

Escaping the Middle Income Trap: A Forum

**Brookings-Tsinghua Center for Public Policy and Fudan Lab for
China Development Studies**

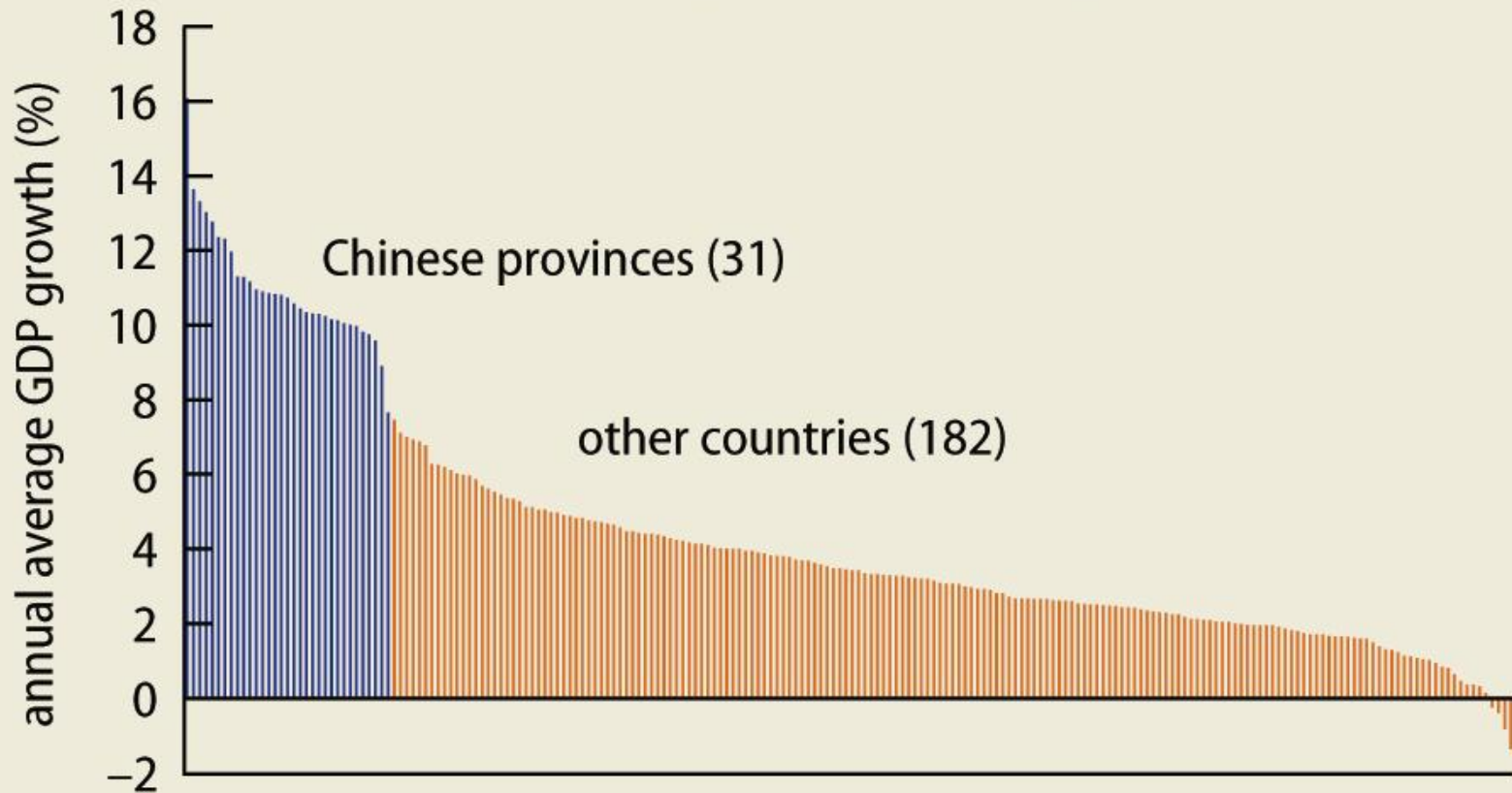
**Chorching Goh,
The World Bank, Beijing**

**November 1, 2012
School of Public Policy and Management, Tsinghua University**



China's inexorable rise

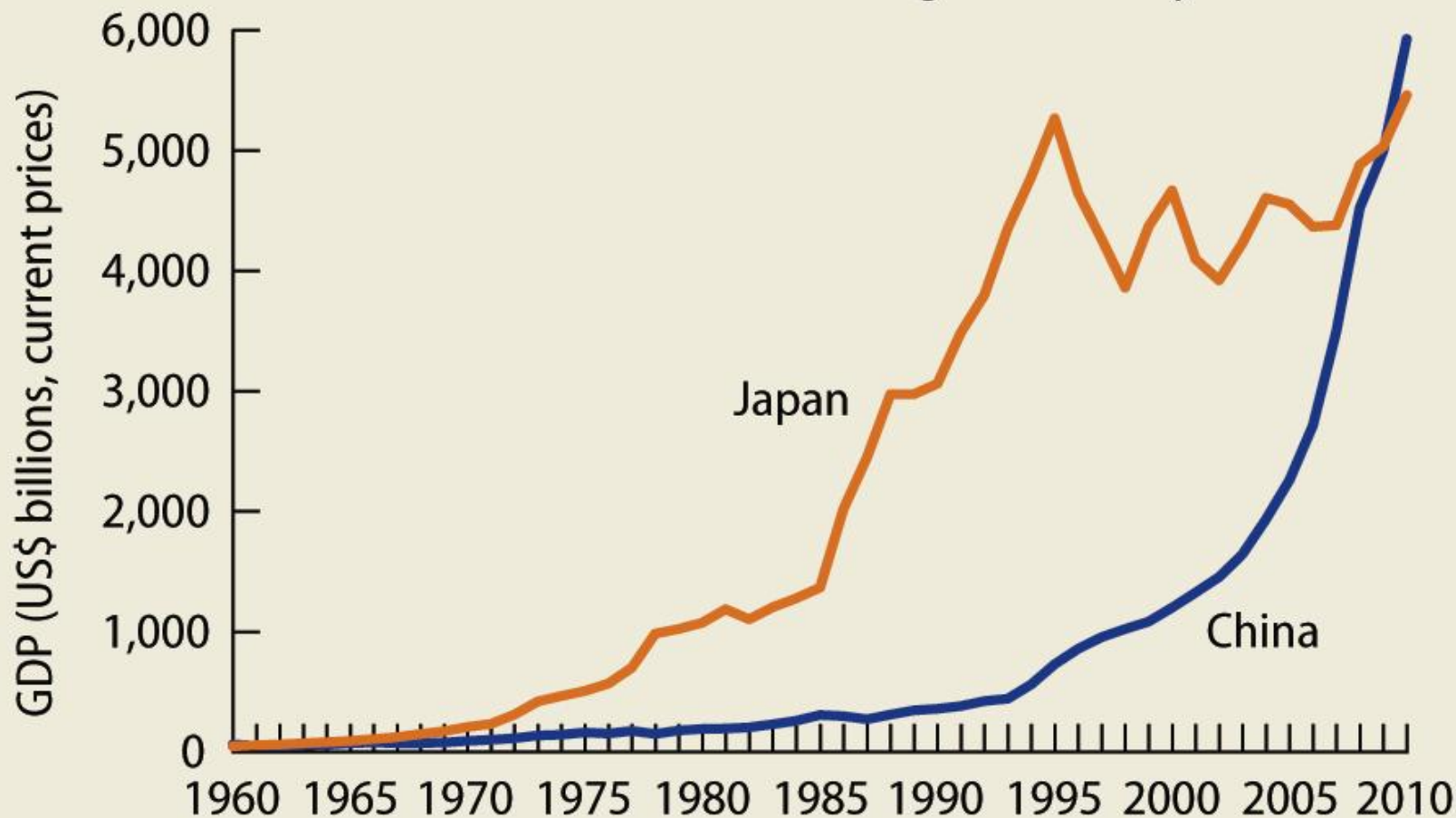
a. China's rapid, broad-based growth ...



Source: NBSC 2010; World Bank 2011.



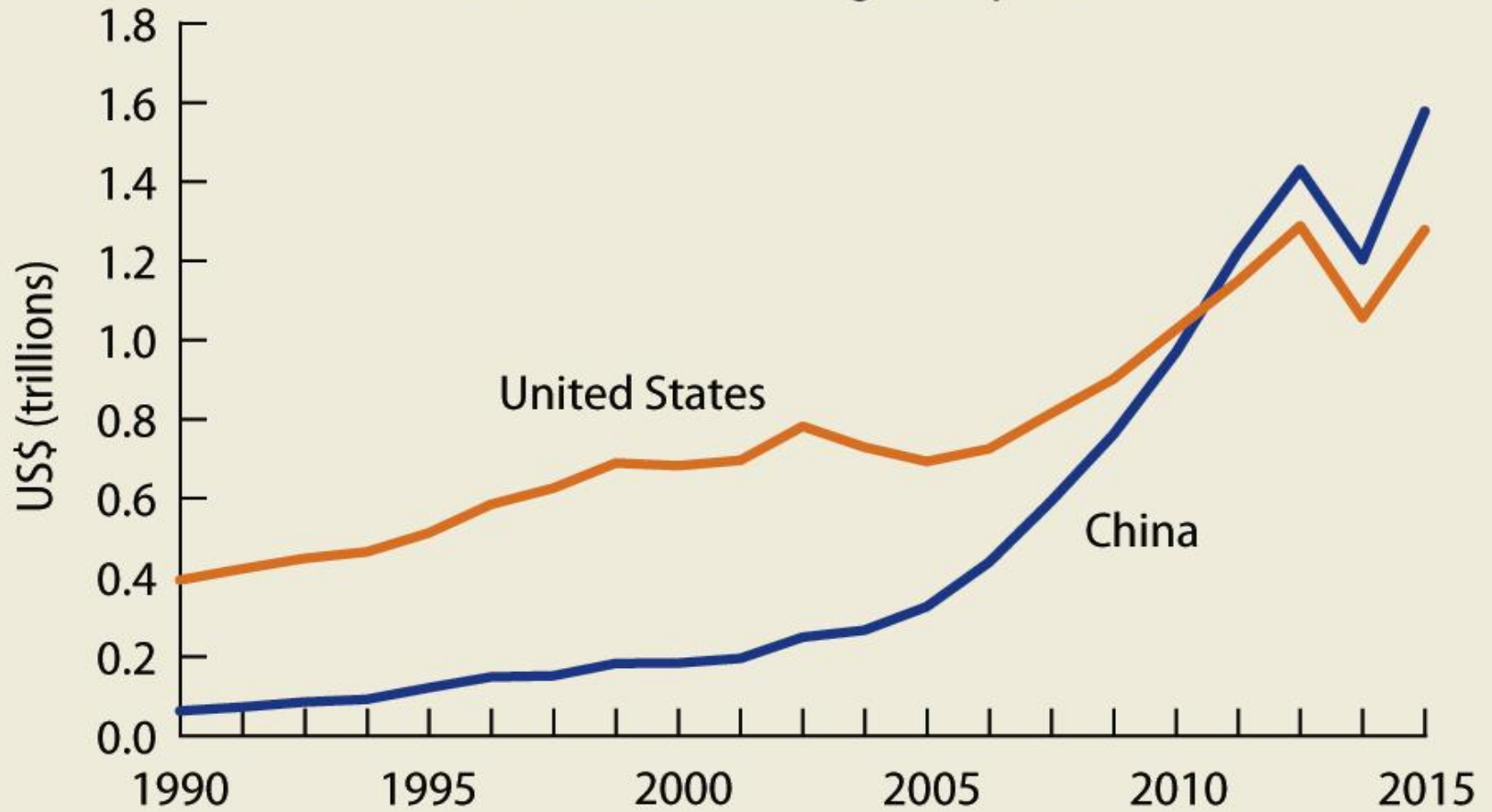
b. ... has made it the second-largest economy in the world ...



Source: NBSC 2010; World Bank 2011.



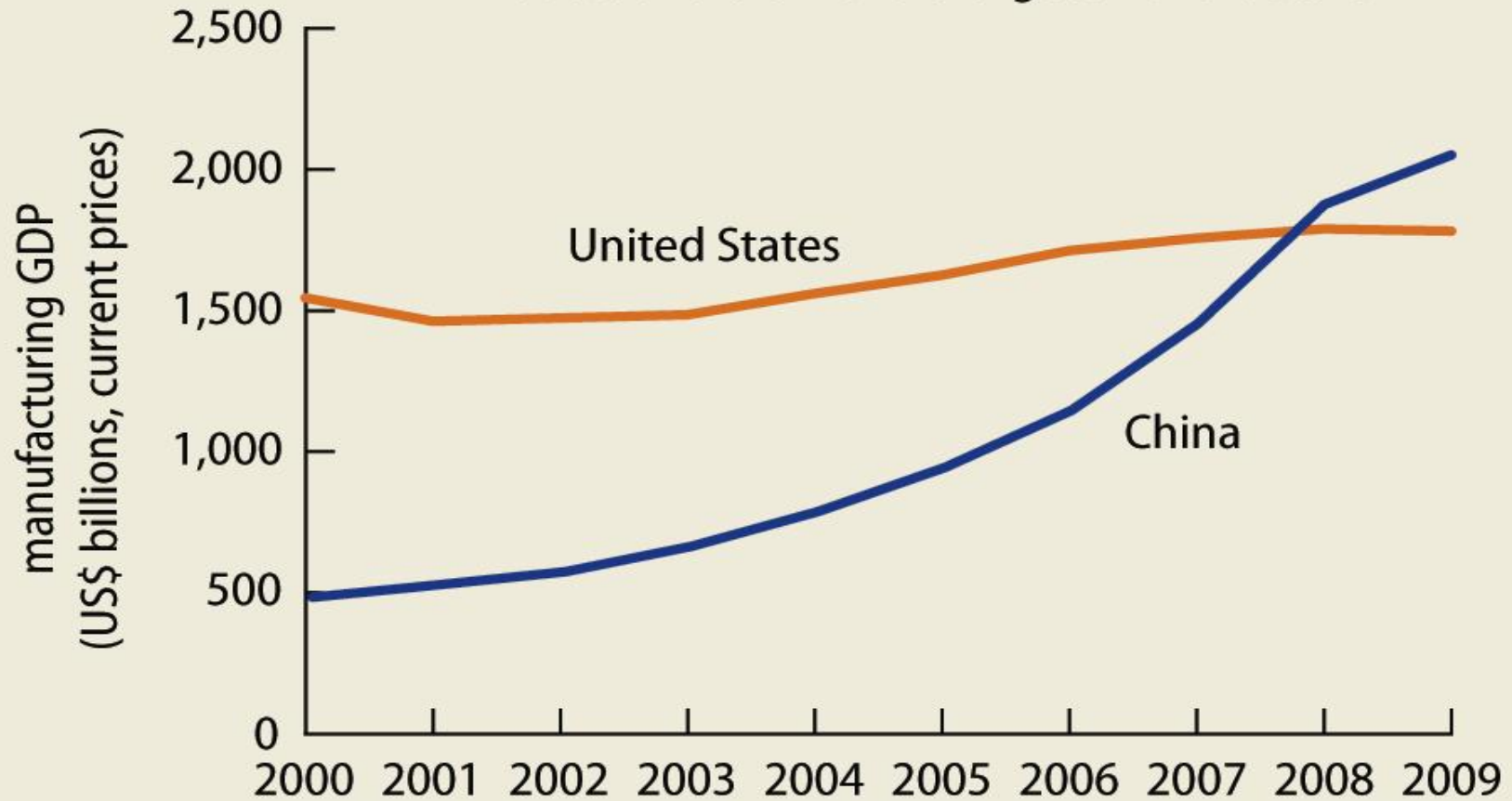
c. ... the world's largest exporter ...



Source: NBSC 2010; World Bank 2011b.



d. ... and the world's largest manufacturer



Source: UNSD 2010.



China 2030: key recommendations

- Recalibrate the role of Government and private sector towards a stronger market based economy
- Promote an innovation eco-system
- Go Green
- Ensure equality of opportunity and access to basic amenities and social services
- Reform the fiscal system aligned with the role of government



The role of the state

- Recalibrate the role of state owned enterprises and reform their governance structure
- Reexamine the role of state owned banks
- Land reform, especially in peri urban areas



An eco-system for innovation

- Raise quality of university graduates and research
- Link in global innovation and R&D networks
- Build IPR and legal institutions to facilitate international innovation chains
- Build “sticky” cities



Environment

Go green through

- market incentives
- Effective regulations
- Energy efficiency of buildings
- Smart transport systems
- Stronger institutions for green development implementation



Equality of opportunity

- Narrow and overcome rural urban service disparities
- Focus on underserved rural areas and migrants
- Better pension systems and long term care
- Enhanced government capacity and accountability



The fiscal system

- Reform fiscal central- provincial-sub provincial relationship and align expenditure responsibility with resource availability
- Bring all resources “on budget”
- Allocate towards social and environmental challenges
- Introduce SOE dividends into the treasury



Thank you

