

REPORT REVIEW

China's Epic Journey from Poverty to Prosperity—What Is It and What Is In It for the World?

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China's Epic Journey from Poverty to Prosperity

The State Council Information Office of the People's Republic of China

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The full English-language text of the White Paper is available [here](#)

On October 18, 2021, Hussein Askary, Board Member of the Belt and Road Institute in Sweden (BRIX), posted on its website a detailed review of a new White Paper from China, "China's Epic Journey from Poverty to Prosperity." Mr. Askary, who also serves as the Arabic Language Desk Editor for EIR, has provided EIR this summary of his review. The full 11-page BRIX review is available [here](#).

The Belt and Road Institute in Sweden (BRIX) argues that while China is a unique nation with a unique history and political system, and therefore its policies cannot be "copied" by other nations, it is important to first know how China's epic journey from a poverty-stricken nation in the 1960s to the world's second largest industrial economy was achieved. Secondly, it is important to find out what lesson of universal and scientific value can be derived from such a journey. Declaring that moving from poverty to moderate prosperity is a fully achievable goal, is an important message to all developing nations. The challenges that have been faced and overcome, in addition to new ones coming, are also of great interest. As China's cooperation deepens with the 140 nations that have joined the Belt and Road Initiative (BRI), this understanding will become increasingly important.

Xiaokang, or "moderate prosperity" has become a key component of both the vision and practice of the Communist Party of China (CPC), the government, and the people of the People's Republic of China (PRC). The CPC has been generous enough, not only in assisting other nations, but in unfurling the full scope of this development process, revealing, and sharing the secrets of how this journey was conducted.

The White Paper presents the work done by the leadership and people of the PRC since the launching of "Reform and Opening Up" in 1978 and gives an insight into what China has accomplished in realizing prosper-



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ity through all-round development for all.

At the start of its "epic journey," China was characterized as a country with 80% of its population living in rural areas, and 70% were employed in the primary sector, (farming, fishing, and other raw materials production). China's GDP was USD149 billion, equal to just 385 yuan per capita, with an average per capita dis-

posable income of RMB171. These figures clearly express the major challenges that China and its people were about to take on, to transform the PRC into an urbanized and sophisticated society with moderate prosperity in all respects.

Moderate prosperity in China, according to the document, is evident in the following respects: sustainable and sound economic development, expanding people’s democracy, a flourishing cultural sector, improvement in people’s well-being and great changes to the eco-environment.

The Epic Journey has so far taken 43 years and each continuous 5-year plan during those years has been formulated to engage the population to overcome the most important challenges at that time. Step by step, China has transformed itself, and the people have been rewarded for their hard work by continued improvements in their living conditions.

Highlights

These are some highlights of the White Paper:

1. As part of China’s industrialization process, a massive internal migration from rural (-40%) to urban areas (+40%) has taken place. The major challenge, however, is how to strike a balance between the rapid growth in the urban areas and the backwardness of the rural ones.

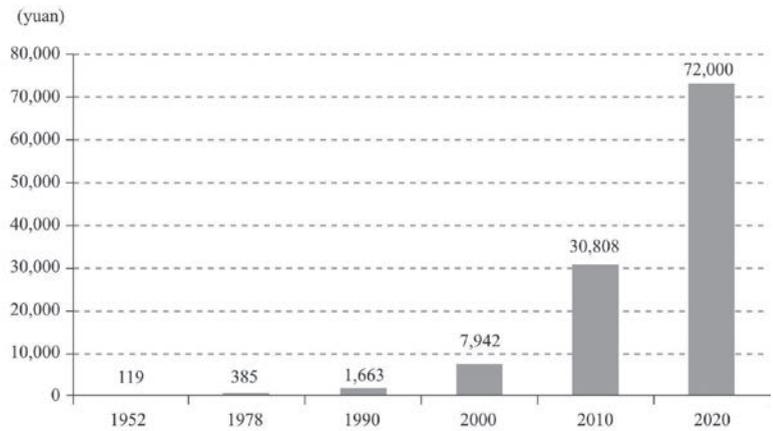
2. The economy has shifted away from a majority employed in the primary sector (agriculture) towards a majority employed in the secondary sector (manufacturing) and tertiary sector (services sector). At the same time, the efficiency in production of food and its yields have increased by means of high technology.

3. China has built the largest integrated infrastructure system with the most advanced railway and high-speed railway networks in the world, and temporal distance inside China has been significantly shortened, making it easier to travel and transport goods across the country. This has also allowed the emergence of an efficient industrial supply-chain within the country.

4. China adopted a targeted strategy of poverty alleviation and has lifted 770 million people out of extreme poverty as of the end of 2020.

5. The Engel coefficient that measures the share of disposable income that people need to be spent on food has decreased for urban, as well as for the rural population, and is just 50% of what it was in 1978.

China’s per capita GDP (1952-2020)



6. The disposable income per capita has increased almost by 100 times from 343 yuan in 1978 to 32,189 yuan in 2020. The gap in disposable income per capita between people in urban area (43,834 yuan) and people in rural area (17,131 yuan) is still wide and of concern.

7. The ratio between the per capita disposable income of urban and rural residents has been declining steadily for 13 consecutive years since 2008, with the ratio standing at 2.56:1 in 2020.

8. China has made strong headways in preventing and controlling pollution, attaining major achievements in its drive to keep the skies blue, the waters clear, and the land pollution-free.

9. China has dramatically reduced the world’s poverty-stricken population and gained a new experience of modernization for humanity, while its all-round opening-up has promoted win-win cooperation.

10. China’s experience offers a new option for those countries and peoples who are looking for both rapid growth and independence, and its success provides them with considerable opportunities for development.

By the end of 2020, China ranked first globally in terms of trade in goods and foreign exchange reserves, and ranked second in terms of its trade in services and consumer market. In 2020, it was the largest recipient of foreign direct investment. The PRC is the largest trading partner of more than 50 countries and regions, and one of the top three partners of over 120 countries. The dynamic character of the growth of the Chinese economy, and the growth of its potential and stability, has been augmented by a population of over 1.4 billion people pursuing prosperity and a better living standard through hard work. “This includes a middle-income group of over 400 million people that keeps expanding—offering

a supersized market growing faster than any other place in the world,” the White Paper emphasized.

100-Year Goals

China’s realization of “moderate prosperity in all respects” and eliminating extreme poverty by the time of this year’s centennial anniversary of the founding of the CPC is a fulfillment of an intermediate goal towards the ultimate goal of the “rejuvenation of the nation” by 2049, the centennial anniversary of the founding of the People’s Republic of China. There are certain other stepping-stones to be reached too.

The 2025 “Made in China” program, which is being replaced by “Smart Manufacturing in China” is the next one.

By 2035, China intends to achieve “basic socialist modernization,” when the levels of technological advancement, innovation, and living standards are the highest in the world, while the national governance system is modernized.

By 2049 China is planning to achieve the goal of building “a modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious and beautiful.”

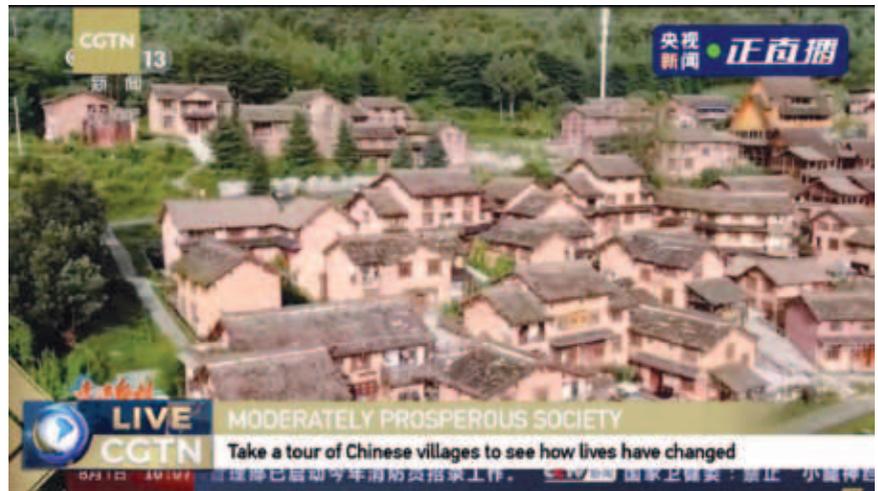
Given China’s recent record, if it is not hindered by outside forces or unforeseeable cataclysmic events, these goals seem to be reachable.

The decisive factors in this Epic Journey, according to BRIX, were:

1. Urbanization to wholly new city clusters.
2. Massive investment in national infrastructure—building “economic belts” of development and connecting the whole country.
3. Raising the productivity of society through industrialization, education, and raising labor skills.
4. Rural development, agricultural development, and reform.
5. Technological advances and innovation.

Conclusions

1. The most striking aspect of this Epic Journey in China is the consistency in the vision, planning, and implementation to reach the outlined goals at each defined stage. That was possible due to the fact that the



“Moderate Prosperity,” according to the White Paper, means sustainable and sound economic development, expanded democracy, a flourishing cultural sector, and improvement in the well-being of the people and in the environment.

political and social system is led by the CPC with a very strong centralized government with top-down ability to mobilize forces and resources from the highest levels of government throughout the whole chain of command and governance, to the most basic local government unit in cities, small towns, and villages, to implement a specific vision and plan, and make it work. This efficiency of command, combined with the trust and hard work of the people and party members, has managed to move mountains.

Therefore, this aspect of China’s development remains unique and specific to China.

2. What can be generalized globally, is the importance of vision and the setting of long-term goals of development with intermediate stepping-stones, for example in the form of 5-year plans. For other nations, especially developing ones, long-term goals and vision are imperative for economic planning. A commitment by the political system to such goals, and enforcement by the will of the people, are necessary.

3. China managed eventually to strike a very delicate balance between its long-term, stable, and sustained development, and tackling the ever-changing problems which come up in the internal and external economic environment. Due to its sheer size, capabilities, and organization, China has shown that it might have to maneuver back and forth through stormy seas in times of crisis; nonetheless, it does not change course. After each unforeseeable crisis, like the 2008 international financial crisis and the 2020 COVID-19 pan-

demic, both of which paralyzed the world economy, China has managed to re-emerge quickly and even contribute to helping other nations. Studying how China managed in these two crises would be useful.

4. China has managed to strike a relatively good balance between rapid urban growth and slow rural development. Although it took a relatively long time, eventually the living standards and productivity in rural areas were raised to moderate rates. This helped make the rural regions a contributor to the overall growth of the nation's economy rather than an obstacle or burden. Once again, massive investments in infrastructure, transfer of technology, and dedication of experts and party members dispatched to teach new skills and organize the rural population, were decisive factors. This is a universal factor that can be emulated by all nations.

5. Building "a moderately prosperous society in all respects" is China's contribution to building "a global community of shared future," with cooperation among all nations to jointly build the Belt and Road at its center.

Challenges Ahead

The White paper correctly identifies the challenges ahead for China:

Unbalanced and inadequate development still poses a stern challenge. Reform tasks in key areas are incomplete; the capacity for innovation is insufficient to underpin high-quality development; the foundations for agricultural development need further consolidation; income disparities and the gap in development between urban and rural areas and between regions remain a severe problem; eco-environmental protection requires more effort; and weak links still exist in safeguarding people's welfare and in social governance.

The White Paper also identifies external challenges, such as the impact of an exceptional pandemic, and opposition to economic globalization by certain forces. Deep-rooted conflicts are surfacing around the world, bringing greater instability and uncertainty. It is becoming more difficult to safeguard world peace and promote common development.

Challenges pertaining to the internal dynamics and disparities are not unexpected bumps on the road.

Income gaps and insufficient innovation capacity were already identified by President Xi Jinping as part of the challenges in the dynamic of leaping rapidly forward toward national goals, and also there are challenges due to realities of the Chinese society. Wisdom lies in not sweeping them under the rug, but in dealing with them.

President Xi identified the challenge of inadequate innovation capacity several years ago. On October 29, 2015, to the Fifth Plenary Session of the 18th CPC Central Committee, in a discussion of the role of science as a driver for the development of any nation, he said:

Innovative development focuses on the drivers of growth. Our ability to innovate is inadequate. Our science and technology are not fully developed and are unable to create momentum to support economic and social development. This is the Achilles heel for such a big economy as China.

Critical Notes

The authors of the White Paper would have done a great favor to most nations in the world and to students of economics had they answered such questions as:

- How was China's unprecedented feat in the history of mankind financed?

- It is obvious that China experimented in different stages and different fields as it was venturing into uncharted waters. What lessons were learned from failures and mistakes made?

- The Chinese leadership in the last decade has attached greater importance to fighting corruption and issued the "2008-2012 Work Plan on the Establishment and Improvement of Corruption Punishment and Prevention System." This was an important aspect of the program of reform and opening-up and developing the economy especially since 2012. This is not dealt with in the White Paper. Elaborating on this matter has a significance internationally to refute the allegations of corruption related to Chinese projects abroad. In the 2019 BRI Summit, President Xi issued the call to "operate in the sun and fight corruption with zero tolerance."

In general, the White Paper is a great tool for researchers, economists, and policy makers around the world to both understand the epic rise of China, how it was done, and what to learn from it. Sharing that knowledge with other nations is another sign of the generosity and goodwill towards the world by the PRC.