

China's Development Environment is Facing Profound and Complex Changes

我国发展环境面临深刻复杂变化

SOURCE

People's Daily 人民日报

Jan. 14, 2021

AUTHOR

He Yiting 何毅亭

Executive Vice President, Central Party School of the Communist Party of China

The “14th Five-Year Plan” period is the start of a new journey in China’s comprehensive construction of a modern socialist country and of a period that will witness the acceleration of profound changes unseen in a hundred years (百年未有之大变局) as well as the large, sustained impact of the global pandemic. Thus, a clear understanding and scientific grasp of the changes in the domestic and international environments is crucial for the effective formulation and implementation of the 14th Five-Year Plan. The Fifth Plenum of the 19th CPC Central Committee made the scientific judgment that “while China is currently in a period of favorable strategic development, there are still new opportunities and challenges ahead.” This fully reflects the Party Central Committee’s precise grasp of the domestic and international situations with Comrade Xi Jinping as the core and provides us with fundamental guidelines for correctly understanding the major development trends and handling both risks and challenges.

Profound Changes Unseen in a Hundred Years are Rapidly Evolving Worldwide

That the world today is experiencing profound changes unseen in a hundred years is a significant strategic judgment made by General Secretary Xi Jinping. The “14th Five-Year Plan” period is different from the previous five-year plan periods in that the international environment has undergone changes unseen in a hundred years. Accurately grasping the rich implications and the development trends of this major change is the prerequisite and foundation to properly coping with the changes and seizing its strategic opportunities. More specifically, this new stage of scientific and technological innovation and industrial transformation is an important driving force behind this great change, while the profound shift in the international balance of power --“the rise of the East and the decline of the West” -- drives these development trends. The global COVID-19 pandemic served as the catalyst for this great change. The basic characteristic of this period is that the world is entering a period of turbulent change.

Looking at the world today, we can see that a new round of scientific and technological innovation is advancing rapidly, with major breakthroughs occurring in the material sciences, life sciences, earth sciences and cosmology. Additionally, new and subversive innovations continue to emerge in information technology, biotechnology, manufacturing technology, new materials technology, and new energy technology. The combination of emerging technologies, like artificial intelligence, the Internet, and big data with traditional technologies has produced major technological shifts that are green, smart, and far-reaching. This has led to a new stage of industrial breakthrough that creates novel industries and business models, in addition to a revolutionary reshaping of traditional industries that altogether accelerate industrial revitalization. This

new era of scientific and technological innovation and industrial reform has promoted profound changes in production models, social structures and lifestyles. Additionally, it has played an increasingly decisive role in shaping the world's political and economic landscape and in shifting the global balance of power. Together, these breakthroughs have created the opportunity for China to shift to the stage of high-quality development.

We can also see that in recent years, the United States and other developed countries have fallen into an economic and social decline. The lack of developmental vitality, the hollowing out of industries, an aging population, and a widening income gap are problems that seriously threaten economic development and create serious divisions within their societies. On the other hand, developing countries and emerging market economies are on the rise, and the trend has been accelerated; the most revolutionary change in the international balance of power in recent history is taking place. In recent years, emerging market economies and developing countries have accounted for nearly 40% of the total global economy, and their contribution to world economic growth has reached 80%, making these countries the main driving force behind global economic growth. The profound shift in the international balance of power has driven major changes in the international landscape with regards to the economy, science and technology, culture, security, and politics. Additionally, this shift has catalyzed profound changes in the global governance system, making the Western monopoly on international affairs unsustainable, effectively increasing the status and discourse power of emerging market economies and developing countries.

It should also be noted that economic globalization is experiencing headwinds due to the rise of protectionism and unilateralism, sluggish international trade and investment, and the impact of non-economic factors on the global industrial chains, supply chains, and value chains. Multipolarity has also encountered obstacles; as demonstrated by the United States, some developed countries do not want to lose their dominance in the international system. As such, they frequently seek to contain developing countries by using their monopoly on the financial, and technology sectors, or by adjusting international economic and trade rules to protect their own interests. The international economic and political landscape have become more and more volatile; global governance issues have become increasingly complex, and global crises have emerged one after another, constantly posing challenges to human society.

The COVID-19 pandemic has catalyzed changes unseen in a hundred years, serving to intensify a major fracture in the international landscape and in international relations. The pandemic has damaged an already weakened global economy. The United States, France, and other countries have experienced the most severe quarterly recession on record, while the world has fallen into the most severe economic recession since World War II. The pandemic and the resulting economic recession have reinforced the tendency for some countries to turn inwards, causing the rise of populism and nationalism and the intensification of ideological struggles. This has greatly increased the probability of “black swan” and “gray rhinoceros” incidents.

Looking back at the one hundred years since the end of World War I, human society has experienced the Great Depression of 1929-1933, the unprecedented scale and destruction of World War II, over forty years of the Cold War between the United States and the Soviet Union, thirty years of rapid economic globalization since the late 1970s and early 1980s, and the 2008 financial crisis. Now, we are facing the devastating implications of a new crisis: the COVID-19 pandemic. For more than a hundred years, human society has been torn between war and peace, turmoil and governance, progress and regression, cooperation and confrontation, and protectionism and open trade. However, none of them has not stopped human society from moving forward. The world has entered a turbulent era of change: the current international environment has become increasingly complex, instability and uncertainty have significantly increased, economic globalization continues to undergo profound changes, the global governance system is facing structural shifts, and the international landscape is quickly changing. Nevertheless, peace and development remain the foundation of our times and the deeply held belief of a shared destiny has brought new hope and confidence to the development of human society.

The 14th Five-Year Plan: An Important Period of Strategic Opportunities for China's Development

After nearly a century of struggle led by the Chinese Communist Party, more than 70 years of construction of New China, and more than 40 years of reform and opening up, China has become the world's second largest economy. Following the historic growth in our economic strength, scientific and technological strength, and comprehensive national power, the Chinese nation is now standing strong in the global east. Since the 18th Party Congress, under the strong leadership of the Party Central Committee with Comrade Xi Jinping as the core, the Party and the state have made historic achievements and changes, effectively laying a solid foundation for continued development. Facing the pressure of economic decline, we did not panic or lose focus; instead, we maintained strategic determination and precisely implemented policy, leaving room for further growth. Facing deep-rooted systemic challenges in our economic system, we did not shrink back, but attempted to heal the system through supply-side structural reform to prepare for stronger future development. In the face of potential economic and financial risks, we did not relax our vigilance, but prevented, resolved, and eliminated hidden dangers for continued growth.

In the "14th Five-Year Plan" period, China has transitioned to a period of high-quality development. As such, China will shift from building a moderately prosperous society to building a modern socialist country and will enter a critical stage where it is necessary to change development models, optimize the economic structure, and transform our growth momentum. Based on an overall evaluation, our country has sufficient economic potential, strong development resilience, large maneuvering space, and overall social stability. It also has many advantages in promoting development: First, it has a strong material foundation. With more than 100 million market entities, China has the world's most complete and largest industrial system, as well as a strong production capacity and a comprehensive supporting capacity. Coupled with our confidence in handling risks and challenges, our material strength serves as a solid foundation for China's continued development. Second, China has abundant human resources. China has a large pool of human capital and talent. The demographic dividend still exists, and the talent dividend is increasingly clear. As of the end of 2019, China's working-age population between 16 and 59 years numbered 896.4 million, which accounts for 64% of the total population. Additionally, the average number of years of schooling of China's working-age population reached 10.5 years. The proportion of the new workforce with higher education exceeded 48%, while the average years of schooling reached more than 13.6 years, exceeding the world average. Third, China has a vast market space. In 2019, China's per capita GDP exceeded US\$10,000 and household savings reached RMB 81.3 trillion. Looking forward, a high-income country with 1.4 billion people is bound to become the world's largest consumer market. In particular, we have the centralized and unified leadership of the Party Central Committee with Comrade Xi Jinping as the core, the scientific guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, as well as the remarkable advantages of the socialist system with Chinese characteristics and the national governance system. In the face of hardship and challenges, it is such leadership that allows us to unite our people in one mind and come together as one in overcoming difficulties.

Accounting for changes occurring in both the domestic and international environment, China is still in an important period of strategic opportunities. However, there are also new developments in terms of both opportunities and challenges to consider. For example, with new scientific and technological innovations and industrial reforms, there is opportunity for innovative development and a closure of the economic and technological gap with developed countries, and yet there is also the risk that the existing gap will only continue to widen. With the profound shift in the international balance of power comes the opportunity for China's national rejuvenation, but there is also the risk that certain American politicians have been and will continue to work hard to contain China's rise. Changes in the global system of governance create the opportunity for China to play a larger role on the international stage, but there is still the risk that old styles of global governance will clash with the new. The battle against COVID-19 has strengthened the world's recognition of China's system, governance and culture, but there is also the risk that some Western politicians

will continue to blame China and cast China in a negative light. New social contradictions have created new momentum for China's development, but still there remains a series of risks that could arise from unbalanced and insufficient development. High-quality development creates unique advantages and circumstances for innovative development, but there is still the risk of a poor transition to a higher stage of development and subsequent economic stagnation. All these factors necessitate a dialectical understanding and scientific grasp during the "14th Five-Year" period.

Managing China's Affairs Well in Domestic and International Contexts

China has never been closer to the center of the world stage than it is today; the Chinese nation has never been closer to the goal of national rejuvenation than it is today. This is a great accomplishment, one that has taken plenty of struggle and sacrifice, hardship and suffering to achieve. It must be cherished. Achieving the great rejuvenation of the Chinese nation based on socialist modernization is in the highest interest of the Party and the people, and we must move steadfastly and overcome any obstacles toward this goal. Any risks or obstacles that may delay or interrupt the process of the great rejuvenation of the Chinese nation must be unambiguously prevented and properly handled.

General Secretary Xi Jinping clearly stated that "leading cadres should keep in mind two situations: one is the overall strategic landscape of the great rejuvenation of the Chinese nation and the other is the changes unseen in a hundred years. This is the basic starting point of our work." The Fifth Plenary Session of the 19th CPC Central Committee emphasized that the whole party should work to coordinate the domestic and international situations, and in the face of crises and turbulence, seek new opportunities and open doors to advantageous situations. We should deeply understand the important instructions of General Secretary Xi Jinping and the spirit of the Fifth Plenum, scientifically grasp the multifaceted and deep connections between the two situations at home and abroad, and deeply understand the new features and requirements brought about by the changes in the development of our main societal contradictions. It's also necessary to deeply understand the new contradictions and challenges in the complex international environment, enhance our awareness of opportunities and challenges, grasp the laws of development, carry forward the spirit of struggle, and enhance the skills necessary to face these challenges. Whether it is to solve domestic problems or international contradictions, whether it is to formulate policies or promote our work, we must consciously plan in light of these two big pictures in order to effectively promote the overall goal of the great rejuvenation of the Chinese nation. In this way, China will be the driving force behind the worldwide changes necessary to realize the great rejuvenation of the Chinese nation.

The "14th Five-Year Plan" period represents a critical juncture in achieving the great rejuvenation of the Chinese nation. In particular, we need to maintain the critical recognition that "the midstream is where the current is the strongest and the road halfway up the hill is steeper." This requires us to remain mindful of bottom-line thinking, enhance our awareness of potential pitfalls, improve our ability to notice subtleties, and treat incidents of low probability as if they are highly likely to happen. We should be highly vigilant of "black swan" events, while also working to prevent "gray rhinoceros" events; we should not only prevent risks at the outset, but also respond to and resolve arising challenges with clever moves; we should prevent and resist possible risks, but also strive to bring order out of chaos and opportunities out of crises.

The further we are in realizing the great rejuvenation of the Chinese nation, the more it is necessary to observe and analyze problems through a Marxist perspective, point of view, and methods to enhance our dialectical thinking capabilities. Looking at trends of global and domestic development, we must take steps to drive the resolution of contradictions both internally and externally to realize the great rejuvenation of the Chinese nation. In order to do so, one should focus on identifying and resolving problems, actively confront and resolve the internal and external contradictions that arise in this process, grasp the relationship between the central contradictions and secondary contradictions as well as the central and secondary aspects of the contradiction, and prioritize the resolution of the main contradiction and the main aspects of the

contradiction, so as to drive the resolution of other contradictions. In the practice of resolving internal and external contradictions, we will help drive the historic process of the rejuvenation of the Chinese people. It is also necessary to improve our ability to cope with complex situations and handle complex issues. It is necessary to handle the relationships well between the part and the whole, the short-term and the long-term, the central and non-central components of the situation, as well as opportunities and challenges that arise from the situation. It is necessary to lay out the whole situation and highlight the key aspects, to tackle multiple issues and adopt precise measures, to uphold the firmness of the principle and the flexibility of the strategy, and closely follow the changes in the situation to adjust the strategy in a timely manner. It is necessary to accurately recognize change, scientifically respond to change, and proactively seek change. In weighing the pros and cons to avoid harm, we will turn crises into opportunities. In actively facing challenges, we will seize the opportunities, valiantly forge ahead, and strive to create a situation in which the overall strategic landscape for the great rejuvenation of the Chinese nation and the worldwide changes unseen in a hundred years are linked in a positive way, in order to make greater contributions on the part of China to the cause of human development and progress.

READ RELATED ANALYSIS

<http://opensource.csis.org/features/beijing-narrative-us-decline>.

CITE THIS DOCUMENT

He Yiting, "China's Development Environment is Facing Profound and Complex Changes" [我国发展环境面临深刻复杂变化], People's Daily, December 8, 2020.