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## **Promotion of Management Science for Chinese Economic and Social Development**

**Dear friends:**

Greetings!

I am very glad to get together with many old and new friends here in Moscow, a beautiful and pleasantly cool city, to discuss the new development and new contributions of management science in various countries of East Asia, as well as topics that everybody is interested in. Today, with “**Promotion of Management Science for Chinese Economic and Social Development**” as the topic, I will introduce the development of management science in China and its great functions. The contents are abundant, but the time is limited, so here, I will only give a brief description.

This year happens to be the 30<sup>th</sup> anniversary of Chinese reform and opening to the outside world. During the past 30 years, China has successfully realized the great historical transfer from highly-centralized planned economy system to lifeful socialist market economy system, and from closed & semi-closed state to all-around reform and opening to the outside world; has blazed a way of Chinese style for getting rid of poverty and accelerating the realization of modernization in a developing great power with a population of 1.3 billion; and has obtained world-acclaimed great achievements.

——**During the past 30 years, Chinese socialist market economy system has been initially established and constantly perfected.** China has basically established the basic economic system with public ownership as the main body, and with the common development of economy with different types of ownership; initially formed a uniform and open market system; and gradually perfected the system of macroeconomic control and social security. Also, China has established and kept perfecting the system of macroeconomic control with priority given to indirect adjustment and control; and has initially established the system which gives priority to distribution according to work, and has the co-existence of multiple distribution methods; and in which, various production factors participate in distribution according to contributions.

——**During the past 30 years, Chinese social productivity has enjoyed unheardof great liberation, and national economy has developed constantly and rapidly.** From 1978 to 2007, the annual average growth rate of Chinese economy was 9.88%, by far higher than the average about 3% growth speed of the world economy in corresponding period. Also, China jumped from the 10<sup>th</sup> to the 4<sup>th</sup> place in the world for its economic aggregate, and its financial income increased from RMB113.2 billion Yuan to RMB5.13 trillion Yuan.

——**During the past 30 years, opening to the outside world has been kept expanding, and all-around, wide-range and multi-level pattern of opening to the outside world has already formed.** Symbolized by entering into WTO, China has comprehensively participated in the progress of economic globalization. Through effectively using domestic and overseas markets and resources,

Chinese capacity to take part in international competitions has been greatly enhanced. Statistics show that, from 1978 to 2007, China actually introduced foreign investments of over USD760 billion accumulatively, ranking the first place among developing countries and the second place in the world; in corresponding period, Chinese gross foreign trade grew from USD206.4 billion to USD2.17 trillion, jumping from the 22<sup>nd</sup> place to the 3<sup>rd</sup> place in the world.

—**During the past 30 years, the income of urban and rural residents has greatly grown, and people’s living has developed from insufficient food & clothing to overall relatively comfortable life.** From 1978 to 2007, the per capita disposable income of urban residents, and the per capital net income of country people in China, after deduction of price factor, grew by over 6 times respectively; people’s living transferred from taking “food and clothing” as emphasis to multi-level consumption with “housing and traveling” as keystone; and absolute poverty-stricken population in rural areas decreased from 250 million persons to 14.79 million persons.

—**During the past 30 years, Chinese social undertakings have made progresses comprehensively, and the construction of spiritual civilization and political civilization has developed quite greatly.** The system of compulsory education covering urban and rural areas has been comprehensively established; urban and rural health service system has been constantly improved; the pattern of joint development of cultural undertaking and cultural industry has been initially formed; basic community service has been developing in the direction of equalization; the reform of political system has been promoted stably; grass-root democratic energy has been kept strengthening; and the system of laws and regulations on speaking terms with socialist market economy has been basically established.

And so on.

**These achievements are resulted from the integrated exertion of many factors. Where, the research and development of management science has played an important role of promotion from one aspect. Looking back upon the reform and development in the past 30 years, we could roughly divide it into four historical stages; and at each historical stage, the development of management science was closely linked with the advancement of Chinese economy and society.**

#### **I. 1978~1984**

In December 1978, the Third Plenary Session of the Eleventh Central Committee of CPC was held, which opened the prelude for Chinese reform and opening to the outside world; and till the autumn of 1984, the decision on the reform of economic system was made at the Third Plenary Session of the Twelfth Central Committee of CPC. This period was the initial stage of Chinese reform and opening to the outside world, and was also the start of flourishing and development of Chinese management science. At this stage, the promotion of management science for economic and social development was mainly embodied at three aspects:

Firstly, the liberation of thoughts at that time was greatly promoted through researches on Marxist Political economy and related management issues.

1. Corrected previous wrong viewpoints denying commodity production and commodity exchange, re-affirmed that socialist must greatly develop commodity production and commodity exchange, and must attach importance to the functions of the law of value;

2. Cleared the wrong criticism about so-called “Bourgeois Rights” and principle of distribution according to work, and reemphasized the principles of distribution according to work and material interests;

3. Denied the wrong criticism about the “theory of the unique importance of productive forces”, and emphasized the important status of productivity development in socialist development;

4. Reemphasized that it’s necessary to handle things according to economic rules, to enhance economic management level, and thus to promote economic growth and social development.

These viewpoints were highly regarded and affirmed by Chinese leaders at that time, and laid important thought foundations for promoting the reform and opening to the outside world.

Secondly, deep-going and practical investigations and researches provided important evidences for the decision making of the Central Government.

1. A great batch of scholars conducted deep-going investigations on rural economic reform, and brought forward some prescient opinions; and these opinions made contributions to the decision of the Central Government on executing the household contract responsibility system with remuneration linked to output;

2. Under the uniform organizing of the Central Government, large quantities of scholars investigated eight national key enterprises including Capital Steel, etc., as well as national key enterprises in “three provinces in northeastern China”, and began to explore the road for the reform of state-owned enterprises;

3. The Central Government dispatched numbers of experts and scholars to Russia, Japan, and countries in East Europe and West Europe, etc. to survey their economic management systems and enterprise management situations, and thus to provide references for Chinese reform directly.

Thirdly, a great batch of books on management science not only promoted the deepened study on management theories, but also served the demands of practical development directly, and provided direct theoretical instructions for the development of Chinese economy and society at that time.

1. Under the supports of the Organization Department of the CPC Central Committee, the Propaganda Department of the CPC Central Committee, the State Development Planning Commission, and the State Economic and Trade Commission; and through deep-going investigations, scholars from the Central Party School, Peking University, Fudan University, Liaoning University, Shandong University, and Shandong People’s Press wrote the first *Management Science of National Economy* of China, and discussed the issues about scientific management of macroscopic economy with the country as the main body;

2. Through researches on decision-making science, some scholars published monographs, provided theoretical evidences for the scientificization and democratization of economic decisions, conducted theoretical analysis on the experiences and lessons about economic decisions since 1957, and exerted great influences;

3. Organization Department of the CPC Central Committee organized scholars from the Central Party School and Heilongjiang Provincial Committee Party School of CPC to write and publish the *Introduction to Leadership Science* on the basis of summarizing the experiences and lessons of CPC in leading Chinese revolution and construction, and this book played an important role in improving the qualifications and leading level of all levels of Party, political and economic leaders;

4. Comrade Ma Hong took charge of translating and editing nearly ten kinds of famous books on western management science, and laid very good foundations for domestic scholars to learn and research western management theories;

5. Nationwide Party school system, and partial universities & colleges began to establish

teaching and research organizations of management science, initially compiled partial teaching materials introducing basic knowledge about management science, began to introduce related books about overseas management science, including the *History of Western Management Thoughts*, etc.;

6. In the process of reading up typical books of Marxism-Leninism over again, partial scholars wrote the books such as the *History of Socialist Economy Management Thoughts*, etc., which exerted some certain functions for correctly guiding the researches on management science;

7. Many scholars, on the basis of research, wrote books about operation management of industrial enterprises, and provided theoretical evidences for the Central Government to make related guidelines and policies.

## **II. 1984~1992**

In October 1984, the decision on the reform of economic system was made at the Third Plenary Session of the Twelfth Central Committee of CPC; and till 1992, the Fourteenth National Congress of CPC was held. This period was the second stage of Chinese reform and opening to the outside world, and is an important stage when Chinese researches on management science tended to be active. At this stage, the promotion of management science for Chinese economic and social development was mainly embodied at the following:

1. When continuing field investigations on overseas management, China invited overseas management experts to systematically explain system theory, information theory and control theory in Chinese Dalian in 1984, which played an active role in terms of methods for research of management science and scientific management.

2. Chinese Party school and cadre school systems, partial universities and colleges successively established teaching organizations of management science, and set up the major and course of economic management, but were lack of high-level serial teaching materials. In the middle period of 1980s, the Central Party School organized directors of management and staff room of each province-level Party school to compile concept books for teaching of management science within three years. From the theory of economic management science to management methods and techniques, from macroscopic economic management to microscopic enterprise operation management, and from departmental economic management to regional economic management, such books were divided into 25 varieties, and consisted of 7.50 million characters. This set of concept books provided teaching books for leaders and managers of each department and region to learn related management science, and directly served the demands of economic management practices.

3. Numbers of scholars' researches on the management system of Chinese enterprises provided theoretical supports for the country to make policies such as tryout of right expansion in selected units, decentralization of power and transfer of profits, contracted operation, and replacement of profit delivery by taxes, etc., and also provided scientific evidences for enterprises to enter into marketized operation management.

4. At this stage, Chinese society established many sociogroup organizations of management science and scientific management successively, and societies, associations, research associations, and research institutes stood in great numbers. According to the statistics of "Federation of Economic Groups" taking charge of managing these organizations and harmonizing their activities, there were up to over 470 such organizations at that time. These organizations almost came down to each department and each industry of national economy, extended through to many large-and-middle-sized enterprises, and made contributions to the research of management science

and to the development of scientific management.

5. Almost each sociogroup had their public or internal publications, issued comments, and published articles. All these exerted great functions for the summarizing of management experiences, the cultivation of management talents, and the improvement of managers' qualifications.

6. Various training courses, extension courses, and special-topic lecture courses for popularizing management science and knowledge were held in succession, and played an important role in the popularization of management science and knowledge, and in the enhancement of the qualifications of cadre team and enterprise employees. Here, only with the correspondence education of the Central Party School as an example, in the past over 20 years since the establishment of correspondence education college in 1986, up to over 3.70 million students have graduated from systematically learning professional knowledge about economic management, administrative management, Party and political management, methods and strategies for managing state affairs.

7. Many scholars always paid attention to the construction and development of special economic zones, and on the basis of earnest investigations and researches, they provided important theoretical supports for the making of related decisions and policies of the Central Government.

8. Since the middle period of 1980s, the upsurge of research on corporate culture has been raised in Chinese mainland. It has well promoted the establishment of corporate culture. Business philosophy brought forward by Chinese scholars in the process laid profound theoretical foundations for the deepening of researches on corporate culture.

### **III. 1992~2002**

Symbolized by Comrade Deng Xiaoping's south tour at the beginning of 1992 and the holding of the Fourteenth National Congress of CPC in the autumn of the same year, China stepped into a new stage for its economic and social development. This stage extended till the convening of the Sixteenth National Congress of CPC in 2002. At this stage, the promotion of management science for Chinese economic and social development was mainly embodied at the following several aspects:

1. Plentiful scholars, Party and political officials conducted increasingly deep-going investigations and researches on the adjustment methods, strategies and measures of state-owned economy surrounding the target of establishing socialist market economy system, and provided theoretical supports for the decision making of the Central Government, as well as the transformation and development of enterprises from the aspect of the combination of theory and practice.

2. The researches on the mode and measure with public ownership as the main body and with the joint development of economy with different types of ownership provided scientific evidences for the development of ownership structure and Chinese non-public economy sectors; also, the researches on regional development characteristics and effects such as Wenzhou mode, etc. powerfully promoted the development of regional market and private enterprises.

3. The researches on foreign capital introduction & foreign capital management and on management of enterprises concerning foreign affairs provided theoretical evidences for the Central Government to make related policies and measures, and promoted the development of "three types of foreign-funded" enterprises.

4. Increasingly deep-going researches on economy of special zones and on management of

zones opened to the outside world provided policy evidences as well as concrete management methods and measures for the central and local scientific management on economic opening zones.

5. The constantly deep-going researches on comprehensive management theories with administrative management as the center in cities provided theoretical supports for the healthy and sustained development of urban economy and society.

6. The researches on regional economic management provided scientific theoretical supports for the making of Chinese regional economic development strategies, and for the establishment of guidelines and policies for the Great Development of the West Regions.

7. The field investigations, Chinese and overseas comparative researches on financial policies and currency policies provided theoretical supports for the management and risk prevention of our country's financial system.

8. In terms of business operation management, the deepening in terms of more concrete contents and methods on the basis of the original basic knowledge research provided theoretical supports for the scientific management and management modernization of plentiful enterprises.

9. Constantly deepened researches on corporate culture made guiding contributions to healthy & sustained development of enterprises and to the Chinese style of enterprise management.

10. Researches on knowledge economy provided important theoretical evidences for the practice and improvement of enterprise management, administrative management, Party and political management under conditions of knowledge economy.

11. Trans-century researches on enterprise development strategies provided theoretical supports for the healthy development of enterprises under special historical conditions.

12. Many enterprises paid attention to summarizing their own experiences in operation management, issued many management science articles and books with obvious characteristics of respective enterprises and China, and made contributions to the development of Chinese management science and to the scientific management of enterprises.

13. Around the corner when China was formally approved to become a member of WTO, plentiful scholars conducted deep-going researches on the advantages and disadvantages for China to enter into WTO, and such researches provided theoretical supports for Chinese Government. So after China's entrance into WTO, Chinese economy was not greatly fluctuated, and this reduced undesired losses.

#### **IV. 2002~Nowadays**

Since the successful convening of the Sixteenth National Congress of CPC in the autumn of 2002, socialist market economy system began to step into a new stage of perfection and development, and Chinese economy and society have gradually stepped onto the road to scientific development. At this stage, the promotion of management science for Chinese economic and social development was mainly embodied at the following:

1. The investigations and researches of the social science circle, natural science circle and management science circle on the experiences and problems since the reform and opening to the outside world have provided implementation evidences and theoretical analysis for the Central Government to make strategic thoughts of the outlook on scientific development; the establishment of the outlook on scientific development has provided correct guiding thoughts for the deep-going researches on management science.

2. The investigations & researches of farm management experts on "farm, farmer and farming", and the countermeasures and thoughts brought forward by them have provided theoretical supports

for the Central Government to make new “farm, farmer and farming” policies and to solve practical problems.

3. The investigations & researches of management scholars and government officers on laid-off & unemployed population and migrant workers, etc., and the countermeasures and thoughts brought forward by them have provided theoretical supports for the Central Government to make new policies and to solve conflicts among different levels in the new era.

4. On the basis of investigations and researches, our management scholars have brought forward important suggestions on our country’s reform of administrative management system, establishment and perfection of social security system, methods and ways for the construction of new rural areas, and reform of urban medical system, etc.

5. In terms of the management and policy research of sustainable development, our management scholars have brought forward the countermeasures and thoughts of environmental impact assessment and developing circulating economy, and provided theoretical supports for the decision making of the government.

6. Our country’s economic management scholars have provided policy suggestions available to be consulted and referred to for the enhancement of enterprise management level and for the improvement of industrial structure in the new era.

7. The countermeasure suggestions on the harmonious development of the east and west, and on the economic development in the northeast areas, brought forward by our country’s regional economic management experts on the basis of investigations and researches, have provided theoretical evidences for the Central Government to make related policies, and made contributions to the healthy, sustained and harmonious development of regional economy.

8. The training on enterprises’ top management personnel has been deepened, and after basic completion of MBA and MPA trainings, the training has been developed in the direction of EMBA.

9. The deep-going researches of management scholars and social science workers on Marxism theory and national culture have laid theoretical foundations for the deepening of people-based management thoughts.

10. The researches on financial management have been deepened, and provided theoretical supports for the Central Government to respond to global financial fluctuations.

11. The researches on the management of foreign exchange, foreign capital and exchange rate have been deepened, and have provided policy thoughts available to be consulted and referred to for the Central Government to deal with foreign exchange management in complex international environment.

12. The researches and exploration of our country’s management scholars on crisis management theory have provided some certain thought supports for the government to make guidelines, measures and methods for crisis management.

13. In terms of researches on macroscopic management of science & management and reform, on the basis of investigations and researches, Chinese scientific & technological management experts and strategic management experts have brought forward important policy suggestions for the making of middle-and-long-term scientific & technological planning, for the evaluation index system and methods of various scientific & technological achievements, for the construction and management of high-tech development zones, and for the strategies and measures for constructing an innovative country.

14. Chinese scientific & technological management experts, together with natural scientists

and engineering technical scientists, have comprehensively promoted Chinese scientific & technological innovation, and realized the independent innovation and breakthrough in terms of aviation, roads and bridges, etc.

15. Our leading science experts and administrative management experts, on the basis of investigations and researches, have brought forward many important suggestions for the reform of our country's personnel matters carder system.

16. Some scholars have gone deeply into enterprises for investigations and researches, sorted out plentiful management cases comprehensively, and made contributions to the Chinese style of management and to the formation of broad world influences.

17. The organizing and management of 2008 Olympic Games is extremely great social system engineering. Sports management experts, social management experts, logistics management experts, and safety management experts, etc., from the combination of theory and practice, have provided scientific management proposals and organizing & implementation planning and schedule for the holding of this Olympic Games. This has been embodied in plentiful reports on Olympics in China.

To sum up, in the 30 years since the Third Plenary Session of the Eleventh Central Committee of CPC in 1978, Chinese management science (including economy, Party and politics, science and technology, culture and education, even military affairs and diplomacy) has experienced great development. The development of management science is closely related to macroscopic economic and social background, and meanwhile, has made due contributions to the scientificalization of management on Chinese politics, economy, culture and education, even military affairs and diplomacy, and the whole society.

Of course, up till now, there are still some problems in the research and development of Chinese management science. For example, repeated research in some fields is still very common; partial scholars have the emotion of fickleness, and could not carry out deep-going researches; some management scholars don't have precise style of study and high comprehensive qualifications, and the theories and viewpoints brought forward by them are unscientific and have mislead practices; some fields of microscopic management over-emphasize management skills, and are lack of due attention to management philosophy and logic; management scholars are relatively dispersive, and have not formed several big and influential organizations. These issues are to be gradually solved in future.

We believe that, Chinese management scholars will make greater contributions to the future development of Chinese economy and society! Also, we are willing to explore management theories, and to make efforts for the flourishing and development of East-Asia economy and world economy together with global and especially East-Asia neighboring management scholars!