



# CLAWS

## Mission 2011-2015: China Unveils 12<sup>th</sup> Five-Year Plan

### ■ Monika Chansoria

China readied its 12<sup>th</sup> Five-Year Plan (2011-2015) for Economic and Social Development and put it forth to its top legislative body, the National People's Congress (NPC), in March 2011. With more than 2,000 members of China's top political advisory body, namely the National Committee of the Chinese People's Political Consultative Conference (CPPCC), attending the session, deliberations over accelerating reforms remain centre-stage. The plan is widely believed to be the administrative blueprint for social and economic development as a means of continuing national stability and progress.

Beijing has announced its economic agenda loud and clear by virtue of setting the rate of urbanisation at 51.5 percent, an annual Gross Domestic Product (GDP) growth rate target of 7 percent, and the creation of more than 45 million jobs in urban areas – proposed primarily with the objective of keeping growing unemployment under control. The official *Xinhua* news agency has noted that the government seeks to keep the urban registered unemployment rate below 5 percent. The key issue likely to be concentrated upon in the coming five years would be “accelerating the shift of the economic growth pattern,” as per the views of Zhu Baoling at the State Information Centre. The proposed agenda also seeks the overall economic restructuring of the nation, in the wake of the global recession, which has forced China to boost domestic consumption. In addition, the government intends to stabilise prices by keeping the consumer price

index at around 4 percent. According to the *Xinhua* agency, emphasis has been laid upon innovation, with Research and Development (R&D) accorded 2.2 percent of the GDP.

In so far as addressing reforms in the social sector is concerned, a close tab has been kept on not letting population figures go beyond 1.39 billion. Efforts are being undertaken towards bridging the rural and urban divide, with a proposal for pension schemes that would eventually cover the entire rural populace and around 357 million urban residents. The creation of similar opportunities is also being undertaken outside the urban realm, with the intention of mitigating the ever-increasing income gap. Further, construction and renovation of 36 million homes for low-income families and an increase of 13 percent on a yearly average of wages is planned to be underway in the coming future.

Addressing the opening meeting of the Fourth Session of the 11<sup>th</sup> NPC, Premier Wen Jiabao asserted, “China still faces an extremely complex situation for development this year...The world economy will continue to recover slowly, but the foundation for recovery is not solid.” Wen confessed that institutional incongruities and structural problems continue to be key hurdles towards maintaining continuity and stability in macroeconomic policies.

In this regard, Nobel Laureate in economics Joseph Stiglitz has said that

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China's 12<sup>th</sup> Five-Year Plan "will move China in the right direction." Stiglitz stressed that the plan unveils a larger facet of Chinese economic strategy – the realisation that it can no longer rely on export-oriented growth. However, Stiglitz also pointed out that GDP by itself was not a good enough indicator of the living standard of citizens and that better indicators were required. It seems evident by all these proposed measures that the 12<sup>th</sup> Five-Year Plan has been formulated to resolve China's economic and social bottlenecks. Kay Shimizu of Columbia University stated to *Xinhua* that "changes in rural China are going to be the engine of China's economic growth" for the next five to ten years.

With the fight against global economic recession continuing, the role of the Chinese government is under intense scrutiny as it promulgates its agenda of social and economic welfare. In fact, in February 2010, the leading Party-mouthpiece *People's Daily*, in an editorial underscoring the thematic significance of the 12<sup>th</sup> Five-Year Plan, stated,

Immense changes having occurred in China's external environment and internal conditions since the onset of the world financial crisis... the issue of altering or changing the economic growth mode has turned increasingly prominent.

### Fifth Generation Leadership

Expectedly, economic growth has been accorded primacy yet again in China's 12<sup>th</sup> Five-Year Plan, coinciding with the 90<sup>th</sup> anniversary of the founding of the Chinese Communist Party (CCP). That innovation and reform will be granted special

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attention was apparent when Vice Premier Le Keqiang (widely speculated to succeed Premier Wen Jiabao) declared in June 2010 that "...transformation of the economic growth pattern is a comprehensive and profound change, and involves new ideas and innovative approaches... We must accelerate reform and opening-up in order to achieve it." Statements such as these mirror the ongoing internal contest among the likely successors of the Hu Jintao-Wen Jiabao combine come 2012, when the CCP is expected to convene the 18<sup>th</sup> National Congress. Xi Jinping remains the front-runner to becoming the President of the PRC, General Secretary of the CCP and Chairman of the Central Military Commission (CMC).

In a sense, even if the guidelines offered by the 12<sup>th</sup> Five-Year Plan do lay the framework for the implementation of economic and social policies, the real test for China would be when the fifth generation leadership assumes office and provides some headway to the novelty in innovation and reform, as propounded above. This especially holds true given the existing opacity and aversion when it comes to any arrangement regarding political reforms and transformation by the majority in China's domestic polity. As China gets ready to address the challenge of improving the well-being of its masses with a much-improved social management system, it must keep in mind that failure to do so could become the defining cause of social unrest across the nation.

### The "PLA" Factor

The essential symbiosis between the Party and the People's Liberation Army (PLA) in the pursuit of state power is well known and accepted. The two have historically been so closely intertwined that the military has played a unique, and often dominant, normative and institutional role in the life of the nation. As early as 1929, Mao Zedong had warned,

Our principle is that the Party commands the gun, and the gun must *never be allowed* to command the Party.

While few doubt that the CCP remains firmly in control of the PLA, recent Chinese actions, such as the decision to refuse US Navy port calls to Hong Kong in November 2007 continue to raise fundamental questions about how national security issues are coordinated in Beijing's power corridors. Additionally, the degree of authority that the PLA may or may not have to take unilateral action that affects Chinese national security or foreign relations is debatable. Notably, a conspicuous omission in the 2008 *White Paper on China's National Defense* was the failure by the People's Republic of China (PRC) to comment on the Anti-Satellite (ASAT) test of January 2007 – an aggressive demonstration of its technological prowess. China's ASAT test revealed that the PRC's Foreign Ministry was ill-equipped to comment upon the event in front of the international community. The PLA's assertiveness over the political leadership in China had been previously demonstrated in April 2001, when an EP-3 US reconnaissance plane collided with, and destroyed, a Chinese J-8II interceptor fighter jet, causing the death of the Chinese pilot, Wang Wei, near China's island province of Hainan. The military leadership is believed to have refused to cooperate with the political counterparts in a calculated manner aimed at boosting the credibility and authority of the PLA.

On a more recent note, China rolled out its first J-20 radar-evading stealth fighter in early January 2011. The J-20 took its maiden flight over Chengdu in southwest China. Beijing made it a point to unofficially announce the arrival of the J-20 by widely circulating images of the stealth fighter on the tarmac at an airfield near Chengdu in December 2010. Whether the launch of the J-20 was designed to overlap with the arrival of US Secretary of Defence Robert Gates, or was a mere coincidence, is a matter of debate. But it certainly came across as a disconnect between China's internal policy-making and issues of transparency, especially on matters military. The nature and existential equations of the Chinese civil-military dynamic led to raised eyebrows again, with Beijing not having given an official confirmation and the civilian leadership seemingly caught unawares. Secretary Gates called

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for China's military to communicate better with its civilian leaders, thus underscoring the question as to who actually wields control in China. However, going by a *BBC* report, Xi Jinping reportedly visited Chengdu around the period when the J-20 was set for its trial run.

Therefore, it would only be prudent to assume that the presence of the PLA factor would surely come into view during the 2012 power struggle, given that the PLA commands strong influence in the domestic and foreign policy orientations of China, demonstrated in the numerous occasions cited previously. In all likelihood, the PLA faction will vehemently oppose any style of 'political reform' in the CCP's system.

It has been widely noted that China has always highlighted the coordination of military modernisation with national economic development, marked in the 2008 *White Paper*, which stated,

In the past three decades of reform and opening up, China has insisted that defense development should be both subordinated to, and in the service of, the country's overall economic development, and that the former should be coordinated with the latter... China continued to increase its defense expenditure steadily on the basis of its rapid economic growth.

The submission of the draft of the 12<sup>th</sup> Five-Year Plan for review was preceded by the announcement of the 2011 Chinese defence budget, which provided a further push to the country's overall modernisation drive. On 04 March 2011, the official spokesperson of the NPC announced a Yuan 601 billion (\$91.5 billion) defence budget – a 12.7 percent increase over the Yuan 533 billion (\$81.3 billion) authorised in 2010.

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The debate surrounding China's defence budgeting and its inherent lack of clarity, in spite of demands for making military spending more transparent, has made the rounds for a long time now. Exploratory concerns that Beijing is treading along the road towards realising its long-term goal of creating a wholly indigenous defence industrial sector, which will be able to meet the requirements of the PLA's ongoing military modernisation programme, have only increased with the passage of time. In fact, confusion continues to revolve around fundamental issues regarding the PLA, such as the number of personnel in each Service or the true aggregate of China's actual defence expenditure.

### Conclusion

As China gears up to welcome the fifth generation of its political leadership, the CCP has accorded high priority to internal security by reinforcing efforts towards strengthening the internal public security apparatus. The current Party leadership is determined to preserve the supremacy of the Party in China. The private economic sector has surpassed the state-owned one and is creating myriad new private interests, which are contending with the Party's interests. This clash may potentially manifest in the form of discontented factions emerging on the national, regional and local political scene. By making the 12<sup>th</sup> Five-Year Plan public, China has chosen to avert any basis of popular unrest or political discontent prevalent in its complex social strata. In an effort to forestall any prospective

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danger to the authority of the Party or political leadership, the degree to which 'selective reforms' should be implemented is being debated upon.

Many decades ago, Mao Zedong declared that "political power flows out of the barrel of the gun" – a fact which still holds true for China. The proposed 12<sup>th</sup> Five-Year Plan pronounced measures to promulgate social and economic welfare through reforms that connote a deliberate and managed process of what the Chinese would call 'change'. However, an equally potent option is available through the increased defence budget – a reflection of China's intention of using its military arm, the PLA, to crush any potential social discontent or faction of society that seeks social/political justice, thereby preventing it from coalescing into a viable opposition in China. Recollecting the ill-fated and deplorable events of Tiananmen, Xinjiang and Tibet, which continue to tarnish China's efforts of engineering an image reflective of its expanding global footprint, China is expected to come clean on internal strife, to bring its economic and social agenda to fruition.



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*Views expressed in this Issue Brief are those of the author and do not represent the views of the Centre for Land Warfare Studies.*



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