

The Correct Understanding of Major Theoretical and Practical Problems of China's Development

正确认识 and 把握我国发展重大理论和实践问题

SOURCE

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Published May 15, 2022

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This is part of General Secretary Xi Jinping's speech at the Central Economic Work Conference on December 8, 2021.

As we enter into a new stage of development, China's internal and external environment for development has undergone profound changes, and there are many new major problems that need to be correctly understood and grasped. Here, I focus on a few issues.

The first issue: we must correctly understand and grasp the strategic goals and practical ways to achieve common prosperity. "The wealthy people of a country must care about enriching

the common people.” The creation and distribution of wealth is a major issue faced by all countries. For some western countries, as social wealth has continued to grow so has wealth disparity and polarization. In some Latin American countries, income is not high, but the distribution gap in wealth is very large. Under China’s socialist system, it is not only necessary to continuously liberate and develop social productive forces, and to continuously create and accumulate social wealth, but also to prevent polarization, and to earnestly promote the all-around development of human beings and the common prosperity of all people to achieve more obvious and substantial progress. In the past, we were egalitarian at a low-income level. After the reform and opening up, some regions and some people became rich first, and the income gap gradually widened. The improper accumulation of some wealth has brought risks and challenges to the healthy operation of the economy and society.

Common prosperity is the essential requirement of socialism with Chinese characteristics. What should the path to common prosperity look like? We are currently exploring this. To achieve the goal of common prosperity, we must first make the “cake” bigger and better through the joint efforts of the people of the whole country, and then correctly handle the relationship between growth and distribution through reasonable institutional arrangements, so as to divide the “cake” well. This is a long-term historical process. We must create conditions, improve systems, and steadily move towards this goal.

It is necessary to strengthen employment as a priority in order to promote high-quality development. Employment is the foundation of people’s livelihood. Employment is the driving force of economic growth, so it is important to continuously promote the expansion of employment and the improvement of the quality of employment. It is necessary to support the development of small, medium and micro enterprises and give full play to their role as a channel for employers. It is necessary to learn from the lessons of some Western countries’ economic transitions from the “real to the virtual,” continue to expand the real economy, and create more high-quality jobs. It is necessary to increase investment in human capital, improve the quality of education, strengthen vocational education and skills training, improve the quality of workers, better meet the needs of high-quality development, and effectively prevent large-scale unemployment risks.

It is important that everyone is performing their assigned function and role. It is necessary to properly handle the relationship between efficiency and fairness, and build basic institutional arrangements for primary distribution, redistribution, and coordination of three distributions. We must adhere to the principle of distribution according to work, increase the proportion of labor remuneration in the initial distribution, and improve the policy of distribution according to different factors. It is necessary to give full play to the role of redistribution, and increase the adjustment of taxation, social security, transfer payments, etc., and improve the accuracy of record keeping. It is necessary to give full play to the role of the Third Distribution Theory, and guide and support willing and capable enterprises and social groups to actively participate in public welfare and charitable undertakings without engaging in “forced donations” in the form of moral kidnapping.

It is necessary to improve the public service policy system. To promote common prosperity, we must not engage in “welfare”. Some Latin American countries in the past have engaged in populism, and

welfare in these countries has raised a group of “lazy people” with unearned incomes. As a result, the countries’ financial systems were overwhelmed and fell into the “middle-income trap” , that they were unable to extricate themselves from for a long time. Welfare benefits cannot decrease if they go up, and “Welfare-ism” that exceeds one’s ability is unsustainable, and it will inevitably bring about serious economic and political problems! We must adhere to doing our best and do what we can, focusing on improving the level of public services, accurately providing basic public services in the fields of education, medical care, elderly care, housing and other areas that the people are most concerned about, and taking care of the most basic needs of life for people in need, without raising the expectation of welfare to cover all expenses, or providing empty promises.

The second issue: correctly understand and grasp the characteristics and behavioral laws of capital. Marx and Engels did not envisage that a market economy could be developed under socialist conditions, and of course they could not foresee how socialist countries would treat capital. Although Lenin and Stalin led the socialist construction of the Soviet Union, at that time the Soviet Union implemented a highly centralized planned economic system and basically did not encounter large-scale capital problems. To engage in a socialist market economy is a great creation of our party. Since it is a socialist market economy, it will inevitably produce various forms of capital. Although there are many differences between capital in capitalist society and capital in socialist society, capital is all about chasing profits. “The key to uniting the people is to manage their wealth appropriately” . We should explore how to play the positive role of capital under the conditions of a socialist market economy, while effectively controlling the negative role of capital. In recent years, due to lack of awareness and lack of supervision, capital has expanded in a disorderly way, manipulated arbitrarily, and made huge profits in some areas of our country. This requires regulating the behavior of capital, seeking advantages and avoiding disadvantages, not allowing “capital predators” to act recklessly, but also giving full play to the function of capital as a factor of production. This is a major political and economic issue that cannot be avoided.

In practical work, the following points should be paid attention to. To set “traffic lights” for capital. “Traffic lights” apply to all means of transportation on the road, and the same is true for capital. All types of capital cannot run amok. To prevent the savage growth of some capital, we must fight against monopoly, profiteering, sky-high prices, malicious hype, and unfair competition. Effective supervision of capital should be strengthened in accordance with the law. The socialist market economy is an economy ruled by law, and capital activities must be carried out in accordance with the law. To curb the disorderly expansion of capital, it is not the absence of capital, but the orderly development of capital. Relevant laws and regulations that are not perfect should be improved as soon as possible, and those with existing laws and regulations should be strictly enforced and supervised. To support and guide the healthy development of capital norms. It is necessary to uphold and improve the basic socialist economic system, unswervingly consolidate and develop the public economy, unswervingly encourage, support, and guide the development of the non-public economy, and promote the healthy development of the non-public economy and the healthy growth of people in the non-public economy.

The third issue: correctly understand and grasp the supply guarantee of primary products.

For a big country like ours, ensuring the supply of primary products is a major strategic issue. It is necessary to strengthen strategic planning and make early adjustments to ensure supply security.

Saving must be a priority. “If you take something and use it sparingly, you will be rich; if you take something without control and use it improperly, you will be poor.” It is necessary to implement a comprehensive conservation strategy and promote conservation actions in various fields. In the field of production, it is necessary to promote the comprehensive conservation, intensive and circular utilization of resources, reduce the energy consumption and material consumption per unit of product, speed up the technological transformation of the manufacturing industry, and improve the efficiency of input and output. In the field of consumption, it is necessary to enhance the consciousness of saving for the entire population, advocate a simple, moderate, green and low-carbon lifestyle, oppose extravagance, waste and excessive consumption, carry out in-depth food saving initiatives, such as the “Empty Plate” initiative, and extensively carry out the creation of green institutions, green families, green communities, green travel and other actions.

It is necessary to enhance domestic resource production and security capabilities. It is necessary to intensify exploration efforts, implement a new round of strategic actions for ore prospecting breakthroughs, and improve the level of development and protection of marine resources and mineral resources. It is necessary to clarify the strategic bottom line of self-sufficiency in domestic production of important energy resources, give full play to the supporting role of state-owned enterprises, and accelerate the development and application of advanced extraction technologies for oil and gas and other resources. It is necessary to strengthen the construction of the national strategic material reserve system and play a role in regulating the bottom line at critical moments. It is necessary to promote garbage classification and recycling, expand the use of domestic solid waste, and speed up the construction of a waste recycling system.

It is necessary to optimize the ability to guarantee overseas resources. It is necessary to make full use of both domestic and international markets and resources in a mutually beneficial and win-win manner, strengthen energy and resource cooperation with relevant countries on the premise of effectively preventing foreign investment risks, and expand the rights and interests of overseas high-quality resources.

Here, I would like to emphasize the security of agricultural product supply. According to the latest land survey results, the area of arable land is still decreasing, and the basic farmland in some places does not grow food, fruit trees, or other high value-added crops. I have repeatedly said that Chinese people’s rice bowls should be firmly in their hands at all times, and our rice bowls should mainly contain Chinese grains. It is necessary to put the improvement of comprehensive agricultural production capacity in a more prominent position, continue to promote the construction of high-standard farmland, deeply implement the revitalization of the seed industry, improve the level of agricultural machinery and equipment, ensure the reasonable income of farmers who grow grain, ensure the absolute safety of grain rations and the basic self-sufficiency of grain, and improve the production and self-sufficiency of oil and soybeans.

The fourth issue: correctly understand and grasp the prevention and resolution of major risks. Since the 1990s, China has effectively dealt with major challenges such as the Asian financial crisis, the international financial crisis, and the COVID-19 pandemic. At present, there are many hidden risks in China's economic and financial fields, but they are generally controllable. Stick to bottom-line thinking. The ancients said: "When disasters start to happen, you want to be like Du Qimeng." We must give full play to the party's leadership and the advantages of our socialist system in order to avoid large risks and crises.

In the previous stage, we effectively dealt with shadow banking risks and Internet financial risks. At the same time, we must also see that new risks are still occurring, and the "black swan" and "gray rhino" incidents continue to occur. There are several important reasons for analyzing these phenomena. One is the result of long-term accumulation. The impact of the "three-phase superposition" is not over yet, and the early risks still need to be digested. The second is regulatory capacity and institutional deficiencies. Serious oversight of corporate governance of financial institutions, and unsuitable financial supervision capabilities and levels. The management of local debts has been lax, and some localities have disguised and illegally borrowed, and the debt burden has continued to increase. The third is the barbaric behavior of the borrower. Some large enterprises are blindly impulsive, irrational diversification, excessive reliance on financial leverage, and excessive industrial capital entering the financial industry. Some shareholders and actual controllers operate and manage financial enterprises in violation of laws and regulations, with insider control, manipulation by major shareholders, financial fraud, and wanton misappropriation of funds. Fourth, collusion and corruption between officials and businessmen is rampant. The heads of some financial institutions and government officials are derelict of duty, corrupt, enriching their own pockets, and relying on the generosity of the country, resulting in heavy losses. Fifth, there are changes in the economic cycle. The slowdown in economic growth has brought to light all kinds of risks that were originally hidden, and the probability of local risks causing systemic risks has increased. Additionally, the risks characterized by corporate insolvency are prominent.

In the next step, we must continue to follow the basic policy of stabilizing the overall situation, making plans, implementing policies by category, and do a good job in risk disposal. It is necessary to comply with laws and regulations, strengthen the construction of the financial rule of law, and explore the establishment of a regular law revision system. It is necessary to consolidate responsibilities with everyone "holding their own", consolidate local party and government responsibilities, be responsible for territorial stability maintenance and defuse risks; consolidate the responsibilities of financial supervision, industry supervisors, discipline inspection and supervision departments, and promote risk resolution according to their respective responsibilities. We must also realize the main responsibility of enterprises for self-rescue, and formulate feasible risk resolution plans. It is necessary to strengthen capacity building, improve the level of regulatory technology, make up for regulatory shortcomings, and strengthen the construction of financial regulatory cadres. We must have sufficient resources, promptly set up a financial stability guarantee fund, give full play to the role of the deposit insurance system and guarantee funds in risk disposal, and study and formulate support policies for promoting mergers and acquisitions of financial institutions and

resolving non-performing assets. Local governments should take the initiative to revitalize existing assets and defuse risks. Corporate shareholders must first bear the risk of loss until the share capital is cleared. It is necessary for all parties to cooperate extensively, and the financial industry should establish an integrated risk disposal mechanism, fully authorize, coordinate and improve the ability of cross-market and cross-industry coordination.

Special attention should be paid to the risks of some real estate companies. All localities should earnestly take responsibility, strengthen supervision, keep a bottom line of no systemic risks, and maintain the stable and healthy development of the real estate market.

The fifth issue: correct understanding and grasp of carbon neutralization. Promoting carbon neutrality is a major strategic decision made by the Party Central Committee after careful consideration. It is our solemn commitment to the international community and an inherent requirement for promoting high-quality development. Recently, some problems have arisen in practical work, some are engaged in “carbon charge”, some are engaged in “one size fits all”, sports “carbon reduction”, and even the phenomenon of “power cut off”, all of which do not meet the requirements of the Party Central Committee. Green and low-carbon development is a complex project and a long-term task for the comprehensive transformation of economic and social development. The adjustment of energy structure and industrial structure cannot be accomplished overnight, let alone divorced from reality. If the gradual withdrawal of traditional energy is not based on a safe and reliable alternative to new energy, it will have an impact on economic development and social stability. Pollution reduction and carbon reduction are an integral part of economic restructuring.

At the ninth meeting of the Central Financial and Economic Commission, I made a comprehensive deployment of the “dual carbon” work, emphasizing that we must adhere to the principles of national overall planning, conservation priority, two-wheel drive, smooth internal and external, and risk prevention. The Central Committee of the Communist Party of China has issued opinions on the carbon neutralization work and approved the carbon peaking action plan. Achieving the goal of reaching the peak and carbon neutrality must be firm, but it cannot be accomplished in one go. To be based on national conditions, it is our basic national conditions to focus on coal, and the realization of carbon peaking must be based on this reality. While doing a good job in the clean and efficient utilization of coal, speed up the flexible transformation of coal-fired power units, develop renewable energy, promote the optimal combination of coal and new energy, and increase the consumption capacity of new energy. We must pay close attention to tackling key green and low-carbon technologies and accelerate the promotion and application of advanced technologies. It is necessary to conduct scientific assessments, improve the “dual control” system of energy consumption, create conditions to realize the transition from “dual control” of energy consumption to “dual control” of total carbon emissions and intensity, and accelerate the formation of an incentive and restraint mechanism for reducing pollution and carbon emissions. Relevant departments in all regions should coordinate the work of “dual control” and “dual carbon” to prevent simple decomposition. To ensure energy supply, achieve multi-objective balance, and increase energy supply through multiple channels, large enterprises, especially state-owned enterprises, must take the lead in ensuring supply

and stable prices, and will never allow major incidents such as large-scale “power outages” to occur again. It is necessary to further promote the energy revolution, promote energy consumption, supply, technology, and institutional reforms, strengthen international cooperation, and accelerate the construction of an energy powerhouse.

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Xi Jinping, (2022). The Correct Understanding of Major Theoretical and Practical Problems of China’s Development [正确认识 and把握我国发展重大理论和实践问题]. Interpret: China (Original work published 2022)