‘Common Prosperity’ Policy in China

What is the issue?

With widening income inequality, rising debt levels and social disorder caused by market-driven policies, China increasingly feels the need for a policy shift.

Why is the call for a ‘common prosperity’ policy?

- China has been adopting principles of market capitalism with tenets of Marxist-Leninist ideology.
- With these dual ideological principles and mechanism, China has emerged as an economic powerhouse.
- But all such policies followed after Mao, especially during Deng Xiaoping’s era, are not proving to be socially compatible for Chinese society.
- A market-led socialistic pattern of economy is resulting in a few becoming extravagantly rich and a majority suffering from sharp income inequality and rising poverty.
- The current leadership is highly dissatisfied with the policies that have been driving the Chinese economy, society and politics for the last four decades.
- So, a societal correction has gained priority under Xi’s leadership.
- There is a conscious attempt to curb corruption, and change the policies to restrict the rich from becoming richer at the cost of society.
- Efforts are on to revisit the state policies, which would focus exclusively on ‘common prosperity.’
- An initial sign is the government mounting unprecedented crackdowns on Alibaba and other top corporate firms from various sectors.

What is the priority now?

- The political debate focuses on how this policy shift to ‘common prosperity’ can be effectively used to rewrite a kind of social contract that still draws its inspiration from Mao’s ideas.
- Mao propagated this concept in the policies and campaigns of hundred flower movement and cultural revolution.
- However, Deng’s ascendancy to power sidelined such ideas, and laid emphasis on ‘rich is glorious’.
- Deng believed that allowing some people and regions to get rich first would speed up economic growth and help achieve the ultimate goal of economic modernisation.
- But such policy emphasis of Deng has proved to be a societal disaster.
- The call for ‘common prosperity’ will soon be taken into account in the decision-making process.

What does the push for common prosperity envision?

- Curbing tax evasion

- Reducing limits on the hours that the tech sector employees can work
- Bans on for-profit tutoring in core school subjects
- Strict limits on the time minors can spend playing video games, among many others.

Reference

https://www.thehindubusinessline.com/opinion/chinas-policy-reset-to-common-prosperity/article37152271.ece

