**Common prosperity**

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Tuesday, Nov 02, 2021

President Xi Jinping is going to turn another page in the social-economic development of China, which has entered into its third stage of economic and development.

Common prosperity is a framework of wide-ranging economic, political and social policies initiated by the Chinese leadership to address the issues of inequality, the rising power of the private sector and billionaires, and to prepare the ruling Communist Party China to face the complex challenges of the 21st century.

The Chinese leadership has already declared the unbalanced and inadequate development and the people’s ever-growing needs for a better life as the new principal contradiction in China. This new policy will address this principal contradiction of rising inequality.

China’s leadership now feels confident enough in claiming that China has achieved the Deng-era development goal of becoming a "moderately prosperous society," and that it’s time to set a new goal to become a "modern socialist nation" by 2035.

It is the beginning of the third socialist development – from a primitive form of socialism to a more developed form of socialism. That means developing China from a middle-income country to a modern high-income country. Jinping has launched the campaign of ‘common prosperity’. The aim of this campaign is to make China strong economically and militarily but also more equal through distribution of wealth.

Jinping also wants to have a “tertiary distribution of wealth”, in which primary distribution occurs spontaneously in the economy, and secondary distribution is the redistribution by state intervention.

Tertiary distribution requires the rich to “participate in some charitable causes and assume more social responsibilities. To return the wealth taken from society to society, and use it to promote social development.”

President Xi Jinping has announced that this campaign of common prosperity will be long and here to stay. It will overhaul many sectors of the economy in the coming months. Jinping hopes to correct the widening income inequality, rising debt levels and the social disorder caused by market-driven policies and the private sector.

The broad campaign has ranged from curbing the growing influence of tech and e-commerce giants to cracking down on the gaming industry and even celebrities and fan culture in China.

Jinping says the campaign would be long-term and is here to stay, and will be “the focus point” to ensure both the well-being of the people and the Party’s “long-term ruling foundation”.

In his speech in August, he said that growing income inequality around the world was a serious threat. And that it would lead to the collapse of the middle class as well as increase social and political polarisation. This, according to him, offers “profound lessons” for China.

The campaign will be based on several core principles, starting with encouraging innovation as a means to prosperity. This would require “more inclusive and equitable conditions for people to improve their education” in order to prevent social stratification.

The other principle is adhering to the basic economic system” and “the public sector as the mainstay”. Regulators will “accelerate the reform of monopolistic industries” and “support the development of small and medium enterprises”.

The focus of the policy will be to “expand the size of the middle-income group”. The authorities will more strictly regulate “high income” and “excessive income”, including by reforming the personal tax system.

In July, the Party essentially banned the booming private education industry from raising funds and going public – leading to a crash in the share prices of major firms – and ordered the sector to go non-profit.

It seems that through this campaign, the Chinese leadership wants to address the core issues of young people in China. The inequality, fierce competition to get decent paid jobs and exploitative and worsening working conditions in the private sector are major concerns for most young people.

The purpose of a new concept and policy framework seems to be to make the government more responsive to the demands of the population and gain more control over the booming private sector.

The common prosperity campaign is expected to be broadened in the coming months to include the financial sector and the many highly leveraged real-estate firms that have been warned that they cannot expect state bailouts.

The crisis in the real-estate giant Evergrande is a wakeup call for the Chinese government to regulate the private real-estate sector. President Jinping made his intentions clear when he said that homes are not for speculation but for living.

China is going through a big policy change under President Jinping whose overarching policy framework, including the New Development Concept, the Dual Circulation Strategy, Common Prosperity, and the 14th Five Year Plan, is to give new direction to economic and social development in China.

The aim is to build a great modern socialist nation in 2035. The goal of ‘common prosperity’ is to make China stronger and to share the country’s resources and wealth equally among the people.

It is a framework of policies to strengthen Chinese society, economy and the Communist Party to face the new challenges arising out of the fast developing world situation.

The other objectives include developing a new model of governance to address the problems faced by the people. The new policy is focused on sharing the resources instead of achieving high GDP growth.

This new framework will also tackle environmental degradation through technological innovation and find new growth drivers to power through the middle-income trap.

The increased attacks against President Jinping and the Chinese economic model are a clear indication that China is moving to the left and more in a socialist direction.

The mood in the West towards China has changed. China is no more a partner but an adversary and challenger. The geopolitical struggle has intensified in the last couple of years. It is not just a battle to dominate the world but also an ideological one. It is a battle between two different economic and social systems.

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