

DEVELOPMENT WITH CHINESE CHARACTERISTICS

By
Asad Ullah Khan
Research Fellow

China-Pakistan Study Centre (CPSC), ISSI

Edited by
Dr. Talat Shabbir

November 21, 2024

(Views expressed in the brief are those of the author, and do not represent those of ISSI)



Since the Third Plenary Session of the 11th Central Committee of the Communist Party of China in 1978, the third plenums have held special significance, particularly in setting policy agendas, particularly regarding economic modernization and development. The iconic Third Plenary Session of the 11th Central Committee of the CPC marked a pivotal moment when the Communist Party of China decided to prioritize economic modernization as the core of its agenda. It introduced the transformative policies of reform and opening-up, which propelled China to unprecedented economic growth.

China has opened its door to the entire world by following the path of development, innovation and modernization. From being yet another country on the map to becoming the second largest economy in the world, China has had remarkable success in its journey. The change from "comprehensively deepening reform" to "further deepening reform comprehensively" since the Third Plenary Session of the 18th CPC Central Committee puts China on a historical continuation of the same approach, but only at a more accelerated pace and expanded scope. After successfully achieving and surpassing its first centenary goal of "building a moderately prosperous society in all respects",¹ it is now moving ahead on realisation of "Liang Ge Yibai Nian (Two Centenary) Goals".²

¹ "CPC Q&A: What Are China's Two Centennial Goals and Why Do They Matter?" *Xinhua*, October 17, 2024, http://www.xinhuanet.com/english/2017-10/17/c_136686770.htm.

² China's "Two Centenary Goals": Progress and Challenge Ding LU *East Asian Policy* 2016 08:02, 79-93.

The goal by 2049 is to "build a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious".³

"Basic institutional frameworks have generally been established in all sectors, with many sectors transformed and restructured in historic, systematic, and holistic ways. This has made institutions in all sectors more mature and well-defined, resulting in historic achievements in comprehensively deepening reform." (President Xi Jinping)

Due to the reforms, and the opening up, China's journey towards modernization has been a huge success. Economically, politically, technologically, and culturally, China has achieved immense progress and global footprint, solidifying its position as a leading power on the world stage. China's GDP has risen from 9.62 trillion USD in 2013 to 17.17 trillion USD in 2023, a whopping 78.48% increase, with a compound annual growth rate of 5.96%, in just a decade.⁴

China has had huge success in its fight against poverty. It fulfilled the United Nations 2030 Agenda for Sustainable Development's poverty reduction goals 10 years ahead of schedule, lifting all 98.99 million rural poor out of poverty by the end of 2020.⁵ The country's middle income group has been expanding continuously and its national per capita disposable income exceeded 39,000 yuan in 2023, achieving a 6.3% increase from the previous year.⁶ In the area of employment, on average more than 13 million urban jobs have been created from 2013 to 2022, demonstrating China's consistent commitment to job creation and economic stability. In the same period, all 2,895 counties nationwide achieved a basic level of educational equity in compulsory education.⁷

In total volume of trade in goods, China leads the world by a wide margin. It is a major trading partner of more than 140 countries and has been solidifying its position as a key pillar of the global economy. During the first decade of the Belt and Road Initiative (BRI), cumulative BRI engagement crossed the USD 1 trillion mark (USD1.053 trillion), with about USD634 billion in construction contracts, and USD419 billion in non-financial investments.⁸ China has managed to bring the cost of production down to unimaginably low levels, establishing itself as the most lucrative destination for production outsourcing. Coupled with its extensive supply chain, export driven industries, and global

³ "CPC Q&A: What Are China's Two Centennial Goals and Why Do They Matter?"

⁴ "World Bank Open Data," World Bank Open Data, accessed November 19, 2024, <https://data.worldbank.org>.

⁵ "National Bureau of Statistics of China," November 19, 2024, <https://www.stats.gov.cn/english/>.

⁶ "China's Per Capita Disposable Income Grows 6.3 Pct in 2023," *Xinhua*, January 17, 2024, <https://english.news.cn/20240117/1dbb2b26b9b644d7a90d16c8aef62a0f/c.html>.

⁷ "Chinese President Xi Jinping at Session Ii of 19th G20 Summit," November 18, 2024, <https://english.news.cn/20241119/368e611184484791a8a2e06bc5b3db2c/c.html>.

⁸ Christoph NEDOPII WANG, "China Belt and Road Initiative (BRI) Investment Report 2023", February 05, 2024, <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2023/>

connectivity initiatives like the Belt and Road Initiative (BRI), it has reinforced its dominance in global trade.

There are about 6 basic principles in deepening reform comprehensively to advance Chinese modernization: Following the leadership of the party, adopting a people-first approach, upholding fundamental principles and breaking new ground, acknowledging institutional building as the main task, having a law-based governance, and the application of a systematic thinking.

The first and foremost here is the adherence to the overall leadership of the Communist Party of China (CPC). Chinese political system is described as 'democracy with Chinese characteristics'. China deeply values the central role of the CPC in guiding China towards comprehensive reforms. The word "Renmin", which means 'people' is mentioned 46 times in the Chinese version of the Resolution of the Central Committee of the Communist Party of China. This shows how much emphasis China puts on its people and how it holds them at the heart of this modernization.

To comprehensively deepen reforms, it is of paramount importance to build on previous achievements and stick to the fundamental principles that have been at the core of this success. At the same time, it is also essential to ensure adapting to the recent developments and keeping up with the pace of the evolving world. With a strong dominance in the emerging fields, be it Renewable Energy or Artificial Intelligence, China is following this principle in its true essence. President Xi Jinping committed to providing nearly \$51 billion in funding over three years to support Africa's development, focusing on infrastructure, industry, and job creation.⁹

Apart from its contributions as one of the cheapest outsourcing options for the business world, China has made countless other contributions to the world, too. While other global powers end up indulging in various forms of violence, one way or another, China has remained relatively peaceful. It has prioritized development and has adopted an innovation-driven approach throughout. It has the record number of patents under its name and is known to invest heavily in R&D. In 2023 and 2024, China's state-owned enterprises (SOEs) invested more than one trillion yuan (US\$139.3 billion) in R&D annually.¹⁰

China has also commenced initiatives like the Global Development Initiative (GDI) that has been joined by numerous other countries as Friends of the GDI. Through the Asian Infrastructure

⁹ Cash Joe, Chen Laurie, "China Offers Africa \$51 Billion in Fresh Funding, Promises a Million Jobs," September 5, 2024, <https://www.reuters.com/world/china-deepen-industrial-agricultural-trade-investment-ties-with-africa-2024-09-05/>.

¹⁰ "China's State-Owned Enterprises See Continued Growth In R&D Investment Exceeding USD 139 Billion," <https://www.onearabia.me>, November 10, 2024, <https://www.onearabia.me/business/chinas-state-owned-enterprises-rd-investment-growth-011-79377.html>.

Investment Bank (AIIB), China has financed about 260 projects, worth over USD 51 billion, empowering other countries to not get constrained by the lack of funds in their developmental projects. China's commitment to sustainability is also commendable. It has set up a goal to reach carbon neutrality by 2060 at the latest and is actively making policies in this direction. Given the size of China's GDP, the ecological impact of adopting such policies can certainly be huge.

China has had immense success in its journey of comprehensively deepening reform and has executed it optimally. Through these reforms, China has become a key player in the global geopolitical as well as geo-economic landscape. China's active engagement in the region, including facilitation of Saudi-Iran rapprochement, has increased its salience as a peace builder. In order for this success to continue, China will have to remain committed to its guiding principles but at the same time adopt policies to adapt to the rapidly evolving global landscape. "The Chinese people will play a significant role in shaping the common destiny of humanity." This bold prediction by Immanuel Wallerstein about 20 years ago seems to be coming true.