

“Made in China 2025” as a Tool for the Development of the Economic Model of Socialism with Chinese Characteristics

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Abstract—The “Made in China 2025” program is one of the tools for structural reformatting of the Chinese national economy. This is a comprehensive program, the implementation mechanisms of which may not be acceptable to other countries, because they reflect the Chinese specifics of social development. The introduction gives a brief description of the content of the concept “building a socialist society with Chinese characteristics in the period of the new era”.

Keywords—*economic structure; socialism with Chinese characteristics; export; labor productivity*

I. INTRODUCTION

The purpose of the study is to identify the significance of the “Made in China 2025” program as an instrument for creating a socialist society with Chinese characteristics in the new conditions of the transformational stage of world co-society.

Based on the compilation and historical comparison carried out as part of the re-research work, it was proved that the “Made in China 2025” program is a tool for structural transformation of national economy within the framework of building a socialist society with Chinese characteristics. The application of analysis and generalization methods made it possible to identify the main components of the “Made in China 2025” program, identify specific forms of government in China and come to generalized conclusions on the possibility of spreading Chinese practice in other countries, and especially in Russia.

II. DISCUSSION AND RESULTS

The course of the CPC Central Committee to build a middle-class socialist society with Chinese characteristics has entered a new era, when the task was set to implement a new concept of development.

In turn, this leads to a “correction of incorrect views” regarding development and a transformation of the development model, which is part of a sharp increase in the quality of life and the development efficiency of the Chinese national economy. In 2019, the Plenum of the CPC Political Bureau, as guidelines for ensuring the stability of the development of the national economy of China, established the need:

- a) To stabilize the monetary policy while ensuring constant stability [1].
- b) Enhancing fiscal policy.
- c) Income tax reduction.
- d) Increase in the refundable VAT to entrepreneurs upon export.
- e) Expanding the share of construction of infrastructural projects for government targeted bonds.
- f) Stimulation of housing construction as a measure to support industrial growth.

All these measures are to be implemented by 2050.

Socialism with Chinese specificities presupposes the implementation of socialist modernization during the revival of the Chinese nation, that is, by implementing a two-stage plan to turn China into a rich and powerful, democratic and civilized, harmonious and beautifully modernized socialist country by the middle of this century on the basis of the complete construction of a society of average prosperity [2].

The ideas of socialism with Chinese characteristics in the new era are faced with a contradiction in Chinese society – a contradiction between the constantly growing needs of the people for an ever-improving life and the unevenness and social differentiation of development. At the same time, the people act as the basis for the concept of development, occupying a central place in it, and the tasks of contributing to the comprehensive development of humankind and achieving universal prosperity are basic.

The ideas of socialism with the Chinese characteristics of the new era clearly define the general scheme of the five-pronged construction plan and the four-pronged all-sided strategic concept of the development of socialism with Chinese characteristics, emphasizing the need to strengthen confidence in one's own path, theory, system and culture [2, 3]

The dynamic and confident stimulation of a comprehensive deepening of reforms has resolutely resolved structural and institutional weaknesses in all areas. The efforts of the CPC in carrying out the reforms were aimed at ensuring their systemacity, integrity and coherence, with a sequence of expansion of reform coverage of life spheres and their deepening. In total, more than 1,500 reform decisions were adopted. In the leading spheres, the general scheme for carrying out reforms was mainly determined.

In the ideological work, party leadership was strengthened, and party theoretical innovations were fully developed. In the sphere of ideology, under the leadership of Marxism, the concept of socialism with Chinese characteristics and the Chinese dream began to merge. In this regard, socio-economic development has become based on the values of socialism and Chinese traditional culture. The new era is the era of the realization of the Chinese dream of the great revival of the Chinese nation. This is the era of the gradual approach of China to the center of the inter-national arena and the continuous contribution by China of an even greater contribution to the development of humanity.

Socialism with Chinese specificity in the new era is a common goal, a general task, a general scheme and strategic concept, as well as a direction for development, it is a model and driving force for its development, etc. [2].

The “Made in China 2025” program is the most important tool for the structural transformation of the Chinese national economy, it is an initiative that aims to consolidate China's position as a world leader in high-tech industries. A distinctive feature of the Program is its reliance on the development of the real sector of the national economy, which is defined as the basis for China to acquire the status of a world power.

The goal of “Made in China 2025” is to reduce China's dependence on imports of foreign technology and foreign investment, to develop the national economy, relying on national innovations, thus forming the basis of the Chinese business corps that can compete both domestically and in the global market. China considers this program as a chance of full integration into the global reproduction process and global value chains, acquiring a high share in them. In the third quarter of 2019, growth in real China's GDP is expected to be 6.2% versus 6.6% in 2018. according to the forecast of the IMF and Focus Economics, while UNECAT is within 6.3%/ [1]

The Chinese economy is moving toward a slower growth, due to lower domestic demand with increasing external pressure. Consumption seemed relatively stable, supported by tax cuts and a fairly moderate monetary policy [1]. Real estate investments grew by 10.4% in the second quarter of 2019, which is slightly lower than 11.8% of the first quarter. Investments in housing have accounted for much of the growth in real estate investments. However, monthly data suggests that growth in housing investment has already begun to slow down [1].

The “Made in China 2025” program is a 10-year comprehensive strategy aimed at developing the so-called intellectual production in 10 strategic sectors, such as robotics, aviation, and new energy vehicles, including for the supply of electricity and biogas. This is a comprehensive plan for not only research and development, but also almost completely encompassing the reproduction chain to produce goods of these segments, including after-sales maintenance. The de facto program is aimed at bringing China to the group of countries of developed economies, but at the same time, the Chinese strategy allows using all internationally gained advantages as a developing economy. The implementation strategy of the “Made in China 2025” program stimulates the development of industry and is aimed at:

- The abandonment of the old sectors of the economy: subsidies, taxes, incentives and cheap loans are gradually phasing out for low-value-added sectors, labor-intensive sectors, and enterprises will be forcibly closed and / or relocated, including abroad.
- Support for new industries: allocating funds for creating and securing financing for start-ups, transforming the policies of banks, aiming to provide investments (working capital) for new industrial sectors, to provide local authorities with tax benefits, grants and other sub-companies to companies operating in industries identified in China under the “Made in China 2025” framework.

Increasing labor productivity is a key factor of the Program, lies at the heart of this strategy. Despite the successes of China in the global reproduction process, labor productivity, including one employed lag other countries. As the labor force in China is declining due to demographic reasons, companies are faced with the problem of increasing production volumes while reducing the number of employees, which means companies must invest in technology [4], the “Made in China 2025” program indirectly focuses on the environmental impact industrialization of China, but at the same time, ecology is still perceived by the entrepreneurial corps as a side effect. At the same time, the Program emphasizes branding of product quality in order to expand the international sales market and increase competitiveness. For example, in agriculture, the goal is to create about three recognizable brands within the country and up to five at the international level, which is a sign of the growth of the segment's competitiveness.

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The goal of reducing the dependence on foreign technologies entails the creation and development of companies that introduce innovations by financing research and development, but at the same time create an administrative environment that allows them to dominate within the country, producing competitive products. However, the main goal of the program is to increase exports.

Within the framework of the Program, regulatory changes are being made in the legislative system and the process of introducing new, practically international standards for key industries that meet the advanced requirements of modern world production is ongoing. At the same time these standards carry within themselves the potential to limit foreign competition in China, providing access to technology from abroad. An example is the requirement for foreign banks to disclose their foreign IP and use exclusively internal IP, thereby ensuring the encryption process at a “secure and controlled” level by the Chinese authorities. Standardization of practice in all industries is a priority, it is closely linked to national cybersecurity and the creation of a law on strategy and cybersecurity, which involves the formation of a legal framework for the implementation and updating of information technologies and services. Testing and certification systems are being introduced to improve product quality and comply with international standards in all key industries, from medical pa-tents to fuel consumption.

In development of the Program under consideration, a corporate social insurance system has been developed and is being tested. Although it was not officially launched, the system was already used to force foreign firms in China to accept Chinese values on politically sensitive issues. Penalties may include denial of access to cheap loans, increased taxes on imports and exports, as well as prohibitions on the departure of key Chinese personnel from the country [5]

In the context of the trade war, foreign companies in China are already facing difficulties in doing business in China, which can be more severe in the context of using a corporate rating system. Within the framework of the so-called social credit system, it is currently aimed at collecting and analyzing information about its 1.4 billion citizens, and at evaluating millions of corporations, both domestic and foreign. Its purpose is to ensure the functioning of local authorities, business and the public in accordance with the adopted national directives. For foreign companies, the program will analyze business contracts, social responsibility, regulatory compliance, and the number of Communist Party members that they hire. Through a centralized platform using artificial intelligence, the system will evaluate firms for “credibility” or “sincerity”. Black-listed companies may face the punitive measures.

Foreign companies will have to transfer more data for verification to the Chinese regulatory authorities. “The real fear of the system is not getting data,” said Kendra Schaefer, head of digital research at Trivium China, a Beijing-based policy analysis firm in Beijing. “The concern is whether data is being applied in the interest of justice” [5]. Last year, China Civil Aviation Administration sent a letter to 36 international airlines including United, demanding to stop linking to Tai-wan, Hong Kong and Macau as separate countries on their websites and in marketing materials. “Failure to correct errors will be recorded in corporate social credit reports of airlines as “extremely unreliable behavior” [5]. In this way, the system has almost begun to function.

III. CONCLUSION

1) The “Made in China 2025” program is an instrument of state regulation and direct management, initiated by the PRC government, and its implementation is tightly controlled by local party and state bodies.

2) For the implementation of the “Made in China 2025” program, the funds of the state centralized and federal, local (regional, city, rural communities, etc.) budgets are allocated and used.

3) The main entities authorized by the governments of countries that have adopted the “Made in China 2025” program or initiative are agencies or export centers, export-import banks and development banks, as well as specially authorized government officials, as a rule, local regional party organizations.

4) The main goal of the “Made in China 2025” program was to structurally transform the Chinese economy to form a high-tech industrial sector. In this regard, 10 basic strategically important directions of the transformation of the Chinese national economy were identified, which should become highly competitive in the global production markets in a fairly short time. Particular attention was paid to robotics

and its implementation in the real sector, to the use of artificial intelligence, as well as to the development of the priority type of 5G communication in order to become a monopolist in the world community. The balance and interconnectedness of the components of the Made in China Program can be used in the practice of work in the Russian Federation.

5) The toolkit of state coercion to close inefficient or inadequate modernization facilities, removal, at best, outside the territory of the PRC (as a rule to countries in Africa or Asia, including in the absence of financial and organizational support from the state) The restrained attention on the part of the party bodies to the emerging problems of unemployment and social insecurity of citizens losing their jobs can hardly be acceptable to Russia and other states. This practice reflects the specifics of the development and socio-political organization of China, aimed at building socialism with Chinese characteristics.

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