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The Chinese Communist Party (CCP) formally unveiled a “common prosperity” agenda in August of this year. The concept is not new. Investigation into the origin of this idea shows that Xi Jinping has been consistently, albeit with irregular frequency, talking about “common prosperity” since assuming office in late 2012. He personally elevated this concept to place it on the party’s agenda at the fifth plenum of the Central Committee at the end of October 2020. Zhejiang, where he served as party chief from late 2002 to 2006, was selected by the Chinese government as a “demonstration zone” in May 2021. The official propaganda machine launched a campaign to promote “common prosperity” in mid-August 2021 after publication of the press release of the 10th meeting of the Central Finance Commission. An analysis of Xi’s speeches and official documents on “common prosperity” shows that while Xi may be the driving force behind this agenda, the CCP has yet to formulate specific and practical policies to fulfill it. The most challenging issues will likely be those related to the fiscal reforms needed to fund a significant expansion of social services and protection for underprivileged groups.

Since the death of Mao Zedong, China’s leftist radical leader, in September 1976, the Chinese Communist Party (CCP) has pursued largely capitalist economic policies and it has carefully avoided redistributive rhetoric that could alarm the business community. But this changed decidedly in mid-August of this year when Xi Jinping laid out a new agenda of “common prosperity” at the 10th meeting of the Central Finance Commission (中央财经委员会).<sup>1</sup> Since then, the party’s propaganda apparatus has gone into overdrive to publicize Xi’s new agenda. The high-profile resurrection of a politically fraught phrase raises at least two important questions about the general direction of Xi Jinping’s administration in the coming years. First, will “common prosperity” become the dominant motif of Xi’s agenda during his expected third term? Second, what does “common prosperity” actually mean in terms of domestic policy? To be sure, it is difficult to reach a firm conclusion at this point because “common prosperity” largely remains a slogan, except in the case of Zhejiang, a prosperous coastal province selected as a “demonstration project” for pursuing “common prosperity.” Nevertheless, by parsing statements on “common prosperity” by Xi, we may be able to gain some understanding of the degree of commitment to this agenda. In terms of the implications for Chinese domestic policy, the framework documents on making Zhejiang a “demonstration zone of common prosperity,” issued by the CCP Center and the State Council and the Zhejiang CCP Committee, should give

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<sup>1</sup> 习近平, “扎实推动共同富裕,” [http://www.qstheory.cn/dukan/qs/2021-10/15/c\\_1127959365.html](http://www.qstheory.cn/dukan/qs/2021-10/15/c_1127959365.html), accessed October 15, 2021.

us some clues about the type of economic and social policies the CCP may be contemplating in pursuit of this objective.<sup>2</sup>

In this essay we will first trace the origins of “common prosperity” by examining the frequency of its appearance in titles, “subjects,” and keywords of newspapers, especially in 2021. Since newspapers are subject to more strict censorship than other print media, the frequency of this loaded phrase is a reasonable measurement of the party’s position on redistributive issues. We then trace Xi’s own statements on “common prosperity” to ascertain his rhetorical commitment to common prosperity and plausible motives behind the resurrection of this slogan. In this analysis, we pay special attention to the circumstances surrounding the roll-out of this agenda in 2021. Finally, we try to understand the policy implications of “common prosperity” by examining two key framework documents issued by the National Development and Reform Commission (NDRC) on May 20, 2021 and the Zhejiang CCP Committee on July 20, 2021.

### **“Common Prosperity” in the Official Media**

The first analytical exercise we perform to trace the rise of “common prosperity” as a political slogan is to count the frequency of its appearance in Chinese newspapers on cnki.net (China National Knowledge Infrastructure), an online database that allows users to conduct searches using “headlines” and “subjects” (as well as other terms).<sup>3</sup> Based on the results displayed in Table 1, “common prosperity” appeared infrequently prior to 2021. In the first eight years of Xi’s rule (2013–2020), the average number of headlines containing this phrase was only about 19 per year, which is actually less than half the frequency (43) during the ten-year rule of his predecessor Hu Jintao (Hu promoted the phrase “harmonious society,” which contains an element of egalitarianism). This phrase appeared to be used even less frequently in titles of newspaper articles during the last three years of Jiang Zemin’s rule (the CNKI search engine does not go back to the 1990s).

A search using “common prosperity” as the “subject” (主题) yields similar results. In the first eight years of Xi’s rule, the number of newspaper articles coded as having “common prosperity” as “subject” averaged about 75 per year, compared with an annual average of 88 during the period of rule by Hu Jintao. A search using “common prosperity” as the “keyword” (关键词) shows that during Xi’s first eight years, an average of 44 newspaper articles per year contained the phrase “common prosperity” as a “keyword.. By comparison, an average of 50 newspaper articles contained this phrase as a “keyword” during the ten years of rule by Hu Jintao.

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<sup>2</sup> “中共中央 国务院 关于支持浙江高质量发展建设共同富裕示范区的意见” (May 20, 2021), [http://www.gov.cn/zhengce/2021-06/10/content\\_5616833.htm](http://www.gov.cn/zhengce/2021-06/10/content_5616833.htm), accessed November 26, 2021.

“浙江高质量发展建设共同富裕示范区实施方案（2021—2025年）,” (July 20, 2021), [http://www.zj.xinhuanet.com/2021-07/20/c\\_1127672247.html](http://www.zj.xinhuanet.com/2021-07/20/c_1127672247.html), accessed October 16, 2021.

<sup>3</sup> Searches of CNKI conducted on different days produce slightly different results.

Since we do not have equivalent data for the Jiang Zemin period, we can only compare the degree of rhetorical commitment to “common prosperity” during the Xi period with that during the Hu period. Judged by this yardstick, it seems that Hu made a slightly more rhetorical commitment to “common prosperity” than did Xi during the latter’s first eight years in office. What this evidence suggests is that “common prosperity” was not on Xi’s agenda until 2021.

The follow-up question asks when precisely Xi embraced the “common prosperity” agenda in 2021. Evidence from our analysis of the frequency of the appearance of “common prosperity” in headlines of newspaper articles in 2021 (Table 2) suggests that the party’s propaganda apparatus began to ramp up in June, when the number of appearances of this phrase in titles of newspaper articles jumped to 74. The sudden increase in headlines containing this phrase in June was almost certainly the result of publication of a document on May 20 of this year by the CCP Center and the State Council announcing support for turning Zhejiang into a demonstration zone of common prosperity.<sup>4</sup> Even though Xi raised the common prosperity issue at the fifth plenum, the unresolved puzzle is why he waited ten months to unveil this agenda.<sup>5</sup>

While the campaign to promote “common prosperity” received another boost in July, when the number of headlines containing the phrase rose to 170, a close examination of these publications shows that a majority of these headlines (107) was from Zhejiang-based newspapers (mainly because the province officially rolled out its plan for “common prosperity” in June). This indicates that in July the campaign still consisted primarily of efforts by the Zhejiang CCP Committee. The nationwide propaganda campaign did not start until after August 18, when the *People’s Daily* published a press release on the tenth meeting of the Central Finance Commission that devoted considerable attention to common prosperity.<sup>6</sup> Between August 1 and August 18, the headlines in 131 newspaper articles contained this phrase, but 96 of these headlines appeared in Zhejiang newspapers. However, the composition of newspapers featuring “common prosperity” in their headlines after August 18 changed dramatically. Of the 207 newspaper articles with this phrase in their headlines, about three-quarters were national newspapers or newspapers in other provinces.<sup>7</sup> This evidence indicates that the propaganda campaign after August 18 was an organized national effort by the CCP Propaganda Department.

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<sup>4</sup> “中共中央 国务院 关于支持浙江高质量发展建设共同富裕示范区的意见” (June 10, 2021), [http://www.gov.cn/zhengce/2021-06/10/content\\_5616833.htm](http://www.gov.cn/zhengce/2021-06/10/content_5616833.htm), accessed November 8, 2021.

<sup>5</sup> “习近平：关于《中共中央关于制定国民经济和社会发展第十四个五年规划和二〇三五年远景目标的建议》的说明” (November 4, 2020), <http://cpc.people.com.cn/n1/2020/1104/c64094-31917783.html>, accessed October 22, 2021.

<sup>6</sup> “习近平主持召开中央财经委员会第十次会议强调 在高质量发展中促进共同富裕 统筹做好重大金融风险防范化解工作” (August 17, 2021), <http://politics.people.com.cn/n1/2021/0817/c1024-32197305.html>, accessed October 17, 2021.

<sup>7</sup> The author manually counted articles with this phrase in their headlines on the basis of search results generated on cnki.net on November 2, 2021.

Table 1: Frequency of the appearance of “common prosperity” in newspaper articles 2000–October 31, 2021

Year	In headlines of newspaper articles	As subject of articles	As keywords in articles
2021 (as of October 31)	1134	2096	881
2020	42	175	123
2019	9	67	6
2018	15	80	35
2017	13	69	36
2016	8	46	21
2015	12	45	23
2014	15	47	34
2013	34	71	44
2012	51	120	69
2011	77	141	87
2010	34	54	37
2009	29	57	30
2008	45	82	43
2007	56	126	64
2006	56	115	63
2005	41	88	53
2004	21	55	35
2003	19	44	23
2002	12	37	22
2001	21	44	29
2000	3	15	9

Source: Based on a search of CNKI, conducted on November 2, 2021.

The propaganda campaign maintained its intensity in September, based on the number of newspaper articles featuring “common prosperity” in their headlines (299). But the campaign seemed to have lost some momentum in October, as indicated by a fall in the number of newspaper articles with “common prosperity” in their headlines (to 184). Between October 1 and October 15, only 79 newspaper articles had the phrase in their headlines. Even after publication of excerpts of Xi Jinping’s August 2021 speech at the tenth meeting of the Central Finance Commission in the CCP’s official journal, *Qiushi* (求是), on October 15, the tempo of the propaganda blitz increased only slightly. Between October 16 and October 31, 105 newspaper headlines contained the phrase “common prosperity.” It is too early to draw any conclusions from a one-month decline in the intensity of propaganda about the “common prosperity” agenda. More datapoints will be needed.

Table 2: Frequency of the appearance of “common prosperity” in titles of newspaper articles, by month, January to October 2021

Month	Number
January	12
February	7
March	20
April	17
May	13
June	74
July	170
August	338 (131 between Aug. 1 and 18)
September	299
October	184

Source: Based on search results on November 2, 2021 (CNKI title search results vary slightly from day to day).

### Xi Jinping on “Common Prosperity”

Based on official sources, Xi had previously referred to “common prosperity” on numerous occasions, albeit briefly, prior to August of this year. As shown by the data compiled by the CCP’s official journal, *Qiushi*, (Table 3), Xi began to talk about “common prosperity” as soon as he was formally appointed as general secretary. At a press conference with journalists on November 15, 2012, he declared that his administration would “unswervingly maintain the path to common prosperity.”<sup>8</sup>

While the persistent appearance of “common prosperity” in his speeches suggests that this may have been part of his agenda all along, the frequency of this phrase in Xi’s speeches increased in 2020 and 2021, another datapoint that corroborates the pattern of a rising frequency of “common prosperity” in titles of newspaper articles in 2020 and 2021. According to Bloomberg, “common prosperity” appeared in Xi’s speeches 65 times in 2021 alone, doubling its frequency in 2020.<sup>9</sup> Notably, a close reading of the contexts of these speeches shows that until 2018, “common prosperity” was little more than a stock phrase and it was used to indicate an aspirational objective. It was only in 2018 that Xi’s speeches referencing this phrase began to contain a minimal amount of substance. In his speech at the plenary session of the annual session of the National People’s Congress (NPC) on March 20, 2018, Xi defined “common prosperity” mainly as a set of basic social programs that include early childhood education, universal education, the

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<sup>8</sup> “习近平谈共同富裕” (March 18, 2021), <https://www.chinanews.com/gn/2021/03-18/9435019.shtml>,” accessed November 4, 2021,

<sup>9</sup> Bloomberg, “Xi doubles mentions of common prosperity,” <https://www.bloomberg.com/news/articles/2021-08-22/xi-doubles-mentions-of-common-prosperity-warning-china-s-rich>, accessed November 26, 2021.

Chinese equivalent of “a living wage,” health insurance, pension security, housing, and assistance for the disadvantaged.<sup>10</sup>

Table 3: References to “common prosperity” in Xi’s speeches since 2012, according to a tally in an official journal.

Year	Number of speeches referencing the phrase
2012	2
2013	1
2014	5
2015	7
2016	4
2017	4
2018	6
2019	1
2020	8
2021 (January–February only)	5

Sources: “习近平谈共同富裕,” <https://www.chinanews.com/gn/2021/03-18/9435019.shtml>; “习近平总书记谈共同富裕,”求是网, [http://www.qstheory.cn/zhuanku/2021-02/02/c\\_1127055668.htm](http://www.qstheory.cn/zhuanku/2021-02/02/c_1127055668.htm), both accessed October 18, 2021.

This minimalist definition of “common prosperity” was expanded in January 2021 when Xi added redistributive elements to the concept. In his speech to a Politburo seminar on January 28, 2021, Xi included “resolution of regional disparities, urban-rural disparities, and income disparities” and policies “in favor of the countryside, grassroots, underdeveloped regions, and low-income groups.”<sup>11</sup>

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<sup>10</sup> “在幼有所育、学有所教、劳有所得、病有所医、老有所养、住有所居、弱有所扶上不断取得新进展，让实现全体人民共同富裕在广大人民现实生活中更加充分地展示出来。” “习近平总书记谈共同富裕,”求是网 (February. 2, 2021), [http://www.qstheory.cn/zhuanku/2021-02/02/c\\_1127055668.html](http://www.qstheory.cn/zhuanku/2021-02/02/c_1127055668.html), accessed November 8, 2021.

<sup>11</sup> “要自觉主动解决地区差距、城乡差距、收入差距等问题.... 更加注重向农村、基层、欠发达地区倾斜，向困难群众倾斜. 习近平总书记谈共同富裕,”求是网 (February 2, 2021), [http://www.qstheory.cn/zhuanku/2021-02/02/c\\_1127055668.htm](http://www.qstheory.cn/zhuanku/2021-02/02/c_1127055668.htm), accessed November. 4, 2021,

The most detailed explication of “common prosperity” by Xi was in his speech to the tenth meeting of the Central Finance Commission on August 17, 2021.<sup>12</sup> Based on the excerpts of the speech released in *Qiushi* in mid-October, the following are the most notable points:

1. Timeframe: Xi proclaimed that now is the “historic phase to concretely promote common prosperity” (现在, 已经到了扎实推动共同富裕的历史阶段). This timeframe is important because, unlike previous references to common prosperity as a goal, Xi apparently believes that the time to realize this goal has arrived, implying that specific policies are to be made and implemented to advance concrete progress toward the goal. Even more specifically, Xi envisions completion of the initial steps toward “common prosperity” within the next five years, as defined by a gradual reduction in the disparities of income and consumption among the Chinese people. By 2035, “significant” progress toward “common prosperity” is to be realized and “equality” of basic social services is to be achieved (到 2035 年, 全体人民共同富裕取得更为明显的实质性进展, 基本公共服务实现均等化).
2. Recasting the shape of China’s socioeconomic structure. Xi states that the overall idea of the “common prosperity” agenda is to transform China’s existing socioeconomic structure into a structure with a large middle class, a small high-income group, and a small low-income group. This will be achieved through a more intensive utilization of taxation, social protection, and fiscal transfers. Additional measures include “increasing the income of low-income groups, reasonably adjusting high-income, and eliminating illegal income.”<sup>13</sup>
3. Expanding the middle class: Policies to further this objective include training and raising the income of more skilled workers; reducing the burden of taxes and fees on owners of small and medium-sized businesses; deepening the reform of the *hukou* system to solve the problem of the education of children of migrant laborers; raising the salaries of frontline civil servants and basic-level employees in state-owned enterprises.
4. Equality in the provision of social services: Policies include reducing the burden of education on low-income families and increasing their children’s level of education; improving pension and healthcare protection; narrowing disparities in social protection benefits among different groups; raising the level of minimal benefits for the lowest-income groups; reforming housing.
5. Stepping up the “normalization” and “adjustment” of high income: This provision is undoubtedly the most controversial because it easily invokes the CCP’s long-abandoned

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<sup>12</sup> 习近平, “扎实推动共同富裕,” [http://www.qstheory.cn/dukan/qs/2021-10/15/c\\_1127959365.htm](http://www.qstheory.cn/dukan/qs/2021-10/15/c_1127959365.htm), accessed October 16, 2021.

<sup>13</sup> “加大税收、社保、转移支付等调节力度并提高精准性, 扩大中等收入群体比重, 增加低收入群体收入, 合理调节高收入, 取缔非法收入, 形成中间大、两头小的橄榄型分配结构.”

leftist redistributive policies. It is worth noting that Xi is merely repeating the principles already announced in the resolution of the fifth plenum of the CCP Central Committee in October 2020 and in the Fourteenth Five-Year Plan released in March of this year.<sup>14</sup>

However, Xi adds slightly more substance to the principle of income redistribution. In addition to repeating raising taxes and enforcing tax collection on high-income earners (euphemistically framed as “adjustment and enforcement”), Xi specifically refers to “normalizing the management of capital income, actively and steadily promoting the legislation and reform of real estate taxes, and ensuring the effective implementation of pilot projects, intensifying the adjustment of taxes related to consumption, and studying the expansion of the scope of consumption taxes.” Obviously, this passage envisions a significant increase in taxes. While taxes on high-income earners, capital income, and the proposed real estate taxes will most likely hit the upper and middle classes, the expansion of consumption taxes appears to contradict the principle of equality because it is more regressive (unless it is restricted to luxury goods and services). As for “elimination of illegal income,” Xi refers to a crackdown on corruption, insider trading, manipulation of the stock market, falsification of financial statements, and tax evasion. Regarding the growth of private capital, Xi reiterates what is now a well-known government policy of “firmly opposing the disorderly expansion of capital, drawing up a negative list for sensitive sectors, and intensifying anti-monopoly enforcement.”<sup>15</sup>

Interpreted at face value and stripped of the stock phrases and content that previously appeared in the CCP Central Committee’s fifth plenum resolution and the Fourteenth Five-Year Plan, Xi’s speech indicates that his administration has put “common prosperity” on its near-term policy agenda, and he is likely to adopt the specific referenced new taxation policies.

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<sup>14</sup> The resolution of the plenum contains the following language on income policy: “完善再分配机制，加大税收、社保、转移支付等调节力度和精准性，合理调节过高收入，取缔非法收入。发挥第三次分配作用，发展慈善事业，改善收入和财富分配格局。”“中共中央关于制定国民经济和社会发展第十四个五年规划和二〇三五年远景目标的建议，”

[http://www.gov.cn/zhengce/2020-11/03/content\\_5556991.html](http://www.gov.cn/zhengce/2020-11/03/content_5556991.html) accessed November 4, 2021; the Fourteenth Five-Year Plan contains this language: “健全直接税体系，完善综合与分类相结合的个人所得税制度，加强对高收入者的税收调节和监管。增强社会保障待遇和服务的公平性可及性，完善兜底保障标准动态调整机制。规范收入分配秩序，保护合法收入，合理调节过高收入，取缔非法收入，遏制以垄断和不正当竞争行为获取收入。建立完善个人收入和财产信息系统。健全现代支付和收入监测体系。”“中华人民共和国国民经济和社会发展第十四个五年规划和 2035 年远景目标纲要” (March 13, 2021),

[http://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](http://www.gov.cn/xinwen/2021-03/13/content_5592681.htm), accessed November 8, 2021.

<sup>15</sup> “规范资本性所得管理。要积极稳妥推进房地产税立法和改革，做好试点工作。要加大消费环节税收调节力度，研究扩大消费税征收范围...，坚决遏制权钱交易，坚决打击内幕交易、操纵股市、财务造假、偷税漏税等获取非法收入行为...要坚决反对资本无序扩张，对敏感领域准入划出负面清单，加强反垄断监管。”习近平，“扎实推动共同富裕，”

[http://www.qstheory.cn/dukan/qs/2021-10/15/c\\_1127959365.html](http://www.qstheory.cn/dukan/qs/2021-10/15/c_1127959365.html), accessed October 16, 2021.

## The Zhejiang Experiment

Zhejiang, where Xi served as party chief from 2003 to 2006, was selected as a “common prosperity demonstration zone” (共同富裕示范区) in the Fourteenth Five-Year Plan, which was released in March 2021.<sup>16</sup> The selection of Zhejiang as a pilot site may be traced to Xi’s visit to Zhejiang at the end of March 2020. During his four-day tour of the province, Xi reportedly designated the province as “an important window to comprehensively showcase the superiority of the socialist system with Chinese characteristics.”<sup>17</sup> A year later, Zhejiang was duly selected as China’s first “common prosperity demonstration zone.”

The official designation of Zhejiang as the pilot for implementing Xi’s “common prosperity” agenda immediately triggered a series of bureaucratic actions. On May 20, 2021, the CCP Center and the State Council issued a document titled “Opinions on Supporting Zhejiang’s High-quality Construction of a Demonstration Zone of Common Prosperity” (关于支持浙江高质量发展建设共同富裕示范区的意见).<sup>18</sup> This is the most comprehensive national-level policy document on Xi’s “common prosperity” agenda. A quick glance at the document shows, however, that the Chinese government has an expansive definition of what a “demonstration zone of common prosperity” should be. The document is rich in generality but thin on specifics. Most of the goals and objectives seem to overlap with a typical aspirational development plan. The so-called “guideline” of the document is to “implement the spirit of General Secretary Xi Jinping’s important instructions on the work of Zhejiang province” and to “rely on the fundamental driver of reform and innovation, orient mainly toward the resolution of regional, urban-rural, and income disparities, and produce outcomes in favor of rural areas, grassroots, relatively underdeveloped areas, and low-income groups” (以改革创新为根本动力, 以解决地区差距、城乡差距、收入差距问题为主攻方向, 更加注重向农村、基层、相对欠发达地区倾斜, 向困难群众倾斜). The reference to Xi’s “instructions on the work of Zhejiang province” suggests that selection of Zhejiang as a “demonstration zone of common prosperity”

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<sup>16</sup> In the same document, Shenzhen was selected as a “demonstration zone for building socialism with Chinese characteristics,” Pudong in Shanghai was selected as a “leading zone for building socialist modernization” (社会主义现代化建设引领区) and Shanghai was selected as a “comprehensive experimental zone for energy transition” (动能转换综合试验区建设). “中华人民共和国国民经济和社会发展第十四个五年规划和 2035 年远景目标纲要” (March. 13, 2021), [http://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](http://www.gov.cn/xinwen/2021-03/13/content_5592681.htm), accessed November 22, 2021.

<sup>17</sup> “习近平在浙江考察” (April 1, 2020), [http://www.xinhuanet.com/politics/leaders/2020-04/01/c\\_1125800866.html](http://www.xinhuanet.com/politics/leaders/2020-04/01/c_1125800866.html), accessed October 20, 2021; “改革引领共同富裕先行示范” (May 31, 2021), [https://www.thepaper.cn/newsDetail\\_forward\\_12904478](https://www.thepaper.cn/newsDetail_forward_12904478), accessed October 16, 2021.

<sup>18</sup> 中共中央国务院, “关于支持浙江高质量发展建设共同富裕示范区的意见,” [http://www.gov.cn/zhengce/2021-06/10/content\\_5616833.htm](http://www.gov.cn/zhengce/2021-06/10/content_5616833.htm), accessed October 16, 2021.

was the direct result of responding to the comments that Xi made during and after his visit to the province in the spring of 2020.

In terms of the substance of a “demonstration zone of common prosperity,” it is supposed to consist of four dimensions: (1) a high quality of life, (2) coordinated urban-rural development, (3) reform of the system of redistribution, and (4) spiritual and ecological civilization. Due to this substantive definition, the section of the document that lays out the general policies on turning Zhejiang into a demonstration zone of common prosperity devotes substantial space to measures unrelated to reforming the system of income redistribution. Of the nearly 6,600 characters in this section, less than half (roughly 2,800 characters) are used to describe – again in very general terms – objectives and policies related to “common prosperity.”

Most of the measures and objectives laid out in this section are not new or controversial. For example, the document identifies these measures as necessary to deepen reform of the system of redistribution and to increase the income of ordinary people.

1. Creating “high-quality” jobs. Initial steps should focus on eliminating institutional barriers, such as household registration (*hukou*), location, individual status, and gender, that adversely affect employment opportunities.
2. Increasing wage income by improving the mechanism of wage growth, the system of conducting and releasing surveys on enterprise wage compensation and adjusting the minimum wage.
3. Expanding the middle-income group, mainly through incentivizing skilled workers, entrepreneurs, and “high-quality peasants” (高素质农民) and by increasing investment in human capital.
4. Improving the system of redistribution by increasing and improving inter-governmental fiscal transfers, rationalizing fiscal expenditures to ensure the social protection of low-income groups, and “reasonably adjusting excessively high income.”
5. Encouraging charitable donations by high-income groups and entrepreneurs so that the role of “tertiary redistribution” can be fully realized.
6. Equalizing social services in urban and rural areas. This includes a system of providing pre-school education, construction of a strong public health system, and equal distribution of high-quality healthcare resources.
7. Exploring a new system of portal social protection, ensuring the access of children of migrant workers to publicly provided (free) education, and gradually providing these children with educational opportunities that are equal to those available to children of urban residents.
8. Providing affordable housing to new urban residents and low-income households. Encouraging the building of rental housing in high-cost cities with large mobile populations.
9. Improving mechanisms by which richer areas will assist the poorer areas.

While this list contains mostly uncontroversial and much-needed policies to address China’s high-income inequality, they still lack specifics and ambition. Notably, practically all of the policy guidelines the CCP Center and the State Council explicitly support are those that the party has been advocating or promising to implement for years. The question of how these programs

will be funded remain unanswered. The politically sensitive issue of redistributing income from the wealthy to the poor is dealt with in this document at the most general level. Notably, this document does not contain any reference to imposition of a property tax, which is most dreaded by the urban middle class (such a tax was mentioned in Xi's talk to the Central Finance Commission meeting in mid-August).

Shortly after release of the “Opinions on Supporting Zhejiang’s High-quality Construction of a Demonstration Zone of Common Prosperity,” Zhejiang published its five-year plan for implementing an agenda of “common prosperity.” The document, titled “Plan for Implementing the High-Quality Development of Zhejiang as a Demonstration Zone of Common Prosperity (2021–2025) (浙江高质量发展建设共同富裕示范区实施方案 (2021–2025年))” contains both specific targets and vaguely worded policies.<sup>19</sup>

In terms of achieving specific targets that serve as self-defined metrics of “common prosperity,” the Zhejiang document provides a long list of aspirational targets. We list a few notable ones below:

1. Higher disposal income, growth of the middle-income group, and reduction in urban-rural income disparities: per capita disposal income per year is to rise to 75,000 yuan; 80 percent of the households will have disposable income of 100,000–500,000 yuan per year (45 percent of the households will have 200,000–600,000 yuan of disposable income per year); the ratio of income between urban and rural residents will be cut to less than 1.9.
2. Significant expansion of investment in human capital: 75–90 percent of pre-school children will have access to quality and free kindergartens; the gross college enrollment rate will reach 70 percent and above; average expected number of years of schooling will reach 15.5; and out-of-pocket healthcare expenditures for individuals will be kept at under 26 percent of total costs.
3. Improvement in the quality of the labor force: the number of “skilled workers” (技能人才) will rise to 11.5 million, 35 percent of whom will be “highly skilled workers.”
4. Extension of quality healthcare from large cities to counties: the number of “Grade 3” hospital beds (the highest grade) will account for 60 percent of total hospital beds.

Intriguingly, in contrast to the specific quantitative targets to be achieved within five years, the Zhejiang document is vague on fiscal policies and other redistributive measures that are presumably needed to achieve these targets. In fact, this section of the Zhejiang document is almost identical to the document issued by the CCP Center and the State Council. There are no specific provisions on fiscal transfers from the province to local governments, new taxation measures, incentives to encourage charitable donations by the wealthy (“tertiary redistribution”),

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<sup>19</sup> “浙江高质量发展建设共同富裕示范区实施方案 (2021—2025年)” (July 20, 2021), [http://www.zj.xinhuanet.com/2021-07/20/c\\_1127672247.htm](http://www.zj.xinhuanet.com/2021-07/20/c_1127672247.htm), accessed November 8, 2021.

or information on how such proceeds will be used or monitored. Again, the most notable absence in the document is that of a property tax.

There is evidence to suggest that Zhejiang's five-year plan was rolled out in a rush. As a result, it has ambitious numeric targets, but it provides few specific policies on achieving them. According to a long article published by the Zhejiang provincial Communist Youth League on how the provincial leadership developed its five-year plan for "common prosperity," the provincial CCP Standing Committee convened a meeting on May 7, 2021, to study the "spirit of General Secretary Xi Jinping's important commentaries on common prosperity" and deliberated on how to proceed with the work to turn Zhejiang into a demonstration zone. Between May 12 and 14, the province sent a delegation to Shanghai and Beijing to learn about "successful examples and advanced experience" related to "common prosperity." On May 17, the Zhejiang CCP Committee convened a forum to hear from experts and scholars on how to construct a demonstration zone on "common prosperity." On May 20, the provincial party chief, Yuan Jiajun, went to Huzhou, a medium-sized city, to conduct a field study of the city's efforts to promote "common prosperity." On May 28, the provincial CCP Standing Committee met to hear a report on progress in drafting the plan for constructing a demonstration zone on "common prosperity." In the first half of June, the provincial party committee held a plenary session to lay out the work for implementing the plan.<sup>20</sup>

Based on this account, it seems reasonable to believe that the Zhejiang CCP organization was responding to pressure from the top leadership, and it did not mobilize to develop a plan until early May, shortly before the CCP Center and the State Council jointly announced support for making the province into a demonstration zone on "common prosperity."

## Conclusion

The evidence we gather and present in this analysis suggests that while "common prosperity" appeared in Xi's speeches with irregular frequency before 2020, he began to refer to this concept more frequently in 2020. The CCP's propaganda blitz to mobilize the party to promote this agenda began in 2021, but it did not reach a peak until after release of the communique of the tenth Central Finance Commission meeting in mid-August, at which Xi presented his most detailed comments on this agenda. Because the resolution of the fifth plenum of the CCP Central plenum at the end of October 2020 (which focused on the Fourteenth Five-Year Plan) did not refer to Zhejiang as a demonstration zone on "common prosperity" but the finalized Fourteenth Five-Year Plan released in mid-March 2021 did, we may also make a reasonable case that the party picked Zhejiang shortly after the fifth plenum.

The most conclusive evidence that the CCP elevated "common prosperity" to its policy agenda is Xi's speech at the fifth plenum, which was published in early November 2020. According to Xi, the Politburo recommended addition of the goal of "achieving more significant substantive progress toward the common prosperity of the people" by 2035. Additionally, the party would

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<sup>20</sup> "改革引领共同富裕先行示范" (May 31, 2021), [https://zjnews.zjol.com.cn/202105/t20210531\\_22604076.shtml](https://zjnews.zjol.com.cn/202105/t20210531_22604076.shtml), accessed November 26, 2021.

place special emphasis on “concrete promotion of common prosperity” (扎实推动共同富裕). This is the first time such wording appeared in a CCP Central Committee plenum document, Xi said.<sup>21</sup>

The pressure for promoting a “common prosperity” agenda is most likely from Xi himself. There are two equally plausible motives behind the roll-out of this agenda. First, it is a logical outcome of Xi’s own ideological commitment, as indicated by the consistent appearance of the phrase in his speeches since 2012. Second, the timing of the roll-out may be related to his quest for a third term, since meeting this unfulfilled goal serves to justify an extension of his term. Mobilizing the propaganda apparatus one year ahead of the Twentieth CCP National Congress and highlighting his personal leadership on this issue are designed to make a compelling case for his continuing leadership. However, the challenges he faces ahead are daunting. The two documents on turning Zhejiang into a demonstration zone on “common prosperity” indicate that many crucial policy details have yet to be worked out. In particular, taxation policy, inter-governmental fiscal transfers, and provision of social services to disadvantaged groups (especially in rural areas) will force the government to make difficult choices. For example, the current fiscal system that channels most tax revenues to the central government will have to be thoroughly reformed to enable local governments to increase social services. Xi’s plan to raise additional revenues for local governments by imposing a property tax is fraught with political risks and has already encountered resistance.<sup>22</sup> In late October, the Standing Committee of the National People’s Congress authorized the State Council to conduct pilot projects on levying a property tax. The fact that the jurisdictions picked as pilots were given five years to experiment with a property tax indicates the caution with which this crucial policy component of the “common prosperity” agenda is being implemented.<sup>23</sup> The *Wall Street Journal* reported that the number of cities chosen for the pilot was cut from thirty to ten and a national law authorizing a property tax will unlikely be passed before 2025.<sup>24</sup>

In evaluating the likelihood of success of Xi’s “common prosperity” agenda, we should realize that this time China’s strongman will be waging a much more difficult campaign than those he

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<sup>21</sup> “习近平：关于《中共中央关于制定国民经济和社会发展第十四个五年规划和二〇三五年远景目标的建议》的说明” (November 4, 2020),

<http://cpc.people.com.cn/n1/2020/1104/c64094-31917783.html>, accessed October 22, 2021.

<sup>22</sup> Lingling Wei, “In Tackling China’s Real Estate Bubble, Xi Jinping Faces Resistance to Property-Tax Plan,” *Wall Street Journal* (October 19, 2021), <https://www.wsj.com/articles/in-tackling-chinas-real-estate-bubble-xi-jinping-faces-resistance-to-property-tax-plan-11634650751>, accessed November 8, 2021.

<sup>23</sup> “全国人民代表大会常务委员会关于授权国务院在部分地区开展房地产税改革试点工作的决定” (October 23, 2021), [http://www.gov.cn/xinwen/2021-10/23/content\\_5644480.htm](http://www.gov.cn/xinwen/2021-10/23/content_5644480.htm), accessed November 8, 2021.

<sup>24</sup> Lingling Wei, “China Plans Property-Tax Trials As It Targets Speculation,” *Wall Street Journal* (October 23, 2021), <https://www.wsj.com/articles/china-plots-property-tax-trials-as-it-targets-speculation-11634998929>, accessed November 8, 2021.

successfully waged inside the CCP (such as the anti-corruption campaign and the purges inside the military and the domestic security apparatus). Those whose interests will be undermined through a poorly designed program of income redistribution not only number in the hundreds of millions (such as the property-owning middle class and the rich entrepreneurs) but also control enormous political and economic resources. Alienating these groups could make life very difficult for the party – and for Xi himself – in the years ahead.

### **About the Author**

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