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A Study on China's Economic Sustainable Growth

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Abstract: The characteristics and factors that may affect China's new economic growth are mainly discussed in the paper, as for how the major problems should be sort out and what strategies could be adopted in the growing process. It points out that at the crucial stage of new economic growth, the traditional mode should be reformed. China's economy should have a new growth mode, and the national economic structure should be adjusted, in order to achieve the goal of sustainable economic growth.

Key Words: China's Economy, Sustainable Growth, Growth Mode

1. ANALYSIS ON THE NEW ROUND OF CHINA'S ECONOMIC GROWTH

Since 2002, a new-type dominant industry has been emerging in China. It pulls the whole economy growing fast and makes China entering the upward stage of economic growth. This new situation tells that it has ended the phenomena of discontinuing process of the dominant industries development in China occurred since 1997. Two industries of housing and motor vehicle take the dominant positions and making China to maintain considerably development in the long run.

There are four significant features in the new turn: Firstly, major purchasing power to the outputs of the two locomotive industries is from individual inhabitants as the end-users taking 80%-90% of the total sales. Secondly, it cannot rule out short-term bubbles resulted from over demand by inhabitant consumption, yet it is

unlikely to create a bubbled economy over a long period of time. Thirdly, according to the principle of input and output, the maturing industries shall have some more industries generated. At last, the housing and motor vehicle industries shall have their positions established in the economic life, making China's economy to grow in stale rate over a considerable time.

Recent years, there are obvious favorable factors in China's economic growth. At the policy side, the moderate economic growth and the quality-growth will go on as macro regulated and controlled. Macro-policy shall balance the inflation and the economic growth and ensure the employment rate, which helps repressing and cutting down the unsteady elements in the economy running, and consolidating the positive outcomes of macro regulation. Following the strategic policy of Developing the West of China and Rebounding the

Northeast of China and the successful implementation, the economy in central part of China rises abruptly and becomes a new driving force within the region. "Three farming" problem regarding as the "top priority" issue by the central government shall play an important role in adding peasantry's revenue, strengthening the respects such as common produce service of countryside and so on. From the angel of the marketplace, it is fundamental driving force for a fresh economic growth to upgrade the inhabitant's consumption patterns, with the tendency yet continuing. The global economy still maintains a faster increase. Although the trade rub is inevitable, trade with foreign and the absorbing foreign capital hopefully maintains the specified increase in China, moreover by means of two marketplaces both the international and domestic, and resources optimization, heightening the driving force for domestic economic growth.

Still there are some significant restrictive elements in economical operation at the moment. First of all, because of the deep problems in the economic composition, 70% supply of immense industry production is greater than demand; moreover, it shall be dependent on investment for increase and international market to absorb. On the Other hand, the existence of the throat of essential factors of production, such as significant energy, raw material along with soil and so on, is difficult to get the support to the increase of the investment, however, the dependence of the international market is certainly subjected to the dual restriction of the resources in whole world provide and that of demand state. Secondly, on the condition of open economic term, effected by the limitation of supply and demand of resources production in the international market, import is going to distend, and the effect that runs to domestic economy is broaden increasingly on the condition of the consuming of the marketplace at home, the pressure that produce price upper either transforms increase of inventory or causes part of production capacity washed out. Thirdly, the capability that the economic growth with the weighty chemical industry is sucked up, the employment pressure remains in the regulation of production structure and economic composition, and the insufficient community safeguards

system, so domestic consumption is difficult to achieve great increase.

Three great challenges are confronted in the Chinese fresh sustainable economic growth. First of all, there are challenges in resources particularly energy. Chinese per capita resources possessing amount is last in order at quantity in the world, the development is swift and technological level is low in general, but the rank of amount of resources consumed is put in order in the front rank. At the same time, the transfer of world manufacturing industry into China brings "energy resources transfer". Next, there are challenges in ecology environment. The problem of environment damage and so on in the economic development has become throat to maintain sustainable economic growth in China in the fast industrialization; this also is the significant backdrop that China leaders propose the scientific view of development. Thirdly, there are challenges to face a difficult choice problem in the development process. For instance, there are some problems for you to chose the fast increase of GDP or speeded up the community constructs, upgraded technique and property or the employment enlargement, as well as maintaining forceful development of the east or accelerating development between east and west.

In all, economic growth in China has obvious dominant feature of macroscopic policy. The target of about 8% growth rate proposed by Central Government reflects the exact understand of present economic situation. It calculated in advance that the second quarter in 2005 economic growth is a little less than the level of the first quarter. The first half of the year GDP's growth rate yet shall attain about 8.5%. The economic growth will be probably a little less than this level in the second half of the year. The economic growth rate will be over 8% in 2005.

2. ON THE NEW THRUSTING FORCES TO CHINA'S ECONOMIC GROWTH

The key points of Chinese sustainable economic growth are: to accelerate the transition of economic growth mode; to regulate and optimize industrial structure; to

resolve the problems of "rural area", "agriculture" and "farmers"; to advance the healthy development of urbanization; to promote the harmonious development of regions, and to enhance conscientiously the construction of the harmonious society.

In accelerating the transition of the economic growth mode, the key is to build up an efficient evaluating mechanism including the performance appraisal mechanism and the fiscal and taxation system. In the demand structure, the transition from mainly depending on the pulling of the investment and export to the pulling of the consumption and investment, and the joint pulling of the internal and external demand is to be realized. In the input element, the transition towards mainly depending on human capital and technical advancement is to be realized. The unbalanced industrial structure is one of the reasons of a fast economic growth and an inconspicuous improvement of the employment. Therefore, China should re-recognize that China is now carrying on the transferring of the international manufacturing industries at the cost of the exhausting of the resources in these industries. And it has become the new issue to find ways to change the present situation of a heavy-industry and the high-energy consumption in China. Recently, the main way to resolve the problems of "rural areas", "agriculture" and "farmers" in China is to enhance the farmers' total income through the way of increasing the output in agriculture; By increasing the payment of the fiscal transferring to the rural areas, the rural citizens can basically enjoy the same public services as the urban citizens to gradually realize the industry feeding agriculture and city supporting the rural areas. About the fast development of urbanization in China, we must discard the principle of simply emphasizing the scale of the city, and change the way to promote the urbanization according to the executive regions rather than the economic regions to make the city group the main part of the Chinese population.

Under the framework of the "develop west, rejuvenate the north-east, grow up the central part and give the east part priority", when promoting a harmonious region development, China should sufficiently consider each

region's carrying capacity and wholly take the population distribution, economic composition, city pattern and the infrastructure construction into consideration.

In the present and the days to come particular period, the following work should be put forward to increase the spot of Chinese Sustainable Economic Growth:

(1) Develop economy and enlarge employment

We ought to take economic construction as the central issue, to accelerate transforming the economic growth mode, to coordinate economic composition and to promote continuous development of economy over a long period of time.

(2) Accelerate the development of harmonious community

To promote completely development of people, to construct the harmonious community, the intelligence and wisdom of the wide range of people should be fully stimulated. We ought to positively add the input in labor, and continuously enhance the ethical quality of people and the quality of scientific culture and health.

(3) Plan development in the area and development in town and country as a Whole

Allowing the development benefit for the whole people is the demand of forming harmonious community. We ought to put the following measures into practice: let industry feed farming, cities support towns, and construct the new socialist countries. Go on with carrying forward the west to open up greatly, developing the old industrial base of the northeast area, and promoting the development of the middle area, accelerating the development of poverty area.

(4) Develop various social issues

We ought to speed up the construction of contemporary national education system, public health system and the community safeguards system. And we also take the action to strengthen environmental protection and ecology construction, to improve the administration system of the society and to raise public service level.

(5) Strengthen democratic socialism legal institutions

Developing socialism democratic politics and constructing socialism legal institutions are the significant guarantees of harmonious community.

3. ON THE POLICY-MEASURES OF CHINA'S ECONOMIC SUSTAINABLE GROWTH

At present, China is at the critical stage of a fresh round of sustainable economic growth. The rate of economic development in China has aroused worldwide attention. When building up well-off society and realizing China's sustainable economic growth, we must pay attention to the selection the pattern of sustainable growth, regulate the economic composition, and develop cycle economy vigorously. In the process of developing cycle economy, we should overcome the effects brought by the system obstruction, benefit circle obstruction, technical obstruction and the customized thinking obstruction. At the time we should cooperate government with community and corporations, make plan scientifically, implement it steadily, under the guidance of scientific development view, at last, we will achieve the harmonious development between the natural and the human being.

3.1 Transition of economic growth mode

In order to maintain the increase our country's economy and its aftereffect, we have to persevere the new industrial way, speed up the transformation of economic growth mode, do our best to carry out the unity of the rates, composition, quality and beneficial result; the coordination of the economy development, the population, resources, and the environment; safeguard and heighten continuity of development. Transition of economic growth mode we ought to grip the key which raise innovation capability, speed up science and technology progress. To improve such mechanism as supporting technology progress and innovation organization, running mechanism, and policy environment, amplify the government backed, business-leded, manufacturing-and-study united technology research and innovation systems; To enhance the innovation capability, particularly firsthand innovation capability, to speed up developing strategy

of high technique, to accelerate the introduction, digestion, absorb and innovation of well-developed technique; to accelerate the transformation of science and technology into actual productivity, to bring key action of a talented person into the technique innovation, to lead economy development in the way to depend science and technology progress and raising worker's quality .

Transforming economic growth mode also stresses significant work of saving resources and safeguarding environment. We should advocate and establish the idea of saving, spread and popularize the technique completely of saving energy, develop cycle economy vigorously, accelerate the utilizing resources in cycle, urge the business cycle produce, promote the industrial cycle style composition, initiate the community cycle consumption, take shape gradually of saving mode of production and consumption, get the largest benefits to society and economy at the minimal cost of the resources. In accordance the harmoniously develops of both man and nature, strengthen to establish such mechanisms as ecology compensation, the pollution damages reparations and the environment tax revenue system. Get rid of the phenomenon of wasting resources, damaging environment, we should pay close attention to resolving the problems of environment pollution that seriously intimidates masses health security, to accelerate the virtuous circle between natural resources system and community economic systems.

3.2 Optimizing and updating the industry structure

The regulation of industry structure is the main measure of carrying out scientific development view and carrying forward the transforming economic growth mode. The main part of the regulation of economy composition is chiefly the regulation of the ownership composition, and the object is the regulation of industry structure. The former provides driving force mechanism, while the latter is its main content and efficiency embodiment.

Clusterization, amalgamation and ecologization in industry development are the new trend in the 21st-century international development, which is the concrete embodiment of the regulation of intrinsic development in practice, and which is the dynamic annotation for new alternation and feature of international economy. The clusterization is the organization form of industries in the sense of space, which helps the industry to mix together and filter. But in the specified area, the dense amalgamation and filtering will probably come into new clustering group. The features of resources recycling in the ecologization will be through the development of clustering group and amalgamation, and because of that, industry clusterization and amalgamation show great power.

3.3 Solution to “Three Farming” Problem

Agriculture is a basic and strategic industry of calming the people and the country, which is in the uphill phase in its development. There are a lot of advantages, while a lot of difficult problems exist. It is very important to maintain the fast development and the community steady to keep the well momentum of farming and countryside.

Solution to the problem of “Three farming” will be on the regulating the policy and harmonization town and country, we should pay close attention to such unfair regulation polices of unequal town and country as education, health, science and technology, culture, banking, community insurances and so on, especially the policy of education development. We should make a fresh breakthrough in development of operating the farming industrialization, and raising peasantry's organization degree. Based on scale management, the industries in the organic food should be energetically encouraged. Take the farming process produce as stress, the leading business in farming industrialization are fostered. Take the adding peasantry gain as the core, we strengthen the cooperative economy organization construction. Taking shape the well benefit connects mechanism. Take the explore marketplace as the gap,

we should strengthen the setup in farming produce marketplace construction and vitalizing the farming produce circulation. Take the optimization environment as the guarantee, we should widen the degree of guide support and serve to farming industrialization. There will be the fresh breakthrough in the level of transferring population and enlarging the scope of urbanization, and there will be the fresh breakthrough in the democratic politics in countryside, safeguarding peasants' democratic right.

3.4 Pushing forward the urbanization

Urbanization mainly refers to the shift of population and the non-agricultural industry to the city and the course of urban modernization and urban region going into the countryside. Pushing forward urbanization helps economic development and the progress of society. City is the center of world economy and it's the center of population, economy, commodity, information, culture, finance, communications and technological resource. The course of urbanization itself is the biggest economic growth points and it's the main approach to a series of contradiction and problems of the present economic development. At different stages of economic growth, urbanization has different connotation. At the primary stage, urbanization is accompanied by industrialization; it is suited to the shift of surplus agricultural-labor to industry. The shift of the agricultural population to the urban population is the basic content of urbanization. When economy develops to certain stage and level, urban construction comes into a new stage, the connotation of urbanization is not only the shift of population, it means strengthening and outstanding the function of city.

In the course of urbanization, the integration in town and country ought to be carried forward vigorously, the difference of the town and the city removed gradually, the harmonious development of economy, society and environment in town and country should be achieved, and the modern civilization is shared both town and country. Meeting the demand of reinforcing the sustainable economy and achieving benefit for all

people, we should transfer the urbanization from paying attention to the central district to the countryside, and enlarge the input of modern construction in the country and lighten the load of farmers. With a gradually change the structure of the town and the country and getting rid of the difference of the town and the country, we should push forward the course of urbanization.

Industrial conglomeration is the major force of urbanization; it's also the way to improve the economic competitive power. We should meet the demand of advanced productivity, push forward the strategic adjustment of economic structures, optimize the lay-out of productivity and configuration of regional resource, and promote the development with industrial conglomeration.

3.5 Paying special attention to building up an economical society and circulated -economy

The general aim of Chinese development of circulation-economy: within 50 years or so, to build a resource-saving society in which human beings, nature and society are in harmony. The key index of circulation-economy(such as resource productivity, the ratio of circulation and utilization, and the disposal of garbage)and ecological environment and the sustainable growth power reach the advanced level of the modern world, greatly improve ecological environment and living space, go into the sustainable virtuous circle.

The core of a circulated-economy is the highly-utility of resources and repeated use of resources. The principle is reducing the amount, recycling usage and its basic characteristic is low consumption, low discharge and high efficiency. This is in line with the economic growth mode of the sustainable development. It is a reform of traditional growth mode of mass production, mass consumption and mass disposal. The purpose of developing circulation-economy is, without affecting the high speed development of economy and society, to save resource and to improve the ecological environment, thus make mankind be on the way of

sustainable development.

With the Chinese modernization, industrialization, as well as the urbanization going on, demand to resources will continue to go up. The demand will be exceeding the supply more and more in very unbalanced manner. Environment will put the heavier pressures on the economic growth. So, in the national development strategies, constructing an economical society and a circulated economy must have the top priority. That is, the way of economic growth must be changed, with efficient utility and repeated use of the natural resources, in order to facilitate the sustainable social and economic development. For doing so, we must act upon the scientific view of development and go for a new route of industrialization with the principle that, the resource exploration and the resource saving must be done simultaneously, but the resource-saving be on the first place. We must take the powerful measures of economy, law, administration, technology and education to achieve this purpose.

Measures to constructing economical society and developing circulation economy: to pay attention to the plan in the compiling and macro-direction, to make it the long-term plan of national economy and social development and also the major content of various specific plans. We should make great efforts to save energy, water, material, and land, and accelerate the application of new technology, new product and new material, and support the important construction program. To deepen the reform and straighten out the price of resource product, prefect financial policy, to keep carrying out the policy of export restriction of high energy-consuming, high material-consuming and high polluting products, we should make up and modify the laws to promote the use of resource. Through scientific management and strict management, wasting is prevented. To spread propaganda and improve people's awareness, the activities of constructing economical city, economical government and economical community are organized.

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