

## Research on the Path of Modern Circulation System Promoting Common Prosperity

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### Abstract

The modern circulation system is a system with new business forms and new modes as the core, and connected by different business forms and different circulation modes, organizations, carriers and technologies. The modern circulation system is the foundation of unimpeded national economic circulation and the support to achieve common prosperity. This article first analyzes the modern circulation system and common rich connotation, then analyzes the development of modern circulation system result. Finally, it is put forward that our modern circulation system promotes common prosperity realization path, including modern circulation system guides modern production development; The modern distribution system regulates income distribution, promotes the realization of "raising low, expanding medium and limiting high", and cuts and distributes the "cake" of common prosperity. Modern circulation system promotes modern consumption and improves the quality of common prosperity; The modern circulation system leads the coordinated development of urban and rural areas, regions and industries, and Narrows the gap between the rich and the poor that leads to structural contradictions.

### Keywords

Modern Circulation System; Common Prosperity; The Path.

### 1. Introduction

With the continuous spread of COVID-19 and the ongoing conflict between Russia and Ukraine, the global economic development has been challenged severely. At the same time, the global industrial chain, value chain and circulation chain have also been seriously damaged. At present, the global circulation system is undergoing a new round of innovation adjustment. According to the International Monetary Fund, global GDP fell by 4.4% in 2020, and the pace of recovery is exacerbating global economic fragmentation.

On the whole, the basic function of modern circulation system in the development of national economy is very important. Therefore, the construction of modern circulation system must be regarded as an important strategic task. In August 2021, the Ministry of Commerce and other nine departments jointly issued the "Special Action Plan for High-quality Development of Trade and Logistics (2021-2025)", clearly pointing out that a sound modern circulation system is a strong support for a strong domestic market to form a new development pattern. It is of great theoretical and practical significance to accelerate the construction of a modern circulation system, provide more full employment opportunities for the majority of shareholders, and achieve a steady increase in residents' income, laying a solid foundation for common prosperity.

## 2. Related Concepts and Connotations

### 2.1. Connotation of Modern Circulation System

With the development pattern of double circulation, new requirements have been put forward for the development of circulation industry. In the past, our country is mainly external circulation, with internal circulation as a supplement to the economic development pattern. Generally speaking, the traditional circulation system is mainly service economy's external circulation, and the help of the internal circulation in economy is relatively less (Qiao Shan, 2020). At present, our country has gradually transformed to circulation in the economy, the old circulation system also needs to make appropriate adjustment, the development focus of circulation industry will be from serving foreign market to having domestic great circulation as the main direction.

To sum up, the connotation of the modern circulation system can be summarized. The so-called modern circulation system is based on promoting the coordinated upgrading of supply and demand, reducing costs and improving efficiency of circulation, and vigorously promoting the transformation of the modern circulation system into digital, green, international, networked, integrated and universal benefit. Furthermore, it will promote the comprehensive upgrade of the five systems including the main body system of circulation, the object system of circulation, the technology system, the network system and the governance system, and finally build the modern circulation system into an important strategic support to realize the virtuous circulation of the economy and the smooth association of industries, and comprehensively construct the new development pattern of the double circulation.

### 2.2. Policy Connotation of Common Prosperity

The economic development of a country is bound to make a priority sequence among policy goals such as economic growth, fair distribution, full employment and economic freedom according to its ideology. Under socialism, fair distribution is often a priority, slowing economic growth. However, eliminating poverty, improving people's livelihood and promoting common prosperity have always been the policy goals pursued by China. On the basis of building a moderately prosperous society and accomplishing the goal of poverty alleviation, the central government has actively implemented the policy of common prosperity, and the 19th CPC National Congress in 2017 set the goal of achieving common prosperity for all the people by the middle of this century. At the Fifth Plenary Session of the 19th CPC Central Committee in October 2020, the vision goal of achieving more substantial progress in achieving common prosperity for all by 2035 was set.

At the 10th meeting of the Financial and Economic Commission of the CPC Central Committee in August 2021, how to solidly promote common prosperity became one of the important contents of the meeting. Meeting from improve balance, coordination, inclusive of development, strengthen the balance of the development of the area, expand the scale of middle-income groups, promoting the equal basic public services, strengthen the specification of high income and the adjustment, cleaning, specification and unreasonable income, and intellectual property protection industry, and construct the primary distribution and redistribution, distribution of three coordinate the basic system arrangement of form a complete set, We will increase the regulation of taxation, social security and transfer payments and improve their accuracy, and set specific requirements and development goals for promoting common prosperity.

Since reform and open policy the social development stage of our country mainly experience the following stages: The first stage: the fulling society stage (1978-2000), people life level is overall lower, belongs to fulling and warming consumption; The second stage: the stage of an overall well-off society (2001-2020), in which the problem of food and clothing has been solved and people live relatively well off; China has achieved the goal of a healthy and well-off society

in an all-round way and has not achieved the solid foundation of common prosperity; The third stage: a moderately prosperous society (2021-2035), in which people are generally comfortable; Our country will basically form a common rich society, realize the transition from a well-off society to a well-off society. The goals of common prosperity at this stage are to make people's lives more comfortable, increase the proportion of middle-income groups significantly, and make more substantial progress in achieving common prosperity for all people. The fourth stage: relatively rich society (2036 ~ 2050), China will complete the building of a common rich society. In the second as goal complete in one hundred, the people across the country will enjoy more happiness of life, regional gap, gap between urban and rural areas, the income gap narrowed, living environment, quality of life, the public service level further convergence, our country become a prosperous, strong, democratic, civilized and harmonious modern socialist country, beautiful. Stage 5: A society for Common Prosperity (after 2050), in which the people live a prosperous and inclusive life and achieve common prosperity, universal prosperity and common prosperity in all respects.

### **3. Development Effect of Modern Circulation System in China**

#### **3.1. The Scale of Circulation Industry Continues to Expand**

At present, Chinese national and local governments have successively introduced policies of modern circulation system, which has then promoted the continuous expansion of the scale of modern circulation industry. According to data from the National Bureau of Statistics, the added value of China's traditional circulation industry in 2020 was 15.32 trillion yuan, accounting for 15.31 percent of the total GDP of that year, among which the added value of wholesale and retail trade was 9.57 trillion yuan, accounting for 9.4 percent of the total GDP of that year, realizing rapid growth. The framework system of modern circulation industry has been initially formed, which provides the foundation for constructing the new development pattern.

#### **3.2. The Strategic Position of the Circulation Industry has been Attached Importance**

As can be seen from the relevant policy documents of the government, the strategic position of the circulation industry has been taken seriously. In 2012, The State Council issued a document emphasizing the basic status of the circulation industry. In 2014, The General Office of the State Council issued a document emphasizing the guiding and fundamental role of distribution. In 2020, the central government put forward the strategic task of building an efficient and modern circulation system. Therefore, generally speaking, our country's circulation industry has become the pillar industry, reflects the basic role of circulation industry.

#### **3.3. Policies and Regulations are Constantly Promoted and Improved**

During the 13th Five-Year Plan period, relevant national departments have successively issued many important policy documents, which promote the healthy development of China's circulation industry. At present, Chinese legislation in the circulation field has gradually improved. Such as actively marking international trade rules and standards and strengthening protection of domestic market main bodies, laws and regulations such as Export Control Law and Anti-Foreign Discretionary Law have been successively issued. In addition, the relevant departments of the state are actively committed to improving the mediation, arbitration and litigation institutions involved in international trade disputes. For example, the Supreme Court has set up the International Commercial Dispute Resolution Center. The rapid development of the circulation system is promoted by changing government functions and increasing circulation supply.

### **3.4. The Logistics Network System is Constantly Improved, and New Forms of Circulation are Constantly Emerging**

With the continuous development of modern information technology, the level of modern logistics and supply chain is constantly improved, and the distribution system of logistics and supply chain is increasingly perfect. At the same time, with the emergence of new business models such as e-commerce and cross-border e-commerce, new models and forms of business in the field of circulation services have also emerged, becoming an important driving force to promote consumption upgrading and economic growth under the new development pattern of double circulation.

### **3.5. The Circulation Industry Should Actively Expand the International Market**

According to the "China Statistical Yearbook" data show that the country's circulation industry is continuously increasing the intensity of investment. Among them, the actual utilization of foreign investment in wholesale and retail trade was \$9.05 billion in 2019, while in 2004, the figure was only \$740 million, which shows the rapid growth rate. From the perspective of net foreign direct investment, our country's circulation industry is constantly expanding to the overseas market. In 2019, China's net outbound direct investment in wholesale and retail industries was \$19.47 billion, compared with just \$357 million in 2003, the data showed. In addition, China's chain retail enterprises and e-commerce enterprises are also actively developing overseas markets. In 2019, China's overseas enterprises have reached more than 1,800.

## **4. The Path of Realizing Common Prosperity Promoted by Modern Circulation System**

The modern circulation system promotes common prosperity in the following ways:

### **4.1. Modern Circulation System Guides the Development of Modern Production**

Production to circulation, with the continuous development of information technology, modern science and technology has penetrated the each link of the production, as a whole, has become increasingly blurred border between production and circulation, the modern circulation process and production process already be in harmony are an organic whole, not only greatly optimize the production process, and eliminate the obstruction block production process, As a result, raw materials are rapidly introduced into the production process and the produced commodities are also rapidly introduced into the consumption field, thus accelerating the production pace, reducing production costs, saving production time, and improving production quality and output.

### **4.2. The Modern Distribution System Regulates Income Distribution, Promotes the Realization of "Raising Low, Expanding Medium and Limiting High", and Cuts and Divides the "Cake" of Common Prosperity**

As two important intermediate links of the whole economic circulation system, distribution and circulation are connected with each other and maintain their unique functions, which jointly maintain the normal operation of the economy. On the whole, high efficiency supply chain system and smart logistics system can not only promote the transformation and upgrading of traditional circulation enterprises, improve the profit level, but also help retail enterprises to create more competitive advantages and promote the success of retail enterprises. At present, the supply chain has increasingly high requirements for retail links, a variety of distribution platforms have come into being, by enabling merchants to improve efficiency, and create a large number of employment opportunities, at the same time, through the distribution of technology and process innovation, significantly increase the proportion of middle-income groups.

### **4.3. Modern Circulation System Promotes Modern Consumption and Improves the Quality of Common Prosperity**

On the whole, circulation can not only promote the balance of supply and demand, but also affect the ultimate realization of consumption to a great extent. For example, in the traditional one-way supply chain mode, consumers do not have much choice and can only choose the products suitable for them in the final sales channel, and the quality of consumption is limited to a large extent. In short, the modern circulation system plays a decisive role in the realization of high quality consumption by consumers. Around under the multidimensional model of supply chain, through the consumption of goods and goods to be generated by the sales channels, to shorten the flow path of the supply chain, which can save the cost, the flow of goods in the middle of the purchaser through direct cooperation with brand source factory, with factory cost price to buy goods, can largely reduce the purchasing cost, And further expand the profit space of goods, and finally reduce the price of goods and consumer costs.

### **4.4. The Modern Circulation System Leads the Coordinated Development of Urban and Rural Areas, Regions and Industries, and Narrows the Gap between the Rich and the Poor Resulting in Structural Contradictions**

At present, China has entered the new era of socialism with Chinese characteristics. Under this background, the major contradiction of our society has already transformed into the contradiction between the people's ever-growing needs for a better life and unbalanced and inadequate development. Thus, the unbalanced and inadequate development between urban and rural areas, regions and industries is still very prominent, and has become a hindering road in our country to achieve common prosperity. In 2021, the 10th meeting of the Financial and Economic Commission of the CPC Central Committee made clear the need to narrow the wealth gap between urban and rural areas, regions and industries, and make development more balanced and adequate between urban and rural areas, regions and industries. China's 14th Five-Year Plan also clearly proposes to promote the interaction and interlinkage development between urban and rural areas, regions and industries to form a new development pattern complementary to each other's strengths.

Play the leading role of modern circulation system, and through the optimization and upgrading of modern circulation system, through constructing elements such as goods, talent and technology resources flow in different area, population, capital and other elements in a wider range, higher level between the flow of efficient and reasonable configuration, increasing the balance development between urban and rural, regions and industries and sufficiency, Narrowing and eliminating the wealth gap between urban and rural areas, regions and industries is an important measure to promote common prosperity.

## **5. Conclusion**

To sum up, the modern circulation system is not only an important support for smooth economic circulation, but also an effective carrier for the flow of resources and elements. Most importantly, it is the key to the realization of common prosperity. Generally speaking, in order to achieve common prosperity, it is necessary to build a modern circulation system that can promote the stable operation of industrial chain, supply chain and value chain, embed talents, information technology and other elements into the modern circulation system, and finally build a fortress for the realization of common prosperity.

## **Acknowledgments**

Chengdu Key Research Base of Philosophy and Social Sciences (CXZL202203).

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