

ECONOMIC BALANCING

China remains committed to its development goals

With the world's attention focused on China's battle against the novel coronavirus outbreak and the possible economic repercussions of the epidemic, an important milestone has tended to be overlooked.

China's per capita gross domestic product surpassed the \$10,000 landmark last year, the National Bureau of Statistics said on January 17. In 2019, the GDP totaled \$14.38 trillion, showing the long distance it has traveled in recent decades.

In 1978, when China adopted

its reform and opening-up policy, the figure was \$149.5 billion, accounting for just 1.8 percent of the global economy. The per capita GDP stood at \$156, much lower than the average in even the least developed countries south of the Sahara, which was \$490.

While the epidemic, resulting in tens of thousands of infections, has taken a toll, given the solid foundation of the Chinese economy, the impact will be short-lived. It is unlikely to derail China's efforts to pursue development of a higher standard.

World Factory

In the past four decades, the average annual growth rate of China's GDP reached 9.5 percent. The rapid growth is a miracle in global economic history and a significant driver of global growth.

The once relatively isolated nation has stepped into a new and open era, with its closed and planned economy replaced by an open market economy. Hundreds of millions of people have moved out of poverty, a feat that took developed countries several centuries.

Prior to that, though a basic industrial system had been established, China's industrialization was not running at full steam. Its modern manufacturing industry grew slowly, as most of the rural surplus labor force hadn't migrated to industry yet.

The reform and opening-up policy spurred a dramatic change. Resources and markets both at home and abroad were given full play. China has since deeply integrated into the global production chain and shared the benefits of globalization. Today, it has the world's most sophisticated industrial system. Also, it's the world's leading trading nation, offering quality and competitively priced manufacturing products to consumers worldwide and creating enormous wealth for its citizens.

The large population is key to economic development. At the early stage of reform and opening up, the inflow of migrant workers into cities led to the vigorous development of labor-intensive industries. They processed orders from other

countries and regions, making China a world factory.

In early February, after an extended Spring Festival holiday with virus prevention measures in place, the government called on companies to resume production while following safety measures to restore normalcy and minimize the impact on supply chains.

Hurdles to Overcome

As for the \$10,000 landmark, the celebrations should not forget the fact that the improved per capita GDP still lies a little over the middle of the global rankings.

Now China's growth rate is slowing down due to the transition to quality development from fast growth, and the future will see uncertainties because of complicated changes both at home and abroad.

Despite China crossing the milestone and ranking 81st among 199 economies, its per capita GDP is still lower than the world average of \$11,300. Some comparisons will make the situation clearer. For instance, the per capita GDP of Argentina, a developing country that went through a severe economic crisis in recent years, reached \$11,700, ranking 70th. Malaysia, once suffering from economic recession and receiving assistance from China, ranked 72nd with a per capita GDP of \$11,400. Russia's per capita GDP, despite oil market shocks and sanctions, was around the world average and ranked 73rd. The per capita GDP readings of several other developing countries, such as



A farmer signs his name to get his dividends from a rural cooperative in Nanchang, Jiangxi province, in east China, on January 16.



Workers make protective clothing for novel coronavirus control at a factory in Hebei province, north China, on February 10.

Chile, Poland, Kazakhstan and Equatorial Guinea were higher than China's. So China still has a long way to go.

The Chinese economy has entered a new normal. In 2015, the GDP growth rate entered the 6 percent era with a reading of 6.9 percent. Three years later, it decreased to 6.6 percent. In 2019, the figure was 6.1 percent, and in the future that number may fluctuate around 6 percent. With China's economic growth slowing down, so will the speed of its rise in the global per capita GDP ranking.

However, China has realized that the quality of development is much more important than the growth rate and rankings.

While rapid economic growth has greatly improved people's living standards, it has also created some serious problems. Many provinces gained rapid GDP growth by overexploiting natural resources, consequently causing severe damage to the environment. Also, the dividends of reform and opening up didn't percolate sufficiently to some disadvantaged groups, leading to an unfair distribution of income and a widening gap between the rich and the poor, which impeded social harmony. In addition, China has yet to offer high-quality public services, including medical care, education and elderly care, to all citizens.

Way to Better Development

While China's economic aggregate, measured by purchasing power parity, surpassed the United States' in 2014 and ranked first in the world, it reflects only one facet of development. To avoid the so-called middle-income trap, the goal of China's economic growth is to improve people's lives and make them happy.

Disposable incomes need to be increased. This should be a key development goal while maintaining a certain growth pace. People's disposable income is a true gauge of improvement in their well-being. The income redistribution mechanism, which uses taxation, social security and transfer payments as its main tools, should be optimized to promote equity.

The rich-poor gap will be narrowed. Wealth disparities still exist in different regions,

between urban and rural areas, and among various industries. More should be done to achieve coordinated development between urban and rural areas and among different regions. Some 5.5 million people still living below the national poverty line—a per capita annual income of 2,300 yuan at 2010 constant prices (\$340 at the 2010 exchange rate)—will be helped out of poverty by the end of the year.

Public services should be improved. The focus should be not just on sectors that can directly prop up the economy, but also on those related to people's livelihood. This includes raising pensions, subsistence allowances and unemployment insurance. More money should be earmarked for education and medical care services, including a national public health emergency management system.



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