

# The Impact Mechanism and Empirical Test of Rural Collective Economy on Common Prosperity

Yaxian Cheng, Chao Wu, Yaxuan Dong

School of Economics, Anhui University of Finance & Economics, Bengbu 233000, China

## Abstract

The rural collective economy is an important part of the economic development of socialism with Chinese characteristics and is of great significance to achieving common prosperity. Select China's 31 provincial panel data from 2012 to 2021, use the entropy method to measure the development index of the rural collective economy and common prosperity, use the panel regression model to explore the impact of the rural collective economy on common prosperity, and conduct a heterogeneity test. The conclusions drawn are as follows: first, the rural collective economy can significantly and positively promote the realization of common prosperity. After robustness and endogeneity tests, this conclusion still holds; second, the rural collective economy can increase farmers' income and optimize resources by promoting Allocation indirectly promotes the realization of common prosperity; third, the impact of rural collective economy on common prosperity has significant temporal and regional heterogeneity. Based on this, suggestions are put forward to improve local policies, protect farmers' interests, and optimize resource allocation.

## Keywords

Collective Economy; Common Prosperity; Increased Income of Farmers; Promotion Effect.

## 1. Introduction

Common prosperity is the essential requirement of socialism with Chinese characteristics and is also a long-term historical process. The report of the 20th National Congress of the Communist Party of China pointed out: "Chinese-style modernization is a modernization with common prosperity for all people." In the process of exploration and practice of building socialism with Chinese characteristics, promoting economic and social development is ultimately to achieve common prosperity for all people and continuously realize the common prosperity of the people. Yearning for a better life. Achieving common prosperity is conducive to improving the level of social sharing and ensuring the quality of people's lives. It is the development direction guided by the common interests and fundamental requirements of all people. Currently, under the leadership of the Communist Party of China, my country's regional overall poverty problem has been solved and the arduous task of eliminating absolute poverty has been completed. However, in the context of globalization, the gap between urban and rural areas and the gap between rich and poor has further widened, which is an urgent practical problem that needs to be solved in the process of realizing common prosperity. Developing the rural collective economy is an effective way to achieve common prosperity and eliminate and narrow the gap between urban and rural areas in the long term. Its implementation is rich in forms, and its extension and connotation keep pace with the times. It has injected strong force into rural revitalization and the solid promotion of common prosperity. Vitality [2].

Rural collective economy is a new path to promote in-depth rural development. The report of the 20th National Congress of the Communist Party of China emphasized on comprehensively promoting rural revitalization to "consolidate and improve the basic rural management system and develop a new rural collective economy." The new rural collective economy in the context of the new era has effectively avoided the phenomenon of villagers "working alone". Through organized and planned management, we can avoid market risks, solve the shortcomings of the lack of production factors in rural areas, and lay a solid foundation for stable income of villagers [3]. The new rural collective economy complies with the development trend of the new era. On the basis of making the "cake" bigger, it insists on dividing the "cake" well, improves and protects rural people's livelihood in joint construction and sharing, enhances rural collective cohesion, comprehensively promotes rural revitalization, and helps Achieve common prosperity for all people. However, the existence of problems such as internal collective governance and insufficient policy incentives hinders the in-depth development of rural collective economic organizations, and it is still necessary to further explore their innovative forms [4]. Therefore, this article's study of the impact mechanism of rural collective economy on common prosperity has important theoretical value and practical significance.

## 2. Literature Review

The rural collective economy is an important part of the economic development of socialism with Chinese characteristics and is of great significance for promoting rural development and achieving common prosperity. Common prosperity is the essential requirement of socialism, which helps promote social fairness and justice, stimulate economic development momentum, maintain social stability and harmony, ensure long-term peace and stability of the country, and promote sustainable development. Many scholars have also elaborated on the importance of common prosperity from different perspectives. In China's new development stage, common prosperity is not only a vision, but also a firm long-term goal [5]. Common prosperity is the essential requirement of socialism, an important feature of Chinese modernization, and an integral part of high-quality economic development [6]. Chinese-style modernization is characterized by common prosperity for all people, including prosperity in material and spiritual life. Therefore, common prosperity of spiritual life is one of the key features of Chinese modernization [7]. Promoting common prosperity in rural areas is a key goal of the development of a new rural collective economy and is of great value to the Chinese modernization path [8].

Rural collective economy is closely related to common prosperity. The rural collective economy is an important carrier for the development of rural industries and the increase of farmers' income. It is conducive to narrowing the gap between urban and rural areas, improving the level of rural public services, and thus promoting the common prosperity of rural areas. In addition, the rural collective economy can also promote the modernization of rural governance, enhance rural cohesion and stability, and further help achieve common prosperity. Therefore, developing and strengthening the rural collective economy is of great significance to achieving common prosperity in rural areas. Many scholars have recognized the close correlation between rural collective economy and common prosperity, and analyzed the importance of rural collective economy in achieving common prosperity. The new rural collective economy plays a decisive role as the key force and core carrier in promoting the common prosperity of rural areas [9]. In the new era, the collective economy has become a strong support for rural revitalization by virtue of its carrier advantage of shared development, fully demonstrating its necessity and feasibility [10]. The rural collective economy plays an important role in promoting rural residents to increase their income and enrich their spiritual and cultural life, and is a powerful guarantee for realizing common prosperity in rural areas [11]. To

comprehensively promote rural revitalization and achieve common prosperity between urban and rural areas as the fundamental direction, the key lies in developing and strengthening the rural collective economy [12].

To sum up, existing research has done some research on the current development and theoretical mechanism of rural collective economy and common prosperity, and believes that there is a certain relationship between the two. However, few articles have deeply explored the impact of rural collective economy on the common prosperity of farmers. Influence mechanism. Therefore, this article uses provincial data from the China Statistical Yearbook to construct an evaluation index system for collective economy and common prosperity. On this basis, it studies the impact mechanism of rural collective economy on farmers' common prosperity, and comprehensively uses data analysis methods to enrich existing The research results reveal the internal mechanism and help government departments formulate relevant policies in a targeted manner.

### **3. Theoretical Analysis and Research Hypotheses**

#### **3.1. The Direct Impact of Rural Collective Economy on Common Prosperity**

The rural collective economy is an important force in promoting common prosperity. The "must-answer questions" on the road to promoting common prosperity in rural areas are how to effectively solve the fragmentation, individualization and underdevelopment of rural industrial development, how to reorganize rural areas, and what are the main reasons that hinder rural areas from promoting common prosperity. The new rural collective economy refers to the formation of a new rural collective economy within the rural area, with farmers as the main body, and relevant stakeholders through alliance and cooperation, with clear property rights relationships, clear member boundaries, reasonable governance mechanisms and benefit-sharing mechanisms, and the implementation of equal consultation, democratic management, and an economic form of benefit sharing. The party branch leads the cooperatives through a complete institutional system to fully integrate the leadership of the party organization into rural economic development and governance. It combines the political and organizational advantages of the party branch with the economic advantages of the cooperative and the initiative of the people. The villagers level collective economic organizations or members of the village party branch on behalf of the village collective to register and establish farmers' professional cooperatives. The village collective and the masses use collective land, funds, labor, etc. as shares to reorganize scattered farmers and rebuild a new relationship between the village collective and the peasant masses. The economic connection link reintegrates fragmented resource elements, develops as a team, operates on a large scale, and takes the road of common prosperity. Therefore, the development of the rural economy needs to reorganize the rural economy, integrate resources, increase farmers' income, and achieve common prosperity through new rural collective economies and party branch-led cooperatives [13][13]. Therefore, this article proposes hypothesis 1 : Rural collective economy helps promote the realization of common prosperity.

#### **3.2. The Indirect Impact of Rural Collective Economy on Common Prosperity**

Increasing the income of farmers is an important channel for the rural collective economy to promote common prosperity. First of all, the diversification of the rural economy can promote farmers' transformation from single agricultural operations to diversified operations, and increase farmers' sources of income through the development of rural tourism, rural specialty industries and other industrial forms. Secondly, by deepening the reform of the rural land system, improving the "three rights" separation system of contracted land, transferring the contracted land that has been separated from the farming families to farmers, allowing them to

plant more land, and cultivate family farms with moderate scale operations. as the basic operating unit of China's modern agriculture, thereby improving farmers' land use efficiency and economic benefits. Finally, the discovery and utilization of the special functions of agriculture and rural areas have provided space for the development of new integrated industries such as leisure, vacation, and education. In particular, the integration of "culture, tourism, and agriculture" in recent years has become an effective way for rural residents to increase their income [[14] . Therefore, this article proposes hypothesis 2: Rural collective economy promotes the realization of common prosperity by increasing the income of farmers. Resource allocation is an important factor in rural collective economy promoting common prosperity. Resource allocation in the rural economy can be achieved by coupling new rural construction and rural tourism development. Specifically, resource allocation can be optimized through the following aspects: first, develop rural tourism, improve the economic benefits of rural areas, increase farmers' income, thereby promoting the development of the rural economy; second, optimize the rural economic structure and strengthen Rural infrastructure construction can improve rural productivity levels and increase the competitiveness of the rural economy [15] ; third, strengthen the training of rural talents, improve the quality of rural talents, and promote innovation and development of the rural economy; fourth, strengthen rural financial services and improve The level of rural financial services provides financial support for the development of rural economy [16] . Therefore, this article proposes hypothesis 3 : Rural collective economy promotes the realization of common prosperity through optimizing resource allocation.

## 4. Research Design

### 4.1. Variable Description

**Table 1.** 1Comprehensive measurement indicators and weights of common prosperity

Dimensions	index	Indicator properties	Weights
developmental	Engel coefficient	Negative	0.135
	Regional Gini coefficient	Negative	0.044
	urbanization rate	forward	0.032
	per capita consumption expenditure	forward	0.091
Sharability	Number of museums per capita	forward	0.166
	Teacher-student ratio at school	forward	0.126
	Number of beds in medical institutions	forward	0.016
	health technician	forward	0.025
sustainability	Forest cover rate	forward	0.058
	CO2 emissions per capita	Negative	0.183
	Number of patents granted	forward	0.058
	Number of technology contracts in the technology market	forward	0.066

1) The explained variable: common prosperity. Common prosperity means that all people can ultimately achieve a living standard of adequate food and clothing through hard work and mutual help, that is, universal prosperity based on the elimination of polarization and poverty. Starting from the connotation of common prosperity, this article refers to Wang Yafei's (2023) approach [17] , selects panel data from 31 provinces, municipalities and autonomous regions in China from 2012 to 2021 , and constructs an evaluation system containing 3 dimensions and 12 indicators, using entropy The common wealth comprehensive index is calculated using the

value method. The specific 12 indicators included and the weight of each indicator obtained by the entropy value method are shown in Table 1.

2) Explanatory variable: rural collective economy. The so-called rural collective economy means that it is compatible with the socialist market economic system and implements common and share ownership of basic production means and assets. Farmers are organized according to the principle of voluntariness and mutual benefit according to certain regions and industries, and implement certain policies in the production and circulation links. To achieve various degrees of cooperation, democratic management is implemented within the organization and market-oriented operations are adopted outside the organization to achieve an organic combination of unified management and contracted management. The income is distributed according to work and distributed according to factors, so that collective members can maintain and increase the value of collective property. A public ownership economy with shared benefits. This article starts from the connotation of rural collective economy, refers to Zhang Yingliang's (2023) approach [18], selects panel data from 31 provinces, municipalities and autonomous regions in China from 2012 to 2021, and constructs an evaluation system containing 3 dimensions and 12 indicators. The entropy method is used to calculate the comprehensive index of rural collective economy. The specific 12 indicators included and the weight of each indicator obtained by the entropy value method are shown in Table 2.

**Table 2.** Comprehensive measurement indicators and weights of rural collective economy

Dimensions	index	Indicator properties	Weights
economic development	Per capita collective economic income	forward	0.033
	investment income per capita	forward	0.103
	Owner's equity per capita	forward	0.012
	Fixed assets per capita	forward	0.245
social stability	Amount of collective funds	Negative	0.113
	Employed labor force / total labor force	forward	0.064
	Due benefits	forward	0.236
	Public service investment	forward	0.021
Governing basis	Proportion of number of villages with financial disclosure	forward	0.098
	Number of land contract disputes	Negative	0.055
	Democratic Financial Management Group	forward	0.012
	Number of people on the payroll in rural areas	forward	0.008

3) Functional mechanism variables: farmers' income increase and resource allocation. In order to explore the indirect impact of rural collective economy on common prosperity, farmers' income increase and resource allocation were studied as mechanism variables. Among them, the increase in farmers' income is represented by the growth rate of per capita disposable income of rural residents, and the allocation of resources is represented by the number of funds invested in infrastructure.

4) Control variables: economic growth rate, population urbanization rate, human capital level, social demographic structure and degree of openness to the outside world. Referring to the approach of Zhang Yingliang (2023) [18], the above five variables are used as control variables. The descriptive statistical results of the above variables are shown in Table 3.

**Table 3.** Descriptive statistics results

variable	average value	standard deviation	minimum value	maximum value
Common prosperity	0.420	0.321	0.000	1.000
rural collective economy	0.652	0.224	0.000	1.000
Increase farmers' income	3.646	1.238	0.532	6.358
Resource allocation	3.157	1.117	0.623	5.231
economic growth rate	10.324	3.012	0.631	18.523
Population urbanization rate	0.685	0.231	0.256	0.901
human capital level	9.424	0.899	7.235	13.565
sociodemographic structure	0.420	0.053	0.125	0.519
Degree of openness to the outside world	0.366	0.408	0.021	1.698

## 4.2. Model Setting

A panel regression model is used to verify the impact between rural collective economy and common prosperity. The set model is as follows:

$$Copr_{it} = \beta_0 + \beta_1 RCE_{it} + \beta_2 Controls_{it} + v_i + \mu_t + \varepsilon_{it} \quad (1)$$

In the formula,  $Copr_{it}$ ,  $RCE_{it}$ ,  $Controls_{it}$ ,  $v_i$ ,  $\mu_t$ ,  $\varepsilon_{it}$ ,  $\beta_0$ ,  $\beta_1$ ,  $\beta_2$ .

In order to test Hypothesis 2 and Hypothesis 3, the model constructed is as follows:

$$income_{it} = \beta_0 + \beta_1 RCE_{it} + \beta_2 Controls_{it} + v_i + \mu_t + \varepsilon_{it} \quad (2)$$

$$Copr_{it} = \beta_0 + \beta_1 RCE_{it} + \beta_2 Controls_{it} + \beta_3 income_{it} + v_i + \mu_t + \varepsilon_{it} \quad (3)$$

$$resource_{it} = \beta_0 + \beta_1 RCE_{it} + \beta_2 Controls_{it} + v_i + \mu_t + \varepsilon_{it} \quad (4)$$

$$Copr_{it} = \beta_0 + \beta_1 RCE_{it} + \beta_2 Controls_{it} + \beta_3 resource_{it} + v_i + \mu_t + \varepsilon_{it} \quad (5)$$

In the formula,  $income_{it}$ ,  $resource_{it}$

## 4.3. Data Source

The data in this article come from the "China Statistical Yearbook" and the provincial statistical yearbooks. The panel data of 31 provinces from 2012 to 2021 are sorted and selected. After removing outliers and filling in missing values through linear interpolation, the data are processed and analyzed.

## 5. Empirical Analysis

### 5.1. Baseline Regression Results

This paper performs regression on panel data. In order to overcome the problem of heteroskedasticity, heteroscedasticity-robust standard errors are used for estimation. The results are shown in Table 4. Among them, model (1) is the result of not adding control variables. Based on the consideration of model robustness, Model (2) adds control variables and controls for province and year solid effects. It can be seen from the regression results that the regression coefficients of the two models are 0.062 and 0.061 respectively, both are significantly positive

at 1%, indicating that regardless of whether control variables are added or not, they are significantly positive, proving that the rural collective economy can promote the realization of common prosperity. Therefore, hypothesis 1 was verified.

**Table 4.** Baseline regression results

variable	Common prosperity	Common prosperity
	(1)	(2)
rural collective economy	0.062 ***	0.061 ***
	(0.032)	(0.032)
economic growth rate		0.009 ***
		(0.011)
Population urbanization rate		-0.020 ***
		(0.006)
human capital level		0.003
		(0.017)
sociodemographic structure		0.003 **
		(0.005)
Degree of openness to the outside world		0.021 **
		(0.017)
Province fixed effects	YES	YES
year fixed effects	YES	YES
Constant term	0.339 ***	0.360 ***
	(0.029)	(0.035)
R <sup>2</sup>	0.200	0.213

Note: Robust standard errors are in parentheses, \*\*\*, \*\* and \* represent the significance levels of 1%, 5% and 10% respectively.

## 5.2. Robustness Test

**Table 5.** Robustness test results 2

variable	(1)	(2)
	Common Wealth Equal Weight Assignment Method	Tobit model
rural collective economy	0.042 ***	0.063 ***
	(0.010)	(0.040)
control variables	Controlled	Controlled
Constant term	0.493 ***	0.411 ***
	(0.006)	(0.027)
R <sup>2</sup>	0.266	0.211

Note: Robust standard errors are in parentheses, \*\*\*, \*\* and \* represent the significance levels of 1%, 5% and 10% respectively.

Considering that there are certain statistical deviations in actual statistics, this article uses the following methods to test the robustness of the regression results:

1) Change the method of measuring the explained variable. In the previous article, the entropy weight method was used in the process of calculating the common prosperity comprehensive index, and the calculation method was further changed to the equal-weighted average method and recalculated. The results are shown in (1) in Table 5. It can be seen that the explanatory

variable rural collective economy is still significantly positive at the 1% level, which proves the robustness of the previous results.

2) Tobit model regression. Since the score of the explained variable common prosperity development is between 0 and 1, which is a bilateral restricted variable, the Tobit model is further used to regress the data, and the results are shown in (2) in Table 5. It can be seen that the explanatory variable rural collective economy is still significantly positive at the 1% level, which proves the robustness of the previous results.

### 5.3. Endogeneity Test

The realization of common prosperity is easily affected by factors that are difficult to observe such as the natural environment and residents' habits, and there may be a reverse causal relationship between the rural collective economy and common prosperity. These may cause biased empirical results, so instrumental variables need to be used. Treat and alleviate endogenous problems. Referring to the approach of Qi Diming (2023), this article selects "one lag period of rural collective economy" as the instrumental variable of rural collective economy. The regression results are shown in Table 6.

**Table 6.** Instrumental variable method regression results

	Two-stage least squares (2SLS)	
	The first stage	second stage
rural collective economy		0.028 *** (0.072)
The first lagging period of rural collective economy	0.034 *** (0.036)	
control variables	Controlled	Controlled
F	131.057	
Cragg-DonaldWald F		454.623
Kleibergen-Paap rk LM		684.159
R <sup>2</sup>	0.206	0.209

Note: Robust standard errors are in parentheses, \*\*\*, \*\* and \* represent the significance levels of 1% , 5% and 10% respectively.

The two-stage least squares method (2SLS) is used on the data. According to the results, the coefficient of the instrumental variable in the first stage is 0.034 , which is significant at the 1% level, and the F statistic is much greater than 10 , indicating that the correlation requirements are met; in the second stage The coefficient of the core explanatory variable is 0.028 , which is still significant at the 1% level, indicating that after dealing with the endogeneity problem, the rural collective economy still has a significant promoting effect on the realization of common prosperity, which is consistent with the results of the benchmark regression, and The Cragg-Donald Wald-F value and Kleibergen-Paak rk LM statistic of the non-identifiable test and weak identification test are both much greater than 10. The null hypothesis of weak instrumental variables is rejected, and the instrumental variables are appropriately selected.

## 6. Mechanism Analysis and Heterogeneity Analysis

### 6.1. Mechanism Analysis

1) The rural collective economy promotes the realization of common prosperity by increasing the income of farmers. In order to test the mechanism of rural collective economy promoting the realization of common prosperity by promoting the increase of farmers' income, this paper

takes the growth rate of per capita disposable income of rural residents as the mechanism variable and uses the intermediary effect model to test the intermediary role of farmers' income increase in this process. The results are as shown in Table 7 shown.

**Table 7.** Regression results of farmer household income increase

variable	Increase farmers' income	Common prosperity
	(1)	(2)
rural collective economy	0.082 ***	0.016 ***
	(0.012)	(0.023)
Increase farmers' income		0.005 ***
		(0.011)
control variables	YES	YES
Province fixed effects	YES	YES
year fixed effects	YES	YES
Constant term	0.412 ***	0.460 ***
	(0.033)	(0.013)
R <sup>2</sup>	0.258	0.283

Note: Robust standard errors are in parentheses, \*\*\*, \*\* and \* represent the significance levels of 1% , 5% and 10% respectively.

It can be seen from the model (1) in Table 7 that every unit increase in the development level of the rural collective economy will positively promote the increase in the income increase index of farmers by 0.082 , and is significant at the 1% level; it can be seen from the model (2) in Table 7 that every increase in the income increase index of farmers Increasing one unit will positively promote the development level of common prosperity to increase by 0.016 , which is significant at the 1% level. In summary, the rural collective economy positively promotes the increase of farmers' income, and the increase of farmers' income can also positively promote the development of common prosperity. The rural collective economy indirectly promotes the realization of common prosperity by promoting the increase of farmers' income. Therefore, hypothesis 2 was verified.

2) The rural collective economy promotes the realization of common prosperity through optimizing resource allocation. To test the mechanism by which the rural collective economy promotes common prosperity through optimizing resource allocation, this paper uses the amount of infrastructure investment as a mechanism variable and uses a mediating effect model to test the mediating role of resource allocation in this process. The results are shown in Table 8.

It can be seen from the model (1) in Table 8 that every unit increase in the development level of the rural collective economy will positively promote the resource allocation index to increase by 0.079 , and is significant at the 1% level; it can be seen from the model (2) in Table 8 that the resource allocation index increases every Increasing one unit will positively promote the development level of common prosperity by 0.008 , and is significant at the 1% level. In summary, the rural collective economy positively promotes resource allocation, and resource allocation can positively promote the development of common prosperity. The rural collective economy indirectly promotes the realization of common prosperity by optimizing resource allocation. Therefore, hypothesis 3 was verified.

**Table 8.** Resource allocation regression results

variable	Resource allocation	Common prosperity
	(1)	(2)
rural collective economy	0.079 ***	0.008 ***
	(0.021)	(0.032)
Resource allocation		0.002 ***
		(0.016)
control variables	YES	YES
Province fixed effects	YES	YES
year fixed effects	YES	YES
Constant term	0.390 ***	0.358 ***
	(0.019)	(0.023)
R <sup>2</sup>	0.310	0.399

Note: Robust standard errors are in parentheses, \*\*\*, \*\* and \* represent the significance levels of 1% , 5% and 10% respectively.

## 6.2. Heterogeneity Analysis

1) Heterogeneity caused by time differences. This article divides 2012-2021 into two time samples, before 2016 and after 2016 , and conducts heterogeneity testing. The results are shown in columns (1) and (2) of Table 9.

The results show that the impact of rural collective economy on common prosperity has heterogeneity caused by time differences. Among them, before 2016 , the impact coefficient of the rural collective economy on common prosperity was 0.047 , which was significant at the 1% level. After 2016 , the impact coefficient of the rural collective economy on common prosperity was 0.066 , which was significant at the 1% level. The coefficient difference between the two groups is 0.019 , which shows that with the development of time, the impact of rural collective economy on common prosperity gradually increases.

2) Heterogeneity caused by regional differences. Since different regions have different historical development, natural environment and economic development levels, resulting in different living habits and preferences of the people, the development of common prosperity may be affected by regional factors. This article divides 31 provinces, municipalities and autonomous regions into eastern, central and western regions. The eastern part includes Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong and Hainan. The central part includes Shanxi, Anhui, Jiangxi, Henan, Hubei and Hunan, and the western part includes Inner Mongolia, Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang. Heterogeneity test was carried out. The results are listed in Table 9 (3) (4) (5) shown.

The results show that the impact of rural collective economy on common prosperity is heterogeneous due to regional differences. Among them, in the eastern region, the impact coefficient of the rural collective economy on common prosperity is 0.059 , which is significant at the 1% level. In the central region, the impact coefficient of the rural collective economy on common prosperity is 0.045 , which is significant at the 1% level. In the western region, the impact coefficient of the rural collective economy on common prosperity is 0.045, which is significant at the 1% level. Region, the impact coefficient of rural collective economy on common prosperity is 0.037 , which is significant at the 1% level, and the maximum coefficient difference between groups is 0.022 , indicating that the impact of rural collective economy on common prosperity gradually decreases from east to west.

**Table 9.** Heterogeneity test results

variable	(1)	(2)	(3)	(4)	(5)
	Before 2016	After 2016	east	central	west
rural collective economy	0.047 ***	0.066 ***	0.059 ***	0.045 ***	0.037 ***
	(0.019)	(0.021)	(0.030)	(0.025)	(0.015)
control variables	Controlled	Controlled	Controlled	Controlled	Controlled
Constant term	0.411 ***	0.398 ***	0.409 ***	0.420 ***	0.401 ***
	(0.012)	(0.013)	(0.016)	(0.016)	(0.009)
R <sup>2</sup>	0.312	0.345	0.210	0.198	0.168

Note: Robust standard errors are in parentheses, \*\*\*, \*\* and \* represent the significance levels of 1% , 5% and 10% respectively.

## 7. Conclusion and Suggestions

This article selects China's 31 provincial panel data from 2012 to 2021, uses the entropy method to measure the development index of the rural collective economy and common prosperity, uses the panel regression model to explore the direct impact of the rural collective economy on common prosperity, and uses the intermediary effect model We conduct an in-depth study of the indirect effects, explore the mechanism of farmer household income increase and resource allocation, and finally conduct a heterogeneity test on the time and region of the sample. The conclusions reached are as follows:

- 1) The rural collective economy can significantly and positively promote the realization of common prosperity. After robustness and endogeneity testing, this conclusion still holds.
- 2) The rural collective economy can indirectly promote the realization of common prosperity by increasing farmers' income and optimizing resource allocation, both of which are key mechanisms that affect common prosperity.
- 3) The impact of the rural collective economy on common prosperity has temporal and regional heterogeneity. With the development of time, the impact of the rural collective economy on common prosperity gradually increases, and the impact gradually decreases from east to west. Based on the above conclusions, this article puts forward the following suggestions:

- 1) Improve local policies so that wealth first drives wealth later. The government should strengthen investment in rural areas, improve the level of infrastructure construction, improve farmers' production and living conditions, and at the same time strengthen the training and introduction of rural talents to improve the quality and capabilities of rural talents. Society should strengthen support and attention to rural areas, help farmers solve production and life difficulties through various forms of donations and assistance, and at the same time strengthen support for rural culture and education to improve farmers' cultural quality and scientific and technological level.

- 2) Protect the interests of farmers and set incentive measures. Actively participate in rural economic development and help farmers improve production efficiency and product quality through technical and financial support, while developing rural markets, expanding sales channels, and increasing the added value of agricultural products. The government should formulate relevant policies and regulations to protect the rights and interests of farmers, and at the same time set incentives to encourage farmers to actively participate in rural economic development and improve farmers' enthusiasm and creativity.

- 3) Optimize resource allocation and ensure reasonable flow of factors. The government should strengthen the management and allocation of rural land, water resources and other elements to protect farmers' legitimate rights and interests, and at the same time encourage farmers to

actively participate in the development and utilization of resources to improve the efficiency and effectiveness of resource utilization.

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