Double Circulation: A Growth Model for the Chinese Economy in the Next Fifteen Years

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Abstract—The economic development strategy of Double Circulation, chosen by China for the next fifteen years, is discussed. New drivers of economic growth—domestic demand and innovation—are analyzed. Some aspects of China’s international economic agenda in the changing geopolitical conditions are examined.

Keywords: China, Double Circulation, domestic demand, R&D, Belt and Road Initiative

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Strategic turn. In 2020, Beijing announced the transition to a new strategy of economic growth, which envisions the reliance on domestic demand as the main driver of the Chinese economy. The former drivers—increased exports, investment, and interactions in the international economic circuit—receive a supporting role in the new model. The new strategy is called Double Circulation (双循环, shuāng xún huán).

It should be noted that such a laconic formulation of strategic guidelines is traditional for the political culture of China and is inherent in the Chinese mentality. Thus, in 1959, Mao Zedong proclaimed the “walking on two legs” policy (两条腿走路 liǎng tiào tuǐ zǒu lù), which meant in economic terms the reliance on heavy industry while developing agriculture. This conceptual framework refers to the traditional Chinese dualism—in Beijing there are both the Temple of Heaven and the Temple of Earth, as well as both the north and south gates in the Forbidden City. In the Chinese language, the term 循环 (xún huán) appears in the words “blood circulation” (血循环 xuè xún huán), suggesting that it manifests a single wholesome body.1

Noteworthy is the fact that the new development strategy was formulated and legalized in the 14th five-year plan of socioeconomic development for 2021–2025 and in the long-term goals until 2035 at the NPC session in March 2021, i.e., within one year.

This speed of making such important strategic decisions is truly remarkable. To a certain extent, it was dictated by the “trade war” unleashed by the United States. At the same time, it cannot but testify to the effectiveness of both the political system created under the CPC leadership and the strategic planning experience accumulated in the previous decades.

We should agree with those experts who argue that the transition to the new economic strategy did not come out of the blue. Its elements had been “ripening” for decades [2]. A milestone on this path was Program 995 (May 1999), a large-scale and ambitious program of military technology modernization, initiated by the Politburo of the CPC Central Committee. It is known that on May 7, 1999, during the armed conflict between NATO and Yugoslavia, an American bomber struck “by mistake” the Chinese embassy in Belgrade, killing three people. The program was aimed at accelerating the development of a range of disruptive military technologies. Taking into account the decades of experience of borrowing foreign military and dual-use technologies in Europe, Israel, and the countries of the former Soviet Union, Program 995 set a priority to develop the science and technology base of the national defense industry. Colossal funds were allocated for the implementation of the program. In 1999–2008, the military budget was growing at the highest rate in the PRC history—at an average of 16.2% per year [3]. As a result, by the end of the 2000s, China reached a high level of self-sufficiency in military equipment and weapons.2 Meanwhile, it is obvious that the breakthrough development of the national defense industry could not but give a powerful impetus to the modernization of the associated civilian industries.

In addition, the necessity to rely on domestic demand in China became a central issue after the

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1 Some experts believe that this term is better translated as “two circuits” [1].

2 V. Kashin and I. Timofeev, US–China relations: towards a new cold war? June 2021. https://ru.valdaiclub.com/a/reports/amerika-kitai-novaya-kholodnaya/.
global financial crisis of 2008. In the mid-2010s, the Chinese leadership recognized that the economy had settled into the “new normalcy,” and rather than achieving double-digit GDP growth rates, they should target its quality and search for new resources to increase the innovative potential.

Analysis of the economic growth in China over the past decade shows that this country has reached many of the planned qualitative targets of development. Specifically, China “reduced in relative terms the export of finished products of low-tech industries, e.g., light industry, which for many years had been the locomotive of the Chinese economic miracle, while successfully implementing import substitution of components used in the production of finished products in all industries” [4]. In general, the industries “where China increased its competitiveness in the last decade are classified as medium and high tech” [4].

Reliance on domestic demand. Until the early 2010s, the main driver of growth was exports and increased investment. From 2010 to 2020, the GDP share of end consumption increased from 49.35 to 54.29%, indicating that it was indeed becoming the main source of GDP growth.

Meanwhile, the ratio of the shares of households and the state in end consumption did not change much over the past decade, remaining at about 70 and 30%, respectively. The steady growth of household consumption would not have been possible without a consistent increase in household incomes in recent decades. The results of the 2020 population census in China reveal a growth of disposable incomes in the various groups of households (Table 1).

The incomes in all the five groups of households increased on average by 38.4%, and those of the first and second groups were growing at a faster pace.

The results of the census gave the Chinese authorities a clear idea of the size of the middle class and the growth prospects for its share in the national population. After all it is the middle class that acts as the main generator of demand for products in which China seeks to increase the share of national added value. It should be borne in mind that China has no unified system of criteria for classifying citizens as middle class. Chinese statistics classify as middle class the households with an average annual income from 100000 yuan ($15200) to 500000 yuan ($76000).³ Many countries use other classification techniques, which take into account such parameters as profession, education, etc. But in the context of expanding market capacity, the criterion of disposable income appears to be appropriate. Using the available data on household incomes and the average household size (2.92 people), it was calculated that by the above criterion, the Chinese middle class increased from 270 to 490 million people from 2013 to 2019. McKinsey experts predict that by 2022 the Chinese middle class (households with incomes of 75000–280 000 yuan per year) may reach 550 million people.⁴

The growth in household incomes affects primarily the breakdown of household expenditures. Thus, in 2013–2019, households began to spend more on transport, education, culture, recreation, and health care, and relatively less on food and clothing. The amount of purchased durable goods (in physical units, per 100 households) also changed:

— Cars, from 22.3 to 43.2.
— Refrigerators, from 89.2 to 102.5.
— Washing machines, from 88.4 to 99.2.
— Air conditioners, from 102.2 to 148.3.
— Hot water heaters, from 80.3 to 98.2.
— Mobile telephones, from 206.1 to 247.4.

In addition, the development of consumption in China necessitates using the tools of the “self-healing economy,” or “circular economy.” They include setting limits on the permissible time of consumption for certain durable goods and on the time of real estate ownership. Thus, the maximum life of a residential building is 70 years, after which the building must be demolished. For commercial real estate, this term is limited to 40 years.⁵ Moreover, the building waste from demolition is subject to reutilization, as established in the 14th five-year plan. Cars made in China must be scrapped 10 years after their production date;

³ Consumption quality of China’s middleincome population needs more attention // Global Times. 2019. January, 29. URL: https://www.globaltimes.cn/content/1137451.shtml.
⁴ How Well-off is China’s Middle Class? URL: https://chinapower.csis.org/china-middle-class/.
⁵ No work—no home: China infringes the right to housing, RBK, October 30, 2015. https://realty.rbc.ru/news/57fd1f8e9a3f947a7c8e90c87.
for cars made by foreign manufacturers, this time-frame is 15 years [5].

A study by Morgan Stanley associates the greatest potential for domestic demand growth with relatively small (by Chinese standards) cities with a population of one to three million people (the so-called third-tier cities).\(^6\) About 34% of the population lives in them.\(^7\) The reason is that people living in these cities have more opportunities for expanding their consumption since they spend less on transportation and real estate in comparison with residents of large cities. Moreover, it is the third-tier cities that hold potential for the development of urbanization.

According to the National Bureau of Statistics of China, in 2017 about 244.5 million people out of the 848 million urban population had no registration (hukou).\(^8\) These are migrant workers with a rural registration.\(^9\) They have no access to the social insurance system and to adequate health care and education services, which explains their increased propensity to save, reducing their consumer potential.

In the 14th five-year plan, restrictions on urban registration are to be removed for rural migrants in third-tier cities and some “easing off” is planned in obtaining registration in large cities for this category of citizens. Thus, migrant workers will be able to increase their incomes, which will lead to an increase in their consumption.

China is among the countries with the highest savings rates, calculated as gross national income minus total consumption plus net transfers [6]. According to the World Bank, in 2018 the world average savings rate was 25.1%, while in China it was 45% (this rate was 19% in the United States and 25% in the European Union).\(^10\) The propensity to save is due to cultural and historical factors, including the Chinese mentality. Thus, in the recent past, the failure of the Great Leap Forward and the chaos in the economy created by the Cultural Revolution convinced the population that savings are the most reliable means of survival in the current conditions [7]. Moreover, the overwhelming majority of the modern urban population of Chinese cities are yesterday’s peasants, who lived until recently in extreme poverty.

In order to overcome the historically shaped propensity to save, the Chinese authorities rightly place their stake on ensuring stable growth in the disposable income of the population and developing a social insurance system that opens up new horizons for consumption growth.

**Development through domestic innovations.** Since the PRC came into being, the issues of modernizing productive capacity have been central for the authorities of a backward agrarian country, who set for themselves ambitious development goals. In the 1950s, with the support of the Soviet Union, a backbone of industrial enterprises was created that laid the foundation for the development of Chinese industry. After the lost decades of the Great Leap Forward and the Cultural Revolution, the transition in the late 1970s to Deng Xiaoping’s Open Door Policy involved the widest possible attraction of foreign capital and advanced Western technologies in all sectors of the national economy.

Since the beginning of the reforms, science and technology development received special attention. Programs and plans were formulated to accelerate the modernization of both individual industries and the national economy as a whole. The implementation of these plans, an integral part of the ongoing economic reforms, has borne fruit; the sustained high growth rates enabled China to become the “world’s factory,” ranking second after the United States in GDP and outstripping it in GDP (PPP).

However, it turned out that stepping into such a high position in the global economy comes at an increasing risk of strategic vulnerability, calling into question the prospects for further growth. Thus, the share of national value added in manufactured goods remained low (especially in high-tech products).\(^11\) Moreover, it became increasingly clear that China was critically dependent on access to advanced Western technology.

One of the first signs that the Chinese leadership became aware of those risks was the adoption of Program 995 in 1999. The implementation of this program allowed China to create its own technological base and set the framework for the development of the national defense industry, enabling it to reach the forefront in the production of modern weapons.

A special role in the comprehensive scientific and technological development is played by Made in China 2025, a strategic plan approved in 2015. Its goal is to increase the share of the main high-tech components of domestic industry to 40% by 2020 and to 70% by 2025.\(^12\) The program provides for priority subsidies, tax breaks, and cheap lending for high value-added industries.

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\(^{6}\) Bullish on China’s Lower Tier Cities, Morgan Stanley Research, https://www.morganstanley.com/ideas/china-lower-tier-cities.

\(^{7}\) 3 Misconceptions About Lower Tier Cities in China. URL: https://agencychina.com/blog/3-myths-lower-tier-cities-china/

\(^{8}\) The number of migrant workers in China in 2017 was 244.5 million people. http://russian.news.cn/2018-12/26/c_137700081.htm.

\(^{9}\) A. Zotin. Ghost urbanization: a story of how one of the growth drivers became a headache for China. The Carnegie Moscow Center. https://carnegie.ru/commentary/74778.

\(^{10}\) Gross savings (% of GDP)? The World Bank. https://data.worldbank.org/indicator/NY.GNS.ICTR.ZS (Accessed September 21, 2020).

\(^{11}\) Thus, in 2018, the factory cost of iPhone 7, released at the end of 2016, was estimated at $237.45 with a retail price of $649 for the base model. It is estimated that about $283 per model sold went to Apple in added value, and China, where the assembly plants were located, got only $8.46 from each sale.

\(^{12}\) Made in China 2025. https://ruchina.org/economy/made-in-china.html.
Over the past decade alone, China spent colossal amounts of money to overcome the technological dependence. Thus, from 2010 to 2020, China’s R&D spending increased from 706 billion to 2.44 trillion yuan ($580.9 billion), or from 1.71 to 2.4% GDP. However, in R&D spending as a percentage of GDP, China remains considerably behind Japan ($188.9 billion or 3.5% GDP), the United States ($656 billion or 3.06% GDP), and South Korea ($103.6 billion or 4.64% GDP). For example, in 2019 Russia’s R&D spending was 1.13 trillion RUB ($44.3 billion), or 1.03% GDP. In 2019, about 20% of R&D spending in China went to public funds and about 76% to the funds of enterprises.

According to the 14th five-year plan, China is to increase its R&D spending by at least 7% per year, i.e., faster than the projected GDP growth. Thus, by 2025, its R&D spending will increase to about $3.4 trillion yuan per year, or $815 billion in PPP terms (about 2.52% of GDP). In addition, the share of fundamental research and pilot studies in R&D spending increases to an unprecedented 8%, which indicates the creation of a powerful scientific foundation for future technological breakthroughs. All this testifies to the creation in China of a powerful innovation cluster, the future driver of economic development.

The new five-year plan assigns the key role of strategic technology development to the so-called State Key Laboratories (SKLs). The major areas of development are quantum informatics, photonics, micro- and nanoelectronics, network communications, artificial intelligence, biotechnology, pharmaceuticals, and modern energy systems. Institutes and research groups (both private and public) that have attained the SKL status receive direct financial support from the central government. The first SKLs were approved in 1984. The scope of the SKL activities covers both civilian and military technologies. As of the end of 2019, there were 515 SKLs in China.

The developers of the 14th five-year plan clearly understand the areas where China currently holds a leading position worldwide as well as those areas where it still lags seriously behind advanced Western technologies.

Thus, artificial intelligence (AI) is a key development priority for China in the next 15 years. The implementation of the AI development program adopted in 2017 involves three stages. At the first stage, by 2020, China should catch up with the leading countries in terms of AI development. The spending on the AI industry should amount to $22.5 billion, and more than $150 billion should be spent on the development of related industries. The goal of the second stage, by 2025, is to achieve leading positions in some specific areas of AI. It is planned to spend $60 billion on the development of the AI industry and $745 billion on related industries. The goal of the third stage is to become a world leader in AI by 2030; investments will amount to $150 billion in the AI industry and $1.5 trillion in related industries.

Artificial intelligence is being used not only to design new tools for internal and external security. Today, China has more than 500 smart cities where AI is used to analyze traffic and manage infrastructure [8]. During the COVID-19 pandemic, the use of mass surveillance devices (e.g., thermal scanners at train stations) with AI technologies allowed one to obtain maps of the epidemic that displayed existing and potential foci of infection, enabling prompt introduction of targeted quarantine measures.

In addition to AI, China places its stake on the development of 5G networks for wireless transmission of large amounts of data. This technology will open up new horizons for industrial automation and allow the development of more complex automated production.
lines. The rollout of 5G will help China to close the productivity gap and offset the decline in its working-age population. In addition, the development of 5G networks will make cloud technologies more accessible, possibly reducing the performance requirements to individual devices at the disposal of users, thereby compensating for China’s technological gap in the production of the latest 5-nm (or less) process chips.

By becoming the world’s first country to deploy a 5G system (as of today, 86% of 5G users worldwide are Chinese), China will make a breakthrough in global satellite Internet. At the first stage, by 2022, China plans to launch up to 13000 satellites into orbit. At the second stage, by 2025, it plans to provide access to satellite Internet throughout the world.

Today, China is the world leader in several high-tech areas. Given its largest robot market (36% of the world market) [9], China is the world leader in the total capacity of wind and solar power plants. China has the world’s longest high-speed rail network. In 2020, China produced about 1 million electric vehicles (the United States produced 410000). In the same year, China sidelined Germany and came on top in the export of automotive engineering products (15.8% of the market). Last year, China registered 68720 patents with the World Intellectual Property Organization, while the United States registered 59230. Meanwhile, up to 10% of all new patents registered in the United States belong to people with Chinese names.

The wage growth and the access to quality health-care and social welfare services and quality housing play a key role in attracting the highly educated professionals needed to develop high-tech industries. Thus, China is actively attracting advanced specialists in high-tech electronics. By the end of 2020, Chinese companies had recruited more than 3000 TSMC (Taiwan Semiconductor Manufacturing Company, a world leader in semiconductor chips) engineers, including more than a hundred senior engineers and department heads.

In 2000, only 23% of students who went to study abroad came back to their homeland. In 2010, the share of returning students increased to over 47%, and in 2019, to 82%. In 2019, the number of Chinese students studying abroad was 703500. Almost half a million students from China study at US universities [10]. The annual graduation rate is 400000 engineering specialists (data for 2017), and a half of them have a degree in microelectronics [11].

Outer contour. As conceived by the Double Circulation strategists, the outer contour is to play an auxiliary role, which in no way diminishes its critical importance for the implementation of the concept as a whole. In the foreseeable future, China will still need to promote its products to foreign markets and gain access to the necessary raw materials and energy resources and technologies.

Therefore, in 2013 the PRC President Xi Jinping came up with an initiative called the Belt and Road (BRI). This initiative “represents one of the most ambitious global infrastructure investment strategies in human history.” It embraces a wide range of infrastructure and development projects in sectors such as energy, transport, digital technology, and urban development and water supply, and the geography of these projects covers vast expanses from East Asia to Europe.

One cannot but agree with those experts who believe that China thereby solves two issues at once: it utilizes its huge investment potential and gradually increases its geopolitical influence. China has signed corresponding agreements with 139 states around the world.

A crucial feature of the BRI is that the accession to this initiative does not depend on any political conditions or restrictions. Initially, China demonstrated the availability of concrete financial resources and means for its implementation (in 2014, the Silk Road Fund was established with a capital of $40 billion, and in 2015, the Asian Infrastructure Investment Bank with a capital of $100 billion).

The fourth industrial revolution: China has been the first to make a transition to Industry 4.0. June 26, 2021. https://zen.yandex.ru/media/nationalpriorities/chetvertaia-promyslennaiarevoluciiia-kak-kitay-peryvm-perehash-k-industrii-40-60d7579aa487630a3fd5d637.

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By some estimates, China was investing in the BRI on average $100 billion per year in the first five years, reaching a peak of $125 billion in 2015. Naturally, investment on such a scale cannot but generate concerns due to ineffective spending of funds and corruption scandals (as evidenced, e.g., by the experience of implementing individual BRI projects in Malaysia, Pakistan, Sri Lanka, and Montenegro). Some of the recipient countries began to raise complaints about an unjustified increase in debt to China and about the predominant use of Chinese labor at construction sites.

Beijing understands the need to make adjustments to the BRI, primarily in terms of improving the efficiency of its implementation and information support. Thus, the Boao Forum for Asia, held in April 2021, was essentially an attempt to present the initiative as a New Silk Road with a Human Face. The emphasis was on clarifying opportunities for mutual benefit and poverty reduction in the BRI countries. The forum showed that Beijing is ready to qualitatively increase transparency and improve procedures at all stages of development, assessment, approval, and implementation of the BRI projects. Concrete steps have been taken lately in this direction, based on the principle “less is more.” Specifically, China has radically constrained the funding limits of the two largest state-owned “political” banks—the China Development Bank and the Export–Import Bank of China—in foreign investment projects. Meanwhile, there is a tendency towards an increasing role of Chinese commercial banks that have the relevant internationally recognized expertise. 36

As the BRI is being implemented, a campaign has been launched in the West to discredit the initiative. It accentuates the supposedly inevitable adverse consequences of Chinese expansion for developing countries (falling into a debt trap, corruption of local elites, loss of political and economic independence). Meanwhile, some Western think tanks view the situation more soberly and realistically. Thus, according to the findings of Investigative Europe, Chinese investments have had a positive effect on local economy and labor market while no clear evidence was found of economic damage or extreme dependence of the countries participating in the project. 37 In addition, according to the German Bertelsmann Foundation, in the period from 2013 to 2017, the BRI member countries received about $290 billion from various Western financial sources while Beijing received $285 billion.

In response to the BRI expansion, the West set out, albeit with some delay, to formulate alternative programs. Thus, in August 2018, the Vienna Institute for International Economic Studies came up with a four-year project to create the European Silk Road worth 1 trillion euro. 38 In June 2021, the G7 summit announced the Build Back Better World program, which is designed to reduce infrastructure deficits in the developing world through investments of $40 trillion by 2035. 39 It is assumed that the investments will come mainly from private companies. There is no doubt that they will ultimately be shaped by different political conditions.

Amid the deepening confrontation with the United States on the outer circuit, China focuses on the development of trade and economic relations with its main economic partners, the European Union and the Asia Pacific countries. In this context, the year 2020 saw two critical events for Beijing. In November 2020, the Regional Comprehensive Economic Partnership (RCEP) was signed between the ASEAN countries, China, Japan, Australia, New Zealand, and the Republic of Korea; in December 2020, the Comprehensive Agreement on Investment was signed between the European Union and China. At the end of 2020, the trade turnover between China and the RCEP countries amounted to $1473 billion, and the turnover between China and the European Union, to $649 billion. 40

The China–EU agreement was concluded despite opposition from Washington, which was striving to make the Europeans tighten export controls on joint projects with China and restrict Chinese investment in economic sectors related to dual-use technologies and critical infrastructure (as of yet no such investment exists between the United States and China). Thus, the agreement promises Europeans more privileged terms of access to the Chinese market, compared to the Americans. It opens up an opportunity for European companies to invest in several sectors previously closed to foreign investors and removes the critical requirements of setting up joint ventures with Chinese companies, which limited the income of foreign investors. Meanwhile, China continues to benefit from the openness of the EU market. In the long term, it benefits from the fact that the European Union’s policy towards China becomes less dependent on the United States.

However, one should bear in mind that several more years will pass before the agreement comes into force, in the case of successful ratification by the European Parliament and fulfillment of other legal preconditions.

36 Matthew Mingey, Agatha Kratz. China’s Belt and Road: Down but not Out. https://rhg.com/research/bri-down-out/.
37 F. Sieren. New Silk Road: the West should not fear China but offer its own vision. Deutsche Welle. September 24, 2019. https://p.dw.com/p/3PxpM.
dure. There is no doubt that the Americans, relying on their satellites in the European Union (Poland, Lithuania, etc.), will be trying to slow down this process in every possible way.

In the context of the threats and risks from the outer circuit, one should consider the measures taken this year by the Chinese government to tighten regulation of the rapidly growing domestic IT companies. For example, following an antitrust investigation against Alibaba, the latter was fined $2.8 billion. Tencent was forced to restructure into a financial holding company; Ant Group’s IPO was suspended; and the DiDi app was removed from Chinese app stores. As a result, the owners of these companies suffered serious losses; the founder of Alibaba, Jack Ma, lost $13.2 billion, and the founder of Tencent, Pony Ma, lost $13.8 billion. The Chinese authorities resorted to such harsh and painful measures amid the growing geopolitical instability because the activities of these companies were creating a serious increase in financial risks.

Conclusions. The goal set by Xi Jinping in 2012 to create a “medium-wealth society” in China by 2021 has been achieved. Per capita incomes have doubled to over $10000 per year. Absolute poverty has been eliminated. In November 2020, the PRC President announced a new program, calculated until 2035, i.e., “socialist modernization,” which also involves a doubling of per capita income. Double Circulation becomes the growth model for the Chinese economy in this period. The concept of Double Circulation has not emerged as a spontaneous reaction to the “trade war” unleashed by the United States with China. Over the past decade, one of the key features of the Chinese economy development has been the transition to economic growth generated by domestic consumption, which directly depends on the population income. Thus, for the period 2008–2019, the share of merchandise exports in China’s GDP fell from 31.6% to 17.4%. With a population of over 1.4 billion people, one third of which belongs to the middle class, China has an objective opportunity to rely on domestic demand as the main driver of development.

It is important to emphasize that China is neither an economy in transition nor state capitalism. The new strategy is implemented within the socialist development paradigm. “Socialism with Chinese characteristics” is not a decorative sign over a market economy. The state remains the main actor of development with strategic planning and a leading player in science and technology progress, in the field of science and education, and in the reproduction of human capital. The growth of the population well-being and the improvement of the quality of life continue to be the key goals of development.

The state supports private entrepreneurship in competitive areas, which benefits society, but blocks it where it threatens economic stability, increases financial risks, or attempts to monopolize a market. Meanwhile, recent years have seen a gradual easing of the conditions for small and medium-sized business. In dealing with consequences of the pandemic, this entrepreneurial group, which comprises millions of businesses, received new benefits, which are to be retained in the subsequent period. As shown by the recent events around the leading Chinese IT companies, the state is able to “convince” even the largest and most successful entrepreneurs to take into account the country’s long-term development interests and increase their contribution to the “common well-being.”

The formation of the national innovation system was accelerated since the early 2000s in association with the large-scale military technical modernization program (Program 995), aimed at the priority development of the science and technology base of the national defense industry.

The breakthrough development of the national defense industry could not but accelerate the modernization of the associated civilian industries. In general, since the launch of the Open Door Policy, sixteen comprehensive and sector-specific programs of science and technology development have been designed. This effort has allowed China to take a leading position in the development of several key technologies.

The United States generates various kinds of sanctions and restrictions, but their attempts can only slow down, rather than stop, the further development of the national innovation system in China. Paradoxically, the US sanctions may lead to the opposite result. For example, the obstacles to Huawei’s activities in the international 5G market prompted the Chinese company to focus on the development of 5G networks in China, and this country became the undisputed world leader in this technology.

Nonetheless, the United States is stepping up efforts to build the so-called Anti-China International, i.e., a broad alliance of democracies against authoritarianism. However, this process does not seem to be unfolding the way they wanted. This is evidenced, for instance, by the signing of the China–EU Comprehensive Agreement on Investment.

The attempts by the West to create a collective “democratic” anti-China front pose a critical task for Beijing, i.e., to form of a flexible coalition of countries that are reliable economic partners with whom China has no fundamental political disagreements. In this regard, it seems relevant for China to strengthen its

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41 Bloomberg has counted the losses of China’s billionaires amid government regulation. https://quote.rbc.ru/news/article/610a78449a7947ccf6e3b468.
42 S.S. Tsyplakov. China chooses a strategy for 15 years. Nezavisimaya Gazeta (network publisher). https://www.ng.ru/ dipkurer/2020-10-18/9_7992_china.html.
interactions with the countries of the SCO, BRICS, and EAEU, primarily with Russia.

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