

Market will play 'decisive' role

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The Communist Party of China (CPC) pledged to let markets play a "decisive" role in resource allocation as it seeks to deepen reform to steer the economy to a more sustainable growth model, according to a reform blueprint for the next decade released on Tuesday.

The communiqué issued upon the conclusion of the four-day Third Plenary Session of the 18th CPC Central Committee, also reaffirmed the dominant role of "public ownership," saying it will enhance the vitality, control and influence of the State-owned economy as it looks to advance diverse forms of ownership.

"The great breakthrough of the document is that it upgraded the role of the market," Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges (CCIEE) think tank, told the Global Times on Tuesday.

"It means that the intervention of the government in economic matters will be reduced and the government will shift toward a more public service-oriented government," Xu said.

China had struggled to define the role of the market even after it launched its reform and opening-up in 1978. Some questioned whether socialism could accommodate the market economy.

The country had defined markets as playing a "basic" role in allocating resources since 1992 when it decided to build a "socialist market economy."

"There was much debate on the decisive role of the market in the discussion draft, but the CPC managed to keep the updated definition of the market role in the final document," Jiang Yong, a research fellow with the Beijing-based National Strategic Research Center, told the Global Times on Tuesday.

"The document also emphasizes the role of the government and society in order to balance the different debating groups," Jiang said.

The core of economic reform is the proper relationship between government and

market, the document said.

The plenum also set up a central leading team to comprehensively push reform. The team will be responsible for designing reform, arranging, coordinating and pushing forward reform as a whole, while supervising the implementation of reform plans.

Party committees at all levels are urged to fulfill their duties in leading reform, the document said.

"The team will not be led by the State Council but rather by the Party's central committee. The role of the Party to lead all types of work has been emphasized, showing the effort to push reform is bigger and the Party will have larger capability to spearhead reform," Jiang said.

The document also said China will aim to achieve decisive results in key areas of reform by 2020.

At the same time, Tuesday's communiqué said the country will stick to the dominant role of public ownership playing the leading role in the State-owned economy, while encouraging, supporting and guiding the non-public sector, enhancing its vitality and creativity.

"Both public and non-public sectors of the economy are important components of the socialist market economy and significant bases for economic and social development," the document said.

China should firmly solidify and develop its public-owned economy to maintain the leading role of the State-owned economy and continue to enhance vitality, control and influence of the State economy, it said.

"Although the document said both public and non-public sectors of the economy are important, it also emphasized the dominant role of the State-owned economy. It means that reduction in the power of State-owned enterprises is ruled out," Xu from CCIEE said.

"The policy seems to be contradictory to the one to allow markets to play a decisive role in allocating resources," Tian Yun, editor-in-chief of economic research website macrochina.com.cn, told the Global Times Tuesday.

"One solution is that China can change the form of the public-owned economy to

allow the State to take the controlling stake in enterprises, while allowing private managers to manage the enterprises," Tian told the Global Times.

Tuesday's document also said land in cities and the countryside, which can be used for construction, will be pooled in one market.

Meanwhile, China will ease investment restrictions and accelerate construction of free trade zones (FTZ).

Yang Jingjie and Xinhua contributed to this story