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共同富裕 *Gongtong Fuyu*

Making sense of “common prosperity”

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DEFINITION

共同富裕 Gongtong Fuyu: The term “common prosperity” is widely used in policy documents and media articles to describe the government’s actions to reduce the inequalities in income and social welfare between different groups of people in China as well as to strengthen the social security and safety net.

Relevance

The term “common prosperity” is nowadays often used in policy documents setting targets and goals for social development. The following two important documents all take common prosperity as the priority element.

Report of the 19th National Congress of the Communist Party of China

The report set out the targets of common prosperity in the coming decades that will guide the country’s development path. The report indicates that improving people’s livelihood, narrowing the income gap, and achieving common prosperity are the major goals to be achieved by 2035 and 2050. For example, the goal of 2035 proposes “people’s lives will be more prosperous, the proportion of middle-income groups will increase significantly, the development gap between urban and rural areas and the gap

in living standards of residents will be significantly narrowed, the equalization of basic public services will be basically achieved, and the common prosperity of all people will take solid steps”. The goal by 2050 is that “the common prosperity of all people will be basically achieved,

and the people of our country will enjoy a happier and healthier life”.

The report recognizes that it takes a process to achieve common prosperity and calls on Chinese people to work hard and keep pushing forward.

14th Five-Year Plan (2021-2025)

The 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035 also set common prosperity as a long-term goal: by 2035, people’s lives are better, and more substantial progress has been made in the all-round development of the people and the common prosperity of all the people. To achieve the goal, China will take specific measures to improve the income level of low-income groups; expand the middle-income population; increase the factor income of low- and middle-income groups; improve the redistribution mechanism to

increase the adjustment strength and accuracy of taxation, social security, and transfer payment; give play to the role of charity from high-income individuals and enterprises (third distribution); and develop philanthropy.

History

Common prosperity has a long history in China and its interpretation has changed radically over time.

The phrase first appeared on 16 December 1953 in a policy document titled “The Resolution on the Development of Agricultural Production Cooperatives” of the Central Committee of the Communist Party of China (CCCPC, 1953). The resolution pointed out that “the most fundamental task of the Party’s work in the countryside is to educate and promote the gradual joint organization of the peasant masses, to rapidly implement the socialist transformation of agriculture, and to enable the peasants to gradually get rid of poverty and achieve common prosperity and a generally prosperous life.”

Since the reform and opening up, the practices of common prosperity were largely influenced by Deng Xiaoping’s policy of “letting some people get rich first”. In 1978,

at the working conference of the Central Committee of the Communist Party of China, Deng Xiaoping pointed out that poverty is not socialism, and common prosperity is the essential feature of socialism. Deng also emphasized that the Party should encourage some people in some areas to get rich first, help them become rich, and finally achieve common prosperity (Yu, 2008).

In February 2021, Chinese President Xi Jinping declared that China has scored a “complete victory” in eradicating absolute poverty in China. Over an eight-year period, nearly 100 million people, most of the living in rural areas, have been lifted out of poverty. Combined with poverty-reduction results since the late 1970s, China is responsible for over 70 percent of the global reduction in poverty over the period (Xinhua, 2021). This achievement marks a historical milestone of China’s efforts toward common prosperity.

However, the Chinese government clearly recognized that a large low-income population remains in China, as Premier Li Keqiang said at a news conference in Beijing in June 2020, with about 600 million Chinese only earning about 1,000 yuan (\$141) per capita a month. Also, the uneven development has, over time, materialized

into a widening wealth gap, which started to grow more than four decades ago as a side effect of the country's embrace of the market economy and the prioritizing of development of coastal regions (China Daily, 2020).

To address the wealth gap, unbalanced development, as well as inequality in access to public services and social security, common prosperity re-emerged as a top priority in China's social and economic development plan.

As the Communist Party of China prepares to hold its 20th National Congress in October 2022, common prosperity is again listed as a priority on the agenda (Xinhua, 2022).

Aanalysis

A holistic target

Common prosperity is not only about becoming wealthy, but about improving all aspects in life, including education, social welfare, and even mental well-being. Achieving common prosperity does not mean that everybody will become prosperous at the same time – some areas and some people may develop faster than

others, and those that do are expected to help others catch up.

Common prosperity a priority in rural development

The Chinese government regards implementing the rural revitalization strategy as an inevitable choice to achieve common prosperity for all people. Implementing the rural revitalization strategy, continuously expanding the channels for farmers to increase their income, comprehensively improving rural production and living conditions, and promoting social fairness and justice are conducive to improving farmers' well-being, enabling hundreds of millions of farmers to embark on the path of common prosperity (State Council, 2018).

Guiding the way

In October 2021, Chinese President Xi Jinping, also General Secretary of the Communist Party of China, published an article in Qiushi, the Party's theory journal, titled "Making Solid Progress toward Common Prosperity". In the article, Xi outlined the milestones, principles and measures to achieve common prosperity.

The milestones toward common prosperity:

- By the end of the 14th Five-Year Plan period (2021-2025), China will have made solid progress toward bringing prosperity to all, while gaps between individual incomes and actual consumption levels will gradually narrow.
- By 2035, China will have made more notable and substantive progress toward common prosperity, and equitable access to basic public services will be ensured.
- By the middle of this century, common prosperity will be basically achieved, while gaps between individual incomes and actual consumption levels will be narrowed to an appropriate range.

The four principles leading the way to common prosperity:

- Encouraging people to pursue prosperity through innovation and hard work;
- Upholding China's basic economic system;
- Doing our utmost while working within our means; and
- Pursuing incremental progress.

The six measures to achieve common prosperity:

- Making China's development more balanced, coordinated, and inclusive;
- Expanding the size of the middle-income group;
- Promoting equitable access to basic public services;
- Adopting more rigorous measures to regulate high income;
- Achieving common prosperity also in a non-material sense;
- Bringing common prosperity to rural areas and rural residents.