

## **Full Text: Xi Jinping's Speech on Boosting Common Prosperity**

*Xi Jinping, general secretary of the Communist Party of China (CPC) Central Committee and Chinese president, addressed China's commitment on common prosperity at the 10th meeting of the Central Committee for Financial and Economic Affairs in August 2021. Excerpts of the speech were published by party journal Qiushi Friday. Here is the full text:*

Since China launched the reform and opening-up policy, the Communist Party of China (CPC) has conducted a thorough review of the historical experience of both positive and negative aspects, gaining a much deeper understanding that poverty is not socialism. Therefore, the CPC has broken the shackles of the traditional planned economy system and allowed a portion of people and regions to become prosperous first, ultimately liberalizing and promoting the development of productive forces.

Since the 18th CPC National Congress, the CPC Central Committee has kept abreast with new changes in the era, put the step-by-step realization of common prosperity for all in a more important position, pushed forward with coordinated regional development, taken powerful action to safeguard and improve people's livelihoods, won the decisive battle against poverty and finished building a moderately prosperous society in all aspects, laying a solid foundation for common prosperity. So far, China has ushered in a historic stage to tirelessly realize common prosperity.

Now, China is marching toward the second centenary goal into a great modern socialist country in all respects. To act in the evolution of the principal contradiction in Chinese society and better fulfil the ever-growing expectation of the people for a better life, the CPC should put the focus of promoting people's well-being on boosting common prosperity to strengthen the foundation for the Party's long-term governance. High-quality development relies on high-quality workers. To increase total factor productivity and cement the driving forces for high-quality development, the only way is to promote common prosperity, raise the income of urban and rural residents, and improve human capital. Currently, the world is facing a prominent issue of income inequality. In some countries, the wealth gap and middle-class collapse have aggravated social divisions, political polarization and populism, giving a profound lesson to the world. China must make resolute efforts to prevent polarization, advance common prosperity and realize social harmony and stability.

Meanwhile, we must have a clear understanding that unbalanced and inadequate development remains prominent in China, and the disparities in development between rural and urban areas, between regions, and in income distribution remain substantial. A new round of technological revolution and industrial transformation is a powerful driving force for economic development and imposes a significant impact on employment and income distribution, including some negative effects that must be effectively solved. Common prosperity is an essential requirement of socialism and a key feature of Chinese-style modernization. The common prosperity we are pursuing is for all, affluence both in material and spiritual life, but not for a small portion nor for uniform egalitarianism. Efforts should be made to conduct in-depth research on staged objectives and promote common prosperity by stages. By the end of the 14th Five-year Plan, we will march in confident strides toward common prosperity for all and gradually mitigate income inequality and narrow consumption gaps. By 2035, we will make more remarkable and substantive progress toward achieving common prosperity for all and effectively ensure equitable access to basic public services. By the middle of the 21st century, we will basically achieve common prosperity for all and reduce the income and consumption gaps between urban and rural areas to a reasonable range. Efforts should be made to formulate an action plan for promoting common prosperity and work out scientific and feasible indicator systems and evaluation mechanisms in line with national conditions.

To realize common prosperity, we should adhere to the following principles:

**Encouraging hard work and innovation.** Happiness is achieved through hard work. Meanwhile, common prosperity depends on hard work and wisdom. We should safeguard and improve people's livelihood while pursuing development, give top priority to high-quality development, create more favorable and equitable conditions for the people to receive better education and improve their development capabilities, enhance human capital and professional skills throughout society and improve people's abilities to get employed and start a business and their competence to prosper. We should prevent the ossification of social class, shape a development environment that provides chances for more people to become wealthy and avoid “**involution**” and “**lying flat**.”

**Adhering to the basic economic system.** As China is still in the primary stage of socialism, we must work unswervingly to both consolidate and develop the public sector and encourage, support and guide the development of the nonpublic sector. We must uphold the dominant role of the public sector and common development of economic

entities under diverse forms of ownership, exert the important role of the public sector in promoting common prosperity and promote healthy growth of the nonpublic sector of the economy and workers in the sector. We should allow a portion of people to become rich first, encourage them to help those still lagging behind and focus on encouraging entrepreneurial individuals who work hard, engage in lawful operations and have the courage to start their own businesses. We do not advocate becoming rich through side doors, and we will deal with violations in accordance with the law.

**Doing everything within our capacity.** A scientific public policy system should be established to make the “cake” bigger and form a pattern of equitable distribution for all. Efforts should be intensified, and more practical measures should be taken to enable the masses to have a greater sense of gain. Meanwhile, we must recognize that the development level of our country still lags far behind that of developed countries. We plan by considering both needs and possibilities and improve people’s well-being based on economic development and financial sustainability. We should not aim too high and make promises that cannot be fulfilled. Instead of taking on everything, the government should focus on carrying out programs that are general, inclusive and guarantee basic needs. Even if we become more developed and financially stronger in the future, we should not set excessively high goals and provide excessive guarantees, in order not to fall into the trap of “welfarism” that encourages laziness.

**Advancing step by step.** As common prosperity is a goal that requires long-term efforts and cannot be achieved overnight, its long-term nature, arduousness and complexity should be fully estimated and realize the goal step by step. Even some developed countries have not achieved common prosperity yet, and the gap between rich and poor is instead becoming increasingly serious due to problems in their social systems, although they have been industrialized for centuries. Therefore, we need to be patient, take solid steps and improve the effectiveness of our work. Great efforts should be made to construct the demonstration zone for common prosperity in Zhejiang and spur all local governments to explore effective paths in light of local conditions, sum up experience and gradually implement the corresponding plans.

The general idea is to adhere to the concept of people-centered development; promote common prosperity in high-quality development; correctly handle the relationship between efficiency and fairness; make basic institutional arrangements for the planning of primary distribution, redistribution and tertiary distribution; increase the intensity and accuracy of regulation such as taxation, social security and transfer payments; expand the

proportion of the middle-income group, increase the income of the low-income group, rationally regulate high incomes and ban illegal incomes to form an olive-shaped distribution structure; facilitate social fairness and justice; accelerate the all-round development of people; and enable all people to make solid progress towards the goal of common prosperity.

**First, identifying a more balanced, coordinated and inclusive development path.** The socialist market economy should be improved at a faster pace as a way to make development more balanced, coordinated and inclusive. Development should be more balanced among different regions through the implementation of regional major strategies and regional coordinated development strategies; the transfer payment system should be improved; differences in per capita fiscal expenditures among regions should be narrowed and support should be increased for less-developed regions. The coordinated development of industries should be strengthened; the reform of monopoly industries should be accelerated; and the coordinated development of the finance and real estate sectors with the real economy should be advanced. Support should be rendered to the development of small and midsize companies, and an enterprise development ecosystem in which large, midsize and small enterprises are interdependent and mutually reinforcing should be fostered.

**Second, endeavoring to expand the middle-income group.** Priority should be given to solving key problems, and measures should be taken accurately to allow more low-income people to enter the middle-income group. Higher education graduates are one important part of those who are expected to enter the middle-income group. The quality of higher education should be enhanced so that students can be armed with expertise and useful knowledge that help them meet the needs of social development as soon as possible. Technical workers also constitute an important part of the middle-income group. Efforts should be stepped up to train skilled talent, raise their salaries and attract more highly competent people to join the ranks of skilled workers. Small and midsize company owners and self-employed people are important sources that contribute to entrepreneurship-based prosperity. The business environment should be refined their tax and dues burdens should be reduced; and more market-based financial services should be offered to help them maintain stable operations and increase incomes. Rural migrant workers in cities are an important source of the middle-income group. The reform of the household registration system should be deepened, and the schooling of trailing children of rural migrant workers

should be properly resolved so that they can migrate to cities without worries and find stable jobs. The salaries and benefits of civil servants, especially front-line civil servants and civil servants at the grassroots level and grassroots-level employees of state-owned enterprises and public institutions should be appropriately raised. Urban and rural residents' incomes from housing, rural land and financial assets should be increased.

**Third, facilitating equal access to basic public services.** Priority should be given to supporting the low-income group for common prosperity. Inclusive human resources investment should be increased to effectively reduce the education burden for needy families and make children from low-income families more educated. The systems of elderly care and medical security should be improved, which will help gradually narrow the gap in financing and security benefits between workers and residents, urban and rural areas, and raise the level of basic pensions for urban and rural residents. The system for subsistence allowances should be improved by speeding up efforts to narrow the differences in social assistance standards between urban and rural areas, thus raising the subsistence allowances to guarantee the basic livelihood of the people. Furthermore, the housing supply and security system should be perfected. We must keep in mind that housing is for living in, not for speculation, and need to encourage both housing purchase and renting by adopting city-specific policies. To this end, we need to improve the long-term rental policy and supply more government-subsidized rental housing with a focus on addressing the concerns of new arrivals.

**Fourth, intensifying the regulation and adjustment of excessive income.** While protecting legitimate income according to law, it is necessary to prevent polarization and eliminate unfair wealth allocation. In this regard, we should take many measures, like rationally regulating excessive income, improving the personal income tax system, standardizing the management of capital income, actively and steadily promoting the legislation and reform of real estate tax while ensuring the good completion of pilot projects, intensifying tax regulation in consumption links, expanding the scope of consumption tax collection, strengthening the standardized management of public welfare and philanthropy, improving preferential tax policies, encouraging the high-income group and enterprises to return more to society, cleaning up unreasonable income, enhancing the management of income distribution in monopoly industries and state-owned enterprises, rectifying the order of income distribution, and eliminating distribution chaos such as increasing the income of senior executives in the name of reform, resolutely prohibiting illicit income, curbing the power-for-money deal and cracking down on the acquisition of

illegal income through insider trading, stock market manipulation, financial fraud and tax evasion.

After years of effort, we have explored a complete range of solutions to poverty alleviation, but we still need to explore and accumulate experience on how to help people prosper. We must attach importance to the protection of property rights, intellectual property rights and legitimate wealth acquisition, resolutely oppose the unlimited sprawl of capital, draw a negative list of access to sensitive areas and strengthen anti-monopoly supervision. Meanwhile, we need to mobilize the zeal of entrepreneurs and promote the standardized and healthy development of all kinds of capital.

**Fifth, promoting common prosperity of the people's spiritual life.** Being highly consistent with pursuing the all-round development of the human being, the cause of promoting common prosperity requires strengthening the guidance of core socialist values, enhancing patriotism, collectivism and socialist education, developing public cultural undertakings, and improving the public cultural service system, thus constantly meeting the diversified, multi-level and multi-faceted spiritual and cultural needs of the people. To provide a good public-opinion environment for the cause, we should strengthen the guidance of public opinion in promoting common prosperity, clarify all kinds of vague understandings and prevent a rush to succeed and fear of difficulties.

**Sixth, promoting common prosperity in rural areas.** As a hard nut to crack, promoting common prosperity in rural areas needs greater effort. However, it is inappropriate to set unified, quantitative indicators as we do for poverty alleviation. The key to common prosperity in rural areas is to consolidate and expand the achievements of poverty alleviation, strengthen monitoring and early intervention for people who are prone to falling into poverty again, and give counties out of poverty a leg up to get them going, thus ensuring that large-scale return to poverty and new poverty do not occur. In addition, we should comprehensively advance rural revitalization, speed up agricultural industrialization, make good use of rural assets and increase farmers' property income, thus helping more rural residents to acquire wealth through hard work. In the meantime, efforts should be made to develop rural infrastructure and public service systems and improve the living environment in rural areas.

In my opinion, pursuing common prosperity, like building a moderately prosperous society in all respects, is a general concept that involves all aspects of the society across the country and is not proposed for only urban areas or rural areas, or east, central or west

regions, insomuch that putting forward indicators requires overall consciousness. To achieve common prosperity for 1.4 billion Chinese people, we must take concrete, long-lasting actions. It does not mean simultaneous prosperity for everyone or the same level of affluence across the country. The degree of prosperity of different groups and regions and the time of achieving prosperity may vary. Common prosperity entails a process of moving forward amid developments and must be constantly promoted for continuous success.