

Evolving Strategic Goals of Chinese-Style Modernization and New Missions of China's Industry

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Abstract: *Under the leadership of the Communist Party of China (CPC), China has made ground-breaking progress in its modernization theory and practice with evolving strategic goals. As China sets off on its new journey toward the second centenary goal, the manufacturing industry has been given a new mandate for Chinese-style modernization under the “five major development concepts”. Based on the universal principles of modernization and the distinctive views and methodologies of Marxism, this paper offers an outline on Chinese-style modernization. This study goes beyond existing academic research on modernization by providing more cogent explanations of the theoretical, historical, and practical implications of Chinese-style modernization. Only a political party that centers on the interests of the people will pave the way for modernization in which the people come first. While leading a drive for the country's modernization, the CPC advocates a new path of industrialization, refreshing the country's industrial strategy since the 18th CPC National Congress in 2012. As it moves toward the second centenary goal, China should work to transform into a manufacturing powerhouse by applying next-generation information technologies such as the internet and big data in its industrial sectors.*

Keywords: *Chinese-style modernization, industrial development, theoretical innovation, technological paradigm*

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As President Xi Jinping stated at the 20th CPC National Congress, Chinese-style modernization shares common attributes with modernization in other nations but shines with Chinese characteristics rooted in its national conditions. As the locomotive of modernization, industry exhibits both universal and specific traits. Over the past decades, China's modernization has followed evolving strategic goals. Discussions of changing priorities and the role of the manufacturing industry will help comprehend and advance Chinese-style modernization.

1. The CPC's Leadership over Chinese-Style Modernization and Evolving Development Strategies

Throughout world history, numerous countries have undergone a modernization process. However, only Portugal, Spain, the Netherlands, the United Kingdom, France, Germany, Japan, the Soviet Union, and the United States have emerged as superpowers since the 15th century. According to *The World Economy: Historical Statistics*, China used to be an advanced nation throughout the Tang and Song

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dynasties (618-1279 A.D.), accounting for around one-fourth of world GDP. China's global market share started to decline as Western Europe gained strength. After the Opium War of 1840, China's national strength drastically decreased. Untold sufferings have befallen the Chinese people since the late Qing Dynasty. According to historians, China's modernization began after the Opium War. The Chinese people heroically led several rounds of modernization movements - including the Westernization Movement, the 100 Days' Reform of 1898, and the 1911 Revolution - to save their country, but to little avail. As a result of foreign invasion and internal fighting between warlords, Chinese society descended into social turmoil, bloodshed, and political fragmentation. It was not until the advent of Marxism and the establishment of the Communist Party of China (CPC) that China began to embrace a bright future and set out on the proper road of modernization.

1.1 Adherence to the Socialist Modernization Drive

Under the CPC's leadership, the Chinese people established New China in 1949 after 28 years of brave struggles and sacrifices for national independence and people's liberation. This marks a milestone for China to end the millennia-long feudal dictatorship and embrace people's democracy and a new era of development. The modernization routes of many nations have been categorized into imitative, catch-up, follower, and responsive types by historians. The CPC's steadfast leadership has been essential for the Chinese people and country to change their fates and achieve greater social and economic growth, as evidenced by facts. The CPC has shown the way forward for the Chinese people and guided members of all ethnic groups in achieving economic achievements unheard of in the history of human development. Under the CPC's leadership, the Chinese people are modernizing their country for national rejuvenation.

Since the People's Republic of China was established in 1949, China has consistently advanced industrial modernization and development efforts. Despite numerous shocks and setbacks, China has resolutely adopted the policy of reform and opening up, and has made persistent efforts to establish a socialist modern nation, by initiating a new stage of irreversible development.

The CPC adopted the strategy for the transition from new democracy to socialism in 1953 to achieve socialist industrialization in various stages over a considerable period. The strategic objective of China's industrialization was set at the Eighth CPC National Congress in 1956, which called for the establishment of an independent and complete industrial system in 15 years through the implementation of three five-year plans (The Institute of Contemporary China Studies, 2021).

In 1964, the Third National People's Congress (NPC) pledged to develop China into a strong socialist country with modern agriculture, industry, defense, and science and technology, i.e. the "four modernizations". The Party created new theories on the "ten relations" of China's socialist development and decided to start along a path of industrial modernization based on China's national conditions.

In 1974, the Fourth National People's Congress (NPC) adopted a two-step strategy for economic development by the end of the 20th century, but implementation fell short due to the decade-long domestic turmoil. Despite this setback, the Party was unwavering in its resolve to lead the people toward the goal of the "four modernizations".

In 1978, the Third Plenum of the 11th CPC Central Committee decided to shift the Party's priority to put economy back in order. The Party identified as its priorities to explore a socialist path for China, to affirm national independence, to develop productive forces, and to help the Chinese people escape poverty and achieve prosperity. The intention was to provide strong institutional support and necessary conditions for the great rejuvenation of the Chinese nation. A new chapter in China's socialist modernization was opened at the Third Plenum of the 11th CPC Central Committee, which established a three-step strategy to essentially complete socialist modernization by the middle of the twenty-first century.

Between the 12th and 17th CPC National Congresses, the CPC committed itself to economic

development as the central task under the philosophy that development is the driving principle and science and technology are the primary productive forces. It adopted national strategies to advance science and education, sustainable development, and talent cultivation. Great attention was given to balancing regional and urban-rural development, advancing state-owned enterprise (SOE) reform, supporting the non-public sector of the economy, and stepping up environmental protection. China's national strengths have increased as a result of the implementation of those strategies.

The 18th CPC National Congress in 2012 started a new era of socialism with Chinese characteristics. The Party vowed to achieve the first centenary goal and start a new journey toward the second centenary goal for the great rejuvenation of the Chinese nation. The 19th CPC National Congress identified a shift in China's principal social contradiction to one between unbalanced and inadequate development and the people's ever-growing needs for a better life; it put emphasis on quality over the pace of development.

In 2020, China completed its first centenary goal on schedule. At the 20th CPC National Congress in 2022, President Xi Jinping expanded on the meanings and traits of Chinese-style modernization. Since then, the CPC's mandate has been to bring together people of all ethnic groups to build a socialist modern nation in all respects and realize the second centenary goal for the great rejuvenation of the Chinese nation. Chinese-style modernization means modernization for a populous country, for all people's prosperity, for balanced material and spiritual progress, for people and nature living in harmony, and for peaceful development.

1.2 From Sectoral Modernization to People-Centered Modernization

Upon the founding of the People's Republic of China in 1949, the Party and state leaders placed a high priority on industrial development and modernization (see Figure 1). Back then, modernization was equated with industrial development. The first five-year plan adopted in 1956 identified the goal of industrial modernization. It also marked the beginning of 156 large industrial projects, which prepared the ground for China's modernization drive. On the advice of Chairman Mao Zedong, Premier Zhou Enlai first announced "four modernizations" in his government work report at the first session of the Third National People's Congress in 1964. The goal of this policy was to transform China into a powerful socialist nation with modern agriculture, industry, defense, and science and technology; this policy was to be carried out in two stages, broadening the scope of modernization from industry to include agriculture, science and technology, and national defense.

Before the reform and opening up policy was adopted in 1978, China's development was marred by US-led economic blockades, the Soviet Union's termination of economic cooperation, three years of natural disasters, and a decade of domestic unrest. At the 13th CPC National Congress in 1987, Comrade Deng Xiaoping outlined a three-step strategy for economic development in the primary stage of socialism, which for the first time pledged to meet people's necessities and create a moderately prosperous society. Those two steps toward modernization have been accomplished.

At the 15th CPC National Congress in 2002, Comrade Jiang Zemin set a new three-step goal: To double China's GDP in the first decade of the 21st century from the level of 2000 and significantly raise people's living standards, and by the centenary of the founding of the People's Republic of China in the middle of this century, to achieve modernization and turn China into a strong, democratic and advanced socialist country.

In 2017, President Xi Jinping put forth a new development target at the 19th CPC National Congress: To accomplish socialist modernization 15 years ahead of schedule after completing the construction of a moderately prosperous society in all respects. He also vowed to complete the strategic goal of the great rejuvenation of the Chinese nation through Chinese-style modernization, i.e. to turn China into a strong socialist modern country by 2050.

Our Party's vision for socialist modernization is reflected in the changing implications and goals

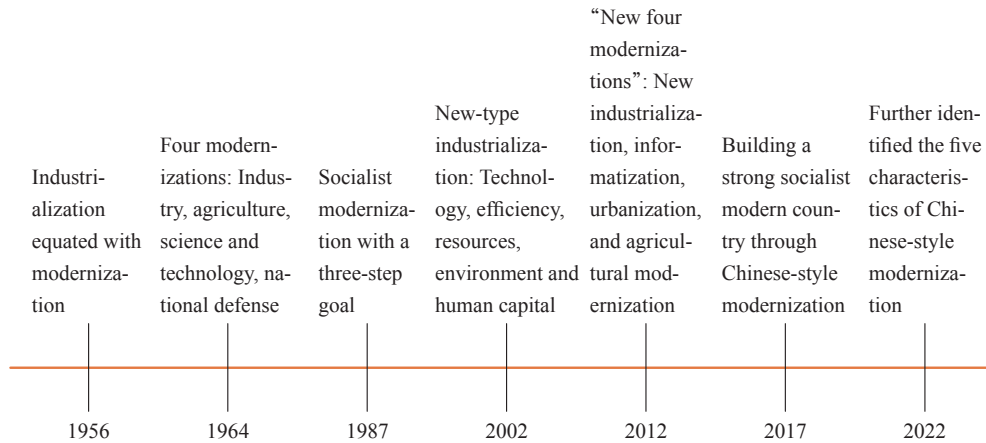


Figure 1: Implications and Evolving Strategic Goals of Chinese-Style Modernization and Evolving Strategic Goals

of Chinese-style modernization. China's modernization should be accomplished through methodical and comprehensive development, rather than concentrating on specific industrial sectors and the speed and magnitude of growth. In a few decades, China completed an industrialization process that took industrialized nations centuries to accomplish. With its rapid industrial growth, China serves as a model for developing countries to catch up with advanced economies. Our Party has developed a deeper awareness of the implications of industrialization and created a new path for industrial development.

2. Chinese-Style Modernization: Theoretical Innovations and Initial Results

Research on various modernization processes has been extensively conducted by historians. Qian (2003) outlined three different approaches to modernization: The laissez-faire strategy of the United Kingdom and France, the command economies of Germany and Japan, and the Soviet-style planned economy. Some studies have investigated the connection between politics and social and economic growth in the modernization process of various nations. Free market and private property were the cornerstones of the early Western modernization spearheaded by the United Kingdom. Although government intervention was rare in the fledgling capitalist economy, the State played a critical role in many other activities, including colonial exploration and the initial accumulation of wealth. State macroeconomic control and market forces work together to explain the economic "miracle" of East Asia. Economic considerations were overshadowed by non-economic ones. Most significantly, the State was crucial in promoting social change and economic prosperity.

The majority of modernization studies concentrate on the fundamental principles and common traits of modernization. President Xi Jinping's view on Chinese-style modernization can be summarized as follows. First, Chinese-style modernization reflects the tenets of the Communist Party of China (CPC) and its vision and plan to modernize China for the welfare of the people. Second, Chinese-style modernization is blessed with special institutional strengths of the socialist system for social development. Third, Chinese-style modernization reflects the holistic approach of traditional Chinese culture. Fourth, Chinese-style modernization supports a culture that encourages the all-round development of people. Fifth, modernization via peaceful development has global relevance.

The above view reflects China's national conditions and the broader picture of the world. It defines the relationship between individuals as well as between people and nature. It lays forth the guidelines for both economic development and cultural and moral progress. As the CPC's most comprehensive

and concise statement on modernization, it represents the political intention to integrate people-centered development with Chinese-style modernization.

Chinese-style modernization links its five characteristics under the theme of human development and encapsulates the Marxist laws of human development. First, China's modernization is for the common prosperity of its people, which requires the dividends of development to be distributed among all the people through labor-based distribution. The socialist distribution system should be dominated by labor-based distribution, but the premise for shared benefits is joint participation. Second, common prosperity should encompass an abundance of material wealth as well as a vibrant cultural life. Third, all humans live on the same planet and ought to seek peace with nature. A community with a shared future that we aspire for is the highest form of human civilization.

Chinese-style modernization is founded on both the universal laws of modernization and the Marxist perspective and methodology with profound theoretical, historical and practical implications. It is with the guidance of Marxism that the Party relies on the people to advance a great historical cause. It is with unswerving faith in Marxism, socialism, and communism that the Party develops its ideological consciousness of human society's development. Putting the needs of the people first shows the Party's dedication to its path and resolve to forward the noble cause of socialism with Chinese characteristics. The CPC has taken steps to enable the Chinese people to stand up, develop, and become a powerful nation, starting with the new democratic revolution, and continuing with the four socialist modernizations and the two centenary goals. The people-centered approach is rooted in the insight into the historical destiny of the Chinese nation and the underlying laws of history. The Party commits to revitalizing the Chinese country as well as the Chinese dream through the implementation of its strategic plans. The people-centered approach is the key distinction between socialist and capitalist economies.

Since the 18th CPC National Congress, the Party has made groundbreaking innovations to Chinese-style modernization both in theory and practice. First, it has elaborated the traits, nature, and course of Chinese-style modernization, improving the coherence of its theoretical, historical, and practical implications. Second, it has broadened regional modernization into all-round modernization while reasserting its path confidence, theoretical confidence, and cultural confidence. Third, the Party has elucidated the relationships between material and moral progress as well as between people and nature, reflecting the inherent attributes of socialist modernization. Fourth, the Party has made it clear that everyone should take part in modernization and share the benefits, which echoes its people-first philosophy. Fifth, the Party has advanced the strategy of human modernization. In addition to serving as guidance for creating a prosperous, democratic, harmonious, and beautiful socialist country, Chinese-style modernization also adds wisdom to human civilization. Modernization in the Chinese way is based on extensive experience and has had great results. Modernization will serve people's needs only when it is led by a political party that centers on the needs of the people.

People-centered modernization has achieved some early strides. Between 2013 and 2020, China lifted 98.99 million rural residents out of poverty, or 12.37 million people on an annual average basis. This has led to an annual reduction in China's poverty incidence by 1.3 percentage points. There has been a significant increase in the income levels of the poor, resulting in the achievement of the "two no worries and three guarantees" goal. Over 70% of the reduction in world poverty has come from China. The incidence of poverty in China has been slashed considerably below the global average. Regional income differences have narrowed as a result of rapid poverty eradication (see Figure 2). With improving living standards in China, Engel's coefficient - recognized as the gauge of societal happiness - has been falling steadily. Engel's coefficient for China in 2021 was 29.8%, a decrease of 0.4 percentage points from the previous year.

When it comes to the environment, China has steadily improved the air and water quality while preventing soil pollution. With people's rising expectations for a better life, modernization should

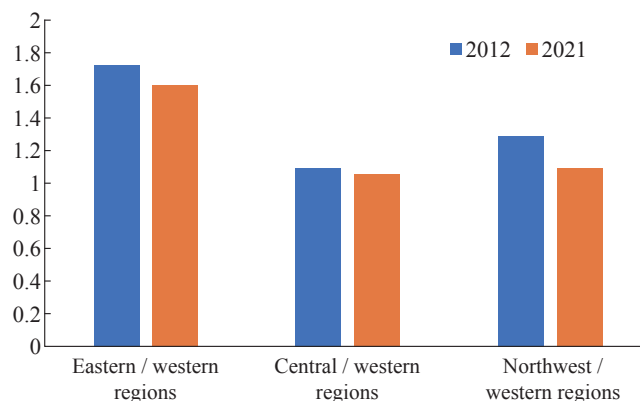


Figure 2: China's Regional Economic Gaps

consider their cultural demands in addition to the creation of physical goods. Without the diversity of cultural life, happiness cannot materialize. As an emerging sector of the economy that includes tourism, culture, sports, health care, and elderly care, the culture industry caters to people's various needs for a happy life, from survival to personal development.

In China, the number of businesses in the cultural and creative sectors increased between 2017 and 2020. By the end of 2020, they included 60,000 big businesses, which generated 9,851.14 billion yuan in sales, a 2.2% increase from the previous year. In the case of industrialized nations, their path to economic hegemony was beset with colonization, invasion, and conflict. In contrast, China's pursuit of peaceful development is an important contribution to the advancement of humanity. President Xi Jinping advocates for the creation of a community with a shared future for mankind. The Global Development Initiative (GDI) and the Belt and Road Initiative (BRI) symbolize China's leadership in progressive global trends which have been incorporated into UN documents with a broad influence.

3. Role and Guiding Philosophy of Industry for the Second Centenary Goal

Over the past seven decades since the founding of the People's Republic of China in 1949, China has transformed from a poor agrarian nation into the world's largest industrial powerhouse. According to the conventional definitions of industrialization, China has reached the late stage of industrialization and boasts the highest global output of particular items and technological sophistication in some fields. China's industrial development has supported breakthroughs in defense, transportation, and agricultural technologies, creating numerous jobs. China has drastically reduced pollution while increasing natural resources efficiency more than any other country in the world.

3.1 Second Centenary Goal and New Mission of China's Industry

The 18th CPC National Congress has been followed by a fresh wave of innovations in China's industrial development strategy. The first is the understanding that deindustrialization in some nations is premature and ought to be avoided in China. Given its uneven and inadequate economic development, China should persistently develop manufacturing, steer the course of industrial modernization, and concentrate on building a solid economy.

Second, it has been recognized that development should be balanced with security. Human capital and financial services should be leveraged to promote innovation in the real economy. A new paradigm of opening up should take shape in which domestic and international "dual circulations" reinforce each other. The real economy should promote industrial sophistication, digital industrialization, and industrial digitalization using the internet, big data, and artificial intelligence (AI) applications. Industrial

modernization will help China move up global value chains (GVCs).

The third innovation is ecological sustainability to attain the carbon peak by 2030 and carbon neutrality by 2060 under the “1+N” policy framework.

The 20th CPC National Congress called for advancing the great rejuvenation of the Chinese nation through Chinese-style modernization as part of the journey toward the second centenary goal. Industrial development is crucial for creating a strong economy, achieving peaceful development, and striking a balance between development and security. It takes industrial prowess for the country to become prosperous, bridge domestic and international markets, and close regional gaps. The manufacturing industry also helps create a beautiful China, reach carbon neutrality, and boost green competitiveness. The key mission of China’s further industrial development is explained in the following paragraphs.

(i) Industry is essential for striking a balance between development and security. By the year 2020, China had eliminated absolute poverty and created a moderately prosperous society, providing 1.4 billion people with a strong foundation for development. Developed countries began to industrialize over 200 years ago. According to World Bank standards of 2015, there were only 80 high-income countries with 1.249 billion people in total, which is 16.59% of the world’s population and nearly 200 million less than China’s. Material abundance for a population of 1.4 billion cannot be reached through war, colonialism, or exploitation, as some countries did, neither can such abundance be imported from other nations. China must instead rely on its manufacturing capacity. In other words, China cannot modernize without a modern industrial structure built around the manufacturing sector.

We are living in a world of international economic competition and political confrontation. In this regard, the pursuit of peaceful development depends on the ability to maintain world peace and strengthen national defense. National defense has long been a priority of China’s industrial growth for the livelihoods and economic security of its people. Modernization for such a large country is unprecedented in human history and could not have materialized without industrial strength. In the future, China should support critical emerging sectors - especially smart and green manufacturing - and bolster supply chain resilience and security. It should work toward technological self-reliance, acquire choke-point technologies, and increase total factor productivity (TFP) while participating in the global industrial division of labor.

(ii) Industrial growth, as the main path to common prosperity, is crucial for closing the urban-rural and regional divides as well as for boosting the economy as a whole. The rate of economic growth is correlated with the stage of industrial development in an inverted U pattern. The vast geographical disparities in China emphasize the necessity of accelerating industrial and economic growth in the less developed central and western areas. Our preliminary findings suggest that domestic circulation (which increases the effectiveness of resource allocation) and international circulation (which promotes technological advancement) are both necessary for industrial development to occur in China’s central and western areas.

China should consequently shift its emphasis from international circulation to “dual circulations” to fully realize the enormous potential of its home market and boost employment and value-added. Regional development priorities should include investment increase in central and western regions, the establishment of a national product market, factor market, and capital market, as well as the formation of digital industry clusters. Efforts should be made to improve the quality and level of international circulation while also enhancing the dynamism and reliability of domestic circulation.

(iii) For people and nature to coexist in harmony, our attitude to economic development needs to shift. Industrial development must take a low-carbon path if modernization is to result in a world where people and nature coexist in harmony. Industrial growth has created enormous material wealth at the expense of resource depletion and climate warming. Greenhouse gas emissions continue to threaten human habitats. Energy transition development encompasses low-carbon energy, green manufacturing, and industrial recycling. The low-carbon transition is key to sustainable industrial development and lies

at the heart of global climate pacts.

In this respect, China has made laudable progress in energy transition, notably in the wind and solar power generation and in increasing energy efficiency, but the country's energy mix remains dominated by fossil fuels. China should promote the recycling and reuse of wastes, develop and adopt energy efficient and low-carbon technologies, and promote green consumption to meet its carbon peak and carbon neutrality goals.

3.2 “Five Major Development Concepts” for China’s Industrial Development in the New Journey

Development must be guided by a proper approach. The CPC Central Committee, with General Secretary Xi Jinping at its core, has advanced new ideas of innovative, balanced, green, open, and shared development since the 18th CPC National Congress, elevating our Party's development theories to a new level. To manage China's development issues and contradictions, the “five major development concepts” - of innovation, coordination, greening, opening up and inclusiveness - were created based on local and global situations. They are a reflection of the tenets and principles of President Xi Jinping's leadership for addressing major issues and comprise the backbone of the Party's economic theory in the new era of socioeconomic development.

By addressing the issues of development dynamism, imbalances, people and nature living in harmony, domestic and international coordination, and social fairness and justice, the “five major development concepts” have gone further in providing answers to the questions of what kind of development should be pursued in the new era and how. Innovation, coordination, greenness, openness, and shared benefits are strategic guidelines for high-quality development in the new era. They effectively direct the practice of our country's development and reflect a deepening of our Party's grasp of the laws of socialism with Chinese characteristics.

All of China's problems can be finally solved through development. The CPC Central Committee, with General Secretary Xi Jinping at its core, has promised to accomplish the “two centenary goals” with a variety of strategic priorities for developing a modern economic system in light of the aspirations in the new era of Chinese socialism. China must develop a modern economic system if it is to reach the forefront of technological and industrial revolutions and stay competitive globally.

In its transition toward a high-income country, China must avoid the middle-income trap and confront intertwined economic, political, cultural, social, environmental, and defense risks. Undaunted by those complex problems and contradictions, President Xi Jinping noted that “National security and social stability are the premises for innovative, balanced, green, open and shared development. Without security and stability, nothing can be achieved.” “Security is the prerequisite for development, and development offers assurance for security”. Xi Jinping's economic philosophy underscores the importance to balance development with security, stay vigilant to potential risks, and establish a bottom-line mindset. This economic philosophy, alongside the new development concepts, opens up a new horizon for political economics with Chinese characteristics and offers guidance for China's industrial development and modernization.

3.3 Developing a Manufacturing Powerhouse amid the New Technology Revolution

Technological innovation and advancement dictate the fundamental rules of modernization. As a new economic paradigm not seen since the Industrial Revolution, the digital economy results from the latest phase of IT revolution driven by big data and the internet. Data as a brand-new factor of production has transformed the technological framework of industrial growth. The digital economy - though still in its nascency - has unlocked great potential for changing the traditional patterns, processes, and organizational structures of economic development. The digital economy is poised to reshape the competitive strengths of countries and spur global industrial growth.

Digital technology has pushed industrial development into a new phase with new structural characteristics. With digital industries emerging as new drivers of economic growth, digitalization represents a new direction of industrial development. The digital transition has increased manufacturing value addition, and service-based manufacturing is emerging as a new driver of industrial growth. The digital transition has become a key trend for industrial innovation and paradigm shift. Future industrial policymaking should promote the industrial digital transition supported by a new generation of information technologies such as automation, robotics, and artificial intelligence (AI). One priority is to develop new infrastructure for smart energy and mobility, new-generation computing power and mobile communication, and industrial internet. This will lead to an expansion in the demand for IT hardware manufacturing and related industries and create infrastructure conditions to speed up the industrial digital transition and high-quality development. Government industrial funds should give priority to weak areas and to acquire choke-point technologies.

The digital economy has thrived on the industrial economy. In this sense, manufacturing capabilities will influence progress in digital technology and new-type infrastructure. The majority of software and hardware limitations facing China's digital industry are caused primarily by a lack of fundamental industrial capabilities. These limitations cannot be overcome without ingenuity. In this regard it is important to encourage universities and research organizations to support industry innovation. As the backbone of innovation, enterprises should be encouraged to establish joint R&D centers and engineering laboratories and commercialize R&D results. Industrial enterprises should foster innovation and close their technology disparities with more developed nations and speed the acquisition of choke-point technologies.

The government should enact ten-year plans for fundamental research to put an end to China's lack of original industrial innovations in one to two decades. It is suggested to make forward-looking arrangements for frontier technologies and future industries. There should be more cooperation with countries for frontier innovation and commercialization of R&D results. A world-class technology market should be established to broaden access to finance for high-tech industries and support the commercialization of R&D results through competition, demonstration, public procurement, and new infrastructure construction. ■

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