

2012 Caixin Summit: China and the World

Friday, November 16, 9:30-10:30 – Expectations after the 18th Party Congress

The sustainability of China's development going forward will depend on key reforms to the socialist market economy. In essence, economists are optimistic given statements made during the 18th Party Congress. However, institutional and policy changes must also go beyond financial reforms, and include gradual political reform.

Key points:

- China's top policymakers have indicated support for restarting the reform agenda in the 18th Party Congress report
- After a burst of reforms in economic policy during the 1990s, China has faced several challenges in moving beyond incremental economic reform
- Future reforms must center on changes to the relations between the market and the government

While economic policies in the 1990s offered significant growth in market forces, the government's task is now to move with speed on further reforms, according to leading Chinese economist Wu Jinglian.

Policymakers reiterated in the report of the 18th Party Congress that structural financial reforms will be crucial to the development of the Chinese economy. Increasing the level of competition among financial institutions will be key, and reforms must center on allowing the market to play a larger role in the allocation of resources.

Political reforms must explore the role of the party in leadership and governance, and include policy changes to the judicial system. China is at a critical juncture akin to the country's stage in development during the 1990s. Wu outlined the process of how policymakers reached a consensus on key objectives for major reforms.

In order to boost China's institutional capacity for reforms, Wu called for an action plan from policymakers, as well as more discussion on how to overcome objections from vested interests.

Speaker:

WU Jinglian, Senior Research Fellow, Development Research Center of the State Council; Chief Editor, *Comparative Studies*

Disclosures

This summary was prepared by Diana Bates. The views expressed are those of certain participants in the discussion and do not necessarily reflect the views of all participants or of the Caixin Summit.

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