

Research on China's High-quality Economic Development in the Post-epidemic Era

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Abstract: In the report of the 19th National Congress of the Communist Party of China, General Secretary Xi clearly pointed out: "Chinese economy has shifted from a stage of high-speed growth to a stage of high-quality development", which indicates that China's economic development has entered a new era. However, the current new crown pneumonia epidemic continues to spread, which has had a continuous impact on global economic development, and China has also entered a post-epidemic era. This article collects data from the second quarter of 2019 to the third quarter of 2020 to study the impact of the epidemic on China's economic development momentum and economic structure to analyze the high-quality development of China's economy in the post-epidemic era, and propose countermeasures to promote the high-quality development of China's economy.

Keywords: Post-epidemic era; High-quality economic development; Development momentum; Industrial structure

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1 Introduction

GDP is recognized as the best indicator to measure the country's economic conditions. Figure 1 shows the trend of China's GDP in the past six quarters. It can be seen from the figure that due to the impact of the epidemic in the first quarter of 2020, GDP fell to 20650.43 billion yuan, and the growth rate of DGP over the same period was -10%. In the face

of the epidemic, General Secretary Xi emphasized that it is necessary to fully implement deployments of the Party Central Committee, do a good job in coordinating the prevention and control of the epidemic and economic development, adhere to the "August Eight Strategy" as the command, accurately implement various measures for epidemic prevention and control and resumption of production. Therefore, China's GDP has steadily recovered in the second and third quarters of 2020. However, the recent epidemic has a tendency to rebound. In the post-epidemic era, while ensuring steady economic growth, we must also emphasize the high-quality development of the Chinese economy.

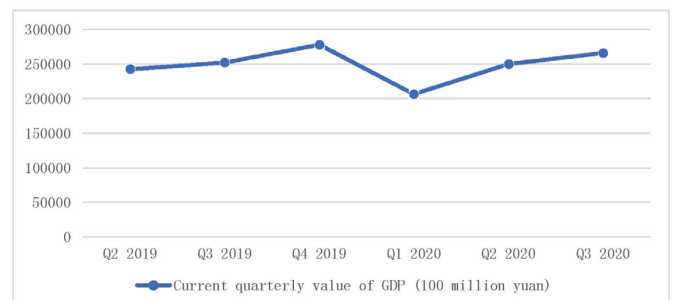


Figure 1. Current quarterly value of GDP (100 million yuan). Data source: National Bureau of Statistics

2 The impact of the epidemic on China's economic development momentum

The new crown pneumonia epidemic, which has lasted for more than a year, is both an opportunity and a challenge for China's economic development. On the one hand, the epidemic has had a huge impact on China's economic development. The rebound of the epidemic has caused many companies to suspend work and production. Due to shrinking consumer

demand, companies that resume work and production are also facing operational difficulties. On the other hand, the epidemic has also brought an opportunity for the transformation of the internal driving force of China's economic development.

The main driving force of my country's economic development is reform and innovation. After the outbreak of the epidemic, offline industries such as traditional retail and education have been hit hard, replaced by e-commerce sales, unmanned delivery, online education, remote consultation, remote office and other industries that rely on Internet technology development. Non-contact service consumption is growing. Changing the traditional consumption pattern, according to relevant statistics, the production index of the information service industry increased by 13.7% from July to June 2020. The epidemic has stimulated and catalyzed the accelerated development of new economic activities. In the post-epidemic era, the new economy takes the upgrading and updating of modern information technology as its core driving force and integrates emerging technologies with the development of the real economy. As the epidemic continues to spread, China has entered an era in which consumption and technological innovation are the main driving forces to achieve moderate economic growth.

3 The impact of the epidemic on China's economic structure

At this stage, the reform and upgrading of China's economic structure has achieved certain results. Since the outbreak of the epidemic, governments across the country have successively introduced stringent measures such as delaying resumption of work and increasing traffic control in order to prevent and control the spread of the epidemic. my country's economic growth is facing unprecedented pressure. The market supply and demand structure, industrial structure and ownership structure have had a substantial impact.

3.1 The impact of the epidemic on the supply and demand structure

From the perspective of demand, demand includes consumer demand, investment demand and import and export demand. In 2020, the Per capita consumption expenditure of the whole country will be 21,210 yuan, the actual drop is 4.0%. On the one

hand, business shutdowns and reduced economic benefits have led to a decrease in national income. The epidemic situation abroad has continued to expand, so consumer demand, investment demand, and import and export demand have plummeted. On the other hand, epidemic prevention and control measures limit people's environmental sensitivity. People gather together to consume, and people's demand for online consumption models has soared, which has given birth to a new economy that relies on the development of information technology.

From the perspective of supply, China's supply level of domestic products and services is misaligned with consumer demand. In the current post-epidemic era, isolation and prevention and control measures have limited the supply of materials to a certain extent. In response to the sluggish consumer market, the production scale of enterprises has also shrunk, but the online service industry relying on Internet technology is developing well. Therefore, affected by the epidemic, traditional consumption and supply patterns have undergone subversive changes.

3.2 The impact of the epidemic on the industrial structure

From the perspective of industrial structure, China's three industries have been impacted and affected by the epidemic to varying degrees. In 2020, Chinese GDP is 101,5986 billion yuan, an increase of 2.3% over the previous year. In terms of industries, the primary sector of the economy's growth rate was 3.0% over the previous years; the growth rate of the secondary industry was 2.6%; and the growth rate of the tertiary industry was 2.1%. From Figure 2, it can be seen that the contribution rate of the tertiary industry began to decline sharply in the first quarter of 2020 and reached the lowest value in the second quarter. The contribution rate of the primary industry fluctuates slightly, and the direction of the contribution rate of the secondary industry is opposite to that of the third quarter. This is caused by the sharp decline in the output value of the tertiary industry. The contribution rate of industry to GDP declines, so the contribution rate of the secondary industry to GDP increases. In general, the tertiary industry suffers the most; the annual production capacity of the manufacturing industry drops sharply, and the possibility of profit decline is higher; the impact of the primary industry is limited.

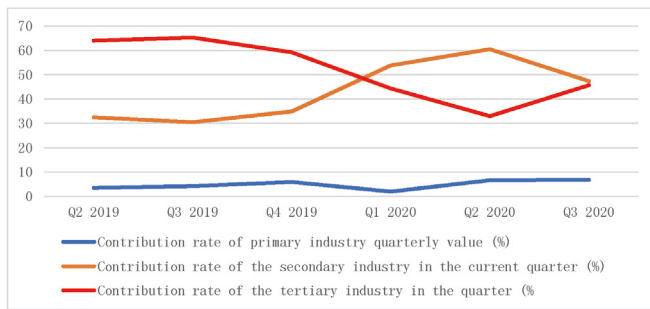


Figure 2. Trend chart of quarterly value of contribution rate of the three major industries. Data source: National Bureau of Statistics.

3.2.1 The tertiary industry is recovering steadily after being hit hard

China's industrial structure has been transformed from being dominated by agriculture to the coordinated development of the three industries. The tertiary industry is the industry most seriously affected by the epidemic. In the first quarter of 2020, three major service industries have been hit hard, with theaters closed, tourism suspended, and restaurants closed. The economist Ren Zeping's team came up with research data: In the seven days of the Spring Festival alone, film box office losses were 7 billion, catering retail lost 500 billion, and the tourism market lost 500 billion. The direct economic losses of these three industries alone exceeded one trillion, accounting for 2019 4.6% of GDP in the first quarter. After a sharp decline in the production and operation of the service industry at the beginning of 2020, it has shown a trend of recovery quarter by quarter. The main indicators have continued to improve, the new momentum has been active, and market confidence has continued to increase. In 2020, the added value of the service industry increased by 2.1% over the previous year. In quarterly terms, it was -5.2% in the first quarter, and returned to positive growth in the second quarter, 1.9%, 4.3% in the third quarter, and 6.7% in the fourth quarter. Therefore, although the tertiary industry has suffered heavy losses, it is currently recovering steadily.

3.2.2 The secondary industry is gradually picking up amid severe damage

In the early stage of the epidemic, except for some medical supplies and people's daily necessities production companies working overtime to produce supplies, most manufacturing factories were in a state of suspension and production. Therefore, the manufacturing output value in the first quarter of

2020 is bound to decline. However, because China's manufacturing system is complete, and my country's epidemic prevention and control measures are strong, the government has also issued epidemic subsidies in a timely manner to help Chinese manufacturing companies resume work and production. Therefore, the industry, especially the manufacturing industry, has shown a steady recovery and rebounding quarterly. In 2020, the added value of industries above designated size will increase by 2.8% over the previous year, of which the manufacturing industry will increase by 3.4%. In quarterly terms, the first, second, third, and fourth quarters of the industrial added value grew at -8.4%, 4.4%, 5.8%, and 7.1% year-on-year. From a quarterly perspective, they returned to normal growth levels.

3.2.3 The agricultural foundation is solid and the impact of the primary industry is limited

Currently, the primary industry accounts for only 7.1% of the total gross domestic product (GDP). The epidemic control has had a direct impact on traditional supply channels and exports such as food, vegetables, and poultry eggs. The local supply of consumer goods and vegetables, eggs and poultry is tight, which to a certain extent promotes the overall increase in consumer prices of agricultural products. According to statistics from the National Bureau of Statistics, the production price index of agricultural products in the first quarter of 2020 rose to 139.0 from 113.9 in the third quarter of 2019. However, from the perspective of the whole year of 2020, agricultural production has overcome the impact of the epidemic, floods and other impacts, food production has reaped a bumper harvest, pig production capacity has quickly recovered, poultry, egg and milk production has grown steadily, and agricultural production has been better than expected. The added value of agriculture, forestry, animal husbandry and fishery was divided into quarters, the first quarter was -3.2%, the second, third and fourth quarters reached 3.3%, 3.9%, 4.1%. It can be seen that my country's agricultural foundation is stable and the impact of the epidemic on the primary industry is limited.

3.3 The impact of the epidemic on the ownership structure

Finally, from the perspective of the ownership structure, both the public and non-public sectors of the economy will be impacted and affected to varying

degrees, but the non-public sectors of the economy will be more impacted and affected. According to the People's Court Announcement Network, since January 1, 2020, more than 750 companies have issued bankruptcy announcements. Among them, 249 companies declared bankruptcy between January 25 (Spring Festival) and February 21. Among the 100 companies that went bankrupt from February 9th to 21st, private companies accounted for 92%, while only 8 state-owned enterprises held companies, including Shanxi Xingsheng Dayun Coal Co., Ltd., Guangdong Guangsheng Optoelectronics Technology Co., Ltd., etc. The non-public sector of the economy is dominated by small, medium and micro enterprises and lacks the ability to withstand major risks. However, small, medium and micro enterprises play an important and irreplaceable role in my country's economic development.

4 Countermeasures to promote the high-quality development of my country's economy in the post-epidemic era

4.1 Taking science and technology as the main development driver

The new economy spawned in the post-epidemic era should be driven by technological innovation and reform. Cloud computing, artificial intelligence and other new-generation information technologies are widely used in epidemic prevention and control, resumption of work and production, and living consumption. These applications have put forward higher requirements for emerging technologies, and accelerated the innovative and integrated application of the new generation of information technology and the digital transformation. Therefore, it is necessary to increase investment in science and technology innovation, cultivate innovative talents, improve the conditions for science and technology innovation, promote the construction of enterprise R&D platforms, and enhance innovation results. In the post-epidemic era, scientific and technological innovation must be the main driving force for economic development, so as to ensure the high-quality development of China's economy.

4.2 Expand demand and balance supply

The current sharp drop in demand has led to a

recession in the domestic economy. First, consumer demand has become the dominant force driving economic growth. China must strive to expand consumer demand and give full play to the fundamental role of consumer demand in driving economic growth. Increase people's income through expansionary fiscal policies, expand middle-income groups, further improve the social security system, and increase spending power and willingness. Enrich domestic market supply, strengthen domestic service and consumption supply capabilities, and promote the return of spillover consumption. At the same time, it is necessary to vigorously promote business transformation and consumption upgrades, and integrate traditional retail companies online and offline to meet the new needs of consumers.

Second, strive to expand investment demand. Investment is still the main driving force for economic growth. Government investment services must be optimized, major strategies and needs for epidemic prevention and control must be optimized, and major projects planned for effective implementation. Private investment must be stimulated, investment structure optimized, investment efficiency improved, and industry terminalization must be promoted. Increase investment in new energy and other emerging industries, and cultivate new economic growth points.

4.3 Promote the resumption of work and production in a timely manner

Suspension of production and production has caused economic development to stagnate. The government must implement the requirements for precise resumption of production and production, give priority to ensuring the resumption of production and production of enterprises in important areas related to the national economy and people's livelihood such as epidemic prevention and control, transportation and logistics, promote the construction of various projects, and guide and support various state-owned enterprises to take the lead in resuming work. The resumption of production has driven other companies to resume work and production. Small and medium enterprises must seize the opportunity to revolutionize themselves by integrating Internet technology and innovating, in order to improve their ability to resist risks.

4.4 Accelerate the transformation and upgrading of traditional industries

While the epidemic has brought heavy losses to China's traditional service industry, it has also brought new opportunities for it. From a long-term perspective, the continuous growth of enterprise demand for online services and digital transformation will be an inevitable trend. my

country has certain advantages in the field of applied technology innovation. Traditional industries such as accommodation, catering, tourism, etc. Should actively embrace the Internet, take the development path of online and offline integration and health and safety, optimize and adjust the industrial chain, and accelerate the transformation and upgrading of traditional industries, and achieve high-quality economic development.