

Panel 2 - Liu Baocheng

All emerging economies juxtapose an oxymoron in their policymaking process: growth versus distribution. With growth topping the agenda under a rather fragile social welfare net, economic polarization has been widened, which is in sharp contrast to the growing size and speed of their GDP. The point we make is not to propose a reversal to the agrarian society where everyone was equally poor, but to question the institutionalized unequal access to opportunities in the course of dramatic social transformation.

A holistic approach guided by a long-term vision is of paramount importance in the policy formation process. And more crucially, focus should be placed on the universal human value, i.e. the quality development of a society, rather than compromising on group interests and short-term gains. Participatory decision-making is valued to the extent that all major stakeholders need to be heard and their interests respected. Rule of law helps to strengthen transparency and predictability by leaving lesser room for freewheeling interpretation of the policy agenda. An equal leveling field for all market players – both foreign and local – shall offer better choice for consumers and employees, contribute to efficient utilization of resources, and hence social equity.

With regard to China, the gaps between rural farmers and urbanites, between coastal and hinterland areas, between state-owned and private firms stand out as the major roadblocks in the way of an equitable social development. Furthermore, the delicate balance between economic growth and environmental degradation, between roles of market and state needs to be addressed in view of people's livelihood.

The authoritarian government played an instrumental role instituting Chinese reform and open-door policy from a top-down approach. However, the heavy-handed intervention into the market function and social life increasingly restrains economic efficiency and social equity. Most notably is the government expenditure in the form of investment. It contributes to immediately GDP growth on one hand, but on the other, it breeds corruption and economic redundancy. The oligopolistic position of state-owned enterprises (SOEs) has been stirring increasing social discontent domestically, and complaint against unfair competition on the international foray.

Poverty reduction has been a paramount task in front of China given its sheer population size and vast landmass. The government has twice raised the poverty line which is now close to that set forth by the World Bank. It also identified 559 counties for budgetary transfer in addition to the mandated sisterhood with coastal cities and various ministries in Beijing.

Most of the poverty-stricken areas are concentrated in middle and western part of the country. It has been hoped that production relocation from the coast regions can take place on its own run. However, without sufficient infrastructure and skilled workforce, the attractiveness to businesses is substantially discounted. As a result, western part of China continues to suffer a brain drain when their better workforce migrate the cities, particularly the coastal industrial ones. The new policy from the 3rd Plenum is to push forth urbanization focusing on the western region may point to a new direction for a sustained development in the underdeveloped regions.
