

# Goal Evolution and Promotion Strategies of Rural Revitalization in the View of Common Prosperity

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**Abstract:** Rural revitalization is not only an important development goal for the Chinese government, but also a path to development. It is a crucial strategic choice of socialism with Chinese characteristics in a new epoch that to achieve both urban-rural and intra-rural prosperity in the course of promoting rural revitalization. In the context of common prosperity, the key to achieving rural revitalization is to strive for the year 2050 long-term objectives of “robust agriculture, beautiful countryside and well-off farmers”, while also accelerating efforts to meet the mid-term targets of “improving the quality and efficiency of agriculture, making rural areas suitable to live and work, and ensuring farmers are affluent and well-off”. In terms of a strategic path, it is vital to combine endogenous growth with a sharing mechanism, with the former aiming to stimulate the internal vitality of rural areas and unleash their growth potential, and the latter to ensure that wealth is shared among all people and access to basic public services is made equal. To implement the strategy, it is suggested to take a regionally differentiated approach and a classification differentiated approach by scientifically grasping rural differences and identifying policy priorities, and explore innovative and diversified mechanisms of rural common prosperity.

**Keywords:** Common prosperity, rural revitalization, shared growth, promotion strategy

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Eradicating poverty, improving people’s livelihoods, and gradually achieving common prosperity are the essential requirements of socialism. Achieving common prosperity is not only a long-term objective, but a conscious strategic choice and a continuous development process. Since the reform and opening up policy was implemented in the late 1970s, China has successfully achieved the goal of “let some people get rich first” in a relatively short time span. However, this does not necessarily guarantee common prosperity for all people (Liu, 2011). In the new journey of modernization, to ensure that the fruit of development is shared among the people, it is vital to enhance reform and policy support to resolve market failure and mitigate the exclusionary consequences brought about by market forces and resource allocation, thus allowing all citizens to share the fruits of development. Since the founding of the People’s Republic of China, the Communist Party of China (CPC) has led the people to fight a continuous war on poverty, adhering to the incremental strategic thinking towards the objective of common prosperity. In the end of 2020, China gained a full victory in the battle against absolute poverty, lifting its entire rural population out of poverty. This landmark achievement paves the way for meeting the first centenary goal of building a moderately prosperous society in all aspects, and also signals

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that China has entered a transitional phase on the road to achieving common prosperity (Wei, 2020). At present, however, the key challenges to common prosperity may be the developmental disparity between rural and urban areas, and the inadequate development of agriculture and rural areas. Therefore, promoting rural revitalization is the fundamental solution to achieving common prosperity. In addition, gradually achieving shared prosperity among urban and rural areas in the process of rural revitalization is a significant strategic choice of socialism with Chinese characteristics as it enters a new epoch.

## **1. Rural Revitalization as the Cornerstone of Common Prosperity**

When entering a high-quality development phase, China still possesses multifaceted advantages for sustainable development, and also faces conflicts resulting from urban-rural development imbalances, and inadequate development of agriculture and rural areas. From both a theoretical and practical perspective, the fundamental strategy to tackle these issues is to comprehensively promote rural revitalization.

### **1.1 The Effects of Rural Revitalization on Common Prosperity: Theoretical Basis**

The term “common prosperity” refers to a state in which all people are well-off in all aspects. It is not only an empirical conclusion drawn from historical development, but also the tenet and objective of a socialist society as outlined by the founders of so-called “scientific socialism” (Cheng and Liu, 2012). Development theories believe that the free market alone falls short of delivering economic convergence and coordinated development, and as a result, the intervention of public policies is critical. Meanwhile, in order to accelerate the pace towards modernization, it is essential to transform agriculture into a source of high-quality economic growth, and build the rural areas into a beautiful and livable homeland while firmly promoting coordinated development in urban and rural areas. In this sense, promoting rural revitalization is both a strategic choice and a means to achieve common prosperity. To some extent, the two goals are synergistic to each other as common prosperity is untenable without the prosperity of farmers and rural areas, which also lies at the root of rural revitalization.

Common prosperity refers to the concept of universal prosperity which eradicates disparity between the rich and the poor. In theories of economic growth, the neoclassical theories of economic growth, represented by the Solow model, assume that there is a certain level of per capita income towards which the economy will converge. Based on the assumption of diminishing returns, this theoretical strand postulates that regardless of the initial capital stock per capita, the economy will converge overtime due to same changes in the population growth rate, and the savings and depreciation rates (Ray, 2002). However, many of the assumptions of neoclassical models do not hold true in reality. French economist Thomas Piketty (2014) argues that the root cause of wealth inequality lies precisely in the fact that the rate of return on capital is higher than that of economic growth in the long run. In this view, economic development does not follow the neoclassical growth theories and the associated inverted U-shape hypothesis, nor does it spontaneously generate an inflection point that leads to the uniform distribution of wealth for any given set of endowments. Rather, a shared economic growth can only be attained by scientific and effective public policy guidance moderating market intervention. This argument has been by and large verified in today’s high-income countries. In countries which have given full play to the leverage of public policies, there is a relatively small wealth gap, and on the contrary, in countries where public policy failed to shake the polarized structure due to strong resistance from those who benefitted from it, wealth inequality prevails.

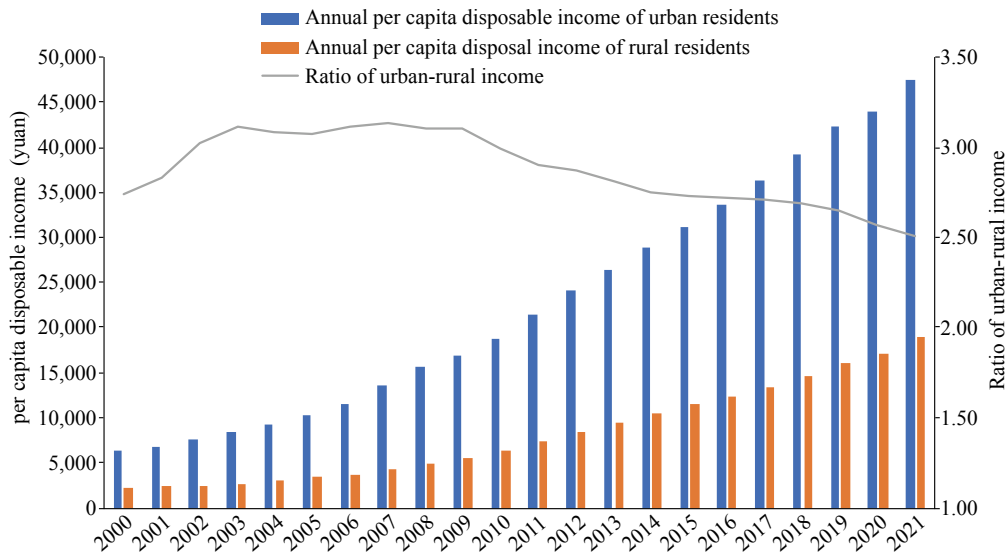
The concept of common prosperity in China was put forward in the context of agricultural reconstruction, in the 1953 “*Resolution of the CPC Central Committee on the Development of Agricultural Production Cooperatives*”, which aimed to advance the socialist transformation of

agriculture and agricultural development. The concept was further elaborated by Deng (1993): “The essence of socialism is to liberate and develop productive forces, eliminate exploitation, eradicate polarization, and finally achieve common prosperity.” Following reform and opening-up, the debate surrounding the topic of common prosperity has focused on “how” and “when” to realize common prosperity (Cheng and Liu, 2012). Starting from the problem orientation of urban-rural gap and rural internal gap, it is critical to promote rural reform and development in tandem with urbanization advancement in order to achieve common prosperity. Rural reform marked the beginning of China’s overall economic reform (Cai, 2008). At the beginning of this reform, the implementation of rural household contract responsibility systems simultaneously increased farmers’ economic status and boosted their empowerment, and since then, continued efforts have been made to improve efficiency and equality (Zhou and Sun, 2011). Entering the 21<sup>st</sup> century, a range of conducive policies focusing on rural taxation reform and construction of new rural areas have further improved rural economic and social development. Notably, since the 18<sup>th</sup> CPC National Congress in 2012, the Chinese government has intensified actions aimed at deepening rural reform, improving production and living conditions, and promoting rural construction. As a result, in the end of 2020, China has accomplished the arduous task of eliminating absolute poverty in rural areas, laying a solid foundation for realizing common prosperity. During the 2020 Central Rural Work Conference, General Secretary Xi Jinping made a resounding statement that “*rural revitalization is the cornerstone of the rejuvenation of the Chinese nation,*” and called for dedicated action across the Party and Chinese society to promote rural revitalization. In another speech held during the 10<sup>th</sup> meeting of the Central Committee for Financial and Economic Affairs on August 17, 2021, General Secretary Xi Jinping stressed that “*we have arrived at the historical stage to push common prosperity forward concretely,*” and that “*the most challenging and arduous task remains in the countryside*” (Xi, 2021). His speech reaffirmed that promoting rural reform and development is the cornerstone of socialism, and that ensuring the prosperity of farmers and rural areas is the linchpin of common prosperity.

For contemporary China, common prosperity encompasses three core elements: Development, sharing, and sustainability. It pays particular attention to alleviating and compensating for social inequalities that may have resulted from institutional drawbacks and to ensure that everyone has an equal opportunity to participate in and share the fruit of development (Yu and Ren, 2021). Considering the yawning gap between urban and rural as well as among rural areas, from a theoretical point of view, it is therefore essential to leverage public policy instruments to continuously improve rural livelihoods and well-being, and optimize the distribution of resources and opportunities. In addition, more efforts need to be taken to increase farmers’ skills to adapt to new market demands and ensure their rights and interests, as well as to further advance an innovative social governance system.

## **1.2 The Effects of Rural Revitalization on Common Prosperity: Practical Pathway**

In the current stage, China is a middle-income country with a bit large income gap, especially between urban and rural areas and among rural areas. As stated above, these issues constitute the most prominent challenges to achieving common prosperity. Broadly speaking, the urban-rural income gap in major developed countries experienced a stretch in the beginning of development before narrowing in later stages. At present, many developed countries have completely closed the urban-rural income gap, with the income level of some rural residents exceeding that of their urban companions. Singling out the case of Japan, the ratio of per capita disposable income of urban-to-rural residents has been below 1.0 since the mid-1970s. Similarly, according to Zeng and Hu (2008), since the beginning of the 21<sup>st</sup> century, the income level of rural households in the United States, as well as in European countries such as the Netherlands, Denmark and France, has even exceeded the average national income level. In comparison, today the urban-rural income gap in China is still relatively large. The ratio of per capita disposable



**Figure 1: Changes in the Annual Per Capita Disposable Income of Rural and Urban Residents and the Ratio from 2000 to 2021**

Note: Data on per capita disposable income from 2013 to 2021 are derived from actual surveys on household income and expenditure and living conditions, whereas those from 2000 to 2012 are extrapolated based on historical statistics. The absolute number of disposable income is calculated at the current price, and the ratio is calculated at comparable prices.

Source: *China Statistical Yearbook 2021* and the *2021 Statistical Bulletin of the People's Republic of China on National Economic and Social Development*.

income of urban-to-rural residents between 2002 and 2009 was higher than 3.00, and despite having experienced a continuous decline since 2010, the ratio remained as high as 2.50 in 2021 (see Figure 1). In addition, compared to developed areas, the urban-rural income gap in less-developed regions is even larger. For example, Gansu and Guizhou provinces in the hinterland registered an urban-to-rural income ratio as high as 3.27 and 3.10, respectively in 2020, which were much higher than that of Zhejiang province (1.96). The relatively lower level of overall income, compounded by the yawning urban-rural gap indicates that the task of promoting common prosperity in those under-developed regions is more arduous.

Common prosperity is characterized by a high level of income sustained by efficient productivity, a robust public services system, and the sharing of wealth among all people (Li and Zhu, 2022). In this sense, increasing the overall income of farmers and the productivity of rural industries may be practical path to achieving common prosperity. With the current development pace, China is expected to basically meet the target of agricultural and rural modernization by 2035, while the level of achievement will likely be low in the fields of agricultural labor productivity, the provision of basic public services and rural income (Report Research Group, 2018). To illustrate this point, in 2019, China's agricultural value-added per labor force was US\$5,609 (calculated with the USD value in 2015), which was 92.8% of the level of the upper-middle-income countries, but merely 13.9% of that of high-income countries.<sup>1</sup> In the area of basic public services, the quality of compulsory education, healthcare and social security in the Chinese rural regions cannot adapt to the development of society and the modernization of agriculture and rural areas. As for rural income, in 2021, the per capital disposable income of rural residents was 39.9% that of urban residents, although China had almost reached the threshold of a high-income

<sup>1</sup> Data Source: World Bank Database [https://data.worldbank.org/indicator/NV.AGR.EMPL.KD?name\\_desc=false](https://data.worldbank.org/indicator/NV.AGR.EMPL.KD?name_desc=false).

economy with a per capita GDP of US\$12,551. Therefore, in order to achieve common prosperity and promote rural revitalization, it is critical to accelerate the pace of agricultural and rural modernization by further reducing the number of workers employed in the agricultural sector, improving labor productivity, and diversifying farmers' sources of income.

## 2. The Goal Evolution of Rural Revitalization in Common Prosperity

Material prosperity is not only the foundation of rural revitalization, but also a coherent element that underpins the concept of common prosperity. The ultimate objective of rural revitalization by 2050 is “*robust agriculture, beautiful countryside, and well-off farmers.*” The mid-term goal by 2035 as outlined in the “*No. 1 Central Document for 2021*” is “to improve the efficiency and quality of the agricultural sector, make rural areas suitable to live and work, and ensure that farmers are affluent and well-off.” Achieving rural revitalization is an incremental process that begins with undertaking efforts to realize the midterm goal while keeping the 2050 long-range objective in sight. In the long run, the timeline of achieving rural revitalization coincides with the national goal of building a powerful modern socialist country by 2050, and it is suggested to consider the former as an integral part of the latter. In what follows we will outline the process by which goals for rural revitalization may evolve with time, focusing on agricultural development, the living and working environment of rural areas and the prosperity of farmers. In addition, we will elaborate on some representative indicators and analyze the prospect of realizing the mid- and long-term goals based on readily available statistics.

### 2.1. Goal Evolution in Agricultural Development

Improving the efficiency and quality of the agricultural sector is the inexorable requirement of creating a win-win situation for both urban and rural industries as it is the way to attain similar economic gains as from the secondary and tertiary industries. It not only needs to increase output efficiency and production intensity but also take the sustainability and intensification of production mode into account. Only by incrementally improving efficiency and quality, can the long-term goal of *robust agriculture* be achieved, which further contributes to the building of an agricultural powerhouse and socialist modernization. Below we assess and forecast the process of developing robust agriculture by analyzing such five indicators as agricultural productivity, contribution rate of science and technology progress, effective utilization factor of farmland irrigation, mechanization rate in crop cultivation and harvesting, utilization rate of fertilizers and pesticides in three major crops.

With the current economic growth rate,<sup>2</sup> by 2035 the value-added of China's primary industry will be about 10 trillion yuan (based on the 2019 price level), accounting for less than 5% of total GDP. Based on the current demographic and development trends, it is expected that by the same year the agricultural sector will employ less than 10% of total labor force<sup>3</sup> and that labor productivity will be close to US\$15,000 per worker (based on the 2019 price level), which is on a par with the level of high-income countries in the early 1990s. The latter's per capita GDP reached US\$20,000 (based on price level at the time), roughly double the level of China in 2020. Hence, we suggest that the per capita GDP level of high-income countries in the 1990s can be used as a benchmark for China to measure the agricultural and rural modernization by 2035.

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<sup>2</sup> Based on estimates of Bai and Zhang (2017) and the research group of the Macroeconomic Research Centre of the Chinese Academy of Social Sciences (2020), it is predicted that the potential economic growth rate from 2020 to 2025 will be 5%-6%, from 2026 to 2035 will be 4%-5%, and from 2036 to 2050 will be 3%-4%. The contribution of the value-added of the agricultural sector will drop below 5% in 2035. However, in view of the slowdown in the global economy triggered by the ongoing COVID-19 pandemic, we take a conservative estimate for China's potential economic growth, that is, 5% for the years from 2021 to 2025, and 4% from 2026 to 2035.

<sup>3</sup> Considering that part-time farmers are in the majority, the number of agricultural laborers might be ever smaller if measured by actual farming time.

Based on the performance during the 13<sup>th</sup> Five-Year Plan period, it is predicted that by 2035, the contribution rate of science and technology to agricultural development will be above 70%, edging close to the level of a modern agricultural nation (80%), and the effective utilization factor of farmland irrigation is expected to be above 0.65, almost equivalent to that of the developed countries in Europe and the US. Additionally, the utilization rate of fertilizers and pesticides in three major grain crops (rice, wheat and corn) is expected to be about 55%, comparable with that of developed countries (50%-60%).<sup>4</sup> Finally, the mechanization rate in crop cultivation and harvesting is expected to reach over 85%, which is on a par with the level of major developed countries.

All in all, with a steady rate of advancement, China's agricultural modernization may experience remarkable improvements by 2035, thereby laying a solid foundation for eventually building China into an agricultural powerhouse. Extrapolating from the above five indicators, we speculate that in the 5-10 years after 2035, the above indicators will reach the level of some high-income countries in the early 1990s, potentially catapulting China into the rank of nations with robust agriculture by 2045.

## 2.2 Goal Evolution in Rural Development

Making rural areas suitable to live and work in is a key milestone on the path toward a beautiful countryside, and it encompasses elements of infrastructure, ecological environment, public services and rural governance. To assess and forecast the progress in achieving the ultimate goal of building a beautiful countryside, this paper uses the basic indicators of social security outlined in the “*Strategic Plan for Rural Revitalization 2018-2022*” as well as indicators for public services.

Taking the target indicator of 2022 as the base, by the acceleration rate between 2016 and 2020, indicators of basic social security such as the integrated usage rate of livestock and poultry manure, coverage of sanitary toilets in rural areas, proportion of villages that handle domestic waste and popularity rate of tap water systems are on track to approach or reach 100% by 2035. Once these targets are met, to further improve rural living and working environment the focus should be on comprehensively advancing the quality of rural infrastructure and rural ecological environments, thereby paving the way for constructing an ecological and livable beautiful countryside.

In addition, making rural areas suitable to live and work in is the premise of rural industrial transformation and upgrade. At present, China's rural industrial base is rather weak, and the percentage of villages with strong collective economy was merely 5.3% in 2016, although the number is expected to rise to 9% in 2022. Most village collectives have meager or even zero operational income. In 2019, some 57.7% of collective economic entities had an income lower than 50,000 yuan, and the rate in the western region was 72.6%. Thus, the current overall rural economic landscape in China is a far cry from becoming a rural area suitable to live and work in. To address this issue, urgent actions are needed to strengthen rural industrial development.

The economic benefits brought about by rural industries may constitute the basis for farmers to become affluent and well-off. Furthermore, only when agricultural industries have reached a relatively robust level, can both the urban and rural population be more likely to common prosperity, and the pattern of a beautiful countryside may begin to take shape. We predict that the goals of making a beautiful countryside and well-off farmers will only be achieved sometime between 2045 and 2050, after first achieving the goal of robust agriculture.

## 2.3 Goal Evolution in the Prosperity of Farmers

To help farmers become affluent and well-off, the focus has been on improving both the material and intellectual lives of farmers, but making farmers well-off entails a broader and much more profound

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<sup>4</sup> See: “Promoting Green Development by Reducing the Usage of Fertilizers and Pesticides While Increasing Efficiency.” *Economic Daily*, December 22, 2017.

approaches. It needs an equal income between urban and rural population, and spells out a vision of common prosperity from the perspective of farmers. To study the process of realizing the goal of well-off farmers, this paper uses indicators of per capital disposable income of rural residents, income ratio of urban-to-rural and consumption ratio of urban-to-rural to measure the absolute and relative levels of rural affluence. The wealth indicators include the Engel's coefficient of rural residents so as to capture farmers' standard of living.

A comparison of wealth indicators shows a minimal gap between urban and rural populations in China. The Engel's coefficients of urban and rural residents in 2020 were 29.2% and 32.7%, respectively, and the per capita expenditure for cultural, educational, and recreational purposes accounted for 9.6% and 9.5% of total expenditure of urban and rural residents, respectively, indicating that the consumption structures in urban and rural areas are gradually converging. However, in terms of absolute expenditures, in 2020 the urban population spent on average 3,401 yuan more on food and beverages than the rural population and 1,283 yuan more on entertainment and recreation. Consumption level is typically largely determined by income level, but at present, the consumption gap between urban and rural residents is far lower than their income gap. Hence the key to achieving farmers' prosperity lies in increasing their income.

From 2016 to 2021, the per capita disposable income of rural residents in China registered an annual increase of 6.61%, which was 1.48 percentage points higher than that of urban residents. In fact, since 2010, the growth rate of rural income has been higher than urban income for 12 consecutive years. If this historical economic growth were to continue, the per capita disposable income of rural residents in 2035 would double compared to 2020, with a maximum estimation edging close to 40,000 yuan per capita (based on the price level of 2020). This shows that it is expected to double total rural economic output or per capita rural income by 2035.<sup>5</sup>

However, the income gap between urban and rural residents may still persist. It is predicted that even taking the relatively low estimation of urban income increase rate and the high estimation of rural income increase rate, by 2035 the difference in per capita disposable income could be over 30,000 yuan in absolute terms.<sup>6</sup> More importantly, with an increase in the income base, the gap in per capital disposable income of urban and rural residents could continue to widen. In 2021 the income ratio of urban-to-rural was 2.50, meaning that the annual rate of increase of rural income would have to be at least twice that of urban income in order to close the urban-rural income gap within 30 years. Therefore, in the medium- and long-term, it is vital to implement mechanisms of shared growth to drive equal income for urban and rural residents, thereby promoting the overall agenda of common prosperity.

## 2.4 Prospects for the Mid- and Long-term Goals of Rural Revitalization

Focusing on the above three dimensions of the mid-term goal ("to improve the efficiency and quality of the agricultural sector, make rural areas suitable to live and work in, and ensure that farmers are affluent and well-off"), we further identify the 2035 target values of the key indicators as shown in Table 1.

To improve the efficiency and quality of the agricultural sector, the utmost priority is to further consolidate national food security and safeguard basic self-sufficiency of staple foods. Additionally, to meet people's constant demand for agricultural products, it is important to improve the quality of products and strike a supply-demand balance particularly in major foods such as grain, vegetables, fruits, livestock and poultry and aquatic products. Furthermore, it is crucial to boost China's participation in

<sup>5</sup> Xi, Jinping. "Explanation on 'The CPC Central Committee's Proposal on Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-term Goals for 2035'." *Chinese Government Website*, November 3, 2020.

<sup>6</sup> The per capita disposable income of rural residents calculated according to the different growth rates stated above, and the conclusions are consistent.

**Table 1: Target Values of Key Indicators of Rural Revitalization**

First-tier indicator	Second-tier indicator (unit)	Base value in 2020	Target value in 2035
Efficiency and quality of the agricultural sector	Agricultural productivity (US\$/person)	5,564 <sup>a</sup>	≥15,000
	Contribution rate of science and technology progress (%)	60	≥70.0
	Effective utilization factor of farmland irrigation	0.56 <sup>a</sup>	0.65
	Utilization rate of fertilizers and pesticides in three major crops (%)	40	55
	Mechanization rate in crop cultivation and harvesting (%)	71	85
Rural areas suitable to live and work in	Integrated usage rate of of livestock and poultry manure (%)	75 <sup>a</sup>	95
	Coverage of sanitary toilets in rural areas (%)	68	100
	Proportion of villages that handle domestic waste (%)	>90	100
	Popularity rate of tap water systems (%)	83	100
	Percentage of villages with strong collective economy (%)	5.3 <sup>b</sup>	20
Affluent and well-off farmers	Per capita disposable income of rural residents (10,000 yuan)	1.7	4
	Engel's coefficient of rural residents (%)	32.7	≤20
	Income ratio of urban-rural	2.56	≤1.8
	Consumption ratio of urban-rural	1.97	≤1.5

Note: Due to missing data from 2020, some indicators draw data from 2019 (marked with a), and some from 2016 (marked with b).

the international agricultural markets and to elevate productivity, mechanization rates and crop species beyond the level of upper-middle-income countries. Moreover, in order to make the agricultural sector more sustainable, the total input and intensity of fertilizers and pesticides need to be reduced and material outputs and waste recycle levels need to be enhanced. Finally, the capacity of deriving growth impetus from scientific and technological innovation needs to be improved significantly. In addition, it is vital to optimize the division of labor in agricultural service industries and to restructure the agricultural industry by propelling the integration of industries such as food processing, leisure agriculture, eco-tourism, and e-commerce.

In terms of making rural areas suitable to live and work in by 2035, key actions are still needed to ensure that tap water systems are installed in all administrative villages, rural household garbage classification is fully promoted, effective treatment of wastewater is widespread in vast majority villages, and the quality of water, electricity, and transportation networks are improved. Furthermore, it is evidently vital to increase green areas in villages, narrow the urban-rural gap in terms of the provision of basic public services such as education, elderly care, and healthcare, and promote fine rural culture. Additionally, risk prevention and disaster emergency control systems should be established, and a rural governance model based on the rule of law and the self-governance needs to be advanced further.

To help farmers become affluent and well-off, another decisive factor would be to establish a sustainable mechanism that guarantees a continuous increase in income and employment quality. It is expected that by 2035 the average disposable income of China's rural population will be double in comparison to 2020, and if the average annual income growth rate of the rural population continues to outpace that of the urban population, by the same year the ratio of urban-to-rural income would be below 1.8. In addition, it is essential to build an advanced public service and social security system, while continuously improving the "quality" of farmers by enriching their intellectual and cultural lives, and promoting a green production and lifestyle. In summary, the gap between urban and rural in terms



of development and living standard should be further narrowed, laying a solid foundation for a more prosperous society.

It is expected that by 2035 China will have made decisive progress in rural revitalization, and taken solid steps to lead all people towards achieving common prosperity. In the 2050 outlook, the comprehensive revitalization of the countryside will have become the fundamental element for basically realizing common prosperity, the goals of “*robust agriculture, beautiful countryside and well-off farmers*” will have been achieved, and an agricultural powerhouse will have been built in an all-round way, with the output efficiency of some important agricultural products leading the world. In concrete terms, we expect that the employment quality of rural residents will have been improved significantly, and the income and living standards of urban and rural residents will be on a par. Urban and rural basic public services will have achieved equality both in term of quantity and quality, and thorny issues of urban-rural development imbalance and insufficient rural development will have been resolved fundamentally. Green production and lifestyles will have been made prevalent, and resource utilization methods will have become more intensive. A good ecological and cultural environment will have been created across all rural areas as it is a crucial symbol of a countryside being suitable to live and work. Last but not least, the intellectual and cultural lives of rural residents will have been greatly enriched, the continuous yearning of rural residents for a better life will have been satisfied, and a socialist modern countryside will have been constructed fully. All in all, by 2050, it is promising that China will achieve common prosperity among urban and rural areas.

### **3. An Endogenous Path of Rural Revitalization and Shared Development**

The process of achieving rural revitalization is synergistic to that of striving for common prosperity, with the latter being an integral element of the former. Hence, the path to rural revitalization should take efforts on two levels, endogenous growth and shared development. The first one requires to spur the endogenous vitality of rural areas and unleash the inherent growth potential of rural areas, and the second underlines the necessity of continually narrowing the urban-rural gap in public services, and establishing a sharing mechanism in which the privileged ones will share wealth and drive prosperity together with the left-behind population.

#### **3.1 Innovating Mechanism of Endogenous Growth**

Endogenous growth is the fundamental driving force for rural revitalization, and a conducive policy environment and market space is vital in this regard. The lack of economies of scale and the large-scale emigration of the rural labor force to cities have resulted in decreased and scattered internal demand in rural areas. The approach aimed at developing small cities and towns does not apply in rural revitalization. Instead, it is pivotal to build an endogenous rural growth pattern that gives full play to urban-rural interaction. An endogenous growth pattern also means taking advantage of the development and technological spillover effects from the urban economy, tapping into the full potential of diverse rural resources, and exploring the complementary advantages of the rural economy. In this process, several aspects need to be taken into consideration.

Firstly, the optimization of resource allocation is expected to be a strategic core of rural revitalization. The challenges of rural development are not caused by a shortage of core resources such as human capital, land, investment, and technology, but rather, by the unequal allocation and use of resources between urban and rural areas. Therefore, the key to promoting endogenous growth is to unleash the full potential of the rural workforce by deepening rural reform and fostering the reallocation of key resources. To this end, it is essential to promote a two-way population flow, and improve policies that are conducive to rural entrepreneurship while supporting the settling-in of rural immigrants in cities. In addition, optimal allocation of land resource is vital to promote urban-rural market linkage

and co-development. In this regard, the reform on rural land system needs to be further deepened, the restrictions on homestead usage gradually eased, and a unified urban and rural land market system in terms of transfer, leasing, and mortgage needs to be established. Based on the above, it is also essential to strengthen financial guarantees for rural development, promote technological transfer, and incentivize optimal allocation of human capital, land, investment and technology, thereby fully unleashing the benefits of a new round of rural reform.

Secondly, the accumulation of human capital should be regarded as the top priority for rural revitalization. With its rapid pace of economic transformation and industrial upgrade, China's previous economic advantage rooted in low-cost production and supported by low-skilled labor force has lost its footing and would fail to sustain rural revitalization. It is hence important to accumulate human capital and improvements in rural workers' knowledge and skills so as to boost the innovation and entrepreneurship capacity of the rural population, as well as to help integrate the rural economy into new economic trends such as the digital economy, the service economy, and the low-carbon economy. The Chinese government should take a two-pronged approach in this regard. The first prong is to improve the quality and coverage of vocational and secondary education, thereby improving the educational level of rural students; and the second is to provide relevant training to the rural labor force to improve its skills and knowledge, especially concerning digitalization, thereby increasing its workers' employment opportunities.

Thirdly, more attention should be paid to resource aggregation to help guide the entire process of rural revitalization. Scale effects are in general a growth driver, even though the rural economy often lacks scale compared with the urban economy. It is still essential to propel the aggregation of rural resource and servicing infrastructure. We also believe that the Chinese government should incentivize the integration of resources among villages to create more effective economies of scale, facilitate rural participation in high value-added production and trade activities, and create a favorable environment for employment and entrepreneurship in the vicinity of villages. However, we should also guide aggregated modern production means towards scaled market entities, promote new agricultural businesses, and build scaled consortiums to integrate dispersed and small-scale farmers and larger entities into industrial value chains, thereby comprehensively improving agricultural industrial efficiency.

### **3.2 Improving Mechanism of Shared Development**

To comprehensively promote rural revitalization, it is not only important to make the rural areas prosperous, but also to ensure that the fruit of development and growth is shared by everyone. After aggregating resources and allowing part of the population to get rich first, public policies need to follow to ensure a shared growth and equal distribution of public services in the process of rural revitalization.

Firstly, rural diversity is the basis of achieving shared growth. On the one hand, due to their natural resource endowments and resource-intensive industrial bases, rural areas can play a significant role in enabling China to transit towards a low-carbon economy, which is an integral element of constructing an ecological civilization. In this regard, the Chinese government needs to establish a fair mechanism of ecological value transformation to ensure those rural areas blessed with ecological resources but backward development can equally enjoy the fruit of growth. More specifically, it is vital to manifest the values imbedded in the slogan "lucid water and lush mountains are invaluable assets", to speed up cooperation and pairing between developed and under-developed areas in the field of natural resources, businesses, human resources and technology, in order to improve environmental governance capacity. On the other hand, the government should step up policy and financial support in developing rural industries, tapping unique rural resources such as farming culture, rural ecology, and idyllic sceneries. In addition, efforts should be intensified to improve shared growth, connect rural and urban markets, and increase investment and consumption in rural areas by means of value chain and function extension, technology penetration, and industrial integration.

Secondly, it is of necessity to build a favorable policy environment and favorable market conditions for common prosperity and in particular a mechanism compatible with China's scattered rural collective property rights. In light of the unique characteristics of property rights, the Chinese government can start by promoting joint development among collectives and even across regions. In this process, on the one hand, it is essential to fully respect CPC's leadership in coordinating and integrating resource advantages of several villages or townships, and support a governance mechanism in which strong villages will lead the weak ones, and those who become rich first will carry forward the rest. On the other hand, it would be effective to implement some co-construction and sharing pilot projects in those fields that can particularly benefit from economies of scale such as industrial development and provision of basic public services. In this way, resource sharing could be promoted between strong and weak villages, comparative advantages could be explored, and common prosperity could be achieved. By strengthening the mechanisms linking the interests of business entities and farmers, the Chinese government may be able to facilitate low-income farmers improving their situations.

Thirdly, high-quality basic public services are an important support for the common prosperity, and it is necessary to make the improvement of the quality and accessibility of basic public services a strategic grasp to promote the common prosperity of rural residents. On the one hand, it is of necessity to enhance the inclusiveness of the countryside by accelerating the elimination of the difference in the provision of public services between urban and rural areas. In the current context, it is effective to pilot the unification of urban-rural basic public service standards and integration of different systems at the county level, while steadily reducing the gap between urban and rural areas and among different regions. Accelerate the elimination of inequality in insurance, healthcare, and basic pension systems. However, as China is still in the mid to late stage of urbanization, and the overall level of rural public services is relatively low, in line with economies of scale, it is important to aggregate the provision of basic public services for medical care, healthcare, and elderly care by mobilizing networks of collaboration and enabling swift adaptation to changes in population distribution, thereby making rural areas more attractive to live and work in.

## **4. Differentiated Promotion Strategies Classified by Region and Type**

Rural revitalization involves a wide range of topics, and resource endowment conditions vary across regions. To implement its rural revitalization strategy, it is therefore necessary to implement differentiated promotion strategies and policy supporting systems. To this end, it is important to determine the priorities of policies based on a solid understanding of characteristics and diversity of different areas, as well as to explore innovative, diversified and locally-adapted rural wealth-sharing mechanisms.

### **4.1 A Regionally Differentiated Approach**

At the national level, the Chinese government should formulate a holistic strategy that integrates aspects of rural development, construction, and governance, aiming at the revitalization of rural industries, talents, culture, ecology, and institutions. At the local level, it should devise regionally differentiated implementation plans that take into account different development and agricultural modernization levels in the four major economic regions (eastern, central, western and northeastern). In this process, the Chinese government should underline the significance of pilots, giving full play to the leading role of model counties, townships, and villages in rural modernization and revitalization.

To be more specific, the eastern region should take the lead in agricultural modernization. To this end, the Chinese government could set up several demonstration areas for rural revitalization in developed provinces such as Jiangsu, Shandong and Zhejiang, focusing on spurring innovation-driven agricultural development and accelerating the transformation towards high value-added integrated

agricultural business development in these rural areas. Afterwards, it could roll out the pilot experience across the whole county or take an inter-provincial collaboration approach. In addition, the eastern region could pilot solutions to close the gap in urban-rural public services, explore the mechanisms of increasing rural citizens' participation in public affairs, thus improving rural capacity for governance modernization.

As for the central and northeastern regions, which possess abundant and distinct agricultural resources, the Chinese government should fully unleash the potential of their comparative advantages in driving rural and agricultural development. In those areas with good agricultural production conditions, it is essential to speed up the green transformation of traditional agriculture by stepping up efforts to protect arable lands, increase the utilization rate of soil and water resources, and enhance the supply of mid-to-high-end agricultural products. They should also scale the application of smart equipment in agricultural activities, as well as expand the coverage of agricultural social services in fragmented farmlands on slopes, hills, and mountains. Additionally, the Chinese government should implement more pilot projects of livable rural areas, focusing on increasing the treatment capacity of wastewater and rural waste in those more backward areas, while strengthening the prevention and control of pollution from the sources.

In the western region, where economic developmental foundations are particularly weak, to promote rural revitalization, it is essential to leverage with specific policies designed for poverty reduction in key counties, particularly in those poor areas and areas for relocation and resettlement. The priority here is to set up basic healthcare and relief services and support the establishment of an integrated medical care network between counties and villages, with a key focus on expanding coverage to the mountainous areas, border areas, and areas where ethnic minorities live. In addition, in these areas, the Chinese government should pay particular attention to strengthening support for migrant workers by providing technical training and employment services so as to help enable them to increase their income. In the cooperation framework between the eastern and western regions, it is also important to include the collaboration on environmental governance and ecological compensation as well as the collaboration in such areas as industrial transfer and relocation, cadres, and talent exchange. Last but not least, for rural areas in the western region, the Chinese government should accelerate efforts to improve the overall level of social assistance services including pension and minimum living security systems, and unify the social services standards between urban and rural areas to help achieve its goal of common prosperity.

#### **4.2 A Type-Differentiated Approach**

With over 493,000 administrative villages and 2.363 million natural villages, China's rural area is vast and diverse. It is expected that with the continuous advancement of urbanization, these numbers will gradually drop. Given this diversity and vastness, it is thus important to design a promotion mechanism that is tailored to the unique characteristics of a village in line with the principles outlined in the "*Strategic Planning for Rural Revitalization 2018-2022*". To avoid the adverse effects of a one-size-fits-all approach, the Chinese government should implement differentiated measures to cater to roughly four types of villages in China.

The first type of village is the area where there is a relatively large central village and other general villages that will continue to exist. This type of village is the lever and core carrier of rural revitalization, and the focus here should be to "upgrade" them by strengthening their leading industries while developing specialized services in agriculture, trade, and recreation. For the center village, the Chinese government should attempt to create favorable conditions to attract clusters of entrepreneurship and innovation. Those villages that have more advanced conditions can experiment with pilot projects in smart agriculture and digital villages, and tap into their unique resources such as idyllic scenery, culture, and craftsmen skills, simultaneously driving the production, living, and ecological functions of a rural

area.

The second type of village is located in the adjacency of suburbs of cities and county towns. Having benefitted from the extension of public services and infrastructure from cities, these villages are primed to transform to urban areas. Crucial levers here are to construct several pilot integrated villages surrounding urban agglomerations, metropolitan areas, and large and medium-sized cities, and to focus on improving the integration of agricultural and industrial development, on increasing the two-way flow of urban and rural resources, and on promoting equal access to basic public services. Notably, it is essential to preserve the original style and characteristics of the villages in the process of integration. In addition, this type of village could pilot the building of new governance models, further absorb the spillover effects from cities, and continually explore new opportunities to serve urban development and meet urban consumption needs.

The third type of village is endowed with distinct historical cultures, traditions, ethnic minority cultures and/or unique landscape resources. Preserving these natural resources and local lifestyles and traditions is key to rural development for these villages, and only on this basis can the Chinese government even moderately develop characteristic industries and rural eco-tourism while paying full attention to the relationship among preservation, resource utilization, and development.

The fourth type of village is forced to relocate as they face serious population emigration due to dire living conditions, vulnerable ecological systems and frequent natural disasters. Here, the Chinese government could combine the relocation of villages with the process of county urbanization and could explore the most effective way of land use with the consensus of the residents. For those remote mountainous areas facing serious resource-depletion and ecological crises, the Chinese government should take a centralized resettlement approach, while undertaking efforts of reclamation and ecological restoration. For so-called “hollow villages,” the focus should be on strengthening rural planning and guidance and leveraging the urbanization process of adjacent counties. Overall, the adjustment of village layout is a long-term process, and hence it is suggested to avoid a hasty or broad-brush approach. Instead, it should fully respect the wishes of the local residents, adopt scientific methods, and take a coordinated development approach in terms of building infrastructure and supporting public services. Only in so doing, can we concretely improve livelihoods and increase the well-being of rural residents. ■

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