

# The progress of common prosperity in China

*Xiufeng Xing\**, *Yu Wang* and *Xiaoping Yang*

Department of Economics, Qingdao University of Technology, 266525 Qingdao, China

**Abstract.** This paper examines the extant research progress of the common prosperity in China. Centrals on the topic of common prosperity, the author reviews the progress of Chinese common prosperity from a couple of perspectives: namely the relations between common prosperity and the essence of 20th National Congress of the Communist Party of China; the path and measures to achieve the common prosperity; the nexus among digital economy transition, financial inclusion, household consumption, regional coordinative development and common prosperity; and finally the measurement of the current level of common prosperity. In general, the theme of common prosperity has aroused wide focus in the academic community at home and abroad. From the perspective of literature review in particular, this paper summarizes the current research progress associated with common prosperity in China.

## 1 Relations between common prosperity and the essence of 20th national congress of the communist party of China

The 20th National Congress of the Communist Party of China was held on October 16, 2022. This meeting highlighted the strategic implications of common prosperity. In the meantime, it pointed out that the modernization with Chinese characteristics is the moderation of common prosperity as well. Also in this meeting, President Xi Jinping mentions eight times of the keyword of common prosperity. 2023 is the first year of China's fourteenth Five-year Plan which is the critical time to push the implementation of common prosperity. At present, many domestic scholars have investigated the subject of common prosperity using various methods. For example, Jiang (2023) employed the methodology of literature analysis as well as the combinations of history and logic in order to generalize the theory of common prosperity of Marxism from the perspectives of its scientific definition, fulfillment conditions and feasible ways regarding the common prosperity, and believed that Chinese modernization theory and its practice innovations are the heritage, development, innovations and check of Marxism common prosperity[1]. For another example, Wu (2023) argued that the capital logic was not only the beginning of the thought of Marxism common prosperity but also the indispensable perspective of better understanding common prosperity[2]. Also, Sang (2023) summed up the thought germination of common prosperity existing in traditional Chinese culture, such as the good intentions of moderate prosperity and pantisocracy, and the idea of equal wealth and privilege, and so on[3]. Zhang (2023) maintained that common prosperity was the great

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\* Corresponding author: [xxfqd@126.com](mailto:xxfqd@126.com)

development of historical materialism in China, which promoted the liberation of social productivity, making sure that it always on the track of achieving common prosperity, thus paved a new way for Chinese modernization. This new path is basically a way towards common prosperity for all people [4]. Shi (2023) interpreted the concept of common prosperity for all Chinese people from the perspectives of the historical inevitability, value orientation, and the realization way [5].

In general, regarding the concept of common prosperity, there are a huge body of literature. The above said simply represents the recent insights and understanding of a few Chinese researchers and mostly from the perspective of qualitative study.

## **2 The path and measures to achieve common prosperity**

When speaking of the path and corresponding measures associated with achieving the common prosperity, there is a huge body of literature. To name a few only, from the macroscopic point of view, for instance, Zhang (2023) considered that it is imperative to go into the manufacture field to seek the fundamental solution, and we cannot merely focus on the side of allocation[6]. In fact, we should not only stimulate the economic growth, create employment opportunity but also build up relevant system arrangement that is equitable, favourable to labour, as well as harmonious society so that advance the substantial progress of common prosperity for the people. Nanak Kakwani et al. (2022) found that the performance of Chinese labor market and the social policy considerably advanced the progress of common prosperity during the period of 1988-2018[7]. Li (2023) put forward the path of digital rural construction so as to propel the prosperity of Chinese farmers [8]. Xu (2023) found that the economic growth can push common prosperity through raising the income level of low and medium groups [9]. Zhu (2023) argued that government should take full advantage of finance instrument as well as its policy effect, at the same time, coupled with institutional guarantee, in order to facilitate the low income group to accomplish common prosperity by the means of income increase and high level safeguard[10]. In contrast, Cui (2023) analyzed the outstanding problems from the perspective of individual province, for example, Shānxi province during the process of pushing forward the cause of common prosperity, specifically, the problems included the imbalance, low household income, prominent employment conflict, imperfection of infrastructure or services, the growing gap between rural and urban development level, and the lack of economic vitality and resilience. Measures such as boosting town economy and pressing the coordinative development between rural and urban areas are proposed on the basis of the above mentioned questions [11].

Besides, Wu (2023) explored the mechanism and implementation path to common prosperity using metaverse theory, meanwhile, the author put forward that the theory should adhere to the principle of people-oriented, eliminate the logic of capitalism, while at the same time give a full play of the superiority of socialism with Chinese characteristics such that the social effect of metaverse can be maximized and the gaps between the poor and the rich can be removed [12]. Li (2023) investigated the role of excellent income allocation on common prosperity from the perspective of empirical study. Results revealed that the optimization of income distribution can significantly promote the process of common prosperity. Furthermore, this driving force has positive spillover effect, in other words, the optimization of local income distribution can speed up the adjacent area's common prosperity process [13].

In addition, based on the insistency of rural revitalization and the goal of common prosperity, following analytical thought of logic relations-path barrier-path selection, Zhang (2023) suggested jointly implementing the mode of “people plus industry plus culture” in the process of rural revitalization and common prosperity[14].

Last but not least, Zhang (2023) offered the idea of common prosperity in the context of Chinese modernization, which is, common prosperity is an integral part of the latter, and can be defined as the sum of co-building affluence plus shared affluence plus the intergrowth affluence. According to this study, overall, the common prosperity level under the circumstance of Chinese modernization is low but is ascending and there also existed a weak spatial correlation feature. Most importantly, in pursuing the common prosperity, the Chinese Communist Party always bear in the mind the vision of people-centered development, there are actually four key paths inclusive of the leadership of the Chinese Communist Party, high-quality development, demonstration projects establishment, and all-round rural revitalization on the new journey towards Chinese modernization [15].

However, there is a long journey to go before China achieves its goal of common prosperity since the vast differences between provinces to provinces. Moreover, there is no so called one-size-for-all pattern after all. In this regard, we cannot achieve the common prosperity overnight.

### **3 the nexus among digital economy, financial inclusion, household consumption, coordinated regional development and common prosperity**

Many factors including but not limit to digital economy, financial inclusion, household consumption, and coordinated regional development can affect the process of common prosperity. Extant studies have investigated the relations between the above mentioned factors and common prosperity. Some recent examples are listed below.

Wang (2023) found that the development of digital economy was the key momentum to the affluence in the new era, and it significantly pressed common prosperity; more importantly, digital economy development has a significant positive spillover effect along with common prosperity; specifically, promoting the coordinated development of different regions is also vital in terms of providing a major breakthrough [16]. Jin (2023) found that the digital economy development presented a picture of first promoting then depressing effect to common prosperity; with respect to the value of turning point, the eastern regions of China has the biggest value, followed by the central and western regions, respectively. When compared with high administrative level of cities, this U-typed feature seemed to be more apparent. In order to play the best role of digital economy on common prosperity, meanwhile to enhance the digital training on farmers, such that we can narrow the “digital gap” between rural and urban areas and prevent the risks of digital economy which may depress the process of common prosperity[17]. Zhou (2023) also empirically investigated the impact of digital economy on common prosperity and found that the former can raise the level of the latter by means of promoting human capital and technological innovations as well as the upgrading of industrial structure; in the meantime, digital economy advanced the degree of common prosperity in two aspects; plus, both high and low level of economic development stage can benefit from common prosperity, the higher level of economic development stage in particular[18].

As far as digital financial inclusion is concerned, according to Wang (2023), it significantly accelerated the common prosperity, in light of the mechanism test, the increase of household consumption together with the upgrading of consumer consumption showcased a significant mediating effect. Further, the upgrading of rural and urban consumption both play a role of mediating effect in the course of how digital inclusion finance promotes common prosperity, especially the mediating effect of rural household consumption upgrading[19]. Similar work was done by Li (2023), who found that the evolution of digital financial inclusion may dwindle the income gap between rural and

urban areas considerably. Furthermore, the role of digital financial inclusion in eastern part of China is greater than that of its western counterpart in terms of narrowing rural-urban income gap. Besides, the degree of digital financial inclusion has dissimilar effect on narrowing the rural-urban income gap, the larger the coverage area, the smaller the income gap, and vice versa. Further mechanism analysis indicated that digital financial inclusion can propel both rural residents' start-up business and small and micro firms and thereby the common prosperity [20].

## 4 The measurement of common prosperity in China

With respect to the measurement of Chinese common prosperity, many have been conducted by researchers. For example, Wang (2023) first created a index system which contained five dimensions, i.e., the quality and profit of national economy, mutual establishment and shared development, social democracy and harmony, improvement of people's livelihood, and the harmony with ecological environment, then measured the level of common prosperity in 2004-2019 in China using entropy method. Based on the above study, the researcher found that the overall level of Chinese common prosperity is on the rise, and the main source of regional disparity is from regional difference; besides, the conditions of common prosperity of provincial level have different upward or downward shift tendency, with a relatively low total liquidity [21].

Similar work has been done by Li (2023) , who also first established five dimensions including economic development, social development, income and consumption, cultural development and ecological environment, then selected 14 indexes that represented the above five perspectives, and finally estimated and simulated the extent of common prosperity of individual province. The chief result is, given the different indexes, the indicators inducing the state of common prosperity at provincial level can be chiefly attributed to the first four aspects, in other words, the dimension of ecological environment is excluded [22].

Additionally, Peng (2023) computed the degree of common prosperity of 279 cities at and above the prefecture level in 2013-2020, and found that factors such as economic development level, upgrading of industrial structure, and policy implementation of poverty elimination have all hugely contributed to the speed of common prosperity; given the poverty eradication policy, the upgrading of industrial structure exhibited a significant effect of wealth accumulation, while the effect of common prosperity is less significant, particularly the agriculture which is heavily policy-based[23].

In a nutshell, so far, the topic of common prosperity has been widely discussed and studied in-depth, particularly in Chinese academia community. What's more important, since China is probably the first country to implement the program of common prosperity nationwide, the theory and practice are worth exploring such that the experiences can be shared across the world, the developing world in particular. On top of that, the Belt and Road Initiative can be viewed as an example of global common prosperity.

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