

Research on the Path of Stable Economic Growth

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Abstract: The economic forms at home and abroad are becoming increasingly complex, and the factors of instability and uncertainty are increasing significantly. Especially in the post-epidemic era, the domestic economic development potential has not been fully released. At present, we are in a critical period to determine the economic trend. We must seize the time window and try to push the economy back to normal track. Accelerate the steady economic growth and form the domestic big cycle as soon as possible. The development model of domestic and international double cycle is the important task of economic development at this stage. In order to effectively hedge the downside risks of the economy and boost market confidence, the central government has gradually increased the adjustment of counter-cyclical policies and formulated a package of policies and measures to stabilize the economy. Based on this, this paper first analyzes the reality of China's current economic growth, then expounds the latest package of policies, and finally puts forward the risks and challenges faced by the current stable growth, and puts forward corresponding measures.

Keywords: Steady growth, Economic policy, Investment.

1. The Current Situation of Stable Economic Growth

Steady growth is the realistic guarantee of economic development. We should pursue high quality on the basis of steady growth, put steady growth in a more prominent position, and protect China's economic resilience. This section mainly analyzes the current situation of stable economic growth from three aspects: investment, consumption and policy tools.

1.1. Investment

The key to stable growth is to stabilize investment. Over-expected factors such as the external environment have significantly increased the downward pressure on China's economy, and the supporting role of investment in economic development has become more prominent. According to the theory of traditional economics, the downward trend of economic expectations will inevitably lead to the reduction of investors' investment willingness, and the decline of investment side will further lead to the downward trend of the economy, and eventually form a vicious circle. At present, we have to face a more severe form.

From the perspective of investment growth, China's investment growth has slowed down since the epidemic. According to the data of the National Bureau of Statistics, the growth rate of fixed assets investment in China in 2020 was 2.7%, significantly lower than the average level before the epidemic. After a year of recovery, the growth rate of fixed assets investment in 2021 increased to 4.9%, but compared with the average growth rate of 5.5% in 18-19 years, it also showed a downward trend. On the one hand, there are insufficient effective investment projects. Although the central government has increased special bonds, the lack of effective investment projects makes it difficult for funds to play their due role. On the other hand, it is the lack of social capital. At present, there are still many uncertainties in the external environment, and private investors have poor expectations of the economy, which to some extent dampens

the enthusiasm of private investment. In addition, the low rate of return on investment in the real economy has also led to a decline in the willingness of enterprises to invest.

From the perspective of investment structure, China's current investment structure is not balanced. Infrastructure, real estate and manufacturing industries have become the three main investment sectors in China. From the data, manufacturing investment has the best performance in the three major areas, which plays an important role in supporting the growth of fixed assets investment [1]. In 2021, the investment in manufacturing industry will increase by 13.5%, with an average growth of 5.4% in two years, which is faster than 1.5% of the total investment, and will increase by 2.3% compared with 2019. In comparison, the investment in real estate development increased by 4.4% in 2021, with an average increase of 5.7% in two years, 4.2 percentage points lower than the growth rate in 2019; Infrastructure investment increased by 0.4%, with an average increase of 0.6% in two years, down 3.2% from 2019. It can be seen that both real estate investment and infrastructure investment have been weak in the past two years. The poor performance of infrastructure investment is mainly due to the increased risk of local government debt in recent years, which restricts the expansion of local debt, the slight shortage of local governments in infrastructure financing, the slow pace of the issuance of special bonds, and the insufficient support of public finance for infrastructure.

1.2. Consumption

Stabilizing consumption is the key to stabilizing the economy. At present, there are still some weaknesses and weaknesses in the field of consumption, and the basis for the recovery of consumption is not yet solid. The insufficient consumption demand is mainly reflected in the decline of consumption demand, insufficient consumption expectations and poor consumption environment.

Consumer demand declined. From the perspective of per capita consumption expenditure, the per capita consumption expenditure of residents in 2020 is 21210 yuan, and the contribution rate of consumption expenditure to GDP growth

is 6.8%. In 2021, the per capita consumption expenditure of residents is 24100 yuan, and the contribution rate of consumption expenditure to GDP growth is 65.4%. The average growth rate was far lower than the level before the epidemic. The per capita disposable income of the national residents increased by 5.1% in real terms in two years on average, and the slowdown in income growth further reduced consumer demand.

Consumption expectations are insufficient. Consumption expectation refers to a consumption tendency generated by the consumer based on the judgment of the market and economic conditions. From the perspective of the total domestic savings rate, the total domestic savings rate has been showing a downward trend from 2011 to 2019, and has become a turning point since the beginning of 2020. The total savings rate has increased in 2020 and 2021, 45.32% and 45.5% respectively, while the world average is about 26%. It can be seen that the current residents have strong savings motivation and insufficient consumption willingness.

The consumption environment is poor. Consumption environment includes consumption economic environment, consumption system environment, consumption infrastructure environment and consumption supply environment [2]. From the perspective of consumption economic environment, the current consumption economic environment is poor. The data shows that the income gap between urban and rural residents in China in 2020 is 2.56, and that in 2021 is 2.5, but it is still at a high level worldwide. The large income gap between urban and rural residents limits the consumption capacity of residents. From the perspective of consumption system environment, the current consumer rights protection mechanism and social security system are not perfect, and the regulatory mechanism is not perfect. From the perspective of consumption infrastructure environment, affected by the epidemic, the construction of new infrastructure is insufficient, and it is difficult to support and lead the future consumption growth point. From the perspective of consumption and supply environment, with the improvement of people's living standards, consumers have higher requirements for both consumption quality and product quality [3].

1.3. Policy tools

Policy tools are mainly reflected in fiscal policy and monetary policy. Fiscal policy and monetary policy are two important policy means for the country to implement macro-control in the modern market economy.

From the perspective of fiscal policy, it is undeniable that positive fiscal policy has played a positive role in economic recovery, but there are still some problems. As far as fiscal revenue is concerned, although it shows a recovery growth compared with 2020, the average growth rate in two years is far lower than the level before the epidemic. From the perspective of fiscal expenditure, the average growth rate in the two years was only 1.6%, significantly lower than the 8% level before the epidemic, and the expenditure intensity was relatively insufficient. The current round of tax reduction and fee reduction policy is based on value-added tax, and the local share of value-added tax is far more than the central government. The tax reduction and fee reduction will make the local government relatively short [4]. Moreover, the imbalance of fiscal revenue and expenditure may stimulate local governments to use new debt to repay old debt, resulting in an increase in implicit debt, further increasing the risk of

local debt, and affecting fiscal sustainability.

In terms of monetary policy, from the perspective of the current monetary policy, although the total monetary policy has stimulated the economy, it has led to a sharp rise in inflation. Most of the funds released by the reduction of the reserve rate have gone to large enterprises, which has not eased the financing constraints of small and medium-sized enterprises [5]. China's monetary policy includes both quantitative monetary policy and price-based monetary policy [6]. From the perspective of quantitative monetary policy, in 2021, the growth rate of M2 and the balance of social financing scale significantly slowed to the level before the epidemic, and the growth rate of the balance of social financing scale was more obvious. The current quantitative monetary policy was inadequate. From the perspective of price-based monetary policy, the interest rate of the money market remained at a low level, the real interest rate of the credit market decreased significantly, and the strength of the price-based monetary policy was relatively sufficient.

2. A Package of Policies Helps Stabilize Growth

The Central Economic Work Conference and the Report on the Work of the Government pointed out that in the face of the complexity of foreign forms, China's external risk challenges have increased, and external uncertainty has increased, and stable growth is facing new challenges. The package of policies and measures to stabilize the economy covers six aspects, including fiscal policy, monetary and financial policy, investment and consumption stabilization policy, food and energy security policy, industrial chain supply chain stability policy, and basic livelihood protection policy [7].

In terms of fiscal policy, we should accelerate the implementation of the value-added tax retention, offset and refund policy, increase government procurement support for small and medium-sized enterprises, make full use of local special bonds to support the economy, speed up budget implementation and fiscal expenditure progress, expand the implementation of social insurance deferred payment policy, and make good use of the government financing guarantee and the small and micro enterprise guarantee premium bonus policy.

In terms of financial policy, we will increase support for inclusive small and micro loans and discounts, provide financial support for small and micro enterprises, individual businesses, agriculture, rural areas and farmers, and increase financial institutions' support for infrastructure construction and major projects, further reduce the actual loan interest rate, and improve the efficiency of capital market financing.

In terms of stabilizing investment and promoting consumption, we should encourage private investment to participate in the construction of projects in key areas, accelerate the construction of water conservancy projects, urban underground comprehensive pipe gallery and transportation infrastructure projects, especially the construction and reconstruction of rural roads, ensure the healthy development of the platform economy, and steadily increase the consumption of automobiles, home appliances and other commodities.

In terms of ensuring food and energy security, we should improve the security of grain income, optimize the grain subsidy policy, release high-quality coal production capacity

in an orderly manner, accelerate the construction of large-scale wind power and photovoltaic base, improve the coal reserve capacity and level, and strengthen the reserve capacity of energy resources such as crude oil [8].

In terms of ensuring the stability of the supply chain of the industrial chain, the "non-stop supply of arrears" policy was implemented for small and micro enterprises and individual businesses that were temporarily experiencing difficulties in production and operation affected by the epidemic, and the relief efforts were increased for the industries affected by the epidemic, the transportation and logistics policies were improved, the major foreign investment projects were accelerated, and foreign investment was actively introduced.

In terms of ensuring the basic livelihood, we will improve the policy of supporting the employment and entrepreneurship of rural migrant population and rural labor, implement the phased support policy of housing provident fund, timely and fully distribute subsidies, make good use of the relief and subsidy funds allocated by the central government, and improve the social livelihood guarantee policy.

3. Issues Needing Attention to Achieve Stable Economic Growth

Although the policy formulation is relatively comprehensive, considering that many problems will arise in the actual implementation process, the following issues need to be paid attention to in the implementation process are proposed.

In terms of fiscal and monetary policy, first, the guarantee role of fiscal policy cannot be played without the organic coordination of fiscal policy and monetary policy. We need to coordinate fiscal and monetary policies to give full play to their due effects. Practice has proved that expansionary monetary policies are often only effective in the short term, and the long-term implementation effect will be discounted or even ineffective. Therefore, we should pay attention to the timeliness of monetary policies [9]. Second, we should leave some autonomy for the local government to ensure that the local government can appropriately adjust and control the characteristics of its own development. At the same time, ensure the smooth transmission channel of monetary policy, guide the market interest rate to maintain a normal level, and ensure the implementation effect of monetary policy.

In terms of stabilizing investment, first, we should grasp the right investment direction. We should not only do a good job in new infrastructure, but also pay attention to investment in traditional infrastructure and fossil energy [10]. At present, the total amount of new infrastructure is still small, and it is difficult to assume the function of adjusting the economy. Therefore, we should not only focus on the investment of new infrastructure, but also put the construction of transportation, water conservancy and other major projects together with the new infrastructure in an important position. Second, while making good preparations for the project, we should pay more attention to the overall planning of the project construction land, energy use and fund supply, establish a more efficient linkage and coordination mechanism, integrate efforts, and ensure the element support for effective investment demand. Third, we should clear up the stock and vacant houses in all cities. For the houses that can be adjusted for supply, meet some rigid demands and improve living conditions, we should

actively organize and adjust the direction of use to better meet the demand for structural housing, release the purchasing power of market housing, relieve the pressure of developers' capital occupation, and release the new investment capacity of the real estate market.

In terms of stabilizing consumption, first, we should implement various measures to improve consumption capacity and confidence, improve the income distribution system, narrow the income gap, improve the income distribution system, improve the consumption tendency of the whole society, stabilize consumption expectations, and better play the role and function of distribution in national economic production [11]. Second, we should pay attention to the problem of the consumption environment, improve the mandatory recall system of unqualified products, strengthen the protection of consumer rights and interests, narrow the income gap between urban and rural residents, and promote the improvement of the consumption environment. Third, we should strengthen the monitoring of the price and market of materials in key areas and areas, allocate the supply of materials according to the unified deployment of the central government, and reduce the impact of price fluctuations on the lives of residents.

In terms of ensuring the stability of the supply chain of the industrial chain, we should promote the manufacturing industry to move towards the high-end link of the value chain. First, we should give full play to the role of market mechanism and enhance the willingness and ability of market participants to take the initiative and respond to risks. Encourage enterprises to participate in the construction of stable supply chain systems of relevant industrial chains, and provide policy support for enterprises participating in important resource reserves [12]. Second, we should pay attention to the synergy of the industrial chain supply chain. We should vigorously promote the combination of "point breakthrough" and "chain collaboration", and break through key core technologies and promote industrial chain breakthroughs by strengthening technological innovation and concentrating on tackling key problems. Third, we should give consideration to both long-term and short-term objectives, maintain the continuous supply of the industrial chain in the short term, help enterprises solve specific problems, and accelerate the replenishment of weak and weak points. In the long run, we should build a more competitive and value-added industrial chain around the goal of high-quality industrial development and the construction of a powerful manufacturing country, and promote the modernization of the industrial chain.

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