

Dr. Xin Sun: China at 70 - Looking Back; Looking Ahead
Summary of Presentation
SACU Panel Discussion, 16 October 2019, King's College London

Dr. Sun began by noting that the past few years have been relatively difficult for China - the economy has been slowing down, and the international situation is challenging, especially the trade war with the US. There are internal problems such as environmental deterioration, and inequality potentially leading to social unrest. None of these problems are new, but in the context of slowing economic growth they could be destabilising.

GDP per capita grew very rapidly from US\$156 in 1978 to almost US\$7,000 a couple of years ago - 55 times growth; at the same time more than 740 million of the rural population were lifted out of poverty - poverty was reduced from more than 80% to just below 5%. Urbanisation increased from 18% to 58%.

Can China move from an upper middle to high income country, and escape the middle income trap?

China has the problems of a rapidly ageing population, a large rural sector, low agricultural productivity, rural-urban income inequality, and incomplete urbanisation leading to the phenomenon of the left behind.

40% of population live in the countryside, with very low income compared with developing countries.

Dr. Sun outlined some of the measures adopted by the government to deal with these challenges, and new policy trends since 2013, involving restructuring urbanisation and a massive rural development programme.

It was proposed in 2013 to lift all households out of poverty by 2020. The policy was implemented in campaign-style, meaning all-round mobilisation, not just the state but also the private sector: banks were required to give loans for this project, and private firms, e.g. Alibaba, rolled out a huge anti-poverty programme, thereby showing loyalty to government.

There has been top-down allocation of ambitious targets, and political punishment if targets were not met e.g. losing a job. Unfortunately, this has led to unintended consequences e.g. inflation of targets and falsifying data.

The conclusion drawn was that such campaigns deliver high quantity rather than quality governance outcomes, and short term rather than long term effectiveness. The government should focus more on institution building, such as Hukou reform, and reform of social welfare systems in rural areas.



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