

# An Analysis of China’s “Common Prosperity” Policy: Origins, Implementation, and Socioeconomic Outcomes

Haozheng Jiang\*

*Ritsumeikan University, Kyoto 602-8151, Japan*

*\*Corresponding author: Haozheng Jiang*

---

## Abstract

This article examines China’s post-2021 Common Prosperity agenda as a state-led response to inequality after four decades of high-speed growth. Rather than treating the policy as a slogan, it analyzes Common Prosperity as a mechanism bundle linking distributional adjustment, public-service equalization, and local governance reform. The article first traces the concept’s political genealogy from socialist teleology to its current role in Xi Jinping’s development strategy, then identifies the main national-level instruments: labor-income support, redistribution and social protection, tertiary distribution, and coordinated regional and rural development. Empirically, it uses two Zhejiang cases—Cuiyuan No.1 Community in Hangzhou and Dachen Town in Taizhou—to compare how a shared policy agenda is translated into distinct local pathways under different structural conditions. The findings suggest that early outcomes have been real but limited: some moderation of inequality, continued narrowing of the urban-rural income ratio, and broader policy attention to education, healthcare, pensions, and community-level welfare provision. At the same time, implementation remains constrained by fiscal pressures, dependence on land- and debt-based local finance, uneven local capacity, and the difficulty of converting campaign-style mobilization into stable institutions. The article argues that Common Prosperity is best understood not as an abrupt egalitarian turn, but as a gradual and politically managed recalibration of China’s developmental model.

## Keywords

common prosperity, inequality reduction, state-led redistribution, policy implementation, China development model

---

## 1. Introduction

Since the start of the Reform and Opening era, China has combined extraordinary economic growth with increasingly visible socioeconomic stratification. Marketization, export-led industrialization, uneven regional development, the urban-rural dual structure, and asset appreciation generated rapid accumulation, but they also widened disparities in income, wealth, and access to public goods [3, 27]. The same growth model that lifted hundreds of millions out of poverty also created a more polarized social structure in which capital income, property ownership, educational opportunity, and territorial location have become major determinants of life chances. By the late 2010s, the rise in the Gini coefficient, the persistence of the urban-rural gap, and the concentration of wealth had made inequality a central issue not only for social justice, but

also for regime legitimacy, social stability, domestic demand, and the long-run sustainability of development [22].

Against this background, “Common Prosperity” was elevated from a longstanding socialist aspiration to a central objective of governance. The key political turning point came in 2021, when the Central Committee of the Communist Party of China and the State Council designated Zhejiang as a demonstration zone, and Xi Jinping linked high-quality development to substantive progress toward broader prosperity [2, 23]. In official discourse, the policy does not reject growth; rather, it marks a shift away from the earlier assumption that distributional correction would emerge more or less automatically once growth had been secured. Instead, it places stronger emphasis on the state’s responsibility to shape the distributional consequences of development and to reduce excessive disparities before they undermine broader strategic goals. The policy is thus best read as a recalibration of the post-reform development model rather than as a renunciation of that model.

This article analyzes Common Prosperity as a state-managed attempt to rebalance development rather than as an abstract ideological slogan. Its core question is how redistributive intent is translated into implementable mechanisms at both the national and local levels. I argue that the policy operates through an interconnected set of channels: support for labor income and middle-income expansion in primary distribution, redistribution through taxation and social protection, encouragement of tertiary distribution, equalization of basic public services, and territorially differentiated development strategies oriented toward rural revitalization and regional coordination. The article then asks how these broad instruments are operationalized under different local conditions and what kinds of early outcomes can plausibly be associated with them.

The empirical focus is Zhejiang, the province most closely associated with early Common Prosperity experimentation. Zhejiang is analytically useful not because it is representative of China as a whole, but because it is a politically favored “most-likely” case in which implementation capacity is relatively strong, and policy innovation is actively encouraged. Within Zhejiang, two local cases are used to compare distinct implementation pathways: Cuiyuan No.1 Community in Hangzhou, which illustrates an urban path centered on community governance and service upgrading, and Dachen Town in Taizhou, which represents a rural-island path centered on industrial diversification, collective participation, and social provision. The article proceeds from conceptual genealogy and literature review to a mechanism-centered national analysis, then evaluates early outcomes and structural constraints through these local experiences and recent macro evidence.

## **2. Literature Review**

### **2.1 Conceptual Genealogy: From Socialist Teleology to Post-reform Governance**

The idea of “common prosperity” has a long political history in the Chinese socialist tradition. Mao-era usage linked it to collective advancement under socialism and to the expectation that industrialization and transformation of the countryside would ultimately benefit the broad population rather than a narrow elite [1]. During the reform period, Deng Xiaoping did not abandon the objective, but he reformulated the sequence: some regions and some people could “get rich first,” thereby creating conditions for later, wider prosperity [5, 26]. This reformulation gave strategic priority to efficiency, experimentation, and accumulation, while leaving the equalizing stage as a deferred objective dependent on future growth.

In practice, the balance between these two stages proved difficult to achieve. The post-1978 growth model succeeded in accelerating industrialization and raising average living standards, but it also produced persistent asymmetries between coast and interior, urban and rural residents, formal and informal labor, and owners of appreciating assets and those dependent mainly on wages. By the 1990s and 2000s, Chinese debates increasingly recognized that the promise that “some get rich first” would naturally and smoothly evolve into shared prosperity had not been fulfilled in any automatic sense. The question was no longer whether inequality existed, but whether it had reached levels capable of weakening social cohesion and constraining further development. This helps explain why the concept survived the reform era rather than disappearing: it remained available as a normative resource through which the Party could criticize excesses generated by marketization without rejecting the reform project as a whole.

Under Xi Jinping, “Common Prosperity” was reactivated and elevated in a new context. It was no longer framed only as a distant socialist telos, nor simply as an eventual correction after growth, but as a governing objective to be pursued during the transition from high-speed to high-quality development [23]. Chinese policy documents now present it as a gradual process requiring institutional design across primary, secondary, and tertiary distribution, coupled with improvements in public services and stronger territorial balancing [2, 29]. Importantly, the official formulation rejects both *laissez-faire* distribution and abrupt leveling. The intended image is neither egalitarian equal outcomes nor unrestricted market inequality, but an “olive-shaped” social structure with a larger middle-income group and reduced extreme concentration at both ends. In this formulation, fairness and efficiency are not treated as opposites, but as outcomes that must be politically coordinated [9].

This reframing also makes Common Prosperity analytically relevant to comparative political economy. In particular, it reopens the classic question of whether meaningful redistribution can be sustained without the forms of institutionalized bargaining power emphasized in power-resource theory [13]. It can be read as an effort by a developmental state to recalibrate a model in which growth, social order, and legitimacy are tightly connected. Rather than asking only whether the concept is ideologically coherent, it is more useful to examine the political economy problem it addresses: how to preserve developmental dynamism while reducing the visible distributive tensions produced by long-run market transition. The central theoretical issue is therefore not whether the slogan is normatively attractive, but how far it can be converted into durable distributive institutions under the fiscal, administrative, and class constraints of contemporary China.

There is, therefore, a dual temporal logic built into the concept. One logic is historical and justificatory: the Party can claim continuity with earlier socialist commitments by presenting Common Prosperity as an enduring objective rather than a late corrective. The other logic is strategic and contemporary: by reviving the concept now, the leadership acknowledges that the distributive consequences of reform-era growth have become too salient to leave unattended. This dual logic helps explain the concept’s political elasticity. It can function simultaneously as ideological continuity, developmental recalibration, and a language for disciplining both state actors and private capital.

From a broader theoretical perspective, Common Prosperity can also be interpreted as an attempt to manage the contradictions of late developmentalism. Once easy gains from industrial catch-up diminish, and once housing, education, healthcare, and pensions become central to household security, the distributive foundations of legitimacy necessarily become more important. In this sense, the concept marks a movement from an era in which growth itself could be the primary legitimating currency toward one in which the quality and distribution of that growth must be governed more explicitly.

## **2.2 The Inequality Problem: Income, Wealth, and Multi-dimensional Stratification**

The inequality problem that Common Prosperity seeks to address is multidimensional. It includes income gaps, but also wealth concentration, unequal access to education and healthcare, housing-based stratification, regional divergence, and hukou-mediated welfare exclusion [3, 27]. In contemporary China, inequality is reproduced not only through wages but through differences in asset ownership, labor market segmentation, and territorially uneven state capacity. Coastal urban households with access to appreciating property, higher-quality schools, and stronger formal employment protections occupy a structurally different position from rural residents, migrants, and workers concentrated in more precarious sectors.

For that reason, Common Prosperity cannot be evaluated through a single aggregate indicator such as the Gini coefficient alone. A more adequate assessment must ask whether the composition of income changes, whether public services become more equalized, whether the urban-rural divide narrows, and whether groups historically disadvantaged by territory or institutional status gain more secure access to development opportunities. This broader view of inequality is essential to understanding why the policy combines distributive language with interventions in education, healthcare, housing, pensions, community governance, and rural revitalization.

### **2.3 Governance Instruments: Multi-level Implementation and the Politics of “Tertiary Distribution”**

A related body of research concerns implementation. Chinese public policy is typically characterized by strong central direction but uneven local execution, and distributive governance is especially sensitive to fiscal capacity, bureaucratic coordination, and local political-business relations. Policies that look coherent at the center can fragment at the local level when expenditure burdens are high, interdepartmental incentives diverge, or local governments continue to prioritize investment-led growth over welfare expansion. This implementation problem is particularly salient for Common Prosperity because the agenda spans many ministries and policy domains at once.

Within this broader governance ecology, the notion of “tertiary distribution” is especially distinctive. Officially, tertiary distribution refers to philanthropy, charity, and socially responsible contribution by firms and wealthy individuals, intended to supplement rather than replace primary distribution and state redistribution [23]. Analytically, however, it raises important questions about voluntarism, political signaling, and sustainability. When firms donate under intense political pressure, the result may look redistributive in the short term without becoming an institutionalized tax-and-transfer arrangement. Existing scholarship, therefore, points to a central tension: Common Prosperity requires coordinated and durable distributive governance, but some of its instruments remain dependent on mobilization, local discretion, and uneven implementation capacity.

### **2.4 Research Gap and Contribution**

Existing scholarship has advanced rapidly, but important gaps remain. Many studies interpret Common Prosperity at the level of discourse or ideology, while others focus on single pilots or macro indicators without connecting those observations to a broader mechanism framework [6, 14]. As a result, there is still limited work that links redistributive intent to the concrete channels through which policy is expected to operate, and then compares how those channels are activated under different local conditions.

This article addresses that gap in two ways. First, it develops a mechanism-centered account linking distributional adjustment, public-service equalization, and local governance restructuring. Second, it uses two Zhejiang cases—one urban and one rural-island—to compare how a common policy agenda is translated into distinct implementation pathways. The article does not claim to measure definitive causal effects for all of China. Rather, it aims to clarify how the policy works, where its early effects appear, and what structural limits continue to shape its trajectory.

## **3. Methodology and Research Design**

This study adopts a qualitative, mechanism-oriented design combining document analysis, descriptive statistics, and structured within-case process tracing. The analytical task is to specify how policy instruments in primary, secondary, and tertiary distribution are expected to affect distributive outcomes through two intermediate channels: the equalization of basic public services and the reorganization of local governance and social participation. The empirical materials include central and provincial policy documents, official statistical releases, and case materials from Zhejiang.

Zhejiang is selected because it was designated in 2021 as China’s first Common Prosperity Demonstration Zone and has since served as a preferred site for pilot experimentation [2]. This makes it a strategically important “most-likely” case: if the policy cannot produce visible mechanisms in Zhejiang, it is even less likely to do so in weaker-capacity regions. Within Zhejiang, Cuiyuan No.1 Community and Dachen Town are chosen as pathway-variation cases. Both are presented by official materials as Common Prosperity practices, but they differ sharply in setting, resource endowment, and primary governance challenge. This makes them useful for comparing how a shared policy agenda is adapted to urban community governance on the one hand and rural-island collective development on the other.

The methodological goal is not to produce strong nationwide causal identification. The time horizon is still short, and many outcomes are shaped by broader macroeconomic conditions. Instead, the article makes bounded causal claims: it identifies plausible mechanisms, examines whether local practices correspond to

those mechanisms, and then evaluates whether recent outcome indicators are consistent with incremental distributive adjustment rather than a structural transformation already completed.

#### 4. National-Level Implementation Mechanisms

China's Common Prosperity agenda operates through a broad but internally connected set of instruments. Rather than relying on a single redistributive lever, the central state has pursued a gradual strategy of top-level design, pilot experimentation, and selective expansion [7]. In this respect, the policy is best understood as a mechanism bundle: it seeks to moderate inequality by intervening simultaneously in income generation, redistribution, public-service provision, and spatial development.

A first mechanism concerns primary distribution, especially the share of income accruing to labor. Official discourse repeatedly stresses that expansion of the middle-income group requires raising labor remuneration, protecting workers' lawful income, and reducing some of the most visible forms of exploitation in low-wage sectors [23]. In practice, this has meant periodic increases in local minimum wages, campaigns against wage arrears, and selective enforcement against excessively coercive labor practices. The aim is not to decommodify labor in any radical sense, but to prevent the wage relation from lagging too far behind aggregate growth. In a developmental model long associated with investment and capital accumulation, this matters because wage stagnation weakens both distributive legitimacy and the effort to build more consumption-led growth.

A second mechanism concerns redistribution and social protection. Official formulations of Common Prosperity emphasize "adjusting excessive incomes," enlarging the middle-income group, and securing the bottom. Here, the policy toolkit includes tax reform, social insurance expansion, fiscal transfers, and targeted assistance for lower-income groups. The logic is explicitly supplementary: primary distribution alone is not expected to produce acceptable outcomes, so the state must intervene after the market to mitigate severe disparities. The redistributive dimension remains cautious compared with classic welfare states, but it is nonetheless significant in the Chinese context because it places a stronger political emphasis on the distributive role of taxation, pensions, medical insurance, and social assistance than in earlier phases dominated more clearly by growth-first thinking.

The tax and transfer side of this agenda is still evolving, yet it has already reshaped official priorities. Personal income tax reform, the expansion of special deductions, and continued strengthening of social insurance coverage indicate an effort to relieve lower- and middle-income pressure while maintaining social stability. In pensions, medical insurance, and minimum livelihood support, the central state has continued to emphasize broader coverage and a higher baseline of protection, especially for more vulnerable groups. By early 2023, the number of people covered by basic pension insurance had reached 1.05 billion [25]. The importance of these measures lies less in any single reform than in their cumulative effect: they define redistribution as a legitimate and necessary complement to market outcomes.

A third mechanism is tertiary distribution. This component encourages enterprises, wealthy individuals, and social organizations to participate in charitable giving, philanthropy, rural support, and public-interest provision. Politically, tertiary distribution serves two purposes. It broadens the resources available for welfare and local development, and it symbolically signals that concentration of wealth should entail social responsibility. Yet it also reveals an important institutional ambiguity. Because these contributions are not equivalent to routinized tax-and-transfer arrangements, their redistributive effect can be uneven, campaign-like, and dependent on political pressure. Tertiary distribution, therefore, supplements the broader agenda, but it cannot substitute for more stable fiscal and social policy institutions.

A fourth mechanism is the equalization of basic public services. Official policy links Common Prosperity directly to education, healthcare, housing, elderly care, pensions, and social assistance. Historically, these have been distributed unevenly across territory and social groups. High-quality schools and hospitals remain concentrated in affluent urban regions; migrants and rural residents often face weaker access; and older communities or peripheral localities can experience clear deficits in everyday welfare provision. The policy response is to narrow these gaps through more targeted fiscal support, expansion of social insurance coverage, grassroots service improvement, and selective investment in underprovided areas. This service-equalization channel is central because it addresses not only income inequality in a narrow sense, but

inequality in lived security and social reproduction. It also explains why community renovation, eldercare canteens, local clinics, affordable rental housing, and county-level public services all appear within a policy agenda ostensibly about “prosperity.”

A fifth mechanism concerns territorial rebalancing. The Common Prosperity agenda repeatedly connects redistribution to coordinated regional development and rural revitalization [8]. In this formulation, inequality is not only a matter of household income, but also of uneven development space. Policies therefore encourage investment in county economies, rural industrial upgrading, agricultural modernization, and infrastructure and service provision in less advantaged areas. The objective is to reduce the structural penalties associated with geography by improving local employment opportunities and making peripheral communities more viable places to live and work. Zhejiang’s demonstration-zone agenda, with its emphasis on county-level innovation, village collectives, and integrated urban-rural development, illustrates this spatial dimension particularly clearly [29].

Finally, the policy implies governance reorientation. Common Prosperity cuts across development and reform, finance, social security, education, health, housing, and agriculture. Its implementation therefore depends on coordination mechanisms that can align local cadres, public-service providers, and in some cases enterprises or social organizations around distributive priorities rather than around growth indicators alone. Some localities have introduced assessment systems tied to public-service equalization, urban-rural gaps, and livelihood indicators. At the ideological level, official discourse also promotes frugality, social responsibility, and the idea that wealth should contribute to broader social stability. This moral framing does not by itself redistribute resources, but it helps legitimate the broader shift from a more growth-centered policy repertoire toward one that more openly emphasizes fairness, balance, and social cohesion. National implementation is therefore comprehensive but selective: broad in declared ambition, cautious in fiscal commitment, and dependent on policy coordination across multiple institutional levels.

More concretely, the primary-distribution dimension also includes efforts to improve the bargaining position and formal protections of lower-paid workers. Official campaigns against wage arrears in construction and manufacturing, pressure on platform firms and other employers to regularize parts of labor management, and repeated adjustments to minimum-wage standards in many provinces all fit this logic. None of these measures overturns labor-market hierarchy, but together they indicate that the state has become more concerned that excessively weak wage growth at the lower end could undercut social cohesion.

The public-service channel is likewise more substantive than a simple promise of welfare expansion. In education, fiscal support has increasingly tilted toward under-resourced schools and poorer counties, while in healthcare, the state has emphasized broader insurance coverage, county-level capacity building, and lower medicine costs through bulk procurement. In housing and elderly care, the agenda includes subsidized rental housing, community-level service facilities, and stronger support for aging populations. These policies are not all new in origin, but Common Prosperity has reassembled them within a more explicit distributive framework, giving them a common political language and stronger ideological visibility.

Territorial rebalancing also has an important political function. By tying Common Prosperity to regional coordination and rural revitalization, the center can frame inequality as a development problem to be solved through productive upgrading rather than through redistribution alone. This reduces the political appearance of zero-sum class redistribution and makes the agenda more compatible with the long-standing developmentalist repertoire of the Chinese state. Yet it also means that success depends heavily on whether localities can in fact generate new growth points and not merely circulate slogans about revitalization.

#### **4.1 Fiscal Constraints and the Land–debt Nexus as an Implementation Boundary**

A critical implementation boundary is the relationship between Common Prosperity and China’s local fiscal structure. Subnational governments are expected to expand public services, support rural revitalization, renew communities, and sustain social programs, yet many continue to depend on land-transfer revenue, local financing vehicles, and debt-backed development. When the property sector weakens, the redistributive room of local states contracts. This tension is not incidental; it reflects the historical coupling of local governance capacity with land-centered accumulation [15, 28]. In other words, the state is trying to advance a more equalizing agenda while operating through fiscal institutions shaped by an earlier investment- and land-finance model.

This land-debt nexus does not make Common Prosperity impossible, but it places clear limits on scale and speed. Local governments with heavier debt burdens face stronger pressure to preserve revenue, prioritize growth projects, and postpone more costly equalization measures. That is why implementation often advances through pilots, selective demonstration projects, and targeted improvements rather than through an immediate nationwide restructuring of fiscal relations.

## 5. Local Implementation in Zhejiang: Two Pathways

Zhejiang occupies a privileged place in the policy architecture of Common Prosperity. As one of China's wealthiest provinces and the first officially designated demonstration zone, it was tasked with experimenting in ways that could later inform wider national practice [2]. Provincial policy, therefore, focused on narrowing income, regional, and urban-rural gaps through institutional innovation rather than through transfer expansion alone. The two cases below do not represent all local practice in Zhejiang, but they illuminate two distinct implementation pathways: one centered on urban community governance and basic-service upgrading, the other on rural-island revitalization through collective development and diversification.

Provincial policy documents frame Zhejiang not only as a testing ground for raising incomes but also as a laboratory for reconfiguring governance, social services, and urban-rural integration. That broader ambition is important. It means that local "Common Prosperity" practice is not confined to transfer policy, but includes efforts to produce visible models of more balanced development that can be narrated, observed, and potentially adapted elsewhere. The two cases selected here should therefore be read as demonstrations of differentiated mechanisms rather than as exhaustive summaries of Zhejiang practice.

### 5.1 Urban Governance Path in Cuiyuan No.1 Community, Xihu District, Hangzhou

Cuiyuan No.1 Community in Hangzhou illustrates an urban service-equalization pathway. At the municipal level, this pathway was also broadly aligned with Hangzhou's action plan for building a common prosperity model city [11]. It is an older neighborhood in Xihu District with a significant aging population and a long history of grassroots governance experimentation. Established in the 1980s, the community is densely populated and has long faced typical old-neighborhood problems such as aging buildings, fragmented services, and pressure from an elderly resident structure. In local policy discourse, it became associated with Common Prosperity because authorities used the policy framework to integrate old-neighborhood renovation, elderly care, digital governance, and public-service delivery into a more coordinated neighborhood-level model [10, 24].

The key mechanism in Cuiyuan is not direct income redistribution but the reduction of everyday welfare inequality through governance and service provision. Local authorities pursued the renovation of aging residential facilities, improvement of public space, and expansion of neighborhood-based services for older residents and ordinary households. Official materials describe refurbishment of old buildings, repair of roofs and pipelines, upgrading of public accessibility, and the creation of pocket parks and cleaner shared spaces. These interventions matter because they reduce the gap between nominal urban residence and actually usable welfare. In this sense, Common Prosperity in Cuiyuan works through the social wage: it improves the conditions of daily reproduction without necessarily raising cash income directly.

A second feature of the Cuiyuan pathway is integrated governance. Guided by the local slogan of "the people call, we respond," community authorities combined party-building, grid governance, and digital tools in an effort to identify needs more quickly and respond more coherently. Official reports emphasize a QR-code-based platform through which residents can submit problems, assess services, and obtain more immediate responses from responsible departments. The community also restructured fragmented property-management arrangements and introduced more unified service coordination. From an analytical perspective, the important point is not technological novelty as such, but the attempt to reduce coordination failure inside the urban welfare environment. Where older neighborhoods often suffer from fragmented maintenance, bureaucratic overlap, and weak resident access to services, the Cuiyuan model aims to compress those frictions through more tightly coordinated local governance.

The case also reveals the distributive significance of basic public services in a mature urban setting. Cuiyuan developed an elder-care canteen, a community health and service complex, and what local materials

describe as a “15-minute service circle,” within which residents can access basic amenities such as food supply, healthcare, cultural space, and everyday assistance. Smart health stations, self-service facilities, and extended service hours are presented as ways to make ordinary life more secure for residents who might otherwise be disadvantaged by age, mobility, or old-neighborhood decline. In prosperous cities such as Hangzhou, inequality is not expressed only through absolute poverty. It also appears through differential access to secure housing environments, convenient care for aging residents, quality neighborhood services, and the capacity to convert residence into a dignified daily life. Cuiyuan therefore demonstrates a Common Prosperity pathway in which the state seeks to reduce stratification not mainly by transferring money, but by raising the baseline of urban welfare provision for communities that might otherwise be bypassed by high-end, market-led urban development.

The case further illustrates how local governance reform can be made visible through concrete neighborhood projects. Official descriptions of the “future community” renovation stress not only repairs to interiors and exteriors, but also the reorganization of public space, environmental improvement, and the conversion of previously neglected areas into usable collective amenities. This matters analytically because it turns a broad distributive agenda into observable everyday changes that residents can directly experience. In urban China, such tangible improvements can be politically important even when cash transfers are limited, because they shape perceptions of fairness, inclusion, and responsiveness.

At the same time, Cuiyuan should not be romanticized. It is a high-capacity urban case located in an affluent city, and many of its achievements depend on administrative resources that are not evenly available nationwide. Precisely for that reason, however, it is a revealing demonstration site: it shows what Common Prosperity looks like when implemented in a setting where fiscal and governance capacities are comparatively favorable. Its achievements are therefore best interpreted as an upper-bound illustration of the service-equalization mechanism rather than as an easily generalizable national norm.

## **5.2 Village Collective Governance Path in Dachen Town, Jiaojiang District, Taizhou**

Dachen Town in Taizhou represents a different pathway, rooted in rural revitalization and collective economic development. As an island locality with a historically constrained resource base, Dachen faced the classic difficulties of many peripheral communities: limited industrial depth, dependence on primary-sector activities, out-migration pressures, and relatively high costs of providing public services. It also carries a strong political-symbolic identity associated with the “Dachen Island Reclamation Spirit,” which has made it a visible site for developmental demonstration. Under the Common Prosperity framework, local authorities sought to reduce structural disadvantage not only through transfers but by combining industrial upgrading, tourism development, collective participation, and improvements in social provision [21].

The economic side of the Dachen pathway centers first on diversification through tourism. Official materials describe efforts to upgrade scenic sites, improve ports and beaches, expand visitor services, and mobilize investment in accommodation and related consumption spaces. Tourism is important in distributive terms because it broadens the local employment structure beyond traditional fishing and creates multiple points of entry for residents through hospitality, maintenance, transport, retail, and small business. The local government also attempted to bring idle rural housing into this process by attracting investment for boutique accommodation and by cultivating what it describes as a night-time and small-store economy. In Common Prosperity terms, this matters because rural equalization cannot depend only on redistribution from outside; it also requires a more viable local economic base capable of supporting household income and collective revenue.

A second element is fishery upgrading. Fishing has long been the backbone of the island economy, but Dachen’s strategy has tried to move beyond low-value extraction toward branding, ecological restoration, and higher-value aquaculture. Official accounts emphasize marine ranching, ecological replenishment, technological input, and the cultivation of the “Dachen Yellow Croaker” brand. The broader significance of these efforts lies in the attempt to increase the value captured locally from existing marine resources rather than leaving island residents dependent on low-return primary production. In this respect, Dachen illustrates a version of Common Prosperity in which development and distribution are linked through local value-chain upgrading.

At the same time, the Dachen model is not reducible to market-led entrepreneurship. It includes clear elements of collective coordination and public support. Local governments have promoted infrastructure improvement, public-space renovation, and the organization of village-level or town-level participation in new development projects. The “company + association + fisher” model highlighted in official descriptions suggests an effort to bind producers, firms, and local residents into more stable channels of benefit-sharing. Related initiatives such as processing workshops, livestream sales, and support for women’s participation are likewise important because they connect ordinary residents more directly to new value chains rather than allowing gains to be captured only by outside investors or a narrow local elite.

A further dimension is social provision in a peripheral setting. Island communities often face disadvantages in education, healthcare, elderly care, and social services because remoteness raises costs and limits scale. Common Prosperity at Dachen, therefore, also involves the extension of welfare infrastructure and public-service support, including eldercare facilities, telemedicine, emergency medical logistics, and volunteer service arrangements for more isolated residents. Even when the precise material gains are modest, the significance lies in the attempt to prevent remoteness itself from becoming a durable mechanism of exclusion. The policy logic is thus dual: broaden the local productive base while also strengthening the public-service foundations necessary to retain population and sustain community life.

Dachen is especially important because it shows that Common Prosperity is not simply an urban middle-class agenda translated downward. In more peripheral localities, the central challenge is often to create a development path that combines income generation, collective organization, and social stabilization. The case demonstrates how the policy can be operationalized through territorially specific strategies rather than through a uniform distributive formula.

Official data on the local economy is often presented in celebratory terms, but even allowing for that bias, the structure of the Dachen strategy is analytically clear. Tourism growth is described as generating new jobs in scenic-site operation, construction, maintenance, hospitality, and small business, while the reuse of idle houses for accommodation and the expansion of restaurants and related services indicate a deliberate attempt to spread benefits across a wider local social base. Similarly, the fishery-upgrading strategy does not rely only on more intensive extraction; it combines ecological restoration, branding, association-based coordination, and technological support in order to increase both sustainability and unit value.

The town’s “common prosperity workshop” model adds another layer of inclusion. By linking seafood processing, online sales, livestream promotion, and protected purchase channels, it gives fishers’ families—especially women and older residents—a more direct role in the distribution of value. This is important because peripheral development strategies often fail when new value chains remain externally controlled and ordinary residents participate only as low-paid labor. Dachen’s local initiatives attempt, at least in part, to avoid that outcome by embedding more residents in the commercial and social circuits created by development.

Yet Dachen also makes visible the fragility of Common Prosperity in peripheral areas. Island logistics are expensive, local scale is limited, and the sustainability of tourism-led development can be vulnerable to macroeconomic fluctuations or shifts in consumer demand. The case is therefore best understood not as proof that structural inequality has been solved, but as evidence that the policy can be operationalized through a combined strategy of productive upgrading, social inclusion, and welfare support even under geographically constrained conditions.

### **5.3 Comparison of Cases and Discussion of Mechanisms**

Taken together, the two Zhejiang cases show that Common Prosperity is not implemented through a single standardized formula. Cuiyuan and Dachen share several enabling conditions: strong party-state coordination, local experimentation, selective social participation, and a policy emphasis on combining welfare improvement with governance innovation. Yet the pathways differ because the underlying structures differ. In urban Hangzhou, the central issue is how to make daily life more secure and services more equal in a dense, aging community with relatively mature state capacity. In the island of Taizhou, the challenge is how to broaden the local economic base, connect residents to development opportunities, and sustain public services under geographically constrained conditions.

The comparison suggests that Common Prosperity should be understood as a modular agenda. Its core principles—narrowing disparities, improving the social foundation of development, and embedding distributional concerns more directly in governance—are shared across sites. But the concrete policy mix varies with local social structure, territorial position, and developmental stage. This flexibility is politically useful because it allows the center to maintain a unified discourse while permitting local adaptation. At the same time, it limits simple replicability. Practices that work in a wealthy urban district with dense governance resources are not automatically transferable to remote or fiscally weaker localities, and vice versa.

In analytical terms, the cases clarify two distinct but related mechanisms. Cuiyuan highlights a service-equalization mechanism, in which inequality is reduced by improving community governance and everyday welfare infrastructure. Dachen highlights a development-plus-inclusion mechanism, in which local industrial diversification and collective participation are linked to public-service support. Both mechanisms are compatible with the national agenda, but they illuminate different dimensions of what Common Prosperity can mean in practice.

The comparison also highlights a common political logic across otherwise different cases: both rely on visible, narratable achievements. In Cuiyuan, visible achievements take the form of renovated buildings, service complexes, digital responsiveness, and improved neighborhood amenities. In Dachen, they appear as branded industries, tourism growth, workshops, eldercare facilities, and improved public infrastructure. This visibility matters in a policy environment where pilot sites are expected not only to function, but also to communicate the plausibility of the larger agenda. Common Prosperity is therefore implemented partly through material change and partly through the production of legible governance success.

## 6. Discussion: Early Outcomes and Structural Constraints

The available evidence suggests that Common Prosperity has generated limited but real early effects. Macro indicators since 2021 point to some moderation of inequality, continued narrowing of the urban-rural income ratio, and broader policy attention to public-service equalization. Official statistics indicate that rural income growth has, in recent years, outpaced urban income growth, and the post-poverty governance agenda has increasingly emphasized education, healthcare, pensions, and social assistance as components of distributive stability [16-19]. These trends are consistent with the policy's stated objective: not rapid equalization, but incremental reduction of severe disparities while maintaining growth and social order.

The macro picture should nevertheless be interpreted cautiously. Changes in aggregate inequality result from multiple forces, including macroeconomic slowdown, property-market adjustment, post-pandemic recovery, and demographic change. It would therefore be misleading to attribute every movement in the Gini coefficient or in urban-rural income ratios directly to Common Prosperity. A more defensible interpretation is that the policy has helped institutionalize distributive concerns more centrally within the governing agenda. In other words, the significance of the post-2021 period lies not only in measured outcomes but in the fact that labor income, service equalization, and fairness-oriented governance now occupy a more formal place in China's developmental strategy than before.

Recent official data reinforces this restrained interpretation. NBS releases for 2024 and 2025 show continued growth in per capita disposable income and a further narrowing of the urban-rural income ratio, with rural income again rising faster than urban income in nominal terms [17-19]. In Zhejiang, the urban-rural income ratio has also continued to narrow, reinforcing the demonstration-zone claim that pilot regions may lead in reducing territorial disparities [20]. At the same time, the quintile data still reveal a large gap between low-income and high-income households, indicating that polarization remains substantial even where aggregate ratios improve. From a mechanism perspective, these numbers are more consistent with incremental gains through wage income, transfers, and public-service support than with any rapid transformation in wealth concentration. Related research also suggests that digital governance can improve service allocation efficiency, although its distributive effects remain uneven across local settings [4]. They therefore fit the broader picture suggested by policy design: Common Prosperity can moderate some gaps at the margin, but it does not by itself dissolve the deeper structures through which inequality is reproduced.

The Zhejiang cases help clarify what this means on the ground. In Cuiyuan, the observable effect is a denser welfare environment: better physical conditions, more coordinated services, and more accessible support for aging residents and ordinary households. In Dachen, the observable effect is a more integrated local development strategy that tries to connect production, tourism, collective participation, and social provision. Neither case represents a dramatic break with capitalism or market hierarchy. Rather, they show how Common Prosperity can generate practical improvements in livelihood security and inclusion within the existing developmental framework. Their value is therefore analytical as much as empirical: they identify the kinds of local mechanisms through which the national agenda becomes tangible.

At the same time, the policy faces structural constraints. The first is fiscal. Local governments are asked to do more in welfare equalization and social provision while operating within a subnational fiscal system still shaped by land finance, debt dependence, and uneven revenue capacity [15, 28]. This makes redistribution more difficult precisely when the property sector weakens, and local budgets come under pressure. The second constraint is implementation heterogeneity. High-capacity regions can package old-neighborhood renovation, digital governance, and service integration as visible Common Prosperity projects; weaker regions may struggle to move beyond slogans, fragmented pilot projects, or symbolic performance. The demonstration-zone model produces valuable experimentation, but it may also overstate what is replicable nationwide.

A third constraint lies in the nature of tertiary distribution and campaign-style mobilization. Philanthropic contributions and corporate “social responsibility” can provide resources and political signaling, but they do not automatically become stable redistributive institutions. Their sustainability depends on continued political attention, local enforcement, and the willingness of firms and wealthy actors to cooperate. This is especially relevant where high-income groups anticipate tighter redistribution and begin to consider offshore asset movement or emigration strategies [12]. Where these conditions weaken, the redistributive effect may prove shallow. A fourth constraint is that Common Prosperity is being pursued in a more difficult macroeconomic environment than the one that sustained earlier developmental expansion. Slower growth, labor-market uncertainty, aging, and property-market adjustment all reduce the space for a smooth combination of equality and rising prosperity.

For these reasons, the most plausible conclusion is that Common Prosperity has produced a partial recalibration rather than a structural resolution of inequality. The policy has redirected attention, generated selective improvements, and created visible local experiments. It has likely contributed to some narrowing at the margins and to stronger protection of the social baseline. But it has not eliminated the deeper drivers of inequality rooted in asset ownership, uneven territorial development, segmented labor markets, and the fiscal architecture of local governance. The evidence, therefore, supports a restrained interpretation: Common Prosperity is neither empty rhetoric nor a completed transformation, but an incremental and politically managed adjustment whose long-term significance will depend on whether its distributive aims can be embedded in more durable institutions.

There is also a political dimension to these early outcomes. By re-centering distribution within the language of national development, the leadership has signaled that widening inequality is no longer to be treated as an acceptable side effect of modernization. This matters because the post-reform developmental state historically derived legitimacy from growth performance, but slowing growth makes performance-based legitimacy harder to sustain on output expansion alone. Common Prosperity thus functions partly as a political response to the distributive tensions that accompany maturing capitalism, urban property inequality, and uneven regional development.

At the same time, the policy’s limitations are rooted in exactly those structures. Wealth inequality, especially when driven by property and capital income, is less responsive to moderate adjustments in wages, public services, or philanthropic contributions. Hukou-based segmentation and spatially uneven access to education and healthcare are also deeply institutionalized. Even where urban-rural income ratios improve, social mobility and long-run opportunity may remain highly unequal. This is why a narrow reading of recent data would be misleading: improvement in flow indicators does not necessarily imply a comparable transformation in stock inequality or in the institutions that reproduce it.

The comparison between pilot regions and the broader national landscape is therefore crucial. Zhejiang can experiment with relatively sophisticated governance packages because it combines strong local capacity

with political support from the center. In poorer inland or fiscally strained areas, however, comparable reforms may be harder to finance and administer. A central challenge for future policy is whether the Common Prosperity agenda can move from selective exemplary cases to a more routinized framework of fiscal support, service equalization, and distributive governance across uneven local settings. Without that transition, the policy may remain strongest as a demonstration discourse and weaker as a universally operative institutional order.

A final implication concerns the time horizon. Because Common Prosperity has been framed as a gradual, phased process rather than as a short-term campaign with a fixed endpoint, its significance will depend heavily on institutional persistence. If the policy remains embedded in cadre evaluation, local planning, and routine budgetary choices, it may gradually deepen its distributive effects even without dramatic short-term breaks. If, by contrast, it recedes into a looser rhetorical frame once immediate political attention shifts, then its long-run impact may remain limited to selected pilot achievements and modest marginal improvements.

## 7. Conclusion

China's Common Prosperity agenda is best understood as a gradual and state-managed attempt to recalibrate distribution after a long period in which growth outpaced equality. This article has argued that the policy should be analyzed not as rhetoric alone, but as a mechanism bundle linking labor-income support, redistribution, tertiary distribution, public-service equalization, and territorially differentiated development. The national-level analysis shows that the strategy is comprehensive but cautious: it seeks to moderate disparities without abandoning growth, and it relies on phased experimentation rather than abrupt institutional rupture.

The Zhejiang cases demonstrate that implementation is locally adaptive rather than uniform. In Cuiyuan, Common Prosperity operates primarily through community governance, old-neighborhood renovation, and denser service provision for ordinary residents, especially the elderly. In Dachen, it operates through diversification, collective participation, and attempts to connect local development to broader inclusion. This variation is analytically important because it shows that the policy's content depends on local structure. What remains constant is not a single policy formula, but a common orientation toward narrowing disparities by improving the social conditions of development.

The article's broader conclusion is therefore deliberately mixed. Early outcomes appear real but limited: there is some evidence of moderated inequality, continued improvement in the urban-rural income relationship, and stronger institutional attention to education, healthcare, pensions, and local welfare provision. Yet the policy remains constrained by land- and debt-centered local finance, uneven implementation capacity, and the difficulty of turning mobilizational politics into stable redistributive institutions. Future research should track whether the demonstration-zone logic produces scalable institutional change across regions with weaker capacity and whether Common Prosperity can move from pilot-centered adjustment toward more durable restructuring of China's distributive order.

In that sense, the significance of Common Prosperity lies not only in what it has already achieved, but in what kind of state project it represents. It signals an effort to incorporate distributive governance more directly into the Chinese developmental model at a moment when the costs of inequality have become harder to absorb politically and socially. Whether that effort will culminate in durable institutional change remains open, but the policy has already altered the terms in which development, welfare, and legitimacy are officially linked.

## References

- [1] Central Committee of the Communist Party of China. (1953, December 16). Resolution on developing agricultural production cooperatives. People's Publishing House.
- [2] Central Committee of the Communist Party of China, & State Council. (2021, June 10). Opinions on supporting Zhejiang's high-quality development and building a common prosperity demonstration zone. People's Publishing House. [In Chinese]

- [3] Chancel, L., Piketty, T., Saez, E., & Zucman, G. (2022). World inequality report 2022. World Inequality Lab.
- [4] Chen, L., & Zhang, Y. (2023). Does the development of the digital economy promote common prosperity? Analysis based on 284 cities in China. *Sustainability*, 15(5), Article 4688. <https://doi.org/10.3390/su15054688>
- [5] Deng, X. (1993). Selected works of Deng Xiaoping (Vol. 3). People's Publishing House.
- [6] Gao, S. F., Wang, W. B., & Lü, J. N. (2025). Local government debt, government audit efficiency, and common prosperity. *Journal of Auditing & Economics*, (1), 35–45. [In Chinese]
- [7] Gov.cn. (2021a, June 11). How to build the common prosperity demonstration zone. State Council Information Office. [In Chinese]
- [8] Gov.cn. (2021b, July 24). High-quality creation of rural revitalization demonstration province and promotion of common prosperity demonstration zone action plan (2021–2025). Ministry of Agriculture and Rural Affairs of the People's Republic of China & Zhejiang Provincial Government. [In Chinese]
- [9] Guangming Daily. (2023, April 11). Correctly understanding and grasping the strategic goal and path to achieve common prosperity. People's Daily Online, Theory Channel. [In Chinese]
- [10] Hangzhou Government Office. (2024, June 22). Best list of old-housing community renovations released. [Press release].
- [11] Hangzhou Municipal Government. (2021). Hangzhou action plan for high-quality development and building a common prosperity model city (2021–2025). [In Chinese]
- [12] Hawkins, A. (2023, October 31). China's billionaires looking to move their cash, and themselves, out. *The Guardian*.
- [13] Korpi, W. (1983). *The democratic class struggle*. Routledge.
- [14] Li, B., & Zhang, J. (2023). A new pattern of state–local–society relations under the goal of “common prosperity”: A case study of cooperation between Jiangsu and Shaanxi. *Journal of Nanjing Agricultural University (Social Science Edition)*, 23(6), 64–76. [In Chinese]
- [15] Lu, Y., Zhang, J., Mao, J., & Gao, S. (2024). Land financialization and debt expansion: Evidence from city–county mergers in China. *Cities*, 146, 104679. <https://doi.org/10.1016/j.cities.2023.104679>
- [16] National Bureau of Statistics of China. (2022, February 28). Statistical communiqué of the People's Republic of China on the 2021 national economic and social development. [In Chinese]
- [17] National Bureau of Statistics of China. (2025a, January 18). Households' income and consumption expenditure in 2024.
- [18] National Bureau of Statistics of China. (2025b, February 28). Statistical communiqué of the People's Republic of China on the 2024 national economic and social development.
- [19] National Bureau of Statistics of China. (2026, January 20). Households' income and consumption expenditure in 2025.
- [20] People's Daily. (2025, June 16). Achieving substantive progress in building the common prosperity demonstration zone through high-quality development. Theory Section. [In Chinese]
- [21] Taizhou Municipal Development and Reform Commission. (2023, November 27). Dachen Town of Jiaojiang District: Painting a new picture of common prosperity on the island. [In Chinese]
- [22] World Bank. (2022). *World development indicators*. World Bank.
- [23] Xi, J. (2021). Solidly promote common prosperity. *Qiushi*, 13(4), 17–22. [In Chinese]
- [24] Xihu District Government Office of Hangzhou. (2023, June 29). Zhejiang Province common prosperity practice observation points announced, this Xihu District community made the list! [In Chinese]

- [25] Xinhua News. (2023). Number of people covered by basic pension insurance reaches 1.05 billion. State Council Web. [In Chinese]
- [26] Yu, Y., & Wang, S. (2018). On the theoretical origins and development of Deng Xiaoping's thought on common prosperity. *Scientific Socialism*, (4), 96–102. [In Chinese]
- [27] Zhang, J. (2021). A survey on income inequality in China. *Journal of Economic Literature*, 59(4), 1191–1239.
- [28] Zhang, J., Li, L., Yu, T., Gu, J., & Wen, H. (2021). Land assets, urban investment bonds, and local governments' debt risk in China. *International Journal of Strategic Property Management*, 25(1), 65–75. <https://doi.org/10.3846/ijspm.2020.13834>
- [29] Zhejiang Provincial Government. (2021). Zhejiang high-quality development and construction of a common prosperity demonstration zone implementation plan (2021–2025). [In Chinese]

### **Funding**

This research received no external funding.

### **Conflicts of Interest**

The authors declare no conflict of interest.

### **Acknowledgment**

This paper is an output of the science project.

### **Copyrights**

Copyright for this article is retained by the author (s), with first publication rights granted to the journal. This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).