



IIPPE 16th Annual Conference

September 9-12, 2026, Iscte, University Institute of Lisbon & ICS, Lisbon University

Joint Panel: World Economy and Political Economy of China's Development 2:
North-South and BRICS in the World Economy

The latest development of China's primitive socialist accumulation and implications on world development

Sam-Kee Cheng
Research Assistant Professor
Faculty of Social Sciences
University of Macau
Skcheng@um.edu.mo

*This presentation is funded by the Faculty of Social Sciences Conference Grant of the University of Macau

Uneven and combined development

Originated from the Russian revolution (Trotsky, 1930). The concept aimed to show how it was possible for the working class to overthrow Czarism and start the overturn of the capitalist order worldwide--

Unevenness: Highly uneven distribution of industries in the world, concentrated in the leading capitalist states. Unevenness between/within regions and states. A world market occupied between leading industrialised powers. (see Dunford, 2026)

Combined Development: The co-existence of the most advanced capitalist industry with pre-capitalist social, political and cultural institutions within states.

Imperialism → wars and revolutions → nations and states within a deeply unequal world
→ changing balance of forces

Issues in many developing countries:

- Crisis of accumulation
- Crisis of state-building
- Crisis of nation-building, e.g. separatism, regionalism, religious/ethnic conflict etc.
- Oligarchic rule in democratic / authoritarian guise

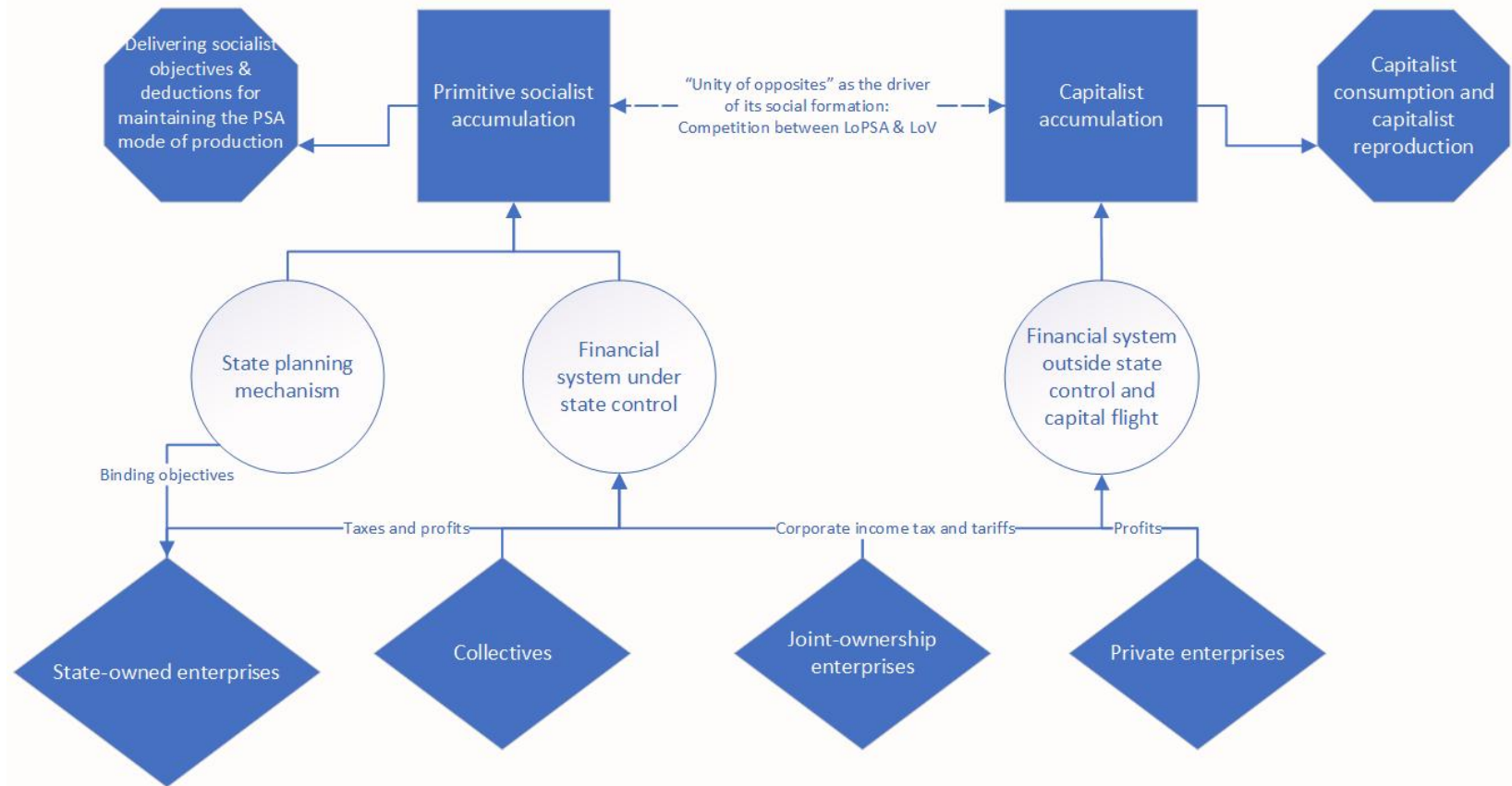
So, what are the tasks of the Communist Party after leading a successful proletarian revolution?

- Conquered state power; the association of the proletarians in all the leading countries of the world; abolish classes; build a new society (Marx and Engels, 1850)
- Mao's anticipated long period of "a new-democratic society" not materialised → the completion of socialist transformation in 1956 (as a result of Western sanctions brought about by the Korean War).
- Since 1956, the CP formally recognised its victory against the KMT in 1949 meant the completion of the democratic revolution via the establishment of a proletarian dictatorship and the beginning of the transition to socialism.

China is a transitional economy driven by two laws

- The unity of opposites is the driver of China's social formation ever since it was founded in 1949
- Through the financial system under state control and the state planning mechanism, the private sector also contributes to primitive socialist accumulation (PSA)
- PSA can be used for delivering socialist objectives and for maintaining the current system
- But the contradictions and struggle between PSA and CA are constant and would never achieve an equilibrium due to competition

Primitive socialist accumulation and capitalist accumulation in the transitional economy under the CPC regime



PSA in Market Reform and Opening Up

- Capitalist accumulation grows hand in hand with primitive socialist accumulation.
- The law of value, free competition, price regulation of supply and demand, and allocating resources with market mechanisms can be part of the socialist system as long as they contribute to the Four Modernisations (agriculture, industry, science and technology, and defence).
- FDI as share of GDP grew from less than 1% to 6% from 1990 to 1993 but not in high-tech industries
- China's share of global FDI grew from 3% in 2000 to 15% in 2020
- An explosive growth of private sector in terms of no. of enterprises and workforce size
- "Zhuada fangxiao" policy – privatisation of the SMEs but banks and strategic sectors remain in public ownership; SASAC exercising gov's ownership rights

Concessions and counterbalance

- Asymmetrical power relations between China and US-led world capitalism
- 15-year WTO negotiation; terms and conditions leading to suspicion of being a neoliberal state (protector of the interest of transnational capital) (Harvey, 2005; Hart-Landsberg & Burkett, 2006; Jessop, 2010)
- "Growing out of the plan" expectation (Nolan, 2001; Naughton, 2014; Coase and Wang, 2012)
- Pro-capital reforms; retreat of the state; weakened state capacity (e.g. fiscal crisis; GNP per capita annual growth at 7% but fiscal income declined from 1978 to 1991 (Wang and Hu, 2001)); deepening uneven development; new social strata and the growth of consumer culture and liberal ideology

Concessions and counterbalance

- The Labour Contract Law (2008); Universal Basic Healthcare System (2009); Elimination of absolute poverty (2022); Anti-corruption campaigns; Reinstating CP leadership; SOEs in the commanding heights of the economy etc.
- Xi's report to the 20th National Congress of the CPC in 2022—many achievements but also recognised the grave situation a decade ago:

“Some Party members and officials were wavering in their political conviction...Privilege-seeking mindsets and practices posed a serious problem, and some deeply shocking cases of corruption had been uncovered...Misguided patterns of thinking such as money worship, hedonism, egocentricity, and historical nihilism were common”.

Concessions and counterbalance

- In the study session on implementing the guiding principles of the 18th CPC National Congress, Xi Jinping reiterated that “our Party remains committed to communism as our ultimate goal.... Belief in Marxism and faith in socialism and communism are the political soul of the Communist Party of China stipulates that the Party’s highest ideal and ultimate goal is the realization of communism. It also states that the highest ideal of communism can be realized only when socialist society is fully developed and highly advanced.” (Xi, 2013).

PSA in the new era

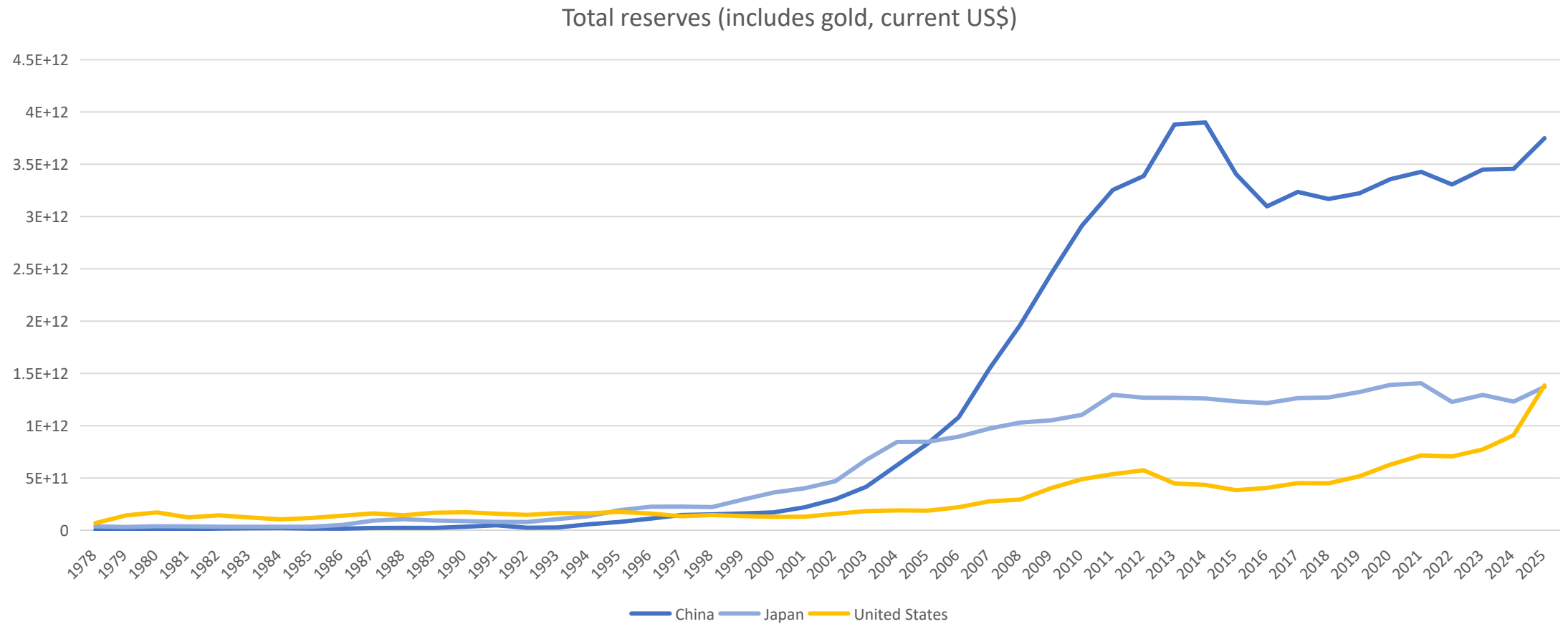
- **From reactive to proactive in leading capital development**
- The centrality of state capacity in the transitional economy
- Wang Shaoguang (2021) argues that a country can only manage a successful integration with the world market economy (“reform and opening-up”) by having two types of preconditions:

First, a solid foundation, including political basis (independence, national unity, social stability, eradication of “distributional coalitions”); social basis (social equity, public health, universal education) and material basis (water conservatory facilities, farmland capital construction, initial scale of a large and complete industrial system);

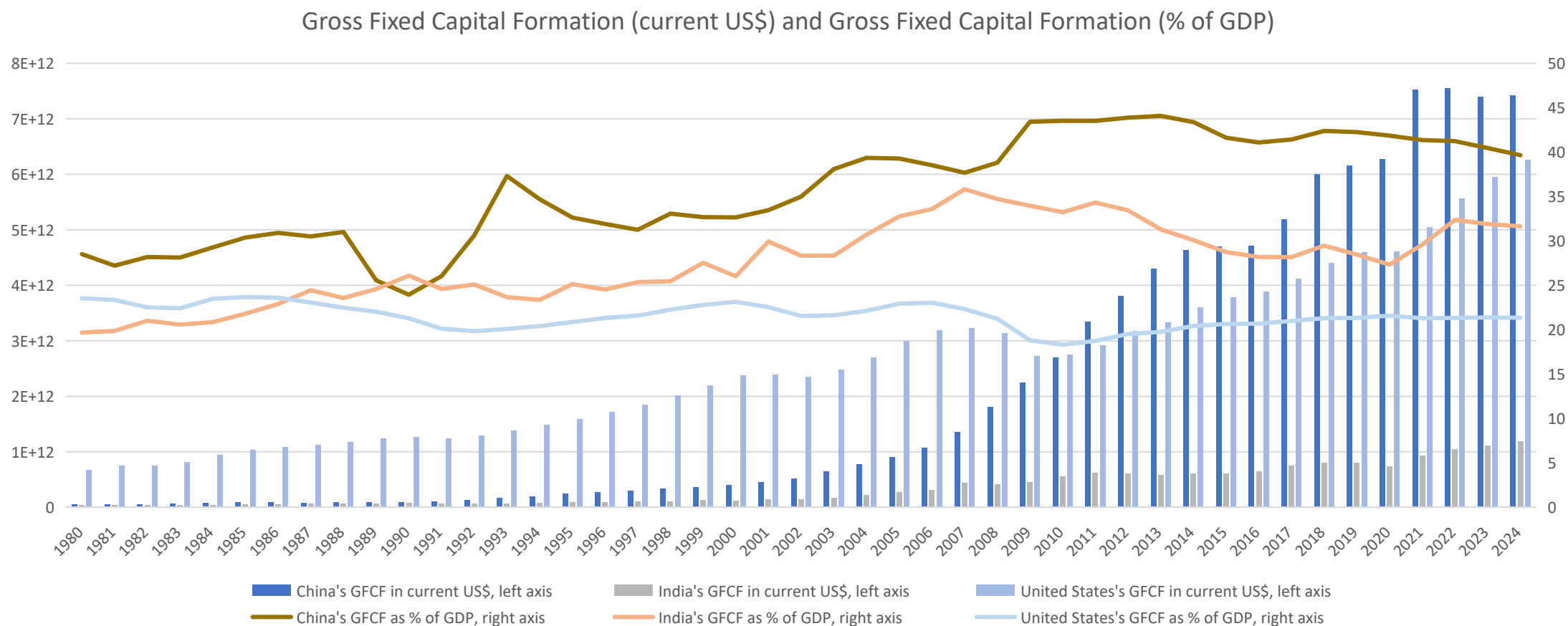
Second, an effective government with seven types of “**infrastructural state capacity**”: (1) coercive, (2) extractive, (3) assimilative and capacities to identify, to regulate, to steer and to redistribute.

- Contribution of tax revenues from SOEs grew from less than 1 tn yuan in 2000 to over 4 tn yuan in 2025, tax rule tightened in 2026 to cover offshore earnings and assets regardless of residency status, SOE profit remittance rates increased to max 35%
- Supernormal investment beyond the scope of private enterprises to accumulate fundamental strategic assets, e.g. clean water, arable land, skilled and specialised workforce, S&T assets, infrastructure for BRI (Shi, 2022)

By 2025, China's reserves were 271% of those of the USA



Gross Fixed Capital Formation comparison between India, China and the U.S. (1980-2024)



(Source: World Bank, 2026)

State-holding enterprises leading in productive investment in recent years

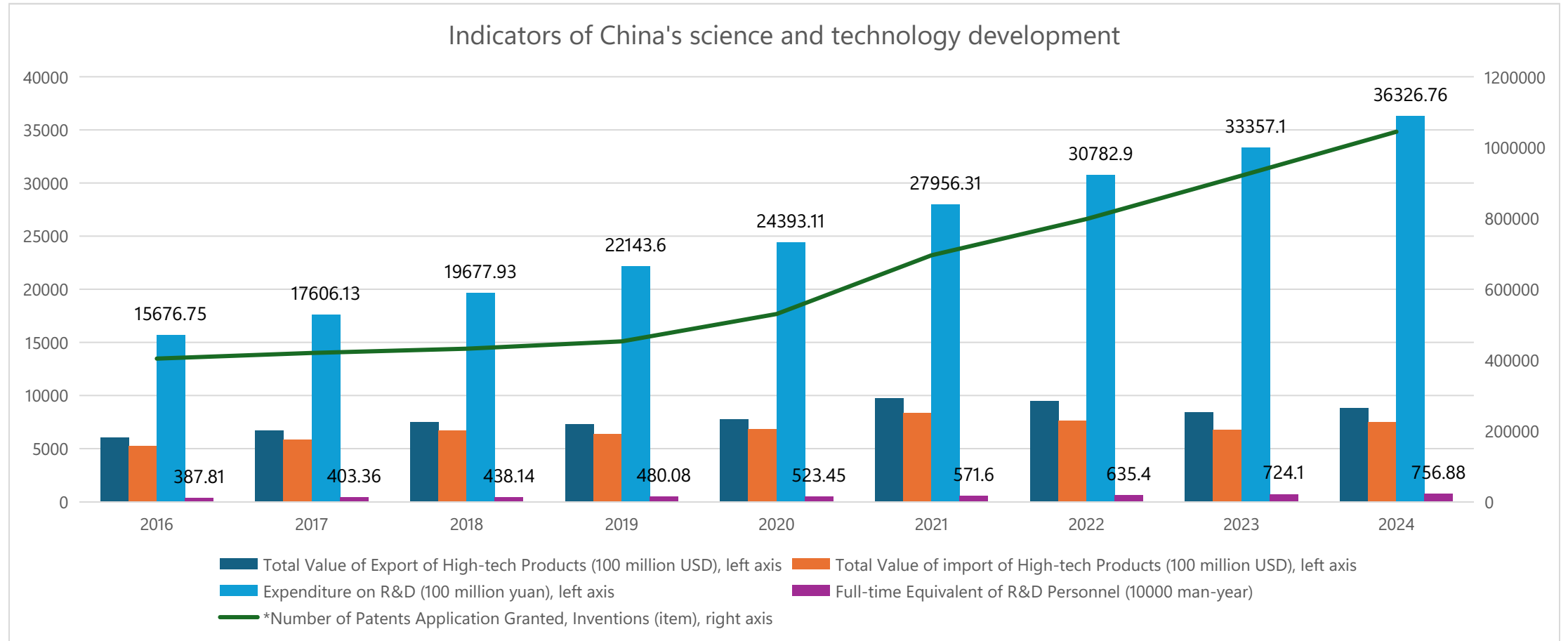
	Growth Rate of Total investment in Fixed Assets	By State- holding Sector	By Collective- holding Sector	By Private- holding Sector
2018	5.9	1.9	-8.7	8.8
2019	5.4	5.7	0.1	5.7
2020	2.9	5.6	-9.8	1.6
2021	4.9	2.9	6.2	14
2022	5.1	10.1	9	1.8
2023	3	6.4	6	0.1
2024	3.2	5.7	12.5	0.6
Average growth rate from 2018- 2024	4.34	5.47	2.19	4.66

(Source: China Statistical Yearbook, various years)

The latest development of primitive socialist accumulation

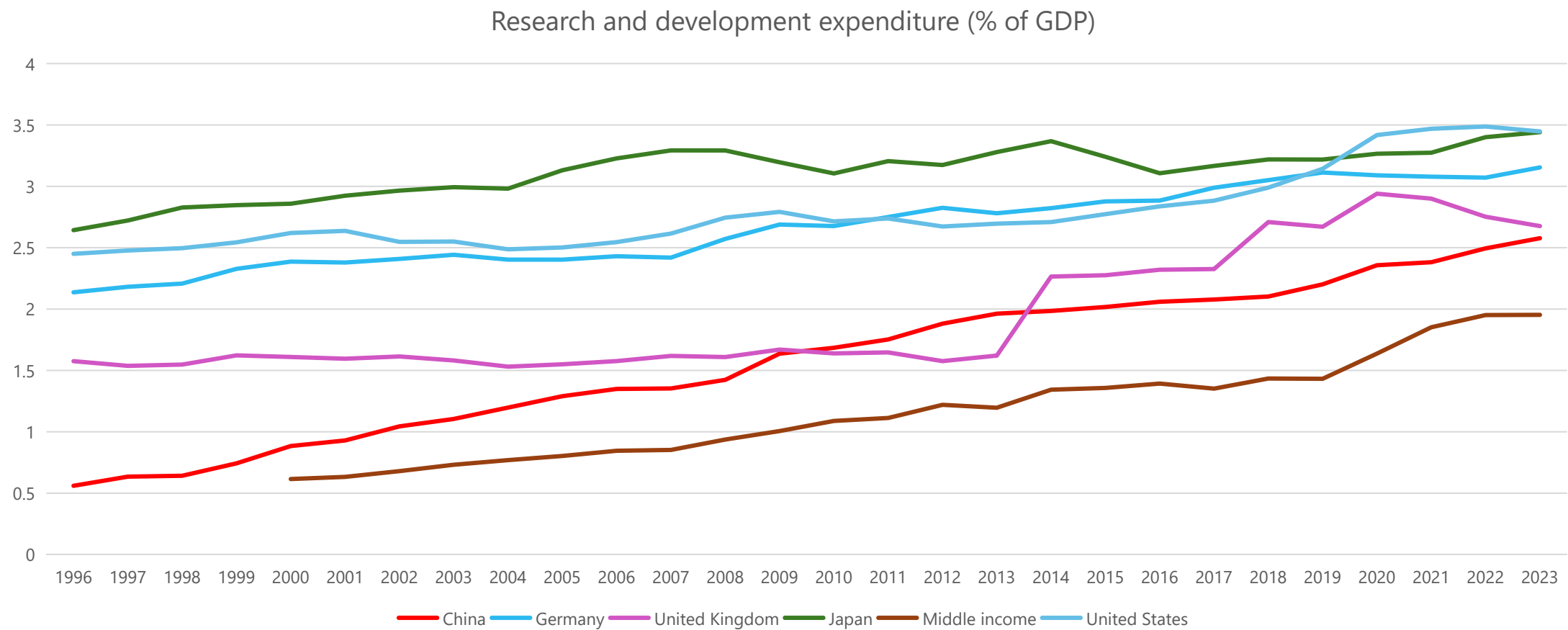
- The annual transfer of surplus value from China to the US ranged from 6 to 8% of China's GDP from 2005 to 2019 and is only contained by China's growing investment (Carchedi & Roberts, 2021, p. 36)
- China was the largest importer of US's "advanced technology products" (ATP) in 2010, growing from merely 5.5% in 2000 to taking almost one-third of the total share of imports of US ATP but dropped to less than 10% in 2024. The US went from a net in 2014 to a net importer in 2024 (Long, 2026).
- Chinese firms getting close to or leading in technological frontiers, e.g. Huawei's innovation of the "Tau (T) scaling law"

Some indicators of China's S&T development



Source: National Bureau of Statistics (2026)

China's R&D rate is above the average of middle-income countries but still behind advanced economies



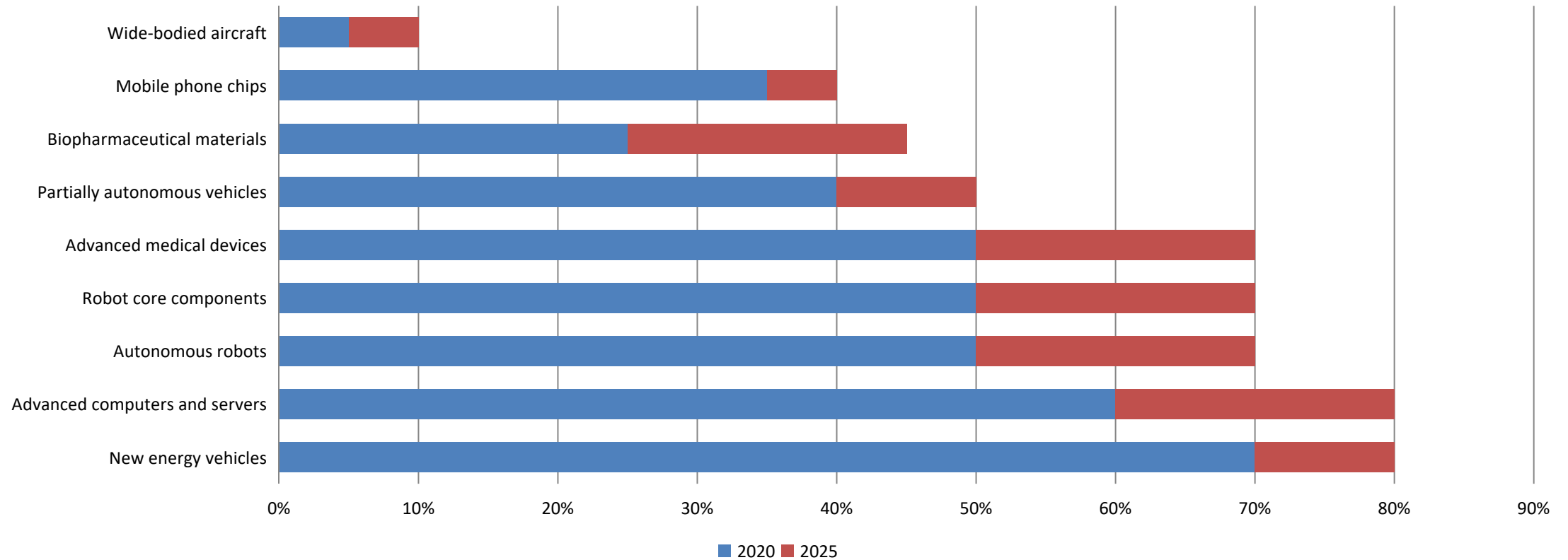
(Source: World Bank, 2026)

China's techno-Industrial targets since 2006

16 megaprojects (2006-2015)	Seven large groups of strategic emerging industries (2010-2020)
Water-pollution control and treatment	Energy conservation and environmental protection
ULSI semiconductor manufacturing	Next-generation information technology
Next-generation broadband wireless	Biotechnology
Core electronics and high-end software	Precision and high-end machinery
Major new drug initiative	New energy
Major infectious disease initiative	New materials
Genetic transformation and plant breeding	New energy vehicles
Large passenger aircraft	
High-resolution earth observation system	
Manned space flight and lunar landing	
High-end numerically controlled machine tools	
Large-bed oil and gas; coal gasification	
Large high-pressure nuclear reactor technology	
Three undisclosed military projects	

Select Made in China 2025 Key Area Technology Roadmap's 2020 and 2025 Localization Targets

Domestic Production as a Share of Domestic Market



(Source: Koleski, 2017, p. 11)

Assessment from the US-China Economic and Security Review Commission

"China has met or exceeded many of the very ambitious global market share, local sourcing, and technology development targets it set for itself in 2016. While it has fallen short on others, in most cases it still made significant gains in each sector. China is more innovative, has moved up the global value chain, and has solidified its status as a global manufacturing powerhouse." (Blaugher et al., 2025, p. 3).

Implications on world development

- Two pillars of US hegemony have been undermined:
 1. The rent-seeking room and super-profits of Western monopolies
 2. A productive market for capital investment instead of the US financial market
- Some of the fundamental/basic strategic assets can be utilised as public goods for development outside China, esp. in S&T, BRI infrastructure projects
- New industries replacing the old model and path dependency
- Ample room for innovative collaboration under the new global governance initiative and people-centred development
- **China shock / China Squeeze / Military Keynesianism / Development Opportunity depends on the political programme of the national popular forces**

Conclusion

- China's development since the Global Financial Crisis in 2008 indicates that primitive socialist accumulation in China has been strengthened and the state capacity have increased significantly. The state does not only control the primitive socialist accumulation generated from the state economy but can also channel capitalist accumulation to the targeted area of development led by the state. This is particularly the case when primitive socialist accumulation is large enough to invest in infrastructure and create a viable market with economy of scale which attracts private capital to follow. The US containment strategy and hostility towards other national capitals regardless of ownership type demonstrates that racial hierarchy is part of world capitalism. China's success in breaking dependency and uneven development demonstrates the power of socialist accumulation even in a primitive stage. The expansion of the productive forces and the people-centred development model under the Chinese economic system underscores the possibility of submitting the forces of production to the satisfaction of needs instead of for profits. This will continue to threaten the rate of accumulation in the capitalist sector, undermine the pillars supporting the US hegemony and sharpen its contradictions. The desperate measures taken by the US to stop the rise of a China-centred economic order expose the limit and nature of the capitalist mode of production. Instead, China's call for building a community with a shared future and its material basis provides a reasonable prospect of a need-driven global economic order.