

China's Long War on Poverty

Carlos Martinez



Carlos Martinez is an author and political activist from London, Britain. His first book, *The End of the Beginning: Lessons of the Soviet Collapse*, was published in 2019 by LeftWord Books. His main areas of research are the construction of socialist societies (past and present), progressive movements in Latin America, and multipolarity. Email: carlosmartinez@fastmail.com

Abstract: This article provides a detailed analysis of China's ongoing struggle against poverty. In addition to discussing the recently concluded targeted poverty alleviation program, in which the CPC-led government achieved its goal of ending extreme poverty, the author discusses the anti-poverty measures taken during the various phases of the Chinese Revolution, including land reform in the liberated areas in the 1930s and 1940s; the period of initial socialist construction from 1949; reform and opening up from 1978; and the more recent measures aimed at building common prosperity. He concludes that poverty alleviation, and more broadly the improvement of people's living standards, has been foundational to the entire Chinese socialist project and constitutes a key theme of each of its stages.

Key words: China; poverty alleviation; socialism; common prosperity; reform

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In late 2020, the Chinese government announced that its goal of eliminating extreme poverty by 2021 (the centenary of the founding of the Communist Party of China) had been met. At the start of the targeted poverty alleviation program in 2014, just under 100 million people were identified as living below the poverty line; seven years later, the number was zero.

To eradicate extreme poverty in a developing country of 1.4 billion people—which at the time of the founding of the People's Republic of China in 1949 was one of the poorest countries in the world, characterized by widespread malnutrition, illiteracy, foreign domination, and technological backwardness—is without

doubt “the greatest anti-poverty achievement in history,” in the words of UN Secretary General Antonio Guterres (2019).

What does it mean to *not suffer extreme poverty* in China? The most easily measurable aspect is having a daily income higher than the World Bank-defined international poverty line of 1.90 USD per day. However, according to the Chinese government’s definition, a person can be considered to have left extreme poverty only if the “two assurances and three guarantees” have been met (Xi 2019). The two assurances are for adequate food and clothing; the three guarantees are for access to medical services, safe housing with drinking water and electricity, and at least nine years of free education. Meanwhile, the land ownership system in China means that the rural poor have rent-free access to land and housing—putting them in a very different category to the rural poor elsewhere in the world.

Hence ending extreme poverty is far more than simply ensuring that everyone’s income is greater than the international poverty line; it means their overall basic needs are adequately met; that they enjoy sufficient access to food, clothing, housing, clean water, modern energy, education and healthcare. As Fudan University professor Weiwei Zhang has pointed out, “the concept of poverty in most other developing countries means lack of basics for life like food, electricity and housing. This is not the case with the poor or the poor regions of China” (Zhang 2016, 16).

While the achievements of the targeted poverty alleviation program are unprecedented, the Communist Party of China’s preoccupation with poverty alleviation began not in 2013 but in 1921. The pursuit of common prosperity and ensuring the fundamental human rights of the Chinese people is a thread that runs throughout the history of the Chinese Revolution and of the People’s Republic of China.

The Chinese communists’ first major steps toward poverty alleviation were taken in the liberated zones, starting with the Jiangxi–Fujian Soviet in 1931. Under the prevailing social order, the Chinese peasantry (the vast majority of the population) endured atrocious conditions, regularly suffering famines. A century of foreign domination and warlord rule had only deepened the brutal inequality of the feudal system, with the peasantry having to provide both foot soldiers and grain surpluses.

Land reform was the starting point for addressing this monstrous poverty. In their classic book about the land reform process in a small village in Hebei, *Ten Mile Inn*, Isabel and David Crook describe the situation prevailing in 1937:

Seventy percent of the people of the village lived in the most dire circumstances. For much of the year they subsisted on husks, wild herbs, and watery gruel “so thin you could see the reflection of the moon in it” . . . Landlords and peasants alike were pitifully poor. Nevertheless, there was a profound difference between them. In times of famine, it was the members of the poor families who died or emigrated, who were forced by poverty to kill or sell children whom they could

not feed, who were driven by hunger to join the warlord armies, who were imprisoned for the nonpayment of taxes or lost their meagre property by default for nonpayment of debts. (Crook and Crook 1979, 8)

Land reform acquired different dimensions in different places and at different times, but its essence was “the uncompensated division of landlords’ fields among the peasants and outright cancellation of all accumulated rural debt—that is, the destruction of feudalism” (Epstein 1998, 123). Rural collectivization in the liberated zones allowed for the entire village population to share both the work and the fruits of the land.

Village collectives established public health and education for the first time. Edgar Snow observed that, for example, in the Chinese Soviets, “the Reds attained a higher degree of literacy among the populace in three or four years than had been achieved anywhere else in rural China after centuries” (Snow 2018, 186).

William Hinton wrote in *Fanshen* about the extraordinary impact that the land reform process had on the rural poor, and particularly women:

For the first time in their lives they felt some measure of control over their destiny. They slept under their own roofs, walked on their own land, planted their own seed, looked forward to harvesting their own crops and, what was perhaps best of all, owed neither grain nor money to any man. (Hinton 2008, 155)

This newly democratized countryside would form the core support base for the Chinese Revolution in the ensuing decades. As Peng Dehuai (who would later become China’s Defence Minister) commented, “tactics are important, but we could not exist if the majority of the people did not support us” (quoted in Snow 2018, 277). The social and economic progress was deeply intertwined with the military resistance against Japanese aggression and, later, the reactionary nationalist armies. Hinton observes that the CPC and its allies “mobilised tens of millions of hard-pressed peasants for resistance, and that resistance, by reaching out to all strata of society, laid the groundwork for the social revolution to come” (Hinton 2008, 84).

During the war against Japanese aggression (1937–1945), land expropriation in the liberated zones was paused in the interests of building the broadest possible united front to defend Chinese sovereignty. In this period, the CPC and its armies worked with village committees to reduce rents, reduce interest on loans, and mitigate some of the gross injustices of feudal life.

Following the declaration of the People’s Republic of China in October 1949, the land reform program that had been trialed in the liberated areas was expanded throughout the country. Within a few years, landlordism was eliminated and almost the entire peasantry was organized in collective farms. This was, in the words of Xi Jinping, “the most extensive and profound social reform in the Chinese history” (Xi 2022).

Bourgeois history tends to regard the period from 1949 until 1978 (the start of reform and opening up) as a failure in economic terms. According to the standard narrative, the Chinese people discovered to their own cost that common ownership and equality run counter to human nature. And yet in terms of improving the well-being of the Chinese people, the period of initial socialist construction was an overwhelming success, in spite of setbacks, mistakes, excesses and an adverse external environment. So much is conceded even by Adrian Wood, principal economist on the team that compiled the first World Bank report on China in 1983, who commented that “the previous 30 to 40 years of Chinese development had been remarkably successful” (quoted in Weber 2021, 104).

The curse of famine had finally been lifted. There was unprecedented progress in public health, leading to an increase in life expectancy from 36 to 67 in the first three decades following liberation (Babiarz et al. 2015). It's true that life expectancy increased globally during this period, but in China's case the increase was particularly steep—from several years below the global average to several years above it. Access to education was universal, and young adult illiteracy was wiped out. China broke out of perennial underdevelopment, building a broad industrial base.

While poor in comparison with most people in the advanced capitalist countries, Chinese people lived significantly better than their counterparts in most other developing countries. In neighboring India, for example, the rural poor continued to face famine, widespread malnutrition, and lack of access to healthcare, education, modern energy, and clean water.

Thus, it is important to recognize that the period of initial socialist construction played an essential role in China's long march to end poverty.

A Bigger Cake

The period of reform and opening up, starting in 1978 with a set of economic policies introduced by the Deng Xiaoping leadership, is not typically discussed in terms of poverty alleviation. And yet it was conceived in precisely those terms: “to rid our country of poverty and backwardness” (Deng 1978). Professor Ganqiang He of Nanjing University has described the basic goals of the reforms as: “release and develop the social productive forces, boost scientific development, and promote common prosperity for the people” (He 2020, 183).

China in 1978 was still very much a poor country: 30 percent of the rural population—around 250 million people—lived below the poverty line. Millions experienced inadequate nutrition. While basic industrialization had been achieved, productivity was still low, a long way behind the advanced capitalist countries. Per capita, food production had only grown 10 percent since 1952, although its distribution was now of course far more equitable (Lin 2012, 152). Conditions in the

countryside were infinitely better than they had been before the revolution, as a result of land reform and the deployment of social welfare; however, the fast-track program of industrialization placed a heavy demand on the peasantry to provide a grain surplus that would subsidize the country's overall development.

Bing Kang, former deputy editor-in-chief of *China Daily*, wrote a moving personal account of his childhood growing up in Xi'an:

Growing up in 1960s and 1970s, my childhood memory is closely connected with hunger. Unable to provide enough food to feed its ever-increasing population which almost doubled in about 30 years, the People's Republic had to adopt a food ration system to ensure equal distribution of food . . . In my home city of Xi'an, the monthly quota for one urban resident was 100 grams of cooking oil, half a kg of meat, half a dozen eggs and 100 grams of sugar. As for milk, that was given only to families with newborns. Many families today consume the entire monthly quota of oil, meat, eggs and sugar in one day. Although the ration system ensured everybody had a share of the available food and prevented starvation deaths, it led to malnutrition among children, adolescents, adults and the elderly alike. (Kang 2022)

Chen Yun, one of the CPC's foremost economic strategists from the early 1940s onwards, and a leading architect of reform and opening up, warned in 1979:

Our country has more than 900 million people, 80 percent are peasants. The revolution has been won for 30 years and the people are demanding improvements in their lives. Have there been improvements? Yes. But many places still do not have enough to eat, this is a big problem. (quoted in Weber 2021, 159)

Significant numbers in South China were migrating to Hong Kong in search of a better life. Prominent Chinese economist Justin Yifu Lin puts the case bluntly:

By 1978 Japan had basically caught up with the United States, and South Korea and Taiwan, China, had narrowed the income gap with developed countries. China, although boasting a complete industrial system, an atomic bomb, and a man-made satellite, had a standard of living a far cry from that of the developed world. The new leadership had to improve national economic performance and make its people as rich as their neighbours, or it might lose support and its legitimacy for rule. (Lin 2012, 153)

The CPC leadership concluded that scientific and technological development were crucial factors in pushing forward the evolution of the Chinese Revolution

and raising the living standards of the people. To a considerable degree then, reform and opening up was part of a longer-term strategy of *catching up* with the West. Mao himself placed great emphasis on the value of catching up:

America has 170 million people, we have several times that number, plentiful resources, and a similar climate; catching up is possible. Should we catch up? Of course we should, or else what are you 600 million people doing? . . . In another 50 or 60 years, we should be ahead of them. This is a responsibility, we have this many people, this much territory, this many resources, and a socialist society. If in 50 or 60 years you still can't catch up to America, what's the matter with you? You deserve to have your membership in the human race revoked! (quoted in Liu 2015, 17)

Lenin wrote in his 1918 article “The Immediate Tasks of the Soviet Government” that “socialism calls for a conscious mass advance to greater productivity of labor compared with capitalism” (Lenin 1918). Yet three decades after the establishment of the People’s Republic of China, China’s labor productivity remained far behind that of the US. Part of the reason for this is that China had been cut off from technological developments in the capitalist world as a result of a near-total blockade imposed by the Truman administration. In the same article, Lenin (1918) had opined that “the possibility of building socialism depends exactly upon our success in combining the Soviet power and the Soviet organisation of administration with the up-to-date achievements of capitalism.” However, these up-to-date achievements of capitalism were beyond China’s reach during the 1950s and 1960s.

The improvement in relations with the US—starting with Henry Kissinger’s secret visit to Beijing in 1971 and President Nixon’s visit the following year—opened the way for China to acquire capital goods, attract investment, and learn from the West’s scientific, technological, and managerial innovations. With the formal establishment of US–China bilateral relations in 1979 and the US granting China most favored nation in 1980, China also gained access to a global market.

Concurrently, the Chinese leadership was developing a deeper understanding of the situation in the countryside and the need to urgently improve living standards. Isabella Weber writes in her 2021 book *How China Escaped Shock Therapy* that, somewhat ironically, many of the young economists pushing for reform in the rural economy were urban intellectuals that had been “sent down” to the countryside during the Cultural Revolution: “The experience of rural poverty was the starting point for a movement of young intellectuals who were dedicated to rural reform after their return to the urban centres” (Weber 2021, 17).

Xi Jinping, himself a “sent-down youth” in the 1970s, made a similar point in 1990, while working as party secretary in Ningde, Fujian:

Many Party members are sent to extremely remote, impoverished areas, where they learn about the people's suffering firsthand . . . Upon their return, Party members always say that they have developed more empathy for the people, and they feel a stronger sense of responsibility to serve them. (Xi 2016, 46)

Solving the problem of rural poverty thus was the starting point for the reform process, which emphasized productivity, science, and technology as means of generating greater social wealth. That process has been spectacularly successful in its poverty reduction aims. Indeed, the UN Development Program in 2010 described China as having achieved “the most rapid decline in absolute poverty ever witnessed” (Hirst 2018, 68).

Between 1978 and 2013, the number of people living below the World Bank threshold of absolute poverty dropped from 80 percent to 9 percent of the population (quoted in Chak, Li, and Zhang 2021). While China's per capita GDP was approximately the same as India's in 1978, by 2020 it was five times higher.¹ Per capita GDP figures are partially misleading here since, in the pre-reform era, many essential goods and services were provided freely to the population (hence the Chinese peasantry enjoyed a far higher standard of living than the Indian peasantry, in spite of having a similar income). Nonetheless, the vast majority of Chinese people experienced a dramatic improvement in living standards in the decades following the adoption of reform and opening up.

Food production increased substantially, such that “China finally produced enough grain to abolish grain rationing altogether” (Ang 2016, 95). People also benefited from a much more varied diet. In the 1980s, key consumer goods such as refrigerators and washing machines went from being relatively rare to being almost universal. The rate of access to clean water and modern energy also increased dramatically.

British economist John Ross judges that

the most comprehensive criteria for judging the overall impact of social and environmental conditions in a country is average life expectancy—as this sums up and balances the combined effect of all positive and negative economic, social, environmental, health, educational and other trends. (Ross 2021, 18)

Average life expectancy in China in 1975 was 64—impressive for a large developing country at the time, certainly when compared with India's 51. However, in the US it was 73. By 2021, life expectancy in both China and the US was 77.²

Infant mortality rate is another important poverty indicator. Colin Mackerras notes that infant mortality in China “fell from 37.6 deaths per 1,000 live births around the late 1970s to 5.4 per 1,000 in 2020, just lower than the United States, where it was 5.69 per 1000 live births the same year” (Mackerras 2021).

Arthur Kroeber writes that between 1988 and 2008, average per capita income in China grew by 229 percent—“ten times the global average of 24 percent, and far ahead of the rates for India (34 percent)” (Kroeber 2016, 198). Noting that this increased income was by no means limited to the wealthy, Kroeber points out that whereas in 1994 a Chinese factory worker made only a quarter of the wage of their counterpart in Thailand, by 2008 the Chinese worker was earning 25 percent more than the Thai worker (173).

Thus, it is beyond dispute that economic reforms have been tremendously impactful in terms of reducing poverty in China. What is also beyond dispute is that inequality has grown at a startling rate. While the cake is much bigger, it has been divided very unequally. But even the smallest slices are much larger than they were. The late Egyptian political scientist Samir Amin, who was by no means uncritical of Chinese socialism, pointed out that “the growth of income has been a reality for almost all the population even if that growth has been much higher for some than it has been for the others.” Therefore, in China, “growing inequality has been accompanied by reduction of poverty,” unlike in the vast majority of countries of the Global South, where “growth—and in some cases significant high growth—has benefited only a minority” (Amin 2018).

The Italian Marxist philosopher Domenico Losurdo made a profound analysis of the inequalities introduced as a result of China’s market reforms. He pointed out that there are two types of inequality to consider: “1) inequality existing on the global scale between the most and least developed countries; and 2) the inequality existing within each individual country” (Losurdo 2017, 24). Losurdo states that China’s rise constitutes a most extraordinary contribution to the fight against global-scale inequality. He also points to the existence of an “absolute inequality that exists between life and death” which Chinese socialism has addressed with extraordinary success, “eliminating once and for all the absolute qualitative inequality inherent in starvation and the risk of starvation” (26).

None of this is to say that inequality in China is not a problem. It is a serious problem, and is recognized as such by China’s government, which has been actively working to reduce inequality for the last two decades. Kroeber notes that since 2000, Beijing has launched

a host of policies specifically designed to reduce urban-rural inequality and inequalities between poor and rich regions. Programs to boost rural incomes have included: a relaxation of rules requiring farmers to grow grain, enabling them to increase production of more profitable cash crops; the easing and finally abolition of taxes and fees on agricultural production; a major push to build farm-to-market roads, helping farmers gain access to richer urban consumers; and stepped-up investments in food processing industries. (Kroeber 2016, 199)

All this has been combined with vast infrastructure development programs, particularly in the poorer Western and Central regions. Kroeber observes that the urban–rural income gap started to shrink in 2009. In addition to the urban–rural gap, inequality between lower-income groups and higher-income groups has also been waning since 2010. Compulsory free nine-year education was established in 2007, and the rural cooperative medical insurance system was set up in 2003. The rural minimum living standard guarantee (*dibao*) program, first introduced in Shanghai in 1993, is “one of the largest minimum income cash transfer schemes in the world” (Golan, Sicular, and Umaphathi 2017). These and other steps to restore a functioning social welfare system aim to address the inequality and unfairness associated with the market economy.

In sum, it should be clear that four decades of market reforms and the expansion of private capital, while introducing a level of inequality that would have been unimaginable in pre-1978 China, have nevertheless played an indispensable role in reducing poverty. Indeed, eliminating poverty was the central motivating force of reform and opening up. As Deng Xiaoping said in 1987: “to uphold socialism, a socialism that is to be superior to capitalism, it is imperative first and foremost to eliminate poverty” (Deng 1987a).

Targeted Poverty Alleviation

At the 18th National Congress of the CPC in 2012, General Secretary Xi Jinping announced the two centenary goals:

realising a moderately prosperous society by the centenary of the CPC in 2021 and . . . turning China into a prosperous, democratic, culturally advanced and harmonious modern socialist country by the centenary of the People’s Republic of China in 2049. (Xi 2014, 6)

The most important component of becoming a “moderately prosperous society” was to eliminate absolute poverty. Toward this goal, in 2014, China’s government embarked upon the largest systematic poverty alleviation program in history.

Researchers at the Tricontinental Institute have published a dossier about the targeted poverty alleviation program, “Serve the People: The Eradication of Extreme Poverty in China,” based on extensive research, case studies and interviews, carried out by a small team on the ground in China. The dossier describes the four questions that guided implementation of the program: “Who should be lifted out of poverty? Who carries out the work? What measures need to be taken to address poverty? How can evaluations be done to ensure that people remain out of poverty?” (Chak, Li, and Zhang 2021).

To help answer the first question, that is, to identify those living in extreme poverty, the dossier notes that 800,000 CPC cadres, community workers, and volunteers were mobilized to “visit and survey every household across the country, identifying 89.62 million poor people in 29.48 million households and 128,000 villages” (Chak, Li, and Zhang 2021). Having identified those living below the poverty line, the cadres worked with each family and community to identify specific measures to improve their situation.

As noted in the introduction to this article, the Chinese government’s definition of extreme poverty is not based solely on income level, but also includes the *two assurances* (for adequate food and clothing) and *three guarantees* (access to medical services, safe housing with drinking water and electricity, and at least nine years of free education).³ As such, permanently ending extreme poverty is not a unidimensional problem that can be solved simply by transferring cash to poor families.

To create specific, family- and community-specific solutions to poverty has required an extraordinary mobilization.

Beginning in 2013, carefully selected first secretaries and village work teams were dispatched to poor villages. To date, more than 3 million village first secretaries and officials have been allocated across the country, with nearly 1 million working in any given year to assist villages. (CPC Leadership Group of the National Administration for Rural Revitalization 2021)

The targeted poverty alleviation campaign used a wide array of methods. Millions of jobs were created through the development of local production units (with the corresponding access to funding, training, equipment, and markets), and also through the innovative use of technology, for example, using e-commerce to connect small rural businesses with China’s vast online market. A report by China’s State Council Information Office (2021) discusses the launch of e-commerce projects throughout the countryside: “All 832 poor counties have been included in the initiative . . . The number of e-businesses in these counties grew from 1.32 million in 2016 to 3.11 million in 2020.”

As part of the poverty alleviation program, many industries have been transferred from the urban coastal areas to the rural inland zones, with more than 300,000 industrial bases having been built in the last decade. The government “has facilitated the transfer of food processing, clothes manufacturing, and other labor-intensive industries from the east to the west. With the growth of such specialty industries, poor areas have gained economic momentum” (China’s State Council Information Office 2021). Thus while working to eliminate poverty, China is also making progress toward the vision outlined by Marx and Engels 150 years ago of “abolishing the antithesis between town and country” (Engels 1873).

The poverty alleviation program is also connected to China's bid to create an "ecological civilization," protecting ecosystems, reducing pollution and getting to net zero greenhouse gas emissions. For example, millions of people have been employed in the restoration and protection of forests and grasslands (Lei, Yuan, and Yao 2021).

Education also plays an important role in poverty alleviation, and in recent years several million teachers have been dispatched to the poorer Central and Western regions.⁴ In the decade from 2010 to 2020, the average number of years of education for Chinese adults increased from nine to ten, and the number of people with tertiary education nearly doubled, from 8,930 to 15,467 per 100,000.⁵ Remote learning techniques have also been widely deployed in impoverished areas, greatly aided by improvements in communications infrastructure: over 98 percent of poor villages now have access to optical fiber communications and 4G technology, up from less than 70 percent in 2017.⁶

The authors of the Tricontinental dossier note that, "for families who are living in extremely remote areas or exposed to frequent natural disasters, it is near impossible to break the cycle of poverty without moving to more habitable environments" (Chak, Li, and Zhang 2021). As such, almost 10 million people were voluntarily relocated from remote zones to newly built urban communities, which included schools, hospitals, childcare facilities, and cultural centers.

As noted at the beginning of the article, the targeted poverty alleviation program succeeded in reducing the number of people living in absolute poverty from just under 100 million people to zero.⁷ What's more, the goal of eliminating extreme poverty was fulfilled while the country was concurrently battling a pandemic that has driven millions into poverty throughout the world. The success of this campaign should be considered a testament to China's socialist system: no state with a capitalist ruling class has ever made such a comprehensive and systematic effort to provide people's most basic human rights. The orientation of government policy toward the needs of the poor; the strong institutional and infrastructural framework; and the willingness of millions of cadres to participate in the campaign: all these are reflections of a vibrant Chinese socialism.

Toward Common Prosperity

With the completion of the targeted poverty alleviation campaign and the accomplishment of the first centenary goal, China has scored an important victory; but the long war on poverty continues, and the second centenary goal has now come into sharper focus. Building a great modern socialist country in all respects implies taking on *relative* poverty, improving per capita GDP, revitalizing rural areas, and reducing inequality between regions and groups. It is time for "making the cake bigger and better and sharing it fairly through rational institutional arrangements" (Wang 2022).

In an article entitled “Making Solid Progress toward Common Prosperity,” based on a speech at the tenth meeting of the Central Financial and Economic Affairs Commission on August 17, 2021, Xi Jinping explained that the success of the targeted poverty alleviation campaign had “created conditions conducive to bringing about prosperity for all,” and that China was now advancing into “a historical stage in which we will make solid steps toward common prosperity” (Xi 2021a).

In a detailed analysis of the concept of *common prosperity*, British academic Michael Dunford notes that the phrase first appeared in an article in *People's Daily* on September 25, 1953, and was posed as a key goal of China's socialist construction (Dunford 2021). Deng Xiaoping talked frequently about common prosperity, highlighting that the principle of “letting a few get rich first” was only a means of accelerating the advance of the entire population, and that the basic aims and structures of socialism should not be thrown out with the introduction of certain elements of capitalism:

Wealth in a socialist society belongs to the people. To get rich in a socialist society means prosperity for the entire people. The principles of socialism are: first, development of production and second, common prosperity. We permit some people and some regions to become prosperous first, for the purpose of achieving common prosperity faster. (Deng 1986)

Jiang Zemin also often invoked the idea of common prosperity: “We will ensure that our people will reap the benefit of continued economic growth and gradually achieve common prosperity” (Jiang 1997). In his report to the 18th National Congress of the CPC, Hu Jintao described common prosperity as “the fundamental principle of socialism with Chinese characteristics,” adding that the government must

adjust the pattern of national income distribution, tighten its regulation by secondary distribution and work hard to narrow income gaps so that all the people can share in more fruits of development in a fair way and move steadily toward common prosperity.⁸ (Hu 2012)

Thus, each generation of the leadership of the People's Republic of China has actively promoted the concept of common prosperity. However, with the completion of the targeted poverty alleviation program, common prosperity becomes a major policy priority. In a speech given in January 2021 at a seminar for provincial and ministerial level officials on studying and implementing the guiding principles of the Fifth Plenary Session of the 19th CPC Central Committee, Xi Jinping said:

Realizing common prosperity is more than an economic goal. It is a major political issue that bears on our Party's governance foundation. We cannot allow the gap between the rich and the poor to continue growing . . . We cannot permit the wealth gap to become an unbridgeable gulf . . . We must be proactive about narrowing the gaps between regions, between urban and rural areas, and between rich and poor people. We should promote all-around social progress and well-rounded personal development, and advocate social fairness and justice, so that our people enjoy the fruits of development in a fairer way. We should see that people have a stronger sense of fulfillment, happiness, and security and make them feel that common prosperity is not an empty slogan but a concrete fact that they can see and feel for themselves. (Xi 2021b)

In the above-cited article, "Making Solid Progress toward Common Prosperity," Xi Jinping (2021a) put forward various targets and timelines: to make "solid progress toward bringing prosperity to all," reducing income inequality by the end of the 14th five-year plan in 2025; ensuring equitable access to basic public services by 2035; and "basically achieving" common prosperity by 2049, with "gaps between individual incomes and actual consumption levels" narrowed to an appropriate range. Xi called for an action plan to be formulated with these targets in mind. And since the Chinese government is not in the habit of making empty promises, the action plan should include "rational and workable systems of targets and methods of evaluation."

The renewed emphasis on common prosperity also sends a message about maintaining the primacy of the public sector of China's economy, since it is the role of the state-owned companies, government planning and macroeconomic regulation that ensures the country's overall economic activity serves the people as a whole. As the influential Chinese academic Enfu Cheng pointed out in 2014:

If the public economy is not treated as dominant in the socialist economy, government's adjustment function will be weakened greatly, which will greatly hinder the implementation of the economic and social development strategy of the country and the country will lack the economic basis that will guarantee the fundamental interest of the masses and common prosperity. (Cheng 2020, 115)

Leming Hu, former Deputy Director of the Institute of Economics, Chinese Academy of Social Sciences, makes a similar point about the relationship between the public economy and the pursuit of common prosperity:

Without the leading position of the public economy, there will be no solid economic basis and powerful material means and basis for governance by the

Communist Party, nor for the whole socialist superstructure, and we will have no means to prevent growing income disparity and will not be able to realise common prosperity. (quoted in Cheng 2020, 125)

Deng Xiaoping often insisted that “predominance of public ownership and common prosperity are the two fundamental socialist principles that we must adhere to” (Deng 1985). The renewed emphasis on common prosperity is an important step in the ongoing attempts to conform with Hu Jintao’s observation that “a proper balance should be struck between efficiency and fairness” (Hu 2012), to impose limits on the influence of the owners of capital, to reassert the primacy of the state-owned economy and the interests of the working class, and to reiterate that the CPC will never “take the evil road of changing our flags and banners.”⁹

While the common prosperity campaign is in its early stages, there have already been a number of important developments, including a regulatory crackdown on the private education sector (Chang 2021), a set of measures to prevent gaming addiction among children (Letzing 2021), the imposition of stricter rent controls (Liu and Lam 2021), and several laws and regulations to protect the rights of workers in the “gig economy.” Tech companies “must now sign labour contracts with their gig workers, and provide them with the insurance coverage of state-run insurers” (Borak 2021); furthermore, China’s Trade Union Law has been revised to enable and encourage unionization of gig economy workers (Ding 2022).

China’s success in eliminating extreme poverty is “far from a full stop” and we can expect the Chinese party and government to continue “to consolidate and expand poverty alleviation achievements,”¹⁰ deepening the campaign to end relative poverty and achieve common prosperity.

Meanwhile, in advanced capitalist countries, where the capitalist class is the ruling class, and where neoliberal economic theory has dominated for the last four decades, we are seeing an alarming rise in poverty and inequality. Rather than pursuing common prosperity, the US and its allies are drifting toward mass destitution. This disparity highlights that China’s continuing achievements in poverty alleviation are a function of its socialist system. As Deng Xiaoping said in 1987, ultimately, “only the socialist system can eradicate poverty” (Deng 1987b).

Notes

1. See “GDP Per Capita (current US\$)—China, India.” World Bank. Accessed November 15, 2022. <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=CN-IN>.
2. See “Life Expectancy at Birth, Total (Years)—China, India, United States.” World Bank. Accessed November 15, 2022. <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=CN-IN-US>.
3. See “Two Assurances and Three Guarantees.” *China.org.cn*. Accessed May 12, 2022. <https://global.chinadaily.com.cn/a/202104/07/WS606ceb69a31024ad0bab3da7.html>.

4. See, for example, “China to Send 22,000-Plus Teachers to Support Poor Areas.” *Xinhua*. Accessed May 13, 2022. www.xinhuanet.com/english/2020-06/10/c_139129092.htm.
5. See “Key Takeaways from China’s Census Results.” *New York Times*. Accessed May 15, 2022. www.nytimes.com/2021/05/11/world/asia/china-census-population-one-child-policy.html.
6. See “E-commerce Becomes New Farm Work in China’s Rural Areas: Report.” *Xinhua*. Accessed May 15, 2022. https://english.www.gov.cn/news/topnews/202102/03/content_WS601a631fc6d0f725769450fc.html.
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