

# Strengthening Management to Enhance the Quality and Efficiency of Economic Development

[ Huang Tiemiao ]

**Abstract**—Low quality and deficiency of economic development is a perennial, prevalent and serious problem in our country. Therefore, it's suggested to improve the quality and efficiency of our national economic development from the following aspects: strengthening the management of investment decisions to overcome blind investment, strengthening the management of production and construction to reduce production cost, strengthening the management of circulation and consumption to promote the expansion of domestic demand, strengthening quality management to effectively improve the quality of economic development, strengthening the management of "Three Public Consumptions" to decrease administrative cost.

**Keywords**—Economic Development, Quality, Efficiency, Management

Held in December 2013, the Central Economic Working Conference stressed that to perform well in economic work, we should fully understand the relationship between sustainable and healthy development and GDP growth, and seize the opportunity to maintain a reasonable growth of GDP and promote economic structural adjustment, endeavoring to develop at a speed which the quality and efficiency of economic development are improved while the sequelae is avoided.

The decision above is exactly targeted for the low quality and deficiency of economic development is a perennial, prevalent and serious problem in our country. The existence of the problem is closely related to a variety of shocking waste in the areas of production and construction, circulation and consumption, or from the Party and government organizations to enterprises and institutions. The data show that, Chinese average consumption intensity for five major resources namely fresh water, primary energy, steel, cement, common non-ferrous metals is about 90% higher than that of the average world level. The total recovery of mineral resources is 20% lower than that of the advanced level in foreign countries. The utilization coefficient of agricultural irrigation water almost reaches 50% of the foreign advanced level. The industrial water output value per ten thousand Yuan is 10 times that of the foreign advanced level. The comprehensive energy efficiency is around 33%, about 10% lower than that achieved by developed countries. The heating energy consumption per building area is 2 to 3 times more than that of the developed countries with similar climate conditions. When Li Jinhua served as the Auditor-General of Audit Office,

he has ever audited 10 large state-owned enterprises, finding out that 1.6 billion Yuan was generated by economic crimes while waste and loss of 14.5 billion Yuan was caused by wrong decision-making and mismanagement. In terms of consumption, the "Three Public Funds" were as much as 8 or 9 hundred billion Yuan every year. Li Jinhua, present Vice-President of CPPCC, pointed out in the National Committee of CPPCC in 2012 that as long as the government slightly saved a little, some hundred billion Yuan could have been saved every year. With the presence of a serious waste of resources concerned, we should see that China is a country with large population and severe resources shortage. Per capita occupancy level of coal in our country only accounts for 79% of that of the world's average level, 40% for tillage, 25% for water, and only 5.1% for petroleum. Therefore, it's imperative to strengthen the management and promote the quality and efficiency of our economic development.

## I. To strengthen the management of investment decisions, avoiding waste caused by blind investment and "Futile Economy"

Numerous facts demonstrate that the most severe waste is caused by investment decision-making mistakes. At present, due to the transition effect, an overwhelming investment boom is emerging all over the country. How about its quality and efficiency? It is necessary to pay special attention and take precautions ahead. The lessons in history are worth learning. Judging from the past, the government's investment decision-making errors are embodied in two aspects. One is that the governmental investment for public welfare construction caused severe waste. In this regard, it's mainly because some local governments paid too much attention to build up their so-called images or prestige regardless of spending huge amounts of money. Some of the local governments constantly did futile work in old cities such as repeating demolition, building wide roads, widening squares, constructing landmark buildings; some constructed luxurious office buildings and halls against the spirit of the Central Committee; and some others launched massive construction projects to build new cities blindly. For example, with financial resources of only about 30 million Yuan, Qinghe County in Hohhot, Inner Mongolia Autonomous Region, spent more than 6 billion Yuan in building a new city for ten years, ending up with a pile of unfinished buildings. These not only squandered huge funds and material wealth, but also caused serious pollution and ecological environment damages. The other aspect of the error is that following suit of productive investment resulted in some factories being abandoned the day they completed

Huang Tiemiao, Professor of Economics  
Guangdong Provincial School of CPC  
China

construction, as the market has been already saturated before their products are put into market. Guangzhou Ethylene Project, which cost more than 7 billion Yuan to build at that time, was forced to shut down after three-month trial operation. The reason is that the factory did not make predictions of its own production capacity, cost, raw materials and finished goods, etc. Therefore, when the products were put into the market, the prices of ethylene in the international market had fallen sharply. The factory had to stop the production because even the costs wouldn't be recoverable if continuing. The factory should pay interest up to 2 million Yuan on the debt after discontinuation of the project, and was required to pay 7 million Yuan per month as equipment maintenance cost during the production halts. Moreover, the annual loss is a huge figure. Though the lesson of this project is extremely painful, many local governments may not have learned from it seriously. From this point of view, it presents a severe overcapacity of some industries nationwide. By the end of 2012, China's capacity utilization rates of steel, cement, electrolytic aluminum, flat glass and vessel were only 72%,73.7%,71.9%,73.1% and 75% respectively, which are obviously lower than that of the international usual level. For a long period, a lot of blind decision makers in our country sunk a large amount of taxpayers' money into the ground, mostly leaving an understatement—"We've learned a lesson by the money lost". Our country should resolve to strengthen the management of investment decisions so as to solve the problem. Decision-making should follow the scientific, democratic and legal principles, going through the process from top to bottom, then from bottom to top, i.e. from the government to experts, experts to people and then converse. The "Three-Pat Cadres", who swear on loans and make hasty decisions, ending up with nothing definite on project shall no longer remain in office in the local government. Significant investment decisions would rather be made slowly than be made hastily in mistakes. Relevant personnel shall be accountable for violation of principles and procedures in making major investment decisions, particularly for those causing serious consequences.

## **II. To strengthen the management of production and construction to achieve real energy conservation and emission reduction and reduce production cost**

High cost in production and construction is a chronic illness of our country's economic development. The reason is that to pursue rapid growth in GDP, we focused on investment unilaterally, forming a typical extensive mode of economic development with high investment, high consumption, high pollution, high wastage and low quality, low efficiency, low benefit. It's an overall issue. To fundamentally change this situation, we should do the following points. First, establish a correct economic performance appraisal system for the Party and government cadres. Economic efficiency and benefit shall

be taken as the main evaluation index of the economic performance of the Party and government cadres. Meanwhile, individually focused and distinguishing evaluation indexes shall also be set up according to the requirements on leadership and cadres from different regions and levels. It's conducive for the Party and government cadres to establish a developing outlook on quality and efficiency of economic development. Evaluation indicators, such as input and output indicators, labor productivity indicators, water consumption and power consumption per ten thousand Yuan GDP and pollutant emission indicators shall be improved and refined as the important basis for the employment and promotion of the Party and government cadres. Second, continue to resolutely promote industrial structure adjustment, shut down highly polluting enterprises. Currently, as China is in a crucial period of transforming and upgrading of industrial structure with severe pollution and environmental overload, it's essential to shut down highly polluting enterprises. However, under the current situation of global economic depression and domestic demand not being fully mobilized, to prevent the industrial hollowing tendency, it needs to technically reform some traditional industries to achieve energy conservation and emissions reduction, and improve the efficiency, benefit and quality. Third, it is necessary to pay attention to economic management talents as well as technological talents. As China has attached great importance to the training of technological talents, equal importance should be attached to economic management talents. In the process of the development of capitalism, "Taylor System" has made undeniable contributions to improving the efficiency and effectiveness. Handan Steel Corporation's experiences promoted in the early 1990s in China have eternal value for enhancing the efficiency and effectiveness. As compared with industrially advanced countries, the large gap in production and construction does not lie in the inferiority of our equipments, but in the management between theirs and ours.

## **III. To strengthen the management of circulation and consumption to accelerate the circulation of commodities and promote the expansion of domestic demand**

To increase consumption and expand domestic demand has been an important policy to promote economic development in our country over the years and will be the long-term implementation in the future. Expanding domestic demand is closely connected with the circulation in several parts of the overall process of social production. The smoothness and speed of commodity circulation has direct effects on consumption. China's consumption rate has dropped, failing to achieve the expected goal of expanding domestic demand, which is closely related to the slow flow and restricted circulation of commodities. Viewing from circulation, currently the most practical way to expand sales of commodities and accelerate the circulation of commodities is

to vigorously develop e-commerce. From the point of e-commerce sales volume in recent years, the impact of e-commerce on expanding domestic demand to promote economic development has been gradually highlighted. The prospect of e-commerce is infinite. Therefore, it's necessary to conduct new planning and deployment on e-commerce ulteriorly, take timely measures on problems existing in the development of e-commerce and take precautions against possible problems in advance. From the point of expanding domestic demand, there is a huge gap between urban and rural areas due to the imbalance of regional development. Measures to expand domestic demand shall not be lumped together, but be distinguished. For the residents of the economically developed areas, the expansion of domestic demand should focus on consumption of cultural entertainment and other intellectual products, such as to develop domestic and overseas travels which are security-guaranteed, credit-guaranteed, reasonably priced and with rich content; to hold healthcare lectures or trainings beneficial for local residents; to provide various smart products which are reliable, simple to operate, easy to carry, and meet specific needs of different people. For the less-developed economic areas, especially rural areas, the key to increasing consumption and expanding domestic demand is to increase daily needs, medical needs and education needs of teenagers, etc. In this respect, we have once adopted measures of bringing home appliances, car and motorcycle to the countryside. But these methods are not warmly welcomed by farmers since the product categories are restricted. It's suggested to issue a certain amount of coupons to countryside in less-developed economic areas before and after the New Year's Day and Spring Festival every year. In this way, farmers can purchase based on their own needs.

#### **iv. To strengthen quality management and take tough measures to improve the quality of economic development effectively**

The quality of economic development includes the quality of products, engineering, service and environment, etc. There are serious problems of our country's economic development in these respects, especially the food quality issue, which is so severe that people feel shivering when talking about that. As reported, nowadays there almost no absolutely safe food exist as regard to rice, vegetable, pork, milk powder, fish, egg, sugar, salt or anything else, which cannot but require high attention. To fundamentally solve the quality problem of the economic development, comprehensive treatment must be given. Firstly, we should conscientiously implement the scientific development perspective. The core of scientific development perspective is people-oriented, which takes people's health and safety as focus, without which all are idle talks. Therefore, the quality of economic development shall be taken as the main evaluation content of political achievements of the Party and government cadres in all levels. Secondly, we should strengthen legal construction. Our country should

enhance the enforcement of legislation and execution, and take the most severe measures to improve the quality of economic development. In the aspect of legislation, according to the different contents covered by the quality of economic development, such as the quality of products, the quality of engineering, the quality of service, the quality of environment, etc, further research shall be conducted to complete the legislation in certain field, so that every and each illegal act will be duly punished. Regarding the enforcement, the overall quality of the law-executors shall be improved and judicial corruption shall be cracked down to make law-executors comply with the applicable laws, prosecute all violators, and strictly punish them without lenience in the process of improving the quality of economic development. Thirdly, we should strengthen moral construction. While insisting on governing the nation with law, we should also adhere to the governance of ethics. The quality of economic development is hard to improve if the manufacturers or traders do not have good ethics.. Therefore, we must attach great importance to the moral construction the same time we strengthen the construction of legal system. It is a common task of the whole society to strengthen the moral construction, which is a long-term systematic project. Regardless of institutions, schools, urban or rural areas, all should pay attention to moral education and publicity. The inspection of moral quality should be valued when appointing or promoting cadres, or dealing with student enrollment and employment, so as to improve the moral standards of the whole society and to improve the quality of economic development.

#### **v. To strengthen the management of "three public consumptions" and decrease administrative cost to construct conservation-oriented government organs and state-owned enterprises**

High administrative costs of our country are astonishing. For example, in the comparison of international financial expenditure, the administrative cost of our country is the highest. As Zhou Tianyong (2012) estimated, Chinese official administrative expense is 36% to 37% of the overall government expenditure in 2008, while the percentage in Japan is only 2.5%. Since a great number of people have the right to dominate public funds, they have got used to feasting and extravagance, which not only raise the administrative cost but also make the product more costly. Now, it is critical time to solve this problem step by step. First of all, the General Secretary Xi Jinping set a good example for the Party and government leaders of entire country. He practiced what he had preached: eating buffet, traveling with few attendants, no road block, no clear out, no greeting or farewell Party during the inspection in Guangdong province after he took office. Next, the new CPC Central Committee has taken full strike against extravagance and waste by drawing up "Eight

Provisions”, “Six Prohibitions”, Ordinance on Party and Government Organs to Practice Frugality and Combat Waste, and Regulations for the Party and Government Organs’ Domestic Official Reception, all of which have operability and strong binding. Local governments should curb “Three Public Consumptions” during and after the education of Party’s mass line. Besides, every leader of the Party, government or state-owned enterprises should learn from General Secretary Xi and strive to be a strong blacksmith, an image once quoted by Xi from an old Chinese saying that, the blacksmith must be strong enough before being competent to do the forging work. The cadres should start from themselves, start with trivia of daily life, and forming a new spirit and style of the new generation of CPC Central Committee in all parts of country. This will not only have significant effects on improving their working style, but also contribute to promoting cohesion of the people and consolidating the ruling position of CPC. The improvement of the working style of the Party and government cadres, the Party and government institutions and state-owned enterprises will consequently play an important role in changing the way of economic development, enhancing quality and efficiency of economic development and building a “two-oriented society”.

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About Author:

Huang Tiemiao, Professor of Economics of Guangdong Provincial School of CPC enjoying Special Government Allowance of the State Council, Adviser of People’s Government of Guangdong Province, Legislation Councilor of Guangdong Province, Contract Research Fellow of Guangdong Provincial Government Development Research Center, Expert of Significant Contributions of Guangdong Province, Model Worker of Guangdong Province, National Labor Medal Winner.

Contact at: 020-83121563, 13503075777

Address: Division of Economics, Guangdong Provincial School of CPC, No.3 Jianshe Main Road, Guangzhou, P.R. China

Postcode : 510053