



China in 2035

Towards a Society of Common Prosperity for All

ANGANG HU
SHAOJIE ZHOU

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PREFACE

Having built a moderately prosperous society in all respects that benefits more than 1.4 billion people, China has entered the stage of building a society of common prosperity and embarked on a new journey to achieve its second centennial goals. Common prosperity is an essential requirement of socialism, an important feature of China's modernization, and a goal that the Chinese Communists continue to pursue, a long march from generation to generation.

As early as 1955, Mao Zedong put forward the grand vision of achieving common prosperity under socialism. In the process of promoting the agrarian socialist transformation, Mao proposed to "make all rural people common prosperity."

After the reform and opening up, Deng Xiaoping scientifically explained the essence of socialism: to emancipate the productive forces, develop them, eliminate exploitation, eliminate polarization, and achieve common prosperity. He took a dialectical view of the relationship between the emancipation of the productive forces and common prosperity, and proposed "to let some people get rich first and break the poverty trap while preventing polarization, and finally achieving common prosperity."

Jiang Zemin pointed out that achieving common prosperity is the basic principle and essential feature of socialism, which must not be wavered. In practice, he launched the Regional Coordinated Development Strategy, which is also an important task and means of promoting common prosperity. He stressed that starting from the 9th Five-Year

Plan, more attention should be paid to supporting the economic development of the central and Western regions, gradually stepping up efforts to counter the trend of widening regional disparities, and actively working to narrow the gap. During the 10th Five-Year Plan, China began to implement the strategy for the large-scale development of Western China.

Hu Jintao put forward the Scientific Outlook on Development, emphasizing the path of common prosperity and promoting well-rounded human development. Development should be in the interests of the people, rely on their support, and be of direct benefit to them. The goal is to ensure that all people have the right to education, employment and pay, medical and old-age services, and housing so that exploring a path of a harmonious society.

Since the 18th National Congress of the Communist Party of China (CPC), General Secretary Xi Jinping has given higher priority to achieving prosperity for all, attached great importance to poverty alleviation, put forward the idea of a targeted approach to poverty alleviation, and lifted nearly 100 million rural poor people out of absolute poverty.

After completing the ambitious goal of building a moderately prosperous society, the Party Central Committee clearly proposed to achieve common prosperity for everyone and made it a long-term development goal. Xi stressed that “entering a new stage of development, the full, correct and comprehensive implementation of the new development philosophy must pay more attention to the issue of common prosperity,” and pointed out that “achieving common prosperity is not only an economic issue but also an important political issue related to the CPC’s governing base.”

China already has favorable conditions for achieving common prosperity. These include: Achieving common prosperity under the leadership of the Party, which is a political guarantee; Achieving common prosperity while maintaining medium to high economic growth and high income, building the world’s largest moderately developed urbanized society, and narrowing the gap between urban and rural residents in terms of per capita income and consumption expenditure with continuous growth, which is a driving force for economic development; Significantly enhancing the country’s financial strength and distribution capacity, and building the world’s largest social security system with universal coverage and access for all, which is an important guarantee. From 2021 to 2035, China will make more obvious and substantial progress in the common prosperity for everyone through three Five-Year Plans.

Achieving common prosperity is a daunting and long-term task that faces many challenges. These include urban-rural disparities, uneven regional development, a large number of vulnerable groups, a still high Gini coefficient, an inadequate redistributive capacity of the country, and so on. However, China's current development base and development potential are fully capable of addressing these challenges and achieving common prosperity.

Based on the overall goal and milestones for achieving common prosperity in the new era proposed by the Fifth Plenary Session of the 19th CPC Central Committee, and based on the 14th Five-Year Plan (the first common prosperity plan), we have proposed and designed a system of five major development goals and quantitative indicators. These include productivity indicators (4), development opportunity indicators (3), income distribution indicators (3), development guarantee indicators (9), and people's welfare indicators (3). These indicators are systematically integrated with the main indicators of the 13th and 14th Five-Year Plans, and forward-looking to 2035 based on the development trends of the main indicators. They draw up a grand blueprint for building a common prosperity society step by step, i.e., narrowing the gap between urban and rural areas, regional development, and residents' income, achieving equalization of basic public services for all, and realizing the ambitious goal of making more obvious and substantial progress in common prosperity for everyone by 2035.

The main tasks for promoting common prosperity for everyone in the new era include: (1) upholding China's basic socialist economic system and promoting the political, institutional, economic, social, and ecological advantages of common prosperity; (2) implementing the strategy of rural vitalization, promoting the modernization of agriculture and rural areas, and accelerating the integrated development of urban and rural areas; (3) implementing the new-type urbanization plan, realizing the people-centered urbanization development model, and upgrading the level of urban governance; (4) realizing the equalization of basic public services, enhancing the public service policy system covering the entire population, and accelerating the process of integrated development of urban and rural areas, unification of basic public service standards, and policy convergence; (5) clarifying the responsibilities of governments at all levels for the provision of basic public services; (6) promoting the equalization

of non-basic public services; (7) supporting the vitalization and development of special types of areas; (8) assisting low-income people with special difficulties (200 million to 300 million people).

The policy of promoting the building of a common affluent society for all people requires a national effort. This includes: (1) formulating a national blueprint for promoting common prosperity, adhering to a nationwide approach and integrated planning, while encouraging regional initiative and innovation and allowing each to show its own capabilities; (2) promoting common prosperity in the context of high-quality development, and encouraging all parts of the country to actively promote the transition from medium to high income and from high to exceptional levels of human development in the light of actual conditions; (3) insisting on placing employment protection as a priority in the policy of promoting common prosperity, facilitating more adequate and higher-quality employment, effectively controlling the urban unemployment rate, contributing to the optimization of employment structure, continuously improving labour productivity and employment equity, helping the unemployed to train or change jobs for re-employment, promoting equal employment opportunities for men and women, and reaping the gender dividend and human capital dividend of China's high female labor force participation rate; (4) improving and optimizing the income distribution system, insisting on synchronizing the growth of residents' income with economic growth, increasing labour compensation with the increase in labour productivity, enlarging the proportion of labour compensation in the initial distribution, expanding the channels for residents' income growth, and promoting the diversification of urban and rural residents' income sources; (5) building a family-friendly society, such as a childbirth-friendly society, an elderly-friendly society, and a health-friendly society, and making full use of China's unique social advantage of "women holding up half the world," and utilizing the traditional mutual assistance and reciprocity of rural families as a zero-distribution mechanism; (6) strengthening the national system of basic public services, improving the development mechanism of non-basic public services, and developing the financial guarantee mechanism of basic public services; (7) improving the state's ability to extract financial resources, increasing the proportion of general public budget revenue and expenditure in the gross domestic product (GDP), and utilizing the redistribution function of the socialist state; (8) strengthening the state-owned economy and promoting the development of the private economy.

Promoting common prosperity for everyone is an extremely ambitious development goal that must go through a rather long historical development process. Due to its long-term, complex, and arduous nature, the realization of common prosperity is a protracted struggle that cannot be rushed or postponed over and over again; it cannot be a “great leap forward” or a step-by-step approach; it cannot be an equalization of wealth and poverty, let alone a polarization. According to the regular characteristics of China’s socialist modernization, respect the objective law of development, make steady and solid progress, accumulate small victories for medium victories, accumulate medium victories for the great victories, accumulate quantitative changes for qualitative changes, accumulate qualitative changes for tremendous changes.

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INTRODUCTION: CHINA ENTERS A NEW STAGE OF COMMON PROSPERITY

As a predominant feature of Chinese-style modernization, achieving common prosperity for all people is the essential requirement of socialism.

In November 2021, the Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party over the Past Century (hereinafter referred to as the Resolution), which was adopted at the Sixth Plenary Session of the 19th Central Committee of the CPC, pointed out that the new era of socialism with Chinese characteristics is “the era of gradually achieving common prosperity for all the people,” that is, all the people will work together under the leadership of the CPC to build a common prosperous society. This is another grand strategic goal of Chinese-style modernization after the first centennial goal of building a moderately prosperous society.

In 1979, Deng Xiaoping put forward the strategic goal of building a “moderately prosperous society” and used the term “moderately prosperous home” for the first time to describe the Chinese-style socialist modernization. Since then, “moderately prosperous level” and “moderately prosperous society” have become the key words of China’s modernization development over the past 40 years since the reform and opening up, and building a moderately prosperous society in all aspects has become the first centennial goal, among which the elimination of hundreds of millions of people in absolute poverty is the key symbol of finishing building a moderately prosperous society in all aspects.

The “two centennial goals” are two important milestones in achieving the great rejuvenation of the Chinese nation and two key milestones of fully building a modern socialist country in China. On July 1, 2021, General Secretary Xi Jinping solemnly proclaimed at the ceremony marking the centenary of the CPC that “Through the continued efforts of the whole Party and the entire nation, we have realized the first centenary goal of building a moderately prosperous society in all respects. This means that we have brought about a historic resolution to the problem of absolute poverty in China, and we are now marching in confident strides toward the second centenary goal of building China into a great modern socialist country in all respects.”¹ This achievement also marks China’s completion of the target of reducing extreme poverty of the UN 2030 Agenda for Sustainable Development 10 years ahead of schedule.

Socialism with Chinese characteristics has entered a new stage of the second centennial goal. The overall goal of this stage is to develop China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by the middle of the twenty-first century. Achieving common prosperity is one of the core tasks of the new stage.

Proposals of the Central Committee of the Communist Party of China on Formulating the Fourteenth Five-Year Plan for National Economic and Social Development and the Long-term Goals for 2035 (hereinafter referred to as “the Proposal”), adopted at the Fifth Plenary Session of the 19th Central Committee of the CPC, provides a outlook of the visionary goals for 2035, specifying the basic features and main tasks for the basic achievement of socialist modernization in 2035, namely, “the per capita GDP will reach the level of moderately developed countries, the size of the middle-income group will expand remarkably, equitable access to basic public services will be ensured, and disparities in urban-rural development and in living standards will significantly reduce,” and “people will lead a better life, and more notable and substantial progress will be achieved in promoting well-rounded human development and achieving common prosperity for everyone.”² General Secretary Xi Jinping pointed

¹ Xi Jinping, “Speech at a Ceremony Marking the Centenary of the Communist Party of China”, *People’s Daily*, July 2, 2021.

² “Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People’s Republic of China”, *People’s Daily*, November 4, 2021.

out in the note of the Proposal that we must put the promotion of common prosperity for all the people in a more important position, be down-to-earth, make unremitting endeavor, and work more proactively toward this goal. He also stressed in particular that such statement is the first time in the Party's plenum document.³ This marks a new stage in China's march toward common prosperity from 2021 to 2035.⁴

On August 17, 2021, General Secretary Xi Jinping presided over the tenth meeting of the Central Committee for Financial and Economic Affairs, specifically stressed efforts to promote common prosperity in the pursuit of high-quality development. He pointed out, "Since the 18th Party Congress, the Party Central Committee has grasped the new changes in the stage of development, put the gradual achievement of common prosperity for all the people on a more important position, promoted coordinated regional development, taken strong measures to protect and improve people's livelihood, won the tough battle against poverty, and built a moderately prosperous society of all respects, creating good conditions for promoting common prosperity. Now it is the historical stage of solidly promoting common prosperity."⁵

"Common prosperity" has become the theme and core goal of China's economic and social development in the coming period, and will also become a key symbol for the basic achievement of socialist modernization, starting a new Long March to achieve common prosperity for over 1.4 billion Chinese people.

Given this context, this book focuses on the development goal and practical ways of building a society of common prosperity for all people by 2035, with the key topic of "making more obvious and substantial progress toward common prosperity for all people." This book is divided

³ Xi Jinping, "Explanation of Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China", *People's Daily*, November 4, 2021.

⁴ In 2011, the author had proposed that by 2030, China should not only become a world economic power and innovation power, but also cross the middle-income trap and move toward a common prosperity society with favorable conditions of: first, the strong political will of the Party; second, adherence to the socialist road; third, relatively strong state financial capacity to strongly support the narrowing of the development gap; and fourth, local innovations that provide valuable experience. See Hu Angang, Yan Yilong, and Wei Xing, *China 2030: Toward Common Prosperity*, China Renmin University Press, 2011, p. 130.

⁵ Xi Jinping, Making Solid Progress Toward Common Prosperity, *Qiushi*, Vol. 20, 2021.

into a preface, introduction, and seven chapters, mainly answering the following major questions: Why did the Party Central Committee put forward the grand goal of common prosperity? What is the theoretical basis of common prosperity? How does China, as a socialist developing country, pursue this grand goal of common prosperity and put it into practice? Can China achieve the goal of common prosperity in the new era? What are the favorable conditions and development bases, and what are the major challenges and risks it may face? What are the overall goals and strategic thinking for achieving common prosperity? What are the specific stage development goals and quantitative indicator systems? What are the major long-term tasks? What are the key policies and concrete suggestions in promoting common prosperity?

The introduction explains that after fully building a moderately prosperous society benefiting more than 1.4 billion people, China has entered a new era of building a society of common prosperity for all people, an upgraded version of the Chinese road and a new exploration of the Chinese development road.

The first chapter elaborates the theoretical basis and ideological sources of achieving common prosperity in China as the theoretical basis of the research theme of this book.

Chapter 2 summarizes the social practice of continuously promoting common prosperity since the founding of New China which can be divided into three periods. The first is the period of socialist revolution and construction, which laid the fundamental political premise and institutional foundation of socialism for achieving common prosperity. The second is the new period of reform and opening up and socialist modernization, which focused on economic development, removed the economic straitjacket to unleash productive potential, eradicated extreme poverty, and made people rich as soon as possible, providing the institutional guarantee of the socialist market-economy system and material conditions for realizing common prosperity. The third is the new era of socialism with Chinese characteristics, a new era in which people of all ethnic groups across the country get united and struggle to continuously create a better life and gradually achieve common prosperity for all people.

Chapter 3 provides an in-depth analysis of the basis and challenges for achieving the goal of common prosperity. Many favorable conditions are already in place for China to enter a new era of common prosperity for all people. Given this, the Party Central Committee, with Comrade Xi Jinping at its core, has made a major strategic decision to promote

the achievement of common prosperity, which is consistent with and fully reflects the fundamental and long-term interests of the whole nation. At the same time, we must also realize that the achievement of this ambitious goal faces many challenges and the task is very arduous. However, the opportunities are greater than the challenges and the solutions are more than difficulties, which requires actively creating and tightly grasping the new period of strategic opportunities for development, proactively responding to various foreseeable and unforeseeable risks and challenges, and building a common prosperity society together in effectively dealing with various risks and challenges.

Chapter 4 analyzes in detail the overall goals and indicator system for achieving common prosperity in the new era. This includes what kind of society of common prosperity should be built, how this goal should be achieved in stages and steps; how to design the overall goals and key milestones, and what specific goals and quantifiable and assessable indicators should be selected. This requires the goal-oriented and problem-oriented approach, unity of righteousness and innovation, and in-depth study of a comprehensive alignment with the 2035 vision proposed by the Party Central Committee, with both a grand vision and an implementable, operable and achievable phased and step-by-step approach to better build a society of common prosperity with Chinese characteristics.

Chapter 5 puts forward the major tasks for promoting common prosperity in the new era, including adhering to the basic socialist economic system; implementing the rural revitalization strategy; implementing the new urbanization strategy; achieving equalization of basic public services; focusing on supporting the revitalization and development of special types of areas; and focusing on helping low-income people with special difficulties. These tasks should both reflect the overall nature of promoting common prosperity and highlight the key points and shortcomings.

Chapter 6 puts forward the main policy thinking and suggestions for promoting common prosperity, including formulating national and local action plans to promote common prosperity; promoting common prosperity in high-quality development; adhering to the basic state policy of giving priority to employment; adhering to the socialist principle of distribution based on labour and the coexistence of multiple modes of distribution, regulating the order of income distribution and optimizing the structure of income distribution; actively implementing the national strategy to cope with population aging and fewer children, and building a

family-friendly society; and improving the state's financial drawing power to fully play to the important role of state redistribution.

Chapter 7, as the conclusion of the book, elaborates on the great practical significance and world significance of achieving common prosperity for more than 1.4 billion Chinese people under the leadership of the CPC, that is, after creating two miracles of rapid economic development and long-term social stability and eliminating absolute poverty, China is gradually achieving common prosperity for all people and building a socialist modernization country on all fronts. This has formed a historical baton mechanism for building socialist modernization with Chinese characteristics and achieving common prosperity, passing from one generation to the next, writing a new chapter of the Chinese era in the twenty-first century, and creating a new path for human beings to achieve common prosperity.

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China’s “Miracle of Poverty Reduction”: From an Extremely Poor Country to a Moderately Prosperous Society in All Respects

The process of China comprehensively building a well-off society is one where the phenomenon of poverty is continuously reduced, and the people become increasingly prosperous. Poverty alleviation, comprehensive well-being, and common prosperity are interconnected and internally consistent, yet each has its own emphasis and differences. Poverty alleviation is an important part of and the bottom-line task for comprehensive well-being. Only by winning the battle against poverty can the “quality” of a comprehensive well-off society be ensured. Comprehensive well-being is an important foundation for achieving common prosperity. Only by realizing comprehensive well-being can a solid foundation be laid for achieving common prosperity. Common prosperity is the ultimate goal of poverty alleviation and comprehensive well-being. Only by promoting common prosperity can the achievements of poverty alleviation and comprehensive well-being be truly consolidated, further highlighting the superiority of the socialist system with Chinese characteristics.

This chapter views China’s “poverty reduction miracle” as a perspective to sort through the historical process of eliminating absolute poverty. It analyzes the institutional support behind the “poverty reduction miracle,” thus deeply understanding how China has transformed from a major poor country to a comprehensively well-off society, and further building a society of common prosperity.

1.1 CHINA CREATES A WORLD “POVERTY REDUCTION MIRACLE”

The concept of “xiaokang” (moderate prosperity) is rooted in traditional Chinese culture. More than 2000 years ago, it was first mentioned in the “Book of Songs,” an ancient collection of Chinese poetry. The idea was to advise rulers to empathize with the hardships of the people’s lives and to align with the simple wishes and earnest hopes of the people for a peaceful life. Thus, “xiaokang” embodies the profound cultural heritage of China and has been a beautiful vision deeply rooted in the hearts of the Chinese people for thousands of years. However, throughout the thousands of years of dynastic rises and falls, and the unification and division of the country, constrained by the level of productive forces and the feudal social system, the “xiaokang society” has always been a fantasy, and ordinary people have always lived in poverty, struggling for survival. Especially, when Western countries successively started industrialization and gradually moved toward modern society, China gradually became a laggard and marginalized in industrialization. After the Opium War broke out in 1840, the Chinese nation suffered unprecedented disasters, and the state was weakened and impoverished, with the people living in hardship.

More than 100 years ago, the founding of the Communist Party of China profoundly changed the course of Chinese history. It deeply altered the direction and process of the development of the Chinese nation after modern times, profoundly transformed the destiny and future of the Chinese people and the Chinese nation, and profoundly changed the trend and pattern of world development. Under the leadership of the Communist Party of China, the People’s Republic of China was established, realizing national independence and people’s liberation, and initiating China’s industrialization and modernization. After the founding of the People’s Republic of China, China went through the socialist transformation of agriculture, handicrafts, and capitalist industry and commerce, and gradually established a planned economic system. During the period of the planned economy, China embarked on industrialization with an extremely low level of economic development and human capital, and the Chinese economy entered a period of modern economic growth. Although the Chinese economy experienced significant fluctuations during this period, the average growth rate was higher than any other period in history, laying an industrial foundation for China’s reform and opening up. According to data from the National Bureau of Statistics

of China, from 1952 to 1978, China's average GDP growth rate reached 6.1%, and the average per capita GDP growth rate was 4%.

Despite the high growth rate during the planned economy period, the extremely low level of economic development at the beginning of the founding of the People's Republic of China determined that eradicating poverty was a daunting task. At the beginning of the reform and opening up in 1978, China was still an extremely poor country, one of the poorest in the world. According to China's national poverty line standards in 2010, the rural poverty incidence rate was 97.5%. Therefore, eradicating poverty was an important task that must be completed in China's modernization construction, and it was also linked with the concept of Chinese-style modernization. On December 6, 1979, Deng Xiaoping responded to questions from Ōhira Masayoshi regarding China's realization of the four modernizations, stating, "Our concept of the four modernizations is not like your concept of modernization, but a 'moderately prosperous society'." He explicitly proposed the goal of establishing a moderately prosperous society in China by the end of the twentieth century, pointing out, "What is meant by moderately prosperous, in terms of gross national product, is an average per capita income of 800 US dollars."

Since Deng Xiaoping creatively proposed the concept of "xiaokang" (moderately prosperous) in 1979, building a moderately prosperous society has become the political commitment of the Communist Party of China in governance. Under the leadership of four generations of leaders, Deng Xiaoping, Jiang Zemin, Hu Jintao, and Xi Jinping, and through continuous efforts over 40 years, the goal of "moderately prosperous" has been realized step by step, from "moderately prosperous households" to a "moderately prosperous society," from "overall moderate prosperity" to "comprehensive moderate prosperity," from "comprehensive construction" to "comprehensive completion." The goal of moderate prosperity has been continuously realized, and the dream of a moderately prosperous society has become a reality.¹

Figure 1.1 reflects the continuous decline in the proportion of the rural poor in China.² According to the current 2010 national poverty

¹ Information Office of the State Council of the People's Republic of China: 'China's Comprehensive Well-off Society,' September 2021.

² The '1978 standard' is a low-level subsistence standard set at 100 yuan per person per year at 1978 prices. Under this standard, food expenditure accounts for about 85% of the

line, in 1978 nearly all (97.5%) of the rural population were poor; by 2000, 50% of China's rural population was poor, and China remained a low-income country; by 2012, 10.2% of China's rural population was still poor, representing the segment of the population that was hardest to lift out of poverty. Since the 18th National Congress of the Communist Party, with Xi Jinping at its core, the Party Central Committee has placed poverty alleviation in a prominent position in national governance, making it the bottom-line task for building a comprehensively prosperous society. Precision poverty alleviation and targeted poverty eradication have been adopted as basic strategies, organizing a people's war on poverty alleviation. By 2020, China had achieved total poverty alleviation in rural areas, eliminating absolute poverty, resolving regional poverty, and historically resolving the issue of absolute poverty that has plagued the Chinese nation for thousands of years, which has also become a key indicator and the biggest highlight in the building of a comprehensively prosperous society.

Since the 18th National Congress, the income of the poor population in our country has increased significantly. The average disposable income of rural residents in poor areas increased from 6079 yuan in 2013 to 12,588 yuan in 2020, with an average annual growth of 11.6%, consistently outpacing the national rural average and 2.3 percentage points higher than the national rural rate. Especially, the work on precision poverty alleviation has been outstanding. Over 90% of the registered poor population have received support for industrial poverty alleviation and employment, with an average annual increase in per capita net income of 30.2%, steadily enhancing their ability to independently lift themselves out of poverty. Besides significant income growth, the infrastructure and public service levels in poor areas have also markedly improved. In terms of infrastructure, all eligible villages have access to

total, basically ensuring a daily caloric intake of 2100 kilocalories per person. However, the quality of food is relatively poor, with a high proportion of coarse grains in staple food and a very low proportion of meat and eggs in non-staple food, providing just enough to satisfy hunger. The '2008 standard' is a basic subsistence standard set at 1196 yuan per person per year at 2008 prices. Under this standard, the proportion of food expenditure is reduced to 60%, basically ensuring 'adequate food and clothing.' This standard expands non-food consumption expenses on the basis of the '1978 standard.' The '2010 standard,' which is the current rural poverty standard, is a stable subsistence standard set at a living level of 2300 yuan per person per year at 2010 prices.

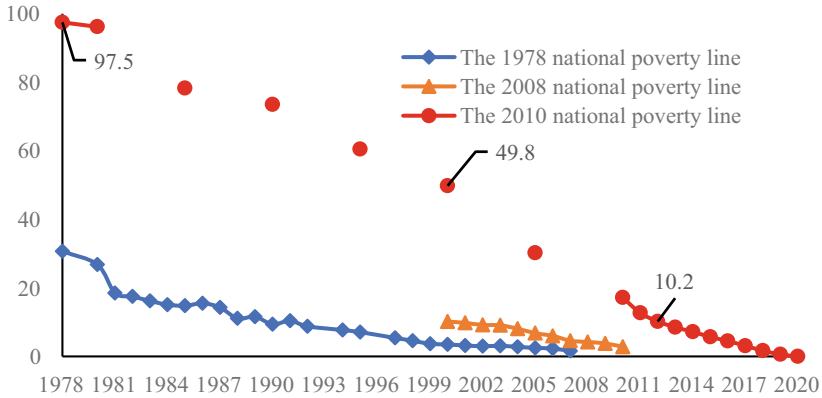


Fig. 1.1 Proportion of rural poor population in China from 1978 to 2020 (Unit: %)

paved roads, a 99% reliability rate in rural power supply, and 98% broadband coverage in poverty-stricken villages in deeply impoverished areas. In terms of basic public services, every poor village has a health clinic and village doctor, and the conditions of 108,000 weak compulsory education schools have been improved. Overall, the production and living conditions of people in poor areas have significantly improved, with “two no worries” (about food and clothing) notably enhanced, and “three guarantees” (in education, healthcare, and housing) generally resolved.³

From the perspective of international poverty reduction, China’s achievements in poverty alleviation can be described as a “poverty reduction miracle.” As shown in Fig. 1.2, according to World Bank statistics and based on the global absolute poverty standard of living on less than \$1.90 per day (2011 purchasing power parity), China’s poverty incidence in 1990 was 72.0%, higher than the global average of 37.8%, and even higher than the poverty incidence in Sub-Saharan Africa (53.3%). At that time, China’s poor population accounted for 40.8% of the global poor population, far exceeding the proportion of China’s population in the world population (21.4%). Therefore, despite over a decade of reform

³ The above data can be found in: Information Office of the State Council of the People’s Republic of China: “China’s Practice in Poverty Reduction for Humanity,” April 2021.

and opening up, China was still a major poor country in the world, and poverty was a widespread phenomenon in China. However, by 2019, China's poverty incidence had decreased to 0.1% according to this standard, accounting for only 0.2% of the global poor population, and China had essentially eliminated absolute poverty, while the average poverty incidence outside China was 10.2%.

It is important to note that the World Bank also provides two other poverty line standards, namely living on \$3.20 per day (lower-middle poverty line) and \$5.50 per day (upper-middle poverty line). Based on these two poverty line standards, China's achievements in poverty reduction are still remarkable. According to the \$3.20 per day standard (see Fig. 1.3), China's poverty incidence in 1990 was as high as 92.7%, far exceeding the global average of 56.3%, but this figure has continuously declined, dropping to 3% in 2019, much lower than the global average of 23.5%. Similarly, based on the \$5.50 per day standard (see Fig. 1.4), China's poverty incidence also declined from significantly higher than the global average to significantly lower.

In this sense, China had eliminated poverty at a relatively high level by 2020. In the 15 years of implementing the United Nations Millennium Development Goals (1990–2015), China achieved a fundamental

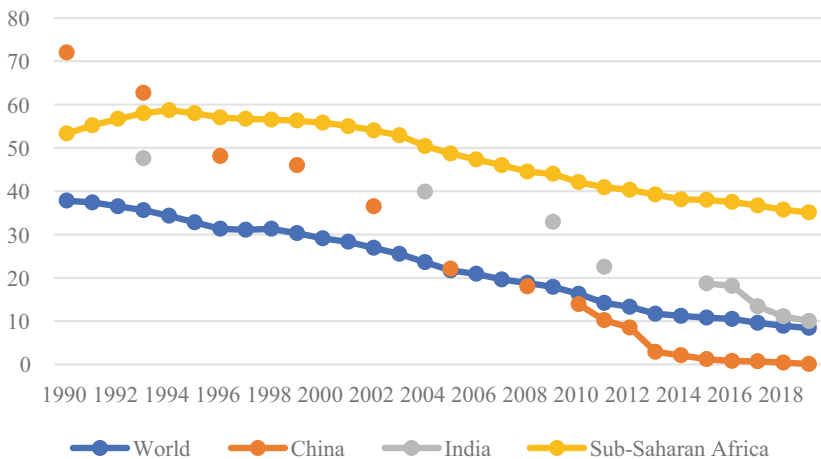


Fig. 1.2 Proportion of the population living on less than \$1.90 per day (Unit: %) (*Data Source* Official website of the World Bank)

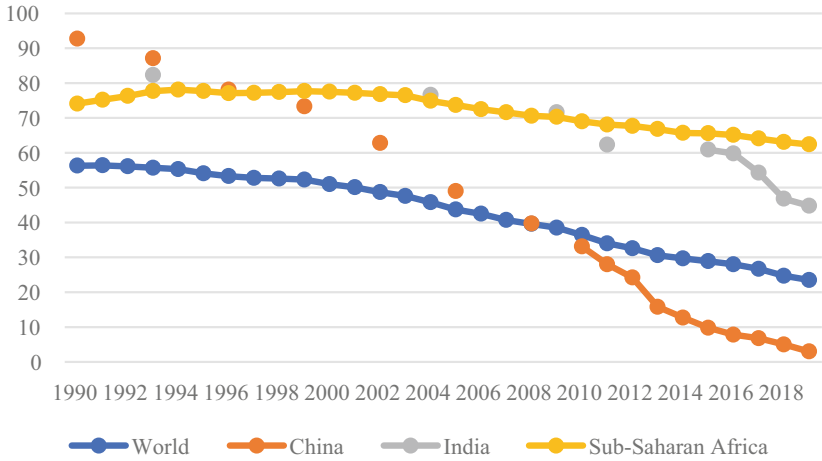


Fig. 1.3 Proportion of the population living on less than \$3.20 per day (Unit: %) (*Data Source* Official website of the World Bank)

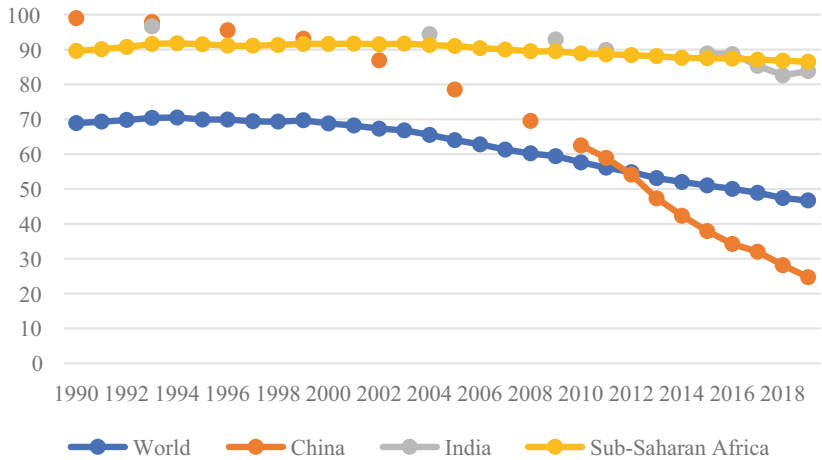


Fig. 1.4 Proportion of the population living on less than \$5.50 per day (Unit: %) (*Data Source* Official website of the World Bank)

transformation from a poor country to a moderately prosperous country, making an outstanding contribution to the global cause of poverty reduction. In September 2015, on the 70th anniversary of the United Nations, former World Bank President Jim Yong Kim highly praised China's poverty reduction achievements, saying, "Over the past 25 years, China has played the greatest role in eliminating extreme poverty in human history. China is the most experienced country in the world in poverty eradication." China's "poverty reduction miracle" not only made the greatest contribution to the global poverty reduction cause but also proved to the world that poverty is not insurmountable. It enhanced the confidence of developing countries in overcoming poverty and provided experiences for many developing countries in advancing their poverty reduction efforts. United Nations Secretary-General António Guterres believes that the strategy of precision poverty alleviation is the only way to help the poor and achieve the ambitious goals set in the 2030 Sustainable Development Agenda. China's experience can provide useful lessons for other developing countries. China's poverty reduction experience has been included in the United Nations General Assembly's "Elimination of Rural Poverty to Implement the 2030 Agenda for Sustainable Development," contributing Chinese wisdom to promoting global poverty reduction. In the future, China will also promote international poverty reduction cooperation based on the concept of building a community with a shared future for humanity, demonstrating the responsibility of a major country, and contributing to the advancement of the United Nations Sustainable Development Goals.

1.2 THE HISTORICAL PROCESS OF CHINA'S CREATION OF THE "POVERTY REDUCTION MIRACLE"

2019 Nobel laureate in Economics, Abhijit Banerjee, and Esther Duflo conducted a 15-year-long in-depth study on the poor populations in 18 countries and regions across five continents, showing that the main causes of poverty include unstable social situations, harsh natural environments, backward education levels, and the absence of social assistance mechanisms. This conclusion is also applicable to the poverty experienced throughout China's history. To understand the great significance of China's poverty reduction, one must start from the 200-year development history of modern China.

According to the research of economic historian Angus Maddison, in 1820, China was not only the country with the largest population (accounting for 36.6% of the world) but also the country with the highest total GDP in the world (accounting for 33.3%), with a per capita income level roughly equivalent to the world average. However, after the main Western countries rapidly entered the industrialization phase, China experienced a century of development stagnation and decline. A fundamental reason for China's backwardness and suffering in modern times was the lack of a strong and modern-aware state leadership, which is an important reason why China could not effectively respond to the world industrial revolution and why it could not initiate industrialization and modernization. It was not until 1949, with the establishment of the People's Republic of China, that the Communist Party of China ended the turbulent social situation that had persisted since 1940 and began independent industrialization and socialist construction. For the "poverty reduction miracle" in China, the leadership of the Communist Party of China is the fundamental reason behind all poverty reduction systems. This chapter will sort out China's poverty reduction practice from three aspects: the industrial and human capital foundation created during the socialist construction period, the rapid economic and social development since the reform and opening up, and the continuous improvement of the national poverty alleviation system, seeking the systemic explanation behind China's creation of the "poverty reduction miracle."

1.2.1 The Socialist Construction Period Laid the Foundation for the Creation of the Poverty Reduction Miracle

The economic and social development during the socialist construction period laid the industrial and human capital foundation for the creation of the poverty reduction miracle after the reform and opening up. It was only after the establishment of the People's Republic of China that China truly entered the period of modern economic growth. However, more than 100 years of poverty and weakness in modern China meant that the country began socialist construction under extremely backward conditions, and the development situation at the beginning of the new China can be summarized as "poor and blank." Therefore, how to promote economic development and win national independence through industrialization, as well as how to improve national quality through the development of science, education, culture, and health, became urgent

needs for national development. This was also a long-term historical task after the establishment of new China. During this period, China did not implement a national strategy specifically for poverty reduction, because poverty was an extremely common phenomenon in this development period. The basic national conditions of China at that time also determined that reducing poverty was not an overnight task; its existence was not a short-term phenomenon, and reducing and eliminating poverty would inevitably go through several development stages. In fact, until the beginning of the reform and opening up in 1978, China was still a major poor country. According to the national poverty line standard of 2010, the rural poverty incidence rate in China in 1978 was 97.5%, and the rural poor population reached 770 million.

Although China still faced severe poverty issues at the beginning of the reform and opening up, compared to previous historical stages, the country achieved economic development during the planned economy period that surpassed previous historical levels, and the living conditions of the people were significantly improved. An important manifestation of this was the significant increase in average life expectancy and education levels. China's average life expectancy rose from 35 years in 1950 to 65.9 years in 1978. Internationally, in 1978, China's life expectancy was even slightly higher than that of Mexico, although Mexico's per capita income level in 1977 was six times that of China. During this period, the achievements in the health sector were largely a result of the development of China's public health undertakings. For example, after the establishment of the People's Republic of China, under the leadership of the Communist Party of China, governments at all levels mobilized the masses to carry out continuous, nationwide patriotic health campaigns, significantly reducing the prevalence of infectious diseases; despite extremely low levels of economic development, a primary public health system was established, providing the people with basic, accessible, and affordable medical and health services and protection, becoming an important factor in increasing life expectancy. The World Bank highly praised China's health development achievements in its "1993 World Development Report," stating, "By the late 1970s, health insurance in China covered almost all urban populations and 85% of the rural population, a feat unparalleled in other low-income countries."

In terms of educational development, China's adult literacy rate increased significantly, and primary education was basically universal, with the average years of education rising from 1 year to 4.6 years. According

to data from the World Bank's "1983 World Development Report" and "1984 World Development Report," China's adult literacy rate had reached 69% in 1980, and the enrollment rate in secondary education reached 44% in 1981, both significantly higher than most low-income countries and also at the forefront compared to lower-middle-income countries at the time. The significant achievements in education and health laid the human capital foundation for further advancing industrialization and urbanization after the reform and opening up, and for opening up to the outside world and integrating into the global economy, which also became the human capital foundation for China's significant achievements in poverty alleviation.

1.2.2 Sustained High Economic Growth After the Reform and Opening Up Promotes Large-Scale Poverty Reduction

Economic development is a necessary condition and the fundamental driving force for poverty reduction. The Eleventh Central Committee of the Communist Party of China made a historic decision to shift the focus of the Party's work to economic construction and implement reform and opening up. This was a great turning point of profound significance in the history of the Party since the founding of the People's Republic of China, marking the beginning of a new period of reform and opening up and socialist modernization construction in China, and opening up the path of socialism with Chinese characteristics, gradually exploring a way out of poverty. Rapid economic and social development after the reform and opening up became the main driving force for large-scale and significant poverty reduction. On the one hand, economic development laid the material foundation for social progress, promoting the development of science, education, culture, and health, and in turn laid the human capital foundation for economic development. On the other hand, economic development creates employment opportunities, which play a key role in lifting the poor out of poverty. Since the reform and opening up, under the leadership of the Communist Party of China, China has firmly advanced reform and opening up, continuously established and improved the socialist market economic system, adopted an economic development path suited to China's national conditions, advanced industrialization and urbanization, created economic opportunities for all people, and drove down the poverty incidence rate. From 1979 to 2022, over more than 40 years, China's GDP grew at an average rate of 9.0%, and the per capita

GDP growth rate reached 8.1%. The sustained high-speed growth of the economy led to a continuous increase in the per capita income levels of urban and rural households, thereby continuously reducing poverty.

China's ability to maintain high-speed growth for over 40 years objectively proves that it chose the correct path of reform and opening up. After the Third Plenary Session of the Eleventh Central Committee of the Party, China clarified the development strategy centered on economic construction, gradually reformed the highly centralized planned economic system, and gradually established and improved the socialist market economic system. In practice, China initiated economic reforms from the rural areas, implemented the household responsibility system, vigorously developed township enterprises, advanced state-owned enterprise reform, actively developed individual, private, and foreign-funded economies of various ownerships, gradually releasing the potential of China's economic development, forming a virtuous interaction between economic growth and urbanization. From the perspective of opening up to the outside world, China started from establishing special economic zones, opening coastal port cities, establishing economic development zones, to joining the World Trade Organization (WTO) in 2001, actively participating in various regional economic organizations, establishing free trade zones across the country, actively promoting free trade, China's participation in the world economy became increasingly diversified, and its breadth and depth in the global economy continuously increased, gradually transforming from a country marginalized in the process of economic globalization to an important center node in the world economic system. In 1978, China's total import and export volume accounted for only 0.8% of the world's share, rising to 10.4% by 2012, and further to 12.3% by 2022. China became the world's largest exporter of goods in 2009 and the world's largest trading nation in goods in 2013. In the international trade system, China has transformed from a learner and adapter of international trade rules to an active participant in the formulation of rules.

With the continuous deepening of reform and opening up, China has also constantly adjusted its population management policies and employment systems, promoting the development of various types of non-public sector economies. This has been an important manifestation of expanding economic freedom and has created employment demand for the transfer of surplus rural labor and urbanization development. Particularly, the development of the non-public sector economy has created

massive employment opportunities for a large number of urban and rural laborers, providing momentum for the shift of labor from the agricultural sector to the non-agricultural sector. At the beginning of the reform and opening up, about 70% of China's labor force was employed in the agricultural sector. By 1992, this proportion had dropped to 58.5%, in 2002 it fell to 50.0%, and by 2022 it had decreased to 24.1%. The labor force that moved out of rural areas also drove urbanization development. China's urbanization rate rose from 17.92% in 1978 to 65.22% in 2022, increasing by an average of 1 percentage point each year. The urban population grew from 172 million in 1978 to 921 million in 2022, a net increase of 749 million, equivalent to 2.2 times the current population of the United States and six times the current population of Japan.

The development of urbanization absorbed a large amount of labor transferred from rural areas, and the scale of China's migrant population also steadily increased. According to data from China's population censuses, in 1982, the migrant population was only 6.7 million, accounting for 0.6% of the national population. By 2020, this number had increased to 375.82 million, accounting for 26.0% of the national population. At the same time, the scale of the rural poor population continuously and significantly decreased from 770 million in 1978, achieving the elimination of all poverty by 2020. Since the reform and opening up, the massive transfer of labor from the agricultural sector to the non-agricultural sector and the migration of rural populations to urban areas have become the driving forces of China's economic growth, reshaping China's economic geography, and also being the most important direct cause of the large-scale reduction in the number of poor people. Looking at the income level of China's migrant workers, in 2020, the average monthly income of migrant workers was 4072 yuan, a level equivalent to 12 times the national poverty line of China in 2020 (4000 yuan). Therefore, with China's gradual transition to a socialist market economic system, sustained high growth and the employment creation and labor transfer brought about by this growth have become important pillars in the large-scale reduction of poverty in China.

1.2.3 National Poverty Reduction Strategy and Actions as Key Pillars of China's Poverty Reduction Miracle

Since the reform and opening up, poverty alleviation has been one of the major tasks of China's socialist modernization. The Chinese government

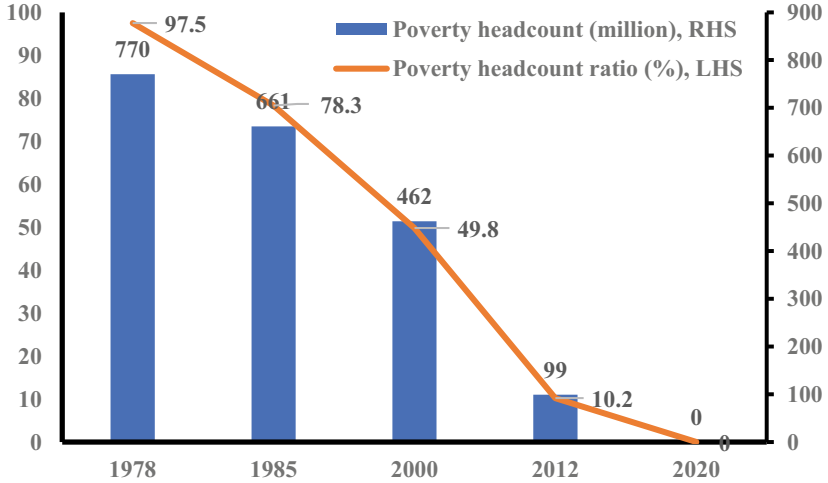


Fig. 1.5 Changes in the total number and proportion of rural poor population in China from 1978 to 2020

has prioritized poverty alleviation as a key area of national development, continuously advancing the implementation of poverty reduction strategies and policy innovation through a strong national poverty alleviation strategy as a guarantee mechanism. The national poverty alleviation system has been continuously improved, forming a mature institutionalized poverty alleviation system with Chinese characteristics, which is another major pillar of China’s “poverty reduction miracle.” Looking at China’s national poverty alleviation system, it has gone through four main stages since the reform and opening up: 1978–1985, 1986–2000, 2001–2012, and 2012–2020 (see Fig. 1.5).

1.2.3.1 Version 1.0 of China’s Poverty Alleviation System: 1978–1985

At the beginning of the reform and opening up, solving the problem of food shortage remained an important task for development, and the rural economic reform represented by the household responsibility system resolved the issue of food and clothing. China’s grain output increased from 304.77 million tons in 1978 to 407.31 million tons in 1984, and the national per capita grain increased from 316.6 kg to

390.3 kg. This period saw the fastest growth in grain production since the founding of new China. Apart from the incentive effect brought about by the implementation of the household responsibility system, the Chinese government implemented major policy measures such as significantly raising grain procurement prices during this period, greatly motivating the enthusiasm of the vast number of farmers, releasing the agricultural production potential accumulated in agricultural infrastructure, technology, and inputs, and reversing the long-term severe shortage of grain in China. With the promotion of the household responsibility system in rural areas and the increase in agricultural labor productivity, new changes occurred in the rural economy. Various types of township enterprises also entered a period of vigorous development, becoming an important pillar for promoting rural economic development. The rapid development of township enterprises also became an important channel for increasing farmers' incomes, with the number of employees in township enterprises rising from 28.27 million in 1978 to 69.79 million in 1985.

The early rural economic reforms achieved great success, laying the foundation for the next step of China's economic reforms and significantly improving the consumption levels of urban and rural residents. From 1979 to 1985, the per capita consumption level of rural residents increased from 158 to 357 yuan, and that of urban residents from 434 to 802 yuan. During this period, China's rural poverty incidence rate decreased from 97.5% to 78.3% in 1985, a decline of nearly 20 percentage points, an average decrease of 2.7 percentage points per year. It should be noted that at this stage, the country had not yet implemented a specific, nationwide national poverty alleviation policy, and the focus of national poverty alleviation was on poverty-stricken areas in the Western region.

The poverty alleviation work during this stage mainly relied on economic development and low-level social assistance, aiming to eliminate hunger. During this period, the state established special poverty alleviation funds and provided poverty alleviation loans to support the transformation of impoverished and backward conditions in revolutionary base areas, ethnic minority areas, and remote areas. For example, in 1983, the State Council established the "Three Western" Agricultural

Construction Leading Group to address poverty in the “Three West-ern” regions,⁴ launching a comprehensive regional poverty alleviation development project for 47 counties in the area, aiming to change their backward infrastructure, harsh ecological environment, and poor living conditions. These policy practices in poverty alleviation development laid the groundwork for China to embark on organized, planned, and large-scale developmental poverty alleviation, which is an important experience in China’s achievement of large-scale poverty reduction.

1.2.3.2 Version 2.0 of China’s Poverty Alleviation System: 1986–2000

This stage marked the beginning of national-level institutionalized poverty alleviation development. In 1986, China established the State Council Leading Group on Economic Development in Poor Areas, which was renamed at the end of 1993 to the Office of the State Council Leading Group on Poverty Alleviation and Development (commonly known as the “State Council Poverty Alleviation Office”). As a deliberation and coordination body of the State Council, the State Council Leading Group on Poverty Alleviation and Development is usually chaired by a Vice Premier or State Councilor of the State Council, with members including various ministries, mass organizations, and central enterprises. Corresponding to the State Council Poverty Alleviation Office, local governments at various levels also set up corresponding poverty alleviation offices. These offices play an important role in formulating poverty alleviation policies, coordinating poverty alleviation development work, and evaluating poverty alleviation development, and are crucial in advancing the overall poverty alleviation cause. In 1986, the State Council Poverty Alleviation Office began to systematically promote poverty alleviation work, identifying poor counties, poverty standards, and the poor population, taking poor counties as the target of poverty alleviation work, and continuously improving the overall ability of society to participate in poverty alleviation. From 1986 to 1993, 331 counties were identified as national-level poor counties, with solving the issue of food and clothing as the main goal of poverty alleviation work.

⁴ The “Three West” region refers to 19 counties (cities, districts) in the Hexi area of Gansu, 20 counties (districts) in the arid area of central Gansu represented by Dingxi, and 8 counties in the Xihai solid area of Ningxia, totaling 47 counties (cities, districts). The total area of these regions is 380,000 square kilometers.

Various special poverty alleviation loans, work-for-relief programs, and financial development funds were arranged to actively create employment opportunities for the population in poor areas, improve infrastructure construction in poor areas, and strengthen the development of science, education, culture, and health in poor areas. By the end of 1993, according to the 1978 poverty line standard, the rural poor population in China decreased from 131 million in 1986 to about 80 million.

As the poverty alleviation work advanced, the distribution of China's poor population showed clear geographical characteristics, especially concentrated in areas with harsh ecological conditions, weak infrastructure, and lagging social development. Therefore, in 1994, China proposed the "Eight-Seven Poverty Alleviation Plan," aiming to focus human, material, and financial resources, actively mobilize social forces, and basically solve the issue of food and clothing for the poor population by the end of 2000, transitioning from relief-oriented poverty alleviation to development-oriented poverty alleviation. The goal of this plan was to fundamentally solve the issue of food and clothing for the 80 million rural poor population at the time within about seven years (from 1994 to 2000). In terms of the poverty alleviation mechanism, in addition to the original poverty alleviation mechanism, the plan also strengthened targeted poverty alleviation by party and government agencies and east-west collaboration in poverty alleviation, encouraging all of society to participate in poverty alleviation. In terms of the identification of poor counties, the plan readjusted the national poor county standards, identifying 592 national-level poor counties, covering 72.6% of the poor population. In terms of the implementation of poverty alleviation work, in addition to focusing on the livelihood issues of the poor population, it also paid attention to their living environment, education, medical health, and development capabilities, focusing on solving the root causes of poverty.

By the end of 2000, the national "Eight-Seven" poverty alleviation campaign had made significant progress in poverty alleviation development. According to the 1978 poverty line standard, the rural poor population in China decreased from 70 million in 1994 to 32.09 million in 2000, and the rural poverty incidence rate dropped to 3.5%. The production and living conditions of farmers in poverty-stricken areas were significantly improved. By the end of 2000, the percentage of administrative villages in poor areas with access to electricity, roads, postal services, and telephones reached 95.5%, 89%, 69%, and 67.7%, respectively. It is

important to note that the “Eight-Seven” poverty alleviation campaign made a significant contribution to the United Nations’ Millennium Development Goals in advancing poverty reduction. According to the absolute poverty standard of the World Bank (living on 2.15 international dollars per day per person at 2017 purchasing power parity), China reduced its poverty population by 165 million from 1993 to 1999, while the total reduction in the world’s poor population was 147 million. This indicates that during this period, the number of poor people in countries other than China actually increased.

1.2.3.3 Version 3.0 of China’s Poverty Alleviation System: 2001–2012

Entering the twenty-first century, China’s economic and social development entered a new era. China’s accession to the World Trade Organization in 2001 promoted the country’s deeper integration into the international division of labor, establishing its status as a global manufacturing center. As China’s level of economic opening to the outside world continued to increase, the country’s industrialization and urbanization entered a new phase, creating favorable conditions for job creation and poverty reduction. From the perspective of national poverty alleviation strategy, this period initiated a comprehensive poverty reduction strategy for the new century, with national poverty alleviation actions becoming more systematic, diversified, and precise, and the poverty alleviation standards significantly raised.⁵ By the year 2000, China’s poverty alleviation efforts were halfway through, with people’s overall living conditions reaching a moderately well-off level and basically solving the food and clothing problem for the entire population. However, as pointed out in the report of the 16th National Congress of the Communist Party of China, “The well-off society we have achieved is still at a low level, incomplete, and highly imbalanced.”

According to the national poverty line standard of 2010, China’s rural poverty incidence rate in 2000 was 49.8%, meaning that half of the rural population was still in absolute poverty at the turn of the century, and China’s poverty alleviation work was still a long way off. Therefore, in 2002, the 16th National Congress of the Communist Party of China

⁵ In 2008 and 2010, the national poverty line was substantially adjusted twice, establishing a national poverty line standard that is higher than the international absolute poverty line standard.

proposed "to concentrate efforts in the first two decades of this century to comprehensively build a higher-level well-off society benefiting over a billion people." Further, the 17th National Congress of the Communist Party of China in 2007 made a comprehensive deployment for achieving the grand goal of comprehensively building a well-off society, proposing a higher requirement of "doubling the per capita gross domestic product of 2020 compared to 2000." The report of the 18th National Congress of the Communist Party of China in 2012 officially proposed the goal of comprehensively building a well-off society. Since the 18th National Congress, the Party Central Committee has made poverty alleviation a bottom-line task and a signature indicator for comprehensively building a well-off society. Thus, eliminating poverty became a key goal in measuring the construction of a well-off society.

It should be noted that during this stage, the state promoted poverty alleviation more actively. One important measure was continuously raising the poverty line standard. For example, the 2010 standard set in 2011 was 2300 yuan, a significant increase from the 2008 standard (1067 yuan) and higher than the international poverty line standard of the World Bank.

After 2000, China's rural social security system was gradually established and continuously improved, promoting equalization of public services between urban and rural areas. This played a positive role in improving agricultural production, rural social development, and increasing farmers' income and living standards, and became an important pillar in reducing poverty. Firstly, in 2003, China began implementing the New Rural Cooperative Medical System in rural areas, which played a significant role in ensuring that farmers received basic health services and in alleviating poverty caused by illness. By 2008, over 90% of rural residents in China participated in the New Rural Cooperative Medical System, achieving full coverage in rural areas.

Secondly, China began implementing rural tax and fee reforms in 2003 and completely abolished the agricultural tax in 2006, while continuously increasing direct subsidies for agricultural production. For a long time, the agricultural sector served as a source of funds for the development of China's industrial sector. With the complete abolition of the agricultural tax, agriculture and rural areas truly became a subsidized sector of the national economy, forming a new mechanism of "industry nourishing agriculture, and cities nourishing rural areas," and establishing a development mechanism of "industry promoting agriculture" and "cities leading rural areas."

Third, in 2007, China comprehensively established a minimum living standard guarantee system in rural areas, incorporating all eligible rural poor into the coverage and implementing a safety net for some of the extremely poor.

Fourth, in 2009, China began implementing a new rural social pension insurance system, establishing a rural pension insurance system, and gradually merging it with the urban residents' social pension insurance, forming a unified urban and rural residents' social pension insurance, becoming one of the important pillars of China's social security system.

In terms of advancing poverty alleviation, in 2001, the State Council formulated the "Outline for China's Rural Poverty Alleviation and Development (2001–2010)" based on summarizing past poverty alleviation experiences and current poverty characteristics. This was a 10-year national poverty alleviation action outline, indicating that poverty alleviation is a medium- and long-term strategy for national development. The outline identified 592 key counties for national poverty alleviation and development work, and in light of the increasingly dispersed distribution of the poor population in villages rather than concentrated in poor counties in the central and Western regions, it explicitly required that specific measures for poverty alleviation and development be implemented in poor villages, establishing 148,000 key villages nationwide, covering 76% of the national poor population.

In terms of working mechanisms, the outline established a rural low-income poverty standard, strengthened the participation of poor households in poverty alleviation work, completed the filing and registration of 106 million poor people, and achieved informational dynamic management of the poor population. In terms of work priorities, focusing on the weak links in the production and living conditions of poor villages, through mobilizing the masses, strengthening departmental coordination, and intensifying cadre assistance, comprehensive village advancement in poor villages was enhanced; actively supporting and encouraging the transfer of labor force training in poor areas, strengthening skill training for the poor population to promote non-agricultural employment and increase income; actively advancing industrial poverty alleviation, supporting and cultivating leading enterprises to drive agricultural structural adjustment in poor areas, and encouraging farmers to develop characteristic agricultural industries; vigorously promoting the development of social undertakings in poor areas, implementing the "National Compulsory Education Project for Poor Areas," implementing the new

rural cooperative medical system and medical assistance system for the poor, and actively improving public health services in rural areas of poor regions.

In 2011, the Central Committee of the Communist Party of China and the State Council issued the second 10-year rural poverty alleviation and development outline—the “Outline for China’s Rural Poverty Alleviation and Development (2011–2020)”. This outline explicitly proposed to accelerate the development of impoverished areas, promote common prosperity, and achieve the goal of comprehensively building a well-off society by 2020. The overall objective is: by 2020, to stably ensure that the targets of poverty alleviation do not worry about food and clothing, and guarantee their compulsory education, basic medical care, and housing. The outline also proposed that the per capita net income of farmers in impoverished areas should increase at a rate higher than the national average, and the key indicators in the main areas of basic public services should be close to the national average, reversing the trend of widening development gaps. Based on the overall objectives, the outline set development goals for 2020 in 10 areas including basic farmland and agricultural water conservancy, characteristic advantage industries, drinking water safety, transportation, rural dilapidated house renovation, education, medical health, public culture, population and family planning, forestry and ecology, and made clear provisions in terms of poverty alleviation focus, mechanisms, and safeguard measures.

Overall, according to the national poverty line standard of 2010, the rural poverty incidence rate from 2000 to 2012 decreased from 49.8% to 10.2%, an average annual reduction of 3.3 percentage points, higher than the reduction rate of poverty incidence from 1978 to 2000 (an average annual decrease of 2.2 percentage points). During this period, the average annual reduction in the number of poor people reached more than 30 million, significantly higher than the period from 1978 to 2000 (an average annual decrease of 14 million). Therefore, the period from 2000 to 2012 was still characterized as a period of large-scale poverty reduction, making a significant contribution to China’s goal of moving from “overall achieving a moderately well-off level” at the beginning of the century to “comprehensively building a well-off society.” According to the international poverty line of 1.9 international dollars per day, China’s poverty incidence rate had dropped to 6.5% by 2012, significantly lower than the world average (12.9%). In 2012, the World Bank classified China as an upper-middle-income country for the first time in its national income

group division (based on the per capita GDP of 2010). Therefore, we can consider that by 2012, China had successfully crossed the “poverty trap.”

1.2.3.4 Version 4.0 of China’s Poverty Alleviation System: 2013–2020

By 2012, China’s poverty incidence rate had reached a relatively low level, and it was no longer possible to continue reducing it at a rate exceeding 2% per year. Therefore, from the perspective of eliminating absolute poverty, China’s poverty alleviation efforts entered a critical and concluding phase. This meant that the remaining poor population under the condition of a lower poverty incidence rate often consisted of those more challenging to help. Due to China’s large population base, there were still 98.99 million rural poor at the end of 2012. This significant number of absolute poor still determined that poverty alleviation work during this period was a daunting task, becoming a developmental mission of the Party Central Committee after the 18th National Congress. General Secretary Xi Jinping also placed high importance on poverty alleviation work.

At the end of 2012, during his visit to the impoverished and revolutionary area of Fuping County in Hebei Province on the eve of New Year’s Day, Xi Jinping explicitly stated that the most arduous and heavy task in building a comprehensively well-off society lies in rural areas. Without the well-being of rural areas, especially impoverished areas, there can be no comprehensive well-off society. In November 2013, during his inspection tour in Xiangxi, Hunan, Xi Jinping for the first time made important directives of “seeking truth from facts, adapting measures to local conditions, classifying guidance, and precise poverty alleviation,” proposing the idea of “precise poverty alleviation” for the first time. This idea established the ideological foundation for promoting innovation in the system and mechanism of poverty alleviation, opening up version 4.0 of China’s poverty alleviation system, prominently characterized by the poverty alleviation strategy with “precise poverty alleviation” as the main approach. The poverty alleviation system during this period focused on the multi-dimensional poverty reduction goal of “two assurances and three guarantees” as the core indicator, paying more attention to the quality of poverty alleviation and achieving sustainable poverty alleviation. In practice, developmental poverty alleviation was combined with social

security poverty alleviation, making the elimination of all poor people an important goal for comprehensively building a well-off society.

Based on the idea of precise poverty alleviation, the poverty alleviation work during this stage strengthened the responsibility of local governments at all levels, forming a poverty alleviation work mechanism under the leadership of the Party, with extensive participation from governments at all levels and coordinated management by "five-level secretaries" (provincial, city, county, township, village). The 22 provinces, autonomous regions, and municipalities in central and Western China signed responsibility agreements for poverty alleviation with the central government. Governments at all levels mobilized the whole society, adopting various methods to form a comprehensive poverty alleviation work pattern. According to the work content of the Central Poverty Alleviation Office, poverty alleviation work included 16 tasks, forming a comprehensive poverty alleviation work mechanism through the synergy of various policy measures. This stage of poverty alleviation work also placed high importance on the quality of poverty alleviation, implementing strict assessment and inspection mechanisms to ensure the standardization of the process for poor counties and villages to exit poverty, the accuracy of standards, and the authenticity of results. In terms of mobilizing social forces to participate in poverty alleviation, continuous innovation in social poverty alleviation models was made, widely promoting replicable, scalable, and sustainable successful experiences. For example, China's e-commerce enterprises have covered 590 poor counties nationwide, becoming an important driving force for industrial development in poor areas and one of the new models of precise poverty alleviation.

In terms of the poverty alleviation work mechanism, at the end of November 2015, the Central Poverty Alleviation and Development Work Conference issued the "Decision of the CPC Central Committee and the State Council on Winning the Battle Against Poverty," establishing a work mechanism of "central coordination, provincial overall responsibility, and city-county implementation." In implementing precise poverty alleviation, the precise poverty alleviation work mechanism was continuously improved, focusing on the key link of accurate identification and registration. The "six precisions" requirements were emphasized, including precise support targets, precise project arrangements, precise use of funds, precise measures to households, precise assignment of personnel by village, and precise poverty alleviation results. Measures

were tailored according to the types of poverty, implementing the “five batches” approach of precise poverty alleviation, which includes “developing production to alleviate poverty,” “relocation for poverty alleviation,” “ecological compensation to alleviate poverty,” “developing education to alleviate poverty,” and “social security safety net.” All social forces were mobilized to build a comprehensive poverty alleviation development strategy.

In advancing “precise poverty alleviation,” special emphasis was placed on tackling poverty in specific types of areas. Among them, poverty alleviation in deeply impoverished areas, including the “three regions and three states,” was a key task, solving poverty through the relocation of 9.6 million registered poor. Without the implementation of “precise poverty alleviation,” achieving poverty alleviation goals in deeply impoverished areas would have been a very lengthy process. By the end of 2020, all 832 national-level poor counties identified by the State Council Poverty Alleviation Office had been lifted out of poverty, achieving the basic completion of the poverty alleviation task.

Apart from developmental poverty alleviation, social security safety nets have also been an important pillar of the poverty alleviation system since the 18th National Congress. Social security safety nets primarily targeted those who could not escape poverty due to factors such as old age, illness, or disability. To address poverty among these populations, in 2015, General Secretary Xi Jinping made a major deployment to implement the “five batches” project at the Central Poverty Alleviation and Development Work Conference, with social security safety nets being one of the projects. In 2020, the Ministry of Civil Affairs and the State Council Poverty Alleviation Office specifically issued an action plan for poverty alleviation through social assistance, ensuring “no household or individual is left behind.” In 2020, the number of people receiving rural minimum living standard guarantees in China was 36.21 million, essentially achieving living security for all rural poor.

Currently, China has established the world’s largest social security system, which is also an important institutional guarantee for all Chinese citizens to be free from absolute poverty. In 2022, China’s basic medical insurance covered 1.346 billion people, and basic pension insurance covered 1.053 billion people. Compared to the overall situation of social protection development worldwide, China’s achievements in the field of social security are undoubtedly remarkable. According to the “2020–22 World Social Protection Report” published by the International Labour

Organization, only 47% of the global population is effectively covered by at least one social protection benefit, while 4.1 billion people (53% of the population) are unable to receive income security from their country's social protection system.

Overall, since the 18th National Congress, the Chinese government has made the elimination of absolute poverty a bottom-line task and a signature indicator for comprehensively building a well-off society. It has organized and implemented an unprecedented poverty alleviation campaign in human history, with the largest scale, the greatest intensity, and the most beneficiaries, completing the arduous task of eliminating absolute poverty. The income level of the poor has significantly increased, and the basic production and living conditions in poor areas have been noticeably improved.

1.3 DECODING THE INSTITUTIONAL FACTORS BEHIND CHINA'S "POVERTY REDUCTION MIRACLE"

The World Bank's "World Development Report 2000/2001" suggests that those in poverty exhibit three dynamic characteristics: first, a lack of opportunities to participate in economic activities; second, a lack of voice in significant decisions affecting their destiny; and third, vulnerability to economic and other shocks such as disease, food crises, economic downturns, etc. Therefore, poverty is not solely a problem of low income but is also reflected in many aspects such as development opportunities and social equality. Consequently, poverty often manifests as a kind of "syndrome." For the poor, falling into poverty is often due to their inability to overcome objective circumstances beyond their control, such as a lack of development opportunities locally and a shortage of public services. Fundamentally, for countries or regions mired in long-term poverty, poverty is also a reflection of a lack of development governance capacity. For example, Sub-Saharan African countries had a poverty incidence of 55.7% in 1990, which remained high at 40.2% in 2018. Moreover, even for high-income and developed countries, eradicating poverty is not an easy task. For instance, according to the international poverty line of 2.15 international dollars per day (2017 purchasing power parity), countries like Japan, Greece, Italy, and Spain had poverty incidence rates of 0.7–0.9% in 2020. In contrast, China's poverty incidence rate had dropped to 0.1% by 2020, significantly better than countries at similar stages of economic development, such as Brazil (2.8% in 2020), and even better

than the United States (0.2% in 2020). Therefore, eradicating poverty reflects not only a country's governance philosophy but also its governance capacity. From an institutional analysis perspective, the institutional reasons for China's poverty reduction miracle can be summarized in the following main aspects.

Firstly, the leadership of the Communist Party of China (CPC) is the fundamental political guarantee for China's creation of the poverty reduction miracle. This is mainly based on two reasons: One, the ideological line of 'emancipating the mind and seeking truth from facts' has become the basic follow-through for the CPC's governance since the reform and opening-up; Two, the governance philosophy of 'putting people at the center' has always been regarded by the CPC as the fundamental starting point for pioneering the path of socialist development. Since the implementation of reform and opening-up in 1978, the CPC established the basic line of focusing on economic construction, continuously advancing reform and opening-up, and improving the socialist market-economy system, achieving over 40 years of sustained high-speed economic growth, transforming China from a poor country into a moderately well-off one. Especially during times of international turbulence, the leadership of the CPC ensured that China neither reverted to the old path of closure and rigidity nor took the wrong path of changing flags. Compared to the transformation of former Soviet and Eastern European socialist countries after the 1990s, we can see that adhering to the socialist path is the fundamental guarantee for China's poverty reduction miracle, and the leadership of the CPC is the political foundation for adhering to this path.

Secondly, the leadership of the CPC ensured the strategic and continuous nature of the national poverty alleviation action plan. Strategically, the national poverty reduction strategy has been progressing in tandem with over forty years of development since reform and opening-up, serving as an important development goal of the primary stage of socialism and a key standard for comprehensively building a moderately well-off society. In terms of continuity, China's poverty alleviation policies have been continuously adjusted, and the target population for poverty alleviation has been continuously 'precisified.' For instance, the 'Eight-Seven Poverty Alleviation Plan' focused on poor counties, the 'Outline for China's Rural Poverty Alleviation and Development (2001–2010)' focused on poor villages, and 'precise poverty alleviation' focused on poor households, continuously advancing the cause of poverty alleviation.

Third, the leadership of the CPC is the political guarantee for the continued advancement of China's poverty alleviation efforts. Under the leadership of the CPC Central Committee, rural poverty alleviation and development implemented a work mechanism of central coordination, provincial overall responsibility, and city-county implementation. It fully mobilized all social forces to participate in poverty alleviation, forming a comprehensive, full-coverage, and all-round poverty alleviation system. Gradually, a national poverty alleviation policy system with Chinese characteristics was formed, with three main pillars: economic development as the basic driving force, comprehensive poverty alleviation policies as a combined force, and social security as the safety net. China's poverty alleviation system also fully reflects the advantages of the socialist system. Since 1996, China established the counterpart support policy, which has played a significant role in the economic and social development of impoverished areas over the past 20 years.

Fourth, the leadership of the CPC is the organizational guarantee for the continued advancement of China's poverty alleviation efforts. During the poverty alleviation period, the country dispatched a total of 255,000 village work teams and selected more than 2.9 million cadres from county-level and above party and government organs and state-owned enterprises and institutions to serve as first secretaries or village cadres in poor and weak villages, ensuring that grassroots party organizations played a combat fortress role in poverty alleviation. The leadership of the CPC also ensured high-quality poverty alleviation. For example, at the end of 2019, the State Council Leading Group on Poverty Alleviation and Development organized a comprehensive investigation of over 93 million people who had been lifted out of poverty, conducted item-by-item rectifications, and implemented targeted preventive measures for nearly 2 million people at risk of returning to poverty and nearly 3 million at risk of falling into poverty, promptly including them in assistance.

1.4 FROM THE "POVERTY REDUCTION MIRACLE" TO BUILDING A SOCIETY OF COMMON PROSPERITY

Achieving common prosperity has always been a consistent goal of the Communist Party of China (CPC). At its founding, the CPC led the land revolution and implemented the principle of "the tiller has his land." After the establishment of the People's Republic of China, under the leadership of the CPC, China carried out land reform, abolished the feudal

land system, and established the socialist basic system. After the reform and opening up, Deng Xiaoping proposed that “poverty is not socialism, and socialism aims to eliminate poverty.” Following the 18th National Congress of the CPC, General Secretary Xi Jinping asserted that “not a single poor area or individual should be left behind.” In summary, the CPC has consistently made the people’s aspirations for a better life its goal, and in this process, eliminating poverty has been an important milestone.

In his speech at the celebration of the 100th anniversary of the founding of the CPC, General Secretary Xi Jinping solemnly declared to the world that, through the continuous efforts of the entire Party and people of all ethnic groups across the country, China had achieved its first centenary goal and comprehensively built a moderately well-off society across the land of China. The comprehensive establishment of a moderately well-off society has elevated China’s economic strength, technological strength, and overall national power to a new level. China’s GDP exceeded 100 trillion yuan, and the per capita GDP surpassed 10,000 US dollars. China has built the world’s largest social security system, historically eradicated absolute poverty, and created a “poverty reduction miracle” in human history. The comprehensive establishment of a moderately well-off society has created conditions for solving the problems of unbalanced and inadequate development and promoting common prosperity. In the journey to achieve the second centenary goal, steadfastly advancing common prosperity will be the core task of fully building a modern socialist country and realizing the great rejuvenation of the Chinese nation. As China steps into the center of the world stage, building a society of common prosperity for all people is also China’s major contribution to setting a new paradigm for world development, creating a new pattern, and shaping a new form of human civilization.

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Common Prosperity Theory Innovation

Common prosperity is the essential requirement of socialism and the core goal and important feature of socialist modernization with Chinese characteristics, which embodies the value pursuit of Marxist political economy and is the basic constituent and important part of the theoretical system of socialism with Chinese characteristics. Since the founding of the People's Republic of China, successive generations of the central leadership of the Communist Party of China (CPC) have put forward the theory and concept of common prosperity based on the development requirements of the times. On the occasion of the triumphant completion of the goal of building a moderately prosperous society, General Secretary Xi Jinping put forward the general goal and task of common prosperity in the new era, starting a new journey for the Chinese people to build a common prosperous society.

2.1 COMMON PROSPERITY IS A VALUE REQUIREMENT OF MARXIST POLITICAL ECONOMY

The historical background of Marxism was the brutal exploitation of labor by capital at the beginning of the industrialization of Western capitalism. However, in today's highly technologically advanced human society, the gap between the rich and the poor is still a persistent problem in the major developed countries of the West and one of the basic causes of their social conflicts. At the same time, many developing countries still

face the difficult task of eliminating absolute poverty. In the history of the development of human society, narrowing the gap between the rich and the poor is an important issue to be considered in every era and in the development of every society. It reflects the fairness and justice of social distribution and is influenced by the income distribution system. The income distribution system is an integral part of the basic economic system of a country and is influenced by production relations. Although the realization of common prosperity in human society reflects the fairness and justice of social distribution, common prosperity is possible only at a certain stage of development and under a certain social system.

Under the socialist system, the basic principle of social distribution is ability and work-based. This is the concrete realization of the socialist public ownership system and the embodiment of the socialist principle of material interests, one of the basic symbols of socialism, but it is not the most ideal principle of distribution in human society. Marxist political economy holds that the result of income distribution is influenced by the relations of production, and the productive forces play a decisive role in the relations of production, so the system of income distribution is also influenced by the development of the productive forces. From the perspective of the development of productive forces, the practice of socialist construction in China for more than 40 years since the reform and opening up has proved that the socialist market economic system meets the requirements of the development of productive forces at the present stage, while the reality of the coexistence of multiple economic components determines that we can only implement the principle of distribution based on the distribution of labor as the mainstay and the coexistence of multiple distribution methods.¹

Common prosperity is the social ideal pursued by Marxism. According to the vision of Marx and Engels, with the further development of the productive forces, “production will aim at the prosperity of all”² is the characteristic feature of the new society in the future. Thus, it is clear that common prosperity is a basic goal of Marxism and a fundamental objective of our Party in leading the people in the socialist revolution,

¹ See, Xu Guangchun, ed., *The Dictionary of Marxism*, Wuhan: Changjiang Media and Chongwen Publishing House, 2018, pp. 193–194.

² *Marx/Engels Collected Works*, Volume VIII, Beijing: People’s Publishing House, 2009, p. 200.

construction, reform, and opening up, and the new era of socialism with Chinese characteristics.

In fact, China is still in the primary stage of socialism, with a large population and unbalanced development in urban and rural areas, it is extremely difficult, long-term, arduous, and complicated to achieve the goal of common prosperity for more than 1.4 billion people, and there are no ready-made answers or successful precedents. We cannot make a “great leap forward,” but only through a step-by-step approach, accumulating small victories into big ones, from quantitative to qualitative changes.

“Common prosperity is the basic requirement of socialism and an important feature of Chinese-style modernization.”³ Common prosperity is the ideological foundation and goal of the CPC’s efforts to build the Party for the public and govern for the people. As the once poorest and most populous country in the world, how China can lead all its people to achieve common prosperity is the core goal and main line of the CPC’s long-term governance. However, given the historical starting point of a large population and a very low level of productivity development, the CPC has different constraints and conditions at different stages of development, as well as different development goals, policy systems, and social practices to achieve the grand goal of common prosperity for everyone.

2.2 THE VISION OF COMMON PROSPERITY AT THE EARLY STAGE OF THE FOUNDING OF THE PEOPLE’S REPUBLIC OF CHINA

After the victory of the New Democratic Revolution, the Chinese Communists, led by Mao Zedong, through the Chinese People’s Political Consultative Conference (CPPCC), formulated the Common Program of the CPPCC and built a new democratic society, clearly stating that “The People’s Republic of China must abolish all the privileges of the imperialist state in China, confiscate bureaucratic capital to the state property of the people, systematically transform the feudal semi-feudal land tenure system into peasant land tenure, protect the public property of the state and the property of cooperatives, protect the economic interests of the workers, peasants, petty bourgeoisie and national bourgeoisie and their private property, develop the people’s economy of the new democracy,

³ Xi Jinping, “Solidly Promoting Common Prosperity,” *Qiushi*, Vol. 20, 2021.

and steadily transform the agrarian country into an industrial country.”⁴ The basic spirit of the economic policy of the new democracy is to take care of all sides, that is, to implement the policy of “balancing public and private sectors, labor and capital, mutual assistance between urban and rural areas, and internal and external exchanges” in order to achieve the goal of developing production and economic prosperity. In fact, it was to fundamentally change the situation of old China, where the economy was very backward and the rich and the poor were polarized.

CPC led a land reform movement on a scale unprecedented in history, completely abolishing the feudal system of land tenure. By the end of 1952, with the exception of some ethnic areas and Taiwan Province, land reform had been basically completed in the newly liberated areas, and poor and middle peasants, who accounted for 92.1% of the rural population, occupied 91.4% of the total arable land. It liberated a large number of peasants and played a major role in promoting and restoring agricultural production, resulting in a general increase in peasants’ incomes, a marked improvement in their living conditions and an exponential increase in their purchasing power.⁵ This was also the landmark land reform in Chinese history. As Mao said, “Land reform is a once-in-a-lifetime event. From Yao, Shun, Yu, Tang, Wen, Wu, Duke of Zhou, Confucius to Sun Yat-sen, no one has done it before us.”⁶ For the first time, nearly 500 million farmers have been lifted out of a long period of extreme hunger and poverty. In order to avoid new polarization and to develop agricultural production, build water conservancy and resist natural disasters, Mao further advocated the development of agricultural production cooperatives to achieve common prosperity. In December 1953, the Resolution on the Development of Agricultural Production Cooperatives, drafted under Mao’s auspices, pointed out that members were constantly discussing the difference between socialism (no one exploits anyone and everyone becomes rich) and capitalism (the exploitation of the majority by the few and the impoverishment of the

⁴ Party Literature Research Center ed., *Selection of Important Documents of the People’s Republic of China*, Vol. 1, Beijing: Central Party Literature Press, 2011, p. 2.

⁵ See, *Party History Research Center of the CPC Central Committee, History of the Chinese Communist Party (1949–1978)*, Vol. 2, Beijing: History of Chinese Communist Party Publishing House, 2011, pp. 100–101.

⁶ Party Literature Research Center ed., *The Chronology of Mao Zedong (1949–1976)*, Beijing: Central Party Literature Press, 2013, p. 680.

majority and the enrichment of the few).⁷ The aim was to lead the peasants to the path of cooperative agricultural production and thus to common prosperity.

In 1954, the first socialist constitution, the Constitution of the People's Republic of China, was formulated, marking China's entry into a socialist society.⁸ In October 1955, Mao laid out the grand vision of achieving common prosperity and power under socialism. He stated, "Our goal is to make our country much more developed, much richer, and much stronger than it is now. ...We are implementing such a system (referring to the socialist system), such a plan (referring to the first five-year plan), it is possible to get richer and stronger year by year, to see richer and stronger year by year. Rich hereby means common prosperity and strong hereby means common strong. ...Common prosperity is certain, not something that today does not know tomorrow."⁹ Mao linked the common prosperity with the socialist system and the implementation of a planned economy, pointing out that only the implementation of a socialist system could make the people, especially the peasants who constituted the vast majority of the total population, rich, and only the implementation of a planned economic system could launch industrialization and make the country strong. Under the prevailing conditions of domestic development and the external situation, initiating the industrialization of the country through the planned economic system was the main way to realize the people's prosperity and the country's strength. Therefore, Mao was the first creator and practitioner of common prosperity in China.

⁷ See, Party Literature Research Center ed., *Selected Important Documents Since the Founding of the People's Republic*, Vol. 4, Beijing: Central Party Literature Press, 1993, p. 680.

⁸ Article 4 of the Constitution of the People's Republic of China provides that the People's Republic of China will rely on state organs and social forces to ensure the gradual elimination of the system of exploitation and the establishment of a socialist society through socialist industrialization and socialist transformation. In the Report on the Draft Constitution of the People's Republic of China, Liu Shaoqi pointed out that the socialist transformation of capitalist industry and commerce by the state would be achieved gradually over a considerable period of time and through various forms of state capitalism. See Liu Shaoqi, "Report on the Draft Constitution of the People's Republic of China (September 15, 1954)," from *Selected Important Documents since the Founding of the People's Republic*, Vol. 5, Beijing: Central Party Literature Press, 1993, p. 484.

⁹ *Mao Zedong Collected Works*, Vol. 3, Beijing: People's Publishing House, 1999, pp. 495–496.

2.3 SOCIALIST PRINCIPLE OF COMMON PROSPERITY

It was Deng Xiaoping who first proposed common prosperity as a socialist principle. He pointed out that in carrying out reform and opening up, socialism must adhere to two principles: one is public ownership and the other is common prosperity. After the reform and opening up, Deng made three major theoretical contributions to common prosperity: First, he explained the essence of socialism, which is to liberate the productive forces, develop them, eliminate exploitation, eliminate polarization, and finally achieve common prosperity. “Socialism is characterized not by poverty but by prosperity, but this prosperity is the common prosperity for everyone.” The second is the “first-rich theory,” that is, “let some people and some regions get rich first. ... The fundamental goal is to achieve common prosperity.” The “first-rich theory” recognizes that it is difficult to achieve the simultaneous prosperity of all the people in China with a relatively low level of productivity. Therefore, the “first-rich theory” has practical significance for the faster development of social productive forces at the development stage of China’s low productivity level, is more feasible and innovative, and lays the ideological foundation for the construction of a socialist market economic system. Third, the theory of common prosperity was put forward.

Deng viewed socialism dialectically in terms of the two main features of productive forces and common prosperity. On the one hand, he regarded “letting some people and regions get rich first” as a necessary development stage for “achieving common prosperity”; on the other hand, he was very vigilant against the emergence of polarization. In particular, after effectively dealing with the political turmoil in 1989, Deng clearly pointed out to Jiang Zemin and other leaders in charge of the central government in late 1990 that the greatest advantage of socialism was common prosperity, which reflected the essence of socialism, and seriously warned that if the polarization was carried out, ethnic, interregional and class conflicts would develop, and corresponding central and local conflicts would develop, and chaos might ensue.¹⁰ Since then, China has not experienced such turmoil and has achieved two miracles: long-term stable and rapid economic growth and long-term social stability.

¹⁰ See, *Deng Xiaoping Collected Works*, Vol. 3, Beijing: People’s Publishing House, 1993, p. 364.

Deng also put forward the “special theory” of China’s national conditions. He pointed out that “China’s situation is very special, even if fifty-one percent of the people get rich first, there are still forty-nine percent, that is, more than 600 million people are still in poverty, there will be no stability. Capitalism will not work in China; only socialism and common prosperity will lead to social stability and development.”¹¹

In September 1988, Deng put forward the strategic idea of “Two Overall Situations.” He pointed out “The coastal areas should speed up opening up to the outside world so that this huge area with 200 million people can be developed faster first, which will lead to better development on the mainland, which is a matter of the overall situation. The mainland should consider the overall situation. In turn, development is to a certain point, and requires the coast to come up with more power to help the development of the mainland, which is also a big picture. At this time, the coast must also obey the overall situation.”¹² This is an important foundation for the implementation of the Great Western Development Strategy in 1999. In fact, the implementation of China’s coordinated regional development strategy after the 10th Five-Year Plan reflects Deng’s vision of “Two Overall Situations.”

In 1992, Deng pointed out in his southern tour speech that “if the rich get richer and the poor get poorer, polarization will occur, and a socialist system should and can avoid polarization.”¹³ This poses a fundamental task for the Chinese Communists: How to avoid polarization between the rich and the poor under the conditions of an innovative socialist market-economy system.

On September 16, 1993, Deng proposed the theme of the era of common prosperity, “How to achieve prosperity for 1.2 billion people and how to distribute wealth after getting rich are big problems. The issue has already been raised, and solving this problem is more difficult than solving the problem of development.”¹⁴ The “first-rich theory” is

¹¹ Party Literature Research Center ed., *The Chronology of Deng Xiaoping (1975–1997)*, Beijing: Central Party Literature Press, 2004, p. 1312.

¹² *Deng Xiaoping Collected Works*, Vol. 3, Beijing: People’s Publishing House, 1993, pp. 277–278.

¹³ *Deng Xiaoping Collected Works*, Vol. 3, Beijing: People’s Publishing House, 1993, p. 374.

¹⁴ Party Literature Research Center ed., *The Chronology of Deng Xiaoping (1975–1997)*, Beijing: Central Party Literature Press, 2004, p. 1364.

mainly to solve the problem of development and break the “poverty trap,” while the “common prosperity theory” is not only to solve the problem of sustainable development but also to solve the problem of social distribution.

Deng’s general layout and top-level design of socialism with Chinese characteristics at the early stage of reform and opening up established a socialist market-economy system for China, created an economic system that guaranteed the liberation and development of productive forces, and ushered in the miracle of rapid economic development that has lasted more than 40 years to date.

In November 1993, the Decision of the Central Committee of the CPC on Some Issues concerning the Improvement of the Socialist Market Economy, adopted at the Third Plenary Session of the 14th Central Committee of the Party, pointed out that “the distribution of personal income should adhere to a system in which distribution according to work is the mainstay and multiple modes of distribution coexist, reflecting the principle of giving priority to efficiency and taking into account fairness. Workers’ individual labor compensation to introduce a competitive mechanism to break egalitarianism, the implementation of more work, more pay, a reasonable gap. Adhere to the policy of encouraging some people in some regions to get rich first through honest work and lawful business, and advocate that the rich first drive and help the rich later to gradually achieve common prosperity.”¹⁵ The “first-rich theory” has become the dominant development policy that aims to break the “poverty trap” and achieve the level of prosperity from the subsistence level. In a sense, the “first-rich theory” laid the ideological foundation for the establishment of the socialist market-economy system, without which the income gap in the process of establishing the socialist market-economy system would have triggered strong resistance to reform.

In the middle of the 1990s, there was a breakthrough in China’s common prosperity policy. In September 1995, Jiang Zemin delivered a speech at the 5th Plenary Session of the 14th CPC Central Committee entitled *Correctly Handling Some Major Relationships in Socialist Modernization* in which he clearly stated that achieving common prosperity is the fundamental principle and essential characteristic of

¹⁵ Party Literature Research Center ed., *Selected Important Documents since the 14th National Congress of the Chinese Communist Party*, Beijing: Central Party Literature Press, 2011, p. 465.

socialism and must not be shaken. First, from the historical and dialectical point of view, in understanding and dealing with the problem of regional disparities, we must see that the imbalance in the development of different regions is a phenomenon that must be a long-term history. Second, we must attach great importance to regional disparities and take effective measures to properly address them. Third, we need a process to solve the problem of regional disparities. Regional disparities should be narrowed as an important long-term policy must be maintained. He made it clear that starting from the 9th Five-Year Plan, more attention should be paid to supporting the economic development of the central and Western regions, gradually increasing efforts to address the trend of regional disparities continuing to widen, and actively working to narrow the gap.¹⁶ This marks the beginning of the transition from an unbalanced development strategy to a coordinated development strategy, and from the stage of “getting rich first” to the stage of “getting rich together.”

In September 1997, the report of the 15th National Congress of the CPC proposed to adhere to and improve a variety of distribution methods with the distribution of labor as the mainstay, allowing some people in some regions to get rich first, then pushing and helping the rich later, and gradually moving toward common prosperity; implement a distribution method that combines the distribution of labor with the distribution of factors, emphasizing efficiency first and taking into account fairness; regulate the distribution of income so that the income gap tends to be reasonable, and also pay special attention to preventing polarization. This shows that poverty is not socialism, and polarization between the rich and the poor is not socialism. Preventing polarization between the rich and the poor has always been the greatest challenge facing China in the process of building a socialist market economy, and achieving common prosperity for everyone people has always been the most important symbol and goal of socialist modernization with Chinese characteristics.

On June 17, 1999, in his speech at a symposium on the reform and development of state-owned enterprises in northwest China held in Xi’an, Jiang publicly proposed for the first time that there should be no delay in implementing the Great Western Development Strategy. He pointed out that gradually narrowing the development gap between regions, achieving coordinated national economic and social development, and ultimately

¹⁶ See, *Jiang Zemin Collected Works*, Vol. 3, Beijing: People’s Publishing House, 2006, p. 466.

realizing common prosperity for everyone are the essential requirements of socialism and an important issue for the overall situation of China's development over the centuries.¹⁷ He also introduced the Two Overall Situations proposed by Deng Xiaoping in 1998 as an important basis for adjusting the regional development strategy, which has received strong reactions and firm support from the whole society, especially the people in the Western region.

On October 11, 2000, the Fifth Plenary Session of the 15th CPC Central Committee adopted the Proposal of the CPC Central Committee on the Formulation of the 10th Five-Year Plan for National Economic and Social Development, making the implementation of Western development and the promotion of coordinated regional development a strategic task. The proposal points out that the implementation of the Great Western Development Strategy and the acceleration of the development of the central and Western regions are related to economic development, national unity, and social stability, as well as coordinated regional development and the ultimate realization of common prosperity, which is a major initiative to achieve the third strategic goal.¹⁸ The third strategic goal is to basically realize modernization, which also means that common prosperity is a connotation requirement for China to realize modernization.

On November 26, the State Council issued a Notice on the Implementation of a Set of Policies and Measures for the Development of the Western Region. The notice proposed "strive to use five to ten years to make breakthroughs in the western region infrastructure and ecological environment construction, the development of the western region has a good start. By the middle of the twenty-first century, the western region should be built into a new west with economic prosperity, social progress, stability, national unity, and beautiful mountains and rivers."¹⁹

In 2002, in the report of the 16th National Congress of the CPC, Jiang emphasized that the basic focus of the CPC's policy formulation and implementation is to represent the fundamental interests of the largest

¹⁷ Ibid., p. 340.

¹⁸ See, Party Literature Research Center ed., *Selected Important Documents since the 15th National Congress of the Chinese Communist Party*, Beijing: Central Party Literature Press, 2011, p. 496.

¹⁹ See "Notice of The State Council on Implementing Several Policies and Measures for the Large-scale Development of the Western Region," The State Council [2000] No. 33, October 26, 2000.

number of people, to properly reflect and take into account the interests of the masses in various fields, and to make the whole people move steadily in the direction of common prosperity.²⁰ He proposed that one of the goals of building a moderately prosperous society by 2020 is to “increase the proportion of the urban population by a large margin and gradually reverse the trend of widening differences between workers and peasants, urban and rural areas and regions.” He also specifically mentioned that “with the goal of common prosperity, the proportion of middle-income earners will be expanded and the income level of low-income earners will be raised.”²¹

In 2007, Hu Jintao put forward the Scientific Outlook on Development in the report of the 17th National Congress of the CPC, the core of which is “people-oriented, establish a comprehensive, coordinated and sustainable scientific concept of development,” proposing that “we should always take the realization, maintenance and development of the people’s fundamental interests as the starting and ending points of all the work of the CPC and the State, respect the people’s main position, give full play to the people’s originality, protect the people’s rights and interests, follow the path of common prosperity, and promote the people’s all-round development.”²² The concept put forward the target requirements of “the basic formation of a coordinated and interactive development mechanism between urban and rural areas and major functional areas,” “the basic formation of a reasonable and orderly pattern of income distribution, the majority of middle-income earners, and the basic elimination of absolute poverty,”²³ and the goal of “striving to provide all people with education, employment, medical care, health care and housing, and promote the construction of a harmonious society.” The goal of “gradually increasing the share of residents’ income in the distribution of national income and the share of labor compensation in the initial distribution” was put forward for the first time.²⁴

²⁰ *Jiang Zemin Collected Works*, Vol. 3, Beijing: People’s Publishing House, 2006, p. 540.

²¹ *Jiang Zemin Collected Works*, Vol. 3, Beijing: People’s Publishing House, pp. 543, 546.

²² *Hu Jintao Collected Works*, Vol. 2, Beijing: People’s Publishing House, 2016, p. 624.

²³ *Hu Jintao Collected Works*, Vol. 2, Beijing: People’s Publishing House, pp. 627, 628.

²⁴ See, *Hu Jintao Collected Works*, Vol. 2, Beijing: People’s Publishing House, 2016, pp. 642, 643.

In 2012, Hu clearly proposed in the report of the 18th National Congress of the CPC that the road to common prosperity must be followed. Common prosperity is the basic principle of socialism with Chinese characteristics. We must adhere to the basic socialist economic system and distribution system, adjust the pattern of the national income distribution, strengthen the regulation of redistribution, focus on solving the problem of the large income distribution gap, so that the fruits of development benefit all people more and more fairly, and make steady progress in the direction of common prosperity. By 2020, the overall equalization of basic public services will be achieved, the income distribution gap will be narrowed, the middle-income group will continue to expand, and the number of poverty alleviation targets will be significantly reduced. Social security will be enjoyed by all, and everyone will have access to basic medical and health services. Both primary distribution and redistribution should strike a balance between efficiency and equity, and redistribution should pay more attention to equity.²⁵

After the reform and opening up, the CPC deeply summarized the positive and negative historical experiences, realized that poverty is not socialism, broke the traditional institutional constraints, allowed some people and regions to get rich first, and promoted the liberation and development of social productive forces.²⁶ As socialism with Chinese characteristics enters a new era, it is bound to change from the stage of “getting rich first” to the stage of “getting rich together.”

2.4 ENTERING A NEW STAGE OF COMMON PROSPERITY

Since the 18th National Congress of the CPC, the Central Committee of the CPC, with Comrade Xi Jinping at its core, has attached more importance to the gradual realization of common prosperity for everyone people, made new interpretations of the theory of common prosperity, and made new arrangements for the strategy of common prosperity.

On November 15, 2012, at a meeting with Chinese and foreign journalists, Xi solemnly declared that “people’s aspiration for a better life is our goal” and stressed the need to “unswervingly follow the path of common prosperity.” Since the 18th National Congress of the CPC,

²⁵ Ibid., pp. 624, 626, 642.

²⁶ See, Xi Jinping, “Solidly Promoting Common Prosperity,” *Qiushi*, Vol. 20, 2021.

under the leadership of Xi, nearly 100 million people have been lifted out of absolute poverty and a moderately prosperous society has been built, opening up a new stage of building a society of common prosperity in China.

In October 2015, at the Fifth Plenary Session of the 18th CPC Central Committee, Xi first proposed the Concept of Innovative, Coordinated, Green, Open, and Shared Development in his note on the Proposal of the 13th Five-Year Plan of the CPC Central Committee on the Formulation of National Economic and Social Development. The proposal is designed with the new development concept as the main line. The new development concept has become the central embodiment of China's development ideas, development direction, and focus for the 13th Five-Year Plan and beyond, and is also the central embodiment of China's development experience in the past 30 years of reform and opening up, reflecting CPC's new understanding of the laws of development in China.²⁷ Among them, "Shared development is the essential requirement of socialism with Chinese characteristics. We must insist that development is for the people, development is based on the people, and the fruits of development are shared by the people, and make more effective institutional arrangements so that all the people can have a greater sense of benefit from common shared development, enhance the momentum of development, improve the unity of the people, and make steady progress towards common prosperity."²⁸ The essence of shared development is that all the people strive, build, and share together. The five major developments are intertwined, integrated, and promoted by each other, and have a unified goal. Innovative development is the driving force of development, coordinated development is the art of development, green development is the mode of development, open development is the booster of development, and shared development is the goal of development. Among them, both coordinated development and shared development reflect the requirement of common prosperity. The core and

²⁷ See, Party Literature Research Center ed., *Selected Important Documents since the 18th National Congress of the Chinese Communist Party*, Beijing: Central Party Literature Press, 2016, pp. 774–775.

²⁸ Party Literature Research Center ed., *Selected Important Documents since the 18th National Congress of the Chinese Communist Party*, Beijing: Central Party Literature Press, 2016, p. 793.

ultimate goal of the new development concept is to achieve comprehensive human development. Xi also stressed that more effective institutional arrangements should be made to enable all people to move steadily toward common prosperity and that the phenomenon of “among the common people, the property of the rich families is thousands of thousands, while the poor families can only eat chaff and swallow vegetables” must not occur.²⁹

The 19th National Congress of the CPC put forward Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the core content and rich connotation of which can be summarized as the Eight Clarifications and the Fourteen Imperatives.³⁰ In the Eight Clarifications, Xi stressed that “the main contradiction in our society in the new era is between the people’s growing need for a better life and unbalanced and insufficient development.” The Fourteen Imperatives propose to “adhere to the new development concept” and “insist on safeguarding and improving people’s livelihood in the course of development.”³¹ All of these include the requirement of common prosperity.

In October 2020, at the Fifth Plenary Session of the 19th Party Central Committee, Xi clearly pointed out that “we promote economic and social development, ultimately to achieve common prosperity for everyone” and “we must put the promotion of common prosperity for everyone in a more important position.”

In January 2021, Xi, in his speech at the opening session of the special seminar for key leading cadres at provincial and ministerial levels to study and implement the spirit of the Fifth Plenary Session of the 19th CPC Central Committee, pointed out that “achieving common prosperity is not only an economic issue but also an important political issue related to

²⁹ See, Editorial Department of *Qiushi*, “The Strategic Drawing of Promoting Common Wealth in the New Development Stage,” *Qiushi*, Vol. 20, 2021.

³⁰ The Sixth Plenary Session of the 19th CPC Central Committee held in November 2021 adopted the Resolution of the CPC Central Committee on the Major Achievements and Historical Experiences of the Party’s Hundred-Year Struggle, which further summarizes the core contents of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era with the Ten Clarifications based on the Eight Clarifications of the 19th CPC Central Committee Report.

³¹ Xi Jinping, “Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era—Delivered at the 19th National Congress of the Communist Party of China,” *People’s Daily*, October 28, 2017.

the CPC's ruling base. We should consider the needs and opportunities in an integrated way, make gradual progress in accordance with the laws of economic and social development, consciously and proactively solve the problems of regional disparities, urban–rural disparities, and income disparities, and constantly improve the people's sense of access, happiness and security."³² Therefore, the realization of common prosperity should be based on economic development, with the aim of laying a political foundation for the CPC's long-term rule and the country's lasting peace.

In March 2021, the Government Work Report emphasized, “Insisting on doing the best we can and living within our means, strengthening the construction of universal, basic and bottom-up livelihoods, and formulating an action plan to promote common prosperity so that the fruits of development can benefit all people in a greater and fairer way.”³³ This also means that the achievement of common prosperity should be based on objective conditions and clear priorities.

In August 2021, Xi put forward the complete and systematic thought of common prosperity and the roadmap for its implementation in the new era of the CPC in the article “Making Solid Progress Toward Common Prosperity.” He clearly pointed out that since the 18th National Congress of the CPC, the Party Central Committee has grasped the new changes in the development stage, attached more importance to the gradual realization of common prosperity for everyone, promoted coordinated regional development, taken strong measures to protect and improve people's livelihood, won the battle against poverty, and built a prosperous society in all respects, thus creating good conditions for promoting common prosperity. Now we are moving toward the goal of the second century and have reached the historic stage of firmly promoting common prosperity. In order to adapt to changes in the major contradictions of our society and better meet people's growing demands for a better life, we must take the promotion of common prosperity for everyone as the focus for people's happiness, and continuously strengthen the foundation of the CPC's long-term rule. High-quality development requires

³² “In-depth Study and Resolute Implementation of the Spirit of the Fifth Plenary Session of the Nineteenth Party Central Committee to Ensure a Good Start in Building a Comprehensive Socialist Modern State,” *People's Daily*, January 12, 2021.

³³ Li Keqiang, “Report on the Work of the Government—Delivered at the Fourth Session of the 13th National People's Congress of the People's Republic of China on March 5, 2021,” *People's Daily*, March 13, 2021.

high-quality workers, and only by promoting common prosperity, raising the incomes of urban and rural residents, and improving human capital can we improve total factor productivity and consolidate the power base for high-quality development. He further suggested that four principles should be adopted to promote common prosperity: encourage hard work and innovation to get rich; adhere to the basic economic system; do our best but live within our means; and adhere to gradual and orderly progress. The general idea is to adhere to the people-centered development ideology, promote common prosperity in high-quality development, correctly handle the relationship between efficiency and fairness, build a basic institutional arrangement with the coordinated and matching primary, redistribution, and tertiary distribution, strengthen the regulation of taxation, social security, and transfer payments, and improve the precision. This will lead to an olive-shaped distribution structure with a large middle sections and small ends, promote social justice and people's all-round development, and enable all people to make solid progress toward the goal of common prosperity.³⁴ This has become China's pragmatic approach to building a society of common prosperity.

The Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party Over the Past Century, adopted at the Sixth Plenary Session of the 19th CPC Central Committee, further emphasized that an important manifestation of socialism with Chinese characteristics entering a new era is “the era of gradually realizing common prosperity for all people.” The Resolution developed the core elements of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era outlined at the 19th Party Congress from Eight Clarifications to Ten Clarifications, of which the third clarification is “to clarify that the main contradiction of our society in the new era is the increasing growth of people's well-being. The main contradiction is the contradiction between the people's growing need for a better life and unbalanced and insufficient development, and we must adhere to the people-centered development ideology, develop the whole process of people's democracy, and promote the all-round development of the people and the common prosperity of all the people to make more obvious and substantial progress.” Also, in discussing the “put the people

³⁴ Xi Jinping, “Making Solid Progress Toward Common Prosperity,” *Qiushi*, Vol. 20, 2021.

first” in the Ten Insistences clearly put forward, “adhere to the development for the people, development relies on the people, the fruits of development shared by the people, and unswervingly take the road of common prosperity for everyone.” Therefore, common prosperity is a concrete manifestation of “adhering to the supremacy of the people,” an important basis for ensuring that the CPC maintains a flesh-and-blood relationship with the Chinese people, an important political issue related to the CPC’s ruling base, and an important guarantee for the CPC to lead the people to win greater victories in socialism with Chinese characteristics in the new era, and an important theoretical innovation and development of Marxism in the twenty-first century.

The CPC’s insistence on innovation in the theory and social practice of common prosperity is an important contribution to the theory and practice of socialist modernization with Chinese characteristics and provides a Chinese solution and Chinese experience for developing countries to achieve modernization, which has far-reaching international significance. As Xi summarized, “China’s modernization is a modernization with a huge population, a modernization with common prosperity for all people, a modernization with the harmonization of material and spiritual civilization, a modernization with harmonious coexistence between man and nature, and a modernization on the path of peaceful development.”³⁵ This also means that Chinese-style modernization is not only modernization in terms of material civilization, but also comprehensive modernization based on people, which is a great innovation of China’s socialist modernization, which comprehensively transcends several centuries of modernization of Western capitalism, and opens up a new road of modernization of common prosperity, which is unprecedented for sustainable human development in the twenty-first century.

The challenge and task facing China as it enters the middle-income stage are to avoid the “middle-income trap.” To avoid falling into the “Westernization trap,” we must adhere to the CPC’s leadership, maintain strategic determination, and continue to explore and innovate the path of development with Chinese characteristics. The reason why we should pay attention to the middle-income trap is that countries at the middle-income development stage have changed the social foundation and growth momentum on which their economic development is

³⁵ Xi Jinping, “Grasping the New Development Stage, Implementing the New Development Concept, and Building a New Development Pattern,” *Qiushi*, Vol. 9, 2021.

based. Therefore, if the development transition is not effectively achieved, economic development will fall into low growth or stagnation, and the accumulation of social contradictions may also become an important factor of economic stagnation. In this regard, Xi has given a clear answer.

On February 17, 2014, Xi, in his speech at a seminar for key leading cadres at the provincial and ministerial levels to study and implement the spirit of the Third Plenary Session of the 18th Central Committee to comprehensively deepen reform, made it clear that we should not only avoid falling into the middle-income trap, but also avoid falling into the “westernization and differentiation trap.”

On November 10, 2014, at the dialogue between APEC leaders and representatives of the Business Advisory Council, Xi pointed out, “for China, the middle-income trap will definitely pass, the key is when to get over it and how to move forward better after getting over it. The key is when to step over it and how to move forward better after stepping over it. We are confident that we can strike a balance between reform, development, and stability, and between stabilizing growth, adjusting structure, improving people’s livelihood, and promoting reform, so that China’s economy can move steadily and far ahead.” This means that getting out of the middle-income trap is not only about crossing the threshold of high income, but also about how to achieve sustained economic growth at a higher rate after crossing the threshold.

Getting out of the middle-income trap is a necessary development stage for China to move toward common prosperity, and then reach the level of middle-developed countries and make obvious and substantial progress in common prosperity for all people. This provides the contemporary world with Chinese theory, Chinese practice, and the Chinese experience of common prosperity.

The theory of achieving common prosperity for everyone put forward by the CPC has profound connotations, mainly including three important principles: First, all the people do their best, jointly develop the economic, social, and cultural ecology, and jointly create economic, social and cultural ecological wealth; Second, all the people get their share, jointly build, jointly help and share prosperity; Third, all the people share in harmony, achieve comprehensive human development and comprehensive social progress; Fourth, all people share in harmony, achieve all-round human development and social progress, and enjoy the fruits of reform and development and a happy and beautiful life together. Xi pointed out,

“To achieve common prosperity for 1.4 billion people, we must be down-to-earth and work for a long time. Not all people will be rich at the same time, and not all regions will have a standard of prosperity at the same time. Not only the degree of prosperity of different groups of people will differ, the timing will vary, but also there will be certain differences in the degree of prosperity in different regions, so it is impossible to advance in tandem. This is a dynamic process of forward development, to continue to promote and constantly achieve results”.³⁶ This shows that common prosperity is not egalitarianism, let alone sharing a “big pot of rice,” but advocating and encouraging all people to work to get rich, innovate to get rich, and start a business to get rich, so that the sense of achievement, happiness, and security of all people is more abundant, more secure and more sustainable, making the fruits of reform and opening up more and more equitable for the benefit of all people.

Xi also emphasized, “A gradual and orderly progress is to be maintained. Common prosperity is a long-term goal, a long process, and cannot be achieved overnight. It needs to be fully estimated that it is a long-term, difficult, complex process. It cannot be delayed or rushed. Some developed countries have been industrialized for hundreds of years, but because of problems with the social institutional systems, the problem of common prosperity has not been solved, and the problem of disparity between rich and poor is becoming more and more serious. We must have patience, accomplish one thing at a time, do a good job, and improve effectiveness.”³⁷ This also shows that the ambitious goal of achieving common prosperity for all people is not a short-term task but a long-term task, not a “quick victory” but a “protracted war.” First, the trend of widening the income gap between urban and rural areas, regions and people should be curbed; Second, the continuous narrowing of the relative income gap should be promoted; Finally, the absolute income gap should be continuously narrowed. From the perspective of timing, the short-term goal is that by the end of the 14th Five-Year Plan period, the common prosperity for everyone will take a solid step forward, and the gap between residents’ income and actual consumption level will be

³⁶ Xi Jinping, “Making Solid Progress Toward Common Prosperity,” *Qiushi*, Vol. 20, 2021.

³⁷ *Ibid.*

gradually reduced; the long-term goal is that by 2035, the common prosperity for everyone will make more obvious and substantial progress; the longer-term goal is that by the middle of this century, the common prosperity of all the people will be basically realized, and the gap between residents' income and actual consumption level will be gradually reduced. The longer-term goal is that by the middle of this century, the common prosperity of all people will be basically realized, and the gap between residents' income and actual consumption level narrowed to a reasonable range.

In short, since the founding of the People's Republic of China, the essence of China's socialist modernization has been to gradually achieve common prosperity for everyone. The first step was to establish an independent and relatively complete industrial system and national economic system, entering a period of modern economic growth, and escaped from the situation of poverty; then to achieve sustained and rapid economic growth, raise the people's livelihood from an inadequate subsistence level to a generally prosperous level and catch up in great strides; then came the comprehensive completion of a moderately prosperous society for more than 1.4 billion people, the realization of the First Hundred Years' Goal and the opening of a new road to achieve the Second Hundred Years' Goal. This fully demonstrates the superiority of the leadership of the CPC and the socialist system, which, under the leadership of the CPC, has pioneered and innovated the righteous road to common prosperity for more than a billion people.

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China's Innovative Practice of Common Wealth

From the practice of socialist modernization since the founding of the People's Republic of China, all the people have gained unprecedented improvements in economic and social welfare in the course of the country's economic development at different stages of development, and common prosperity has always been the basic guideline of the Communist Party of China in its governance. However, the way of realizing common prosperity, the degree of its realization and the form of its manifestation have been inherited and varied at different stages of development.

From the perspective of China's actual situation and international comparison, China has gone through different stages of development, presenting the regular characteristics of socialist modernization, i.e., the long-term process from quantitative change to partial qualitative change (phased), and then quantitative change to qualitative change again. As the three periods summarized in the Resolution of the Sixth Plenary Session of the 19th CPC Central Committee, the period of socialist revolution and construction, the new period of reform, opening up and socialist modernization, and the new era of socialism with Chinese characteristics, the great achievements of economic and social development have formed three consecutive and interlocking historical leaps.¹ In the history

¹ See "Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party's Centennial Struggle," *People's Daily*, November 17, 2021.

of China as well as in the history of contemporary world development, we have continued to create two major miracles of rapid economic growth and long-term social stability, and have built a well-off society in all aspects.²

3.1 THE SOCIALIST REVOLUTION AND CONSTRUCTION PERIOD

The Resolution of the Sixth Plenary Session of the Nineteenth Central Committee of the CPC pointed out that the main task facing the Party during the period of socialist revolution and construction was to realize the transition from new democracy to socialism, carry out socialist revolution, advance socialist construction, and lay the fundamental political premise and institutional foundation for the great rejuvenation of the Chinese nation.³

At the beginning of the founding of the People's Republic of China, defending the new regime and winning the country's independence was the primary historical task of the Chinese Communist Party. This objectively also required China to start an unprecedented industrialization construction, especially to establish the foundation of basic industrial system and defense industry through heavy industrial projects, and to establish a socialist economic system under the conditions of extremely backward economy and extremely weak industrialization foundation.

First, the land reform, which completely abolished the feudal land system, greatly liberated the rural productive forces and enabled the vast majority of peasants to own their land, greatly motivating them to produce, and agriculture recovered and developed rapidly as never before. By 1952, the country's total grain production had increased by 44.8% compared to 1945 and also exceeded the highest production of 18.1% before the founding of New China, directly benefiting the vast majority of poor peasants. 1953 net monetary income of peasants increased by 123.6% compared to 1949, doubling the income level of peasants and

² The elimination of various types of poverty refers to the elimination of multidimensional poverty such as income poverty, education poverty, health poverty, information poverty, and ecological poverty.

³ See "Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party's Centennial Struggle," *People's Daily*, November 17, 2021.

increasing the retained grain of peasants by 28.2%.⁴ This groundbreaking land reform liberated hundreds of millions of peasants for the first time (the rural population was 490 million and the agricultural labor force was 173 million), which can be called the first liberation of Chinese peasants.

After the founding of New China, the Gini coefficient has been significantly reduced. After years of internal and external wars, earth-shaking revolution, land reform, and socialist transformation benefiting hundreds of millions of people, the inequality of primary distribution in New China has greatly improved. The Gini coefficient has dropped from over 0.56 at the founding of New China to around 0.27 before the reform and opening up,⁵ a fairly low level among countries with data worldwide.

Second, the three major transformation tasks were completed ahead of schedule, eliminating exploitation in China and greatly liberating the social productive forces. At constant prices, by 1957, China's gross national product had increased by 55.7% over 1952, of which the primary industry grew by 20.6%, the secondary industry by 144.4%, the tertiary industry by 153.2%, and the national consumption level by 24.5%,⁶ establishing the foundation of the socialist economy.

Under the planned economy system, out of the urgent need to accelerate industrialization, the construction of industrialization was once impetuous and adventurous, and through the campaign mode of development led to economic policies deviating from the laws of economic development, launching the "Great Leap Forward," the People's Commune Movement and the "Cultural Revolution," The "Great Leap Forward," the People's Communization Movement and the "Cultural Revolution" caused major economic and political shocks and several negative growths in the level of consumption of the population (1959–1961, 1968, 1974),⁷ with the economic growth rate significantly lower than the potential growth rate (around 9%). In constant prices, the average annual

⁴ See Pang Song, *China in the Maoist Era (1949–1976) (I)*, Communist Party History Press, 2003, p. 119.

⁵ Wang Shaoguang, "Common Wealth and the Four Distributions: An International Comparison and Its Implications," *State of the Nation Report*, No. 4, 2022.

⁶ See "70 Years of Brilliance", edited by the preparation team of "70 Years of Brilliance: New China's Economic and Social Development Achievements 1949–2019", China Statistics Press, 2019 edition, pp. 373, 377.

⁷ *Ibid.*, p. 377.

growth rate of GDP was 5.9% from 1952 to 1976,⁸ with a loss of at least 3.1 percentage points; from 1952 to 1978, the per capita consumption growth rates of urban and rural residents were 3.0% and 1.8%, respectively, and in fact the relative gap between urban and rural residents' per capita consumption expenditures is widened. At current prices, it widened from 2.37 times in 1952 to 2.93 times in 1978.⁹ During this period, the people generally lived below the poverty level or low-income level, and the annual per capita consumption level of the nation's residents in 1976 was only 171 yuan, which was not rich at all, let alone common prosperity. On the whole, during the planned economy, the level of national residents' consumption expenditure was still significantly improved relative to the previous historical stages, increasing by 65.6% in constant prices compared to 1952.¹⁰

During this period, despite the negative effects of egalitarianism in the economic sphere on economic development, great and unprecedented progress has been made in promoting equity in the social sphere, creating opportunities for equitable development for the people, and creating a human capital dividend for reform and opening up. For example, China's vigorous development of education, the eradication of illiteracy among young adults, and the establishment of cooperative medical care in rural areas not only promoted social equity and justice, reflecting the superiority of the socialist system, but also laid the foundation of human capital for the rapid economic growth achieved after the reform and opening up.¹¹

Overall, the period 1949–1978 was a very low-income phase of the country's development, with GDP per capita rising from \$119 in 1952 to \$385 in 1978,¹² with significant progress in economic development,

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ In 1952, the Working Committee for Eradicating Illiteracy of the Central People's Government was established, and in 1956, the National Association for Eradicating Illiteracy was founded. 1956, the decision on eradicating illiteracy issued by the Central Committee of the Communist Party of China and the State Council pointed out that eradicating illiteracy was a major cultural revolution in China and an extremely important political task for the country in its socialist construction.

¹² See *Brilliant 70 Years*, edited by the preparation team of *Brilliant 70 Years: New China's Economic and Social Development Achievements 1949–2019*, China Statistics Publishing House, 2019 edition, p. 373.

albeit below potential growth rates. In terms of purchasing power parity (PPP) 2017 international dollars,¹³ it rose from 212 international dollars to 600 international dollars, an increase of 2.83 times, with an average annual growth rate of 4.1%, significantly higher than India's 1.7% during the same period¹⁴; national revenue capacity has increased substantially, with general public budget revenue rising from 25.6% of GDP in 1952 to 30.8% of GDP in 1978.¹⁵ Not only was it conducive to promoting the industrialization of the country, it was also conducive to investing in human capital for the entire population. Before 1949, China was a populous country filled with illiterates, with 90% of the country's population being illiterate or semi-literate, and only about 20% of urban school-age children enrolled in school. It was estimated that in 1950, the average number of years of education for the population over 15 years old was only about 1.0. As a result of vigorous nationwide literacy campaigns and accelerated development of primary and junior high school education as well as high school and university education, the net enrollment rate of primary school-age children increased from 25.0% in 1949 to 94.0% in 1978, and the gross enrollment rate at the junior high school level increased from 3% to over 50%. According to Angus Maddison estimates, the average years of schooling for the population aged 15–64 rose from 1.6 years in 1950 to 4.09 years in 1973, with an average annual growth rate of 4.2%. From 1952 to 1978, the average annual growth rate of factor investment in education was as high as 4.49%, higher than Japan's 1.19% in the same period, which is related to the fact that the per capita level of education in Japan was much higher than that in China in 1952, which

¹³ The main basis of this paper for international comparison using PPP is that the five major agencies, the United Nations, the European Commission, the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund, and the World Bank, explicitly require that international comparisons (ICP) follow the PPP method (PPP, constant international dollars). United Nations et al. eds: Chinese edition of the 2008 SNA, China Statistics Press, 2012, p. 6.

¹⁴ See [Eng.] Angus Maddison, *The Long-Term Performance of the Chinese Economy: 960–2030 AD*, translated by Wu Xiaoying and Ma Debin, Shanghai People's Publishing House, 2008, p. 59.

¹⁵ See "70 Years of Brilliance", edited by the preparation team of "70 Years of Brilliance: New China's Economic and Social Development Achievements 1949–2019", China Statistics Press, 2019 edition, pp. 361, 379.

is equivalent to more than five times of the per capita level in China.¹⁶ It is estimated that the average number of years of education for the population over 15 years of age rose from 1.0 in 1950 to 4.8 in 1978, an increase of 4.8 times, with an average annual growth rate of 5.8%, significantly exceeding the growth rate of GDP per capita (4.1%), a record in Chinese and world history; life expectancy per capita rose from 35 years before the founding of New China to 65.9 years in 1978 (see Table 3.1), much higher than India's 52.8 years and higher than the world average (62.2 years), setting a historical record for the increase in life expectancy per capita in China and the world. This great achievement fully reflects the superiority of the socialist system and the universality of social equity, and has laid the most important foundation of human capital (especially education and health) for the reform and opening up.

Practice has shown that the establishment of the socialist system has opened up a path to common prosperity in China. The Chinese people have since stood up and created a fairer society than at any time in modern history, with the masses of the people, especially the workers and peasants, gaining the status of masters of society.¹⁷ This was the first step toward common prosperity in China, the era of institutional foundation for eliminating political inequality and social inequality.¹⁸

In short, the Chinese Communists, represented mainly by Comrade Mao Zedong, "laid the fundamental political prerequisites and institutional foundation for the great rejuvenation of the Chinese nation" and "achieved the most extensive and profound social transformation in the history of the Chinese nation, realizing the great stride of a poor and populous Eastern country into a The great leap into socialist society."¹⁹ During the period of socialist revolution and construction, Mao Zedong left the world not only valuable historical experience but also profound

¹⁶ See [Eng.] Angus Maddison, *The Long-Term Performance of the Chinese Economy: 960–2030 AD*, translated by Wu Xiaoying and Ma Debin, Shanghai People's Publishing House, 2008, pp. 64, 66, 68.

¹⁷ See Hu Angang, *A Treatise on the Political and Economic History of China (1949–1976)*, Tsinghua University Press, 2008 edition, p. 534.

¹⁸ See Hu Angang, Yann Yilong, and Wei Xing, "2030 China: Towards Common Wealth," Renmin University of China Press, 2012, p. 131.

¹⁹ Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experiences of the Party's Centennial Struggle," *People's Daily*, November 17, 2021.

Table 3.1 Major development indicators in China (1952–2020)

<i>Year</i>	<i>Human development index</i>	<i>GDP per capita (yuan)</i>	<i>GDP per capita (2017 international dollars)</i>	<i>Per capita Years of education (year)</i>	<i>Per capita expectation Years of education (years)</i>	<i>Per capita Life expectancy (age)</i>
1952		119 (1.0)	212	1.0 (1950)		41
1978		385 (2.82)	600	4.8		65.9
1990	0.501	1663 (6.71)	1424	6.4	8.8	68.6
2000	0.591	7942 (16.26)	3452	7.9	9.6	71.4
2010	0.702	30,808 (41.85)	8885	9.9	12.9	74.8
2020	0.765	72,000 (76.84)	16,411	10.8	14.1	77.5

Data source

GDP per capita (yuan): NBS website, data in parentheses are based on 1952 as 1.0 times

GDP per capita (2017 international dollars): World Bank website, where data for 1952 and 1978 are extrapolations by the authors

Human Development Index, years of education expected per capita: 1990–2020 data from the United Nations Development Programme (UNDP) website

Life expectancy per capita, years of education per capita: 1990–2020 data from the national census data

The rest of the data are the authors' calculations

historical lessons in terms of the theory and practice of exploring the laws of socialist development. In this regard, the Resolution on Certain Historical Issues of the Party Since the Founding of the People's Republic, adopted at the Sixth Plenary Session of the Eleventh Central Committee of the Party in June 1981, realistically evaluated the historical status of Mao Zedong in the Chinese Revolution, fully affirmed the great significance of Mao Zedong Thought as the guiding ideology of our Party, and especially affirmed the gradual establishment of the correct path for building a modernized and strong socialist country suitable for China's situation since the Third Plenary Session of the Eleventh Central Committee of the Party, further specifying the correct path for building a socialist modernized and strong country. It has further pointed out the direction of our social undertakings and the work of the Party to continue

to move forward, opened a new stage of continuing to explore the innovative road of socialism with Chinese characteristics, and gradually laid the foundation of the socialist system, economic foundation, and social foundation for the realization of common prosperity.

3.2 THE NEW PERIOD OF REFORM, OPENING UP AND SOCIALIST MODERNIZATION

The Resolution of the Sixth Plenary Session of the 19th CPC Central Committee points out that the main task facing the Party in the new period of reform, opening up and socialist modernization is to continue exploring the right path for building socialism in China, liberating and developing the social productive forces, freeing the people from poverty and making them rich as soon as possible, and providing vigorous institutional guarantees and material conditions for rapid development to achieve the great rejuvenation of the Chinese nation.²⁰

At the beginning of reform and opening up, China's basic national condition was still a large population, a thin base, and a per capita GNP that still ranked behind the world.²¹ In 1978, China's per capita GNI was US\$200 (current price), which was only 10.4% of the world average per capita level (US\$1929), ranking 175th among 188 countries and regions in the world, and in the last 6.9% position in the world.²² China accounted for 22.3% of the world's population,²³ with the largest rural population in the world, totaling 790 million people, accounting for 29.8% of the world's rural population, 1.52 times the share of India in the world (19.7%).²⁴ China is also the country with the largest number of poor people in the world. According to the low international poverty

²⁰ See "Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party's Centennial Struggle," *People's Daily*, November 17, 2021.

²¹ See Documentary Research Office of the Central Committee of the Communist Party of China, edited by: Selected Important Documents since the 13th National Congress (above), People's Publishing House, 1991 edition, p. 10.

²² See National Bureau of Statistics, China Statistical Abstract 2021, China Statistics Press, 2021, p. 208.

²³ World Bank database.

²⁴ Calculated from World Bank database data.

line of less than 1.90 international dollars per person per day consumption expenditure, the incidence of poverty in China was 88.3% in 1981, and the number of people under poverty line was as high as 884 million, accounting for 46.45% of the world's population under poverty,²⁵ which is much higher than the proportion of China's population in the world's population. This was the biggest basic national condition of China at the beginning of reform and opening up, and the biggest initial condition and constraint of China's socialist modernization.

For this reason, the first thing was to break through the "poverty trap" and start the era of "getting rich first." This determined China's basic national policies: first, to implement family planning and control the rapid growth of the total population,²⁶ without which the rate of capital accumulation could not be increased; second, to implement the rural reform of the household joint production contract responsibility system to drastically reduce the absolute poverty in rural areas; third, to invest in people's education and health care to raise the level of human capital of all people; fourth, to create jobs for more than a quarter of the world's urban and rural labor force; fifth, to open up to the outside world, integrate into the world economy, develop labor-intensive industries, give full play to the advantages of labor resources, expand exports, and improve international competitiveness.

The greatest achievement of the new reform and opening-up period is the reduction of the vast majority of the rural poor. As a country with a large population under poverty, the development experience of the international community does not provide us with ready-made answers or paths on how China can break the "poverty trap," which is a global

²⁵ Calculated from World Bank database data.

²⁶ The report of the 12th Party Congress in 1982 pointed out: "In the development of our economy and society, the population issue has always been an extremely important issue. The implementation of family planning is a basic state policy of China. By the end of this century, we must strive to control our population to within 1.2 billion. Our population is now at its peak of fertility, and too rapid a population growth will not only affect the increase of per capita income, but also the supply of food and housing, the satisfaction of education and labor employment needs, will become serious problems, and may even affect social stability." See "Selected Important Documents Since the Twelfth National Congress" (above), edited by the Literature Research Office of the Central Committee of the Communist Party of China, Central Literature Publishing House, 2011, p. 16.

development problem. It is based on a profound summary of both positive and negative historical experiences since the founding of New China that Deng Xiaoping clearly pointed out that poverty is not socialism, and that socialism should eliminate poverty. Based on China's basic condition of being in the low-income stage, he creatively proposed the development strategy of "getting rich first," that is, to let some people get rich first, and the rich first will lead the rich later, and eventually achieve common prosperity. Through the strategy of unbalanced development, the "cake" was made bigger faster in order to break through the "poverty trap." To this end, the Third Plenary Session of the Twelfth Central Committee of the Party held in 1984 clearly stated that "the policy of encouraging some people to get rich first is in line with the law of socialist development and is the inevitable pathway for the whole society to get rich."²⁷

At the beginning of reform and opening up, China's economic system reform first made great achievements in rural areas, which accounted for more than 80% of the country's total population. The full implementation of the household production contract responsibility system stimulated 800 million peasants' great enthusiasm for production, breaking through the "poverty trap" first among all low-income countries and providing the most effective development path and Chinese experience for developing countries.

First, agriculture continued to grow, from 1978 to 1990, the value added of agriculture increased by 90.7%, with an average annual growth rate of 5.5%, which was both a historical record for China and significantly outpaced the growth rate of the world value added of agriculture (2015 USD prices) during the same period (3.5%). China's share of the world value added of agriculture increased from 17.0% in 1978 to 20.3%,²⁸ while China's share of the world's agricultural land area only increased from 10.6% in 1978 to 12.4% in 1990,²⁹ and China's share of inland water resources decreased from 7.4% to 6.6% of the world.³⁰

Second, national per capita grain production increased from 317 to 390 kg, and rural per capita disposable income increased from 133.6 yuan

²⁷ The Literature Research Office of the Central Committee of the Communist Party of China, edited by: Selected Important Documents since the 12th National Congress (in Chinese), Central Literature Publishing House, 2011, p. 64.

²⁸ Calculated from World Bank database data.

²⁹ Calculated from World Bank database data.

³⁰ Calculated from World Bank database data.

to 686.3 yuan, an increase of 2.7 times in real terms at constant prices, with an average annual growth rate of 8.6%, a record in Chinese history and a world record.

Third, the number of rural poor and the incidence of poverty nationwide have dropped significantly. According to China's rural poverty standard in 1978, the national rural poverty population dropped from 250 million in 1978 to 85 million in 1990, and the incidence of poverty dropped from 30.7% to 9.4%.³¹ According to the World Bank's low international poverty line standard of less than 1.90 international dollars consumption expenditure per person per day, by 1990, the incidence of poverty in China dropped to 66.6%, the international poverty line population decreased from 884 million in 1981 to 761 million, and its proportion in the world dropped from 46.45% in 1981 to 41.16%.³² It should be noted that from 1978 to 1990, it took China only 12 years to basically solve the problem of feeding 840 million rural people (with rural population accounting for as much as 27.8% of the world's population), feeding a total population of 1.14 billion, or 21.5% of the world's total population.³³

This is the second liberation of Chinese farmers after the land reform. In 1990, Deng Xiaoping made it clear that "socialism is not about a few people getting rich and the majority getting poor, it is not about that. The greatest superiority of socialism is common prosperity, which is a reflection of the essence of socialism."³⁴

In early 1992, Deng Xiaoping further pointed out in his Southern Talk that "the essence of socialism is to liberate the productive forces, develop them, eliminate exploitation, eliminate polarization, and ultimately achieve common prosperity." This is the biggest difference between socialist modernization and capitalist modernization. Deng Xiaoping specifically stated, "To take the road of socialism is to gradually achieve common prosperity."³⁵ To this end, China must achieve common

³¹ See National Bureau of Statistics, *China Statistical Abstract 2021*, China Statistics Press, 2021, p. 69.

³² World Bank database.

³³ World Bank database.

³⁴ *Selected Writings of Deng Xiaoping*, Volume III, People's Publishing House, 1993 edition, p. 364.

³⁵ *Ibid.*, p. 373.

prosperity in stages and steps, and also by “classification guidance” by region, by urban and rural areas, and by population groups.

Thus, Deng Xiaoping creatively proposed a roadmap for achieving common prosperity, that is, “in two steps”: the first step is to “get rich first,” “let some people get rich first”; the second step is “common prosperity,” “let the ones who got rich first help those who got rich later, and eventually reaching common prosperity.”

China’s modernization development in the primary stage of socialism has formed interlocking development stages with different priorities; the period 1978–2001 was the stage of “getting rich first” and the stage of achieving the basic level of prosperity, guided by the unbalanced development strategy. Without “getting rich first,” it would have been difficult for China, with a population of over 1 billion, to break through the “poverty trap” under low-income conditions. Only when the “poverty trap” is broken and the problem of food and clothing is solved can China gradually move toward the stage of “common prosperity.”

By 2000, China achieved ahead of schedule the strategic goal of quadrupling its GNP as proposed by Deng Xiaoping. At constant prices, in 2000, China’s GDP was equivalent to 6.55 times that of 1980, and GDP per capita (international dollars in 2017) rose from 679 international dollars in 1980 to 3452 international dollars in 2000, equivalent to 5.08 times that of 1980.³⁶ From an international perspective, China has moved from the low-income stage to the lower-middle-income stage, and people’s lives in general have achieved a historic leap from poverty to subsistence to well-off levels, with national per capita consumption expenditure equivalent to 3.49 times that of 1980, and the Engel coefficient of rural households falling from 67.7% (absolute poverty type) in 1978 to 49.1% (subsistence type) in 2000. The Engel coefficient of urban households dropped from 57.5% (subsistence type) to 39.2% (well-off type).³⁷ The number of years of education per capita increased from less than 5 years in 1981 to 7.9 years in 2000; life expectancy per capita increased from 65.9 years in 1978 to 71.4 years in 2000; the Human Development Index (HDI) reached 0.591, achieving a leap from a low to a medium level of human development. Especially worth mentioning

³⁶ Calculated from World Bank database data.

³⁷ See National Bureau of Statistics, *China Statistical Abstract 2002*, China Statistics Press, 2002 edition, p. 91.

is that China has created the world's largest number of new jobs. From 1978 to 2000, the total number of employed people nationwide rose from 401.52 million to 720.85 million, an increase of 319.33 million, an average of 14.52 million new jobs per year, equivalent to 1/3 of the world's new jobs.

In 2000, China began to enter the stage of building a moderately prosperous society in all aspects. After the people's life in China had generally achieved the historic leap from subsistence to well-off, in November 2002, the 16th Party Congress clearly put forward the goal of building a higher level of well-off society benefiting more than one billion people by 2020. It was proposed that "with the goal of common prosperity, the proportion of middle-income earners should be expanded and the income level of low-income earners should be raised." This marks that after China has basically reached the second step of modernization at the well-off level, it has started to move gradually from the "first rich" to the new stage of "common prosperity."

By 2006, China had stepped into the ranks of middle-income countries. China's GDP per capita exceeded US\$2000 (current price), which is close to 6000 international dollars by 2017 international dollars, close to the average level of the world's low- and middle-income countries (6500 international dollars), but significantly lower than the average level of the world's middle- and high-income countries (9900 international dollars),³⁸ and the Engel coefficient of urban and rural residents has decreased to 35.8% and 43.0%, respectively.

In October 2007, the 17th Party Congress put forward the "people-oriented" scientific development concept, insisted on comprehensive, coordinated and sustainable development, and clearly proposed that by 2020, a reasonable and orderly pattern of income distribution would be basically formed, middle-income earners would be in the majority, absolute poverty would be basically eliminated, and people's affluence would be generally increased; efforts would be made to raise the income of low-income earners, gradually raise the standard of poverty alleviation and the minimum wage, and gradually reverse the trend of widening income distribution. The systematic goal of building a moderately prosperous society in 2020 was redesigned, proposing the new goal of quadrupling the per capita GDP by 2020 compared with that of 2000 is put forward;

³⁸ World Bank database.

building a moderately prosperous society in all aspects must be a society of common prosperity, and the proportion of middle-income earners must be in the majority, exceeding 50% (equivalent to 700 million people and 250 million households), and efforts are made to transform more and more low-income earners into middle-income earners.

By 2010, China's GNP and per capita income of urban and rural residents had doubled compared to 2000, with per capita GDP reaching 8885 international yuan, entering the middle and high-income stage; the human development index reached 0.702, moving from the middle human development level to the high human development level; per capita life expectancy reached 74.8 years, already higher than the per capita life expectancy of middle and high-income countries (73.5 years). The urbanization rate of our resident population has approached 50% (at 49.95%). The rural poverty population has been reduced from 462.24 million in 2000 to 165.67 million by 2010 rural poverty standards, creating a higher level of favorable conditions for the full realization of a well-off society benefiting 1.4 billion people in 2020.

3.3 NEW ERA OF SOCIALISM WITH CHINESE CHARACTERISTICS

The Resolution of the Sixth Plenary Session of the 19th CPC Central Committee pointed out that since the 18th CPC National Congress, socialism with Chinese characteristics has entered a new era. The main task facing the Party is to achieve the first century of struggle, embark on a new journey to achieve the second century of struggle, and continue to advance toward the grand goal of achieving the great rejuvenation of the Chinese nation.³⁹

Since the 18th Party Congress, socialism with Chinese characteristics has entered a new era, and the Party's theoretical innovation and practical innovation in governance have become important features, among which the promotion of common prosperity has become a major development task at this stage.⁴⁰ In this sense, the new era of socialism with Chinese

³⁹ See "Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experience of the Party's Centennial Struggle," *People's Daily*, November 17, 2021.

⁴⁰ The Chinese society in 2030 is a society of common prosperity and a common world. It includes the following three aspects: first, a common affluent society in China;

characteristics is “the era of gradually realizing common prosperity for all people.”

On November 17, 2012, General Secretary Xi Jinping made it clear in his speech at the first collective study of the Political Bureau of the 18th Central Committee that common prosperity is the fundamental principle of socialism with Chinese characteristics, so it is necessary to make the fruits of development benefit all people more and more fairly and make steady progress toward common prosperity.⁴¹

In October 2015, General Secretary Xi Jinping clearly put forward the new development concept, including the concept of sharing, at the Fifth Plenary Session of the 18th Party Central Committee. He stressed that sharing is the essential requirement of socialism with Chinese characteristics. It is necessary to insist that development is for the people, development relies on the people, and the fruits of development are shared by the people, and make more effective institutional arrangements so that all people can have more sense of gain in the common and shared development, enhance the momentum of development, improve the unity of the people, and make steady progress toward common prosperity.⁴² He further pointed out in his speech at the forum for people outside the Party held by the Central Committee that “the sharing of the fruits of reform and development by the general public is the essential requirement of socialism and an important manifestation of our Party’s adherence to the fundamental purpose of serving the people wholeheartedly. The development we pursue is the development for the benefit of the people, the affluence we pursue is the common wealth of the people. The ultimate criterion for judging the success of reform and development is whether the people enjoy the fruits of reform and development together.”⁴³

second, common prosperity between China and the world; and third, coexistence and co-prosperity between human beings and nature. See Hu Angang, Yanyan Yilong, and Wei Xing, “2030 China: Toward Common Wealth,” Renmin University of China Press, 2011, pp. 11–13.

⁴¹ See Xi Jinping on Governance, Volume 1, Foreign Languages Press, 2018 edition, p. 13.

⁴² See “Selected Important Documents Since the 18th National Congress” (in Chinese), edited by the Literature Research Office of the Central Committee of the Communist Party of China, Central Literature Publishing House, 2016 edition, p. 793.

⁴³ The CPC Central Committee Held a Symposium for People Outside the Party, and Xi Jinping Presided and Delivered an Important Speech,” *People’s Daily*, October 31, 2015.

In May 2016, General Secretary Xi Jinping clearly pointed out when chairing the 13th meeting of the Central Leading Group of Finance and Economics that expanding the middle-income group is related to the realization of the goal of building a moderately prosperous society in all aspects, an inevitable requirement for transforming and adjusting the structure, and an inevitable requirement for maintaining social harmony and stability and the long-term stability of the country.⁴⁴

By 2020, China had become the world's largest middle- and high-income country with a high level of human development. In 2020, China's GDP per capita reached 72,000 yuan, equivalent to 76.84 times that of 1952 in constant prices and 4.73 times that of 2000 in 2017 international dollars; China's GDP per capita reached 16,411 international dollars, already close to that of the world's middle and high-income countries, the human development index reached 0.765, among the world's high human development levels; the number of years of education per capita reached 10.8; the life expectancy per capita reached 77.5 years, which is higher than the average of middle and high-income countries (75.9 years) and significantly higher than the world average (72.7 years).⁴⁵

By 2020, China had become a country with the largest middle-income group in the world. The National Bureau of Statistics (NBS) has determined that the standard for the middle-income group in China is an average annual income of 100,000–500,000 yuan per family of three, which is equivalent to 33,000–165,000 yuan per capita. To facilitate international and historical comparisons, the middle-income group is defined as having an income of 10–100 international dollars per person per day according to the World Bank at purchasing power parity (PPP). Based on the PPP conversion factor of 4.225,⁴⁶ in 2020, the per capita daily income of China's residents reached 20.9 international dollars, of which the per capita disposable income per person per day in urban and rural areas reached 28.4 international dollars and 11.1 international dollars, respectively, passing the international middle-income threshold and is an international marker for the full realization of a well-off society. If

⁴⁴ See “Steadfastly Promoting Supply-Side Structural Reform and Continuously Expanding the Middle-Income Group in Development,” *People's Daily*, May 17, 2016.

⁴⁵ World Bank database.

⁴⁶ World Bank database.

we divide the national per capita disposable income by quintiles, the per capita disposable income of 20% of high-income households is 52.1 international dollars per day, 20% of upper-middle-income households is 26.7 international dollars, 20% of middle-income households is 17.0 international dollars, 20% of lower-middle-income households is 10.7 international dollars, and the four groups account for 80% of the total population, totaling 1.129 billion people; 20% of low-income households were 5.1 international dollars, totaling 282 million people. The per capita disposable income structure of the population developed from “60–40” makeup in 2015 to a new “80–20” makeup in 2020 (see Table 3.2). It is expected that by 2030, 20% of low-income households will double their per capita disposable income (including transfer payments) to reach more than 10 international dollars per person per day, transforming from the current “80–20” to a new pattern of middle income for the entire population. But by quintiles, there is still a large gap in the disposable income per capita of our residents.

At present, the actual consumption level and consumption welfare of urban and rural residents in China have reached the middle-income level. By 2020, the Engel coefficient of urban and rural households will drop to 27.6% and 30.0% respectively, which is an affluent consumption structure. Most historically and globally significant, China has completely lifted hundreds of millions of people out of absolute poverty for the first time in thousands of years,⁴⁷ achieving the primary goal of the United Nations’ 2030 Sustainable Development Goals (SDG) on poverty eradication 10 years ahead of schedule. In addition, basic medical insurance covers more than 1.3 billion people and pension insurance covers nearly 1 billion people, building the world’s largest, most socialist, and well-off society that benefits 1.4 billion people. This proves that the socialist system is capable of completely eliminating absolute poverty in a relatively short period of time, and will also achieve the historic leap from making a few people rich first to making the majority rich, and eventually making all people rich. This lays a more solid foundation for the development of China’s future (2021–2035) to achieve common prosperity.

Under the leadership of the Party Central Committee with Comrade Xi Jinping at the core, China completed the task of eradicating poverty by 2020, historically solving the problem of absolute poverty and achieving

⁴⁷ According to China’s current rural poverty standards, 462.24 million rural poor people in 2000, all of them will be out of poverty by 2020.

Table 3.2 Disposable income per capita by quintile grouping (2015, 2020)

	<i>Per capita in 2015 Disposable income (RMB, Yuan)</i>	<i>Daily per capita in 2015 Disposable income (International \$/ day)</i>	<i>Per capita in 2020 Disposable income (RMB, Yuan)</i>	<i>Per capita per day in 2020 Disposable income (International \$/day)</i>
National residents	21,966	14.9	32,189	20.9
Low-income households (20%)	5221	3.6	7869	5.1
Lower middle class households (20%)	11,894	8.1	16,443	10.7
Intermediate income households (20%)	19,320	13.1	26,249	17.0
Upper middle class households (20%)	29,437	20.0	41,171	26.7
High-income households (20%)	54,543	37.1	80,294	52.1

Source of data for disposable income per capita (RMB, Yuan): China Statistics Bureau, China Statistical Abstract 2021, China Statistics Press, 2021, p. 59

Daily disposable income per capita (IS) is calculated as a private consumption PPP conversion factor (IS) of 4.027 in 2015 and 4.225 in 2020. *Source* World Bank database

the ambitious goal of building a moderately prosperous society in all aspects, which is itself the development path of practicing common prosperity.

First, the number of poor people in various categories of national poverty line standards has been reduced. At the beginning of reform and opening up, according to the 1978 rural poverty line standard, the rural poor population in China was 250 million people with a poverty incidence rate of 30.7%, which was reduced to 32.09 million people by 2000, and the poverty incidence rate dropped to 3.5%. According to the 2010 poverty line standard, the rural poverty population was still as high as 462.24 million in 2000, which was reduced to 165.67 million by 2010,

and after the battle against poverty, all of them will be out of poverty by 2020 (see Table 3.3). According to data published by the Chinese government, the per capita net income of the rural poor who have established a record card, increased from 2982 yuan in 2015 to 10,740 yuan in 2020, a nominal increase of 3.60 times. Based on the private consumption purchasing power factors of 4.027 and 4.225, respectively, as provided by the World Bank database, this growth corresponds to an increase in income from 2.0 to 7.0 international dollars per person per day, which is already above the high international poverty line (5.50 international dollars per person per day expenditure). The average rural low-income standard, which increased from 2068 per person per year in 2012 to 5842 in 2020,⁴⁸ increased 2.82 times in nominal terms. With private consumption purchasing power factors of 3.665 and 4.176, respectively, as provided by the World Bank database, this corresponds to an increase in the per person per day LPS from I\$1.55 to I\$3.84, which is already above the international mid-poverty line standard (I\$3.20 per person per day expenditure). This marks that by 2020, “all rural poor under China’s current standards have been lifted out of poverty, all poor counties have been removed, and nearly 100 million rural poor have been lifted out of poverty, making a significant contribution to the cause of global poverty reduction. China will continue to consolidate and expand the results of poverty eradication, solidly promote common prosperity, and continuously improve the level of people’s well-being.”⁴⁹

Second, China has reduced the number of poor people in all categories of international poverty line standards, which has greatly contributed to the significant reduction of absolute poverty globally and has world significance. According to the data published by the World Bank, based on the low standard of the international poverty line (daily consumption expenditure per person is less than 1.90 international dollars), the incidence of poverty in China was as high as 88.3% in 1981. That figure fell to 40.5% in 1999, a reduction of 47.8 percentage points, and the absolute poverty population was reduced from 883.84 million to 509.94 million, a reduction of 373.9 million from 1981. By 2016, the number of people

⁴⁸ See Party Group of the National Rural Revitalization Bureau of the Communist Party of China, “The Great Miracle in the History of Human Poverty Reduction,” Seeking Truth, No. 4, 2021.

⁴⁹ Xi Jinping’s Congratulatory Letter to the International Forum on Human Experience in Poverty Reduction,” *People’s Daily*, December 15, 2020.

Table 3.3 Rural poverty in China (1978–2019)

<i>Year</i>	<i>1978 Standard</i>		<i>2010 Standard</i>	
	<i>Poor people (10,000 people)</i>	<i>Poverty incidence (%)</i>	<i>Poor people (10,000 people)</i>	<i>Poverty incidence (%)</i>
1978	25,000	30.7	77,039	97.5
1980	22,000	26.8	76,542	96.2
1985	12,500	14.8	66,101	78.3
1990	8500	9.4	65,849	73.5
1995	6540	7.1	55,463	60.5
2000	3209	3.5	46,224	49.8
2005	2365	2.5	28,662	30.2
2010			16,567	17.2
2015			5575	5.7
2016			4335	4.5
2017			3046	3.1
2018			1660	1.7
2019			551	0.6

Data source National Bureau of Statistics, China Statistical Abstract 2021, China Statistics Press, 2021, p. 69

under poverty in China decreased to 6.91 million, and the incidence of poverty fell to 0.5%. The share of China's poor population in the world's poor population also decreased from 46.45% in 1981 to 0.1% in 2016. The world's poor population decreased from 1.903 billion in 1981 to 720 million in 2016, a total reduction of 1.183 billion people, of which China has reduced 877 million people cumulatively, with a contribution rate of 74.1% (see Table 3.4).

According to data published by the World Bank, based on the international poverty line mid-standard (consumption expenditure of less than 3.20 international dollars per person per day), the incidence of poverty in China was as high as 90.0% in 1990 and fell to 5.4% in 2016, a reduction of 84.6 percentage points, or an average of 3.3 percentage points per year, and the number of people under poverty decreased from 102.9 million to 74.67 million, a reduction of 932.77 million from 1990. The number of poor people decreased from 102,900,000 to 74,670,000, or 932,277,000 less than in 1990, an average annual decrease of 35,880,000. The share of China's poor population in the world's poor population also fell from 35.3% in 1990 to 4.0% in 2016, a cumulative decline of 31.3 percentage points, or an average annual decline of 1.2 percentage points. The total

Table 3.4 Comparison of China and world poverty population status (1981–2016)

Year	China		World		China's poor population share of the world (%)
	Poor people (10,000 people)	Poverty incidence (%)	Poor people (10,000 people)	Poverty incidence (%)	
1981	88,383.59	88.3	190,292.74	42.15	46.45
1984	79,060.86	75.8	185,859.60	39.06	42.54
1987	66,498.12	60.8	174,581.47	34.81	38.09
1990	76,122.91	66.6	184,959.86	35.01	41.16
1993	67,554.69	57.0	185,460.13	33.49	36.43
1996	51,464.57	42.1	166,595.80	28.78	30.89
1999	50,993.64	40.5	169,218.92	28.04	30.13
2002	41,040.73	32.0	158,750.77	25.3	25.85
2005	24,516.75	18.8	132,689.36	20.37	18.48
2008	19,455.49	14.7	120,500.53	17.83	16.15
2010	14,991.37	11.2	107,732.52	15.56	13.92
2013	2517.33	1.85	76,640.66	10.68	3.28
2015	962.23	0.70	72,834.3	9.9	1.32
2016	691.36	0.5	72,012.8	9.7	0.10
Amount of change from 1981–2016	-87,692.23	-87.6	-118,279.94	-32.45	-45.35

The low international poverty line standard is 1.90 international dollars per day

Data source World Bank database

number of poor people in the world decreased from 2.919 billion in 1990 to 1.886 billion in 2016 during the same period, a total reduction of 1.033 billion people, of which China reduced a total of 933 million people, with a contribution rate of 90.3% (see Table 3.5). After the 18th Party Congress, eliminating absolute poverty has become a key task for the development of people's livelihood. The per capita disposable income of rural residents in poor areas nationwide has increased from 6079 yuan in 2013 to 12,588 yuan in 2020, with an average annual growth rate of 11.6%, mainly because the proportion of wage income and business income of poor people has increased year by year.⁵⁰ This shows that rural residents in poor areas do not rely on "blood transfusion," but mainly

⁵⁰ See Information Office of the State Council, "China's Practice of Human Poverty Reduction," *People's Daily*, April 7, 2021.

on their own hard work to get out of poverty. In terms of international comparisons, the PPP factor⁵¹ is equivalent to an increase from 4.3 to 8.1 international dollars per person per day, which exceeds the high international poverty line (less than 5.5 international dollars per person per day in consumption expenditure).

By 2020, China has basically eliminated the population in the three international poverty line standards. This demonstrates to the world that only socialism with Chinese characteristics can completely eliminate absolute poverty in 30 years (1990–2020), making a significant contribution to the elimination of absolute poverty for humanity and going down in the history of world development.

Table 3.5 Comparison of absolute poverty population status between China and the world (1990–2016)

<i>Year</i>	<i>China</i>		<i>World</i>		<i>China absolute poor people share of the world (%)</i>
	<i>Absolute poverty population (10,000 people)</i>	<i>Poverty incidence (%)</i>	<i>Absolute poverty population (10,000 people)</i>	<i>Poverty incidence (%)</i>	
1990	102,899.7	90.0	291,897.6	55.2	35.3
1993	98,843.2	83.4	302,757.0	54.6	32.6
1996	89,221.6	72.9	299,704.9	51.7	29.8
1999	85,911.8	68.3	305,674.6	50.6	28.1
2002	74,117.4	57.7	295,788.0	47.1	25.1
2005	56,486.6	43.2	275,144.0	42.2	20.5
2008	45,949.5	34.6	259,137.8	38.3	17.7
2010	38,215.9	28.5	244,041.6	35.2	15.7
2013	16,464.7	12.1	206,928.0	28.8	8.0
2015	9622.3	7.0	192,753.4	26.2	5.0
2016	7466.6	5.4	188,569.6	25.4	4.0
Amount of change from 1990–2016	−93,277.4	−83.0	−103,328	−29.8	−31.3

The standard in the international poverty line is 3.2 international dollars per day

Data source World Bank database

⁵¹ 3.838 and 4.225 in 2013 and 2020, respectively. *Data source* World Bank database. ppp factor, i.e. private consumption (local currency unit per international dollar).

In addition to reducing the population of all types of income poverty, China's rural areas have also reduced other types of poverty. First, it has reduced the population of unsafe drinking water. According to data released by the Ministry of Water Resources, since the implementation of the 13th Five-Year Plan, the central government has invested a total of 26.5 billion yuan in rural drinking water, and from 2016 to 2019, the average annual consolidation and improvement of drinking water safety population is about 57 million people. By the end of June 2020, the problem of drinking water safety for poor people nationwide will be fully resolved. Second, the number of people under education poverty has been reduced. The compulsory education guarantee system has been implemented to eliminate educational poverty. Since 2006, the policy of exempting school fees and miscellaneous expenses, providing free textbooks and subsidizing living expenses for boarding students from economically disadvantaged families ("two exemptions and one subsidy") has been implemented for rural students. By August 2020, the "two exemptions and one subsidy" had covered rural areas nationwide, and the phenomenon of dropping out of compulsory education in poor areas was basically eliminated. Third, the number of poor people in health has been reduced. The basic medical insurance system for the poor has been established and improved, and the problem of people returning to poverty due to illness has been effectively solved. 2019 will see the full abolition of the ceiling line for reimbursement of major diseases for the poor. In 2016–2019, the proportion of out-of-pocket medical expenses for the poor has dropped from 43% to about 10%. Fourth, the number of people living in poverty has been reduced. Since 2017, the average household subsidy standard for the renovation of rural dangerous houses in deep poverty areas has been increased to 16,000 yuan. Since the 18th Party Congress, a total of 7.9 million households and 25.68 million poor people have left their dangerous residences such as mud and straw houses and adobe houses and lived in safe housing. Meanwhile, a total of 10.75 million households such as rural low-income households, scattered-support special hardship cases, and families with disabled persons in difficulty have been supported to renovate their dangerous houses.⁵²

⁵² See Chen Xifen and Han Jun, eds. *Practice and Experience in China's Fight Against Poverty*, People's Publishing House, 2021, pp. 2–3.

On July 1, 2021, on the occasion of the 100th anniversary of the founding of the Communist Party of China, General Secretary Xi Jinping officially announced to the whole country and the whole world that after the continuous struggle of the whole Party and the people of all ethnic groups, we have achieved the first 100-year goal, built a moderately prosperous society on the Chinese land, solved the problem of absolute poverty in a historic manner, and are moving forward with vigor toward the second goal of building a socialist modern power in a comprehensive manner. We are marching forward with vigor toward the second 100-year goal of building a strong socialist modern country.⁵³

It can be seen that Chinese socialist modernization has gone through different stages of development, showing regular characteristics, i.e. a long-term historical evolution process from quantitative change to partial qualitative change (stage by stage) and then from quantitative change to total qualitative change, while surpassing capitalist modernization, not only making some people rich first, but also making the whole people gradually achieve common prosperity, creating a new path of human modernization.

In short, since the founding of New China, especially after the reform and opening up, China has “completed in just a few decades the industrialization process that developed countries have gone through for hundreds of years, creating two miracles of rapid economic development and long-term social stability,”⁵⁴ as well as the world miracle of reducing and eliminating all kinds of poverty. From now on, the overall task of the CPC is to achieve socialist modernization and the great rejuvenation of the Chinese nation, and to build a strong, democratic, civilized, harmonious, and beautiful modernized socialist country in the middle of the century on the basis of building a moderately prosperous society in two steps, so as to promote the great rejuvenation of the Chinese nation through Chinese-style modernization. This indicates that in the

⁵³ See Xi Jinping, “Speech at the Congress to Celebrate the 100th Anniversary of the Founding of the Communist Party of China,” *People’s Daily*, July 2, 2021.

⁵⁴ “Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experiences of the Party’s Centennial Struggle,” *People’s Daily*, November 17, 2021.

future, China will create two new miracles: a strong socialist modern state and common prosperity for all people, and will continue to surpass the modernization of the developed countries in the West, opening up a new and righteous path for the developing countries.

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Foundations and Challenges for Achieving Common Prosperity

4.1 CHARACTERISTICS OF A CHINESE-STYLE COMMON PROSPERITY SOCIETY

Going forward, China has the opportunity to realize common prosperity for every one of its 1.4 billion people and has increasingly favorable development conditions and a strong development capacity to further create a great innovation in human development. After creating a miracle of rapid economic growth and long-term social stability for more than 40 years, and building a moderately prosperous society with a population of more than 1.4 billion, China will once again create a new miracle on earth. At the same time, China will face many challenges. By leading the people, relying on them, and stimulating their creativity, the CPC will surely achieve the great goal of common prosperity for everyone.

After China achieved the ambitious goal of building a moderately prosperous society in all respects, General Secretary Xi Jinping promptly put forward the realization of common prosperity for everyone and made it a long-term development goal and task.

In February 2021, Xi further expounded the theory of common prosperity systematically and completely, stressing that “Adhere to the people-centered development ideology and unwaveringly follow the road of common prosperity. The road to ruling a country begins with enriching the people. We have always firmly held the position of the people, stressing that eradicating poverty, improving people’s livelihoods, and achieving common prosperity are the essential requirements of socialism,

an important manifestation of our CPC's adherence to the fundamental goal of serving the people wholeheartedly, and a major responsibility of the CPC and the government."¹

In August 2021, Xi, in a speech at the 10th meeting of the Central Financial and Economic Affairs Commission, pointed out that since the 18th National Congress of the CPC, the Party Central Committee has grasped the new changes in the stage of development, attached more importance to the gradual realization of common prosperity for everyone, promoted coordinated regional development, taken strong measures to protect and improve people's livelihoods, won the battle against poverty, built a moderately prosperous society, and created good conditions for promoting common prosperity. Now we have reached the historic stage of firmly promoting common prosperity.² It is necessary to further answer the question, "What kind of society is a society of common prosperity? We argue that common prosperity has the following five important characteristics."

First, a society of common prosperity is a society with higher productivity development. The liberation and development of society's productive forces are the prerequisites for achieving common prosperity. The basic characteristics of socialist productive forces with Chinese characteristics can be summarized as a "one center, five dimensions" productivity system: the people as the center is the starting point, base point, and core point of the comprehensive development of productive forces; the "five dimensions" of productive forces are economic productivity, scientific and technological productivity, social productivity, cultural productivity, and ecological productivity. The functionalities of the five productive forces are: economic productivity is the material foundation; scientific and technological productivity is the intellectual support; social productivity is the guarantee of people's livelihood; cultural productivity is the spiritual guidance; ecological productivity is the prerequisite for sustainable development; the five productive forces create five kinds of wealth: economic productivity creates economic wealth; scientific and technological productivity creates scientific and technological wealth; social productivity creates social wealth; cultural productivity creates cultural wealth;

¹ Xi Jinping, "Speech at the National Summary Commendation Conference on Poverty Eradication," *People's Daily*, February 26, 2021.

² See Xi Jinping, "Making Solid Progress Toward Common Prosperity", *Qiushi*, No. 20, 2021.

ecological productivity creates ecological wealth; ecological productivity creates ecological wealth. The five major productive forces are interrelated, promote each other, integrate with each other, develop in the same direction, peer development, win-win development, unified to serve the people-centered development goals, and further deepen reform is the key to promoting the five major productive forces to achieve leap-forward development.³ Thus, we will continue to promote the common sustainable development of all people, create wealth together, share the fruits, and achieve the goal of common prosperity together.

Second, the common prosperous society is a modernized society with a much higher level of economic development. In principle, China will achieve the ambitious goal of socialist modernization 15 years ahead of schedule, i.e., significantly surpassing the expected goal of quadrupling per capita GDP from 2000 to \$4000 (1980 prices) between 2030 and 2050, as set by Deng Xiaoping in 1987.⁴ By 2035, China's per capita GDP will reach the level of middle-income countries (\$15,000–20,000 at current prices) and more than \$32,000 international dollars at purchasing power parity 2017 international dollars.

Third, the society of common prosperity is a modern socialist society with richer connotations. We will achieve high-quality development, a better life for the people, and a higher quality of life based on building a moderately prosperous society in all respects. By 2035, China's human development index (HDI) will reach a high level of human development by international standards.

Fourth, a moderately prosperous society is a socialist society in which people develop comprehensively. It meets people's growing demands for a better life and their growing demands for democracy, rule of law, equality, justice, security, environment, culture, social security, and so on. By international comparison, it creates a new socialist modern society with "five in one."

³ Hu Angang, Zhang Wei, and Zhang Xin, "Comprehensive Development of the Five Major People-Centered Productive Forces," *Journal of Tsinghua University*, Vol. 33, 2018.

⁴ On April 30, 1987, Deng Xiaoping pointed out that the more important goal we set is still the third step, to quadruple in the twenty-first century in 30–50 years to reach roughly 4000 U.S. dollars per capita. China will reach the level of medium developed, this is our ambition. By then, people like me will be gone, but I believe our present dolls will accomplish this task. See *Deng Xiaoping Collected Works*, Vol. 3, Beijing: People's Publishing House, 1993, pp. 226–227.

Fifth, the society of common prosperity is a socialist society in which the gap between urban and rural areas and regions continues to narrow. It realizes the integration of public services and public facilities in urban and rural areas, regional integration, and national integration.

In short, the core task of socialist modernization with Chinese characteristics through 2050 is to implement six five-year plans and gradually achieve the ambitious goal of common prosperity for everyone in several successive steps. To embark on a new “Long March,” we have the rare conditions of time, place, and human resources, but we also face great challenges, both foreseeable and unforeseeable.

As we enter the new era, China already has favorable political, economic, and social development conditions to realize common prosperity for everyone. Compared to building a moderately prosperous society for more than one billion people by 2020, as proposed by the CPC Central Committee 20 years ago, fully building a society of common prosperity for more than 1.4 billion people not only has a higher starting point for development but also has richer development experience and stronger development capacity.

4.2 FOUNDATIONS OF CHINA’S PROGRESS TOWARD A COMMON PROSPERITY SOCIETY

4.2.1 *Achieving Common Prosperity Under the Leadership of the Communist Party of China*

China’s greatest political advantage in achieving a society of common prosperity for everyone is its adherence to the overall leadership of the Communist Party of China.

First, the Party Central Committee has made an important strategic decision to promote common prosperity for everyone. In the Note on the Proposal of the CPC Central Committee on Formulating the 14th Five-Year Plan for National Economic and Social Development and the 2035 Visionary Goals, Xi Jinping pointed out that “common prosperity is the essential requirement of socialism and the common expectation of the people.”⁵ Ultimately, our promotion of economic and social development

⁵ Xi Jinping, “Note on the Proposal of the Central Committee of the Communist Party of China on Formulating the Fourteenth Five-Year Plan for National Economic and Social Development and the Visionary Goals for 2035,” *People’s Daily*, November 4, 2020.

is to achieve common prosperity for everyone. This important decision fully reflects China's unique national leadership ability, namely the strong political will, firm political determination, scientific political decision, and Party-wide political consensus of the Party Central Committee with Comrade Xi Jinping at its core. The success of the strategic decision is the greatest success, which is the guarantee of the strategic decision to achieve common prosperity for everyone.

Second, the Party Central Committee has formulated a strategic goal and a road map for realizing common prosperity. Following the recommendations of the Fifth Plenary Session of the 19th CPC Central Committee, the country has formulated the 14th Five-Year Plan and the 2035 Vision. This is the country's first action plan and roadmap to implement the sound promotion of common prosperity. On the road to promoting common prosperity for everyone, we must adhere to the CPC's overall leadership, mobilize the whole of society, all the people, and all levels of government, and mobilize the whole nation's efforts to do great things for all the people. This is the greatest guarantee of political mobilization to achieve common prosperity for everyone.

Third, the major decisions of the Party Central Committee have won a high degree of consensus and broad support from the whole society. When Deng Xiaoping proposed the first rich theory, it caused great controversy, but later proved to be a major innovation and an important way to break out of the "poverty trap." When Jiang Zemin proposed the goal of "building a moderately prosperous society" at the 16th National Congress of the CPC, some people doubted whether this goal could be achieved because of the impact and influence of the Asian financial crisis, the difficult plight of state-owned enterprise reform, and the layoffs of tens of millions of workers in state-owned and collectively owned enterprises. When Hu Jintao set the goal of building a moderately prosperous society at the 18th National Congress of the CPC, the whole CPC and the whole society had "Three Confidence" (confidence in our chosen path, confidence in our theories, confidence in our political system).⁶ At the 19th National Congress of the CPC, Xi formally proposed the third strategic vision of fundamentally realizing socialist modernization 15 years ahead of schedule by 2035, and also explicitly put forward the ambitious

⁶ Hu Jintao, "Steadfastly Advancing Along the Road of Socialism with Chinese Characteristics and Striving to Build a Moderately Prosperous Society in All Aspects—Report at the 18th National Congress of the Communist Party of China," *Qiyushi*, No. 22, 2012.

goal of taking a solid step toward the common prosperity for everyone, which won a high degree of consensus among the whole CPC and all ethnic groups and won unprecedented social support. This is the greatest social guarantee for realizing common prosperity for everyone.

4.2.2 *Achieving Common Prosperity Under the Condition of Maintaining Medium and High Economic Growth*

China already has the economic strength and economic conditions to achieve common prosperity and can achieve the four doubling goals by 2035.

First, economic strength must be brought to a new level to achieve the doubling of GDP. The basic economic condition for achieving common prosperity is to maintain medium and high economic growth. It is expected that in the coming period, China's economic growth rate will be in the medium and high-speed (about 5%) growth stage (see Table 4.1), China's economy has huge development potential, growth inertia, and growth momentum. It is expected that by 2035, China's total GDP will double that of 2020, rising from 101.6 trillion yuan in 2020 to more than 210 trillion yuan at constant 2020 prices, reaching a cumulative total of more than 2250 trillion yuan.

In 2017, the international dollar is expected to rise from 23.01 trillion international dollars in 2020 to more than 48 trillion international dollars in 2035, increasing the proportion of world GDP to about 27% and maintaining the contribution rate to world GDP growth at more than 1/3, becoming a true world economic power. This is the most important

Table 4.1 Forecasted average annual growth rate of key economic indicators in China (2021–2035) (Unit: %)

	2021–2025	2026–2030	2031–2035	2021–2035
GDP	5.7	4.8	4.1	About 5
GDP per capita	5.3	4.6	4.1	About 5
Labor productivity	6.0	5.0	4.2	5 or more
Disposable income per inhabitant	5.8	4.9	4.1	About 5
Per capita consumption level of residents	5.8	5.0	4.1	About 5

Note The data in the table are measured at constant prices in 2020

economic foundation for our country to achieve common prosperity for everyone.

Second, to double the per capita GDP to reach the level of middle-developed countries. It is expected that in the coming period, China's GDP per capita will still maintain medium-high growth, reaching more than 150,000 yuan in 2035 from 72,000 yuan in 2020 at 2020 RMB prices and reaching 33,500 yuan in 2035 from 16,100 international dollars at purchasing power parity 2017 international dollars, equivalent to more than 40% of the U.S. GDP per capita level, reaching the level of medium-developed countries. This is a solid economic foundation for our country to achieve common prosperity for everyone.

Third, to double the total labor productivity and narrow the relative gap with developed countries. It is expected that in the coming period, China's total labor productivity will be slightly higher than the economic growth rate because the proportion of China's employed population has been declining, especially the proportion of agricultural employment has been significantly reduced to less than 20%, which will have a structural optimization effect on the improvement of labor productivity. The continuous increase in the average years of education of the working-age population and the continuous increase in the per capita capital stock of the labor force will together contribute to a continuous increase in total labor productivity with an average annual growth rate of more than 5%. This is the production base for doubling the per capita income of the population.

Fourth, to double the growth of the per capita income of residents. It is expected that in the coming period, the per capita disposable income of China's residents will grow at an average annual rate of more than 5%, rising from 32,200 yuan in 2020 to more than 65,000 yuan in 2035, equivalent to an increase from 21 international dollars per person per day to more than 42 international dollars per person per day in 2035, entering the international middle-income standard range (10–100 international dollars per person per day). This is the basic condition and international benchmark for achieving common prosperity for everyone.

The goal of doubling four key economic indicators by 2035 is both necessary and feasible. Historical experience is worth summarizing. In 2002, the Party Central Committee proposed the goal of quadrupling GDP by 2020 with an average annual growth rate of 7.2%, while the actual result was 5.28 times with an average annual growth rate of 8.7%. 2021–2035 can be considered as the bottom line with an economic

growth rate of 4.8% to achieve the doubling of GDP and strive to reach 5% and above (see Table 4.1) so that China's economic wheel can move steadily and far.

China has many favorable factors to maintain medium to high economic growth. First, China's domestic savings rate is still significantly higher than the world average. In 2020, China's domestic savings rate was 44.5%, higher than the world average (26.1%),⁷ and the total domestic investment rate was 43.5%, also higher than the world average (25.6%), and the capital stock will continue to grow, which means that China's economic growth rate will be at least twice that of the world economy.⁸ Second, China's labor force participation rate remains high. In 2020, China's labor force participation rate was 75.9%, higher than the world average (66.5%),⁹ of which the female labor force participation rate will be 68.6%, also significantly higher than the world average (52.6%).¹⁰ Finally, the contribution rate of China's scientific and technological progress continues to increase, which is also the most important factor in sustaining medium and high-speed growth. The contribution rate of China's scientific and technological progress has increased from 55.3% in 2005 to over 60% in 2020. These advantages can be maintained in the future. As the total volume of China's economy becomes larger and larger, economic growth is shifting from high speed to medium and high speed by the objective law. The driving force of economic growth relies more and more on factors such as scientific and technological innovation, improvement of human capital and labor productivity level, expansion of the domestic market size, and development of the world market.

4.2.3 *Achieving Common Prosperity Under the Conditions of High Income*

In the future, our country will achieve common prosperity for everyone at the level of high-income and middle-income countries, demonstrating the "a rising tide lifts all boats" effect and the scale effect of large countries.

⁷ World Bank database.

⁸ For a detailed analysis, see Hu Angang, Yanyi Long, Tang Xiao, and Liu Shenglong, *2050 China's Comprehensive Building of a Socialist Modern Power*, Hangzhou: Zhejiang People's Publishing House, 2018, pp. 135–148.

⁹ World Bank database.

¹⁰ World Bank database.

First, China enters the stage of high-income countries (14th and 15th Five-Year Plan periods) and then reaches the level of moderately developed countries (16th Five-Year Plan period). The common prosperity for everyone in China is based on high income, the level of middle-developed countries, and the high level of human development, and will continue to leap to a new level from quantitative to qualitative changes. It should be noted that the size of our total population (1.41 billion people in 2020) has already surpassed that of the Organization for Economic Cooperation and Development (OECD) countries (1.37 billion people in 2020), setting a new record in the history of world modernization, which is unprecedented both in terms of the size of the mega-population and the scale effect of the market in large countries, as well as its impact on the world, making it a miracle after the creation of the two great miracles of building a moderately prosperous society in all aspects and eliminating absolute poverty. It has become the next miracle after the two miracles of building a moderately prosperous society and eliminating absolute poverty.

Second, the sources of income of our residents have become more diversified. In addition to the growth of wage income, the share of net business income, net property income, and net transfer income (both government and intra-household) have increased. Even the bottom 20% of the population (mainly the rural population, about 284 million people) with the lowest incomes still managed to more than double their per capita income, exceeding the international minimum or lower-middle-income standard (10–100 international dollars per person per day) and becoming a middle-income group.

Third, the size of the middle-income group is growing rapidly. Looking at the per capita disposable income of residents by quintile (see Table 4.2), by 2035, low-income households will reach 11.1 international dollars per person per day, lower-middle-income households will reach 22.6 international dollars, middle-income households will reach 35.8 international dollars, upper-middle-income households will reach 55.1 international dollars, and high-income households will exceed 100 international dollars. This means that almost all of China's population is at the lowest level of international middle income according to the World Bank standard, i.e., the daily income per person is more than 10 international dollars, among which 40% of the population with daily income per person is more than 50 international dollars and 40% of the population with 20–50 international dollars, forming an “olive-shaped” income

Table 4.2 Daily disposable income per inhabitant by quintile (2020–2035)
(Unit: International Dollar/day)

	2020	2035	2020–2035 Average annual growth rate (%)	2035 Relative multiplier for 2020
Low-income households (20%)	5.1	11.3	5.3	2.17
Lower-middle class households (20%)	10.7	22.6	5.1	2.11
Intermediate income households (20%)	17.0	35.8	5.0	2.08
Upper-middle-class households (20%)	26.7	55.1	4.9	2.05
High-income households (20%)	52.1	104.8	4.7	1.99
National per capita disposable income	20.9	43.7	5.0	2.08

Note Data for 2020 are in international dollars for 2017 based on a purchasing power parity (PPP) factor of 4.225. Data for 2035 are forecast data

distribution pattern with two small ends and a large middle. The “olive” pattern of income distribution is formed. Therefore, it is crucial for the state and society (including enterprises and institutions) to ensure the continuous income growth of low-income households and strive for a higher-than-average growth rate of the per capita income of low-income households. For some low-income groups, direct financial transfer subsidies (“direct subsidies”) can be used as one of their income sources, so that the income growth rate of low-income households is higher than the local per capita growth rate and higher than the income growth rate of high-income households, thus reducing the Gini coefficient.

4.2.4 *Building the Largest Intermediate Developed Urbanized Society in the World*

In the future, China will build an urbanized society with the largest urban population in the world, more prosperous, more developed, and more diverse.

First, China is still in the process of rapid development of urbanization. By 2035, China will realize the construction of a new type of urbanization, and in 2020, China’s urban resident population was 902 million,

accounting for 63.9% of the country's total population and 20.7% of the world's total urban population. It is expected that by 2025, the country's urban resident population will reach more than 1 billion, accounting for more than 70% of the country's total population, exceeding the average urbanization rate of middle and high-income countries (67.6% in 2020); reaching nearly 1.1 billion in 2035, accounting for 78% of the country's total population, slightly lower than the 81% of OECD countries (2020 data).¹¹ China's cities and towns are still the main places to absorb the rural transfer population, and deepening the reform of the household registration system plays an active role in promoting people-centered urbanization. By 2035, we aim to eliminate the difference between urban and rural household registration and the institutional dual structure between urban and rural areas.

Second, China's rural population has been greatly reduced. The difficulty of common prosperity is concentrated in rural areas, and only by continuously reducing the rural population can we continuously make farmers rich. China's rural population will decrease from 510 million people in 2020 to 320 million people in 2035, or about 190 million people, an average annual decrease of 12 million people, down from 16 million people in 2010–2020. This will help further narrow the relative income gap between urban and rural residents, and improve the level of national per capita transfer payments to rural residents and the capacity of basic public services. In the period ahead, China will make significant progress in integrating urban and rural infrastructure and continue to narrow the gap between urban and rural areas in education, health care, culture, and other social undertakings, all of which will greatly contribute to the convergence of human capital indicators such as life expectancy and average years of education of the working-age population between urban and rural areas, and continuously improve rural labor productivity and income levels. This is the basic way to make rural people rich (Table 4.3).

4.2.5 Continuing to Narrow the Gap Between Urban and Rural Per Capita Income and Consumer Expenditure

The income of China's urban and rural residents will continue to rise, and the relative gap will continue to narrow. From 2020 to 2035, the

¹¹ World Bank database.

Table 4.3 Total population and urbanization rate in China (2010–2035)

	2010	2020	2025	2035
Total population (billion people)	13.40	14.12	14.36	14.53
Urban resident population (billion people)	6.70	9.02	10.05	11.33
Urban household population (billion people)		6.42		
Rural population (billion people)	6.71	5.10	4.86	3.20
Urbanization rate (%)	49.95	63.39	70.0	>78
Household Urbanization (%)		45.5		

Note Data for 2010 and 2020 are from the National Bureau of Statistics, China Statistical Yearbook 2021, Beijing: China Statistics Press, 2021, pp. 35–36. Data for 2025–2035 are measured by Yu Miao at a total fertility rate of 1.80 for women

per capita disposable income of urban residents is expected to rise from 43,800 yuan to 83,200 yuan, with an average annual growth rate of 4.4%, while the per capita disposable income of rural residents will grow at an average annual rate of 6.1%, and the relative gap between the per capita disposable income of urban and rural residents will continue to narrow, from 2.56 times in 2020 to less than 2 times in 2035. Meanwhile, the relative gap between urban and rural residents will continue to narrow as the per capita consumption expenditure of urban and rural residents will continue to increase from RMB 27,000 to RMB 56,400 in 2020–2035, with an average annual growth rate of 5.0%, while the per capita consumption expenditure of rural residents will increase from RMB 13,700 to RMB 33,200, with an average annual growth rate of 6.1%. The relative gap between urban and rural residents per capita consumption expenditure will continue to narrow, from 1.97 times to less than 1.7 times.

The Engel coefficient of urban and rural households in China will continue to decline and converge. It is expected that by 2035, the Engel coefficient of urban and rural residents will decrease from 29.2% and 32.7% in 2020 to 19.6% and 21.8%, respectively (see Table 4.4), indicating that the actual consumption structure of urban and rural households in China will reach the level of middle-developed countries. It is worth noting that the increase in the consumption level of urban

and rural residents may have side effects. At present, the rate of overweight and obesity among urban and rural residents of all ages in China continues to rise.¹²

The per capita living area of urban and rural residents in China will continue to increase. The per capita living area of urban residents will increase from 39.0 square meters in 2018 to more than 50 square meters in 2035, and the per capita living area of rural residents will increase from 47.3 square meters in 2018 to more than 55 square meters in 2035. The average number of cars owned by urban and rural residents per 100 households will double.¹³ This indicates that the actual living standard and consumption structure of urban and rural residents in China

Table 4.4 Comparison of per capita indicators for urban and rural residents (2020–2035)

<i>Indicators</i>	<i>2020</i>	<i>2025</i>	<i>2030</i>	<i>2035</i>	<i>2020–2035 average Growth rate or amount of change (%)</i>
<i>Per capita disposable income (yuan)</i>					
Cities and towns	43,834	55,143	68,719	83,205	4.4
Rural	17,132	23,260	31,570	41,654	6.1
Urban/rural (times)	2.56	2.37	2.18	<2.00	
<i>Per capita consumption expenditure (yuan)</i>					
Cities and towns	27,007	37,411	46,621	56,449	5.0
Rural	13,713	18,813	25,295	33,217	6.1
Urban/rural (times)	1.97	1.99	1.84	<1.70	
<i>Engel coefficient (%)</i>					
Urban (%)	29.2	23.8	22.1	19.6	−9.6
Rural (%)	32.7	26.5	24.4	21.8	−10.9

Note Data for 2020 are from the National Bureau of Statistics, China Statistical Abstract 2021, Beijing: China Statistics Press, 2021, pp. 56–57. Data for 2025–2035 are the author's calculations. All are in 2020 prices

¹² According to data from the *Report on the Status of Nutrition and Chronic Diseases of the Chinese Population (2020)*, more than half of Chinese adults are already overweight or obese, with an overweight rate of 34.3% and an obesity rate of 16.4% among adult residents (≥18 years).

¹³ In 2020, the number of cars per 100 households in China's urban and rural areas will be 44.9 and 26.4, respectively. In the coming period, China's urban and rural areas will enter the stage of car popularization, that is, the number of cars per 100 households will be more than 50, especially clean energy cars will be popular.

will reach the level of middle-developed countries, which has become an important feature of basic modernization.

The country is experiencing an unprecedented miniaturization of the family household, with the average household size declining from 3.10 persons in 2010 to 2.62 persons in 2020.¹⁴ It will continue to decline and maybe around 2.10 persons by 2035, i.e., a shift from “three-person households” to “two-person households” over 20 years. The number of one-person households is also on the rise, with the total number of households nationwide continuing to grow from 402 million in 2010 to 494 million in 2020 and then increasing by at least another 100 million by 2035. The main reason for the increase in the number of family households is the increase in the number of single-person households, which is largely influenced by aging and fewer children and is also related to the concept of marriage and non-marital childbearing.

4.2.6 *Improving National Financial Strength and Distribution Capacity*

China’s general public budget revenue is expected to more than double from 18 trillion yuan in 2020 to more than 36 trillion yuan in 2035.¹⁵ Among them, the total transfer payments from the central government to local governments will increase from 10 trillion yuan to more than 20 trillion yuan, with the cumulative amount of both reaching 400 trillion yuan and 225 trillion yuan, respectively. This will become the basis of the national fiscal attracting capacity and transfer capacity for China to achieve common prosperity for everyone. National fiscal capacity and fiscal expenditure have a decisive influence on the adjustment of income disparity through redistributive means.

¹⁴ *Bulletin of the Seventh National Census (No. 2)—National Population Situation*, NSO website, May 11, 2021.

¹⁵ Between 2004 and 2019, the national general public budget revenue increased from 2.64 trillion yuan to 19.04 trillion yuan, which is 6.0 times the 2004 level in 2019, and the share of GDP increased from 16.3 to 19.3%. See National Bureau of Statistics, ed., *China Statistical Abstract 2021*, Beijing: China Statistics Press, 2021, p. 73.

4.2.7 *Building the Largest Universal Social Security System in the World*

The number of people covered by China's basic pension insurance has increased from 136 million in 2000 to 999 million in 2020; the number of people covered by unemployment insurance has increased from 104 to 217 million; and the number of people covered by work injury insurance has increased from 43.5 million to 267 million. The number of people participating in national basic health insurance will increase from 37.87 million to 1.361 billion,¹⁶ with the participation rate stabilizing at over 95%, reaching or even exceeding the total population of OECD countries (1.360 billion people) and the participation rate (91.2% in the United States in 2017, of which the private health insurance participation rate is only 63.1%). By 2030, the entire population of China will achieve full coverage of all social security programs, which is a socialist system guarantee and social security advantage to achieve common prosperity for everyone.

4.2.8 *Implementing Three Five-Year Plans Effectively*

The effective implementation of the Five-Year Plan has become a strategic means to achieve common prosperity for everyone. The Outline of the Fourteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China and Vision 2035 (hereinafter referred to as the Outline) is the first five-year plan that firmly promotes common prosperity.¹⁷ Among the six major development goals, two ("Achieving new results in economic development" and "Achieving new levels of people's well-being") are directly related to common prosperity. Ten of the 20 major quantitative indicators and five of the 20 minor quantitative indicators reflect the theme of solidly promoting common prosperity and serve as the basic basis for designing the overall goal and

¹⁶ See National Bureau of Statistics, *China Statistical Yearbook 2021*, Beijing: China Statistics Press, 2021, pp. 794–795.

¹⁷ The *Outline* clearly put forward: adhere to the people as the center, adhere to the main position of the people, adhere to the direction of common prosperity, always do development for the people, development relies on the people, the fruits of development shared by the people, safeguard the fundamental interests of the people, stimulate the enthusiasm, initiative, and creativity of the people, promote social justice, enhance the well-being of the people, and constantly realize the people's aspirations for a better life.

indicator system for achieving common prosperity in the new era, as well as important indicators for annual monitoring, mid-term evaluation, and post-term evaluation during the 14th Five-Year Plan period.

Through implementing the 14th Five-Year Plan, the 15th Five-Year Plan, and the 16th Five-Year Plan, China will spend 15 years gradually promoting the ambitious goal of common prosperity. During these three five-year planning periods, China will gradually improve the institutional mechanism for promoting common prosperity for everyone and make obvious and substantial progress.

In conclusion, after more than 70 years of socialist modernization, especially since the reform and opening up, China's economic strength, scientific and technological strength, national defense strength, and comprehensive national power have stepped up to a new level, and have entered the forefront of the world, with the political, economic, social, cultural, and the ecological conditions to achieve common prosperity. We are more confident and capable of achieving the great goal of common prosperity for everyone than at any other time in history.

4.3 CRITICAL CHALLENGES TO ACHIEVING COMMON PROSPERITY

China has achieved the twin miracles of rapid economic growth, long-term social stability, and the elimination of absolute poverty, and will continue to achieve common prosperity for its people. In the process, China will face many unfavorable constraints and major challenges, which are naturally related to China's national characteristics. First, China will always be the most populous country, and even if the total population of India exceeds that of China in the future, the total population of China will still be over 1.4 billion. Second, China is a vast country with great geographical differences, and uneven development of different regions is rare in the world. Finally, the gap between urban and rural areas in China is so wide that it exceeds that of the world's major high-income countries, and it is a long-term development task to narrow the income gap and equalize basic public services. As we can see, there is no precedent for achieving common prosperity for everyone, and China needs to explore the path of achieving common prosperity according to its national conditions.

Achieving common prosperity is also an inevitable condition for alleviating or solving the main contradiction of our society. At present and for

a considerable period in the future, the main contradiction in our society has turned into the contradiction between people's growing demand for a better life and unbalanced and insufficient development, which is the most fundamental national condition of our country and is highlighted as a major challenge in five aspects.

4.3.1 *More Than Tens of Millions of People in Need*

Ensuring that the incomes of the 70 million rural poor who have been lifted out of poverty in China can continue to grow at a relatively fast pace is an ongoing task and an important foundation for promoting common prosperity. By 2035, China will ensure that the per capita income level of the rural population that has been lifted out of poverty will more than double again, including raising transfer payments such as government financial subsidies, social security, public services, etc. to a new level. In addition, China has several special hardship groups, such as urban areas with about 5.5% of the surveyed unemployed population (more than 25 million people). With the comprehensive victory in poverty alleviation, more than 7 million poor people with disabilities who have been issued a record card have been lifted out of poverty on schedule, 9.634 million people with disabilities have been included in the minimum living security, and nearly 3 million poor people with severe disabilities have been individually insured.¹⁸ According to the data released by the Ministry of Civil Affairs, there are still more than 57 million low-income people in China, accounting for 4.0% of the country's total population, and a dynamic monitoring information system should be established for such people. Therefore, no matter what level of development China has reached, there will always be about 5% of the population (about 70 million people) who belong to the key needy groups, and this group will become the key target group for the state and the whole society to help and support. The political advantage of the leadership of the Communist Party of China, the institutional advantage of the socialist society, the advantage of the state's financial redistribution ability, and the advantage of social donations and assistance should be transformed into the unique national advantage of

¹⁸ See "Don't Fall Behind on the Road out of Poverty: Overview of China Disabled Persons' Federation's Efforts to Help People with Disabilities Fight Poverty," *People's Daily*, April 30, 2021.

great socialist common prosperity, and more than 90% of the population should be mobilized and utilized to help and assist the 5% of the population in key difficulties.

4.3.2 *Severe Lack of National Redistribution Capacity*

The national fiscal capacity has been declining, and the redistribution capacity is seriously insufficient. After the reform of the “tax sharing system,” the ratio of the national general public budget revenue to GDP has gone through a process of “first rising, then falling,” first from 10.7% in 1994, when the tax sharing system was reformed, to 22.1% in 2015, and then to 18.0% in 2020, which is still lower than 19.0% in 2007 despite a decrease of 6.1 percentage points. It then fell to 18.0% in 2020, a decrease of 6.1 percentage points, but still less than the 19.0% in 2007. Meanwhile, the ratio of general government expenditure to GDP decreased from 25.5% in 2015 (the peak) to 24.2% in 2020, also a decrease of 1.3 percentage points, and the difference between general government expenditure and revenue as a ratio of GDP increases from 3.4 percentage points to 6.2 percentage points, a typical overdraft type of government finance (over 3%) that was the highest in China, as well as the highest since the reform and opening up, becoming even more unsustainable.¹⁹ An important reason for the widening fiscal gap since 2015 was the supersized tax cuts. According to data released by the Ministry of Finance, from 2016 to 2020, the national macro tax burden decreased from 17.47% to 15.2%, and the total export tax rebate increased from 1.17 trillion yuan to 1.45 trillion yuan, corresponding to a decrease in the share of total exports from 8.5% to 8.1%. The new tax cuts and fee reductions totaled more than 7.6 trillion yuan,²⁰ corresponding to the share of GDP in the same period. This directly subsidizes exporters and indirectly subsidizes foreign importers and consumers, and although it helped achieve the short-term goal of “maintaining employment and exports,” it also causes a significant and continuous decline in the long-term national

¹⁹ See National Bureau of Statistics, *China Statistical Abstract 2021*, Beijing: China Statistics Press, 2021, p. 73.

²⁰ For a detailed analysis, see Hu Angang and Wang Shaoguang, *Increasing the Share of State and Central Fiscal Revenues and Expenditures in GDP*, Tsinghua University Institute of National Condition, National Condition Report, June 23, 2021.

fiscal appeal and redistributive capacity. In addition, the level of development of the country's third distribution capacity is grossly inadequate, with public charities receiving only about 0.15% of GDP in cash and goods.²¹

At present, the polarization of rich and poor is not only a global challenge and problem but also the biggest development challenge facing China. As Xi said, "At present, the global income inequality problem is prominent, some countries are divided between the rich and poor, the middle class collapsed, leading to social tearing, political polarization, populism proliferation, the lesson is very profound! Our country must resolutely prevent polarization, promote common prosperity, and achieve social harmony and stability."²² This fully reflects the political will and development goals of the CPC and the government and is the distinctive feature and development direction of the new era of socialism with Chinese characteristics.

The next decade or so will still be an important strategic opportunity period for China, which must be grasped firmly and explored fully, and promoting the building of a common prosperity society is the core task and development goal. China already has many favorable conditions and development advantages for making solid progress toward common prosperity and has won the support of the whole nation, but at the same time, it faces many development challenges and problems that need to be solved, among which the serious lack of national financial resources and redistribution is the biggest challenge. But the opportunities outweigh the challenges, and there are always more solutions than difficulties. In a world power with more than 1.4 billion people and nearly 500 million households, it is rare, and thus more remarkable in the world, that we can achieve common prosperity for everyone. China already has growing economic strength, scientific and technological strength, comprehensive national power, increasingly obvious political advantages, institutional advantages, and policy advantages. These advantages will be able to ensure that we achieve the ambitious goal of common prosperity for everyone in 2035.

²¹ See Wang Guan, "Taxation's Basic Pillar Safeguard Role Is Increasingly Played," *People's Daily*, June 18, 2021.

²² See Xi Jinping, "Making Solid Progress Toward Common Prosperity," *Qiushi*, No. 20, 2021.

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Prospects for Building a Common Prosperity Society in the New Era

General Secretary Xi Jinping pointed out that we have now reached the historic stage of firmly promoting common prosperity. The common prosperity is for everyone, the prosperity of people's material and spiritual lives, not the prosperity for a few people, and not egalitarianism. We should study the goals of different stages and promote common prosperity step by step.¹ The Central Economic Work Conference in 2021 proposed that “we should correctly understand and grasp the strategic goals and practical ways of achieving common prosperity.”²

This chapter deals with the strategic goals for achieving common prosperity, including the overall goals and milestones, the quantitative calculation and analysis of the five major goals, and the quantitative indicators for promoting common prosperity.

¹ See Xi Jinping, “Making Solid Progress Toward Common Prosperity”, *Qiushi*, No. 20, 2021.

² “Central Economic Work Conference Held in Beijing,” *People's Daily*, December 11, 2021.

5.1 OVERALL GOALS AND MILESTONES

Accelerated development is a critical foundation and imperative for achieving common prosperity. Without development, common prosperity cannot be achieved, and without accelerated growth, it cannot be achieved promptly. Achieving social justice is influenced by many factors, the most critical of which is the level of economic and social development. To steadily advance common prosperity, we must consistently prioritize economic development as the core, and continuously unleash and cultivate productive forces to lay a solid material foundation for all people to achieve common prosperity.

Based on the assessment of the situation, the Party Central Committee proposed the strategic goal of “three steps” for common prosperity. The basis for the overall goal of achieving common prosperity for everyone is the Outline adopted at the Fourth Session of the 13th National Congress of CPC. The first strategic goal of common prosperity proposed in the Outline is: By the end of the 14th Five-Year Plan period, common prosperity for everyone will take a solid step forward, and the gap between residents’ income and their actual consumption level will be gradually narrowed. The second strategic goal of common prosperity is that by 2035, the per capita GDP will reach that of the middle-developed countries, the middle-income group will expand significantly, basic public services will be equalized, the gap between urban and rural regional development, and the gap between residents’ living standards will be significantly reduced, and the common prosperity for everyone will make more obvious and substantial progress. This indicates that 2035 is only an important milestone for China to achieve common prosperity and that achieving common prosperity is a longer-term goal to strive for. The third strategic goal of common prosperity is that by the middle of this century, common prosperity for everyone will be realized, and the gap between residents’ income and actual consumption level will be narrowed to a reasonable range.³ This is to realize the two great goals of “people’s prosperity and the country’s strength,” one of which is to realize the common prosperity for everyone, and the other is to build a strong socialist modern country.

³ See Xi Jinping, “Making Solid Progress Toward Common Prosperity”, *Qiushi*, No. 20, 2021.

Based on this, the goal of achieving common prosperity for everyone is consistent with the strategic plan of the 19th National Congress of the CPC to achieve strong socialist modernization in the next 30 years in two stages. In the first stage, by 2035, the common prosperity for everyone will be more obvious and substantial, and socialist modernization will be realized; in the second stage, by the middle of this century, the common prosperity for everyone will be realized, and a rich, strong, democratic, civilized, harmonious and beautiful socialist modernized power will be built. This is both a necessary stage of socialist modernization with Chinese characteristics and common prosperity, a stage of mutual convergence, and a stage of gradual quantitative change to great qualitative change.

Achieving common prosperity in China is a continuous and progressive development process with different stages, and it is particularly important to set targets for different stages. To achieve substantial progress and ultimately attain common prosperity for everyone by the mid-century, six Five-Year Plans need to be formulated and executed between now and 2035, from the 14th Five-Year Plan period. Our focus will be on establishing key milestones and defining crucial tasks in the 14th Five-Year Plan and the years leading up to 2035, in order to achieve common prosperity through increased development, economic growth, and strengthened national power.

The 14th Five-Year Plan is the opening-up plan for China to promote common prosperity. The overarching objective of this plan is to advance common prosperity. To achieve this goal, the following major tasks will be undertaken: consolidating poverty alleviation achievements, comprehensively implementing the rural revitalization strategy; driving the development of a new form of urbanization, enhancing urban services for the mobile population, and promoting inclusive and sustainable urban growth of higher quality; improving the income distribution system and aligning the three distribution systems; prioritizing employment policies and promoting better and higher-quality employment opportunities; using reform as the catalyst to build a high-quality education system, advance the construction of a healthy China, and improve the multi-tiered social security system. The key is to achieve the major economic and social development goals of the 14th Five-Year Plan on schedule and fully accomplish major strategic tasks, so that China's economic strength, scientific and technological power, comprehensive national strength, and people's living standards can leap to a new and higher level.

5.2 DEVELOPMENT GOALS AND INDICATOR SYSTEM

The Outline adopted at the Fourth Session of the 13th National Congress of CPC embodies Xi Jinping's Thought of Socialism with Chinese Characteristics for a New Era, with a particular emphasis on the overarching goal of advancing common prosperity for everyone. The Outline serves as the foundation for measuring progress toward this goal, establishing specific quantitative indicators, and building a comprehensive indicator system to evaluate the main economic and social development targets for the 14th Five-Year Plan period and beyond 2035. This is in accordance with the requirements for common prosperity and based on the proposals for formulating the 14th Five-Year Plan for National Economic and Social Development and the 2035 Long-Range Objectives.

The establishment of the common prosperity indicator system should adhere to five basic principles. First, it fully reflects the requirements of the connotation of common prosperity in socialism with Chinese characteristics put forward by the Party Central Committee and divides the quantitative indicators into five categories, including productivity indicators, development opportunity indicators, development guarantee indicators, income disparity indicators, and people's well-being indicators. The indicators are to promote sustainable development, strengthen and optimize public services, compensate for market failures, and fulfill government functions, to be comprehensive, scientific, and quantitative. Second, the evaluation indicators are selected according to the availability of data, to facilitate statistics, observation, evaluation, comparison, and implementation. Third, we make full use of the important indicators that embody the promotion of common prosperity in the 14th National Five-Year Plan, especially the indicators of people's well-being (7 priority indicators and 5 sub-priority indicators). Fourth, we emphasize the representativeness of indicators and set the most representative indicators in important areas. Fifth, we adopt internationally accepted comparable indicators, such as GDP per capita (2017 PPP), total labor productivity (2017 PPP), life expectancy per capita, average years of education of the working-age population, human development index (HDI), and Gini coefficient to facilitate historical longitudinal comparisons and international cross-sectional comparisons.

The common prosperity indicator system with Chinese characteristics has been designed based on a retrospective quantitative analysis of past data to assess its feasibility. This system takes a forward-looking

approach and provides trend forecasts for the period between 2020 and 2035 (covering three five-year plans), reflecting the development trend of common prosperity and guiding decision-making. The results may differ from expectations and can be adjusted accordingly, especially for the expected indicators. The system also compares China's performance with internationally accepted indicators, such as the human development index, with the aim of making China the first populous country in the world to achieve common prosperity. The indicator system provides a feasible, continuous, and adjustable framework for the annual monitoring of common prosperity, mid-term evaluation of the five-year plan, and subsequent evaluations. The following section outlines the five major categories and individual indicators that make up the common prosperity indicator system.

5.2.1 *Productivity Indicators*

First, the growth of gross domestic product (GDP). This is the core indicator that measures the level of economic development in our country and reflects the comprehensive economic strength and international competitiveness of our country, providing the material basis for achieving common prosperity for all people. In the future, our country still has huge potential for development, a growth momentum, and is in a stage where the goal of reaching the per capita Gross Domestic Product of a medium-developed country by 2035 according to the proposals of the Party Central Committee. By 2035, GDP in our country can still maintain a high-speed growth, with an actual growth rate of around 5%. Maintaining this high-speed potential growth rate is in line with the speed, structural optimization, and energy transformation of our country entering the high-income development stage and is also conducive to realizing high-quality economic development. Additionally, this growth rate is significantly higher than the average growth rate of 2% for other high-income countries and still has a significant catch-up effect, which can be seen as a growth bottom-line indicator. Based on constant prices in 2020, by 2035, our country's GDP is expected to increase from 10.16 trillion yuan in 2020 to more than 21 trillion yuan, equivalent to rising from 23.01 trillion international dollars to more than 48 trillion international dollars. The proportion of our country's GDP (2017 international dollars) in the world's GDP will continue to rise significantly, from 17.4% to around 27%, with our economic strength making continuous progress

and providing a solid material basis for promoting common prosperity for all people. At the same time, per capita GDP in our country is expected to double, from 72,000 yuan in 2020 to 146,000 yuan in 2035, equivalent to rising from 16,800 international dollars to more than 33,500 international dollars. This means that our country will transition from a high-income level (before 2025) to a medium-developed country level (by 2035), and become an important marker for achieving the goal of common prosperity for all people.

Second, the growth of total labor productivity. Labor income is the main source of income for urban and rural residents in China, and the growth of labor income mainly comes from the continuous growth of labor productivity. The increase in per capita physical capital stock and human capital level will improve labor productivity. According to the requirement of the 14th Five-Year Plan that the growth of labor productivity of all employees is higher than the growth of GDP, by 2035, the average annual growth rate of labor productivity of all employees in China will be more than 5%, more than double that of 2020, and the relative labor productivity level of the United States will rise from 25% to more than 40% (see Table 5.1). In terms of demographic trends, the total number of employed people in China has reached its peak (2017) and is slowly declining, the agricultural labor force continues to decline, and economic growth mainly depends on the improvement of labor quality, technological progress, and institutional innovation. The sustained increase in total labor productivity will help promote the “two rises”: First, to increase the proportion of labor compensation in national income⁴; Second, to continue to increase the proportion of wage income in per capita disposable income (55.7% in 2020), which will greatly contribute to the common prosperity for everyone.

Third, the average years of education of the working-age population. Xi pointed out that “high-quality development requires high-quality workers, and only by promoting common prosperity, raising the incomes of urban and rural residents, and improving human capital can we improve total factor productivity and consolidate the power base of

⁴ According to Zhang Yu et al., calculations, the share of labor compensation in China’s GDP was 53.4% in 1990, fell to 43.7% in 2008 (the low point), and rose to 47.5% in 2017. See Zhang Yu et al., *Socialist Political Economy with Chinese Characteristics: System, Operation, Development, and Openness*, Beijing: Higher Education Press, 2021, p. 123.

Table 5.1 Trends in GDP per capita and labor productivity growth in China (1990–2035)

<i>Year</i>	<i>GDP per capita (Yuan)</i>	<i>GDP per capita (International dollars)</i>	<i>China labor productivity (2017) (International dollars)</i>	<i>U.S. labor productivity (2017) (International dollars)</i>	<i>Labor productivity in China Relative to U.S. levels (%)</i>
1990	1663	983	2784 (1991)	83,949 (1991)	3.3 (1991)
2000	7942	2921	6134	100,269	6.1
2010	30,808	9254	16,051	118,341	13.6
2020	72,000	16,847	31,416	130,889	24.0
2025	95,000	21,679	40,686	141,005	28.9
2030	119,275	25,270	51,072	151,902	33.6
2035	146,325	33,501	62,737	163,642	38.3
1990–2020 Annual growth rate	13.4	9.9	8.7	1.5	
2020–2035 Annual Growth rate	4.8	4.7	4.7	1.5	
1990–2020 Annual growth rate	13.4	9.9	8.7	1.5	
2020–2035 Annual growth rate	4.8	4.7	4.7	1.5	

Note: This table is purchasing power parity (PPP) and is in 2017 prices. Data for GDP per capita (yuan) from 1990 to 2020 are from the National Bureau of Statistics, China Statistical Abstract 2021, Beijing: China Statistics Press, 2021, p. 24; Data for the calculation of labor productivity (yuan) are from the National Bureau of Statistics, China Statistical Abstract 2021, Beijing: China Statistics Press, 2021, pp. 23, 40. Data for 2025–2035 are calculated by the author

high-quality development.”⁵ This indicator refers to the average number of years of academic education (including adult academic education, excluding non-academic education) received by a country’s working-age population, which fully reflects the level of human capital and the quality of the labor force. The average number of years of education among China’s working-age population is projected to increase from 9.7 in 2010 to 12.3 in 2035, with a projected average annual growth rate of 0.9%. This represents an increase from 10.8 years in 2020 and is expected to reach 11.3 years in 2025. The growth rate in years of education is higher than the average of countries with very high human development levels, which was 12.0 years in 2018 (see Appendix).⁶ Total national human capital (the product of the working-age population and the population’s average years of schooling) will increase from 10.8 billion person-years in 2020 to 12 billion person-years in 2035. The human resources in China are expected to be the world’s largest, despite the country’s population ranking second globally after India. With an average annual growth rate of 0.7% in human capital, China is poised to continue its position as a leading global provider of human resources. While the quantitative population dividend is declining, the human capital dividend continues to rise and is becoming one of the country’s most important sources of sustainable economic growth. Notably, China will remain the world’s largest labor force, 1.63 times the size of India’s in 2020.⁷ The main reason is that China’s female labor force participation rate will be as high as 68.6% in 2019, significantly higher than India’s (22.3%) and the United States’ (67.9%).⁸

Fourth, talent resources. Talent refers to people who have certain professional knowledge or specialized skills, perform creative work, and contribute to society, are workers with high ability and quality in human resources, and are the first resource for economic and social development.⁹ China’s total talent resources grew from 120 million people in

⁵ See Xi Jinping, “Making Solid Progress Toward Common Prosperity”, *Qiushi*, No. 20, 2021.

⁶ United Nations Development Programme (UNDP).

⁷ World Bank database.

⁸ World Bank database.

⁹ See “Outline of the National Medium- and Long-term Talent Development Plan (2010–2020)”, Chinese Government Website, June 6, 2010.

2010 to 220 million people in 2020, a net increase of 100 million people, accounting for the proportion of total employment from 15.8% to 29.3%. The presence of professional and technical personnel in China's workforce continues to grow, accounting for over half of the total number. The number of full-time equivalent personnel in research and development has more than doubled and is expected to break the 10 million mark annually. As a result, China's advantage in terms of scale, quality, and competitiveness of its talent pool will become increasingly prominent. These developments will help the country realize its strategic goal of becoming a world leader in innovation and a "strong talent country" as outlined by the Fifth Plenary Session of the 19th CPC Central Committee.

In conclusion, China is still in the fast-paced development stage, which presents favorable conditions for common prosperity. First and foremost, the prosperity of all people must be achieved, with a shift from a middle to high-income level, and ultimately reaching a level of medium development. This requires wealth through labor, meaning a continuous increase in the productivity of all workers, "enhancing the human capital and professional skills of society as a whole," and "providing more people with opportunities to become wealthy."¹⁰

5.2.2 *Development Opportunities Indicators*

First, the urbanization rate of the resident population. In 2020, China's urban population will reach 902 million, accounting for 20.7% of the world's total urban population and 3.2 times the urban population of the United States.¹¹ The urbanization rate of the resident population has reached 63.89%,¹² which is higher than the world urbanization rate (56.15%), but still significantly lower than the urbanization rate of OECD

¹⁰ Xi Jinping, "Making Solid Progress Toward Common Prosperity", *Qiushi*, No. 20, 2021.

¹¹ World Bank database.

¹² In 2002, the National Development and Reform Commission predicted that China's urbanization rate would increase by one percentage point per year in the future and exceed 50% by 2020. See the preparation team of this book, *Guidance Readings on the Report of the 16th National Congress of CPC*, Beijing: People's Publishing House, 2002, p. 80.

countries (81.5%).¹³ The potential for further urbanization among the resident population remains vast.¹⁴ It is projected that the rate of urbanization among the resident population in China will steadily rise to nearly 70% by 2025, with the urban population expected to surpass 1 billion. By 2035, this rate is anticipated to reach 78–80%, approaching that of countries in the Organization for Economic Cooperation and Development (OECD). This will result in a total urban population in China of over 1.13 billion, surpassing the urban population of OECD countries, which stood at 1.11 billion in 2020, with an average annual growth of 13 million people. China's future urbanization development should significantly increase the urbanization rate of household population from 45.4% in 2020 to over 70% in 2035, and increase the urban household population from 641 million in 2020 to over 1 billion, realizing the joint drive of the urban resident population and household population. This requires accelerating the citizenship of the new urban population and the equalization of basic public services (which can be called the “New Two” of urbanization), which not only fully reflects the people-centered development philosophy but also is a population growth driver to expand urban and even national domestic demand. At the same time, the total rural population will be reduced from 510 million to about 300 million,¹⁵ i.e., another 200 million rural people will be transferred to cities and towns in 15 years,¹⁶ accelerating the process of increasing the citizenship of the transferred rural population. This “one plus one minus” will significantly increase the total size of China's middle-income population, significantly reduce the number of low-income people (per capita disposable income below 30,000 yuan, 2020 prices) and also help to further narrow the gap between urban and rural income consumption, from 1.97 times in 2020 to about 1.50 times, and basically realize the urban and rural population equalization of public services, and further accelerate the promotion

¹³ World Bank database.

¹⁴ China's urban population will increase from 66.558 million in 2010 to 901.99 million in 2020, an increase of 236.41 million, or an average annual increase of about 23.64 million.

¹⁵ Between 2010 and 2020, the total rural population will decrease by 164 million people and the urban population will increase by 236 million people.

¹⁶ China's total rural population will decline from 674.14 million in 2010 to 503.79 million in 2020, a cumulative decline of 170.35 million, or an average annual decline of about 17 million.

of all people toward common prosperity. To avoid discrimination against the urban migrant population, it is proposed to stop using the term “non-resident population” and to refer to them collectively as “new citizens.” They are an important part of the urban population and a source of vitality for economic and social development to better reflect social equity.

Second, the number of new urban jobs. This indicator refers to the difference between the number of new jobs in urban areas and the number of attrition (due to retirement and casualties), which is not only a development indicator reflecting economic growth and job creation but also a basic indicator for achieving common prosperity. The employment priority policy is one of the three major macroeconomic policies in China and one of the core macroeconomic goals, fully reflecting that “employment is the foundation of people’s livelihood.” During the 13th Five-Year Plan period, the total number of new jobs in China’s urban areas reached 65.64 million, exceeding the expected target of 50 million, with an average of 13.13 million new jobs per year. In the near future, China’s cities and towns will still face the pressure of total employment and structural contradictions in employment, with more than 10 million new workers such as college graduates every year, and a large number of rural workers moving into employment. For example, China’s home economics industry employees reached 30 million people, of which about 90% are from rural areas. During the span of the 13th Five-Year Plan, the annual average growth rate of revenue generated by the domestic service industry has exceeded 20%. At present, there is a shortage of over 20 million workers in this sector, presenting a vast opportunity for growth and development.¹⁷ There are also various key groups of employees, and the need to continue to expand urban employment capacity and open up new employment channels. In the 14th Five-Year Plan period, the number of new jobs in urban areas is expected to be more than 11 million per year, and the cumulative number is more than 55 million. The number of urban jobs will increase from 463 million in 2020 to 613 million in 2025, with an average annual growth rate of 1.9%, and account for 61.6% of the total number of jobs in the country from 2020 to 2025. The share of total employment in the country will increase from 61.6% in 2020 to more than 66.7% in 2025 and about 75% in 2035, which also means that more than 150 million new jobs will be

¹⁷ See Xiao Juan, “Give Full Play to the Role of Domestic Service Industry in Promoting the Rural Income,” *People’s Daily*, December 17, 2021.

created, creating a continuous urban employment dividend. As the total urban population and new citizens continue to grow, the employment potential is huge, but so is the employment pressure. “Employment is the greatest livelihood,” and ensuring high-quality full employment is always the top priority for economic development and an important way to achieve common prosperity.

Third, urban survey unemployment rate. This indicator fully reflects the national urban employment situation, fully reflects the employment priority strategy and active employment policy, and promotes the realization of fuller and higher-quality employment. According to the structure of China’s working-age population and the development trend, setting the survey unemployment rate within 5.5%¹⁸ can be regarded as basically achieving full employment, which is within the socially acceptable range.

In conclusion, “Encouraging hard work and innovation for prosperity”¹⁹ is the foundation for fostering common prosperity. Labor is the origin of wealth generation and the fundamental means of achieving prosperity. Labor encompasses not only manual labor but also intellectual labor, producing not only economic, scientific, and social wealth but also intellectual, cultural, and environmental wealth. “Enhancing the capacity for employment and entrepreneurship and increasing the potential for prosperity” is key to realizing this goal.²⁰

5.2.3 *Income Distribution Indicators*

First, the per capita disposable income of the residents. Continuous improvement in the income level of the people is the core indicator of solid promotion of common prosperity. During the 14th Five-Year Plan period, the growth of disposable income per capita will be basically synchronized with the growth of GDP. By 2035, China’s disposable income per capita will double, with an average annual growth rate of about 5%. At the same time, the proportion of labor remuneration in the

¹⁸ In 2019–2020, China’s urban survey unemployment rate will be 5.2%. In the 14th Five-Year Plan period, China will control the urban survey unemployment rate to within 5.5%, but there will still be more than 25 million unemployed people.

¹⁹ Xi Jinping, “Making Solid Progress Toward Common Prosperity,” *Qiushi*, No. 20, 2021.

²⁰ *Ibid.*

initial distribution will be continuously increased, and the mechanism of synchronous growth of wages and labor productivity will be improved.

Second, the ratio of urban and rural per capita disposable income. China has entered a stage where the gap between urban and rural residents' per capita disposable income is gradually narrowing,²¹ from 2.56 times in 2020 striving to fall to within 2.0 times by 2035. This is one of the important signs to promote the common prosperity of China's urban and rural residents. For rural residents, low-income households still do not reach 10 international dollars per person per day, corresponding to a population size of more than 36 million people. Raising the income level of this group is the key to narrowing the income gap between urban and rural residents.

Third, the Gini coefficient of disposable income per inhabitant. This indicator is used to measure the extent to which the distribution of income (consumer spending in some cases) of individuals or households deviates from a perfectly average distribution in an economy. According to data from the National Bureau of Statistics, China's Gini coefficient is still as high as 0.465 in 2019, down only 0.026 relative to its high level (0.491) in 2008. By 2035, it should strive to drop to below 0.4. This is a very daunting task, which means that the role of redistribution in regulating income distribution has to be greatly enhanced.

In addition to these indicators, several monitoring indicators can be set, such as the Gini coefficient of per capita income of urban and rural residents, the share of labor compensation in the total income of the initial distribution (52.2% in 2019),²² the monitoring of per capita disposable income and consumption expenditure and structure (Engel coefficient) of the lowest 5% of the population (about 70 million people), etc.

In conclusion, the indicators of income distribution serve as a key representation of the distribution of wealth and its trend among urban and rural residents and different income groups in China. To achieve common prosperity, it is essential for national and local statistical departments to conduct comprehensive and standardized household income and

²¹ The relative gap between the per capita disposable income of urban and rural residents in China has decreased from 2.99 times in 2010 to 2.56 times in 2020, with an average annual decrease of 1.5%.

²² Calculated based on the 2019 Statement of Financial Flows (Non-Financial Transactions). See National Bureau of Statistics edited, *China Statistical Abstract 2021*, China Statistics Press, 2021, p. 48.

expenditure surveys, and provide insightful analysis for informed decision-making. Timely and transparent announcements of the results to the public are also crucial.

5.2.4 *Development and Security Indicators*

First, increase the gross enrollment rate of preschool education, achieving inclusive preschool education nationwide.²³ This indicator refers to the ratio of the number of preschool students to the total number of preschool age groups set by the state, reflecting the people's expectation of "education for the young." According to the 14th Five-Year Plan, the gross enrollment rate of preschool education in China will increase from 85.2% in 2020 (surpassing the level of OECD countries, 79.8% in 2019²⁴) to over 90% in 2025. According to the China Education Modernization 2035, the gross enrollment rate of preschool education will exceed 95% in 2035 (see Appendix), which can strive to exceed 97% and better reflect the equity of early childhood education. From the perspective of international experience, preschool education has a very high private rate of return (lifelong benefits) and social rate of return, and is an area of human capital investment that cannot be ignored, becoming an important human capital condition for achieving common prosperity.

Second, the gross enrollment rate of high-school-level education. This indicator refers to the proportion of students enrolled in general high schools, adult high schools, and secondary vocational schools to the total population of the state-specified age group for high school level education. China has entered a highly universal stage of high school level education (gross enrollment rate above 90%), and the gross enrollment rate is expected to increase from 91.2% in 2020 to more than 92% in 2025 and to more than 97% in 2035 (see Appendix). On this basis, 12 years of compulsory education will be gradually implemented, and 12 years of compulsory education will be achieved nationwide by 2035.

²³ Inclusive preschool education includes preschool education provided by public kindergartens and inclusive private kindergartens. National People's Congress Committee on Finance and Economy and National Development and Reform Commission, eds., *Interpretation of the Outline of the Fourteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China and Vision 2035*, China Planning Press, 2021, p. 370.

²⁴ World Bank Database.

Third, the gross enrollment rate of higher education. This indicator refers to the ratio of the number of students enrolled in higher education institutions to the total population of the state-defined age group for higher education, aiming to expand the scale of talent training in China and make them become the human capital support for industrial transformation and upgrading and high-quality economic development. In 2020, the gross enrollment rate of higher education in China has reached 54.4% and the total scale of schooling reached 41.83 million, exceeding the original target of 36.8 million, but still in the universalization enhancement stage (gross enrollment rate greater than 50%). The Outline sets the expected target of 60% gross enrollment rate in higher education by 2025 and will achieve the expected target of 65% gross enrollment rate in higher education by 2035 as proposed in China Education Modernization 2035. We expect that China's higher education gross enrollment rate will reach about 65% by 2025 and should strive to reach over 70% by 2035, approaching the level of OECD countries (76.8% in 2020²⁵), after which it will enter a maturity period and become an important driver for expanding the size of middle income. It is expected that China's population above college level will rise from 218 million in 2020 to more than 320 million in 2035, adding more than 100 million more people, which means at least 100 million more middle-income people. The role of talents as the first resource of China's socialist modernization has become more prominent, as well as the ability to create social and family wealth.

Fourth, the basic pension insurance participation rate.²⁶ This indicator refers to the population participating in basic pension insurance, which reflects the income security of "old-age security." In 2020, China's basic pension insurance participation rate will exceed 91% and is expected to reach more than 95% in 2025, basically achieving full coverage of the statutory participants, covering more than 1 billion people, and achieving full coverage by 2035 (see Appendix), thus realizing income security for the entire elderly population.

²⁵ World Bank Database.

²⁶ Participation rate of basic pension insurance = population participating in basic pension insurance (basic pension insurance for urban employees + basic pension insurance for urban and rural residents) / population to be insured under the policy (population aged 16 and above minus full-time school students and active military personnel among them) × 100%.

Fifth, basic medical insurance coverage rate. Basic medical insurance is an important guarantee of “medical care for the sick.” In 2020, the number of people insured by basic medical insurance will reach 1361.31 million and the participation rate will remain stable at over 95% and is expected to reach over 98% by 2025, with full coverage by 2030.

Sixth, national and urban–rural maternal and child health indicators. This indicator mainly reflects the level of public health services and health levels in urban and rural areas are toward convergence, and taking the lead in reaching the level of OECD countries. This includes the infant mortality rate (%), children under-five mortality rate (%), and maternal mortality rate (1/100,000) indicators. In 2020, China’s infant mortality rate dropped to 5.4‰, already lower than the OECD countries’ 5.9‰ (data of 2019), children under-five mortality rate dropped to 7.5‰, already close to the OECD’s 7.0‰ (data of 2019), and maternal mortality rate fell to 16.9 per 100,000, also lower than the OECD countries’ 18 per 100,000 (data of 2017).

Seventh, the number of childcare places for infants and toddlers under the age of 3 per 1000 population. The significance of this indicator is to effectively solve the outstanding problem of shortage of care services for infants and toddlers under the age of 3 in China’s urban and rural areas, and to achieve the livelihood goal of “providing education for young children.” China only started to develop childcare services for infants and toddlers under 3 years old during the 13th Five-Year Plan period. In 2020, the number of childcare places for infants and toddlers under the age of 3 per 1000 population is only 1.8, and the total number of childcare places nationwide is only 2.54 million. For this reason, the 14th Five-Year Plan uses this indicator for the first time, and by 2025, the number of childcare places for infants and toddlers under the age of 3 per 1000 population will reach 4.5, and the total number of childcare places nationwide will reach about 6.4 million, equivalent to more than 2.5 times the number in 2020.

Eighth, the proportion of nursing-care beds in nursing homes. This indicator refers to the proportion of nursing-care beds to the total number of beds in elderly care institutions, which aims to meet people’s expectation of “care for the elderly.” The National Medium- and Long-term Plan for Actively Coping with Population Aging proposes to increase the number of nursing-care beds from 40% in 2019 to 50% in 2022 and 80% in 2035.

Ninth, the proportion of new subsidized housing in towns and cities to new residents. This indicator reflects the people-oriented concept of new urbanization, providing affordable housing for new urban residents and creating opportunities for them to share the dividends of urbanization.

Tenth, the coverage of volunteer service sites in the community integrated service facilities. The development of volunteerism is important for building a society of common prosperity and is conducive to improving the level of social governance at the grassroots level. This indicator is also the planning target proposed by the Ministry of Civil Affairs in the 14th Five-Year Plan for the development of civil affairs.

Eleventh, the coverage rate of township (street) wide elderly care service institutions with comprehensive functions. This indicator reflects the strengthening of the provision of community elderly services in response to the aging of the population, and the construction of a pattern of community participation in elderly care. This indicator is also a planning indicator proposed by the Ministry of Civil Affairs in the 14th Five-Year Plan for the development of civil affairs.

In conclusion, the development and security indicator is an important indicator that puts the people at the center and reflects the development ability of all the people and fully reflects the superiority of the socialist system: investing in the people, improving the people's livelihood, improving the development ability of the people and enhancing their happiness.

5.2.5 *People's Welfare Indicators*

First, the per capita disposable income of residents. Continuously raising the income level of all people and expanding the middle-income group²⁷ are the prerequisites for promoting the common prosperity of China's urban and rural residents. As China's total population has entered the peak plateau period, it is possible to achieve the growth of disposable income of residents in line with the growth of GDP. By 2035, the national

²⁷ The middle-income group refers to a group with stable income, substantial families, comfortable living, and consumption levels and lifestyles that are compatible with the level of economic and social development over a period of time. See *“Interpretation of the Fourteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China and Outline of the Vision 2035”*, edited by the Committee on Finance and Economy of the National People's Congress and the National Development and Reform Commission, China Planning Press, 2021, p. 378.

per capita disposable income of residents will double from 32,200 yuan in 2020 to more than 64,400 yuan, and according to the annual income of a family of three from 96,600 yuan to 193,100 yuan, reaching the standard of middle-income families of the National Bureau of Statistics that the group with an average annual household income between 100,000 yuan (annual per capita income of 33,000 yuan) and 500,000 yuan (annual per capita income of 165,000 yuan).²⁸ Looking at the income levels of residents by quintiles (see Table 5.2), the population entering the middle-income range grows from about 576 million people in 2020 to about 1168 million people in 2035, and there are still 20% of low-income households with about 292 million people who have not yet reached the middle standard. For the purpose of international comparison, the international middle-income standard proposed by the World Bank should be used: 10–100 international dollars per person per day of income or expenditure. According to the calculation of the private consumption purchasing power parity conversion factor provided by the World Bank,²⁹ the daily income per person in China will rise from 21 international dollars in 2020 to 42 international dollars in 2035, all of which will reach the middle-income level and become a middle-income society with a very large population size in the world, and a major sign of common prosperity for everyone. Among them, 20% of high-income households will have a per capita daily income of over 100 international dollars, placing them at the world's high-income level. Meanwhile, 20% of upper-middle-income households will have a per capita income of more than 50 international dollars, and 20% of middle-income households will have a per capita income of over 30 international dollars. 20% of lower-middle-income households will have a per capita income of over 20 international dollars, while 20% of low-income households will surpass the middle-income threshold and become the focus of state and societal support. China will roughly form a 4 to 1 new pattern of redistribution or three distributions, namely, concentrating 80% of the population to help

²⁸ See National People's Congress Committee on Finance and Economy and National Development and Reform Commission, eds., *Interpretation of the Outline of the Fourteenth Five-Year Plan of the National Economic and Social Development of the People's Republic of China and the Vision 2035*, China Planning Press, 2021, p. 378.

²⁹ The PPP conversion factor is the number of units of a country's currency needed to purchase the same amount of goods and services in the domestic market as would be purchased in the United States using one dollar. This conversion factor is applied to private consumption (i.e., household final consumption expenditures).

20% of the key people, which better reflects the superiority of the socialist system. Consideration can be given to designing a national or regional basic income standard, based on which direct transfers from the central government to localities will be implemented, with the scale of transfers accounting for about 2% of GDP to subsidize or support 20% of the key population. Low-income people, with a total population size of less than 300 million, are mainly rural low-income people. We will increase their per capita daily income from 10.4 international dollars to about 20 international dollars, fully reflecting the advantages of the socialist society's system of "supporting the weak."

Second, the Engel coefficient of urban and rural residents. Engel coefficient refers to the proportion of household food consumption expenditure to total consumption expenditure, which is inversely correlated with per capita income or consumption level and can reflect the actual living standard and quality of urban and rural residents. Since the reform and opening up, the Engel coefficient of urban and rural residents in China has shown a continuous and rapid decline and convergence (see Table 5.3), from absolute poverty (above 60%) to subsistence (above 50%), to moderate prosperity (above 40%), to affluence (above 30%), and will successively enter the stage of more affluence (less than 30%). The two indicators are expected to decline from 27.6% and 30.0% in 2019 to 25.5% and 27.9% in 2025, and further to 21.3% and 23.0% in 2035, respectively. This fully reflects the level of "higher quality of life" and also reflects the trend of significantly narrowing the gap between the real living standards of urban and rural residents.

Third, life expectancy per capita. This indicator refers to the average number of years a newborn baby is expected to survive and is a comprehensive reflection of health care, people's health, quality of life, and social development, and is one of the three synthetic indicators of the United Nations Human Development Index, as well as an objective indicator that fully reflects health equity. The most important indicator of modernization is still people's health, which is the basis of people's happy lives. General Secretary Xi Jinping pointed out that "people's health is an important symbol of socialist modernization."³⁰ By 2025, China's per capita life expectancy will increase by one more year to 78.5 years. The

³⁰ "Showing Greater Efforts in Serving and Integrating into the New Development Pattern and Striving to Write the Fujian Chapter of Building a Comprehensive Socialist Modern State," *People's Daily*, March 26, 2021.

Table 5.2 National and per capita disposable income by quintiles (2020–2035)

	Chinese standard: average annual income per capita (yuan)		International standards: per capita daily income (international dollars in 2017)	
	2020	2035	2020	2035
National residents	96,564	193,128	21.2	42.4
Low-income households (20%)	23,607	47,214	5.2	10.4
Lower-middle house (20%)	49,329	98,658	10.8	21.7
Middle income-Households (20%)	78,747	157,494	17.3	34.6
Middle upper household (20%)	123,516	247,032	27.1	54.2
High-income households (20%)	240,882	481,764	52.9	105.8
Urban residents	43,834	87,668	28.8	57.5
Rural residents	17,132	34,264	11.2	22.5
Low-income households of rural residents (20%)	4682	9364	3.1	6.1
Lower-middle-class households of rural residents (20%)	10,392	20,784	6.8	13.6

Note: Data of 2020 are from National Bureau of Statistics, China Statistical Abstract 2021, China Statistics Press, 2021, p. 59; 2035 data are measured by the per capita income multiplier target; international dollars are measured by the 2019 private consumption conversion factor of 4.176

Table 5.3 Engel coefficient of urban and rural households in China (1978–2035)

<i>Year</i>	<i>Urban resident households (%)</i>	<i>Rural resident households (%)</i>
1978	57.5	67.7
2000	37.7	49.1
2010	35.7	41.1
2019	27.6	30.0
2025	25.5	27.9
2030	23.4	25.8
2035	21.3	23.0

Note Data of 1978, 2000, and 2010 are from the National Bureau of Statistics, China Statistical Abstract 2012, China Statistics Press, 2012 edition, p. 104; data of 2019 are from the National Bureau of Statistics, China Statistical Abstract 2020, China Statistics Press, 2020 edition, p. 57; data for 2025, 2030, and 2035 are the authors' calculations

“Health China 2030” Plan Outline proposes the goal of reaching 79 years of age by 2030. By 2035, it will reach 79.5 years (see Appendix),³¹ close to the level of OECD countries (80.9 years in 2019³²). By 2030, life expectancy per capita in China will be improved significantly, the level of the main health indicators of the population will enter the ranks of high-income countries, and health equity will be basically realized.³³ For this purpose, the indicator of healthy life expectancy per capita can be introduced to improve simultaneously with the indicator of life expectancy per capita.

Fourth is the Human Development Index (HDI). This indicator is the core indicator of human development advocated by the United Nations, which is a composite indicator based on three dimensions: life expectancy,

³¹ According to the Lancet, life expectancy in China will reach 81.9 years in 2040.

³² World Bank Database.

³³ In 2018, China's per capita life expectancy was 77 years, and healthy life expectancy was 68.7 years, a difference of 8.3 years, which means that residents have roughly more than 8 years to survive with illness. The Opinions of the State Council on the Implementation of Health China Action issued in July 2019 proposes to implement health promotion actions for the elderly, and states that it is important to popularize dietary nutrition, physical exercise, regular medical checkups, for the elderly health management, mental health and rational use of drugs, improve the health service system for the elderly, improve the policy on home and community-based elderly care, promote the integration of medical care, explore the long-term care insurance system, create a livable environment for the elderly, and promote the realization of healthy aging of the population.

education level, and quality of life (gross national income per capita, purchasing power parity, 2011 international dollars), using a standardized calculation method. In 2019, China's Human Development Index reached 0.761, ranking 85th out of 189 countries in the world. By 2035, China's HDI is expected to improve to 0.850 (see Table 5.4), ranking in the top 40 in the world.³⁴ This is one of the comprehensive measurement markers for China to become a medium-developed country. Gross human development (defined as the product of HDI and total population) will rise from 1.073 billion HDI in 2019 to 1.226 billion HDI in 2035, a cumulative increase of 14.3%, with an average annual growth rate of 0.8%. For this reason, the author particularly recommends the adoption of HDI as the most important indicator for achieving common prosperity for international comparison, and to gain support from the international community (such as the United Nations Human Development Program and other agencies) and third-party assessment. This will greatly promote the global cause of human development and provide Chinese solutions and experience for developing countries to reduce poverty and achieve modernization and common prosperity.

According to the human development trend of each region in China, it is expected that by 2035 all regions in China will enter the extreme high human development index group (see Tables 5.5). In 2020, all regions of the country, except Tibet, which belongs to the medium HDI group, will reach the high HDI level, accounting for 75.7% of the total population; those reaching the extreme high HDI level will account for 23.8% of the total population. All regions of the country will have significantly increased their HDI from 2020 to 2035. The proportion of the population in the high HDI group to the total population will decrease from 75.7% in 2020 to 10.8% in 2035, and the proportion of the population in the extreme high HDI group to the total population will increase from 23.8% in 2020 to 89.2% in 2035 (see Tables 5.5), which indicates that 90% of the Chinese population enters a state of extreme high human development. This is one of the major international markers for achieving common prosperity for everyone in 2035, reflecting the trend of equalization of major public services and the basic convergence of the HDI in all regions of the country, and a strong proof that the Chinese socialist system promotes human development.

³⁴ Equivalent to the 2019 HDI for Croatia (0.851), which ranks 43rd out of 189 countries.

Table 5.4 China's human development index (2000–2035)

<i>Year</i>	<i>Humanity development index (HDI)</i>	<i>GDP per capita (2017 international dollars)</i>	<i>Average exposure years of education</i>	<i>Expected to be affected by years of education</i>	<i>Average population life expectancy (Age)</i>	<i>Human development total value (billion HDI)</i>
2000	0.588	3452	6.5	9.6	71.4	7.50
2010	0.699	8885	9.0	12.9	73.5	9.37
2019	0.761	16,092	10.8	13.8	77.3	10.73
2025	0.810	20,969	11.3	15.0	78.3	11.66
2030	0.836	26,763	11.8	15.5	79.0	12.11
2035	0.850	32,860	12.2	16.0	79.5	12.26
2000–2019	1.3	8.4	1.2	1.9	0.4	1.9
Average annual growth rate (%)			(2010–2019)			
2020–2035	1.2	4.9	0.8	1.0	0.2	0.8
Average annual growth rate (%)						

Note: Data of 2000–2019: HDI source from UNDP database; GDP per capita data from World Bank database. Data of 2025–2035 are the authors' calculations

Table 5.5 Share of HDI groups in total national population by region (31 regions) (2020–2035) (Unit: %)

<i>Group</i>	<i>2020</i>	<i>2025</i>	<i>2030</i>	<i>2035</i>
Moderate HDI group (less than 0.70)	0.8	0	0	0
High HDI group (0.70–0.79)	75.7	53.4	25.5	10.8
Extreme high HDI group (>0.80)	23.8	46.3	74.2	89.2

Note The data in this table was measured with the assistance of Shi Zhidan

In conclusion, the objective to promote common prosperity for all is a cornerstone of the 14th Five-Year Plan and the 2035 vision. It aligns with the interests of over 1.4 billion people and represents a comprehensive approach to enhancing the quality of life for all. The goals are clearly defined and measurable, providing a framework for ongoing monitoring and evaluation, both at the national and local levels. Additionally, the objectives align with the Human Development Index, a widely recognized global benchmark for human progress, and will have a transformative impact on global economic and human development. By striving toward these goals, China aims to lead the way in creating a more equitable and prosperous future for all.

Realizing common prosperity for everyone is a long-term journey that will span multiple stages of development, including the transition to the intermediate stage of socialism and beyond. While the year 2035 serves as a crucial first step toward achieving this goal, it is important to understand that it is just the beginning of a larger and more ambitious objective. Hence, it is imperative to adopt a proactive and determined approach toward this objective, while being grounded in reality and constantly seeking the truth through practical and evidence-based measures. In doing so, we can make substantial progress toward creating a society “where all individuals are able to achieve common prosperity by 2035 and beyond.”³⁵

³⁵ “Proposals for formulating the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035,” *People’s Daily*, November 4, 2020.

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The Major Task of Promoting Common Prosperity in the New Era

The main goal of achieving common prosperity is to comprehensively narrow the gap between urban and rural areas, regional development, and residents' income, achieve equalization of basic public services for all people, and achieve “more obvious and substantial progress in the common prosperity for everyone” by 2035. This is an important part of China's socialist modernization strategy to enrich the people (common prosperity) and strengthen the country. For this purpose, according to the Outline of the 14th Five-Year Plan, we propose an action plan to study and formulate how to promote common prosperity and clarify the basic direction, main objectives, key tasks, pathways, methods, and policy measures for common prosperity.

6.1 ADHERE TO THE BASIC SOCIALIST ECONOMIC SYSTEM

Adhere to the basic socialist economic system of China and unwaveringly follow the path of common prosperity for everyone. The provisions outlined in the Fourth Plenary Session of the 19th CPC Central Committee clearly defined the basic socialist economic system, which encompasses public ownership as the primary form, while multiple ownership systems coexist and flourish in a joint development model. Labor-based distribution remains the foundation, while multiple distribution methods are allowed to coexist, forming the socialist market-economy

system. These elements work together to establish the fundamental principles of the basic socialist economic system. These efforts are critical to promoting common prosperity and will help to build a brighter future for everyone.

In order to achieve common prosperity, it is imperative to adhere to the principles of the socialist market-economy system. This system combines the strengths of a market economy with the basic principles of socialism, maximizing the market's role in resource allocation while also leveraging the government's competence. This results in an effective balance between market forces and government intervention, promoting the creativity and vitality of market participants, and ensuring that the benefits of economic growth are equitably distributed throughout society. An important role of an effective government is to encourage entrepreneurship and ensure employment. The nation's market subjects are both entrepreneurial subjects and subjects of middle-income groups. On September 6, 2021, the head of the State Administration of Market Supervision pointed out that from 2012 to the end of July 2021, China's market subjects grew from 55 to 146 million, an increase of nearly 100 million, and individual business households increased from 40 to 98 million. The number of private and individual employment rose from 199.25 million in 2012 to 405.24 million in 2019,¹ more than doubling, increasing its share of national employment from 26.0% to 52.3%, an increase of 26.3%, or an average of 3.8% per year, creating the largest number of new jobs in the world.² By 2035, the total number of market entities in China will increase by another 100 million to 250 million, which are not only the subjects of creating various types of employment, but also the economic subjects of creating various kinds of wealth, and moreover, the social subjects of achieving common prosperity and jointly utilizing and giving full play to the scale effect of the large unified market unique to China.

Adhere to the public sector as the mainstay, the common development of a variety of ownership of the economy. First, vigorously play

¹ See National Bureau of Statistics, *China Statistical Abstract 2020*, China Statistics Press, 2020 edition, p. 40.

² According to the World Bank database, in 2020, China's labor force reaches 22.9% of the world's population, significantly higher than India's labor force as a share of the world's population (13.9%) and significantly higher than China's total population as a share of the world (18.2%).

the important role of the public sector economy in promoting common prosperity. To ensure the sharing of development benefits by all people in China, public ownership and the dominant role of state-owned enterprises play a crucial role as institutional guarantees. They have made significant contributions to advancing national progress, enhancing financial stability, improving living standards, delivering essential public services, reducing disparities in development, and maintaining national security and growth. These institutions also serve as critical support for preserving the CPC's leadership and the socialist system. After more than 70 years of continuous accumulation, China's state-owned economy has grown and the efficiency of state-owned capital allocation has been continuously improved. By 2020, national state-owned assets will reach 635.2 trillion yuan, equivalent to 988 times the national capital stock in 1978 (643 billion yuan), with an average annual growth rate of 17.8% in nominal terms, exceeding 11.3% from 1952 to 1978,³ equivalent to 6.25 times the total GDP in 2020 (101.6 trillion yuan).⁴ Overall, state-owned assets still dominate the total assets of society, and the state-owned economy still dominates, both of which belong to the common wealth of all people and are the largest resource base for achieving common prosperity for everyone. The Fifth Plenary Session of the 18th CPC Central Committee proposed that “private enterprises should be encouraged to enter more fields in accordance with the law, and non-state capital should be introduced to participate in the reform of state-owned enterprises,” and state-owned enterprises, especially central enterprises, should actively and steadily promote mixed-ownership reform. According to the

³ According to the author's calculation, in 1952, the total value of fixed assets in the country was 40–50 billion yuan, among which, the total value of fixed assets of state-owned enterprises accounted for 48–60%; by 1978, the national capital stock was 643 billion yuan, among which, the total value of fixed assets of state-owned enterprises accounted for 80% and was 514.4 billion yuan. 1952. The average annual growth rate was 12.5% in 1978. See Hu Angang, *A Treatise on the Political and Economic History of China (1949–1976)*, Beijing: Tsinghua University Press, 2008, p. 564.

⁴ Among them, the total capital assets of state-owned enterprises were RMB 268.5 trillion, the total assets of state-owned financial enterprises were RMB 323.2 trillion, and the total state-owned assets of administrative institutions were RMB 43.5 trillion. In addition, the total area of state-owned land nationwide was 523.338 million hectares, accounting for 54.5% of the total land area. See “Promoting the optimization of layout and structure to enhance the efficiency of state-owned capital allocation”, “Optimizing the pattern of development and protection to enhance the efficiency of resource utilization,” *People's Daily*, October 22, 2021.

information released by SASAC, the number of enterprises with mixed-ownership systems in central enterprises accounts for more than 70%, and listed companies have become the main carrier of mixed reform in central enterprises, with 67% of total assets, 65% of operating income and 86% of profits of central enterprises coming from listed companies. The mixed-ownership reform has promoted various types of owned capital to complement each other's strengths, promote each other, and develop together, effectively improving the allocation and operational efficiency of state-owned capital.⁵ Therefore, based on the fundamental position of the state-owned economy in the national economy, we should firmly support state-owned capital and state-owned enterprises to become stronger, bigger, and better, and enhance the competitiveness, innovation, control, influence, and risk resistance of the state-owned economy. Among them, the number of Chinese enterprises (including Hong Kong) in the "World Top 500" has risen from 9 in 2000 to 124 in 2020, of which 92 are state-owned enterprises. In fact, state-owned enterprises not only have the goal of pursuing corporate efficiency but also undertake the strategic objectives given by the state, such as safeguarding the macro economy, promoting economic development, maintaining national security, achieving social harmony, etc.⁶ It also fully reflects the advantages of state-owned economic system, scientific and technological innovation, international competition, and prevention of major risks. As General Secretary Xi Jinping has repeatedly stressed, "State-owned enterprises are an important material and political foundation of socialism with Chinese characteristics and an important pillar and relying force for the Party to govern and prosper the country." Second, vigorously develop the non-public economy so that it can play an increasingly large role in promoting common prosperity. Since the reform and opening up, the non-public economy has developed rapidly, playing a role of "half of the mountain" in promoting economic growth, creating jobs, innovating science and technology, increasing tax revenue, etc., and has become an important part of the socialist market economy with Chinese characteristics. The private economy contributes more than 50% of China's tax revenue, more than 60% of GDP, more than 70% of technological innovation, more

⁵ See Li Wenjia, "Peng Huagang: State-Owned Central Enterprises Have Undergone Profound Changes in Four Important Areas," *Corporate Observer*, October 18, 2021.

⁶ See Zhang Yu et al., *Socialist Political Economy System with Chinese Characteristics: Operation, Development, Openness*, Beijing: Higher Education Press, 2021, pp. 138–139.

than 80% of urban labor employment, more than 90% of the number of enterprises, and has become the largest foreign trade entity in China.⁷ The number of non-state-owned enterprises has grown from small to large and from weak to strong, and the number of them entering the “World Top 500” has increased from 1 in 2004 to 32 in 2020, becoming the “Emerging Corps of China.” The biggest difference with the private economy of western capitalist countries is that both the public economy and the non-public economy in China are important components of the socialist market economy with Chinese characteristics, and are the economic basis for the development of socialist society in China, which can be regarded as the two-legged approach of the eastern giant of China. On the road to “common prosperity,” the two complement each other and give full play to their respective advantages and roles.

Improve the system in which distribution according to labor is the mainstay and multiple modes of distribution coexist. The Decision of the CPC Central Committee on Several Major Issues Concerning Adhering to and Improving the Socialist System with Chinese Characteristics and Promoting the Modernization of the State Governance System and Governance Capability, adopted at the Fourth Plenary Session of the 19th CPC Central Committee, established this system as the basic economic system of China for the first time and adhered to and improved it. The first distribution is to adhere to the socialist principle of distribution according to labor, adhere to the principle of more work for more pay, focus on protecting the labor income of workers, especially raising the labor compensation of front-line workers, continuously increasing the proportion of labor compensation in the initial distribution,⁸ accounting for at least 50% of the total income of the initial

⁷ See Zheng Wujing, “Exploration of the Basic Economic System and the Road to Common Wealth,” *People’s Daily*, November 4, 2021.

⁸ Workers’ remuneration refers to the total remuneration that workers should receive for engaging in production activities, including both monetary and in-kind forms of remuneration.

distribution,⁹ improve the mechanism of reasonable wage increase, especially raising the income of low-income groups,¹⁰ implement the action plan to expand the middle-income group and continuously increase the proportion of the middle-income group. Insisting on the coexistence of various distribution methods and continuously improving the policy system of distribution according to various production factors (labor, capital, land, knowledge, technology, management, information, etc.) is conducive to mobilizing the enthusiasm of various economic agents to create various social wealth (economic, social, cultural, intellectual and ecological wealth, etc.). The government should promote various types of economic organizations to fulfill not only their external social responsibilities but also their internal social responsibilities, and narrow the income gap within economic organizations. In general, the initial distribution is the result of market allocation of factors, but it is also necessary to focus on regulating the order of the initial distribution. In particular, Wang Shaoguang believes that the most important thing to curb the trend of widening income disparity is to make great efforts in the initial distribution.

Improve the redistribution mechanism. The secondary distribution is to improve the national (government) redistribution adjustment mechanism, the core of which is to build a fiscal and tax policy system that is conducive to common prosperity, establish and improve personal or family income and property information systems, improve the personal income tax system, strengthen tax regulation and supervision of high-income earners, protect legal income, resolutely outlaw illegal income, and reasonably enhance the role of income tax, property tax, and other taxes in regulating income distribution.¹¹ Improve a high-quality social

⁹ According to the 2019 Statement of Financial Flows (Non-Financial Transactions) (II), workers' compensation totaled 51.42 trillion yuan, accounting for 52.3% of the total income of the initial distribution (which was 98.38 trillion yuan). See National Bureau of Statistics, *China Statistical Yearbook 2021*, China Statistics Press, 2021, p. 101.

¹⁰ In 2020, the per capita disposable income of low-income households (20%) in the quintile nationwide is \$7869, equivalent to an income of \$5.20 per person per day, which is still below the world's high poverty line of \$5.50. Even if disposable income per capita doubles by 2035, it is still just above the world middle-income floor of 10–100 international dollars per person per day.

¹¹ According to the 2019 flow of funds table, property income totaled 19.22 trillion yuan, accounting for 19.5% of total initial distribution income; income tax, property tax, and other current taxes were 477.3 billion yuan, accounting for 4.8% of total initial

security system covering all people. By 2020, the number of social security card holders nationwide will reach 1.335 billion, directly benefiting more than 120 million retirees. In particular, the basic pension insurance participation rate will increase from more than 90% (999 million people) in 2020 to more than 95% in 2025, achieving full coverage for all people by 2035, while gradually increasing the level of basic pension for urban and rural residents; health service system is more complete, providing basic public services for all people and achieving a significantly higher level of parity.

Emphasize the role of the tertiary distribution, actively develop social philanthropy, and vigorously advocate conscious and voluntary relief of the poor and needy. Vigorously promote corporate ESG investment and continuously enhance the awareness of corporate social responsibility. In addition, actively explores the realization form of the tertiary distribution, with the social system playing a distributive role as the defining standard. Playing the role of the social system for common prosperity and creating a social and cultural atmosphere of wealth for good is also an important aspect of the superiority of the socialist system.

6.2 COMPREHENSIVE IMPLEMENTATION OF RURAL REVITALIZATION STRATEGY

General Secretary Xi Jinping pointed out that “the modernization of agriculture and rural areas is the general goal of implementing the rural revitalization strategy” and “the work of the three issues of agriculture in the new era must be promoted around the general goal of modernizing agriculture and rural areas.”¹² This is a major shift and upgrade of the focus of China’s “three issues of agriculture.” The 14th Five-Year Plan proposes that “the road of socialist rural revitalization with Chinese characteristics, the comprehensive implementation of the rural revitalization strategy, the strengthening of work to supplement agriculture, urban and rural areas, and the promotion of the formation of a new industrial-agricultural-urban-rural relationship of mutual promotion, complementary urban and rural areas, coordinated development and

distribution income. See National Bureau of Statistics, *China Statistical Yearbook 2021*, China Statistics Press, 2021, p. 101.

¹² *The Governance of China, Volume III*, Foreign Languages Press, 2020 edition, p. 257.

common prosperity, to accelerate the modernization of agriculture and rural areas.”¹³ This is exactly the way to realize the common prosperity of the rural population.

Enhancing the modernization of agriculture is a pivotal objective in China’s agricultural development and an integral part of implementing the rural revitalization strategy. The fundamental way out for agriculture lies in modernization, but the modernization of agriculture in China is not an isolated modernization, but a modernization of “four synchronization,” that is, the “parallel mode” of industrialization, informatization, urbanization, and agricultural modernization.¹⁴ However, among the “four synchronization,” agricultural modernization is the biggest short board but also has the biggest development potential. China can make full use of industrialization, urbanization, informatization, and e-commerce¹⁵ to drive and promote agricultural modernization, give new momentum to agricultural and rural modernization, and innovate a new era of agricultural and rural development model. In the near future, China will make significant progress in agricultural modernization, based on building a modern agricultural industrial system, optimizing the agricultural structure, combining agriculture, forestry, animal husbandry, and fishery, integrating the primary, secondary, and tertiary industries, enhancing the industrial chain and value chain, and improving the economic, ecological

¹³ “Outline of the Fourteenth Five-Year Plan of the National Economic and Social Development of the People’s Republic of China and Vision 2035,” *People’s Daily*, March 13, 2021.

¹⁴ See the preparation team of this book, *In-depth Implementation of Rural Revitalization Strategy*, Beijing: China Planning Press and China Market Press, 2021 edition, p. 70.

¹⁵ Agricultural e-commerce refers to the vigorous development of agricultural e-commerce and other new forms of new models of agriculture, encourage e-commerce platform companies to carry out rural e-commerce services, the formation of online and offline integration, agricultural products into the city and agricultural and consumer goods to the countryside two-way circulation of the new pattern, also includes the implementation of special agricultural products production areas pre-cooling project and “express to the countryside” project. Encourage Internet enterprises to establish agricultural service platforms that link production and marketing, and accelerate the development of e-commerce involving agriculture. See National Development and Reform Commission, “*The 13th Five-Year Plan of the National Economic and Social Development of the People’s Republic of China*” *Guidance Reading Book*, People’s Publishing House, 2016 edition, p. 113.

and social benefits. The construction of a modern agricultural production technology system and service system is the fundamental support, and we should accelerate the construction of agricultural mechanization, water conservancy, information technology, intelligence, green, standardization, such as to increase the comprehensive mechanization rate of crop cultivation, seeding, and harvesting to 75% by 2025, and to increase to more than 80% by 2035, fundamentally changing the reliance on human and animal power and traditional agricultural production methods of “depend on Heaven for food.” We should also improve the utilization rate of agricultural resources, land productivity, product value-added rate and labor productivity, and enhance the comprehensive agricultural production capacity and risk resistance capacity. With the development of modern agriculture in terms of scale, intensification, and specialization, it is necessary to accelerate the training of a new generation of professional farmers and the formation of high-quality agricultural entrepreneurs and production and management team.

Achieving rural modernization is not only an important goal of China’s modernization but also the goal of implementing a rural revitalization strategy. As General Secretary Xi said, “Rural modernization includes both the modernization of ‘things’ and ‘people’, as well as the modernization of rural governance system and governance capacity. We should adhere to the design of agricultural modernization and rural modernization as one and promote them together to realize the leap from a large agricultural country to a strong agricultural country.”¹⁶ The world modernization process shows that agricultural modernization and rural modernization are a whole and must be integrated and coordinated.

Rural modernization will reach a new level. The goal of “beauty of rural area” is basically realized, and the rural living environment is obviously improved, especially the rural water, electricity, roads, gas, communications, radio and television, logistics, unified planning, standards, construction, and management and services, basically reaching the modernization level of local towns. The rural ecological environment has fundamentally improved, the basic realization of beautiful and livable countryside, so that rural tourism has become a new impetus for rural development. To modernize farmers, China needs to incorporate

¹⁶ *The Governance of China, Volume III*, Foreign Languages Press, 2020 edition, p. 258.

the training of young individuals in this field into the national practical personnel training program, as requested by General Secretary Xi Jinping, to ensure the success of the agricultural industry.¹⁷ This depends on the modernization of farmers' human capital, which is expected to increase from 31% in 2018 to more than 60% in 2035 for those with high school or higher education and especially to increase the proportion of those with college education or higher, so as to create a large number of new farmers with professionalism, specialization, and high quality and to promote a significant improvement in the quality of farmers' employment. The goal of "enriching farmers" will be basically achieved, and the productivity and income level of farmers will continue to improve, with agricultural labor productivity expected to increase from 44,000 yuan per person in 2020 to more than 90,000 yuan per person in 2035, and the per capita disposable income of farmers will increase from 17,100 yuan to more than 35,000 yuan, equivalent to a daily income of more than 22 international dollars per person and the proportion of low income continues to decrease. The aim of modernizing rural governance has been largely attained, with rural grassroots party organizations serving as the driving force behind the promotion of rural governance. They lead the way for farmers to establish various cooperatives, expand new collective and mixed economies, revitalize underutilized rural resources, and foster collective and farmer-led shareholder initiatives. We should also actively expand the channels for farmers to increase their income, increase their income from various types of property (property, agricultural land, and forestry, agricultural machinery, financial assets, etc.), introduce various kinds of social capital, vigorously develop the rural mixed-ownership economy, grow the rural collective economy and increase the collective income of rural areas. Refine regular support mechanism for rural low-income population, including the provision of rural public welfare jobs, increase labor income, and lead farmers on the road to common prosperity.

The implementation of a rural revitalization strategy requires promoting integrated urban-rural development and continuously narrowing the development gap between urban and rural areas. In terms of policy orientation, it should accelerate the integration of urban and

¹⁷ The Literature Research Office of the Central Committee of the Communist Party of China edited, *Selected Important Documents since the 18th National Congress*, Central Literature Publishing House, 2014 edition, p. 679.

rural infrastructure construction, promote the connection of urban and rural markets, promote the convergence of income and consumption expenditure of urban and rural residents, equalize basic public services, unify standards and parallel systems.¹⁸ The implementation of China's rural revitalization strategy should be integrated with the development of new urbanization, so as to be focused, distinctive, and sustainable.

Strengthen the regular support for the rural low-income population. Carry out dynamic monitoring of the rural low-income population and implement tiered and classified assistance. For the rural low-income population with working ability, China insists on development-type assistance, and help them improve their endogenous development ability through developing industries and improving their employment capacity so that they can become rich by hard work. For those who have lost their working ability, based on the existing social security system, they will be included in the scope of rural low-income insurance or special hardship assistance and support, and given special assistance and temporary assistance according to the type of difficulty in a timely manner.¹⁹ After the completion of the target task of poverty eradication, the 14th Five-Year period should serve as a consolidation phase for poverty eradication in counties under poverty, so as to “ride with someone after helping the person get on a horse.” During the transition period, we should maintain the overall stability of the existing major support policies, and optimize and adjust them one by one, reasonably grasp the rhythm, strength, and time frame, gradually realize a smooth transition from concentrating resources to support poverty eradication to comprehensively promote rural revitalization, and promote the historical shift of the focus of the “three issues of agriculture” work. China has also been working on the implementation of various policies to ensure that no gaps are left in the work and no gaps are left in the policies.

¹⁸ See National People's Congress Committee on Finance and Economy and National Development and Reform Commission, eds. *“Interpretation of the Outline of the Fourteenth Five-Year Plan of the National Economic and Social Development of the People's Republic of China and Vision 2035,”* China Planning Press, 2021, p. 317.

¹⁹ See “Opinions of the State Council of the Central Committee of the Communist Party of China on Accelerating Agricultural and Rural Modernization by Comprehensively Promoting Rural Revitalization,” *People's Daily*, February 22, 2021.

6.3 COMPREHENSIVE IMPLEMENTATION OF THE NEW URBANIZATION STRATEGY ERA OF SOCIALISM WITH CHINESE CHARACTERISTICS

The new urbanization is people-oriented urbanization with the goal of improving the inclusiveness, livability, and sustainability of urban development. In the future, China's new urbanization still has huge development space and social demand and continues to absorb new citizens on a large scale, absorbing at least 200 million rural transfer population by 2035. In 2020, the urbanization rate of China's resident population was 63.89%, while the urbanization rate of the household population was only 45.4%, so there is still much room for improvement and the gap between the two indicators needs to be significantly reduced. By 2035, the urbanization rate of the resident population will reach about 80%, and the population size will expand from 900 million in 2020 to about 1.16 billion, an increase of about 260 million people. Even so, it is still smaller than the scale of 340 million new permanent residents in urban areas from 2005 to 2020. Increasing the urbanization rate of the resident population is still the biggest driving force for China's economic development and social progress in the future, and it is also a key area to realize the common prosperity of everyone. The main policy measures include the following aspects.

First, deepen and accelerate the implementation of the reform of the household registration system to speed up the civilization of the agricultural transfer population. In 2020, the proportion of urban population in the country's total population was 63.89%, but there were still 261 million people with agricultural registration, which can be increased by 18.5% if they are converted locally. According to the 14th Five-Year Plan, two major household settlement targets and policies will be implemented as a matter of priority: to abolish all household settlement restrictions in cities with a resident population of less than 3 million, to fully relax the conditions for settling in large Type I cities with a resident population of 3–5 million, and to gradually implement the policy of integrating household settlement in mega cities with a resident population of more than 5 million. By around 2030, the majority of large cities and mega-cities nationwide will basically implement a residence permit system to replace the household registration system. Therefore, the essence of accelerating the urbanization process is to speed up the citizenship of the agricultural

household population, accelerate the transfer of farmers, and reduce them on a large scale in order to make them rich.

Second, further improve the coverage level and access level of the basic public service system. Basic public services such as pensions, medical care, and education are provided to urban residents based on their place of permanent residence. Social security for individuals can be transferred across provinces to facilitate settlement in different places. The central transfer payments should fully consider the financial affordability of public service expenditures in each region, and continuously improve the level of equalization of basic public services between regions and between urban and rural areas. Local governments should conduct a comprehensive inventory of public property resources and invest in them as property resources to serve the “old and young” population, so as to reduce the number of elderly people and children left behind in rural areas.

Third, actively promote the construction of urbanization with the county as the main carrier. This is an important carrier for absorbing the local rural population and the population of small towns. County economic development is an important task for China’s urbanization in the future, and it is also the most fundamental driving force for the development of county urbanization. As China’s urbanization moves to a higher level, the economic development of counties in different regions of China will show relative differentiation, and the population distribution in different counties will also change significantly. Therefore, to effectively grasp the direction of county urbanization development, it is important to leverage the strengths of local resources and industries to drive county economic growth while also aligning with China’s overall urbanization trend and avoiding excessive construction of county towns. Furthermore, the potential of digital technology should be fully harnessed to boost the inherent driving force of county economic development.

6.4 COMPREHENSIVELY ACHIEVE FULL PARITY OF BASIC PUBLIC SERVICES

We must insist on doing our best and living within our means to improve the public service policy system.²⁰ To promote the well-being of all and address issues of social justice, ensuring equal access to basic public services is crucial. The government's investment in these services, which include education, employment, insurance, health care, social services, housing, and culture, is a testament to the strengths of China's socialist system and its ability to provide high-quality services at a low cost to the population. By continuously improving these services, China can work toward creating a fairer and more equitable society for all. Building upon the framework of the 14th Five-Year Plan, the government aims to further clarify the goals for providing basic public services by 2030 and 2035. This will involve refining national standards and making necessary adjustments to better serve the needs of the population. The goal is to establish a system of providing basic public services based on the place of permanent residence, ensuring equal access for all residents in both urban and rural areas. The quality and level of basic public services will be improved in line with economic development and per capita income, with a focus on closing the gap in service standards between urban and rural areas. The government also aims to accelerate the process of integrating urban and rural areas and unifying basic public service standards,²¹ with a specific emphasis on improving the standard and availability of basic public services in rural communities, to ensure full coverage and equal access to all.

Clarify the responsibilities of governments at all levels to provide basic public services. Reasonably increase the central and provincial governments' responsibilities for basic public services and expenditures, with emphasis on continuously improving the integrated service management

²⁰ See "Central Economic Work Conference Held in Beijing," *People's Daily*, December 11, 2021.

²¹ See National People's Congress Committee on Finance and Economy and National Development and Reform Commission, eds., *Interpretation of the Outline of the Fourteenth Five-Year Plan of the National Economic and Social Development of the People's Republic of China and Vision 2035*, Beijing: China Planning Press, 2021, p. 317.

platform at the grassroots level, improving the standardization, specialization, and informatization of public services provided by grassroots governments, and innovating the way public services are provided.

Vigorously promote the equalization of non-basic public services. Accelerate the development of standards and lists of non-basic public services, support the participation of various social parties, and expand the supply of inclusive services, including the provision of diverse non-basic public services in diverse ways such as public construction and private operation, government purchase of services, and government-society cooperation, to meet the diverse livelihood needs of all parties and promote the development of diverse local service industries.

Improve the public service policy guarantee system. The first is to continuously increase the proportion of general public budget revenue to GDP, reaching 22% in 2015 in the first step and further increasing it to about 25% in the second step in order to basically meet the basic public service needs of more than 1.4 billion people. The second is to improve the efficiency of basic public services, including the size of the population served, key populations, and key regions, and the improvement of major livelihood indicators, especially employment, social security, healthcare, education, culture, and people in need (such as low-income people and the disabled). In particular, the priority is to promote the national coordination of basic pension insurance, which will help protect and facilitate the payment of pensions to the elderly population.

6.5 FOCUSES ON SUPPORTING SPECIAL TYPES OF AREAS' COMPREHENSIVE REVITALIZATION AND DEVELOPMENT

China's regional unbalanced development characteristics will persist for a long time, and we should focus on implementing a comprehensive revitalization development strategy with the whole country's efforts. This includes old revolutionary regions (Central Soviet Region, Shaanxi-Gan Ning, Dabie Mountain Region, Left, and Right River Region, Sichuan-Shaanxi and Yimeng Old Region), ethnic regions, border region,²² areas

²² China has the longest land border and the largest number of neighboring countries in the world, with a total land border length of about 22,000 km and borders with 14 countries.

out of poverty,²³ ecological degradation areas (including high altitude areas), resource depletion areas and old industrial cities, involving nearly 400 million people.²⁴ These areas are relatively backward in terms of economic and social development levels and have become the prominent short board of China's coordinated regional development. They are also fragile ecological environment areas in China and are responsible for important functions such as ecological security, energy security, border security, etc. They are the most difficult and important part of the national coordinated regional development strategy and require the country to implement a comprehensive revitalization strategy.

We should implement the grand strategies of sustainable development, high-quality development, green development, synergistic development, and common development, gradually realizing the goal of common prosperity, and make efforts to promote the comprehensive revitalization and development of special types of areas. Precise policies will be applied to different types of areas to solve the long-term support mechanism for relative poverty and continuously stimulate endogenous development momentum, and it is expected that after three five-year plans, by 2035 special types of areas will be higher than the national average in terms of per capita gross regional product and per capita income of residents. The above policies will strive to narrow the gap with the national average, strive for basic public services to approach or reach the national average, improve infrastructure interconnection and interoperability, improve the level of economic, social, and ecological development, and gradually narrow the development gap between special type areas and developed areas.

The National Development and Reform Commission's "14th Five-Year Plan for the Revitalization and Development of Special Types of Regions" has constructed a "1+N" policy system for comprehensive revitalization. To enhance regional development, separate plans should be created for

²³ By 2020, a total of 832 poverty-stricken counties nationwide will have all been removed, 128,000 poverty-stricken villages will have all been listed, and the problem of regional poverty in 14 concentrated contiguous special hardship areas will have been solved. See Information Office of the State Council: "Chinese Practice of Human Poverty Reduction," *People's Daily*, April 7, 2021.

²⁴ See National Development and Reform Commission Writing Team, *Promoting Poverty Alleviation and Revitalizing Development in Special Types of Areas*, China Planning Press, 2020, pp. 226–227.

each type of region. The mechanism for central coordination, provincial overall responsibility, and city and county implementation should be improved. This will address long-standing issues such as the underdeveloped economy, homogeneous industrial structure, low-income level of residents, inadequate basic public services, poor infrastructure interconnectivity and efficiency, resource depletion, and poor ecological environment. Accurately positioning regional development, implementing policies effectively, and improving long-term support mechanisms will increase the capacity and power of endogenous development. The well-being of the people should be the core goal, and new models and approaches to revitalizing development should be developed. The unique cultural, ethnic, and ecological advantages should be transformed into economic advantages, special tourism industries should be developed, and the protection of border, ecological, resource, and industrial security should be strengthened. These efforts, along with the provision of national and regional public products, will contribute to the prosperity and strength of the entire country.

6.6 FOCUS ON HELPING LOW-INCOME PEOPLE WITH SPECIAL DIFFICULTIES

The low-income group mainly refers to 20% of low-income households, with about 282 million people belonging to about 100 million households. In 2020, the per capita disposable income of low-income people was 7869 yuan, equivalent to 5.2 international dollars per person per day, and even if the per capita income doubles by 2035, it will only reach more than 10 international dollars per person per day, close to the international middle-income bottom line. This part of the population is roughly divided into two main categories: a group of people in difficulty who lack the ability to work and lack income. By the end of 2019, there were 11.53 million people with disabilities in difficulty and 14.33 million people with severe disabilities in China respectively, totaling 25.86 million people, accounting for 1.85% of China's total population, and the subsidy coverage rate reached 100%. At present, this group is basically included in the minimum living security. By the end of 2020, more than 7 million poor people with disabilities who have established their own cards will be lifted out of poverty, 9.634 million people with disabilities will be included in the minimum living security, and nearly 3 million poor people

with severe disabilities will be separately insured.²⁵ This group, totaling 19.634 million people, accounting for 1.40% of the total population, is still a special group of people that the state will focus on helping. The state should continue to strengthen the implementation of the special system of living allowance for people with disabilities in difficulty and care allowance for people with serious illnesses, and ensure that basic social security (medical insurance, pension, low-income insurance, etc.) is covered as much as possible, and gradually raise the level of minimum living security to cover the bottom line of basic living, so as to “send charcoal in snow” for people with special difficulties. It is necessary to improve the employment support system for people with disabilities, and provide support in employment, training, and labor protection, so that they can have the opportunity to create wealth and achieve some degree of economic independence, fully reflecting the superiority of the socialist system. The other category is the 20% of the country’s low-income households living mainly in rural areas, central and western regions, and ecologically fragile areas. They have the ability and willingness to work but mainly lack labor opportunities (equivalent to surplus labor), moreover, they lack opportunities to increase their income. This requires creating more development opportunities for them to transform from agricultural labor to non-agricultural labor, from agricultural population to non-agricultural population, and from unskilled labor to skilled labor, so that their income from labor will keep increasing as a proportion of household income.²⁶ The state should vigorously help them get out of their difficulties and move from the low-income level (7869 yuan per capita income in 2020, equivalent to 5.2 international dollars per person per day) to the middle-income level (15,000 yuan per year, equivalent to 10 international dollars per person per day) as early as possible and keep growing their income level.

²⁵ See “Not Falling Behind on the Road Out of Poverty—Overview of China Disabled Persons’ Federation’s Efforts to Help People with Disabilities Fight Poverty,” *People’s Daily*, April 30, 2021.

²⁶ According to data published by the National Bureau of Statistics, the share of wage income of rural residents in poor areas increased from 34.1% to 35.3% from 2016 to 2019, with an average annual nominal growth rate of 12.5%. According to data published by the State Council Leading Office of Poverty Alleviation and Development Group, 27.29 million poor laborers went out to work in 2019, involving 2/3 of the country’s poor population, with income from work accounting for 2/3 of the income of these households. See Chen Xiwen and Han Jun, eds., *Practice and Experience in China’s Poverty Eradication Efforts*, People’s Publishing House, 2021, p. 8.

How to determine the minimum living security expenditure standard in China? There are two different standards to choose from: one is to continue to set the domestic minimum income standard. For example, on the basis of the current rural poverty standard in 2010, the 2020 rural minimum living security expenditure standard will be 4600–5000 yuan, which is equivalent to roughly two times the 2010 standard (2300 yuan). The per capita disposable income of rural residents in poor areas nationwide has increased from 6079 yuan in 2013 to 12,588 yuan in 2020, striving to reach more than 25,000 yuan by 2035 at 2020 prices.²⁷ To this end, the state empowers localities (at the provincial level) to establish a minimum standard of rural per capita disposable income and continuously adjust upward the local minimum living security expenditure standard. The other is that reference is made to international standards. For example, the World Bank International High Poverty Line Standard is 5.5 international dollars per person per day. According to this poverty line standard, China's poverty incidence rate dropped from 53.5% in 2010 to 24.0% in 2016, a decrease of 29.5%, or about 4.9% per year on average, which is significantly lower than the world average poverty incidence rate (44.8%), slightly higher than the poverty incidence rate in middle- and high-income countries (22%), and significantly higher than the poverty incidence rate in high-income countries (1.5%).²⁸ Referring to the World Bank's private consumption purchasing power factor, the daily income per person in rural areas in poor areas of the country rises from 4.3 international dollars in 2013 to 8.2 international dollars in 2020.²⁹ Taking into consideration the various policy subsidies offered by the government to rural residents, such as the waiver of school fees and miscellaneous expenses for compulsory education, free textbooks and subsidized living expenses for boarding students from economically disadvantaged families, basic and major medical insurance, medical assistance (with a reduction in per capita comprehensive protection of 474 RMB), and the renovation of dangerous houses (with an average household subsidy of 16,000 RMB), the actual economic welfare of rural residents in China surpasses the international high poverty line. It is due to China's unprecedented

²⁷ In 2020, the per capita disposable income in the western rural areas will be 14,111 yuan, doubling to more than 28,000 yuan by 2035.

²⁸ World Bank Database.

²⁹ China's private consumption purchasing power factor is 3.838 and 4.225 in 2013 and 2020, respectively. *Data source* World Bank database.

effort in the war against poverty during the 13th Five-Year Plan period that by 2020, the number of people living in poverty under the international high poverty line has been significantly reduced. By 2035, the per capita disposable income in poor areas in China is expected to more than double, with a per capita daily income of over 16.4 international dollars, bringing it within the international middle-income income range.

It should be noted that among the main indicators of economic and social development in the 14th Five-Year Plan, there are seven indicators of people's livelihood and well-being, and "elimination of poverty among the rural poor" is no longer included as an indicator, but this does not mean that China's task of eliminating poverty has been completed. According to the poverty line standard of 5.5 international dollars per person per day, there will still be about 5% of China's population in 2020, i.e., about 70 million people in poverty. It is expected that by the end of the 14th Five-Year Plan, China will have basically eliminated poverty under the high international poverty line standard of the World Bank, and the original poverty eradication achievements will be further consolidated. China will move from the stage of eliminating absolute poverty to the stage of reducing relative poverty, and will fully utilize more than 90% of the population, i.e., 1.27 billion people, to help 70 million people on the international high poverty line to get out of poverty permanently. Since China's total population base is so large that any one percentage point of relative poverty incidence involves about 14 million people, the term "special hardship group" can be used in practice to implement different target-oriented and precise assistance policies according to different special hardship groups.

In conclusion, building China into the world's largest society of common prosperity is a long-term, difficult, yet great task, which will create a new path for human development. The most fundamental reason why China has been able to build the world's largest society of absolute poverty into the world's largest society of moderate to high income in the past 40 years or so is the correct leadership of the Communist Party of China. If "without the Communist Party, there would be no New China," then "without the Communist Party, there would be no moderately prosperous China." Similarly, in the future, "without the CPC, China will not be able to achieve common prosperity."

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Policy Ideas for Promoting Common Prosperity

7.1 FORMULATION OF AN ACTION PLATFORM TO PROMOTE COMMON PROSPERITY

In accordance with the Outline of the 14th Five-Year Plan of the National Economic and Social Development of the People's Republic of China and the Vision 2035, we will formulate an action program and implementation plan to achieve common prosperity by 2035 and define the main ways of development in the political, economic, social, cultural, and ecological construction fields.

Develop a policy system to promote common prosperity, mainly including high-quality development, income growth and income distribution, entrepreneurship and employment policy, education and development of human resources policy, equalization of basic public services and non-basic public services policy, social security and transfer payment policy, regional coordinated development policy, and urban–rural integration and development policy.

It is necessary to both adhere to the national overall and integrated planning and encourage regional initiatives and innovation, demonstrating their capabilities. In view of the fact that the incomes of various categories of China's population will exceed the international standard

bottom line of middle income (per capita income or expenditure of 10–100 international dollars per person per day) in 2021–2035,¹ due to the great differences in actual living standards and price levels in different regions, it is suggested that instead of using the national statistical caliber of relatively poor people in developed countries, we can continue to follow the caliber of urban and rural people or families in difficulty, gradually unify the minimum income guarantee system for urban and rural residents, and use the minimum income guarantee as a source of income pockets for special groups. In fact, the minimum security system for urban and rural residents becomes a direct transfer payment from the government to special groups of people. The local minimum income guarantee standard, determined by each region according to the level of development and ability, should be included in the local implementation program as the main responsibility. The central government financing to the central and Western regions and other areas, especially the areas that have been out of poverty, continue to increase direct subsidies to support the efforts of the state redistribution function. In addition, the minimum income guarantee system should be integrated with the pension system, so that eventually all non-working individuals are covered by social security.

7.2 PROMOTING COMMON PROSPERITY IN QUALITY DEVELOPMENT

Promoting common prosperity is characteristic of the times. In the new era of socialism with Chinese characteristics, the promotion of common prosperity must be based on high-quality development and the overall layout of the “Five-in-One.” To achieve the goal of common prosperity, we must first make the “pie” bigger and better through the common struggle of the whole nation, and then cut and divide the “pie” well through reasonable institutional arrangements. This is a long-term historical process, and we should steadily move toward this goal.²

¹ The per capita disposable income of rural residents in poor areas increases from 6079 yuan in 2013 to 12,588 yuan in 2020, equivalent to an increase from 4.0 international dollars to 8.3 international dollars per person per day. This already exceeds the international high poverty line proposed by the World Bank, which is an expenditure of 5.5 international dollars per person per day.

² See “Central Economic Work Conference Held in Beijing,” *People’s Daily*, December 11, 2021.

China's economy has entered the stage of high-quality development. High-quality development must fully embody the new development concept, that is, development in which innovation becomes the first driving force, coordination becomes an endogenous feature, green becomes the universal form, openness becomes the necessary path, and sharing becomes the fundamental purpose. High-quality development is the development to better meet the growing needs of more than 1.4 billion people for a better life. Entering a new stage of development, the Party Central Committee with Comrade Xi Jinping as the core places the realization of common prosperity for all people on a more important position and must insist on promoting common prosperity through promoting high-quality development and through common hard work.³

Our society will move into the high human development group. This means that the whole country will move from a high human development level to a very high human development level (HDI > 0.800) (see Tables 5.4 and 5.5). It means that the country's economic development, people's health, and education level as a whole will move to another new level, marking a significant increase in the level of common wealth.

Develop the sharing economy in an orderly and regulated manner to improve the efficiency of resource utilization. The sharing economy is an innovative business form that emerged with the change of digital interconnection technology, which can improve the efficiency of resource utilization and thus the quality of economic growth, and can transform the economic growth model by sharing resources and innovative production methods. The development of the sharing economy can help create jobs and promote common prosperity. China has the largest number of Internet users in the world and has several fast-growing digital platforms, which along with the formation of a new form of social sharing economy have become a new way to promote common prosperity. According to the Annual Report on the Development of China's Sharing Economy (2021), China's sharing economy will have a transaction size of 3.38 trillion yuan in 2020, accounting for 3.3% of the country's total GDP. The number of participants in the sharing economy is about 830 million, accounting for 58.8% of the total population, and the number of people involved in providing services is about 84 million, equivalent to 11.2% of the total employment. From 2021 to 2035, the average annual growth rate of

³ See Liu He, "Must Achieve High-Quality Development," *People's Daily*, November 24, 2021.

China's sharing economy will remain above 10%. The sharing economy has become a new type of socialist economic form with Chinese characteristics, a green and sustainable development model, and has created uncountable jobs and channels to get rich.

At the same time, in order to protect the massive amount of personal information and consumers' rights and interests, effective market behavior regulation, guidance, supervision and governance should be carried out in order to guide and encourage the orderly development of the sharing economy and make it an important way to achieve common prosperity. In addition, we should give full recognition to the positive role of the sharing economy in "stabilizing employment" and "protecting people's livelihood" through flexible employment mode, and at the same time, we should strengthen the guidance to the sharing economy platform enterprises, clarify the social responsibility of the platform enterprises, and proactively protect the rights and interests of employed people. At the same time, it is necessary to strengthen the guidance for sharing economy platform enterprises, clarify the social responsibility of platform enterprises, and proactively protect the rights and interests of the employees of such enterprises.

7.3 ADHERE TO THE BASIC NATIONAL POLICY OF GIVING PRIORITY TO EMPLOYMENT

Common prosperity has to be achieved through hard work and wisdom, which requires common prosperity to be achieved with fuller and higher-quality employment as the basic guarantee, not only to create more employment opportunities and achieve employment equity but also to enable those who are employed to love their jobs and improve the sense of access and self-fulfillment opportunities of those who are employed.

Employment has always been the largest source of livelihood in China, and our Party has always placed employment as a priority in economic and social development. The reason why China has achieved the first 100-year goal of building a moderately prosperous society on schedule is that the Party Central Committee and the State Council have always placed employment in a prominent position in economic development, effectively implemented the employment priority strategy, promoted the continuous expansion of employment in China's cities and towns, and continuously absorbed rural labor, so that the scale of rural employment continued to decline and the number of agricultural laborers transferred

continued to remain high. 2000–2020, the number of urban employment nationwide has increased by 231.2 million, an average annual increase of 11.56 million,⁴ creating the largest employment and new jobs in the world.

In the future, with the further development of urbanization in China, the pressure to create jobs in cities and towns will remain heavy. It is expected that by 2035, the scale of urban employment in China may increase by about 150 million people, adding more than 10 million people each year, rising from 460 million in 2020 to more than 600 million. The Party Central Committee has put forward the general goal of employment work in the new era, namely to strive for fuller and higher-quality employment. To this end, it is important to continue the practice of prioritizing employment in macro policies. First, to achieve the goal of fuller employment, do everything possible to expand urban employment capacity, to ensure that more than 10 million new urban jobs are created each year,⁵ and to fully absorb the rural migrant urban labor force as well as key groups such as retired military personnel. The second is to promote the optimization of employment structure. The tertiary industry has become the largest industry in absorbing new employment and transferring employment and is expected to increase its share of total employment from 47.7% in 2020 to over 60% in 2035. The policy orientation should further create policy dividends for the development of the tertiary industry, especially to give full play to the role of new industries, new business models, and new modes within the tertiary sector. Third, to achieve the goal of higher-quality employment, to ensure that the level of labor compensation or wages and labor productivity increase in parallel and continuously but also to make employment an important way for workers to improve the level of human capital. Fourth is to promote the continuous improvement of labor market and facilitate the movement of labor from low-productivity sectors to high-productivity sectors. Fifth is to achieve the goal of high-quality entrepreneurship, create a favorable entrepreneurial environment for the whole society, comprehensively improve the employment and entrepreneurial ability of workers,

⁴ See National Bureau of Statistics, *China Statistical Abstract 2021*, China Statistics Press, 2021, p. 40.

⁵ The national 13th Five-Year Plan proposed to add more than 50 million new jobs in urban areas, but the actual number of new jobs was 65.64 million, with an average of 13.13 million new jobs per year.

encourage employment first and then entrepreneurship, encourage and support market players, especially for micro and small enterprises, individual entrepreneurs and other market players to create a favorable entrepreneurial and development environment, and give full play to their role in creating and absorbing new employment.⁶ Sixth, to encourage and support new employment forms such as self-employment, flexible employment, and flexible employment for all kinds of people, to provide conditions for flexible employment to participate in insurance, and to provide standardized and authoritative recognition services for vocational qualifications of freelancers. Seventh, improve the monitoring and early warning mechanism of employment demand and unemployment, control the urban survey unemployment rate to 5.3% or less, and help the unemployed to train or change jobs for re-employment. Even if the survey unemployment rate is controlled at around 5%, there will still be 25–30 million unemployed people. This becomes the biggest challenge to achieving common prosperity. Therefore, the highest priority must always be given to continuously creating new jobs and effectively controlling the unemployment rate, and using the balance of unemployment insurance benefits mainly for retraining and re-employment of the unemployed (including urban migrant workers).

Improve the quality of human capital and professional skills of the whole society. China's talent workstation is at a new historical starting point, and already has a large scale, excellent quality, constantly optimized structure, and increasingly prominent role of the talent team.⁷ China's university-educated population ranks first in the world, and its advantages have become more prominent. It is expected that by 2025, the population of college-educated people in China will rise from 218 million in 2020 to 266 million, and further rise to 393 million by 2035, surpassing the total population of the United States. The human capital level of China's labor

⁶ Small and medium-sized enterprises contribute more than 80% of jobs. At the end of November 2021, China's registered market entities reached 150 million, 43.17 million micro and small enterprises of all types and 102 million individual business households. Private enterprises rose from 19.67 million to 31.05 million (in 2019), accounting for 90.3% of the actual enterprises, forming the world's largest country in terms of market subjects and becoming an important force driving China's economic growth and employment.

⁷ See "In-depth Implementation of the Strategy of Strengthening the Country with Talents in the New Era, Accelerating the Construction of a World Important Talent Center and Innovation Highland," *People's Daily*, September 29, 2021.

force will continue to improve, with the average years of education of the working-age population rising from 10.8 years in 2020 to 11.3 years in 2025 and 12.3 years in 2035. In 2020, there are more than 200 million skilled workers nationwide, accounting for 26.7% of total employment, which is an important source of middle-income group that gets rich by labor and skills. Among them, 58 million people are highly skilled, accounting for nearly 30% of the skilled personnel. “In the 14th Five-Year Plan period, it is expected that there will be more than 40 million new skilled personnel, and the world’s largest army of highly skilled labor force will be built. By 2035, China will become the world’s most important talent and innovation highland, science and technology innovation team to make important progress, to become the world’s largest scale of various types of talent countries. Among them, the full-time equivalent of China’s personnel engaged in research and experimental development (R&D) activities will grow from 5.09 million person-years to more than 10 million person-years, and the R&D manpower investment will double. By 2035, China will have a clear advantage in the competition for talent in many fields, and the country’s strategic scientific and technological forces and high-level talent ranks among the world’s top.⁸

Promote equal employment opportunities for men and women and narrow the gap between men’s and women’s labor remuneration and pensions. In 2020, the proportion of women in China’s total population will be 48.8%; in 2019, the proportion of women in China’s total labor force will be 43.6%, which is already close to the average of OECD countries (44.4%). The labor force participation rate of women (aged 15–64) in China is as high as 68.6%, which is also higher than the average of OECD countries (64.8%). According to data published by UNESCO, the gross enrollment rate of women in higher education in China has increased from 13.9% in 2003 to 63.9% in 2020, while the gross enrollment rate of men in higher education has increased from 16.9% to 53.6% in the same period.⁹ With female life expectancy per capita and healthy

⁸ Ibid.

⁹ World Bank database.

life expectancy continuing to be higher than that of males,¹⁰ the condition is ripe for a gradual increase in the retirement age of the female workforce. At the same time, increasing labor compensation and pension levels in the female labor market is a major policy that is conducive to the compatibility of national prosperity and personal enrichment incentives.

7.4 OPTIMIZATION OF INCOME DISTRIBUTION STRUCTURE

Adhere to the socialist principle of distribution according to labor as the main body, a variety of distribution methods coexist, improve the income distribution system, and optimize the income distribution structure.

Some scholars believe that under the socialist system, the basic principle of distribution according to factor inputs is to take distribution according to labor as the mainstay and other distribution methods as a supplement. At the current stage of development, the distribution according to labor has balanced efficiency and fairness. It is necessary to “insist on more work and more pay, focus on protecting the income of labor, increase the labor remuneration of workers, especially front-line workers, and raise the proportion of labor remuneration in the initial distribution.”¹¹ Encourage enterprises to establish a system of employee stock ownership and implement a system of profit sharing or excess profit sharing.

The country’s economic development should insist on achieving the basic synchronization of the growth of residents’ income with economic growth as an important goal. It is expected that from 2021 to 2035, the growth rate of per capita income of residents will be maintained at about 5%, and the income of residents (at constant prices) will be doubled from 32,200 yuan in 2020 to 64,400 yuan in 2035, which is equivalent to an increase from 21 international dollars to more than 42

¹⁰ The difference between the national average life expectancy of women and men increased from 4.99 years in 2010 to 5.79 years in 2015, respectively. See National Bureau of Statistics, China Statistical Abstract 2016, China Statistics Press, 2016 edition, p. 18.

¹¹ Decision of the Central Committee of the Communist Party of China on Several Major Issues on Adhering to and Improving the Socialist System with Chinese Characteristics and Advancing the Modernization of the State Governance System and Governance Capacity, *People’s Daily*, November 6, 2019.

international dollars per person per day. The total size of the middle-income population will be more than doubled, thus driving the level of per capita consumption of residents, leading to a simultaneous doubling of per capita consumption and total consumption of the population.

Adhere to the basic synchronization of labor compensation increase and labor productivity increase. It is expected that from 2021 to 2035, the real wages of people employed in urban units will increase at a rate of about 6%.¹² The average monetary wage will increase from 97,400 yuan in 2020 to 233,000 yuan in 2035. At the same time, the minimum wage is reasonably raised, which is also an important step to prevent the income gap from widening. Each region can decide on its own to adjust the monthly minimum wage according to the local cost of living as well as economic growth.¹³

Increase the proportion of labor remuneration in the initial distribution. Distribution according to labor is still the main source of income for residents in China. Among them, wage income is an important part of labor income. The share of wage income in the national per capita disposable income of residents is dominant, with a national average of 55.7% in 2020, including 60.2% in urban areas, down 5.0 percentage points from 65.2% in 2010, and 40.7% in rural areas, basically the same as the 41.0% in 2010. We should continue to invest in the human capital (education and training) of workers, continuously increase the number of years of education per capita as well as increase vocational education and training to continuously improve the skill level of workers, which in turn will continuously improve the total labor productivity and continuously increase the proportion of wage income.

Expand the channels of income growth for residents and promote diversification of income sources for urban and rural residents. Encourage and support all kinds of entrepreneurship to increase net business income,

¹² From 2010 to 2020, the average real wage index of employed persons in urban units nationwide, with an average annual growth rate of 7.6%. See National Bureau of Statistics, ed. *China Statistical Abstract 2021*, China Statistics Press, 2021, p. 45.

¹³ Since 2021, 20 provinces, autonomous regions and municipalities directly under the Central Government have raised their minimum wage standards. 2021, effective August 1, Beijing adjusted its monthly minimum wage standard from RMB 2200 to RMB 2320, an increase of RMB 120. The minimum wage rate for part-time employees is RMB 25.3 per hour, and the minimum wage rate for part-time employees on statutory holidays is RMB 59 per hour. See the China Wage website.

which is also essentially labor income; encourage diversified investment of households to increase net property income.

Improve multi-level social security system, and gradually achieve universal coverage, urban and rural areas, fair and uniform. Reasonably divide the sharing of pension responsibilities among the state, units, and individuals, and provide institutional guarantee for individual accumulation of pensions. With the growth of economic and financial strength, gradually raise the basic pension standard and the minimum guaranteed income standard for urban and rural residents, and increase the net income from transfer payments, especially to increase the level of social security for the aging rural population.

Improve the social insurance system, achieve full coverage of unemployment insurance and work injury insurance for workers (especially urban migrant workers and flexibly employed workers, etc.), and increase the coverage of corporate pension insurance. Improve the multi-pillar pension insurance system, encourage the development of corporate and occupational pension systems, and vigorously develop the third pillar of pension insurance. By the end of 2020, the size of corporate pensions will be 2.25 trillion yuan, accounting for 2.2% of the total GDP, with great room for development; accelerate the development of the third pillar of pension insurance nationwide, encourage insurance industry practitioners to innovate commercial pension insurance products, and regulate commercial insurance development.

Improve the social assistance system. No matter how much China has grown, there will always be people with special difficulties and low-income families, so it is necessary to establish and improve the basic livelihood assistance system, such as the implementation of basic income assistance, so that the assistance recipients can meet the local minimum wage and minimum living standards, and the implementation of special assistance services. In particular, the level of special subsidies for people with disabilities should be continuously increased, and the growth rate of subsidies should be higher than the growth rate of national or local per capita disposable income, so as to cover the bottom of the pile and reflect “humanistic care and fair priority” for them. Promote the development of social charity, play the role of charity and other third distribution, and improve financial and tax incentives.

Regulate the order of income distribution and reasonably regulate excessive income. We should reject egalitarianism, killing the rich to help the poor, killing the rich to become poor, or falling into the trap of

welfarism. More than 1.4 billion people will step into modernization together through joint efforts.¹⁴

7.5 BUILDING A FAMILY-FRIENDLY SOCIETY

China has already entered a period of accelerated population aging and childlessness. Population aging will be the basic national condition of China for a long period of time in the future. In 2000, the proportion of China's population aged 65 and above was 6.96%, and it rose to 13.50% in 2020.¹⁵ The proportion of China's population aged 65 and above in the world population aged 65 and above has increased from 20.5% in 2000 to 23.3% in 2020, which is higher than the proportion of China's population in the world population.¹⁶ According to the population growth model, China's population aged 65 and above will increase from 190 to 327 million from 2020 to 2035, an increase of 136 million people, and an average annual increase of 9 million people, with an average annual growth rate of 3.7%. The proportion of population aged 65 and above will increase from 13.5% in 2020 to 22.5% in 2035, significantly higher than that of the OCED countries at 17.4%.¹⁷ The total number of aging population is large, the growth rate is fast, there are large geographical differences, the population is aging before it gets rich, the pension gap is widening, the elderly service industry is underdeveloped, and a significant number of the elderly population has become a relatively low-income group. At the same time, China is also gradually entering an unprecedented period of less childbearing, with the proportion of young children (0–14 years old) continuing to decrease and starting to fall below that of OECD countries. In the future, the problem of “the old and the young” will become two major challenges for China's demographic situation. On the one hand, the aging of the population will generally increase the burden of social pensions and reduce the willingness to have children, which in turn will aggravate the aging of the

¹⁴ See Liu He, “Must Achieve High-Quality Development,” *People's Daily*, November 24, 2021.

¹⁵ See National Bureau of Statistics, *China Statistical Yearbook 2021*, China Statistics Press, 2021, p. 36.

¹⁶ World Bank database.

¹⁷ World Bank database.

population; on the other hand, the increase in the number of young children may be more serious than the aging of the population, which in turn will aggravate the aging of the population.¹⁸

To this end, the Central Committee of the Communist Party of China and the State Council have formulated a Medium and Long-term National Plan for Actively Coping with Population Aging, which clearly puts forward three stages of goals: by 2022, China's institutional framework for actively coping with population aging will be initially established; by 2035, the institutional arrangements for actively coping with population aging will be more scientific and effective; by the middle of this century, the institutional arrangements for coping with population aging that are compatible with a strong modernized socialist country. By the middle of this century, the institutional arrangements for coping with population aging will be mature and complete. It also makes strategic arrangements and specific tasks, including: first, consolidating the social wealth reserve to cope with population aging. Second, to improve the effective supply of labor in the context of population aging. Third, to create a high-quality service and product supply system for the elderly. Fourth, to strengthen the scientific and technological innovation capacity to cope with population aging. Fifth, to build a social environment of old age, filial piety and respect for the elderly, to build an age-friendly society,¹⁹ i.e., a social service system of “fun for the elderly, learning for the elderly, achieving for the elderly, nurturing for the elderly and having medical care for the elderly,” to further develop the world's largest social service industry for the elderly, to improve the level of happiness of the elderly, and to come out with a social service system with Chinese characteristics. We will make a positive response to the aging of the population with Chinese characteristics, as General Secretary Xi Jinping asked, “Let

¹⁸ See Yu Miao and Hu Angang, “Building a People-Centered Family-Friendly Society—Proactively Addressing the Challenges of Aging and Ultra-Low Fertility,” State of the Nation Report, December 3, 2021.

¹⁹ See “The Communist Party of China Central Committee and State Council issued the National Medium- and Long-term Plan for Actively Coping with Population Aging,” *People's Daily*, November 22, 2019.

the elderly share the fruits of reform and development and enjoy their old age peacefully.”²⁰

Building a family-friendly society with Chinese characteristics. According to the data of the 7th National Census, China’s total population reached 1.41 billion people, and the number of family households rose from 400 million in 2010 to 490 million, with an average annual increase of nearly 10 million households, and the average size of family households decreased from 3.10 persons in 2010 to 2.62 persons in 2020.²¹ By 2030, China’s family households will further rise to nearly 600 million. To this end, we should not only adhere to the people-centered but also adhere to the family-centered, to build a “family-friendly” society with Chinese characteristics as the goal, in-depth implementation of the family happiness and well-being project.²²

First, to build a “child-friendly” society. The main objectives include developing child welfare, promoting gender equality, and promoting work-family balance. Within families, we should promote equality between husband and wife, shared childcare and other family affairs, and harmonious family building. We will continue to improve the external support system for families, effectively reduce the cost of living for families, promote the maturation of policies and systems for family reunification, family stability and harmony, and actively promote the implementation of the new fertility policy.

In 2020, the total number of elderly people over 60 years old in China reached 264 million and will exceed 300 million in the 14th Five-Year Plan period. General Secretary Xi Jinping pointed out that we should look at the aging society and the life of the elderly positively.²³ The main goal is to create a social culture of tolerance, acceptance, respect, and

²⁰ Implementing the National Strategy for Actively Coping with Population Aging: Let the Elderly Share the Fruits of Reform and Development and Enjoy a Happy Old Age”, *People’s Daily*, October 14, 2021.

²¹ See National Bureau of Statistics, *China Statistical Yearbook 2021*, China Statistics Press, 2021, p. 36.

²² The Outline of the Fourteenth Plan for National Economic and Social Development of the People’s Republic of China and the Vision 2035 sets a special section on “Strengthening Family Construction”, and for the first time proposes to implement the project of family happiness and well-being and build a policy system to support the safe development of families.

²³ See Ma Xiaowei, “All-out efforts to promote high-quality development of aging work in the new era,” *People’s Daily*, December 24, 2021.

help for the elderly. By 2030, life expectancy per capita in China will reach 79 years, and the population of elderly people aged 60 and above will reach 380 million. With reference to the successful practice of precise poverty alleviation, implement precise help policy measures for them by age group and service type: the low-age elderly population (60–69 years old), of which this part of the elderly population with advantages such as experience and skills, relatively good physical condition and able to take care of themselves, is the main force to develop the elderly power capital; the middle age elderly population (70–79 years old), which can be divided into self-care, semi-self-care, and full-care types, and adopt flexible and personalized policies; the senior population aged 80 and above, which is the key group for care and support. While actively advocating aging at home, we are vigorously developing social elderly services, public welfare-type elderly institutions, and commercial elderly institutions that meet different needs for elderly services.

Third, to build a “health-friendly” society, the main objectives include improving the medical security system, strengthening the level of health services and management investing in the public health security system, promoting the equalization of public health services, and popularizing public health care knowledge; establishing a “broad coverage, high efficiency, and moderate level” medical treatment and assistance system; developing a cutting-edge medical scientific research and development system, and promoting the coordinated development of Chinese and Western medical science; and building a “health-friendly” service community, so that “the old and the young” become the main recipients of services, providing precise public health and medical services.

The fourth is to give full play to China’s unique social advantage of “women can hold up half the sky” and the advantages of a large country’s scale. In the concrete implementation of the measures proposed in the 14th Five-Year Plan to “gradually delay the statutory retirement age,” the implementation can be categorized and adjusted in small steps.²⁴ It is suggested that the retirement age for women with a college degree or above be the same as that for men. In particular, life expectancy per capita

²⁴ Reference can be made to the German gradualist approach: the German government decided to extend the retirement age by one year, one month a year, for 12 years starting January 1, 2012; and then by one year, two months a year, for another six years, to extend the retirement age to 67 in 2030.

for women is 5.8 years higher than that for men. (2015 national data),²⁵ but the retirement age for women is five years before men. In addition, China's female human capital is getting higher, with the gross enrollment rate of women in higher education increasing from 13.9% in 2003 to 63.9% in 2020, an increase of 50 percentage points,²⁶ the world's fastest-growing country in terms of gross enrollment rate in higher education, and women are truly "half the sky" in all walks of life. This requires the full play and use of China's unique "women can hold half the sky" gender advantage, health advantage, professional advantage, and scale advantage.

Fifth, give full play to the traditional mutual assistance and reciprocity type of zero-round distribution mechanism of rural families. Develop and expand the collective (mutual) economy in the vast rural areas and increase the collective common property. The government should provide guarantees in direct transfer payments, basic public services, infrastructure, habitat environment, rural toilet conversion, etc., and give full play to the zero-round distribution mechanism unique to peasant families, such as the two-way mechanism for parents to raise their children and children to support their parents, which is an important basis for achieving common prosperity within rural areas.

7.6 IMPROVE NATIONAL PUBLIC SERVICE SYSTEM

A sound national public service system is an important pillar for building a society of common prosperity for all people. The Fifth Plenary Session of the 19th CPC Central Committee clearly put forward the strategic goal of equalizing basic public services by 2035. This indicates that China needs to use three more five-year plans to establish a national basic public service system that is compatible with the goal of basically realizing socialist modernization. By 2035, China will basically realize the equalization of basic public services, basically build a national basic public service system with universal coverage, more balanced, higher quality, more convenient, and more sustainable, achieve full population coverage of basic public services, continue to narrow the income gap between regions and urban and rural areas, significantly improve the level of equalization of basic

²⁵ See National Bureau of Statistics, China Statistical Abstract 2016, China Statistics Press, 2016 edition, p. 18.

²⁶ World Bank database.

public services, and meet people's multi-level and diverse needs for basic public services.

Establish and improve the national basic public service system and raise the level of equalization of basic public services. Promote the unification of basic public service systems and standards for urban and rural residents, and establish a dynamic adjustment mechanism to continuously improve the quality of basic public services and the level of protection. Basic public services are mainly related to public education, employment and entrepreneurship, social insurance, health care, social services, housing security, public culture, national fitness, welfare and resettlement, services for the disabled, and other areas. Basic public services should be provided universally and precisely, so as to improve the efficiency of public resource investment.

Actively develop non-basic public services to better meet the diverse needs of the general public. First, actively develop quasi-basic public services, including kindergartens, vocational education, and special education at non-compulsory education levels, and vigorously promote socially run medical services, care services for key groups, guaranteed housing, etc., and actively explore various forms of government-social capital cooperation with public welfare objectives, while giving subsidies to participating social capital through fiscal and taxation means. Second, vigorously develop operational public services to meet the diverse needs of residents for social public services through market mechanisms, and also make operational public services an important means of creating employment and solving shortages of social services. This requires innovating multiple forms of non-basic public service supply and supporting the market and grassroots organizations, enterprises and community service organizations, and social parties and beneficiary publics to jointly establish diversified social service institutions or organizations.

Prioritize the protection of the financial expenditure needs of basic public services. Clarify the central and local affairs and expenditure responsibilities in the field of public services, increase the financial support of the central and provincial governments for the provision of basic public services, increase the government's efforts to purchase basic public services, and evaluate the social effects of basic public services supported by public finance, report to the National People's Congress at the same level, and make timely announcements to society.

7.7 PLAY THE IMPORTANT ROLE OF STATE REDISTRIBUTION

National financing is the most important institutional arrangement to play the role of redistribution and an important means to promote the common prosperity of all the people. Finance should not only strongly support high-quality development, make the economic cake bigger and stronger, and serve to create national wealth but also improve secondary income distribution, share the economic cake, and promote the equalization of basic public services through transfer payments, thus promoting the common prosperity of all people. The lack of national financial drawing capacity is the biggest constraint on the country's redistributive capacity. Internationally, most high-income countries have a relatively high proportion of government fiscal revenue to GDP.

Continuously increase the proportion of general public budget revenue and expenditure to GDP. As China enters the stage of high-income level, we can afford to continuously increase the proportion of general public budget revenue and expenditure to GDP, and increase financial transfers to local governments, thus narrowing the regional development gap. The first step is to increase the share of general public budget revenue to GDP from 18.0% in 2020 to more than 22% in the 14th Five-Year Plan period.²⁷ Accordingly, the proportion of general public budget expenditure to GDP will increase from 24.2% to more than 25%. In the second step, by 2035, China's GDP per capita will reach the level of medium-developed countries, and the share of general public budget revenue and expenditure in GDP will strive to reach 28% and 30%, respectively.²⁸ Better play the important role of the state in redistribution. Continuously improve the livelihood orientation of national and local public

²⁷ After aligning with international statistical caliber, including income from state-owned capital operation, income from social insurance fund, income from governmental funds (excluding income from land concessions) and net income from land concessions, the adjusted fiscal revenue as a share of GDP is above 30% from 2010 to 2014. See Peng Gang, Nie Fuqiang, and Zhu Hui, "Rethinking Several Statistical Issues on the Share of Fiscal Revenue in GDP," *Economic Statistics (Quarterly)*, No. 2, 2016.

²⁸ According to Wang Shaoguang, the state must have and maintain a certain level of fiscal drawing power (at this stage, the proportion of fiscal revenue and social security fund revenue to GDP should reach and remain at 30%–35%); on the expenditure side, the focus should be on meeting the basic needs of the broadest number of people (not "wants and needs").

finance. Spend on the people with what is taken from the people, especially in public expenditure areas such as education, health care, social security and employment, cultural undertakings, resource conservation and environmental protection, and transportation.

Give full play to the redistributive function of the socialist state. This is the institutional arrangement for promoting the common prosperity of all people. Article 6 of the Constitution of the People's Republic of China stipulates that "the distribution system in which distribution according to labor is the mainstay and multiple modes of distribution coexist is upheld." Improve the personal income tax system, adjust the personal income tax rate at an appropriate time, regulate the order of income distribution, reasonably regulate excessive income, regulate the collection of capital income tax, curb the disorderly expansion of capital, set out a negative list, and resolutely crack down on all kinds of illegal income. Promote real estate tax reform, and gradually move from pilot to universal implementation nationwide. Increase social security and transfer payments to prevent polarization, reduce unfairness in the initial distribution, and fully reflect the superiority of the socialist system. It should be particularly noted that the various and varied tax deductions and exemptions have actually reduced the source of state tax revenue, which not only leads to a continuous decline in the proportion of general public revenue to GDP but also directly affects the redistributive capacity of the state.

Make the state-owned economy stronger, better, and bigger. The Third Plenary Session of the 18th CPC Central Committee emphasized that we must unwaveringly consolidate and develop the public sector economy, adhere to the main position of the public sector, play a leading role in the state-owned economy, and continuously enhance the vitality, control, and influence of the state-owned economy. This is an important economic foundation to ensure that all ethnic groups in China share the fruits of development, and an important guarantee to consolidate the Party's ruling position and adhere to China's socialist system, as well as a socialist economic foundation for building a common wealthy society. Article 7 of the Constitution of the People's Republic of China provides: "The state-owned economy, that is, the socialist economy owned by the whole people, is the dominant force in the national economy. The state guarantees the consolidation and development of the state-owned economy." In terms of the number of registrations, the number of state-owned enterprises in China decreased from 442,000 in 1996 to 133,000

in 2017, and the proportion of the number of national enterprise registrations decreased from 16.8% in 1996 to 0.73% in 2017. On the one hand, although the proportion of state-owned enterprises is decreasing, the overall influence and control are still guaranteed; on the other hand, in order to make the state-owned economy stronger, better, and bigger, it must have “dos” and “don’ts” and seize the key areas related to the national economy and people’s livelihood.

Continue to encourage the development and growth of China’s private economy (meaning non-state economic components such as the private and individual economy) to make greater contributions to job creation and increased tax revenue. The number of private enterprises nationwide increased from 443,000 in 1996 to 14,369,000 in 2017, an increase of 31.4 times, with an average annual growth rate of 18.0%, and the proportion of the number of all enterprises increased from 16.9% to 79.4%.²⁹ In 2020, the proportion of tax revenue paid by the private economy reached 60.1% of the national tax revenue,³⁰ and with the same tax rate for corporate tax, large and medium-sized private enterprises still have some potential for tax revenue. Encouraging the development and growth of the private economy is also a basic requirement for strengthening and consolidating the foundation of the socialist economy, and is a basic way for all people to move toward common prosperity. At the same time, non-public economic entities should be guided to gradually adjust the mutual relationship between owners, managers, and ordinary workers in production, improve the status of ordinary workers, and actively create harmonious socialist labor relations.

In short, “Now, it has reached the historical stage of solidly promoting common prosperity.” As a world power with a population of more than 1.4 billion people, China is at the current stage of development, and the problem of unbalanced and insufficient development is very prominent, which also highlights the value of common prosperity even more. Therefore, promoting the common prosperity of all people is a great historical

²⁹ From the holding situation, 16.204 million privately held enterprises in 2017, accounting for a high proportion of 89.5% of all enterprises. Businessmen-invested enterprises and foreign-invested enterprises in Hong Kong, Macao, and Taiwan were 130,000 and 137,000 respectively, with a total of 267,000, accounting for only 1.5% of all enterprises. See “70 Years of Brilliance” by the preparation team of “70 Years of Brilliance: New China’s Economic and Social Development Achievements (1949–2019)”, China Statistics Press, 2019 edition, pp. 77–78.

³⁰ State Administration of Taxation.

task with extremely ambitious goals and far-reaching effects, which requires a long period of time to achieve, and is a protracted struggle of socialist modernization construction. Achieving common prosperity should neither be rushed nor be delayed forever; it should neither be the Great Leap Forward, nor take uniform steps; it should not be egalitarianism, and much less become polarization. The development of China's socialist modernization should be carried out in accordance with the regular characteristics of the development of China's socialism, steady and solid. The state should encourage each region to create different models of common prosperity according to the practical situation, to be shared not only by the local people but also by the whole country. In this sense, the Opinions of the Central Committee of the Communist Party of China and the State Council on Supporting Zhejiang's High-Quality Development and Building a Demonstration Zone of Common Wealth can both explore new paths and accumulate successful experiences for other parts of the country to promote commonwealth, summarize shortcomings, and provide guidance to avoid detours.

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The Chinese and World Significance of Achieving Common Prosperity

Common prosperity is a fundamental goal foreseen by Marxism. In his *Economic Manuscripts 1857–1858*, Marx pointed out that in the new social system, the development of social productive forces would be so rapid that production would aim at the enrichment of all people. In the modern history of the world, there were decades of socialist practice in the Soviet Union and Eastern European countries, but this social practice failed around 1990 with the collapse of the Soviet Union and the dramatic changes in Eastern Europe, and all these countries also became class-divided and stratified countries, a great historical regression.¹ Only a very few socialist countries such as China and Vietnam have explored and innovated the socialist path of common prosperity in the light of their national conditions and achieved important results. Why was China able to achieve this great result? It is because the Communist Party of China (CPC) has made it its original mission to “work for the happiness of the Chinese people and the rejuvenation of the Chinese nation” since the day it was born.

The New Democratic Revolution achieved a great victory. The founding of the People’s Republic of China marked the achievement of national independence and liberation of the people, completely ended the history of a semi-colonial and semi-feudal society, completely ended the

¹ Russian GDP per capita (2017 international dollars) fell 42.5% in 1998 compared to 1990 and did not exceed 1990 levels until 2006. See World Bank database.

history of a very small number of exploiters ruling over the vast number of working people, completely ended the scattered situation of the old China, completely abolished the unequal treaties imposed on China by the powers and all the privileges of imperialism in China, and realized the great leap from several thousand years of feudal autocracy to people's democracy in China. This has created a fundamental political foundation and social conditions for the realization of common prosperity.

The socialist revolution and construction achieved great victories. The Party led the people to complete the socialist revolution, eradicated all systems of exploitation, and achieved the great leap into socialist society and socialist industrialization in a large oriental country with a large population, which laid the fundamental institutional and material foundation for achieving common prosperity.

Great victories have been achieved in reform and opening up and socialist modernization. The liberation and development of social productive forces have enabled the people to get rid of poverty and become rich as soon as possible, achieving a historic leap from inadequate subsistence to general well-off and toward overall well-off, advancing the great leap of the Chinese nation from standing up to becoming rich and laying a more solid economic foundation and a better institutional system for achieving common prosperity for all the people.

As socialism with Chinese characteristics enters a new era, China has achieved the first hundred-year goal and started a new journey to achieve the second hundred-year goal, the level of modernization of the national governance system and governance capacity has been continuously improved, and the era of unity and struggle of the people of all nationalities to continuously create a better life and gradually achieve common prosperity for all people has begun.

This is the historical baton mechanism of modernizing socialism with Chinese characteristics and building a society of common prosperity for all people, passing from one generation to the next, one generation to the next, and one generation to the next. From land reform liberating the peasants to solving their food and clothing and living at a well-off level, from eradicating absolute poverty to building a well-off society in all respects, and from low-income to middle- and high-income, more than 1.4 billion people have become richer than ever. This has laid a more solid economic, social, and institutional foundation for China to enter a high-income level and reach the level of medium-developed countries in the future. As a result, China has "completed the industrialization process

that developed countries have gone through for hundreds of years in just a few decades, creating two miracles of rapid economic development and long-term social stability”.²

From the 100th anniversary of the founding of the Communist Party of China, the general task of our Party is to realize socialist modernization and the great rejuvenation of the Chinese nation, and to build a strong, democratic, civilized, harmonious, and beautiful socialist modernized power in the middle of this century in two steps on the basis of building a moderately prosperous society in all aspects and to promote the great rejuvenation of the Chinese nation with Chinese-style modernization. This indicates that in the future, China will build a strong socialist modern country and achieve common prosperity for all people. This will definitely surpass the modernization model of the developed Western countries and open up a new and righteous path for the developing countries.

China, as one of the countries with the largest number of poor people in the world, will have a significant and far-reaching impact on the world, from solving subsistence to reaching a moderately well-off level, from eliminating absolute poverty to fully achieving common prosperity. Based on the World Bank's international poverty line standard of spending less than 3.10 international dollars per person per day, China's poor population has decreased from 884 million in 1981 to 6.91 million in 2016, a reduction of 874 million people, and the incidence of poverty has dropped from 88.3% to 0.5%, taking the lead in achieving the international community's proposed “Sustainable Development” (SDG) core goal of ending extreme poverty, contributing up to 74.1% to world poverty reduction.³ This fully reflects the world significance of China's poverty reduction, that is, China's success in poverty reduction means the success of poverty reduction in the world and provides Chinese experience and important lessons for developing countries to reduce poverty.

As the world's largest developing country, China's development has had a decisive impact on the world landscape. In 2000, China entered the middle- and low-income stage, and the world's middle- and low-income

² Resolution of the Central Committee of the Communist Party of China on the Major Achievements and Historical Experiences of the Party's Centennial Struggle,” *People's Daily*, November 17, 2021.

³ World Bank database.

population reached 82.0% of the world's population⁴; in 2010, China entered the middle- and high-income stage, and the world's middle- and high-income population doubled to 2.663 billion people, accounting for 38.5% of the world's total population; by 2021, China will enter the high-income stage, and the world's high-income population will increase from 2.856 billion in 2020 to 4.303 billion, accounting for 52.6% of the world's total population; by 2035, China will enter the medium-developed stage, and the total population of medium-developed countries (such as OECD countries) will double from the current 1.36 billion to 2.72 billion, accounting for of the total world population will increase from 17.7% now to about 33.3% in 2035. At the same time, China's Human Development Index will increase from 0.761 in 2019 to more than 0.850 in 2035, doubling the share of the current population of very high human development countries in the world's total population as well. This is all an important sign of China's becoming a medium-developed country and a major contribution to world development.

China's comprehensive establishment of the world's largest socialist society of commonwealth will fundamentally change the world's economic, political, and governance patterns over the centuries since the emergence of capitalism and its global expansion. China under common prosperity will greatly promote inclusive, sharing, and sustainable global development, especially accelerating the equalizing trend between the global north and south. It will also open up a new road and a new era for mankind to move toward common development, common prosperity, and common sharing with over a billion population.

China entering a new era of socialism with Chinese characteristics has laid a more solid foundation for the realization of building a strong socialist modern country in all aspects. Firstly, achieving common prosperity for all people is the social and popular foundation for building a strong socialist modern state; secondly, achieving the goal of building a strong socialist modern state comprehensively has laid a solid economic and material foundation for common prosperity for all people; finally, achieving common prosperity and building a strong socialist modern state support each other, interact and promote each other, and will continue to write a great miracle in the history of China and human development.

⁴ World Bank database.

In short, China has taken a big step closer to the center of the world stage and is closer to, more confident in, and more capable of achieving the grand goal of the great rejuvenation of the Chinese nation than at any other time in history, influencing the world, shaping the world, achieving the world and contributing to the world as never before. We can say that more than one billion people in China, under the leadership of the Communist Party of China, are on the road to common prosperity, and by the middle of this century will have fully built a modern socialist state and achieved the great rejuvenation of the Chinese nation, validating what Mao Zedong predicted in 1949: “The righteous path on earth is the vicissitudes of the world.”

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APPENDIX

See Table [A.1](#).

Table A.1 Indicators for promoting shared prosperity (2020–2035) (Draft Recommendation)

<i>Class indicators</i>	<i>Evaluation metrics</i>	2020	2025	2030	2035	<i>Annual average/ cumulative</i>	<i>Properties</i>
Productivity	1. Gross Domestic Product (GDP) growth rate (%)	2.2	–	–	–	About 5	Anticipatory
	2. Total labor productivity growth rate (%)	11.5	>15.3			>5	Anticipatory
	3. Average years of education of the working-age population	10.8	11.3	11.8	12.3	[1.5]	Binding
Development Opportunities	4. Talent resources (billion people)	2.2	2.5	2.8	3.2	[1.0]	Anticipatory
	5. Urbanization rate of resident population (%)	63.9	69	74	78–80	[14–16]	Anticipatory
	6. Urbanization rate of household population (%)	44.4 (2019)	53	60	65	[>20]	Binding

<i>Class indicators</i>	<i>Evaluation metrics</i>	2020	2025	2030	2035	<i>Annual average/ cumulative</i>	<i>Properties</i>
	7. Number of new urban employment (million people/year)	1352	>1100	>1100	>1100	[1650]	Anticipatory
	8. Urban survey unemployment rate (%)	5.2	<5.3	<5.3	<5.3		Anticipatory
Development	9. Gross enrollment rate of preschool education (%)	85.2	>90	93	>95	[>10]	Binding
Protection	10. Gross enrollment rate of upper secondary education (%)	91.2	>95	95.4	>97	[>10]	Anticipatory
	11. Gross enrollment rate in higher education (%)	54.4	65	>70	>75	[>20]	Anticipatory
	12. Basic pension insurance participation rate (%)	(967 million)	95	>97	>99		Anticipatory

(continued)

Table A.1 (continued)

<i>Class indicators</i>	<i>Evaluation metrics</i>	2020	2025	2030	2035	<i>Annual average/ cumulative</i>	<i>Properties</i>
	13. Medical insurance participation rate (%)	>95	>98	Full coverage	Full coverage		Anticipatory
	14. Number of childcare places for infants and toddlers under 3 years of age per 1000 population	1.8	4.5				Anticipatory
	15. Infant mortality rate (‰)	5.4	4.2	2.9	2		Anticipatory
	16. Under-five mortality rate (‰)	7.5	5.8	4	3		Anticipatory
	17. Maternal mortality rate (1/100,000)	16.7	13.7	10.7	9.7		Anticipatory
Development Protection	18. Percentage of nursing-care beds in elderly institutions (%)	40 (2019)	>55	70	80		Anticipatory

<i>Class indicators</i>	<i>Evaluation metrics</i>	2020	2025	2030	2035	<i>Annual average/ cumulative</i>	<i>Properties</i>
19.	The proportion of new subsidized housing in towns and cities to new housing (%)	-	80	95	100		Binding
20.	Coverage of volunteer sites in the community integrated service facilities (%)	-	60	80	90		Binding
21.	Township (street) range with comprehensive function of the coverage of elderly service institutions (%)	-	60	80	90		Binding

(continued)

Table A.1 (continued)

<i>Class indicators</i>	<i>Evaluation metrics</i>	2020	2025	2030	2035	<i>Annual average/ cumulative</i>	<i>Properties</i>
Revenue Distribution	22. Ratio of disposable income per inhabitant to GDP per inhabitant (%)	2.1	-	-	-	About 5	Anticipatory
	23. Ratio of urban to rural per capita disposable income (rural = 1.00)	2.56	<2.4	<2.2	<2.0		Anticipatory
	24. The ratio of basic pension income of rural residents to net income per capita in rural areas (%)						Anticipatory
	25. The proportion of rural low-income security standards to urban low-income security standards (%)		75	80	90		Binding

<i>Class indicators</i>	<i>Evaluation metrics</i>	2020	2025	2030	2035	<i>Annual average/ cumulative</i>	<i>Properties</i>
People Benefits	26. Gini coefficient of per capita disposable income of the population	0.465 (2019)			<0.400		Anticipatory
	27. Growth rate of per capita disposable income of residents (%)					Keeping pace with economic growth	Anticipatory
	28. Engel coefficient of rural households (%)	30.0 (2019)	<27.0	<23.0	Around 20		Anticipatory
29. Life expectancy per capita (years)	77.5	78.5	79	79.5	[2.2]		Anticipatory
30. Human Development Index	0.761 (2019)	0.81	0.836	>0.850	[0.083]		Anticipatory

Note ① GDP, total labor productivity, and per capita disposable income growth rates are calculated at comparable prices; ② data in “[]” are cumulative; 2020 data are from China Statistical Abstract 2021, China Statistics Press, 2021; 2025 data are from National Economic and Social Development of the People’s Republic of China The data for 2025 are from “Outline of the Fourteenth Five-Year Plan and 2035 Visionary Goals for National Economic and Social Development of the People’s Republic of China,” *People’s Daily*, March 13, 2021; the data for 2030 and 2035 are preliminary calculations by the authors

EPILOGUE

Achieving common prosperity for all people is the basic goal of China's socialist modernization. In this regard, we also have a process of continuous study, continuous research, and deepening understanding.

In 1991, based on my understanding of China's national conditions and my medium- and long-term development outlook for the twenty-first century, I argued that China's modernization should not be the modernization of a few people (the affluence of a few populations, the development of a few regions, and the prosperity of a few cities), but the modernization of the entire population, i.e., the modernization of the rural areas that make up the majority of the country's population. In the process of China's modernization, the economic system and distribution system that have proven to be effective for more than 40 years (meaning 1949–1991) should be adhered to and improved by institutional reforms. This will enable the entire population to live at a generally well-off level by the beginning of the twenty-first century, avoiding the disparity between the rich and the poor, which will undoubtedly lead to the overall progress and comprehensive development of society, and will continue to strengthen the Party's ruling base. In the long run, China will reach the level of medium-developed countries by 2050, thus achieving common prosperity for all people is of special importance. It will not only fully demonstrate the superiority of the socialist system but also enable a huge population of 1.5–1.6 billion people to live a relatively affluent

life, which will be the most wonderful scene in the world modernization process.

In 1995, I suggested that during the Ninth Five-Year Plan, conditions should be created to gradually narrow the relative regional disparities.¹ In September 1995, Jiang Zemin's speech at the Fifth Plenary Session of the 14th CPC Central Committee, "Correctly Handling Some Major Relationships in Socialist Modernization," clearly stated that "narrowing the regional gap should be an important policy to be adhered to in the long run." "Starting from the 'Ninth Five-Year Plan', more attention should be paid to supporting the economic development of the central and western regions, gradually increasing efforts to address the trend of continuing widening regional disparities, and actively working toward narrowing the gap."² In the same year, Wang Shaoguang, Kang Xiaoguang, and I published a book entitled "China's Regional Disparity Report," which provided a research basis for the central government to formulate China's regional development strategy and which became one of the most cited works in academia.

In 1999, Wang Shaoguang and I published *China: The Political Economy of Uneven Development*. The book uses political economy theory to analyze the pattern of regional disparity changes in China since the reform and opening up, and examines not only the economic causes and economic consequences of this pattern, but also its political causes and political consequences; it proposes not only economic propositions and economic policies to narrow the regional development gap but also political propositions and institution-building proposals to solve the problem. Taken together, this depends on two important variables: first, whether the government's political will to narrow the regional gap is strong or weak; and second, whether the government's ability to influence capital flows is strong or weak. If the government only has the political will to narrow the gap but lacks the means and capacity to intervene, it will likewise fail to achieve the goal of narrowing the regional gap. The book suggests that China's regional development policy goals should be set as follows: in the short or medium term, first focus on the continued widening of the economic development gap and narrowing

¹ See Hu Angang, *Hu Angang Collection: China's Ten Relationships Toward the Twenty-first Century*, Heilongjiang Education Press, 1995, p. 89.

² *Selected Writings of Jiang Zemin*, Vol. 1, People's Publishing House, 2006 edition, p. 466.

the gap in the level of basic public services for the population in each region; in the medium and long term, strive to narrow the relative gap in economic development; in the longer term, aim to narrow the absolute gap in economic development; and ultimately, aim to eliminate absolute inequality. For this goal, we can only keep approaching but cannot fully reach it.³ On June 17, 1999, when Jiang Zemin hosted a symposium on the reform and development of state-owned enterprises in the north-west region in Xi'an, he officially proposed that the strategy of Western development should be implemented without losing time. He pointed out that gradually narrowing the development gap between regions, achieving coordinated national economic and social development, and ultimately achieving common prosperity for all people is the essential requirement of socialism and a major issue concerning the overall situation of China's development across the centuries. The implementation of Western development, to promote the reform and construction of the country, for the long-term stability of the country, has great economic, social, and political significance.⁴

In August 1999, under the auspices of Academician Sun Honglie, I authored the report "Some Suggestions for Accelerating the Development of Northwest China in the Early 21st Century" on behalf of the Department of Geosciences of the Chinese Academy of Sciences. According to Jiang Zemin's request of "accelerating the development of the western region under the condition of developing socialist market economy, we should have new ideas," we suggested in the report that the primary goal of accelerating the development of the northwest region is to "put people first" to achieve "enrich the people." It is composed of three major strategies: first, the knowledge development strategy, that is, the use of knowledge for development, strengthen investment in population education, health, and various types of knowledge, and improve the ability of all citizens to acquire, absorb and exchange all kinds of knowledge and information; second, the human resources development strategy, that is, to expand employment opportunities, develop labor-intensive industries, and reduce urban and rural poverty; third, the sustainable development strategy, to improve the ecological environment as the fundamental,

³ See Wang Shaoguang and Hu Angang, "China: The Political Economy of Uneven Development," China Planning Press, 1999, pp. 1–2.

⁴ See Jiang Zemin's Selected Writings, Vol. 2, People's Publishing House, 2006 edition, pp. 340, 342.

protecting the ecosystem centered on the oasis, protecting the source and upstream areas of the Yellow River and Yangtze River, taking rational use of water resources and water conservation as the key, comprehensive control of soil erosion and desertification, and implementing protective development of strategic resources (such as oil).

In 2001, the book “Region and Development: A New Strategy for Western Development,” which I edited, was published to make a more in-depth and systematic study for the implementation of the Western Development Strategy.

On November 8, 2002, the report of the 16th Party Congress proposed for the first time that in the first 20 years of this century, we should concentrate our efforts on comprehensively building a higher level of well-off society benefiting more than one billion people. We will strive to quadruple the Gross Domestic Product (GDP) by 2020 compared to 2000, and for the first time, the trend of widening disparities between workers and farmers, urban and rural areas and regions will be gradually reversed. The social security system will be more sound, social employment will be more adequate, household property will generally increase, and people will lead a more affluent life. We will basically universalize high school education and eliminate illiteracy, form a learning society where all people learn and learn for life, and promote all-round human development.⁵

On November 15, 2002, Wang Mengkui (then director of the Development Research Center of the State Council) and I were interviewed by CCTV on how to understand the issue of building a moderately prosperous society that will benefit more than one billion people, and my answer was that the past 20 years were mainly about “making some people and some regions rich first.” The theme of building a moderately prosperous society in the next 20 years will enable all people to move steadily toward common prosperity.⁶

In 2003, I outlined the goal system of China’s development as “growth, strengthening the country, enriching the people, and improving international competitiveness.” By 2020, China will become a leading

⁵ See Jiang Zemin’s Selected Writings, Vol. 3, People’s Publishing House, 2006 edition, p. 543.

⁶ For a detailed analysis, see Hu Angang, “Building China’s Grand Strategy: The Ambitious Goal of “Enriching the People and Strengthening the Country,” State of the Nation Report, November 2002.

world power based on strong comprehensive national power, enter the ranks of middle- or upper-middle-income countries, and reach a high level of human development index. It will eliminate absolute poverty, build a well-off society with education for all, health services for all, and common prosperity and improve its international competitiveness and enter the forefront of the world. A strong country is the basis of a rich people, and a rich people is the purpose of a strong country, while improving international competitiveness is the basic feature of a strong country and a rich people. This is not only an indicator of maximizing social welfare for more than one billion people in China but also a positive and significant contribution to mankind by achieving the global social development goals (meaning MDG) by 2015 as proposed by the international community ahead of schedule.⁷

In 2011, Yanyan Yilong, Wei Xing, and I wrote “2030 China: Toward Common Wealth.” Deng Xiaoping’s strategic vision for 2050 was, “If we reach a per capita GNP of four thousand dollars and are commonly affluent, we will then be able to better demonstrate the superiority of the socialist system over the capitalist system, and we will have pointed out the direction of struggle for three-fourths of the world’s population and proven the correctness of Marxism even more.”⁸ Accordingly, we propose the goal of China’s economic and social development in 2030 from a long-term, strategic and forward-looking perspective, namely, that more than one billion Chinese people work together to build a socialist China of common prosperity (referred to as the “commonwealth society”). This goal is not only a natural continuation and historical necessity to achieve the goal of building a moderately prosperous society in 2020 but also a middle station and a necessary path to socialist modernization in 2050. From 2030 to 2050, China will continue to strive to achieve the second-century goal, and China will move from well-off to affluent, from low to middle income to high income, and common prosperity is the most important development theme, the core development goal and the biggest development task of socialist China.⁹

⁷ See Hu Angang, edited by Hu Angang, *China’s Grand Strategy*, Zhejiang People’s Publishing House, 2003, pp. 8–9.

⁸ *Selected Writings of Deng Xiaoping*, Volume III, People’s Publishing House, 1993 edition, pp. 195–196.

⁹ See Hu Angang, Yanyan Yilong, and Wei Xing, “2030 China: Towards Common Wealth,” Renmin University of China Press, 2011.

By 2020, at constant prices, China's GDP is equivalent to 5.28 times that of 2000, with an average annual growth rate of 9.3%, exceeding not only the World Bank (1997) forecast of 3.33 times¹⁰ but also the US RAND Corporation (2001) forecast of 2.65 times.¹¹ GDP per capita (PPP, 2017 international dollars) rose from 3452 international dollars in 2000 to 16,316 international dollars in 2020, an increase of 4.73 times, with an average annual growth rate of 8.1%. Based on the current rural poverty standard in 2010 (living standard of 2300 yuan per person per year, constant 2010 prices), the 462.24 million rural poor in 2000 will all be eliminated from absolute poverty by 2020. China is not only on schedule to build a moderately prosperous society but has already exceeded the expected goals of the 16th and 17th Party Congresses.

Because of the first two decades of the twenty-first century, China is on schedule to achieve the first-century goal of building a moderately prosperous society. General Secretary Xi Jinping has proposed a phased goal of promoting common prosperity in China: by the end of the 14th Five-Year Plan, the common prosperity of all people will have taken a solid step forward, and the gap between the income of residents and their actual consumption level will have been gradually reduced. By 2035, the common prosperity of all people will have made more obvious and substantial progress, and basic public services will have been equalized. By the middle of this century, the common prosperity of all people will have been basically realized, and the gap between the income of residents and their actual consumption level will have narrowed to a reasonable range.

In January 2021, General Secretary Xi Jinping pointed out in his speech at the opening session of the special seminar for major leading cadres at the provincial and ministerial levels to study and implement the spirit of the Fifth Plenary Session of the 19th CPC Central Committee that achieving common prosperity is not only an economic issue but also a major political issue related to the Party's ruling base. It is necessary to consider the needs and possibilities in an integrated manner, to make gradual progress in accordance with the laws of economic and social development, to consciously and actively solve the problems of regional

¹⁰ See World Bank, edited by China in 2020, China Financial and Economic Press, 1997 edition.

¹¹ Charls Wolf, Jr., Anil Bamezai, K.C. Yeh, and Benjamin Zycher, 2000, Asian Economic Trends and Their Security Implication, RAND, Arroyo Center.

disparity, urban–rural disparity, and income disparity, and to continuously enhance the people’s sense of access, happiness, and security.¹² This becomes the basic idea and starting point of this book’s research.

In March 2020, Premier Li Keqiang clearly proposed in the Government Work Report to adhere to the principle of doing one’s best and within one’s means, strengthen the construction of universal, fundamental, and bottom-up livelihoods, and formulate an action platform to promote common prosperity, so that the fruits of development can benefit all people in a greater and fairer way. To this end, the relevant departments are in the process of formulating such an outline. Based on this need, this book focuses on the theme of “Building a Commonly Affluent Society” and, from a new historical starting point, conducts in-depth and systematic forward-looking research to provide decision-making advice for major decisions such as the formulation of the action plan for promoting common prosperity. Our research has gone through five stages.

In the first phase, the 14th Five-Year Plan study was launched in 2019, and a number of national reports have been published for the reference of policy-making departments.

In the second phase, the 14th Five-Year Plan and the 2035 Vision Study will be organized from 2020 onwards.

In the third stage, based on the “Proposal of the Central Committee of the Communist Party of China on Formulating the 14th Five-Year Plan for National Economic and Social Development and the 2035 Vision” of the Fifth Plenary Session of the 19th CPC Central Committee, and based on in-depth study and systematic research, we organized our colleagues from the National Research Institute and post-docs to write the “14th Five-Year Plan” and the 2035 Vision. The book has a medium and long-term vision and realization path for building a common wealthy society through three five-year plans. The book has been officially published by Oriental Publishing House and has attracted wide attention from various parties.

In the fourth stage, Professor Zhou Shaojie and I published our academic paper “2035 China: Towards Common Wealth” in the Journal of Beijing University of Technology (Philosophy and Social Science

¹² See “In-depth Study and Resolute Implementation of the Spirit of the Fifth Plenary Session of the 19th CPC Central Committee to Ensure a Good Start in Building a Comprehensive Socialist Modern State,” *People’s Daily*, January 12, 2021.

Edition). The Fifth Plenary Session of the 19th CPC Central Committee proposed that by 2035, “the visionary goal of socialist modernization will be basically realized, and the common prosperity of all people will have made more obvious and substantial progress.” Accordingly, we focused on the theoretical and practical issues of common prosperity, based on Marxist political economy theory, and comprehensively elaborate the profound connotation, goals, and ways of achieving common prosperity, as well as design the index system and assessment methods. We gave an outlook of China’s development in the next 15 years and make medium- and long-term projections on the economic and social goals related to the development of common prosperity from the 14th Five-Year Plan to 2035; discussed the opportunities and challenges facing China in achieving common prosperity in the new era, the overall goals and development targets, policy recommendations and global significance; proposed the strategic path, major tasks and key measures for achieving common prosperity in steps and stages. It also proposed strategic paths, major tasks, and key measures to achieve common prosperity in steps and stages, with a view to solving the problems of narrowing the three major gaps between regions, urban and rural areas, and incomes, achieving the goal of equalizing basic public services and providing Chinese experience for mankind to break the gap between the rich and the poor. This has become the academic basis of this book.

In the fifth stage, Shaojie Zhou and I wrote the book “2035 China: Building a Common Wealth Society.” Based on General Secretary Xi Jinping’s important discussion on common prosperity, and building upon in-depth study and research, we made medium and long-term outlook, analyzed opportunities and challenges, and proposed a scientific and feasible indicator system, major tasks and policy ideas to promote common prosperity, as an academic version of “The Greatest of Nations.” In addition, according to the requirements of relevant parties, we have also written thematic research reports for the reference of relevant parties in decision-making.

The main conclusion of this book is that, on the whole, whether from the perspective of development foundation, development stage, development conditions, development capacity, development strategy and development policy, China has the conditions of timing, location, and human harmony for more than 1.4 billion people to build a common wealthy society together under the leadership of the CPC, which is an unprecedented historical mission that cannot be achieved lightly and must

take Greater efforts must be made than ever before. The realization of the goal of common prosperity can certainly make a greater contribution than ever before. This is because more than 1.4 billion Chinese people will not only enter a high-income stage and reach the level of medium-developed countries but will also further accelerate the great changes in the world landscape, making significant contributions to the innovative, coordinated, green, open, and shared development of the world and opening up a new path of modernization for common prosperity for mankind.

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This book is the collective achievement and wisdom accumulated by the National Research Institute over a long period of time. It also incorporates the National Research Institute’s book “The 14th Five-Year Plan and the 2035 Vision” (Oriental Press, October 2020), which I edited, and the report “2035 China: Basic Realization of Socialist Modernization” (October 2021). The book also includes a number of special reports on the state of the nation for policymakers’ reference. As a result of the research on national conditions and policies, this book is a new achievement in practicing the concept of “knowledge for the people, knowledge for the country, and knowledge for humanity,” as General Secretary Xi Jinping has requested, standing higher, looking farther, and thinking deeper.

Hu Angang
December 2021 at Tsinghua University