

China Development Forum 2021

China on a New Journey of Modernisation

10:20-11:20, 20 March 2021

Parallel Session 2 – Venue II

Promoting Prosperity for All

Moderator

Zhang Zhizhou, Chief Executive Officer, DH Fund Management Company

Speakers

Xie Fuzhan, President and Party Secretary, Chinese Academy of Social Sciences (CASS)

Ray Dalio, Co-Chairman, Bridgewater Associates

Gan Li, Director, Survey and Research Center for China Household Finance

Edmund Phelps, Professor of Columbia University, 2006 Nobel Laureate in Economics

Key points

- China has been exploring the path to common prosperity and made solid progress, but still has a long way to go. First, to promote prosperity for all, it should unswervingly pursue high-quality development and make consolidating and expanding the achievements of its battle against poverty a top priority. Second, it should seek ways to address regional inequality, urban-rural gaps, and income disparity. Third, given implementing policies and measures cannot separately promote prosperity for all, it should make efforts to establish a complete, well-functioning institutional system to provide a solid foundation for common prosperity.
- Promoting prosperity for all has been necessary for the survival of any dynasty and empire in history. The government should play a leading role in reducing inequalities arising from development, especially unequal access to education. More public-private collaboration is needed to help the poor develop skills and capabilities so that they can support themselves.
- Considering their differences in paradigms and development stages, China and the United States need to learn from each other and enhance communication. The governments of both countries have the responsibility to seek common

ground and find more ways to achieve mutual wins.

- Tax adjustment will be an important means of achieving common prosperity.

Synopsis

The *Outline for Long-range Objectives through the Year 2035* states that substantial progress has been made towards the goal of promoting prosperity for all. China has been exploring the path to common prosperity and made solid progress, but still has a long way to go. To promote prosperity for all, China has gone through two stages. The first stage, from the beginning of reform and opening up to the end of last century, was characterized by the policy of letting some people get rich first, who would then lead and help the rest. In the second stage, from the beginning of this century to now, the government has been focusing on developing the economy while emphasising addressing regional inequality, urban-rural gaps, and income disparity through implementing the following measures: stronger efforts towards the balanced development of urban and rural areas; increased government investment in the agriculture sector and rural areas; regional development strategies; eliminating restrictions for farmers seeking jobs in cities and promoting the integration of labour markets in urban and rural areas; integrating the basic insurance systems for urban and rural residents, developing social welfare programs for the elderly, the young and the disabled, and building a diverse housing support system.

First, to promote prosperity for all, China should unswervingly pursue high-quality development, since development is the basis of and key to addressing all the issues facing the country. Second, it should make consolidating and expanding the achievements of its battle against poverty a top priority. Last, it should make efforts in establishing a complete, well-functioning institutional system to provide a solid foundation for common prosperity.

Throughout history, the rise of all great nations had been closely related to the grand cause of promoting prosperity for all. The government should play a leading role in reducing inequalities arising from development, and more importantly, help the poor develop skills and capabilities so that they can support themselves.

Despite their differences in development history, China and the United States can learn from each other. Looking ahead, both countries need to improve communication, seek neutral approaches, explore more potential areas of cooperation where they can complement each other's advantages, so as to create mutually beneficial situations.

High net worth families have been doing much better than low income households both during and after the pandemic. Income disparity has long been a leading cause

of curbed consumption growth. Tax adjustments will be an important means of achieving common prosperity.

By implementing the new development paradigm to open up new horizons, strengthening efforts to increase the income of low-income groups, expanding the middle-income population, adjusting the income of high-income groups, and cracking down on those seeking illegal gains, China is poised to make substantial progress towards common prosperity through 2035.

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