target requirements of the "National Comprehensive Disaster Prevention and Mitigation Plan (2016–2020)": "The proportion of average annual direct economic loss due to natural disasters to GDP is controlled within 1.3% (CNY 1,317.6 billion), and the average annual disaster-related death rate per one million population is controlled within 1.3% (1.835 million)."<sup>79</sup> Disaster prevention, mitigation and relief are related to the safety of people's lives and property, as well as to social harmony and stability. China must comprehensively improve its prevention for resisting various natural disasters, as well as improving its mitigation and relief system. This involves also including mitigation and relief work into the overall plans for national economy and social development at all levels, formulating national special plans for comprehensive disaster prevention and mitigation, **proposing that China should clearly reduce the proportion of casualties caused by disasters,**

<sup>78</sup> From 2009 to 2019, the average annual growth rate of China's carbon emissions was 2.4%, which was significantly higher than the world's average annual growth rate of 1.4%, and China contributed 48.2% to the world's carbon emissions growth (calculation data source: BP Statistical Review of World Energy July 2021). Once China's carbon emissions have zero or negative growth, the world's carbon emissions will have zero or negative growth.

<sup>79</sup> National Comprehensive Disaster Prevention and Mitigation Plan (2016–2020). 2017–01. Chinese government website, [http://www.gov.cn/zhengce/content/2017-01/13/content\\_5159459.htm](http://www.gov.cn/zhengce/content/2017-01/13/content_5159459.htm).

**reduce the proportion of economic losses caused by disasters to GDP to less than 1.0%**, and control the average annual mortality rate per million people due to natural disasters to less than 1%. Additionally, China shall improve the national emergency management system to reach the world's advanced level, raise the standards for prevention engineering of natural disasters such as floods and droughts, forest and grassland fires, geological disasters, meteorological disasters, and earthquakes, and develop catastrophe insurance.

In short, modernization with Chinese characteristics has entered a new era of building a modern socialist country in a comprehensive way. By 2025, China will achieve new progress in its ecological civilization development, and green modernization, make remarkable achievements in green transformation of production and lifestyle, and achieve more reasonable and efficient energy and resource allocation. The ecological environment will continue to improve, the ecological security barrier will be increasingly consolidated, and the urban and rural living environment will see significant improvement. By 2035, green production and lifestyles will be widely popularized, carbon emissions will stabilize with some decline after peaking, the ecological environment will fundamentally improve, and the goal of building a beautiful China will be basically achieved.<sup>80</sup> China through comprehensively promoting the modernization of the harmonious coexistence of man and nature, not only will continue to create the “miracle of rapid economic growth” and “miracle of long-term social stability” in China, taking the lead in creating an “ecological green miracle” in the world, but also provides developing countries with “China’s experience” and “China’s case” in achieving green modernization, and will create the “China’s model” and “China’s path” for the sustainable development of mankind in the twenty-first century.

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<sup>80</sup> Compiled by Financial and Economic Committee of the National People’s Congress, National Development and Reform Commission. *Interpretations on the “Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People’s Republic of China”* [M]. Beijing: China Planning Press, 2021: 5–6.

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# Chapter 6

## The Basic Realization of the Modernization of the National Governance by 2035



General Secretary Xi Jinping emphasized that what kind of governance system a country chooses is determined by the country's historical heritage, cultural traditions, and level of economic and social development, as well as the people of the country. China's national governance system today is the result of long-term development, gradual improvement, and endogenous evolution based on our country's history, cultural traditions, and economic and social development levels.<sup>1</sup>

For more than 70 years since the founding of the People's Republic of China, the Communist Party of China has led the people in creating a miracle of rapid economic development and long-term social stability rarely seen in the world.<sup>2</sup> Calculated at constant prices, from 1952 to 2020, the GDP has increased by 189 times, with an average annual growth rate of 8.0%, and the GDP per capita has increased by 76.2 times, with an average annual growth rate of 6.6%. Among them, the industrial added value has increased by 1028 times, with an average annual growth rate of 10.7%.<sup>3</sup> Aside from the ten-year civil strife of the "Cultural Revolution", China has maintained the longest social stability, which is the public welfare product of the "great order throughout the land", as the fresh air that every Chinese person constantly needs. At the same time, China has also created the world's largest poverty alleviation miracle. According to the current standards for rural areas in 2010, 770 million rural poor people have been lifted from poverty.<sup>4</sup> Calculated by the international poverty line of more than 1.90 international dollars (in 2011), 880 million people in

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<sup>1</sup> Jinping (2014).

<sup>2</sup> "Decision of the CPC Central Committee on Major Issues Concerning Upholding and Improving the System of Socialism with Chinese Characteristics and Advancing the Modernization of China's System and Capacity for Governance" (Adopted at the Fourth Plenary Session of the 19th Central Committee of the CPC on October 31, 2019).

<sup>3</sup> The editing team of the 70 Years of Glory. *70 Years of Glory: New China's Economic and Social Development Achievements 1949–2019*. Beijing: China Statistics Press, 2019: 373–374. National Bureau of Statistics of China (2021).

<sup>4</sup> National Bureau of Statistics of China (2021: 69).

absolute poverty have been lifted out of poverty.<sup>5</sup> The institutional basis for creating the above-mentioned miracles lies in realizing the modernization of socialist country governance and transforming the advantages of China's social system into national governance achievements. Not only has it created a miracle of economic development, but it has also created an unprecedented miracle of social stability and an unprecedented miracle of world poverty reduction.

Socialist modernization with Chinese characteristics has not only built the "Six-sphere Integrated Plan" of the economic modernization, social modernization, cultural modernization, ecological modernization, and modernization of national defense and armed forces, but also innovated the modernization of national governance, which has become the institutional foundation and guarantee for China's realization of the socialist modernization. It allows China to prove to the whole world that the Chinese people are not only good at dismantling the old, but also excel at building the new. Not only is China capable of changing its former situation of "poverty and blankness", but also it can do a good job in building a powerful modern socialist country.

The institutional advantage is China's greatest political advantage. China has comparative advantage, a late-mover advantage, a catching-up advantage, and advantages as a major country. Among all these advantages, the most important advantage lies in its institution, namely the thirteen major advantages, which I call the "Chinese Institutional Collection" or the "Collection of Chinese Institutional Advantages", of the socialist system with Chinese characteristics and the national governance system that are systematically organized, comprehensively summarized, and highly generalized by the "Decision" of the Fourth Plenary Session of the 19th Central Committee of the Communist Party of China. This not only reveals the fundamental reasons of the institutional advantages for the development miracle in the more than 70 years of the People's Republic of China, but also provides the fundamental basis for the overall institutional advantages and long-term institutional advantages for the realization of the "Two Centenary Goals".<sup>6</sup>

The "Decision" of the Fourth Plenary Session of the 19th Central Committee of the Communist Party of China clearly stated that by 2035, the system in all aspects will be further perfected, and the modernization of the national governance system and governance capacity will be basically realized. By the 2049, the basic realization of the modernization of the national governance system and governance capacity will make the socialist system with Chinese characteristics more consolidated and increasingly reveal its advantages.<sup>7</sup>

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<sup>5</sup> Data Source: World Bank Database: <https://data.worldbank.org/indicator/SI.POV.DDAY?end=2015&locations=1W-CN&start=1981&view=chart>.

<sup>6</sup> Hu (2020).

<sup>7</sup> "Decision of the CPC Central Committee on Major Issues Concerning Upholding and Improving the System of Socialism with Chinese Characteristics and Advancing the Modernization of China's System and Capacity for Governance" (Adopted at the Fourth Plenary Session of the 19th Central Committee of the CPC on October 31, 2019).

Specifically, by 2035, the goal of modernizing the national governance system and governance capacity will be basically realized, including the following<sup>8</sup>:

**First, the Communist Party of China's leadership system will be more complete.** General Secretary Xi Jinping clearly pointed out, "The leadership of the Communist Party of China is the most essential feature of socialism with Chinese characteristics."<sup>9</sup> This is China's most fundamental political condition, which is not only different from other major countries, but also is China's biggest political advantage. This advantage dominates and runs through other significant advantages. People must adhere to the leadership of the Central Committee of the Communist Party of China in all aspects, resolutely safeguard the authority of the Central Committee of the Communist Party of China, so as to improve the CPC's leadership system that directs the overall situation and coordinates the efforts of all quarters. The CPC's system of exercising power in the interests of the people and relying on the people to exercise power will be more complete, the CPC's system of enhancing governing ability and leadership will more complete, and the system of full and strict governance over the CPC will also be more complete.

**Second, the system wherein the people are the masters of the country will be more complete.** This framework is the basic approach to state governance, the political party's governance, social governance, and people's participation in state affairs and social affairs in accordance with the law. The fundamental political system — the system of people's congress will be more complete, the system of multiparty cooperation and political consultation under the leadership of the Communist Party of China will be more complete, the system of regional ethnic autonomy, and the system of community-level self-governance will also be more complete.

**Third, the system of socialist rule of law with Chinese characteristics will be increasingly perfected.** This is the basic strategy of governing the country by law. The integration of a country under the rule of law, a government under the rule of law, and a society under the rule of law will be basically completed. A climate of scientific legislation, strict law enforcement, impartial justice and law-abiding by the whole people will have basically taken shape. Coordinated progress will be made in law-based governance; law-based exercise of state power; and law-based government administration. The judicial protection system for human rights will be improved to ensure that the people have access to both fairness and justice.

**Fourth, the national administrative system will be more complete and more efficient.** This is the fundamental purpose of the people's government: to serve the people wholeheartedly. The government's responsibility system and organizational structure will be further optimized, the quality of personnel will be continuously improved, the efficiency of service and administration will be more efficient, a

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<sup>8</sup> Hu (2020: 222–225).

<sup>9</sup> Jinping (2020).

service-oriented government that is satisfactory to the people will be basically established, and the ability to manage public and social affairs will be leapt to the forefront of the world, especially the business environment will be greatly improved.<sup>10</sup>

**Fifth, the basic socialist economic system will be improved.** The socialist market economic system will be more perfect. The basic economic system in which public ownership is the mainstay of the economy and economic entities of diverse ownership develop together will be more perfect. The distribution system whereby distribution according to work is dominant and multiple forms of distribution exist side by side will coexist in the long-term. The scientific and technological innovation system will be more perfect, and the scientific and technological innovation capability will have leapt to the forefront of the world. The state macro-control mechanism will be more mature, the strategic orientation of the state development plan will be more precise, and the coordination mechanisms for economic policies such as finance, currency, industries, and regions will be more effective. The modern fiscal system built upon clearly defined powers and responsibilities, appropriate financial resource allocation, and greater balance between regions will be more complete. A transparent budget system that uses well-conceived standards and imposes effective constraints will be basically established. The central and local initiatives will be fully leveraged, and the system and mechanism will be improved. We shall scientifically define financial authorities and expenditure responsibilities at all levels, establish a fiscal relationship between the central and local governments built upon clearly defined powers and responsibilities, appropriate financial resource allocation, and greater balance between regions, and improve the system of local taxation. The world's high-level open and relatively-developed new economic system will be basically established.<sup>11</sup> China will enable the market to play a decisive role in the allocation of resources, allow the government to play its role better, and the synergy between the visible hand of the government and the invisible hand of the market will also be more prominent. China has leapt to the top of the world in terms of the ranking of its Fortune

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<sup>10</sup> According to the World Bank's Doing Business 2020, China's business environment ranking in the world has risen from the 78th in 2017 to the 31st in 2020, and China's overall business environment score is 77.9 points (which means China has been the top 77.9% of the world). For the second year in a row, China has ranked among the top 10 economies with the greatest improvement in the business environment in the world. World Bank website: <https://archive.doingbusiness.org/en/doingbusiness>.

<sup>11</sup> In 2017, the simple average applied tax rate for all products in China was 8.5%, the world average was 5.2%, and that of the United States was 3.4%; the weighted average applied tax rate for all products was 3.8% of China, 2.6% of the world, and 1.7% of the United States. Data Sources: World Bank Database: <https://data.worldbank.org.cn/indicator/TM.TAX.MRCH.SM.AR.ZS?locations=CN-1W-US>.

<https://data.worldbank.org.cn/indicator/TM.TAX.MRCH.WM.AR.ZS?locations=CN-1W-US>.

500,<sup>12</sup> The World's 500 Most Influential Brands,<sup>13</sup> international competitiveness,<sup>14</sup> innovation capabilities,<sup>15</sup> and global unicorn companies.<sup>16</sup>

**Sixth, the advanced socialist cultural system will be perfected.** China will adhere to the fundamental system of insisting on the guiding position of Marxism in the ideological field, guide the system of cultural construction by the core values of socialism, lead the social trend of thought, and build a social consensus. The people's cultural rights guarantee system will be improved, and a public cultural service system covering all people will be established. There will be significant improvement to the civilized quality of citizens and the level of social civilization; improvement in the production system and mechanism of cultural creation. Cultural tourism industry will be an important pillar industry of the national economy, and increasingly meet the growing spiritual and cultural needs of the people. Chinese cultural products will go out to the world, and Chinese cultural soft power and international influence will be significantly enhanced.

**Seventh, the livelihood security system covering both urban and rural populations will be improved.** The national basic public service system will be basically completed, and people's basic life will be guaranteed by comprehensive, basic, inclusive livelihood construction. The system will meet the people's multi-level, diversified, and individual needs, and benefit all the people more fairly. There will be improvements in higher-quality employment promotion mechanisms, and there will be an education system that serves the lifelong learning of the whole people. There will be a more complete social security system covering the whole people and a national health security system that is basically complete. There will be a long-term mechanism to solve relative poverty and help low-income people.

**Eighth, the social governance system of co-construction, co-governance and mutual-sharing will be more perfect.** The social governance system with leadership of the Party committees, administration of the government, coordination of the society, participation of the public, protection of laws, and support of science and technology will be more perfect, and a social governance community will be built.

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<sup>12</sup> In 2021, China has 135 companies (including companies in Hong Kong) in the list of the Fortune 500, surpassing the 122 companies of the United States, and ranking first in the world. Data Source: Fortune 500 — Fortune Chinese website: <https://www.fortunechina.com/fortune500/index.htm>.

<sup>13</sup> According to Brand Finance's Brand Finance Global 500, China has 84 companies in the list in 2021, ranking the second in the world. Data source: <https://www.163.com/dy/article/GDC60TUC0536H1QE.html>.

<sup>14</sup> According to the 2021 Global Competitiveness Report of the Lausanne School of Management in Switzerland, China ranks the 16th in the world in terms of international competitiveness in 2021. Data source: <https://www.cngold.org/c/2021-06-18/c7656178.html>.

<sup>15</sup> According to the 2021 Global Innovation Index (GII) of the World Intellectual Property Organization (WIPO), China ranks the 12th among 132 economies in the world in 2021. <https://www.wipo.int/publications/en/details.jsp?id=4564&plang=ko>.

<sup>16</sup> According to the "Global Unicorn Index 2021", among the global unicorn companies in 2021, the United States has a total of 487 unicorns on the list, ranking first in the world, and China ranks second in the world with 301 unicorns on the list. China and the United States account for 74% of the total number of unicorns in the world. Hurun Research Institute, China Business Industry Research Institute: "Global Unicorn Index 2021", December 21, 2021.

The level of socialization, legalization, intelligence, and specialization will continue to be improved, ensuring that the people can live and work in peace and contentment and the society is stable and in order. The crime prevention and control system will be more complete, the public security system and mechanism will be more complete, and the new landscape of grass-roots social governance will be basically formed. The national security system will be more complete and more powerful. A safe society as well as a safe country will be built.

**Ninth, the ecological civilization system will be increasingly perfected.** China will implement the world's most stringent ecological and environmental protection system, comprehensively establish a system for efficient utilization of resources, perfect its ecological protection and restoration systems, and apply more stringent ecological and environmental protection responsibility systems. The environmental production space will be safe and efficient, the living space will be comfortable and livable, and the ecological space will be clear and eco-friendly. The quality and stability of natural ecosystems such as forests, rivers and lakes, wetlands, grasslands, and oceans will be significantly improved.

**Tenth, China will actively participate in the reform and construction of the global governance system.** China will actively advocate for the building of the community with a shared future for mankind, put forward the joint construction of the "Belt and Road" initiative, carry out pragmatic cooperation with countries around the world, especially developing countries, solve world development problems, take the lead in implementing the "United Nations Sustainable Development Agenda", and achieve absolute poverty eradication ten years ahead of schedule. China will achieve its population goals, adhere to the global governance concept of extensive consultation, joint contribution and shared benefits, support the United Nations in playing an active global role, support the expansion of the representation and status of developing countries in international affairs, and increase foreign aid to southern countries.<sup>17</sup> China will actively play the role as a responsible major country, actively participate in and promote the process of economic globalization, and actively guide

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<sup>17</sup> From 2013 to 2018, China's foreign aid amounted to CNY 270.2 billion, including free aid, interest-free loans and preferential loans. China has provided assistance to 122 countries and 20 international and regional multilateral organizations in Asia, Africa, Latin America and the Caribbean, Oceania and Europe. China has provided emergency humanitarian assistance to 60 countries, including providing emergency humanitarian aid materials and equipment, dispatching international rescue teams and medical expert panels, and repairing damaged facilities. China has cancelled a total of 98 interest-free loan debts for the Least Developed Countries (LDCs), heavily indebted poor countries, landlocked developing countries and small island developing States, with a cumulative amount of CNY 4.184 billion. From 2015 to 2019, China sent a total of 3,588 foreign aid medical team members in 202 batches, with a total of 11 million patients diagnosed and treated. In the global fight against the Covid-19 pandemic, China has taken the lead in providing emergency humanitarian assistance and support within its capacity to more than 150 countries and 10 international organizations. State Council Information Office: China's International Development Cooperation in the New Era (White Paper), January 2021, Chinese government website: <http://www.scio.gov.cn/zfbps/32832/Document/1696685/1696685.htm>.

international cooperation in addressing climate change, become an important participant, contributor, and leader in the construction of a global ecological civilization, and contribute to global ecological security.

By 2035, when China has basically achieved the socialist modernization, the socialist system with Chinese characteristics will be more complete, the modernization of the national governance system and governance capacity will be basically achieved, and institutional and mechanism guarantees will be provided for the basic realization of socialist modernization. The thirteen significant advantages will be more prominent, obtaining basic advantages, comprehensive advantages, powerful advantages and long-term advantages for realizing socialist modernization, and basically building a socialist modernized political power.<sup>18</sup>

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<sup>18</sup> Hu (2020: 222–225).

## Chapter 7

# Summary and Prospects: Modernization with Chinese Characteristics and the Path to a Great



Since the 18th National Congress of the CPC, China has entered a new era of comprehensively building a modern world power. To this end, I have summarized the following three major changes and basic characteristics of China's basic realization of the long-term goal of socialist modernization by 2035:

**First, the principal contradiction facing Chinese society in the new era is that between unbalanced and inadequate development and the people's ever-growing needs for a better life.** This has been the main determinant in Chinese socialism entering a new stage of development and evolving towards a more balanced, more adequate and more comprehensive development pattern.

**Secondly, China is still in the primary stage of socialism. It has been nearly 70 years since the mid-1950s, and great progress has been made in the construction of socialism with Chinese characteristics. From very low-income to low-income, middle-low-income to middle-high-income, and then further transitioning to high-income, China has entered a transition period from the primary stage to a higher development stage.** Ultimately, it will take fifteen years to basically achieve the goal of realizing socialist modernization and reach the level of a medium-developed country. It marks that by 2035, China will have been in the transition to the intermediate stage of socialist development. Gradually it will transition and advance from a medium-developed level to a relatively developed level. However, this process will take even more time, and it will be realized in the 100th year of the founding of the People's Republic of China (2049) and the 100th year of the reform and opening up (2078). And it is accompanied by the whole process of the great rejuvenation of the entire Chinese nation.

**Third, China's status in the world is rising from the largest developing country to the largest emerging economy, and will further rise to the largest medium-developed country by 2035. It will then become the world's most powerful modern country by 2050. China has entered the center of the world stage and actively promoted the construction of the community with a shared future for mankind.** "China

will continue its efforts to safeguard world peace, contribute to global development, and uphold international order.”<sup>1</sup>

It can be seen from this that from 2020 to 2035, it will not only be a period of strategic opportunity for the development of China’s socialist modernization, but also a golden period of development, during which we have the conditions and abilities to basically achieve the grand goal of socialist modernization. A world power will be built.

According to the “Proposal” of the Fifth Plenary Session of the Nineteenth Central Committee of the Party and the report to the Twentieth National Congress of the Communist Party of China, my long-term outlook for China in 2035 is as follows:

**First, China’s economic strength will significantly increase, the GDP will double again, and China will become a world power in economy.** From 2020 to 2035, China’s economy will maintain sustained, stable and healthy development, with an average annual growth rate of around 5%. China’s GDP (PPP, international dollar in 2017) will account for a greater proportion of the world’s total, reaching more than 1/4, making the largest contribution to world economic growth (more than 1/3). China’s GDP per capita, labor productivity, residents’ per capita disposable income and consumption expenditure will be doubled compared with that of the 2020. China’s GDP per capita (PPP, international dollar in 2017) will reach the level of a medium-developed country, and more than 80% of the population will reach the middle-income level (daily income or expenditure per person is 10–100 international dollars). China will become the world’s largest import and export trade country.

**Second, China’s science and technical strength will jump significantly and China will enter the forefront of innovative countries, and become a world power in science and technology.** The main scientific and technological indicators will leap to the forefront of the world, and key and core technologies will have major breakthroughs and realize independent control. China will build a grand national strategic scientific and technological force, construct a major global scientific hub, greatly increase the contribution rate to global scientific research and technological innovation, enter the middle and high end of the global value chain, build the world’s largest digital economy and smart society. China will build the world’s largest knowledge-intensive industry, strive to achieve a rate of scientific and technological progress of roughly 70%,<sup>2</sup> and enter the forefront of the world in terms of international scientific and technological competitiveness, creativity and influence.

**Third, China will basically realize new industrialization, informatization (digitization), urbanization, and agricultural modernization.** China will strive for becoming the world’s major manufacturing power, build several world-class advanced manufacturing clusters, promote the advanced industrial foundation and the modernization of the industrial chain, enter the mid-to-high end of the global value chain, and boost its strength in manufacturing, product quality, aerospace, transportation, cyberspace, and digital development. The population urbanization

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<sup>1</sup> Jinping (2017).

<sup>2</sup> The contribution of scientific and technological progress to economic growth has increased from 50.9% in 2005–2010 to 60% in 2015–2020.

will reach an even higher level. The modernization of agriculture and rural areas will be basically realized and China will become a world power in agriculture. The modernization of infrastructure will also be realized, a world transportation power will be built, the world largest digital modern logistics system will be constructed, and the world's largest modern economic system and domestic market system will also be built. The total factor productivity will be significantly improved, and the core competitiveness of international industries will also be significantly enhanced.

**Fourth, more tangible progress will be made for the common prosperity of all people.** People's living (including consumption structure) will have reached the level of medium-developed countries, high-quality and full employment will be achieved, the gap between urban and rural residents' living standards will be significantly narrowed, the long-term and balanced development of the people will be greatly promoted, the aging and low birth rate will be effectively dealt with, the basic public services will be equalized, and social security will have realized a coverage of all the people. Under the leadership of the Party, all the people can jointly build a society of common prosperity (referred to as the "common wealth society"). This not only fully reflects the essence, value and goal of socialism, but also fully safeguards the common interests, fundamental interests and long-term interests of all the 1.4 billion people.

**Fifth, a country with strong culture, education, talent, sports and health will be built.** China is rich in its cultural traditions and cultural resources, and has sustained and strong creativity and vitality. Culture, tourism and sports have become important pillars of emerging industries in China. The total proportion of cultural tourism and sports industry to GDP will increase from 9.50% in 2020 to about 15% by 2035. They have become one of the most important emerging pillar industries in China and are industries with high growth flexibility. By 2035, China will build the world's largest cultural market, tourism market, and sports market, becoming a country with a strong culture. Chinese culture will be more attractive, and its philosophy and social sciences will move to the forefront of the world. The country's cultural soft power will be significantly enhanced. China will realize the modernization of education as a whole, and its main educational indicators will reach the level of medium-developed countries, becoming a country with strong educational resources. China will become the world's largest "lifelong learning" society and a country with strong human resources, and the total amount of different kinds of talents increases from 220 million in 2020 to more than 320 million—this will all support China to build a leading country in talent. China's comprehensive competitive sports strength and international influence will remain at the forefront of the world and China will become a country strong in sports. The modernization of health will also be functionally realized, and health indicators such as population life expectancy will reach the world's advanced level<sup>3</sup> (Han Zheng 2020), with the goal of a healthy China being achieved.

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<sup>3</sup> Zheng (2020).

**Sixth, the ecological environment will be fundamentally improved, and the goal of building a beautiful China will be basically achieved.** In China, the eco-friendly working and living style will be widely formed. A clean, low-carbon, safe and efficient energy system and an economic system with eco-friendly, low-carbon and cyclical development will be basically established. The quality of the ecological environment will be fundamentally improved, and a system of ecological security barrier will be basically established. The total carbon emissions will be stabilized and then decline after reaching a peak before 2030, and China will play a more important role in addressing global climate change<sup>4</sup>. China will build itself into a global green energy powerhouse and marine powerhouse.

**Seventh, China will make new and greater contributions to human development.**<sup>5</sup> China will make contributions to world peace. China has become a modern power in the world and firmly supports the United Nations in maintaining world peace. It will contribute to world security, actively respond to traditional and non-traditional security threats, and adhere to a new approach of common, comprehensive, cooperative and sustainable security. China will make contributions to world development, such as accelerating economic growth, trade growth, scientific and technological innovation. China will contribute to world civilization and culture, promote exchanges, dialogue and mutual learning among civilizations; make eco-friendly contributions to the world's response to climate change and the world's protection of the earth's homeland; and it will build a community with a shared future for mankind together with all countries in the world.

All in all, China is still in an important period of strategic development opportunities, no matter the specifics of the development stage, development conditions, development capabilities, and development strategies — China is ripe for development and enjoys favorable international and domestic environment as well as popular support to basically realize socialist modernization by 2035. The world today is undergoing profound changes unseen in a century. China has entered the center of the world stage and is in a new round of global technological and industrial revolution. China is innovating and leading this unprecedented revolution, and there are profound changes in the international power dynamics. China has become the largest dependent and independent variable worldwide, and peace and development remain the principal themes of the times. China is not only a proponent and defender of world and regional peace, but also the biggest engine of the world development. China is closer than ever to the goal of becoming a powerful modern socialist country, and is in a better position to coordinate the overall strategy of the great rejuvenation of the Chinese nation and the global major changes unseen in a century.

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<sup>4</sup> See Footnote 3.

<sup>5</sup> Xi Jinping pointed out in the report of the 19th National Congress of the Communist Party of China that the Communist Party of China is a Party that seeks happiness for the Chinese people and is also a Party that strives for the cause of human progress. The Communist Party of China always regards making new and greater contributions to mankind as its mission. Xi Jinping: “Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era”—Report at the 19th National Congress of the Communist Party of China, October 18, 2017.

At the same time, China will also encounter various foreseeable, unforeseeable, domestic and international development challenges, including the “gray rhino” and the “black swan” events, major risks and external shocks. An example of this is the global public health, especially the COVID-19 pandemic. The normalization period of the COVID-19 pandemic (about 2–3 years), the medium period of it (about 5 years), and even the long-term period of it (about 10 years) will directly impact world economic growth, international trade, international investment, international finance, global value chain and supply chain, and the international tourism and exchanges. The United States, as a world dominant power, has always been China’s biggest international challenger. The United States has launched trade wars, technology wars, information wars, and public opinion wars in a comprehensive manner, and openly supports “Taiwan independence”, “Hong Kong independence”, “Tibet independence” and “Xinjiang independence”—directly challenging the bottom line of China’s core national interests. The United States also imposes economic sanctions and economic blockade on China, carries out military provocation, military intervention, cyber-attacks and space threats against China, creating a new cold war, and even launching regional “hot wars” to contain China. This has been done with the intention of interrupting the process of the great rejuvenation of the Chinese nation. In view of this, China must speed up its development process and become stronger. It can do this especially through coordinating modernization development and national security strategies, strengthening national defense construction, increasing the national defense spending, vigorously improving economic strength, scientific and technological strength, trade strength, national defense strength, overall national strength and international influence. China will proactively respond to predictable and unpredictable major challenges, realize the overall goal of building socialist modernization in all aspects by 2035 as scheduled, and lay a higher development foundation for China’s building a prosperous, strong, democratic, culturally advanced, harmonious and beautiful modern socialist country by 2050.

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# Afterword

Mao Zedong pointed out in his famous essay “On Protracted War”: “since ‘preparedness ensures success and unpreparedness spells failure’, there can be no victory in war without advance planning and preparations.”<sup>1</sup> Similarly, the development of socialist modernization also needs to make advance development planning and strategic preparations, and put forward the strategic goal of “crossing the river”.

Developing from Mao Zedong’s the “four modernizations” goal to Deng Xiaoping’s “three-step” strategic plan for socialist modernization; from Jiang Zemin’s “new three-step” strategy to Xi Jinping’s “two-step” strategy—the strategic concept and roadmap for the modernization with Chinese characteristics, that is, the socialist modernization with Chinese characteristics have been formed. The history of socialist modernization in New China shows that: the success of strategy is the greatest success. This is unprecedented in the history of modernization development of major countries in the world, and it is also a unique modernization path with Chinese characteristics, just as Mao Zedong predicted that “Man’s world is mutable, seas become mulberry fields”.<sup>2</sup>

In the more than 70 years since the founding of New China, the Communist Party of China has led the Chinese people, innovated modernization with Chinese characteristics, and promoted the great leap of the Chinese nation from standing up, becoming rich, to becoming strong.

In October 2022, the Twentieth National Congress of the Communist Party of China was held, which was the first step on a new journey for the whole party and the people of all ethnic groups in the country to comprehensively build a modern socialist country and a very important meeting held at the critical moment of the marching towards the second centenary goal.<sup>3</sup>

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<sup>1</sup> *Selected Works of Mao Zedong*: Vol. II. Beijing: People’s Publishing House, 1991: 495.

<sup>2</sup> Party Literature Research Center of the CPC Central Committee: *A Chronicle of Mao Zedong’s Life (1893–1949) (Amended Edition)*, Vol. II, Central Party Literature Press, 2013 edition, p. 487.

<sup>3</sup> Xi [1].

What will China be like by 2035? What kind of society consisting of 1.4 billion people will it show to the world? In this regard, the report to the 20th National Congress of the Communist Party of China clearly stated that the core goal is to basically realize socialist modernization. In fact, Deng Xiaoping's "three-step" strategic vision has been completed 15 years ahead of schedule.<sup>4</sup>

This book is titled "Modernization with Chinese Characteristics and the Path to a Great Power." It is an in-depth and systematic study of the modernization with Chinese characteristics, that is, the path to socialist modernization with Chinese characteristics, based on the theme of the report to the 20th National Congress of the Communist Party of China. This was done in anticipation of the strategic goal and development trend of China's basic realization of socialist modernization by 2035.

In the first two decades of the twenty-first century, the most important event that has happened in the world today was that the 1.4 billion Chinese people, under the leadership of the Communist Party of China, eliminated rural poverty and achieved the first centenary goal on schedule. This is the largest economic take-off of the most populous country in human history. Since 1978, calculated at constant prices, China's GDP has increased by 40 times, with an average annual growth rate of 9.2%, and a moderately prosperous society benefiting all the 1.4 billion Chinese people has been built. This feat has neither historical precedent nor experience to draw lessons from, and can be called a miracle in the history of modern modernization in the world.

The key to China's creation of this miracle was that the CPC Central Committee had formulated a major strategic plan. Since the 16th National Congress of the CPC formally proposed this grand strategic goal of "building a strong country and delivering a better life for our peoples" in 2002, to the 17th National Congress of the CPC in 2007; From the 18th National Congress of the CPC in 2012, to the 19th National Congress of the CPC in 2017; four consecutive National Congresses of the CPC made plans for the first centenary goal. Consistently, China keeps focusing on the ambitious goal, during which three five-year plans have been formulated and have been successfully implemented. From the 19th National Congress of the Communist Party of China to the 20th National Congress of the Communist Party of China, the goal of basic realization of socialist modernization by 2035 was designed twice. To this end, the "14th Five-Year Plan" was formulated, and three five-year plans were used to achieve this ambitious modernization goal. This was a unique event globally, and was also the root cause of the miracle of the modernization with Chinese characteristics.

Our contemporary China studies is always guided by the strategic goals and strategic deployment of the socialist modernization with Chinese characteristics proposed by the CPC Central Committee. It involves conducting long-term and follow-up research and providing decision-making and background consultation. Since this grand goal was put forward at the 16th National Congress of the Communist Party of China in 2002, I and the research team of national conditions have adhered to the tenet of "using knowledge for the people, using knowledge for the

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<sup>4</sup> Xi [1], p. 15.

country, and using knowledge for mankind”. Bearing “the country’s most fundamental interests” in mind, we have successively published five books on researching China’s 2020 goals. Thus, I have not only personally experienced and witnessed this extremely great journey, but also left a historical record of it, which will be tested by practice and be written into the annals of history.

On July 1, 2021, at the great historical moment of the centenary of the founding of the Communist Party of China, General Secretary Xi Jinping officially announced to the whole country and the world that China has achieved its first centenary goal.<sup>5</sup> This has become the most important development symbol of modernization with Chinese characteristics. As the report to the 20th National Congress of the Communist Party of China said: This is a historic victory won by the Communist Party of China and the Chinese people through the united struggle, a historic victory that shines in the history of the development of the Chinese nation, and a historic victory that has a profound impact on the world.<sup>6</sup>

In thinking about this, I have a lot of feelings. It was amazing for me to not only have the opportunity to practice the academic research tenet of “using knowledge for the people, using knowledge for the country, and using knowledge for mankind”, but also are able to keep pace with the development of the socialist modernization with Chinese characteristics.

In 2018, the research team of national conditions officially published *China 2050: Becoming a Great Modern Socialist Country* (Zhejiang People’s Publishing House). In 2021, the English version was published by Springer, the world’s largest science and technology publishing house and has attracted worldwide attention. It has been downloaded more than 110,000 times on the publishing house’s website.

In 2020, we organized a thematic study on the “14th Five-Year Plan” Strategy and Vision 2035, which was published by the People’s Oriental Publishing & Media Oriental Publishing House in October of the same year. The book has been revised and printed many times, and has received extensive attention from a variety of different groups.

On the basis of the long-range objectives through the year 2035 of this book, I have made quantitative predictions and revisions, written additional supplements for many times, submitted the work to relevant leaders for reference, and provided third-party information—especially the information related to international comparison, which is different from the exchange rate method adopted by domestic institutions (including the National Bureau of Statistics). Instead, it is in strict accordance with the explicit requirements of the “System of National Accounts 2008” (the Chinese version, China Statistics Press, 2012 version, p. 6) issued by the United Nations, the European Commission, the Organization for Economic Cooperation and Development, the International Monetary Fund, and the World Bank. I have also made a specialized international comparison through Purchasing Power Parity (PPP) methodology provided by the World Bank—this includes the comparison between China and the United States GDP/GDP per capita. GDP in Purchasing Power

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<sup>5</sup> Xi [2].

<sup>6</sup> Xi [1], p. 6.

Parity (PPP) refers to gross domestic product converted to international dollars using purchasing power parity exchange rates. This reflects that the purchasing power of the international dollar is comparable to that of the USD in the United States. GDP is the sum of the value added created by all resident producers in an economy plus taxes on products and less subsidies not included in the value of products. Therefore, the data used in international comparisons are calculated at Constant international dollar in 2017 based on World Bank Database. Only in this way can we scientifically and accurately evaluate China's economic strength, economic development level, and economic status in the world, and truly identify the truth from facts. This must stand the test of reality and time.

According to the purchasing power parity (international dollar in 2017) provided by the World Bank, China's GDP surpassed that of the EU in 2016 and surpassed that of the United States in 2017.<sup>7</sup> This was the most significant historical event that occurred in the first 20 years of the twenty-first century! It took only 70 years for modern China to complete the industrialization and modernization road, which the United States and other northern developed countries spent hundreds of years. This remarkably verified the prophecy of Mao Zedong in 1949 that "Seas becomes mulberry fields!"<sup>8</sup>

How can China create such a miracle? On July 1, 2021, General Secretary Xi Jinping delivered an important speech at the ceremony marking the centenary of the Communist Party of China. He pointed out: "As we have upheld and developed socialism with Chinese characteristics and driven coordinated progress in material, political, cultural-ethical, social, and ecological terms, we have pioneered a new and uniquely Chinese path to modernization, and created a new model for human advancement."<sup>9</sup>

On November 11, 2021, the Sixth Plenary Session of the 19th Central Committee of the CPC officially passed the "Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party over the Past Century" (referred to as the "Resolution"), provided an extremely important theoretical basis and research ideas for me to further study China in 2035.

One of the relatively important theories as well as practical problems is how to understand the primary stage of socialism in China. According to the general outline of the Constitution of the Communist Party of China adopted at the 14th National Congress of the Communist Party of China in October 1992, China is in currently and will continue to be in the primary stage of socialism for a long time. This is an insurmountable historical stage in the construction of socialist modernization in an economically and culturally lagging China, which will take hundreds of years to complete. In the socialist construction of China, we must proceed from our country's national conditions and take the road of socialism with Chinese characteristics. At

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<sup>7</sup> Data Sources: World Bank Database: <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.KD?locations=CN-US-EU>.

<sup>8</sup> Party Literature Research Center of the CPC Central Committee: *A Chronicle of Mao Zedong's Life (1893–1949) (Amended Edition)*, Vol. II, Central Party Literature Press, 2013 edition, p. 487.

<sup>9</sup> Xi [2].

this stage, the principal contradiction in our country was the mismatch between the people's increasing material and cultural need and the backward production.<sup>10</sup>

According to the general outline of the Constitution of the Communist Party of China adopted at the 19th National Congress of the Communist Party of China in 2017, China is in currently and will continue to be in the primary stage of socialism for a long time. This is an insurmountable historical stage in the construction of socialist modernization in China, which was originally economically and culturally lagging. It will take hundreds of years to complete China's socialist construction. In the socialist construction of China, we must proceed from our country's national conditions and take the road of socialism with Chinese characteristics. **At the current stage, the principal contradiction in our society is the gap between unbalanced and inadequate development and the ever-growing expectation of the people for a better life.**<sup>11</sup>

This is a new judgment of the CPC Central Committee on the major changes of the principal contradiction in our society. It correctly reflects the major changes in the basic national conditions of China. It will inevitably lead to a new understanding of the new stage of the socialist society, because the changes in the main contradiction are fundamental and long-lasting. These changes will inevitably lead to changes in other aspects, especially changes in the development stage of the socialist society. It is not only a problem of theories of socialism, but also a problem of socialist practice. Theory comes from practice and also guides practice.

In December 2021, I wrote the national conditions report called "A Correct Understanding of the Development Stage of the Socialist Society of China (2021–2035)". According to what President Xi Jinping has proposed on January 11, 2020: "The new stage of development is an important part of socialist development in our country.", that is "Fully building a modern socialist China and basically realizing socialist modernization are essential for China's development in the primary stage of socialism, and essential for China to advance from the primary stage to a higher stage of socialism."<sup>12</sup> I think the so-called new stage is a transitional period from the primary stage of socialism to a higher stage (medium-developed stage), which will take at least fifteen years (2021–2035), and possibly even longer time. According to the report of the 19th National Congress of the Communist Party of China and the resolution of the Fifth Plenary Session of the 19th Central Committee, the core goal in China's new era is to "basically realize socialist modernization by 2035". The main development goals can be summarized as: First, we will basically realize the economic modernization, basically realize new industrialization, informatization, urbanization, and agricultural modernization, build a strong market driven by domestic demand and a modern economic system, and enter the forefront of the world's innovative countries. Second, modernization should be basically realized,

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<sup>10</sup> "The Constitution of the Communist Party of China", partially revised at the 14th National Congress of the Communist Party of China, adopted on October 18, 1992.

<sup>11</sup> "The Constitution of the Communist Party of China," partially revised at the 19th National Congress of the Communist Party of China, adopted on October 24, 2017.

<sup>12</sup> Xi [3].

and the GDP per capita should reach the level of the medium-developed countries. Third, we will basically realize the eco-friendly ecological modernization. Fourth, we will basically build a strong socialist culture in China. Fifth, we will basically realize the modernization of the national governance system and governance capacity. Sixth, we will strive to modernize our national defense and armed forces. Seventh, we will make greater contributions to the world and human development. China will take the initiative to continue to create and firmly grasp the period of strategic opportunity to ensure that the grand goal of socialist modernization will be basically achieved by 2035, and to successfully transition to a higher stage of socialist development (the medium-developed stage) with a gradual development path and reform approach. By the 100th anniversary of the founding of the People's Republic of China, the great goal of a prosperous, strong, democratic, culturally advanced, harmonious and beautiful modern socialist country will be achieved. From a longer-term perspective, by the centenary of reform and opening up, we will build a highly developed, democratic, civilized, harmonious and beautiful socialist country in all aspects, successfully transitioning to a higher stage of socialism (the more developed stage), and realizing the great rejuvenation of the Chinese nation. All of this constitutes the basic content and results of this book. After that, I officially published the academic paper "Correctly Understand the New Stage of China's Socialism: 2020–2035".<sup>13</sup>

The orientation of our contemporary China studies has always been higher standing position, farther perspective, and deeper thinking. In order to better understand and accurately grasp the path of modernization with Chinese characteristics and its ins and outs, I published the academic paper "Analysis of the Characteristics and Significance of the Modernization with Chinese Characteristics" in the *Journal of Shandong University (Philosophy and Social Sciences Edition)* in the first issue of 2022. The path of the modernization with Chinese characteristics is divided into four historical periods, and the characteristics can be summarized into ten aspects: the modernization with Chinese characteristics is a modernization led by the Communist Party of China, with the core tasks of upholding and improving the socialist system with Chinese characteristics and advancing the modernization of the country's governance system and governance capacity. The basic national conditions of realizing the modernization with Chinese characteristics are quite different from those of Western modernization. The basic nature of the modernization with Chinese characteristics is that it is a socialist modernization, not a capitalist modernization. The essence of modernization with Chinese characteristics is the gradual realization of the common prosperity of all people, rather than capital-centered Western-style modernization. The economic foundation of the modernization with Chinese characteristics is the simultaneous realization of industrialization, informatization, networking and digitization. The modernization with Chinese characteristics is the simultaneous realization of urbanization and the modernization of agriculture, rural areas and farmers. The modernization with Chinese characteristics is an innovative

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<sup>13</sup> Written by Hu Angang. "Correctly understanding the new stage of Chinese socialism: 2020–2035" [J/OL]. *Journal of Beijing University of Technology (Social Science)*: 1–13 [2022-07-30]. <http://kns.cnki.net/kcms/detail/11.4558.G.20220510.1605.006.html>.

and eco-friendly modernization, with the aim of realizing the harmonious coexistence of man and nature. The modernization with Chinese characteristics is the modernization of the great rejuvenation of the Chinese nation. The modernization with Chinese characteristics has created the path for peaceful development of the world major countries. The modernization with Chinese characteristics is a modernization in which mankind develops together and shares a common destiny. Then I published a number of academic papers, which can be downloaded from CNKI and also provide an important research basis for this book.

On the basis of the above-mentioned continuous research, I wrote *Modernization with Chinese Characteristics and the Path to a Great Power*.

The book conducts in-depth research on the theme of basically realizing socialist modernization by 2035, and is divided into seven chapters.

The first chapter summarizes the main characteristics of the modernization with Chinese characteristics, which are summarized into ten aspects, and the major changes that can be seen in the development stage. It provides further analysis of the main contradiction and new characteristics of Chinese society in the new era. This includes the main contradiction in our society that has transitioned to the contradiction between unbalanced and inadequate development and the people's ever-growing needs for a better life. It also includes the major changes in the main contradiction in our society, for which I added the formulation of "incomplete". It focuses on the analysis of unprecedented changes taking place in the world, and the trend of "rising of the south and declining of the north" becoming more evident in nature. As a part of this pattern, China is rising rapidly and on a super-large scale, and has become the largest independent variable and dependent variable affecting these major unprecedented global changes.

The second chapter is based on the strategic goal of basically realizing socialist modernization by 2035 put forward by the CPC Central Committee, that is, to realize the "three-step" modernization strategic goal ahead of schedule, and advance the original target of 2050 to 2035 as a practical basis. This is based on General Secretary Xi Jinping's proposal: "Fully building a modern socialist China and basically realizing socialist modernization are essential for China's development in the primary stage of socialism, and essential for China to advance from the primary stage to a higher stage of socialism."<sup>14</sup> From this, I proposes with foresight that the period from now to 2035 will be the transition period, that is, the transition period from the primary stage of socialism to a higher stage (the medium-developed stage), functioning as a theoretical basis. By the international comparison and world perspective, I analyze the modernization with Chinese characteristics in terms of its practical basis, development stage, theoretical basis, strategy basis, the basis of the path, and the basis of the quantitative analysis. In fact, China's status in the world has changed from the world's largest developing country to the world's largest emerging economy, and it has started playing a major role as "a builder of world peace, a contributor to global development, and a defender of international order."

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<sup>14</sup> Xi [3].

The third chapter conducts quantitative analyses on the goal and path of basically realizing economic modernization by 2035. This includes: China's economy will maintain a medium-high growth rate; its GDP per capita will reach the income level of medium-developed countries; a strong market driven by domestic demand and a strong modern economic system will be built; it will enter the ranks of the world's innovative countries and make China's contribution to world innovation; Building the world's largest modern cities and building a world-class army in an comprehensive way.

The fourth chapter conducts quantitative analyses on the goal and path of achieving common prosperity for all people by 2035. This includes: people's living standards will reach the level of medium-developed countries; higher-quality and fuller employment will be achieved; the gap between urban and rural residents' living standards will be significantly narrowed; a country with strong education and talents will be built in an all-round way; a healthy China will be built in an all-round way; long-term and balanced population development will be realized; basic public services will be equalized; Solid steps will be taken for common prosperity.

The fifth chapter conducts further analyses on the goal and path of basically realizing eco-friendly modernization by 2035, including: a clean, low-carbon, safe and efficient energy system will be basically established; the environmental quality will be fundamentally improved; a eco-friendly development model will be basically formed; remarkable results will be achieved in the construction of ecological civilization; an ecological security system will be basically established; and striving to achieve the goal of carbon dioxide peaking before 2030.

The sixth chapter analyzes the goal and path of basically realizing the modernization of national governance by 2035. This part includes analyses on the connotation and goals of ten aspects including the improvement of the party's leadership system, on the basis of the "Resolution of the Central Committee of the Communist Party of China on the major Achievements and Historical Experience of the Party over the Past Century" of the Fourth Plenary Session of the Nineteenth Central Committee of the CPC.

The seventh chapter is about the summary of this book and future prospects of China's modernization. By 2035, China's economic strength will rise sharply, its GDP and per capita GDP will double again, and it will become a world economic power. Its scientific and technological strength will rise sharply, achieving great self-reliance and self-improvement in science and technology, entering the forefront of innovative countries, and becoming a world power in science and technology. Build a modernized economy; basically achieve new industrialization, informatization, urbanization, and agricultural modernization; There will be more obvious and substantive progress in common prosperity for all people. China will build a country with a strong culture, education, talents, sports, and create a healthy China. The ecological environment will be fundamentally improved, and the goal of building a beautiful China will be basically achieved. China will also make even greater contributions to human development.

This book fully integrates the previous “14th Five-Year Plan” *Grand Strategy and 2035 Vision* (Dongfang Publishing House, October 2020) compiled by the Institute for Contemporary China Studies, Tsinghua University, and Hu Angang and Zhou Shaojie’s *China 2035: Building a Commonly Prosperous Society* (The Eastern Publishing Co., Ltd., February 2022) and other research results, conducts in-depth analyses and systematic researches, and states the clearer main goals, quantitative indicators and strategic approaches for China to basically achieve socialist modernization by 2035. This book can not only provide policy makers with a research background on national conditions and national policies, but also can provide readers with research results that can be enjoyed by both refined and popular audiences.

The important features and practices of this book are based on the report of the 19th National Congress of the CPC, the proposals of the Fifth Plenary Session of the 19th CPC Central Committee, and the resolution of the Sixth Plenary Session of the 19th CPC Central Committee, especially the report to the 20th National Congress of the CPC. It is a prospective study on the development trends of the modernization with Chinese characteristics by 2035 and conduct in-depth qualitative research and quantitative trend analyses. It conducts special analyses on the core goals and development indicators for the basic realization of socialist modernization, to answer more clearly the question of what modernization with Chinese characteristics is and how to implement it step by step (referring to the “14th Five-Year Plan”, “10th Five-Year Plan”, and “16th Five-Year Plan”), as well as other questions such as what position China will be in, what role China will play, and what impact China will have on the nearly 200 countries and more than 40 regions in the world today, especially the “spillover effect of modernization with Chinese characteristics”. I have set the “contributions of China’s development” analysis to be also aimed at the “China threat theory” of Western countries led by the United States.

The characteristics of this book are qualitative and quantitative analyses: “Let the data speak”, “Let the facts prove”, “Let it be tested by practice”. To this end, a lot of energy has been spent on quantitative analyses and international comparisons, needing both to consider the development trend and to leave additional room. Among the analyses, Liu Shenglong and Yu Miao assisted in providing quantitative forecasts for economic growth and population growth. After several adjustments, especially when comparing China and the United States, I have provided research results and quantitative analyses for decision-making references for multiple times.

It should be pointed out that the international comparisons in this book, especially the international comparison of GDP or GDP per capita, is different from the current dollar exchange rate method adopted by domestic institutions (including the National Bureau of Statistics), but strictly in accordance with the System of National Accounts 2008 by the United Nations and other international organizations. According to the clear requirements of the System of National Accounts 2008,<sup>15</sup> I make full use of the 2017 purchasing power parity method data provided by the World Bank to conduct

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<sup>15</sup> *The System of National Accounts 2008* (Chinese version) by The United Nations, European Commission, Organization for Economic Cooperation and Development, International Monetary Fund and World Bank, China Statistics Press, 2012 edition, p. 6.

professional international comparisons,<sup>16</sup> including the comparison of China's and the United States' GDP and GDP per capita. Only in this way can we more accurately judge China's economic strength, the level of its economic development and its economic status in the world, and truly seek truth from facts. This must be tested not only by practice, but also by international standards.

In the future, we will continue to conduct research and make international comparisons, accepting the practical test of this great historical process, and making intellectual contributions to the prosperity of China.

It is particularly significant that in 1987 Deng Xiaoping put forward the "three-step" development strategy of China's socialist modernization: "By the middle of the twenty-first century, if the GDP per capita reaches \$4000 and the people are collectively prosperous, then we will be able to better demonstrate the superiority of the socialist system over the capitalist system. This will point out the striving direction for the three-quarters of the world's population, and further proves the correctness of Marxism."<sup>17</sup> In the actual results of China's modernization development, the GDP per capita has greatly exceeded Deng Xiaoping's assumption at that time. In 2020, China's GDP per capita reached 16,316 international dollars (in 2017 price), which is equivalent to 14.5 times of the 1127 international dollars in 1986. We are confident that future generations will be smarter, wiser, and better able to achieve more ambitious goals than their predecessors.

The 20th National Congress of the Communist Party of China was held in 2022. This conference clearly stated: The central task of the Communist Party of China will be to lead the Chinese people of all ethnic groups in a concerted effort to realize the Second Centenary Goal of building China into a great modern socialist country in all respects and to advance the rejuvenation of the Chinese nation on all fronts through the modernization with Chinese characteristics. The conference made a two-step strategic arrangement for the comprehensive building of a socialist modern power, especially the macroscopic outlook and key deployment of the overall goal of China's development in 2035, and scientifically planned the goals, policies and tasks for the development of the Party and the country in the next five years and even longer timelines. To this end, we carried out this research. First, the author and his team have published nine academic papers about the modernization with Chinese characteristics on CNKI. Second, we provided research background and consulting reports for the relevant departments of the central government repeatedly. Among them, the first draft of this book was submitted in April. Third, after the 20th National Congress of the Communist Party of China was held, we carefully studied the report to the 20th National Congress of the Communist Party of China and this book was revised based on this further research. Published in English by Springer, it

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<sup>16</sup> GDP in Purchasing Power Parity (PPP) refers to gross domestic product converted to international dollars using purchasing power parity exchange rates. The purchasing power of the international dollar is comparable to that of the US dollar in the United States. GDP is the sum of the value added created by all resident producers in an economy plus taxes on products and less subsidies not included in the value of products. For the data about China, please refer to the World Bank database: <https://data.worldbank.org/indicator/PA.NUS.PPP?end=2020&locations=CN&start=1990&view=chart>.

<sup>17</sup> *Selected Works of Deng Xiaoping*: Vol. 3. Beijing: People's Publishing House, 1993:195–195.

introduces the development process of modernization with Chinese characteristics to the international academic community and looks to the future development trend (2020–2035).

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Hu Angang

November 2022 at Tsinghua University

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