

To Firmly Drive Common Prosperity

By Xi Jinping

Introduction and translation by Adam Ni, Oct. 17, 2021

Note: Brackets [] that explain terms are by Mr. Ni, while brackets // in italics that comment on the political economy are mine. Bold facing is also mine. – Charles Andrews.

Introduction

On Friday (October 15), the CCP's flagship journal, *Qiushi*, published an article by Xi Jinping titled "To Firmly Drive Common Prosperity." This article is based on Xi's speech at the 10th meeting of the Central Financial and Economic Affairs Commission on August 17.

Since the start of reform and opening up, our Party has thoroughly summarised both positive and negative historical experiences. We realised that poverty is not socialism; we broke the shackles of the traditional system; we allowed some people and regions to get rich first; and we promoted the liberation and development of socially productive forces. *[This is the Menshevik theory of productive forces. For more on it, see "[Socialism Is a Series of Communist Projects](#)."]*

Since the 18th Party Congress, the Party Central Committee has grasped the new changes to [China's] stage of development and placed greater importance on progressively achieving common prosperity for all people. It has promoted coordinated regional development and taken effective measures to safeguard and improve the livelihood of the people. We have won the tough battle against poverty, completed the building of a moderately prosperous society, and created favourable conditions for promoting common prosperity. *[Here and throughout, you will notice that he uses vague quantitative adjectives and never defines numeric thresholds and goals.]*

We are currently advancing towards the second centenary goal [of building China into a great modern socialist country]. In our efforts to seek happiness for the people and continuously consolidate the **Party's foundation for holding power over the long term**, we shall

focus on driving common prosperity for all. Indeed, this focus is necessary for [us] adapting to the changes in the main contradiction in our society. It is also necessary as part of our work to better meet the ever-growing demands of the people for a better life.

High-quality development requires high-quality workers. Only by promoting common prosperity, raising the income of both urban and rural residents, and **upgrading human capital** can we **increase total factor productivity** and reinforce the basic propulsion force behind high-quality development. *["Human capital" and "total factor productivity" are concepts in the bourgeois economic theory based on "marginal productivity." The use of these terms shows that the entire framework is this theory, not the communist political economy initiated by Marx and developed in the socialist eras of the Soviet Union (1917-1956) and China (1949-1976).]*

At present, income inequality is a prominent issue around the globe. The rich and the poor in some countries are polarised with the collapse of the middle class. This has led to social disintegration, political polarisation, and **rampant populism** — indeed, the lessons [for us] are profound! Our country must resolutely guard against polarisation, drive common prosperity, and maintain social harmony and stability.

At the same time, we must clearly recognise that the problem of unbalanced and inadequate development in China remains prominent, with wide gaps between urban and rural regional development and income distribution.

The new round of technological revolution and industrial transformation is giving a strong impetus to economic development. It is also having profound effects on employment and income distribution, including some negative effects. These negative effects need to be effectively addressed and resolved.

Common prosperity is an essential requirement of socialism and an important feature of Chinese-style modernisation. The common prosperity we are talking about is the common prosperity of all people. It is the prosperity of all people in their material and spiritual lives. Common prosperity does not mean prosperity for a few, **nor is it neat**

and tidy egalitarianism.

We must study in-depth the objectives of the different stages [of the pursuit for common prosperity] and advance in phases. By the end of the 14th Five-Year Plan [2021-2025], common prosperity for the entire population will have taken a solid step forward, and the gap between the income and actual consumption levels of residents will have been gradually reduced. By 2035, common prosperity for the entire population will have made more visible and substantial progress, and [access to] basic public services will have been equalised. By the middle of this century, common prosperity for the entire population will be basically achieved, and the gap between income and consumption levels of residents will have been narrowed to a reasonable range.

We must hurry up and formulate an action programme to promote common prosperity. In doing so, we must propose a scientific and feasible system of indicators, and assessment and evaluation methods that fit with [China's] national condition.

To drive common prosperity, we must grasp the following principles:

Encourage industriousness and innovation as means to prosperity. A happy life is earned through struggle, and common prosperity requires industriousness and wisdom. We must persist in safeguarding and improving people's livelihoods in the course of development, take the promotion of high-quality development as the top priority, create more inclusive and equitable conditions for people to improve their education levels and development capabilities, enhance the human capital of the entire society and professional skills, improve the people's ability to find employment and start businesses, and strengthen their capability to get rich. We must prevent social stratification, **open up channels for upward mobility, create opportunities for more people to become rich**, form a development environment with participation from everyone, and avoid [the phenomena of] "involution" and "lying flat". *[This is a description of capitalism with opportunity for social mobility. "Involution" and "lying flat" are current terms that express the alienation of young adult workers who see that the opportunities of 1980 to 2008 have drawn to a close.]*

Adhere to the basic economic system. We must base ourselves on the primary stage of socialism and adhere to the “Two Unswervingly” principle. [That is to say], we must maintain the public ownership system as the mainstay and simultaneously develop the economics of a variety of ownership systems. While giving full play to the important role of the public sector economy in driving common prosperity, we must also promote the healthy development of the non-public sector economy and the healthy growth of its members. While we should allow some people to get rich first, it should be emphasised that those who become rich first [shall] lead and assist those who are not yet rich. We shall focus on encouraging industriousness, legal business operations, and those leaders of wealth acquisition who dare to pioneer. Getting rich by underhand means shall not be supported, and those who break the law and violate regulations must be dealt with according to the law.

Do the best and act within competence. We must establish a scientific public policy system, divide the cake well, and form a reasonable distribution pattern for the benefit of all. We must apply greater efforts and take more concrete measures to give the masses a greater sense of gain. At the same time, we must also see that China’s level of development is still far from that of developed countries.

We must plan, and navigate between needs and possibilities. We must base the protection and improvement of the livelihood of the people on economic development and financial sustainability rather than unrealistic pursuits and expectations, and promises that cannot be fulfilled. The government cannot take care of everything. Its focus should be on strengthening the construction of people’s livelihood guarantees that are fundamental and universal. Even if we reach a higher level of development and acquire stronger financial resources in the future, we should not set aims that are excessively high, and/or provide excessive guarantees. We must resolutely prevent [ourselves] from falling into **the trap of nurturing lazy people through “welfarism.”**

Adhere to a gradual and orderly process. Common prosperity is a long-term goal that requires a process and cannot be achieved overnight. We must fully consider the long-term, arduous and complex

nature of the enterprise. We must do it well; it can neither wait nor be rushed.

Some developed countries have been industrialising for hundreds of years, but due to their social systems, they have not solved the problem of common prosperity and, in fact, the problem of disparity between the rich and the poor has worsened. We need to be patient, and progress step-by-step in a firm and steady manner as to improve actual effectiveness.

We need to ensure the effective construction of the common prosperity demonstration zone in Zhejiang, and encourage all localities to explore effective paths that fit local conditions, draw lessons from their experiences, and gradually roll out [policy measures].

The general idea is to adhere to the people-centred development ideology; promote common prosperity during the course of high-quality development; correctly handle the relationship between efficiency and fairness; build a foundational system for coordinating and supporting primary distribution, [secondary] redistribution, and tertiary [re]distribution; increase the level of adjustment and precision in taxation, social security, transfer payments, etc; expand the size of the middle-income groups as a proportion of the population; increase the income of low-income groups; reasonably adjust high incomes; and prohibit and suppress illegal incomes. These measures aim at creating **an olive-shaped [income] distribution structure** with a large middle and [two] small ends. These measures would promote social equality and justice, the all-round development of humans, and enable the entire people to march firmly forward towards the goal of common prosperity. *[Redistribution by taxation and transfer payments are social democratic tools applied in capitalist economies. Experience shows that even when they achieve worthwhile reform, they never lead out of capitalism and into socialism. Indeed, the classic social welfare countries like Sweden reached a peak of reforms and then turned around and are now losing them. As for the olive metaphor, even a small tip of very rich will snare a huge portion of the total income.]*

[Below are six areas of focus for putting the above principles into action and driving common prosperity.]

First, we must improve the balance, coordination and inclusiveness of development. We must accelerate the improvement of the system of socialist market economy and drive more balanced, coordinated and inclusive development.

We must enhance the balance of development between different regions and implement the major regional development strategy [which includes Beijing-Tianjin-Hebei coordinated development, the development of the Yangtze River Economic Belt, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and the economic integration of the Yangtze River Delta Region] along with the coordinated regional development strategy.

We must improve the transfer payment system, reduce regional differences in per capita fiscal expenditure, and increase support for underdeveloped regions. We must strengthen the coordination in developing economic sectors, accelerate the reform of monopolistic sectors, and promote the coordinated development of finance and real estate with the real economy.

We should support the development of small and medium-sized enterprises and build an enterprise development ecology in which large, medium and small-sized enterprises are interdependent and mutually supporting. *[Can anyone take a bromide like this seriously?]*

Second, we must focus efforts on expanding the size of the middle-income groups. We must seize what is important and implement precise policies to push low-income earners into the middle-income bracket.

Graduates from higher education institutions are promising potential members of the middle-income groups. We must improve the quality of higher education, make sure [students] acquire specialisations and learn what is useful, and help them adapt to the needs of social development as soon as possible.

Skilled workers are also an important part of the middle-income groups. We should increase efforts to improve the training of skilled talent, raise the salary of skilled workers, and attract more highly qualified talent to join the ranks of skilled workers. *[These two*

paragraphs envision a stratum of upper middle income white-collar professionals and another stratum of skilled workers – both above an implicit mass of workers with lower income.]

Owners of small and medium-sized enterprises and sole proprietors are an important group of people who have become rich through entrepreneurship. We must improve the business environment [for them], **reduce their burden of taxes and fees, and provide them with more market-based financial services.** This is to help them run their businesses in a stable manner and continue to increase their income.

Migrant workers [moving from rural] to urban areas are an important source for the middle-income groups. We must deepen the reform of the household registration system, and resolve issues such as agricultural labour transfer [both between agricultural sectors and out of agriculture to other sectors], accompanying migration [of migrant worker families], education for children of migrant workers, etc. This is so that migrant workers can enter the city with peace of mind and find stable employment.

The salaries of civil servants, especially front-line civil servants at the grassroots level, and grassroots workers in state-owned enterprises and institutions, shall be appropriately increased.

We must **increase the income of urban and rural residents from housing [property], rural land, financial assets and other types of property.** *[This implies a stratum of small landlords who own rental housing (see below) and a stratum of people who can put extra income into stocks, mutual funds, etc.]*

Third, we must promote the equalisation of basic public services. In driving common prosperity, the low-income groups are a key target for assistance and support. We should increase investment in human capital that is inclusive [of the low-income groups], effectively reduce the burden of education on families in need, and raise the level of education for children of low-income earners.

We must improve the pension and medical care assurance systems, and gradually narrow the gap in funding and benefits between

employees and [non-employee] residents, and between urban and rural areas. We must also gradually raise the level of basic pension for urban and rural residents.

We must improve the basic [minimum guarantee] assistance system, accelerate the narrowing of the gap between urban and rural standards of social assistance, gradually raise the level of urban and rural minimum living standards, and safeguard the basic subsistence line [for the people].

We must improve the housing supply and support systems, and insist on the position that housing is for living in and not for [financial] speculation. We must **[support both] renting and buying**, adopt [tiered and differentiated] city-specific policies, improve the long-term rental housing policies, expand the supply of subsidised rental housing, and focus on solving the housing problems of new urban residents.

Fourth, We must strengthen the regulation and adjustment of high incomes. While protecting income that is legitimately acquired in accordance with the law, we must also prevent [social] polarisation and eliminate inequitable distribution [of income]. We should reasonably regulate excessive income, improve the personal income tax system and regulate the management of income from capital.

We must actively and steadily push forward property tax legislation and reform, and carry out effective pilots. We must increase consumption taxation adjustments, and study [possible] **expansions in the scope of consumption tax** collection. *[That is, regressive sales or value added tax.]*

We must strengthen the regulation of the public welfare and charity sector, improve tax incentive policies, and encourage high-income groups and enterprises to give more back to society.

We must clean up and regulate unreasonable incomes, strengthen the management of income distribution in monopolistic sectors and with respect to state-owned enterprises, rectify the order of income distribution, and clean up the chaotic situations of distribution, such as increasing the income of executives in disguise in the name of

reform. We must resolutely prohibit and suppress illegal incomes, resolutely curb [underhanded] dealings between power and money, and resolutely crack down on insider dealings, stock market manipulation, financial fraud, tax evasion and other activities aimed at obtaining illegal income.

After many years of exploration, we have a complete solution to the problem of poverty, but we still have to explore and accumulate experience on how to attain prosperity. We must protect property rights and intellectual property rights, and protect legitimate wealth creation. We must resolutely oppose the disorderly expansion of capital, draw up a negative list for market access for sensitive areas, and strengthen anti-monopoly regulation and supervision. At the same time, we also must mobilise the initiatives of entrepreneurs and facilitate the regulated and **healthy development of all types of capital**. *[How's that for a contradiction in terms?!]*

Fifth, we must promote common prosperity in the spiritual [and moral] lives of the people. The promotion of common prosperity is highly integrated with the promotion of all-round human development. We must strengthen the guidance of the Socialist Core Values, and education on patriotism, collectivism and socialism. We must develop [our] public culture enterprise, improve the public culture service system, and continuously meet the diverse, multi-levelled, and multi-faceted spiritual, moral and cultural needs of the people.

We must strengthen public opinion guidance on driving common prosperity to provide a favourable public opinion environment. In doing so, we should clarify various fuzzy understandings, and guard against impatience and fear of difficulties. *[There is no mention of the mass line method of democracy: solicit views from the masses and submit proposals to the masses.]*

Sixth, we must drive common prosperity among farmers and in rural areas. The most difficult and onerous task of promoting common prosperity remains in the rural areas. The work of common prosperity in rural areas should be expedited. But it is inappropriate to put forward uniform quantitative targets, as was in the case of the poverty eradication battle.

We must consolidate and expand the achievements of the poverty eradication battle, strengthen the monitoring and early intervention for **part of the population that can easily slip back into poverty**, and provide additional assistance to counties that have escaped poverty. This is to ensure that there is no large scale backslide into poverty or newly created poverty [among the population].

We must comprehensively drive rural revitalisation, accelerate the industrialisation of agriculture, revitalise rural assets, increase farmers' income from property, and enable more rural residents to become rich from hard work. We should strengthen the construction of rural basic infrastructure and public service systems, and improve the human living environment in rural areas.

My overall perspective is that, like the building of a moderately prosperous society, the common prosperity of all people is a general concept. It should be applied to the whole society, and not applied in a way that divides urban and rural areas, or eastern, central and western regions, with each proposing its own indicators; we need to look at the whole picture.

If we want to achieve common prosperity for 1.4 billion people, we must have a firm footing on solid foundations and make unremitting efforts. Not all people will become rich at the same time, nor will all regions reach the same level of affluence at the same time.

Not only will different groups of people achieve a higher or lower level of affluence, but there will also be differences in the timing. There will also be certain differences in the level of affluence between different regions; it is simply not possible for them to advance at the same speed.

Achieving common prosperity is a dynamic process; we must continuously drive it forward and deliver results.

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