

China's Common prosperity drive

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In news– Recently, the President of China, Xi Jinping, has called for China to achieve “common prosperity”, seeking to narrow a yawning wealth gap that threatens the country’s economic ascent and the legitimacy of Communist Party rule.

About ‘Common prosperity’-

- **“Common prosperity” was first mentioned in the 1950s by Mao Zedong**, founding leader of what was then an impoverished China, and **repeated in the 1980s by Deng Xiaoping**, who modernised an economy devastated by the Cultural Revolution.
- Deng said that allowing some people and regions to get rich first would speed up economic growth and help achieve the ultimate goal of common prosperity.
- China became an economic powerhouse under a **hybrid policy of “socialism with Chinese characteristics”**, but it also deepened inequality, especially between urban and rural areas, a divide that threatens social stability.
- The **push for common prosperity has encompassed policies ranging from curbing tax evasion and limits on the hours that tech sector employees can work** to bans on for-profit tutoring in core school subjects and strict limits on the time minors can spend playing video games.

Current commitment to common prosperity drive

- Xi Jinping, poised to begin a third term in 2022, is turning towards inequality after concluding a campaign to eliminate absolute poverty, pledging to make “solid progress” towards common prosperity by 2035 and “basically achieve” the goal by 2050.

- This year, **Xi has signalled a heightened commitment to delivering common prosperity**, emphasising it is **not just an economic objective but core to the party's governing foundation**.
- A pilot programme in Zhejiang province, one of China's wealthiest, is designed to narrow the income gap there by 2025.
- Chinese leaders have pledged to **use taxation and other income redistribution levers to expand the proportion of middle-income citizens**, boost incomes of the poor, **"rationally adjust excessive incomes"**, and **ban illegal incomes**.
- The government has explicitly encouraged high-income firms and individuals to contribute more to society via the so-called **"third distribution"**, which refers to **charity and donations**.
- Long-discussed reforms such as **implementing property and inheritance taxes to tackle the wealth gap** could gain new impetus.
- Other measures would include **improving public services and social safety net**.