

Exploring the Path to Common Prosperity in China From a Marxist Perspective

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Abstract: This study, grounded in the Marxist research paradigm, provides a comprehensive analysis of the theoretical foundation, real-world challenges, and institutional pathways of China's common prosperity strategy. Drawing on methodologies such as historical materialism, surplus value theory, and class analysis, the paper identifies key contradictions in the current income distribution structure. It places particular emphasis on the erosion of labor rights within platform economies, the inadequacy of redistribution mechanisms, and the fairness dilemmas arising under the green transition. Using the Zhejiang Demonstration Zone as a case study, the paper proposes a multidimensional institutional framework centered on optimizing primary distribution, reforming taxation and public services, and restructuring production relations. The study concludes that common prosperity is not merely a shift in economic policy, but a profound transformation of the social structure.

Keywords: Marxism; Common Prosperity; Distribution System; Class Analysis

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1.Introduction

In the strategic framework of socialist modernization with Chinese characteristics in the new era, the pursuit of “common prosperity” has been explicitly established as a fundamental requirement for achieving Chinese-style modernization. This concept not only concerns the distribution of economic resources, but also delves into broader structural contradictions related to social justice, institutional arrangements, and developmental trajectories. The Fifth Plenary Session of the 19th Central Committee of the Communist Party of China was the first to include “solidly promoting common prosperity” as a long-term goal for building a modern socialist country. In 2021, the issuance of the “Guidelines on Supporting Zhejiang in High-Quality Development and Building a Common Prosperity Demonstration Zone” signaled that common prosperity had officially entered the stage of concrete policy implementation.

However, with the global capitalist system undergoing profound transformations—driven by the rapid rise of the digital economy, growing platform monopolies, and intensified financialization—China now faces increasingly severe challenges, including declining labor income shares, unbalanced urban-rural and regional development, and distorted resource allocation structures. These issues urgently require a foundational analysis rooted in a more critical theoretical perspective.

Marxism, as a profoundly practical and critical theoretical system, offers unique advantages in diagnosing social

contradictions, critiquing institutional hierarchies, and constructing equitable distribution frameworks. Its core methodological tools—historical materialism, the theory of surplus value, and class analysis—provide a structural and macro-level framework for understanding issues such as wealth distribution, production relations, public institutions, and the reproduction of social power. This study seeks to apply the analytical tools of Marxist political economy to uncover the structural dilemmas currently confronting China's pursuit of common prosperity and to explore institutional pathways compatible with the principles of historical materialism.

Grounded in a thorough review of both domestic and international literature, this paper constructs an analytical framework centered on the law of value, class structures, and the flow of surplus value. It integrates China's unique political and economic context to examine the tensions and contradictions embedded in the practice of common prosperity and to identify feasible transformative strategies.

2. Literature Review

2.1 The Evolution of Research on Common Prosperity

As a fundamental component of the theoretical system of socialism with Chinese characteristics, the concept of “common prosperity” has gradually become a key focus in both policy practice and academic research since Deng Xiaoping proposed the idea of “letting some people get rich first” in the 1980s. In 2025, Han Sheng pointed out that common prosperity is not merely an economic issue but also a social and institutional one. It must go beyond the narrow lens of income distribution to include systematic consideration of dimensions such as justice, public services, and rights protection ^[1].

Although foreign scholars rarely use the specific term “common prosperity,” there has been extensive discussion under the framework of “inclusive growth.” The OECD (2015) emphasized that inclusive growth should aim not only to improve productivity but also to enhance the economic participation of disadvantaged groups, thereby ensuring the broad sharing of growth outcomes ^[2]. In 2012, Joseph Stiglitz, through his critique of wealth inequality in the United States, argued that the market alone cannot achieve fair distribution, and that the state must take responsibility for institutional regulation and wealth redistribution ^[3].

2.2 Contemporary Interpretations of Marxist Distribution Theory

Marxist theory on distribution is rooted in its critical analysis of social structures and class contradictions. In *Capital*, Marx clearly stated that under capitalism, the “primary distribution” of wealth determines the division of surplus value between laborers and capitalists, and that redistribution can only marginally adjust this structural imbalance. The theoretical foundation lies in the labor theory of value and the theory of surplus value: the former identifies labor as the source of value creation, while the latter reveals that capital's appropriation of labor outcomes is the essential source of profit.

In recent years, Chinese scholars have sought to integrate Marxist distribution theory with the realities of China, expanding its explanatory power. Wei Xiaojun, Liu Yuchao, and Jiang Yong (2025) noted that advancing the goal of common prosperity reflects the organic unity of the theoretical logic that “production determines distribution” and the practical logic of “distribution according to labor while opposing egalitarianism.” It highlights a problem-oriented approach to addressing the most direct and tangible interests of the people, and suggests the construction of a coordinated system encompassing primary distribution, redistribution, and tertiary distribution to improve the income distribution regime ^[4].

2.3 Class Relations in Digital Capital and Platform Economies

The rise of platform capitalism and the digital economy has profoundly reshaped labor relations, reigniting interest among Marxist theorists. In 2016, Nick Srnicek introduced the concept of “platform capitalism,” arguing that major tech platforms have evolved into new forms of capital concentration and monopoly. By controlling data resources and algorithmic allocation mechanisms, these platforms generate a novel form of “digital rent” ^[5].

In 2025, Wei Jun contended that the so-called “leisure dilemma” under digital capitalism is essentially a product of capital's restructuring of leisure practices. It does not alter the exploitative essence of capitalism. To achieve true leisure liberation, it is necessary to transform production relations, reconstruct ownership systems, reform labor institutions, and build an anti-consumerist ideological framework, thereby restoring leisure as an authentic practice of freedom and advancing the genuine emancipation of humanity ^[6].

From the perspective of Marxist class analysis, this trend signifies that traditional employment relationships have been increasingly replaced by quasi-employment or informal labor systems, further weakening the laborer's position in production relations. Digital capital now controls not only the labor process but also the realization of value and consumer behavior. Its monopoly over the value chain is unprecedented, necessitating a redefinition of its institutional role in the distribution structure.

2.4 State Regulation and Institutional Redesign

The realization of common prosperity cannot rely on the self-regulating mechanisms of the market alone; it requires institutional reconstruction under the leadership of the state. In 2025, Ren Bo emphasized that in the governance context of contemporary China, market mechanisms, government intervention, and social distribution represent three distinct modes of income distribution, each with its own operational logic and limitations^[7]. To coordinate these three mechanisms, China must establish a collaborative governance model under the leadership of the Communist Party, characterized by an “effective market,” a “proactive government,” and a “caring society.” This model aims to harness the decisive role of the market in resource allocation while enhancing the regulatory and redistributive roles of government and society.

From the Marxist theory of the state, the state serves as both a mediator of class struggle and an organizer of the reproduction process. In the primary stage of socialism, the state must utilize mechanisms such as resource allocation regulation, social security enhancement, and value realization guidance to gradually achieve an organic transition toward a system characterized by “distribution according to labor as the mainstay, supplemented by distribution according to production factors.”

3. Theoretical Construction: Analytical Tools under the Marxist Methodology

Common prosperity is not merely a policy agenda; it represents a systemic transformation involving social structures, economic institutions, and ideological mechanisms. As a comprehensive methodological framework within the social sciences, Marxism offers three critical analytical perspectives for examining China's pursuit of common prosperity: historical materialism, the theory of surplus value, and class analysis.

3.1 Historical Materialism and the Generative Logic of Common Prosperity

Historical materialism emphasizes that social development is determined by the economic base, and that changes in the superstructure must be rooted in transformations of the relations of production. Common prosperity cannot be achieved solely through redistribution mechanisms; rather, it must be integrated into the reorganization of production relations. In the primary stage of socialism, promoting wealth sharing must be based on reforms in the ownership structure of the means of production.

3.2 Surplus Value Theory: Revealing the Root Causes of Distributional Inequality

In *Capital*, Marx attributes the widening gap between the rich and poor in capitalist societies to the “uncompensated appropriation of surplus value.” That is, capital extracts unpaid labor from workers by extending working hours or intensifying labor efforts. In contemporary China, income inequality can similarly be viewed as a new form of surplus value appropriation. Platform economies, through technological logic, have outsourced labor control to algorithmic governance, whereby the vast majority of value created by workers is captured by platforms or data capital. This constitutes a novel pathway for surplus value extraction.

3.3 Class Analysis and the Emergence of New Interest Structures

In traditional wage-labor relations, class contradictions are manifested as direct confrontations between capital and labor. However, in contemporary China, a more complex structure of interests has emerged, involving new middle classes, flexible workers, and digital capital owners. According to Marx's theory, class should be defined by one's position within the relations of production, rather than by income level or occupation. The pursuit of common prosperity thus requires not only addressing the economic conditions of impoverished groups but also critically reflecting on how digital platforms use invisible mechanisms of control to draw middle-class populations into exploitative structures. Only by identifying the new class structure and the distribution of interests in today's Chinese society can public policies be effectively targeted.

3.4 Dialectical Method and the Logic of Policy Design

Dialectics, as a core logical tool of Marxism, underscores the universality of contradictions and the non-linear nature of development. In advancing the goal of common prosperity, it is essential to recognize contradictions between productive

forces and relations of production, tensions between primary and secondary distribution, and conflicts between efficiency and equity. This helps to avoid structural distortions resulting from linear or one-sided policy interventions. For example, while increasing the share of labor income, policymakers must also consider the developmental stage and investment capacity of enterprises, and rely on dynamic adjustment to achieve a gradual, “first-rich-leads-later-rich” structural evolution.

4. Historical Evolution: The Developmental Logic of China’s Distribution Structure

The concept of common prosperity is not an unfounded political slogan; rather, it reflects an intrinsic need rooted in the economic and social development trajectory of China. To fully understand the current tensions and institutional opportunities associated with common prosperity, it is essential to review the historical evolution of income distribution structures since the founding of the People’s Republic of China.

4.1 The Planned Economy Period: Egalitarianism and Institutional Redistribution

Following the completion of socialist transformation in 1956, China established a highly centralized planned economy. The means of production were largely publicly owned, and distribution was primarily based on the principle of “distribution according to labor,” supplemented by state-controlled wage systems. While this phase achieved a relatively balanced distribution between urban and rural areas, it also suffered from insufficient incentives and low efficiency. Although egalitarianism helped reduce disparities, it failed to establish mechanisms that could sustainably generate wealth.

4.2 Since Reform and Opening-Up: Market Logic and Widening Gaps

Beginning in 1978, China gradually introduced market mechanisms and encouraged certain regions and populations to “get rich first.” After Deng Xiaoping’s “Southern Tour” in 1992, the degree of marketization increased rapidly, and the non-public economy expanded significantly. The structure of primary distribution began to shift toward capital, leading to a widening income gap. According to data from the National Bureau of Statistics, China’s Gini coefficient has remained above 0.45 since 2003—exceeding the internationally recognized warning threshold.

4.3 Since the New Century: Gradual Improvement of Redistribution Mechanisms

In response to growing income inequality, the Chinese government has since 2006 made significant efforts to develop its social security system, including the New Rural Cooperative Medical Scheme, urban and rural pension insurance, and minimum living allowance programs. In 2013, President Xi Jinping emphasized the goal of “comprehensively building a moderately prosperous society,” which led to an increase in the weight of redistribution mechanisms within national governance. However, these efforts largely focused on bottom-line guarantees rather than fundamental reforms to primary distribution. Persistent issues such as the lack of labor market bargaining mechanisms, significant regional differences in minimum wage standards, and uneven distribution of education and healthcare resources have yet to be effectively addressed.

4.4 The Historical Inevitability of Proposing “Common Prosperity”

In the current stage of high-quality development, China’s principal social contradiction has shifted from “insufficient material production” to “unbalanced and inadequate development.” In 2021, the country declared that it had built a moderately prosperous society in all respects and eliminated absolute poverty. However, relative poverty and structural inequality persist, particularly in sectors such as education, healthcare, and housing, where intergenerational reproduction of class advantage remains pronounced. The call to “solidly promote common prosperity” thus emerges as both a response to the demand for distributive justice and a strategic institutional choice for sustainable development in the process of modernization.

5. Analysis of Current Distributional Contradictions: Structural Tensions and New Forms of Exploitation

The obstacles China faces in advancing its common prosperity strategy go beyond the superficial issue of “income inequality.” Instead, they reflect a complex distributional order shaped by multiple interwoven structural contradictions. To uncover the roots of these tensions, one must turn to Marxist political economy for theoretical tools capable of analyzing the imbalance in surplus value distribution, the emergence of new class oppression structures, and the monopolization of data capital.

5.1 Capital Dominance in Primary Distribution

According to data from the National Bureau of Statistics and the Chinese Academy of Social Sciences, the share of labor compensation in GDP has been declining since 2000, while capital income has steadily increased. This structural shift highlights the growing dominance of capital over labor in the primary distribution process. From a Marxist perspective, this reflects an “asymmetric expansion” of the law of value, wherein the price of labor as a commodity significantly deviates from its actual value. As a result, laborers are systematically underpaid, leading to an increased outflow of surplus value.

5.2 Quasi-Employment and Hidden Exploitation in Platform Economies

In platform economies such as Didi and Meituan, workers do not hold traditional employment status, yet their work schedules, performance metrics, and order assignments are all dictated by algorithmic systems—forming a structure of “quasi-employment.” As representatives of “digital capital,” platforms leverage information monopolies and user data to control transaction channels and suppress the realization of labor value. This new form of exploitation is not characterized by extended work hours or reduced wages, but by “de-organized surplus value extraction” driven by technological logic, in which value is appropriated without formal labor contracts or clear accountability.

5.3 Inequality Across Urban-Rural, Regional, and Generational Lines

The disparity in basic public services between urban and rural areas has remained persistent. According to data released by the Ministry of Education in 2021, there was still a gap of more than 20% between eastern and western China in terms of secondary school teacher qualifications, per-student funding, and enrollment rates. Healthcare resources are similarly concentrated in central cities and top-tier hospitals, leading to the emergence of a “class-based healthcare system.” Meanwhile, the capitalization of the housing market has intensified intergenerational inequality, as younger generations face the dual burden of “high housing prices + low income.”

5.4 Ecological Transition and the Tensions of Distributional Fairness

Under the “dual carbon” goals of peaking carbon emissions and achieving carbon neutrality, many high-carbon industries are being downsized, restructured, or phased out—particularly those located in resource-dependent central and western regions or labor-intensive manufacturing zones. Although ecological transition offers long-term societal benefits, it often produces “reverse distribution effects” in the short term. That is, the groups bearing the cost of green development are typically low-income populations, while the environmental gains are more likely to benefit middle- and upper-income groups. Within Marxist ecological political economy, this phenomenon is framed as the “class-based stratification of environmental justice.”

6. Case Study: The Structural Dynamics of Common Prosperity in Zhejiang Province

6.1 Policy Highlights and Implementation Logic of the Demonstration Zone

In 2021, the Central Committee of the Communist Party of China and the State Council issued the Guidelines on Supporting Zhejiang in High-Quality Development and Building a Common Prosperity Demonstration Zone, explicitly designating Zhejiang as the pilot region for advancing common prosperity nationwide. The document includes specific measures on income redistribution and embeds institutional reforms into industrial development, regional planning, and social security, thereby constructing a comprehensive “governance framework for common prosperity.” The core goals of the demonstration zone can be summarized as follows: (1) broadly increasing household incomes and expanding the middle-income group; (2) narrowing urban-rural and regional development gaps and improving equality in public service provision; and (3) encouraging private sector and social participation in common prosperity to generate endogenous momentum across society.

At the operational level, Zhejiang established a “1 + 3 + 6” advancement framework—consisting of one master plan, three implementation lists, and six sets of landmark outcome indicators. The province aims to significantly reduce urban-rural income and development disparities by 2035, with 80% of its population classified as middle income. Various local initiatives have emerged in support of these goals, such as the “Common Prosperity Workshops” in Huzhou, the “Farmer Shareholding Cooperatives” in Jiaxing, and the “E-commerce Leader Training Program” in Yiwu. These programs mark a shift away from traditional top-down fiscal transfers toward new approaches involving production reorganization, interest linkage mechanisms, and urban-rural resource redistribution.

6.2 Preliminary Restructuring of Class Relations: Policy Achievements

Marxist class analysis reveals that promoting common prosperity entails a partial adjustment of production relations and a

subtle reshaping of class structure. In Zhejiang, reforms to the rural collective economy have facilitated resource integration and surplus value socialization. For instance, the “shareholding economic cooperative” model in Jiashan County allows farmers to pool their land and collective rural assets into cooperatives. Villagers participate as “members” entitled to profit sharing, thereby reducing dependence on wages alone. This model breaks the traditional “state–household” unidirectional allocation pattern, replacing it with a composite mechanism of “collective ownership + cooperative participation + dividend sharing,” which serves as an experimental path for surplus value redistribution under socialism.

Additionally, Huzhou has promoted “Common Prosperity Workshops” by encouraging leading enterprises to establish production facilities in towns and partner with village collectives. The adopted “wages + equity + benefits” compensation model enables rural workers to earn both labor income and dividends from production profits. This model takes a step toward the system envisioned by Marx in Critique of the Gotha Programme, where public ownership of the means of production is combined with distribution according to labor.

Nonetheless, such structural adjustments remain limited. Most village-level collective economies are not yet able to sustain stable and continuous dividend mechanisms, and the allocation of public resources still depends heavily on government subsidies. This indicates that common prosperity cannot rely solely on localized pilots; rather, it requires the development of replicable and scalable institutional reforms at the national level.

6.3 Institutional Constraints and Structural Risks

Despite the promising results of Zhejiang’s common prosperity efforts, a critical examination from the deeper institutional logic of Marxist theory reveals several structural risks and limitations. The rise of platform economies and the ongoing concentration of capital have not been fundamentally reversed by the demonstration zone initiatives. In cities like Hangzhou, major platform companies such as Alibaba and Meituan continue to dominate key nodes in resource distribution. Meanwhile, gig workers such as couriers and delivery drivers remain in precarious employment conditions, facing suppressed wages and lacking bargaining power. This reflects a persistent contradiction between labor and capital, posing a real challenge to achieving substantive common prosperity.

Moreover, China’s redistributive mechanisms remain inadequate in regulating high-income groups. The current individual income tax system is based on classified taxation, and property income, capital gains, inheritance, and gifts—main sources of wealth for high-net-worth individuals—are not effectively taxed. This has created a “blank zone” in wealth taxation, limiting the institutional capacity to compel the wealthy to contribute to redistribution. For instance, in 2021, China’s total individual income tax revenue amounted to 1.45 trillion yuan, accounting for less than 1.3% of GDP—far below the OECD average of around 8%.

A third challenge is the bureaucratic tendency in local common prosperity pilots, where success metrics have at times been reduced to rigid performance indicators. This has led to the emergence of “template-based assessments,” “project packaging,” and “model displays,” reflecting a form of performance-driven governance. Such tendencies run counter to Marxist critical consciousness, which emphasizes the exposure of real contradictions and structural transformation rather than superficial achievements or decorative policy showcases.

In summary, while the Zhejiang model offers a valuable example of structural reform, its replicability and sustainability will remain fundamentally constrained unless institutional, property, and organizational changes are promoted on a national scale.

7. Institutional Pathways: Constructing Multidimensional Mechanisms for Advancing Common Prosperity

7.1 Improving Primary Distribution: Realizing the Value of Labor

Within the framework of Marxist political economy, primary distribution is the most critical link in determining the structure of wealth. Marx clearly pointed out that under capitalism, primary distribution results in the uncompensated appropriation of surplus value—an inevitable outcome of unequal labor-capital relations. In contemporary China, the proportion of labor income in GDP remains relatively low, with a significant gap between the value created by workers and the remuneration they actually receive. This disparity constitutes a fundamental issue that must be addressed in order to advance the goal of common prosperity.

To correct this structural imbalance, the first step is to reconstruct the institutional mechanisms of wage negotiation and formation. Currently, wages in many sectors of China are still largely determined unilaterally by employers or through administrative intervention. In emerging employment forms such as the platform and gig economy, workers have almost no bargaining power, as algorithmic systems have replaced traditional human resource management and now exercise comprehensive control over labor processes. Legislation is needed to establish sectoral and regional collective bargaining systems, strengthen the organizational capacity, negotiation power, and independence of labor unions, and foster genuine negotiation dynamics between labor and capital.

Second, institutional innovation in labor organization is necessary. Marx emphasized that “union is the fundamental means by which the working class secures its rights.” Under the digital economy, the organizational capacity of labor has been further eroded. Therefore, new forms of worker alliances such as “digital unions” and “platform worker rights coalitions” must be promoted. These can empower workers to rebuild collective strength under algorithmic control and platform exploitation, gaining bargaining power and the right to discourse. Examples include advocating for “algorithmic transparency” and “open quotas,” and establishing a “platform labor arbitration mechanism” to guarantee dispute resolution rights.

Finally, a “shared capital mechanism” should be established to allow workers to participate in primary distribution through equity incentives, profit-sharing schemes, and collective ownership platforms. This not only increases labor income but also fundamentally restructures the labor-capital divide, promoting a more equitable and rational form of primary distribution.

7.2 Optimizing Redistribution: Reforming the Tax System and Public Services

Marx believed the state is an instrument of class rule, but also a key mediator capable of adjusting capital accumulation and promoting social fairness. Under the socialist market economy, the state must rely on redistributive mechanisms to correct structural distortions in primary distribution, thereby safeguarding basic social justice and enabling upward mobility.

China’s current personal income tax system requires reform and transformation. It still operates primarily under a categorized tax structure and has limited ability to regulate capital gains and property income. A mixed system that integrates comprehensive and categorized taxation should be established to enhance taxation efficiency on high-income groups. The introduction of inheritance tax, real estate tax, and capital gains tax should be considered to curb hereditary wealth accumulation and mitigate intergenerational inequality. This aligns with Marx’s principle in Critique of the Gotha Programme that “distribution according to need” requires resources to be returned to society through a just system of redistribution.

Government should also promote fiscal equalization in basic public services—an essential measure for narrowing regional disparities and dismantling the class-based stratification of public goods. In education, the state should reallocate high-quality educational resources to the central and western regions, rural areas, and lower urban strata, breaking down class barriers such as those caused by the “school district housing” phenomenon. In healthcare, the critical illness insurance system and hierarchical medical treatment should be improved to alleviate resource bottlenecks and uneven insurance expenditures. Fiscal transfers and institutional arrangements should be used to reallocate public resources toward “marginalized groups” rather than concentrate them in “central zones.”

Furthermore, the universality and fairness of the social security system must be strengthened. For instance, flexible workers and self-employed individuals should be integrated into pension and healthcare systems to increase coverage and participation rates. A basic safety net should be established to include all laborers, supported by urban-rural unemployment assistance and minimum livelihood protection mechanisms—providing robust institutional backing for distributional equity.

7.3 Transforming Production Relations: Supporting Distributional Justice through High-Quality Development

At the core of Marxism lies the idea that distributional problems must ultimately be resolved through structural transformations in production relations. Redistribution policies and public finance alone cannot fundamentally resolve social wealth inequality. Therefore, the realization of common prosperity must be supported by a reconfiguration of production relations—restructuring the labor-capital relationship, redefining state-market functions, and promoting the co-evolution of public-private property systems.

First, the functional role of state-owned capital in redistribution should be strengthened. Currently, many state-owned

enterprises—especially in monopoly sectors such as energy, telecommunications, and finance—accumulate significant profits, yet lack robust mechanisms for public return. The state should increase the share of profits remitted by SOEs, establish “common prosperity funds,” and channel enterprise profits into livelihood sectors such as education, healthcare, and elderly care—thereby enabling public capital to fulfill its role in distributing social dividends. This aligns with Marx’s vision of the state exercising control over surplus value allocation.

Second, new models of cooperative economies and mixed-ownership structures should be explored. Common prosperity does not imply opposition to capitalism, but rather a managed form of capital engagement under the primary stage of socialism. In this context, mechanisms such as employee stock ownership in platform companies, community mutual-aid cooperatives, and socialized data platforms can be promoted to achieve partial socialization of surplus value. In some regions of Zhejiang, “platform partnership + village collective equity” models have emerged, demonstrating feasible pathways for integrating digital and collective economies.

Additionally, China should pursue equitable transitions through green development, ensuring that technological innovation and industrial upgrading do not result in new forms of class deprivation. Under the “carbon peak” and “carbon neutrality” agendas, green industrial policy must be coordinated with employment, retraining, and regional development policies. The withdrawal of polluting industries must not lead to mass unemployment among lower-income groups. Instead, green restructuring must be accompanied by job retraining programs, targeted industrial guidance, and investment incentives, thereby realizing a form of “structural green common prosperity.”

In conclusion, the institutional design for common prosperity must operate on three fronts—labor relations, fiscal mechanisms, and industrial models—and must be advanced comprehensively. At its core, this framework should embody the fundamental Marxist principles of labor centrality, social coordination, and equitable sustainability, thereby enabling a structurally grounded system of common prosperity.

8. Policy Insights and Methodological Reflections: Advancing Amid Institutional Logic and Social Contradictions

8.1 The Policy Implications of Marxist Methodology

As the analysis in this paper shows, Marxist methodology not only provides a powerful explanatory framework for the strategy of “common prosperity” but also offers concrete guidance for institutional design and critical evaluation. At the theoretical level, historical materialism compels us to understand the institutional roots of current distributional patterns and social inequalities by examining the economic base and relations of production—rather than merely applying technical fixes to the outcomes. Structural issues such as urban-rural disparity, sectoral fragmentation, and digital labor inequality in China today are the compounded results of evolving economic structures, capital accumulation paths, and differentiated institutional choices. Only by tracing the evolution of material production relations can targeted and effective policy responses be developed.

Class analysis, meanwhile, offers the tools to identify real social contradictions. From the Marxist perspective, class is not determined by income level but by one’s structural position in the relations of production. This enables us to expose structural realities often masked by the illusion of a “middle class.” For example, platform workers may appear “flexible and autonomous,” but in reality, they are highly dependent on the control logic of platform capital. Likewise, white-collar urban workers, though nominally middle income, suffer from “structural anxiety” caused by soaring costs of housing, education, and healthcare. In such a structure, inequality is not only reflected in numbers but also in the deprivation of control and the asymmetrical distribution of institutional discourse power.

The theory of surplus value provides an analytical lens for understanding new forms of exploitation. In the digital economy, platform enterprises gain control over algorithms, data, and content distribution, converting traditional labor time into immaterial labor metrics such as “clicks,” “engagement,” and “shares.” These forms of invisible labor produce new pathways for the appropriation of surplus value. As traditional labor law struggles to govern such dynamics, it becomes imperative to revisit and redefine the nature of labor and exploitation through the lens of Marxism, in order to build new systems for labor

protection and profit-sharing.

Dialectical thinking emphasizes advancing structural transformation through contradictions, not by replicating linear policy models. The advancement of common prosperity requires dynamic balancing between efficiency and equity. It cannot be achieved overnight. Mechanisms for monitoring, early warning, and continuous adjustment must be established to allow institutional reform to evolve through practical feedback. This principle of “rationality in process” is a direct contribution of dialectical materialism to institutional innovation.

8.2 Structural Risks in Current Policy Approaches

Despite China’s multifaceted efforts to promote common prosperity in recent years, there are still internal tensions and practical risks within the current policy framework that merit close attention.

First, there is the problem of fragmented policy implementation and regionally competitive pilot programs. Many local governments promote common prosperity through “model projects” that focus on showcasing indicators, publicizing success stories, and achieving short-term results. In some areas, common prosperity has been reduced to economic performance enhancement, resulting in “common form over common wealth” and the distortion of governance into a quest for political achievements. This is fundamentally at odds with the Marxist vision of production relation reform and structural transformation, and may reduce common prosperity to a political slogan rather than a deep institutional agenda.

Second, there is an overreliance on moral appeals for “tertiary distribution.” Many policies hinge on encouraging private entrepreneurs to “give back to society” through philanthropy and donation-based redistribution. However, without institutional mandates or legal enforcement, capital’s intrinsic profit-seeking tendency will suppress genuine participation in social equity. For example, “common prosperity funds” often lack binding regulations and public oversight, weakening their role in redistributive justice. Tertiary distribution should function as a supplementary tool, not a central mechanism.

Third, the lack of participatory governance and limited political mobilization also pose challenges. Achieving common prosperity requires broad-based social consultation, public mobilization, and institutional co-construction. Currently, many policies deviate from Marx’s vision of “workers’ self-liberation” and the organizational rise of the proletariat. Instead, they remain largely government-led, with limited bottom-up participation. Without a governance model based on participatory democracy, public support for the common prosperity strategy may be fragile and unsustainable.

8.3 Beyond Policy: The Fundamental Question of Social Reproduction

The deeper insight of Marxist theory lies in its enduring focus on the reproduction of social relations—not merely the redistribution of social outcomes. Common prosperity is not a static condition of wealth redistribution; it is a dynamic, relational, and process-oriented restructuring of the social fabric. Within this process, key questions arise: How are labor relations organized? How is public authority allocated? How is capital’s control constrained? And how are the fruits of production shared across society? These are questions of structural logic and development direction, and they demand direct and serious engagement.

This perspective suggests that structural transformation must proceed on three levels:

Relational level: Reconfigure the relationship between workers and the means of production, shifting from the status of “employees” to that of “participants” and “co-owners.”

Institutional level: Redefine the functional boundaries between the state, market, and society to ensure that resource allocation and social justice operate in synergy, rather than conflict.

Cultural level: Deconstruct the prevailing ideology of “success and consumerism,” and reconstruct a social value system rooted in cooperation, fairness, mutual aid, and the dignity of labor.

Only through this tripartite foundation of structural reproduction can we avoid the paradox of “decentralized authority but centralized responsibility,” or “equity in distribution but inequality in production relations.” This is the path toward realizing a truly socialist vision of common prosperity.

9. Conclusion

Drawing on the methodology of Marxism, this paper has provided a comprehensive analysis of the historical evolution,

institutional contradictions, and theoretical reconstruction of the concept of “common prosperity” within the context of Chinese-style modernization. Through the application of four core methodological pillars—historical materialism, the theory of surplus value, class analysis, and dialectical thinking—the study has responded to the theoretical question of how to understand common prosperity and, more importantly, proposed structural institutional pathways for how to achieve it.

At the theoretical level, the paper demonstrates that common prosperity should not be narrowly interpreted as merely income equalization or an improvement in living standards. Rather, it should be viewed as a process of adjusting production relations—aimed at transforming the marginalized position of labor within the current system of value distribution, redefining the labor-capital relationship, and promoting a broader socialization and equalization of surplus value. In the face of contemporary phenomena such as digital capital, platform economies, and financialization, Marxist political economy offers effective tools to identify new forms of exploitation and mechanisms of capital control.

On the empirical front, this paper used the institutional practices of Zhejiang’s common prosperity demonstration zone to illustrate innovations in policy implementation, governance mechanisms, and emerging risks. Practices such as the “Common Prosperity Workshops” and “Shareholding Cooperatives” exemplify efforts under a socialist framework to socially redistribute surplus value. However, issues such as fiscal dependency, platform dominance, and fragmented policy design also surfaced—indicating that the realization of common prosperity requires not only policy innovation but also structural transformation.

From a governance perspective, this paper argues for a tripartite institutional approach: rebuilding the primary distribution system, refining redistributive mechanisms, and transforming production relations. This involves the development of collective wage negotiation systems and labor organization frameworks, as well as reforms in taxation, improvements in public service delivery, and a restructuring of platform ownership models. The study emphasizes that common prosperity should not be reduced to an economic policy or a social welfare program; rather, it should be elevated to a comprehensive reconstruction of social relations.

As Marxism reminds us, the “liberation of humanity” depends on changes in institutional foundations and cultural ideology. Only through the coordinated evolution of institutions, structures, and consciousness in practice can common prosperity be transformed from a national strategic objective into a tangible social reality. Future research can build upon this work in several directions: (1) using micro-level data and localized governance analysis to quantify the distributional effects of common prosperity policies; (2) investigating the evolving relationship among platform labor, data capital, and labor rights; and (3) conducting comparative studies to examine similarities and differences between the logic of common prosperity under Chinese socialism and welfare state models in other countries, thereby offering a Chinese perspective on global inequality challenges.

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