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The Application of "Common Prosperity" Policy; Discussion Based on Limitarianism

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Abstract: This paper explores the concept of Economic Limitarianism, which proposes that social progress can be achieved by imposing restrictions on individual wealth accumulation. It analyzes the policy of "common prosperity" in the context of China as a potential application of Limitarianism to address wealth inequality. The paper examines the historical parallels between Economic Limitarianism and ancient tithing practices, highlighting the belief that the super-rich should allocate surplus funds to address societal needs. However, recent literature suggests limitations in implementing Limitarianism due to the lack of clear criteria for judgment and varying acceptance of inequality across different social states. The "common prosperity" policy in China, which involves providing state dividends from surplus operating income to support the less well-off, is compared to traditional Limitarianism. It is argued that the "common prosperity" policy, with its focus on state-owned enterprises and redistribution rather than wealth restrictions, can mitigate wealth inequality while minimizing violations of property rights and social dissatisfaction. The paper concludes that blindly applying the "common prosperity" policy in countries like the United States may not be advisable due to different national conditions. However, two potential approaches for promoting Limitarianism in capitalist countries are suggested: increasing the number of state-owned enterprises and increasing government revenues through investments in private enterprises. While acknowledging the significance of the "common prosperity" policy for the development of Limitarianism, its applicability outside of China is considered limited.

Keywords: economic limitarianism, common prosperity, wealth redistribution

1. Introduction

Economic Limitarianism is an economic concept that proposes the imposition of specific limits on individual wealth as a means to achieve social progress. It advocates for curbing the accumulation of wealth to bring about positive changes in a country's economic system [1]. Given that Economic Limitarianism is implemented through governmental policies, it is closely intertwined with the formulation of national government policies, particularly those related to wealth issues. By integrating Economic Limitarianism into policy development, problems such as unequal wealth distribution can be alleviated to a certain extent. This paper examines the relevance of the "common prosperity" policy in the context of China to the advancement of Limitarianism as an approach to tackle the issue of wealth inequality.

The earliest parallels with Economic Limitarianism go back to tithes in the Old Testament. In the same way as tithe, Economic Limitarianism advocates limiting the income of the rich, but unlike tithe, tithe believes that about 10% of the income from crops should be taken as taxes [2]. Economic Limitarianism is the belief that there should be an upper limit on the accumulation of income and wealth. Tithes were mainly aimed at religious people, and Economic Limitarianism was limited only to wealthy people. Previous research has established that the super-rich may destroy the political equality, while the surplus funds they have should be used to meet the major needs of society or solve important problems faced by the society [3]. Ingrid Robeyns introduced the term " Limitarianism " in her essay and argued that it is morally wrong to have more resources than you need to live with [4]. But the recent articles on Economic Limitarianism is less consistent, Economic Limitarianism has been proved to have many limitations and shortcomings, especially the lack of a clear criterion for judgment. Lena Halldenius argues that Limitarianism is itself a failure. She argues that because people's acceptance of inequality varies across different social states, the application of Limitarianism is ineffective without clear quantitative measures. Such a method of decision-making based solely on equality would violate even the original intent of Limitarianism [5]. Dick Timmer believes that although the theory and criterion of limitarianism are not quite perfect at present, limiting by setting moral limiting thresholds can play an important role in the theory of justice [6]. At present, there are many analyses and interpretations of limitarianism, but most of them are based on the background of European and American countries. China is a huge economy, but not much has been written about it. In China, there is also a policy closely related to limitarianism called "common prosperity" policy. This article aims to analyzes the applicability of "common prosperity" policy to Limitarianism development in solving the problem of wealth inequality.

While many analyses and interpretations of Limitarianism exist, most of the existing literature primarily focuses on European and American contexts. China, being a major global economy, has received relatively little attention in this regard. In China, there exists a policy closely related to Limitarianism known as the "common prosperity" policy. This article aims to analyze the applicability and potential of the "common prosperity" policy in the development of Limitarianism to address wealth inequality in China.

2. The Limit Over the Super-rich

The analysis of China's "common prosperity" policy should first be based on China's national conditions. As a developing country, China is at the left end of the Kuznets curve (inverted U-shaped curve) at this stage [7]. This state of economic development means that a high level of wealth inequality is acceptable and unavoidable for China at this stage." In this context, to reduce the level of inequality in order to obtain better development prospects,“common prosperity" policy is a policy attempt by China to promote economic development and transform from a developing country to a developed country. The "common prosperity" policy is currently only implemented in China, which is largely related to the economic environment in which public and private ownership develop together. Unlike the Limitarianism, the Common affluence policy proposes that a state dividend should be provided to every citizen from the surplus operating income of state assets, the idea being to use part of the surplus income of state enterprises to encourage the less well-off, rather than to limit the income and wealth of the rich [8]. Compared with restrictionism, this adjustment means less violation of the property rights of high-income groups, and therefore less social dissatisfaction with such economic policies.

One of the main objections to Limitarianism is that such a policy will negatively affect not only those who possess more than the limited wealth threshold, but also those who possess less wealth, which Limitarianism is intended to help. When the property rights of those with more than average wealth are restricted and deprived by policies, then for a larger number of people, from the psychological and moral level, they will have insecurity and feel that their property rights are also under great threat. This fear of the security of one's own property will lead to a drastic drop in social and economic expenditure, which will cause damage to the national economy. But, as we have argued, wealth inequality can be mitigated indirectly by the additional operating income from the use of state assets. At the same time, it does not infringe on the personal property rights of wealthy people. Such a policy would also increase people's trust in government. Increased trust will also positively promote productivity growth in state-owned enterprise through higher quality investment, organizational improvement, and deeper internationalization [9]. Is the "common prosperity" policy, as such a policy with comparative advantages, suitable for the economic situation of the United States? The answer is no. As a capitalist country, the United States is much smaller than China in terms of the number of state-owned enterprises and the income obtained through state-owned enterprises is also much smaller than China, and even considered to be negative. Therefore, under the current national conditions, blindly applying the "common prosperity" policy is not advisable.

For the United States, there are two relatively reasonable ways to further promote Limitarianism by means of "common prosperity" policy. The first is to increase the number of state-owned enterprises. It is not to transform capitalism into socialism, but to ensure the common development of various forms of ownership on the basis of capitalism, only to increase the proportion of state-owned enterprises to a certain extent compared with the previous, it can be said that the development of capitalism with American characteristics. We should make greater use of state-owned enterprises while focusing on capitalism. The second is to increase government revenues without changing the number of state-owned enterprises. This approach is somewhat similar to, but also different from, the former, in which the national government invests in large private enterprises in order to generate a certain amount of additional revenue. Without the possibility of taking a controlling stake in a private enterprise and converting it into a state-owned enterprise, the revenue generated in this way, while feasible, will not be applied to the same effect as it would be in China. No matter what kind of policy change is made, the national conditions of the United States and China are completely different from the basic concept of national operation, and such a policy is strongly bound to the national concept. Therefore, such policy appropriation can only play a regulating role to a certain extent. Although the "common prosperity" policy has certain reference significance for the subsequent improvement and development of Limitarianism, it does not have a strong influence.

3. Conclusion

In conclusion, this study has examined Economic Limitarianism and the policy of "common prosperity" as potential solutions to address wealth inequality. Economic Limitarianism advocates placing limits on individual wealth, while the "common prosperity" policy in China emphasizes redistribution from state-owned enterprises to support the less privileged. While both approaches aim to address wealth disparities, they differ in their methods.

Limitarianism faces challenges, such as the lack of clear judgment criteria and varying acceptance of inequality among different social states. On the other hand, the "common prosperity" policy provides a viable alternative by focusing on state-owned enterprises' surplus income to reduce inequality without infringing on property rights or causing social dissatisfaction. However, applying the "common prosperity" policy directly to countries like the United States may not be advisable due to differing national conditions. Instead, two plausible approaches are proposed: increasing the number of state-owned enterprises without transforming into socialism, or increasing government revenues through investments in private enterprises. These approaches retain the fundamental principles of capitalism while seeking to promote Limitarianism. While the "common prosperity" policy provides valuable insights for the development and improvement of Limitarianism, its applicability outside of China is limited. The paper emphasizes the need for context-specific

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adjustments and highlights the importance of considering national concepts when adopting such policies. In summary, this study sheds light on the similarities and differences between Economic Limitarianism and the "common prosperity" policy. It provides potential avenues for the application of the "common prosperity" policy within the framework of Limitarianism in capitalist countries. Ultimately, while the "common prosperity" policy has reference value, its direct influence on the development of Limitarianism is limited.

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