

# **China in Contemporary Capitalism: Toward a Southern Perspective**

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## **Abstract**

There has been an overwhelming focus on the geopolitical dimension of China's rise in academic discussions, often overshadowing the role of social class interests in shaping state policies and the dynamics of class struggle. We propose an interpretation of China's recent economic development drawn from recent critical Brazilian scholarship, offering a Global South perspective on the political economy of China's development and its implications for developing nations, through a critical political economy lens. China's transition to capitalism under the aegis of a developmentalist state was central to materially sustaining the neoliberal globalized form of capitalism as both domestic and foreign capitalists benefited from the vast pool of low-wage labor. As class struggle intensified in China in the mid-2000s, the state adjusted its capital accumulation strategy and its relationship with domestic and foreign capitalists, giving primacy to domestic technological development and mitigating the social costs provoked by capitalist development. The success and contradictions of this strategy have propelled China's expansion abroad while undermining the material basis of the country's "amiable competition" with the US, which now deems China its main contender. As China breaks away from its peripheral condition, heightening inter-capitalist and interstate competition, it reproduces the central-peripheral junction by perpetuating the mechanisms that sustain this junction. Additionally, it provokes a convergence to non-neoliberal practices among advanced countries in the direction of the instruments explored in China's recent experience.

**Key-words:** China, Development, Capitalism, Center-periphery

## **Introduction**

The first two decades of the 21st century have indisputably proven the significance of China and its ability to reshape global geopolitics. China's impressive economic, technological, and military trajectory in recent decades has not only been associated with fundamental transformations in the country's socioeconomic structure but has also been decisive for key processes in the global economy and the international system. From the world factory of cheap manufactures, China has become a technological great power, with a mix of private-owned, state-owned, and partially state-owned global companies in which capitalists and bureaucrats operate.

China's economic development and ascension in the international system have been interpreted differently by diverse states, political forces, and social movements around the globe. While many have been characterizing these processes as a challenge or a threat, others have been envisioning an opportunity for development and a more inclusive world order. For advanced countries, especially the US and its military allies, the Chinese rise is perceived as a central challenge to their cutting-edge technologies and industrial system, and ultimately a potential military threat (The White House, 2022; NATO, 2022; Japan Ministry of Defense, 2023; Yellen, 2024; von der Leyen, 2024). The US interpretation of China as a threat has resulted in an increased geopolitical polarization between both countries in the international order, strongly asserted through geoeconomics, with the active promotion of anti-China rhetoric.

While this anti-China movement led by the United States has projected onto the global periphery; the perception grows among certain governments in developing countries and leftist sectors that China would constitute an alternative, be it as a model to be followed, or as a promoter of a beneficial international order based on mutual benefits (Tricontinental, 2022; Monthly Review, 2023b; International Manifesto Group, 2021)<sup>1</sup>. In this scenario, derogatory or celebratory rhetorical outbursts find fertile ground and have been echoed more and more in debates about China. In some cases, it takes precedence over the analysis of concrete reality, theoretical rigor, and critical thinking, which should guide a frank and sovereign reflection, factoring in the peculiarities – historical-cultural, socioeconomic, and political – of each country.<sup>2</sup> Thus, amidst the tensions between Western developed nations and China, there's often a lack of nuanced analysis.

This growing polarization has led to an overwhelming focus on the geopolitical aspect of China's ascension in academic debates, often neglecting social class interests in shaping state policies and the role of class struggle. On the one hand, the matter is framed as a "classic security dilemma" or a Thucydides trap (Allison, 2017; Pearson, Rithmire, and Tsai, 2022), which posit "states as autonomous entities driven, in their international relations, to seek power and acting more or less

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<sup>1</sup> "Through Pluripolarity to Socialism: A Manifesto", led by the Geopolitical Economy Research Group, based on Canada, was signed by 859 individuals up to 5/23/2024, among them, prominent critical scholars such as Fred Moseley, Atilio Borón, and Michael Hudson.

<sup>2</sup> In Brazil's case, the regression of the country's economic structure over the last years along with its trapping into austerity since 2015, when contrasted to China's undeniably successful economic trajectory, has been provoking a predisposition toward dazzlement among part of the leftist Brazilian intelligentsia. Such enthusiasm, nonetheless, is not a monopoly of the left (neither of Brazilians), as, for instance, it is also shared by large agribusiness and mining enterprises in the country.

independently of domestic social forces” (Medeiros and Trebat, 2024: 2). On the other hand, interstate rivalry is directly conceived as class struggle as such in some theses currently in vogue among Marxists (Artner, 2023b). This interpretation draws from a reading of reality as primarily and fundamentally framed by the polarity between an imperialist (US-led Global North) and a supposedly anti-imperialist bloc (Global South) – the latter including Russia and China, whose rise would represent a progressive process in the constitution of a multipolar world<sup>3</sup> (Artner, 2023a, 2023b; Desai et al., 2023; International Manifesto Group, 2021; Monthly Review, 2023a; World Anti-imperialist Platform, 2023).<sup>4</sup> Hence, “the struggle of workers and the oppressed is here transmuted into the struggle among capitalist states for political hegemony in interstate relations”, which is achieved by the conflation of “state with nation, country, and people” (Robinson, 2023: 595).<sup>5</sup>

Here, we propose an alternative panoramic interpretation of China’s recent economic development and ascension through a critical political economy perspective, mobilizing Marxian approaches and heterodox theories of development. This contribution is drawn from recent Brazilian critical scholarship on the matter, offering a different Global South perspective on China’s development and its current lessons for developing countries. For that, we frame the debate about

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<sup>3</sup> “[...] its general line pointing to the decline of capitalism and imperialism and the imperative for humanity to progress through pluripolarity—a world of variety of national economic formations that will inevitably result as efforts to build productive and egalitarian societies are undertaken” (Desai et al., 2023)

<sup>4</sup> “On a global level, class struggle takes the form of the twin processes of delinking and suffocation, which are the essence of the encirclement of the Global North by the Global South. This also means that the global class struggle is in essence an anti-imperialist fight. [...] Now, in the 21st century, there is a new wave of encirclement by the leadership of China and Russia and their cooperation partners in the Global South within the framework of the Belt and Road Initiative, the Shanghai Cooperation Organization or recently enlarged BRICS. This new wave has been accelerated by the boomerang effects of the sanctions that the Global North imposed on Russia because of its military operation in Ukraine and also because of the provocation of China by the U.S. over Taiwan. Delinking, suffocation, encirclement, and global class struggle are different expressions used to name the same anti-imperialist process.” (Artner, 2023b: 103-4)

<sup>5</sup> In these interpretations, China is characterized as a socialist alternative, and, hence, one would (or should) expect it to represent the interests of workers and subordinated classes, which could substantiate the direct equation of class struggle with interstate rivalry. Nonetheless, such a route for apprehending interstate rivalry would not be applicable to Russia, which is unequivocally deemed capitalist.

China undertaking a double-movement analysis, required to approach what we see as an intrinsically intertwined two-sided conundrum: China's contemporary development *of* capitalism and China's contemporary insertion *in* global capitalism. The two parts that structure this text develop from the different emphasis placed on each of these dimensions.

Intellectual communities in the Global South can offer unique perspectives on China. As observed by Ho-fung Hung (2024), scholars in developing countries seek valuable lessons from China's development while also considering the challenges it presents to their own industries and working classes. While they acknowledge China's rise as a counterbalance to Western dominance, they also remain wary of its growing geopolitical assertiveness. The special geopolitical and geoeconomic position of the Global South in the escalating US-China rivalry provides scholars from these regions with valuable insights into Chinese development and global expansion. Therefore, a non-dogmatic Southern perspective on China's economic journey can then offer a corrective to prevailing perceptions and biases about China in the Western world.

From a Latin American perspective, the rise of China has a double meaning. On one side, it entails a reinforcement of their productive specialization based on the export of commodities and imports of industrial goods. On the other, China's successful economic development appears as an experience from which to derive eventual lessons. Thus, considering such an intricate terrain, our Southern gaze entails, as mentioned, critically apprehending China in contemporary capitalism, on the one hand, inquiring ourselves about China's development itself and, on the other, what such development represents for the ongoing evolution of the global capital accumulation process.

From such a perspective, we contend that China's transition to capitalism under the aegis of a developmentalist state was central to materially sustaining the neoliberal globalized form of capitalism. Both domestic and foreign capitalists benefited from the vast pool of low-wage labor. As class struggle intensified in China in the mid-2000s, the state adjusted its capital accumulation strategy and its relationship with domestic and foreign capitalists, giving primacy to domestic technological development and mitigating the social costs provoked by capitalist development. The success and contradictions of this strategy have propelled China's expansion abroad while undermining the material basis of the country's "amiable competition" with the US, which now deems China its main contender. As China breaks away from its peripheral condition, heightening inter-capitalist and interstate competition, it reproduces the central-peripheral junction by perpetuating the mechanisms that sustain it. Additionally, it provokes a convergence to non-neoliberal practices among advanced countries in the direction of the instruments explored in China's recent experience. The text develops this analysis in the following two parts, followed by concluding remarks.

## 1. China's contemporary development of capitalism

Discussing the nature of the current Chinese economic system, Brazilian scholars Medeiros and Majerowicz (2022) define it as a “Developmentalism with Chinese Characteristics”. As they argue, “actually existing capitalism” is always a hybrid system. The metaphor they recover from Polanyi (2001) of the oscillation between social regulation and regulation by the market is instrumental not only to understand China's socioeconomic reality since the 1990s, but also the greater or lesser strength of different interpretations of China's economic system and regime over the last decades. The characterization of China as a version of neoliberalism, or “neoliberalism with Chinese characteristics” (Harvey, 2005), had a greater influence when the pendulum moved towards the market and when the subsequent change of direction was not as strongly established. Since mid-2000s, the pendulum began to shift toward the social regulation of the market, a movement that was accentuated under Xi Jinping. When this movement became clearer, the official CCP ideology of China as a “socialist market economy”, representing “socialism with Chinese characteristics”, started to increasingly gain ground. Moreover, the greater the economic success and the unsubordinated insertion of China in the international system, the greater the influence of the official ideology and its academic versions (Gabriele, 2020; Jabbour and Gabriele, 2021).<sup>6</sup>

Fundamental to establish capitalism in China was the process of commodification of labor power<sup>7</sup>. Medeiros and Majerowicz (2022) argue that the alteration of the social relations of production through the constitution of a vast labor market and the privatization of the economy, which included

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<sup>6</sup> Given this current conjuncture, assessing whether the claim of the party-state corresponds to reality is relevant in at least two manners. On the one hand, from a leftist standpoint, this discourse that associates China with socialism – even if in its socialist market economy form – covers with a veil of (potentially) emancipatory legitimacy China's current economic system – particularly its relations of production, which are based on wage labor exploitation, and the associated distributive outcomes. On the other hand, as socialism has a universal appeal, in as much as the working class is global, China can occupy a role model of what concretely represents socialism for workers' organizations around the globe, or at least for developing countries, since the formulation of “socialist market economy” would apply for countries with lesser development of the productive forces. However, a very different working-class politics inside and outside China is entailed if instead of China being any sort of socialism, initial stage of socialism, or “trapped” transitional stage to it (Roberts, 2022), it is a capitalist economy, even if governed by a developmental state.

<sup>7</sup> For a discussion on the process of proletarianization in China and the formation of its industrial reserve army, see Majerowicz (2022).

the privatization of small and medium State Owned Enterprises (SOEs) and the increased opening for foreign private enterprises, asserted capitalism in China in the second cycle of structural reforms put in motion by Deng's Southern Tour in 1992. The establishment of capitalism, hence, was politically induced by the CCP as a national development strategy. It was there that developmentalism with Chinese characteristics, as a growth regime, was inaugurated. Underpinned by economic nationalism, its objectives have changed since then, as political and class conflicts emerged, shifting from accelerating capital accumulation to, in the mid-2000s, achieving harmonious development and accelerating technological development, which were further reinforced under Xi Jinping, who placed greater emphasis in social cohesion and in the overall reform goal of modernizing the armed forces.

Since the beginning of reforms, fundamental characteristics of the Chinese economic and political structure were maintained, namely, comprehensive planning, large SOEs forming the commanding heights of the economy, and the CCP's monopoly of political power and strong penetration over economic interests. However, the permanence of these characteristics, which is claimed to be the cornerstone of China's socialist market economy, was accompanied by fundamental changes. Medeiros and Majerowicz (2022) highlight the alteration in the nature of planning, which ceased to be mandatory and became indicative – the characteristic type of planning in capitalist economies when planning is present. The large presence of SOEs in the economy, comparable to the Taiwanese experience in the 1950s in terms of industrial production<sup>8</sup>, as the authors stress, affirms a form, but not a content. The latter was increasingly provided by the process of corporatization through SOEs reform, which subordinated SOEs to capitalist rationality oriented to increasing productivity through profitability-focused business practices. The CCP's monopoly of political power and strong penetration over economic interests although maintained has changed the party's own nature, which transited from a class to a national party. The strong penetration over economic interests has also represented a penetration of economic interests over the party, as capitalists were admitted in the CCP and, hence, started participating in political power, in a tension that has not evolved linearly.

Ultimately, the social composition, the materiality, of the party-state, adapted to and found correspondence in its strategy inaugurated by Deng, that is, a party-state-led strategy of economic nationalism that, in Chinese political history, is not intellectually tributary to Mao's project, but to Sun Yat-sen's project – or, in the European political history, to List's (1904) "prosperity, civilization, and power". Within the framework of such strategy and amidst all the highlighted "changes in continuity", emerged developmentalism with Chinese characteristics, in which planning has been effectively driving Chinese industrial development based on five-year plans. Hence,

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<sup>8</sup> See Wade (1990: 90)

developmentalism with Chinese characteristics has been reproducing, in a particular manner – especially considering the role of SOEs in the commanding heights of the economy and the structure of China’s political power – the successful trajectory of post-war Japan and Southeast Asia (Medeiros and Majerowicz, 2022).

Even though their discussion focuses on the internal dimensions of developmentalism with Chinese characteristics, it stresses that China’s essential difference from these other developmental experiences is its autonomous military power relative to the US, as well as the fact that the country was a great protagonist in the Cold War. Moreover, the constitution of developmentalism with Chinese characteristics is a process with a different historical temporality than that experienced by the rest of the world, which converged into the direction of neoliberalism. Neoliberalism represented not only the crisis of the Keynesian welfare state in industrialized countries but also the crisis of developmental states across the world (Medeiros, 2013).

This external dimension and its imbrication with China’s developmentalism is at the very core of the trajectory of Chinese developmentalist action and its contemporary challenges. Brazilian researchers Paraná and Ribeiro (2019) also consider nationalism as structuring Chinese developmentalist action. The authors stress that Chinese nationalism unequivocally tied together the promotion of economic development to strategies and national defense policies with the ultimate goal of recovering a superior position in the hierarchy of the international system. They defend that this is the common thread in China’s trajectory since 1949. Surely, as Paraná and Ribeiro (2019: 42-3) highlight, the Revolution also had a communist content, while, since Reform and Opening, the CCP seeks to, in Deng’s terms, give primacy to the development of the productive forces over class struggle, a formulation that has “a conceptual blueprint of Marxist extraction”, but whose categories are mobilized as rhetorical elements, providing political legitimation to the CCP among the people.

Focusing on how China’s articulation with the world economy and its international insertion were operationalized by the CCP (*virtù*) to serve the country’s economic development, in a favorable international conjuncture (*fortuna*), Paraná and Ribeiro (2019) characterize a symbiotic relationship established with globalization. If China was able to make high use of it for its economic development and international projection, it also was fundamental to propelling financialization, international productive fragmentation, commercial liberalization, and, consequently, depress global production costs, all of these being fundamental responses of capitals in central countries, particular in the US, to the 1970s crisis. As a result, the main structural transformation entailed in this two-sided movement was the shift in the dynamic center of gravity of the world economy. Capital accumulation in the 21<sup>st</sup> century has been led by the Sino-American axis, predicated on multiple dimensions of economic complementarity between the two economies, in a relationship characterized as a “collaborative or

amiable competition”, until the Great Financial Crisis, which represented its moment of crisis. Hence, at least up to that moment, there may not have been a “neoliberalism with Chinese characteristics”, but China was definitely a central piece in materially sustaining the neoliberal globalized form of capitalism.

The fact that the CCP has been able, so far, to operationalize China’s insertion in the global economy to achieve its developmentalist goals, as well as manage the mounting domestic contradictions – such as those related to the deceleration of China’s economic growth and the tensions that arise from the acute social inequalities –, has neither suppressed their existence nor guaranteed that the party-state will be able to indefinitely administer them to its satisfaction in a greater or lesser degree, as Paraná and Ribeiro (2019) argue. China’s successful trajectory of development over the last decades might give the impression and reinforce some open or presupposed myth of infallibility associated with the CCP and its leaders, as well as the idea, perhaps in some versions and some degree linked to the former, that China is in an inescapable path towards the apex of world power. The undeniable fact is that *virtù* will be summoned in an even greater degree to sustain China’s development trajectory now that *fortuna* has turned its back to China, as the international context is becoming increasingly unfavorable to the country with “the geopolitical and geoeconomic repositioning of the US against China, which was chosen by both the Pentagon and the Department of Commerce as the US main contender” (Medeiros and Majerowicz, 2023: 4). Moreover, it must be remembered, as the authors do, history is not over, as “China’s place in the history of our time remains open” (Paraná and Ribeiro, 2019: 68). Hence, if one is to think of the possible historical paths that may open for China, one must not forget the role of class struggle and the subaltern classes in it, which repeatedly demonstrated in the history of China how to forge new paths, either through different peasant uprisings that put an end to dynastic cycles in the imperial period, or through the Popular Revolution of 1949.

Following this rationale, Nogueira and Qi (2018), Brazilian and Chinese academics respectively, bridge the Chinese state and class struggle to reflect on the relationship between the state and domestic capitalists in China’s economic Transition. The state, they argue, must be put into terms dynamically with the socioeconomic processes it sets into motion when unleashing the capitalist reforms, and this is, in the first instance, a matter of class formation and arising class antagonisms. On the one hand, the state has concurred to the formation and the evolving configuration of the domestic capitalist class, on the other hand, the state has also started to be shaped by this new class, which in many circumstances emerges from the own bureaucratic ranks, but also enters the ranks of the party-state from outside. This mutual influence exerted between the state and domestic



capitalists is traversed by the fundamental conflict of the capitalist society, that between wage labor and capital, and by the contradictions of the regimes of capital accumulation.

Nogueira and Qi (2018), hence, embed the state in society and historicize it in an expedient whose result is to dethrone the Chinese state as a supraclassist, autonomous, “disinterested” state that establishes the long-term goal of economic development or “a particular version of socialism”, being capable of instrumentalizing at will the domestic capitalist class under its control. It is noteworthy that, when it comes to an approach to the theory of the state, Nogueira and Qi find more commonality than divergence in the “thesis of the Chinese developmental state” and the official CCP ideology of “socialism with Chinese characteristics”, despite their different characterizations of the Chinese economic system. They argue that the theory of the developmental state presupposes the autonomy of the state by exerting that sort of control over capitalists, which finds correspondence in the ideology of the CCP regarding the matter. By stressing what is not the nature of the Chinese state – neither socialist, nor developmentalist – it begs the question, what is actually the nature of the Chinese state? Is it bourgeoisie? In scrutinizing the concrete relations between the domestic capitalist class differentiated along factions and the state historically, the authors provide important clues to construct an alternative approach to the subject. In doing so, they also assert that one may not incur in the opposite temptation of treating the state as a mere servant of the capitalist class.

The relationship between the state and the domestic capitalist class has evolved, since Deng’s Southern Tour, in 1992, which marks the beginning of the period in which emerges a domestic capitalist class proper, from what Nogueira and Qi denominate a “great compromise” to a “strained alliance”, having as the watershed moment the 2008 Great Financial Crisis. In the earlier reform period, price reforms produced a new elite that accumulated wealth but did not control production. A domestic capitalist class proper would emerge, based on the “great compromise” between the new elites and the state, in the 1990s with the privatization of small and medium SOEs and collective enterprises and, subsequently, the expropriation of rural land, while the state would retain the control of large and strategic SOEs. This process gave rise to the low-road faction, depending on low costs, particularly of labor and land, for its manufacturing export insertion and real estate boom, which corresponded to the export-led and investment-led regime of accumulation, counting also with large infrastructure and SOEs investments. This regime would be put in check by social unrest, rising labor costs, an unfavorable insertion in global value chains due to technological disadvantages, and the corresponding decline in profitability of domestic capitalists.

As a response, by the mid-2000s, the state decided to re-adjust its relationship with capitalists, in as much as it gave primacy to domestic technological development and to mitigate the social costs provoked by capitalist development. Selective support to capitalists was provided, among a series of

policies to promote indigenous innovation, giving rise to the innovation faction, while the financial faction that had grown after the Great Financial Crisis was repressed, characterizing a “strained alliance”. According to the authors, an important aspect of the new strategy based on indigenous innovation – which entailed a re-adjustment in the state relationship with the domestic capitalist class – is that it was not confined to achieving a superior position in the hierarchy of the international system by catching up technologically, it also sought to address the domestic labor question by lessening the dependence on cheap labor.

Here, there is a thread that indirectly links class struggle with geopolitical shifts, but not as mechanically as proposed by the current interpretations that conveniently and apologetically displace the locus of class struggle in China from the national sphere to that of interstate rivalry and equate them,<sup>9</sup> seeking to invalidate and mutate the struggles and criticisms against exploitation and oppression in China.

### **China’s contemporary insertion into global capitalism**

The new strategy discussed by Nogueira and Qi (2018) implied not only a re-adjustment of the state relationship with the domestic capitalist class, but also with foreign capitalists, particularly those with operations headquartered in the US, with eventual repercussions in state-to-state relations. Cheap labor was also paramount for the profitability of foreign capitalists operating in China. China’s incorporation in the global capitalist economy appeared as a central piece in capital’s decades-long overall offensive over labor in advanced countries, as the profitability crisis that hit core capitalist countries in the late 1960s and 1970s, particularly the US, responded in a great extent to increased labor bargaining power and active social movements. Enabled by the diplomatic rapprochement between the US and China, the exploitation of Chinese wage labor, an “opportunity” made available by the CCP and seized by transnational corporations, helped bounce up the profitability of central countries’ capitals, both by directly exploiting low-wage Chinese labor power and by exerting downward pressures on manufacturing wages in central countries, particularly the US, contributing to tilt the balance of power towards capital and erode labor bargaining power in the latter (Majerowicz, forthcoming). Hence, not only a “great compromise” was achieved domestically, but also an alliance was affirmed between the state and foreign capitalists investing in China. And just

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<sup>9</sup> In that account, as said before, class struggle would equate to the geopolitical confrontation of the imperialist bloc and the supposed anti-imperialist bloc. Any criticism of and any struggle against the Chinese regime would imply reinforcing the imperialist bloc, while any enemy of the US should be deemed antiimperialist and be supported.

like the “great compromise”, this alliance was also eventually put in check along with the regime of accumulation to which it corresponded by social unrest and other concurrent factors, as argued by Nogueira and Qi (2018) regarding the domestic relations. Therefore, the CCP response also included readjusting its relations with foreign capitalists in the establishment of its new strategy.

As argued by Majerowicz and Carvalho (2024: 169), “since the Great Financial Crisis, in 2008, China’s greater technological convergence with advanced countries, especially in dual-use technologies (civil-military) such as digital technologies,” even though still relying upon technology import, “has increasingly shifted its relation of complementarity to a relation of competition with several large US enterprises”. As a result, this increased competition was expressed politically in a change of position of large US entrepreneurial sectors, whose interests started to oppose China, aligning with the national security interests represented by the hawkish forces that always existed in the US, and altering the configuration of US domestic forces in the making of the China policy (Hung, 2020, 2022). Hence, the geopolitical and geoeconomic repositioning of the US against China: China ceased to be an “amiable competitor” and became the US’s main contender.

This leads us to China’s global expansion and the technological dispute. China’s increased competition with US-headquartered capitals, and with advanced countries’ capitals in general, refers not just to the already decades-long and much-complained impact of Chinese exports – which include products from transnational corporations of advanced countries operating in China and exporting back to advanced countries –, but also to the ascension of Chinese global brands highly competitive in the world market, particularly in technological areas, as well as the dispute for spheres of capital valorization and strategic assets in the globe, including technological assets, as Chinese-headquartered capitals internationalize.

The latter process of internationalization of domestic capitals, in the form of foreign direct investments (FDI), that is, China’s search for new spaces of capital accumulation is examined by Ribeiro (2022) considering the relations between the state and capital and the domestic patterns of capital accumulation. In the official rhetoric, China’s growing external projection, which has been especially prominent since the second decade of the 21<sup>st</sup> century, would entail a new era of “socialism with Chinese characteristics”, expressing the export of its model to the globe, particularly an opportunity for development with sovereignty when presented to developing countries. However, as Ribeiro stresses, China’s “globalism” represents a rupture with the building of socialism in as much as it increasingly integrates China into global capitalism. Incorporating much of Chun’s (2018) critique, Ribeiro highlights that this “globalism” also breaks with the long-gone class nature of

China's third-world foreign policy and with anti-imperialism, given China's alliance with the US<sup>10</sup> starting in the early 1970s. According to Ribeiro (2022), ultimately, China's "globalism" expresses a strategy to amplify the projection of its domestic capitals internationally, including through privatizations around the globe.

Ribeiro (2022) highlights that China's external projection at the beginning of the 21<sup>st</sup> century, marked by its "going out" or "going global" strategy, was mainly dominated by big SOEs investments in oil, mining, and construction in resource-rich regions, such as Latin America and Africa. This responded to the imperative of accessing primary goods (raw materials and energy) stemming from the domestic pattern of accumulation since 2001, which was based on investments in infrastructure and heavy industry, closely associated to the urbanization process. However, this pattern of accumulation has undergone transformations, which were also felt in China's external projection.

According to Ribeiro (2022), the slowdown of China's economic growth, associated with a series of structural changes, implied if not a new pattern of growth, at least the exhaustion of the previous one, with growing wages undermining its low-cost manufacturing competitiveness. China sought, hence, to increase the reliance of its growth on innovation and consumption, especially through the search to produce articles with high technological content. The latter strategy implied a shift from a high growth to a high-quality model (Naughton, 2018), which would require a correspondent adjustment on investments. In addition to the traditional need to access primary goods, new imperatives became responsible for projecting Chinese capitals in the world, including the saturation of many domestic markets and the need to access technology. Ribeiro's analysis of Chinese FDI demonstrates this adjustment at the external level. Chinese FDI has become increasingly diversified with respect to destination – penetrating also advanced countries – sectors and activities – including financial, technological, trade-related services, and manufacturing –, with the growing presence of non-state-owned enterprises, including mixed-owned enterprises – so that their stock of FDI in the period analyzed by Ribeiro was slightly higher than the stock of SOEs – and the expressive presence of mergers and acquisition, particularly as a form to acquire technology. Even in the Belt and Road Initiative, in which infrastructure projects – both traditional and digital – are core, and hence, SOEs predominate, there is a trend towards the increased presence of private capital and sectorial diversification, as SOEs presence paved the way for the entrance of private capital.

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<sup>10</sup> Note that the current US-China rivalry emerges from the US repositioning against China, not China's anti-imperialist principles. The Chinese rupture with an anti-imperialist policy can also be seen in its position in face of Russian imperialism, which, although a minor imperialism comparatively to the US, it is still imperialism in nature.

Based on Rithmire (2019), the author stresses that different types of enterprises entail distinct aims orienting their external projection. While all types of enterprises would seek enhanced profitability in internationalization, state capital would also search for greater prestige and political power, while competitive (private) capital would seek markets and competitive advantage areas, entailing, for instance, low costs, and the acquisition of technology and know-how. Finally, there would be a third type of capital, “crony capital”, which would also seek to increase its domestic political influence, associating with the state in order to internationalize. Regarding the Belt and Road Initiative, Ribeiro argues that, from the economic standpoint, it would have the objectives of conquering markets – helping deal with excess capacity –, transferring activities abroad, solving debt problems, and helping China move up in global value chains, as demand for its technology and know-how is created.

Ribeiro (2022) stresses that, although the state retains a high capacity to shape this process of internationalization, for instance, by blocking FDI, China’s expansion occurs like other capitalist economies, in search of spaces of valorization, responding to the profitability imperative, the conquest of new markets, natural resources, and the acquisition of technology.

China’s expansion through FDI, however, has been met with responses from advanced countries. The most prominent case derives from a central characteristic identified by Ribeiro associated with the transformations in the patterns of domestic accumulation, that is, the growing penetration in advanced countries in search of mergers and acquisitions with the objective of acquiring technology. This trait became the most contentious dimension of the Chinese FDI, leading ultimately to the closure of this road for the acquisition of technology, at least in critical sectors. There was both the conformation, where it did not exist, and the strengthening of FDI screening mechanisms, such as in the EU and the US respectively, enabling the blockade of this type of FDI and the protection of technological strategic assets. These measures against China are inscribed in a broader context of the technological dispute between the US and China that started under the Trump administration and continued under the Biden administration.

On that Sino-American dispute in information and communication technologies, Majerowicz (2022a) accessed the twin theses that a digital divide is under way engendering a new Cold War between the US and China. The author argues that the analogy of a new Cold War is misleading not only from the standpoint of the working class, since no alternative economic system is currently in this dispute as in the Cold War, but also due to the fact that the Cold War was marked by two encapsulations, an economic one, which separated the USSR from the global capitalist economy, and a technological one, which constrained the Soviet innovation system to the military sector. In contrast, contemporary China is deeply integrated into the global capitalist economy, and its national

innovation system, mimicking its American counterpart, is highly integrated into the civilian sector. Moreover, the interpretation of a new Cold War based on a “digital divide” in two blocs is proposed in a context in which the productive structure and the technological system incorporated in it, which underpin the current competitive dynamics, conform to a global technological and machinery system of high complexity that is not likely to be nationalized without losing complexity and slowing the pace of technological development. Furthermore, while the global players of this system are the US, its military allies, and China, one cannot properly speak of two blocs in this system. If the US and its allies increase the measures against China, what will tend to occur is China’s greater or lesser exclusion from the global machinery system and not the formation of another bloc.

Once nationalizing the productive and technological system was not a competitive strategy for the technological dispute, Majerowicz (2022a) stresses that the second-best strategy was to control the key nexuses of technological development and key subsectors. Although the author identifies two key nexuses in the global productive and technological ICT system, namely, the downstream and the fundamental nexuses, which encompass interactions between semiconductor design and its consumers and semiconductor manufacturing and semiconductor manufacturing equipment, respectively, it is the latter that has a special character. The globalization of the ICT machinery system occurred without compromising the US direct and indirect control, along with its military allies, of the fundamental nexus, that is, the control over the semiconductor manufacturing equipment and semiconductor industries by dominating production and technological development, which is a condition *sine qua non* for the development of the technologies in the upper layers of the stack such as 5G and AI, in which China either dominates or is the US major rival.

Hence, the author postulates that this control confers the US a structural power in the ICT ecosystem, which has been leveraged by denying access, for instance, to key semiconductors and machinery to contain China’s development in the upper layers of this system. This strategy, however, does not unfold without contradictions, particularly as China is pushed to increase efforts to develop its own productive and technological capabilities through import substitution – which can eventually affect back the US structural power itself –, while the Chinese semiconductor market is the main semiconductor market in the world, short-circuiting many US companies circuits of capital accumulation. However, competition between the US and China has acquired a multidimensional temporality since the Biden administration, as sanctions (i.e. export controls, denial of access to global manufacturing plants), whose impacts are felt immediately, have been also accompanied by strategies of manufacturing relocation – onshoring and friendshoring – and long-term strategies that aim to move the technological frontier, such as those in the CHIPS and Science Act that aim to sustain the bases of the US structural power.

Majerowicz (2022a) argues that the technological dispute between the US and China also appears as a race for the diffusion of these technologies, in the second wave of modernization, based on the project of “digital intermediation of everything” (Morozov, 2017). Differently from the first wave of modernization based on ICT, which mostly involved personal computers and smartphones, the second wave has other important components beyond personal consumption as their drivers, such as smart cities, smart grids, industry 4.0, and the transformation of states apparatuses, particularly repressive apparatuses and public services, reconfiguring public-private relations. The state has, hence, a prominent role as a direct executor, an activator and coordinator, and an object of this wave of modernization. It is mainly around the states of the great technological powers, particularly China and the US, that the second wave of modernization has been gaining momentum, establishing a race for implementation between these states in close alliance with their technology companies. In analyzing the Sino-American race for diffusion, Majerowicz argues that there is a tendency for convergence of Chinese and US state action, as not only does China mimic the US national innovation system adapted to its reality, but also the US has started to explicitly affirm the main instruments that sustained China’s development in recent decades, such as investments in infrastructure, industrial policy, and public procurement.

This race for implementation between the US and China has also acquired global contours, becoming a dispute for the markets and infrastructures of other countries, particularly peripheral countries, in the form of the export of technological packages. Here, the functions attributed to the state, in a certain way, are separated, as China and the US hyper-develop the functions of direct executor, activator and coordinator, while states in other countries appear, especially peripheral ones, mostly as objects of this wave of modernization. As these packages become highly integrated with critical governmental and civilian infrastructure, they tend to increase dependency and bear consequences for the autonomy and sovereignty of the receivers.

As Ribeiro (2022) argues, it is of utmost importance for developing countries to deepen a critical approach to China’s internationalization, given the numerous contradictions imposed by capital accumulation and the disputes engendered with Western countries as China seeks to expand its spaces of valorization. From a resource-constrained peripheral standpoint, the overflow of Chinese FDI, especially in digital infrastructure and digital applications, has been received with the enthusiasm of many, several times in the name of development, even though, at least in the history of Latin America, distinct waves of FDI from great powers and advanced countries were observed while the region remains underdeveloped. In as much as China’s expansion occurs like other capitalist economies – which also count on the state and in close state-capital relations for internationalization – the reproduction of China’s domestic capitals at a global scale is amenable to the same tendencies

of capital accumulation at the world level, with significant consequences for developing countries, particularly considering the tendency toward the polarization of wealth. Here, the same base mechanisms that generate the peripheral condition or dependency are reproduced by China's expansion. For much of the primary resource-rich periphery, such as Latin America, Chinese investments in primary activities and the infrastructure necessary to integrate this production into China's economy, to a certain extent resembling the pattern of FDI during the British hegemony, reinforce their traditional pattern of international insertion – the export of primary goods (to China) and the import of manufactured goods (from China).

China's exports of technological packages, goods, and services for digital infrastructure and the digital applications they enable involve many enterprises and Big Tech that not only have been growingly controlling ample swaths of global computing power through the vast expansion of their fixed capital at a transnational scale, but also whose models, as a trend of contemporary capitalism, count with the monopolization of knowledge (Rikap, 2021). This monopolization entails the transfer of value and knowledge from the periphery to the center in the form of technological/knowledge rents and data extraction, creating new forms of reproduction of the peripheral condition or dependency. As Chinese and US digital platforms are closely intertwined with their states, Rolf and Schindler (2023) argue that the incorporation of users and nations in their state-platform nexuses is a form of projecting extraterritorial economic and political power. Here, China's digital infrastructural projection, just like the US and in fierce competition with it, resembles much more an imperialist expansion due to the extraterritorial dimension of power it entails.

## **Concluding Remarks**

China's ascension, hence, carries a central contradiction; while China breaks away from the peripheral condition or dependency, it reproduces the central-peripheral junction, since it also reproduces the mechanisms that sustain this junction. Nonetheless, the geopolitical dimension of China's ascension, the current dispute with the US, may enable peripheral countries, especially Latin America, which has for a long time been the US backyard, to engage in negotiations with both sides to extract some concessions and better terms in international deals and cooperation – for instance, attracting FDI to strategic sectors such as semiconductor manufacturing or obtaining technological transfer. These greater or lesser economic and technological gains, however, come with a price tag, for their condition of possibility, the intensification of great power competition and, hence, of militarization, increases the systemic risks of war.

In as much as advanced countries are concerned, the challenge posed by China's ascension is the major driver, along with the environmental question – which is intertwined with the former,



because China is the dominant “green manufacturer” – for the contemporary return of planning in major OECD economies, especially in the US and the EU, since the Global Financial Crisis (Medeiros and Majerowicz, 2023). As argued by Medeiros and Majerowicz (2023: 11), “the Chinese challenge is posed both from the point of view of industrial production, with its impacts on manufacturing employment resulting from the displacement of investments, particularly in the case of the USA, and of new technologies, whether dual-use or green, with repercussions for national and energy security”. Consequently, “China’s industrial and technological rise in digital technologies – for example, emerging as the great rival of the USA in AI (Lee, 2018) and leading 5G with Huawei – and in the green industries, being the main producer across the board, required American responses in different areas” (Medeiros and Majerowicz, 2023: 5). Such responses were manifested not only at the negative dimension (e.g., sanctions) but also at the positive dimension, with the formulation of active industrial and technological policies. Hence, the current scenario of heightened inter-capitalist and interstate competition provoked by China’s ascension appears to be reversing the disjunction of temporalities posed by the constitution of developmentalism with Chinese characteristics, as, if not the world – because austerity keeps reigning in many peripheries –, at least advanced countries<sup>11</sup> appear to be converging to non-neoliberal practices in the direction of the instruments that have been affirmed in China’s experience over the last decades – especially with the return of planning and the embrace of explicit, centrally coordinated, and comprehensive industrial policies as weapons in competition.

Meanwhile, the developmentalist bloc inside China is reinforced as the current situation is diametrically opposed to the one that engendered the crisis of the developmental state in the 1970s, which occurred to a great extent because large enterprises undermined national development strategies as they dispensed the state for their strategies of internationalization (Medeiros, 2013). In order to internationalize and compete in the world market, particularly in the context of an aggressive technological dispute with the US, Chinese enterprises need the state not only to expand but also, in many cases, to keep surviving.

Overall, this again places the economic significance of the political actions of the state as well as the politically strategic importance of economic endeavors at the center stage. In that sense, China’s

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<sup>11</sup> While the convergence of US and China state action was delt in the context of the technological dispute, it is noteworthy that in the case of the EU, China’s FDI seeking for technological assets was the trigger for the return of the industrial policy at the bloc’s level, since the acquisition of the German robotics company Kuka by Midea in 2016 was a decisive element to change Germany’s position in favor of industrial policy, conforming a coalition with France that established a political base for an EU industrial policy (Di Carlo and Schmitz, 2023).

situation is special not only because it entangles politics and economics in its own new and innovative manner, but also by making these entanglements somehow “transparent” in the international order – for itself as much as for other countries in the current conjuncture. China’s international projection forces Western major powers to openly declare – by words or actions – their aggressively reactive intentions when it comes to fiercely holding strong on their hegemonic control of large shares of the world. The time for “soft power” seems to have ended for all parties involved. That these have also been years of crisis, austerity, and poor world economic growth is no coincidence. US-China tensions are very much immersed in the winds of change within global contemporary capitalism in the last decades.

In sum, we hope to have demonstrated that – from part to part – all these moves are not coming out of some masterminds playing a game of global geopolitics chess. Nor out of a mere change of moods within “state reason”. In this paper, we delivered an explanation that connects and somehow derives these processes from capitalism’s dynamic reconfigurations, first, within China and, related to that, in the global system encompassing China. It turns out that if it is not possible to properly explain contemporary capitalism without directing our gaze to China, that it is also not possible to understand what happens in and to China without asking ourselves about the relevant transformations in capital accumulation on a global scale. This can sound circular, or tautological, only to the ones not used to the works of dialectic thinking. This is the complex China challenge for which understanding we hope to have contributed to advance. Considering the much-needed critical understanding of the two interlaced strategic aspects of these structural changes, we paid special attention to the ‘fundamentals of the Chinese economic transition’ and the current ‘China’s global expansion and the technological dispute’.

How China will cope with the limits we have indicated – rising debt and financialization, labor and social unrest, inequality, mounting tensions with economic elites, geopolitical tightening, and environmental change – is yet to be seen. The same can be said about China’s role in the world to come. Putting directly, until now, its economic and technological feats have been impressive. Its internal politics is going strong in holding social control, and its international positioning is cautious but growingly active in defense of its spaces of influence and decision *vis a vis* its growing economic and military importance. What will be of these trends from now on? And how to deal with them? We hope this text has contributed with an alternative perspective and analytical tools to apprehend the logic behind these processes.

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