

CHINA'S NATIONAL DEVELOPMENT STRATEGY AS INSPIRATION FOR ITS LONG-TERM STRATEGY TO RESPOND TO CLIMATE CHANGE

XIANGZHAO FENG

Policy Research Center for Environment and Economy,
Ministry of Ecology and Environment

Case Studies contain preliminary research, analysis, findings, and recommendations on previous long-term planning exercises. They are circulated to stimulate timely discussion and critical feedback and to influence ongoing debate on emerging issues.

All the interpretations and findings set forth in this case study are those of the authors alone.

Suggested Citation: Feng, X. 2019. "China's National Development Strategy as Inspiration for Its Long-Term Strategy to Respond to Climate Change" Case Study. Washington, DC: Long Term Strategies Project. Available online at www.longtermstrategies.org/china-national-development-strategy.

Over the past 40 years, China's economy has continued to grow rapidly, making it now the second largest in the world. This is mainly the result of the "three-step" national development strategy established in the era of Deng Xiaoping. China's development has entered a new phase, and Xi Jinping, the country's current leader, has set a two-stage development strategy for 2020–35 and 2036–50. The national economy is transitioning from high-speed growth to high-quality growth, and "ecological civilization" is being actively promoted. China's national governance system is improving, and the modernization of its ability to use that system, through its national governance capacity, is accelerating.

China's growth in the past 40 years has proved its national development strategy to be rational and practical in the face of complicated situations at home and abroad. In its formulation and implementation, China's national development strategy is problem- and goal-oriented. As a large emitter of greenhouse gas (GHG) emissions and a developing country vulnerable to the adverse effects of climate change, China needs to confront these environmental challenges head on. Formulating and implementing national strategies to deal with climate change can draw on the practical experience of the three-step national development strategy.

CONTENTS

The formation and practice of the three-step national development strategy	2
The formation of the “two-stage” development strategy in the new era.....	5
Inspiration and suggestions for China’s long-term strategy for climate change.....	7
References	9

THE FORMATION AND PRACTICE OF THE THREE-STEP NATIONAL DEVELOPMENT STRATEGY

The goal of a national development strategy is to advance the fundamental, overall long-term planning, conception, and realization of a country’s growth. In China, as in many countries, this formation was not achieved overnight, and the three-step strategy has evolved with the times. The corresponding strategic goals were pioneering but also inherited and continued traits of past efforts. In 1963, following the Chinese Revolution, Mao Zedong and Zhou Enlai, the first generation of central leaders,

put forward the “two-step” strategic policy. The first step was to establish a relatively independent and complete national industrial and economic system that would raise China’s level of industrialization to international standards. The second step was to fully modernize agriculture, industry, science and technology, and national defense (the “four modernizations”), and especially to lift Chinese industrial development to the world forefront. The time schedule established in 1975 for the two-step strategic goals specified that the four modernizations would be achieved by the end of the 20th century. The overall objective in this period was more aggressive, but it was an important historical reference in the later establishment of China’s three-step strategy.

China’s three-step development strategy was formalized in the 1980s after the implementation of reform and “opening-up.” After the Third Plenary Session of the 11th Central Committee of the Communist Party of China (CPC), held in 1978, the second generation of the central leadership, with Deng Xiaoping at its core, summed up historical experience, including the strategic concept of the four modernizations, and formulated the strategic goal of three-step national development (Ye 2012). At the CPC’s 13th national congress in October 1987, Deng’s three-step national development strategy was formalized as a central document that divided the strategic plan for China’s economic development into three steps (see Figure 1). The first was to

Figure 1. Deng Xiaoping’s three-step strategy period

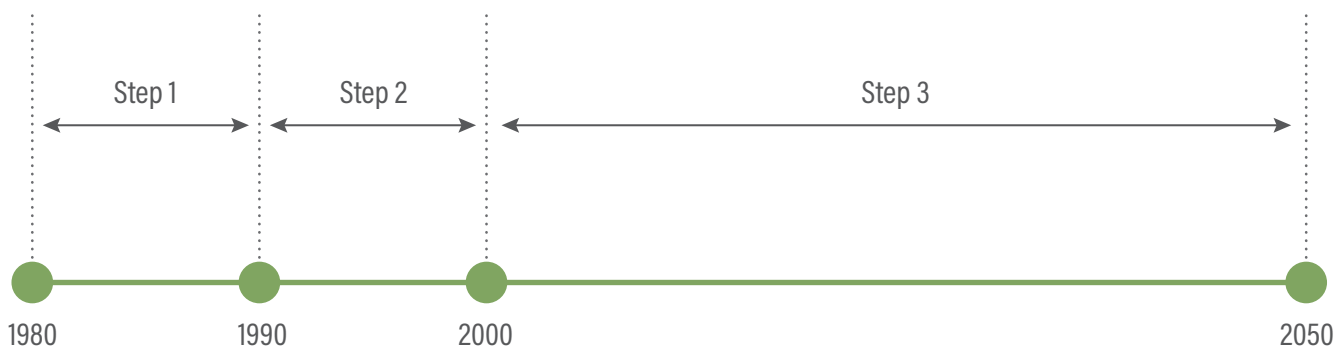
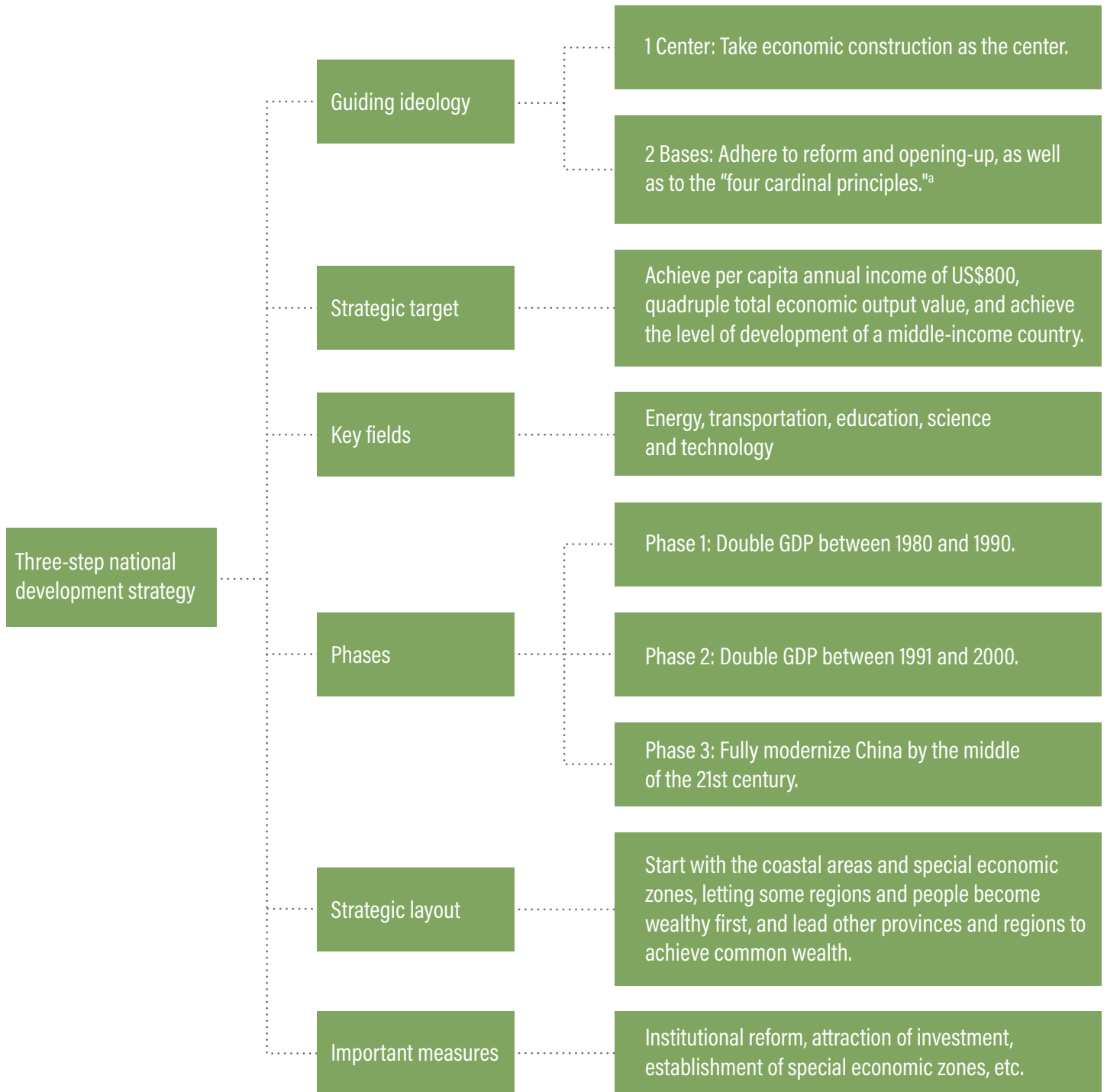


Figure 2. Deng Xiaoping's three-step strategy: Structural chart



Note: a The Four Cardinal Principles, as stated by Deng in 1979, are the four issues on which debate was not allowed in the People's Republic of China. They include (1) the principle of upholding the socialist path, (2) the principle of upholding the people's democratic dictatorship, (3) the principle of upholding the leadership of the Communist Party of China, and (4) the principle of upholding Mao Zedong's thought and Marxism-Leninism.

double the gross domestic product (GDP) of 1980 and to solve the problem of people's food and clothing. In the second step, GDP would be doubled again by the end of the century (2000), and Chinese people's livelihood would reach the level of "well-off" (Deng 1993). In the third step, per capita GDP would reach the level of moderately developed countries, people's livelihoods would become relatively prosperous, and modernization would be basically achieved by 2050.

The three-step strategy can be further divided into six elements, as shown in Figure 2. The three-step strategy, which Deng conceived as central for the second generation of central leadership, is a catching-up strategy because it takes developed countries as the reference and their level as the goal.

Before reform and opening-up, China's economic development was slow, and people's material life was relatively poor, with food and clothing often difficult to obtain. Deng (1993, 3) determined that "China [was] still in the primary stage of socialism" and that "the main contradiction in the primary stage of socialism in China is the contradiction between the increasing material and cultural needs of the people and backward social production." Therefore, the first step of the three-step strategy was to solve the problem of people's food and clothing during the 1980s through economic development. The second step, to be realized in the 1990s, was to raise people's living standard to a "well-off" level (i.e., to a per capita income of US\$800). The third step was to realize the long-term goal of modernization in the 21st century, quadrupling gross domestic product (GDP) within 30–50 years.

The concrete implementation of the "three-step" strategy is based on the Five-Year Planning System of National Development. The five-year national development plan (hereafter referred to as the five-year plan) is the blueprint for national economic and social development, and the guide for implementation of the national development strategy. The way to ensure the five-year plans' consistency with the long-term strategy is through midterm evaluation and annual assessments that check key indicators (Hu et al. 2010). The goals of the three-step strategy are mostly expressed as quantitative economic indicators. If some of the indicators are not fully achieved, fiscal, monetary, or industrial policies must be adjusted in time to make short- and long-term goals consistent (Liu 2015). The theme design, goal-setting, and task arrangement of each five-year plan basically follow the division and cooperation system of central

decision-making, national planning, departmental guidance, and local implementation. The theme design is the soul of the plan. It is based on the central government's in-depth analysis of international and domestic changes, and it also considers the opportunities and challenges for China's national economic and social development. The plans were formulated by a group led by the National Development and Reform Commission (referred to as the National Planning Commission before 2003), which is responsible for macroeconomic regulation and control and in which all ministries participate according to their respective mandates. Many think tanks and research institutes also provide strategic consulting services in the planning formulation process. At the same time, relevant ministries formulate separate five-year plans and implementation plans to meet their own needs. Of course, at the ministerial level, plans that contain more detailed and elaborate measures should follow the overall economic and social development plans and ensure that the proposed national targets are met. Provinces formulate corresponding five-year plans according to local conditions in order to coordinate the implementation of the national plan. The smooth implementation of the four five-year plans since the 1980s (from the sixth five-year plan to the ninth five-year plan) has led to the early achievement of the goals of the three-step strategy's first two steps, enabling China to make remarkable achievements: the country's comprehensive national strength and its people's living standards have been greatly improved, and its output of major industrial products, such as steel and cement, now ranks first in the world. In fact, China's GDP increased from 454.5 billion renminbi (RMB) (around \$55 billion) in 1980 to 9.9215 trillion RMB (around \$1.2 trillion) in 2000, when per capita GDP reached \$946 (Sun 2013), which means the "well-off" goal was basically achieved. However, the implementation of the three-step strategy also brought significant problems, such as the widening economic gap between different regions and the overcapacity of some industries. Therefore, the central government has made corresponding adjustments to the three-step strategy. For example, the Chinese government put forward several complementary strategies after 1999, including the Great Western Development Strategy, Northeast China Revitalization, the Central China Rise Plan, and the "Going Global" strategy for enterprises.

In the 21st century, the Chinese government has begun to make specific arrangements for the third step of the three-step strategy. The 20-year period from 2000 to 2020 is the link between the preceding and the subsequent stages in realization

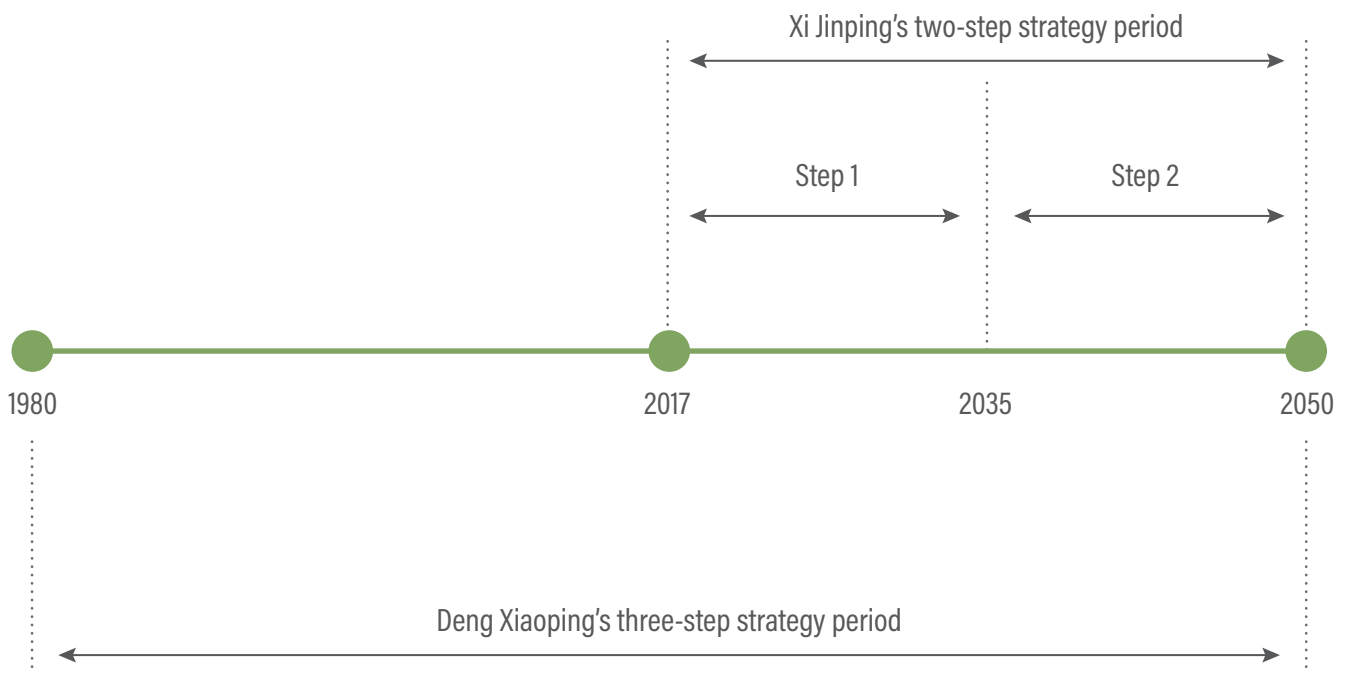
of the third strategic goal, modernization, and it has therefore become the focus of implementation. The CPC's 15th, 16th, 17th, and 18th national congresses all put forward the goal of doubling the size of the economy by 2020. In 2017, China ushered in the historical intersection period of the "two 100-year" goals. It is necessary to build an all-round "well-off" society to realize the first 100-year goal, and advance toward the second goal. The CPC's 19th national congress proposed a new two-stage strategy for socialist modernization from 2020 to the middle of the 21st century. It also further specified the path to the second goal.

THE FORMATION OF THE "TWO-STAGE" DEVELOPMENT STRATEGY IN THE NEW ERA

Xi Jinping, general secretary of the CPC Central Committee since 2013, set the strategic goal of realizing the Chinese dream of the great rejuvenation of the Chinese nation. The essence of the Chinese dream is prosperity, collective effort, socialism, and national glory. This goal elaborates further on the three-step strategy, focused on the country's prosperity and strength, but it also includes the nation and the individual, which makes the goal more people-oriented, in the sense of reflecting the will of

the people (Figure 3 shows Xi's strategy in the chronological context of Deng's). In terms of national prosperity and strength, Xi has put forward two Centenary Goals. The first Centenary Goal is to finish building a moderately prosperous society in all respects by the time the Communist Party of China celebrates its centenary in 2021. The second one is to turn China into a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious by the centennial of the People's Republic of China in 2049. Before this, Deng only put forward the "well-off" level. The decision-making board of the CPC Central Committee developed the goal of a "well-off" level into that of a "well-off" society, then further divided it into building a basic "well-off" society (to 2000) and an all-round "well-off" society (to 2021). Deng pointed out that China would become a moderately developed country in the mid-21st century. The long-term target has been updated to reflect China's becoming a modern, powerful developed country by 2050. Obviously, the goals for the "two 100 years" are clearer than those for the Chinese Dream and the third step of the three-step strategy (Liu 2015). The Chinese Dream and the third-step goal of Deng's three-step strategy are relatively abstract. These goals

Figure 3. Deng's three-step strategy period and Xi's two-step strategy period



are more like a vision. The two Centenary Goals are relatively specific, with economic indicators—for example, that by 2021, GDP and GDP per capita will quadruple compared to 2000, and that by 2050, China will be a prosperous, democratic, civilized, harmonious, and beautiful modern socialist power. At present, many think tanks are carrying out detailed research around the second 100 years.

The CPC's 19th national congress, held in October 2017, offered a new judgment of China's entry into a new era and the major social contradictions between the people's growing material and cultural needs and backward social production, and between the people's growing needs for a better life and unbalanced and inadequate development. The political judgment on the changes of major social contradictions is based on sufficient reality evidences. After 40 years of reform and opening-up, however, China is steadily solving the problem of food and clothing for its more than 1 billion citizens. It has helped more than 700 million people out of poverty, and per capita GDP now exceeds \$8,000. The continuous improvement of material and cultural living standards has expanded expectations for a better life. Going forward, the long-term goal will focus on directing the long arc of policy, with shorter-term changes guided more through the five-year plans.

In a comprehensive analysis of the international and domestic situation and China's development, the CPC's 19th national congress pointed out that during the period between the 19th and the 20th national congresses, China must first finish building a moderately prosperous society in all respects and achieve the first centenary goal. Also, "China must build on this achievement to embark on a new journey toward the second centenary goal of fully building a modern socialist country" (China Daily 2017). This means that after 2020, when the goal of building an all-round well-off society is expected to be achieved, the new goal will become building an all-round modern socialist country, in a continuation and deepening of the earlier three-step strategy. At the same time, the strategic steps will be divided into two stages (that is, the "two-stage" development strategy). The first is to basically realize socialist modernization between 2020 and 2035; the second is to become a prosperous, democratic, civilized, harmonious, and beautiful modern socialist power between 2035 and the middle of the 21st century. Although the target date for realizing the goal of modernization is 15 years ahead of the previous plan and the

requirements for modernization are also increased, these choices are inevitably determined by the principal contradictions: at the primary stage of socialism came the contradiction between the people's increasing material and cultural needs, on the one hand, and backward social production, on the other. What China now faces is the contradiction between unbalanced and inadequate development and the people's ever-growing needs for a better life. The revised goal also seems feasible given past practice and future development conditions. The implementation of the two-stage development strategy depends not only on the present and future five-year development plans but also on two regional development strategies, the Beijing-Tianjin-Hebei Regional Coordinated Development Strategy (China Daily 2011) and the Yangtze River Economic Belt Strategy (Xinhua Finance Agency 2016), both established to solve the imbalance of regional development in China. After the first two steps of the three-step practice, China's coastal economy has successfully created two developed economic zones: the Pearl River Delta and the Yangtze River Delta. The Great Western Development Strategy, Northeast China Revitalization, and the Central China Rise Plan have sought to develop these three regional economies. In 2014, China launched the Beijing-Tianjin-Hebei Regional Coordinated Development Strategy to create a model with a better economic structure, cleaner environment, and improved public services. It aims to move "noncapital" functions out of Beijing to treat the city's "urban ills," such as traffic jams and pollution. According to a guideline released in April 2015, the key capital functions to be prioritized include those of national politics, culture, international communication, and technical innovation. Other sectors will be moved out of Beijing. The implementation of this strategy will create the largest capital economic circle in the world, making it a new highlight of China's regional economic development.

The idea of the Yangtze River Economic Zone strategy is to focus not only on the Yangtze River Delta Economic Zone but also on the middle and upper reaches of the Yangtze. With the economic circle of Shanghai, Jiangsu, and Zhejiang as the engine, this zone radiates upward along one of the longest rivers in the world into the hinterland of China's economy, linking the economies of 11 provinces and cities in the river basin and bringing together the economies of the eastern, central, and western regions. This will open up a new pattern of regional economic development, one linked to the industrial chain and the value chain, upstream and downstream.

The Chinese government advocates implementing the Belt and Road Initiative to promote the transformation of the global governance system so that it better advances cooperation among developing countries. In November 2013, the Third Plenary Session of the CPC's 18th Central Committee officially included the Belt and Road Initiative in its decision. It advocated the establishment of an open financial institution to speed up the interconnection and construction of infrastructure with neighboring countries and regions and promote development of the Silk Road Economic Belt and the maritime Silk Road, in a new pattern of all-round opening-up. The essence of this strategy is to realize the Chinese Dream by strengthening economic, trade, and friendship ties linking countries along the lines of ancient Chinese exchanges (Liu 2015). The basic principles to be followed are complementary advantages and win-win cooperation, internal and external linkages, interconnection and interoperability, market-oriented government guidance, and concentration of resources. Significant steps have been taken, including the establishment of the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, the Silk Road Forum, free trade zones with the Belt and Road countries, developing cross-border RMB settlement and offshore RMB clearing banks, and so on.

From the three-step strategy to the two-stage development strategy of the third step, we have noticed that the goals have become more specific. Economic goals are usually expressed quantitatively in the beginning, and other goals may be described qualitatively at first, and then become more and more concrete over time. From the perspective of economic quantitative indicators, the initial three-step strategy was mainly aimed at GDP, and then deepened to include per capita GDP, per capita income, and other metrics. A “well-off” society and modernization are the main goals of the reform and opening-up. But with China's advancing development, the connotation of “well-off” has been adjusted. In the early stages, a “well-off” society mainly meant one that helped people free themselves from poverty, solved the problem of food and clothing, and ensured that people were generally well-fed and could live and work in peace and fulfillment, with income growth being the main criterion. The CPC's 16th national congress, held in 2002, formally established the goal of building an all-round “well-off” society as one where the economy would be more developed, democracy more sound, science and education more advanced, culture more prosperous, society more harmonious, and people's

lives more substantial. With the great improvement of China's comprehensive national strength, the connotation of a “well-off” society has been further expanded. The comprehensive eradication of poverty has been put on the agenda, and also become one of the hard targets for building an all-round “well-off” society. The report of the CPC's 19th national congress further mentioned the need to lift the rural poor out of poverty by 2020.

The connotation of modernization also has been developed and enriched. Since the Third Plenary Session of the CPC's 11th Central Committee in 1978, the socialist modernization goal of the “four modernizations” has gradually evolved from the initial focus on the construction of material civilization to the socialist modernization goal of “prosperity, democracy, and civilization.” In 2007, the CPC's 17th national congress included the word “harmony” in this goal. In 2017, the CPC's 19th national congress further added the word “beauty” to the description of a socialist modernized country, reflecting the conception of sustainable development in China's national development strategy.

INSPIRATION AND SUGGESTIONS FOR CHINA'S LONG-TERM STRATEGY FOR CLIMATE CHANGE

Over the past few years, China, in line with its own development practice, has urged the rest of the world to transition to green, low-carbon, climate-adaptive, and sustainable development. This position has become key to China's participation in international climate governance and environmental diplomacy. In particular, the consensus on the Paris Agreement in 2015 testified to China's efforts to help construct a new international order with respect to climate change. The important time nodes of the two Centenary Goals and the two-stage development strategy advanced in 2017 at the CPC's 19th national congress are consistent with the timeline of the development of the national determined contribution renewal and the long-term strategy to reduce GHG emissions as part of the Paris Agreement's implementation rules. Therefore, China will continue to facilitate the integration of climate change response into national economic and social development strategic programs, and to provide new ideas and new driving forces for the construction of domestic ecological civilization and a Beautiful China. All these efforts will also provide a good

example for the construction of global ecological civilization. In the process of green and low-carbon transformation in China, the Chinese government will coordinate the overall situation at home and abroad, conform to the new domestic economy and recent international developments, and speed up the study and formulation of a long-term national strategy to respond to climate change based on the valuable experience of formulating and implementing a national development strategy.

Specifically, the strategy should be problem-oriented in its formulation. Climate change is an environmental problem, but also a strategic, long-term, and systemic one. We should address it with strategic, macro, and systematic thinking. As a major GHG emitter and a large developing country vulnerable to climate change, China should include in its national strategy effective control of GHG emissions and active adaptation to climate change.

The development of a national long-term strategy for addressing climate change should also be goal-driven. The strategic orientation can be summarized as follows: domestically, we should seek to improve the ecological environment and promote green development, a recycling economy, and a low-carbon transition at the national and local levels; internationally, our diplomacy and international cooperation should be guided by our role as an important participant in, contributor to, and

torchbearer of the construction of global ecological civilization. Specific long-term strategic goals for responding to climate change should be aligned with China's two-stage development strategy, which calls for us to meet the 60–65 percent carbon emissions intensity reduction target in our nationally determined contribution by 2030 and to achieve our national green low-carbon development goals by 2050.

The long-term goal for climate change can be implemented step by step and in stages by means of the five-year climate change plans. Relevant ministries should formulate their own action plans for climate change in different areas, and capacity-building measures also need to be launched and implemented at local levels. In addition to focusing on CO₂ emissions reduction in the energy sector, our strategy should strengthen control of non-CO₂ GHG emissions. At the same time, China should actively carry out capacity-building to adapt to climate change in sensitive and vulnerable areas such as water resources, agricultural and coastal zones, and other ecosystems. Specific strategic initiatives include the reform of the ecological civilization system, the reform of climate change management systems and institutions, domestic low-carbon city pilots and carbon emissions peak pilots, national carbon emissions trading, and South-South cooperation on climate change, among others.

REFERENCES

China Daily. 2011. "Beijing-Tianjin-Hebei Region's Coordinated Development: The Coordinated Development of Bohai Bay Area." City of Beijing. http://www.chinadaily.com.cn/beijing/2014-03/16/content_17327577.htm.

China Daily. 2017. Full text of Xi Jinping's report at 19th CPC National Congress. November 4. http://www.chinadaily.com.cn/interface/flipboard/158853/2017-11-04/cd_34115212.html.

Deng Xiaoping. 1993. *Selected Works of Deng Xiaoping* (in Chinese). Vol. 3. Beijing: People's Publishing House.

Hu Angang, Yan Yilong, and L.V. Jie. 2010. "From Economic Plan to Development Planning: Transformation of China's Five-Year Plan (1953–2009)" (in Chinese). *China Soft Science* 8: 14–24.

Liu Rui. 2015. "From 'Three-Step' Strategy to 'The Belt and Road Initiative': Xi Jinping's National Economic Strategy." *Enterprise Economy* 9: 5–11.

Sun Hongling. 2013. "The Research on the 'Three-Step' Strategy and the Approach of China's Reform" (in Chinese). *China Soft Science* 10: 11–20.

Xinhua Finance Agency. 2016. "Yangtze River Economic Belt Development Plan Released." November 9. <http://en.xfafinance.com/html/Policy/2016/259222.shtml>.

Ye Mingyong. 2012. "The Significance of the 'Three-Step' Strategy in China's Modernization Road" (in Chinese). *Journal of Lanzhou Commercial College* 28 (2): 1–7.

ACKNOWLEDGMENTS

The author would like to thank Jiang Xiaoqian, Zhuang Guiyang, Liu Qiang for reviewing and providing input on the draft case study.

The case study series was developed by Kelly Levin, Taryn Fransen, Cynthia Elliott and Katie Ross.

We would like to thank Kayla Bowen for her assistance with publication design, graphics and layout. Emily Matthews and Alex Martin provided editorial support. Beth Elliott helped with messaging and outreach, and Pauline Hill provided administrative support.

We are pleased to acknowledge our institutional strategic partners, who provide core funding to WRI: Netherlands Ministry of Foreign Affairs; Royal Danish Ministry of Foreign Affairs; and Swedish International Development Cooperation.

Funding from Germany's Federal Ministry of Economic Cooperation and Development (BMZ) made this project possible. We very much appreciate their support.



ABOUT THE AUTHORS

XIANGZHAO FENG

FENG Xiangzhao is a Senior Researcher (Professor) in the Policy Research Center for Environment and Economy (PRCEE) of the Ministry of Ecology and Environment (MEE). As Head of Climate Change Research Department in PRCEE, his research mainly focuses on energy modelling and environment-climate policy analysis in the energy-intensive sectors. He has implemented many important projects related to climate change, such as Strategic Study on Greenhouse Gas Emission Mitigation in China's Urban Transportation Sector, Policy Pilot Study on Co-controlling GHG Emissions and Conventional Pollutants in China's Key Energy-intensive Sectors, CLIMA Euro-Asian Research and Training in Climate Change Management, EU-China CDM Facilitation Project.

ABOUT THE LONG-TERM STRATEGIES PROJECT

World Resources Institute and the United Nations Development Programme, working closely with UN Climate Change, are developing a set of resources to help policymakers integrate long-term climate strategies into national policy making.



WORLD
RESOURCES
INSTITUTE



This project contributes to the 2050 Pathways Platform and is undertaken in collaboration with the NDC Partnership.



This vision and direction of the project is guided by the project's advisory committee: Monica Araya, Richard Baron, Ron Benioff, Pankaj Bhatia (co-chair), Yamil Bonduki, Rob Bradley, Carter Brandon, Hakima El Haite, Claudio Forner, Stephen Gold (co-chair), Emmanuel Guerin, Ingrid-Gabriela Hoven, Dr. Martin Kipping, Carlos Nobre, Siddharth Pathak, Samantha Smith, Marta Torres Gunfaus, Laurence Tubiana, and Pablo Vieira.

For more information about the project, and to view the expanding set of resources, visit www.longtermstrategies.org.