

**CHINESE SOCIETY IN 2013 (I):
REBUILDING THE MOMENTUM
OF SOCIAL REFORM**

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Executive Summary

1. Chinese society has been largely stable in 2013, the first year the Xi Jinping-Li Keqiang leadership assumes full responsibility for managing China's domestic and international challenges.
2. The employment situation has been stable. It adds confidence to the reform-minded government that a slower than 8% gross domestic product growth does not necessarily increase employment pressure.
3. Inflation, a top public concern in 2011, has been kept in check since 2012. The Consumer Price Index is expected to be 2.7% year on year in 2013, below the control target of 3.5%.
4. Macroeconomic and social stability allow the Xi-Li leadership to focus on its most important task of the year, which is to form a reform agenda that will guide China through the next nine to 10 years.
5. The Third Plenum of the 18th Party Congress decided to comprehensively deepen reform. The renewed commitment to reform is a response to the widespread lament that reform had lost its momentum by the end of the Hu-Wen rule.
6. On the social front, three broad areas have received substantial attention. One is the urbanization program, or integrated rural-urban development; the second is the reform of "social sectors" (社会事业), which encompasses education, employment, income distribution, and social security; and the third is the innovation of "social governance" (社会治理).
7. One notable change is the relaxation of birth control, from the policy that allows a couple to have two children if both are an only child to the policy that allows a second birth if one spouse is an only child.

8. Urbanization started out as a key strategy for economic growth. By the November Third Plenum, it had become more of a social program than an economic program. “People-centered urbanization” emerged as a core concept.
9. Social security is likely another key area for reform. Hu-Wen’s efforts to integrate the highly fragmented system did not go very far. The unfinished business now falls on the new government.
10. The resolution of the Third Plenum has yet to translate into concrete plans and programs. It is increasingly clear that strong political will, proper sequencing and skillful management are the key to Xi-Li’s reform agenda.