

# Enhancing rule of law will spur growth, vitality in Chinese economy

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**Editor's Note:** *The Fourth Plenary Session of the 18th Communist Party of China Central Committee is to open in October and will focus on pushing forward the rule of law on all fronts. The Global Times is talking to experts to see what signal the ruling party's latest summit may send out that will impact the economic and business sectors.*

Advancing the rule of law, the central theme of the upcoming Fourth Plenum, will help propel reforms to the Chinese economy, which will play a decisive role for markets, analysts have said.

**"The market economy is especially a law-governed economy, and therefore efforts to be made in improving legal and institutional frameworks that would clearly define the code of conduct for various government bodies to avoid undue government involvement in economic activities are a must," Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges, a Beijing-based think tank, told the Global Times.**

Premier Li Keqiang said during his speech at the Summer Davos Forum in Tianjin on September 10 that items that are not found on the list of statutory government powers would not be allowed, while those not appearing on the negative list of areas off-limits to businesses would be seen as permissible.

"Only by doing so can we put in place open and transparent systematic arrangements with stable expectations and spur vitality of enterprises to the full extent," the premier

said.

Also speaking at a panel discussion during the forum, Li Daokui, a former advisor to the country's central bank, noted an important document that outlines major alterations to China's legal system is expected to come out shortly, which will have a significant impact on the nation's business environment.

In a sign that improvements are already being made in the legal environment, the nation's top legislature greenlit a series of amendments to the budget law at the end of August, which stipulates a more open public access to and oversight of governments' budgets, and lays out the legal framework for the local governments to issue bonds.

**The clarification of State budget receipts and payments is a vital part of the nation's legalization efforts, said Xu.**

The government's push for reforms of the administrative review and approval system, which over the past year has seen clear progress, also indicates there is progress in renovating the wider legal environment, James Z. Li, chairman and CEO of E. J. McKay & Co, Inc, an independent investment banking firm in Shanghai, told the Global Times.

Li expects that alongside the advance of the rule of law, a more business-friendly climate could be built as a reservoir for vitality and innovation of businesses of all sizes and sectors.