

The interpretation of China's economic modernization from the broad Marxist political economy

China Political
Economy

145

Received 3 October 2024
Accepted 3 October 2024

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Abstract

Purpose – The modernization of China's economy is an integral part of Chinese-style modernization. According to the principle of unifying theoretical, historical and practical logic, theoretically explaining the modernization of China's economy is both a political necessity and a higher scientific requirement.

Design/methodology/approach – Following this evolutionary line – from modes of production to the general economic development mechanism and then to patterns of economic operation and development – this paper employs the principal contradiction analysis method to offer an interpretation of China's economic modernization from the broad Marxist political economy perspective.

Findings – In economic terms, “get organized” primarily refers to the development and mutual promotion of team-based and market-based division of labor organizations, as discussed by Karl Marx. “Get organized” (specifically the development of team-based division of labor organizations) acts as the engine of China's economic modernization and serves as the historical logical starting point. Division of labor is the theoretical logical starting point for interpreting China's economic modernization. The two of them are congruent, achieving the unity of theoretical and historical logic at the starting point. The development and mutual promotion of these “two types of division of labor” inherently generate the general mechanism of economic development first comprehensively discussed by Marx and Friedrich Engels, which involves the division of labor development and market expansion accumulating cyclically and reinforcing each other. This mechanism drives both the high-speed and high-quality development of China's economic modernization.

Originality/value – The broad Marxist political economy paradigm facilitates explaining China's economic modernization theoretically, historically and practically with unified logic. “Get organized” serves as both the

© Guocheng Xiang, Jingjing Liu and Yuxuan Yang. Originally published in Simplified Chinese in *Bulletin of the History of Economic Thought* in 2024: Xiang, G., Liu, J. and Yang, Y. (2024), “The Interpretation of China's Economic Modernization from the Broad Marxist Political Economy”, *Bulletin of the History of Economic Thought*, Vol.2024 No.2, pp 3-58

This paper is a phased result of the major project funded by the National Social Science Fund of China (NSSFC), titled “Research on the Division of Labor and Market Ideology of Marx and Engels and its Contemporary Value” (Grant No. 22&ZD051). We sincerely appreciate Professor Liu Wei with the Renmin University of China for his guidance and encouragement. Special thanks to the anonymous peer reviewers for their constructive feedback. The authors assume full responsibility for the content of the paper.



China Political Economy
Vol. 7 No. 2, 2024
pp. 145-194
Emerald Publishing Limited
2516-1652
DOI 10.1108/CPE-12-2024-044

engine and the realization mechanism of this modernization, with the Communist Party of China (CPC) consistently being the core force of this organizational effort.

Keywords Broad Marxist political economy, Economic organization, China's economic modernization

Paper type Translated paper

Since the British Industrial Revolution, China has been the only country among the 193 member states of the United Nations to have completed an industrial revolution and developed systematic industrial capabilities based on a population scale of over one billion. Under the leadership of the Communist Party of China (CPC), Xi Jinping (2021) once commented that China had completed the industrialization process in a few decades that took developed countries several hundred years (pp. 223–224). This has shattered some people's predictions of the “China collapse theory” based on Western political-economic theories. The achievements of China's economic modernization are not only “perplexing” but also captivating, to the extent that “Anyone who can give a clear account of the reform process in China will win the Nobel Prize in economics,” as remarked by Milton Friedman (Renmin Ribao [People's Daily], 2018). Therefore, it has become a significant issue for scholars to analyze the “secret” behind China's remarkable achievements in economic modernization based on the unity of theoretical, historical and practical logic.

1. Literature review

China's economic modernization is a crucial component of Chinese style modernization. From an academic perspective, exploring the “puzzle” of China's economic modernization is largely about addressing how latecomers or developing countries can complete industrialization and modernization under the condition that advanced economies already exist (Zhang and Zhang, 2009, p. ii). This section reviews several representative economic theories on the topic.

1.1 Classical economics faces the challenge of leveraging the proactive role of government

Regarding the Industrial Revolution in Britain, Adam Smith proposed the principle of the division of labor based on the extent (scale of the market). Later, Allyn Young elaborated on Smith's principle, pointing out that the division of labor hinges on market size, which in turn depends on labor division, thus the potential for economic advancement lying in these conditions (Young, 1928). Hicks (1987) also posited that the starting point for the new world was the specialization of commerce (p. 28), meaning that market expansion promoted the Industrial Revolution. Based on Smith's (1972) idea that “the division of labor is limited by the extent of the market” (p. 16), Klaus Desmet and Stephen Parente (2012) proposed an economic development mechanism where market size fosters enterprise scale, which in turn stimulates innovation. Wen Yi argued that since 1860, most of China's industrialization attempts, including the Self-Strengthening Movement and the Industrialization of the Republic of China, were unsuccessful, except for the industrialization since the reform and opening-up. He indicated that China's development path essentially followed the same logic inherent in the British Industrial Revolution two hundred years ago (Wen, 2016, p. 17), advocated for drawing on Smith's principle of labor division based on market size to interpret China's industrialization and modernization, and emphasized choosing the correct industrial development sequence (i.e. agriculture–light industry–heavy industry) regarding economic development strategy. In short, “the real key factors are the gradual upgrading of the manufacturing structure and the cultivation, expansion, and creation of relevant industrial product markets” (Wen, 2016, p. 60).

Desmet and Parente's (2012) explanation of the logic behind the British Industrial Revolution – from market size to firm size to innovation – is not universally applicable for the following reasons: Firstly, the market size of early capitalist countries such as Britain was

formed through colonialism and expansion. This condition cannot apply to the late-developing countries since the 1950s, which face the challenge of how to expand the market size endogenously. Secondly, according to [Zhang \(2003\)](#), market size can promote specialization and the division of labor but does not necessarily promote the size of the firm. Zhang consequently proposed the irrelevance of firm size to market size. Thirdly, from the perspective of technological innovation history, many technological innovations do not rely on firm size as a prerequisite; however, successful technological innovations must be based on market size. Therefore, Wen Yi acknowledged China's achievements since the reform and opening up without considering that China's economic modernization is the culmination of over 70 years of development; he failed to unify the theoretical and historical logic of China's two stages before and after the implementation of reform.

The above classical economic explanations emphasize the spontaneous action of the market as an "invisible hand" while ignoring the role of the government. Marx and Engels believed that the development of the division of labor gives rise to contradictions between special and common interests. They indicated, "the common interest assumes an independent form as the state, which is divorced from the real individual and collective interests, and at the same time as an illusory community" ([Marx and Engels, 2018a](#), p. 29), [1] and thus the government came into being. The government represents the common interest and is a significant organizational outcome of the development of the social division of labor. It plays a crucial role by providing a sound order of justice, formulating development strategies and implementing institutional policies on both the supply side and the demand side ([Xiang et al., 2021](#)). Wen Yi, on the one hand, advocates for a return to the classical economics tradition of Adam Smith, yet on the other hand, argues that classical economics "ignores the tremendous social costs of market creation, the crucial role of national will and government in market creation, as well as the fundamental principle that 'the market itself is a basic public good'" ([Wen, 2016](#), p. 15). Therefore, it is evident that classical economics faces the challenge of understanding the proactive role of government, rendering it inadequate to explain the modernization process of the Chinese economy fully.

1.2 The neoclassical growth theory tends to fall into the "chicken-or-the-egg" circular reasoning trap

When it comes to explaining how Britain escaped the Malthusian trap, embarked on the path of the Industrial Revolution, and achieved sustained economic growth, the neoclassical growth theory ([Solow, 1957](#)) primarily analyzes the contribution of factor inputs to economic growth. It emphasizes that the growth in per capita output stems from the increase in per capita capital stock and technological progress. [Hanson and Prescott \(2002\)](#) studied how exogenous technological progress, once it surpassed a certain critical point, shifted the technological combination from Malthusian stagnation (technologically represented by a combination of capital, labor and land) to Solow style modern economic growth (technologically represented by a combination of capital and labor). Since neoclassical growth theory assumes technological progress to be exogenous, it essentially fails to explain the actual sources of long-term economic growth. To overcome this shortcoming, [Schultz \(1961\)](#) emphasized the role of human capital in economic growth, [Arrow \(1962\)](#) explored the significance of learning by doing in economic development, and [Romer \(1986\)](#) and [Lucas \(1988\)](#) used increasing returns and knowledge spillovers to explain economic growth.

Certainly, modern production factors are crucial for economic growth. However, the key issue lies in how to obtain these modern production factors. For instance, industrial development is inseparable from the support of agriculture in terms of human resources, capital, raw materials and consumer goods, which necessitates the transformation of traditional agriculture. So, how should traditional agriculture be transformed? [Schultz \(2001\)](#) argued that it is futile to merely reorganize existing production factors within traditional agriculture, "adding some irrigation wells and ditches, animals for draft and for food, simple

equipment and hand tools or other forms of physical capital that farmers have used for generations does little to enhance agricultural output” (p. 50). Therefore, he suggested that modern production factors, such as fertilizers, machinery, pesticides and investments in human capital, should be introduced into agriculture. However, these inputs are products of industrialization. This implies that while industrial development depends on contributions from agriculture, transforming traditional agriculture relies on the products of industrial development. This leads to a “chicken-or-the-egg” dilemma in neoclassical growth theory. Consequently, the actual means of acquiring modern production factors remain unclear.

When applying the neoclassical growth theory to explain China’s economic modernization, one would find that at the initial stage, the country was “poor and blank,” lacking any modern production factors. Modern production factors were not the primary drivers of China’s industrialization and modernization. While production factors may indicate the level of productive forces at a certain stage, they remain as potential productive forces until they are effectively organized. Only when production factors are organized can they produce real productive forces. The contribution of production factors alone cannot capture the role of organizational efficiency. Therefore, explaining China’s industrialization and economic modernization solely in terms of modern production factors and their contributions is unconvincing.

1.3 New institutional economics ignores the historical fact that modern institutions are products of industrialization

From the perspective of new institutional economics, institutions are a key factor in the rise of the Western world. Douglass North argued that explanations for the status, developmental direction and speed of historical economic performance require theories of demographic change, the growth of knowledge and institutional change (North, 1994; North and Thomas, 1999). He contended that both the alleviation of population pressure and the direction and rate of changes in the stock of knowledge are constrained by specific institutional structures. Within the limits defined by knowledge and technology, human success is not determined by the stock of knowledge and technology. Instead, North asserted that political and economic organizational structures dictate the performance of an economy as well as the growth rate of its knowledge and technological stock, and that the success or failure of human organizations determines whether a society progresses or retrogresses (North, 1994, p. 5), with an emphasis on private property rights, the state and ideology. According to the dichotomy of inclusive and extractive institutions proposed by Acemoglu and Robinson (2012), inclusive political and economic institutions are the key to achieving long-term economic growth.

Marx and Engels posited that social being determines social consciousness: “Men, developing their material production and their material intercourse, alter, along with this their real existence, their thinking and the products of their thinking. Life is not determined by consciousness, but consciousness by life” (Marx and Engels, 2018a, p. 17). “The social structure and the State are continually evolving out of the life-process of definite individuals” (Marx and Engels, 2018a, p. 16). This means that the development of productive forces and division of labor dictates and fosters the formation and development of social relations (including social structure and consciousness). In other words, institutions are indeed crucial to economic development, but as the economic foundation of a society, they are a product of the development of productive forces rather than the other way around. Wen (2016, pp. 3–4) also argued that new institutional economics ignored the endogenous evolution of institutions and laws driven by modes of production throughout human history. He believed that a fundamental fact was overlooked: that universal suffrage and democracy were the results of the Industrial Revolution, not its cause. Modern Western legal institutions and their vast organizational mobilization capabilities are the product of several centuries of economic development and industrialization driven by colonialism, imperialism, mercantilism, slave trade and bloody primitive accumulation in the West. As Beckert (2019, p. 6) pointed out, “The

first industrial nation, Great Britain, was hardly a liberal, lean state with dependable but impartial institutions as it is often portrayed. Instead, it was an imperial nation characterized by enormous military expenditures, a nearly constant state of war, a powerful and interventionist bureaucracy, high taxes, skyrocketing government debt, and protectionist tariffs – and it was certainly not democratic.”

New institutional economics cannot explain the rapid rise of Germany and Russia under non-inclusive institutions in the late 19th century, the failure of Russia’s ‘shock therapy’ economic reforms in the 1990s or why the Netherlands failed to initiate the Industrial Revolution in the 17th and 18th centuries, despite having more liberal political and economic institutions than Britain (Wen, 2016, pp. 3–4). Proponents of new institutional economics evaluate the political system of the People’s Republic of China and label it as an authoritarian regime. They argue that such a system is incapable of achieving successful industrialization and the long-term economic prosperity of a country. However, the reality of China’s development contradicts this view. Meanwhile, some countries that follow the Washington Consensus, which adheres to liberal principles, such as those in Latin America, have not experienced the anticipated long-term prosperity.

1.4 The structuralist catch-up theory is challenged by the common failures of economic development in developing countries

After Second World War, as many former colonial countries gained political independence, how to rapidly achieve industrialization and modernization became a critical issue for these nations. Rosenstein-Rodan (1943) posited that capital formation was the central force for economic growth and development. Based on the indivisibility of capital, savings and demand, he proposed the “Big Push” theory for balanced development across various sectors. However, some economists criticized this approach, arguing that underdeveloped countries found it challenging to generate the enormous funds required for a balanced development strategy. In response, Hirschman (1991) introduced the theory of unbalanced growth, while Rostow (2001) presented the concept of leading sectors, both advocating for allocating limited domestic resources to high-yielding and highly influential areas. Prebisch (1950) and Singer (1950) proposed the “center-periphery” theory concerning the economic relations between developed and developing countries. To address the chronic deterioration in the terms of trade that developing countries face when trading with developed countries, they advocated an inward-looking development strategy, which includes using protective measures and incentives to prioritize the development of industrial products with significant import demand from foreign countries, implementing an import substitution development strategy and advancing national industrialization. Based on the industrialization experiences of countries like Germany, Italy, Russia and Bulgaria in the mid-19th century and beyond, Gerschenkron (2012) proposed the famous “backwardness advantage” theory. He noted that due to the continuous increase in industrial scale and technical complexity, the industrialization of latecomer countries required the assistance of a central government and powerful institutional tools. These countries need to implement fiscal, financial and foreign trade policies that suit their socio-economic environments and utilize the latecomer advantage to drive an industrial revolution.

Post-Second World War catch-up theories, commonly referred to as structuralist theories, generally emphasize the importance of economic structure. A common characteristic of structuralist theories is their advocacy for playing the role of government while generally ignoring the role of the market. These theories often do not fully adhere to, or even negate, the principle of comparative advantage in the international division of labor. From the development history of newly independent nations after Second World War, the implementation of a catch-up strategy typically results in high economic growth rates during the initial stages. However, after a certain period, these economic development strategies tend to become ineffective. By the 1980s, developing countries that had

implemented catch-up strategies, such as capitalist countries like India and socialist countries like China, had abandoned these strategies. The structuralist catch-up theory also fails to explain the process of China's economic modernization.

1.5 The theory of comparative advantage of endowments and the industrial development sequence faces the challenge of unifying theoretical logic and historical logic

Lin *et al.* (1994) explained China's economic miracle based on the theory of comparative advantage of endowments, along with corresponding economic development strategies and institutional policies. They argued that the strategy of prioritizing heavy industry before the reform and opening-up contradicted China's resource endowment pattern at the time, which was characterized by abundant labor and scarce capital. As a result, China had to rely on central planning to distort factor prices, providing cheap resources for heavy industry development. The state also had to employ a procurement and sales system to concentrate national resources to support heavy industry and base the development of heavy industry on state-owned and collective enterprises (e.g. people's communes). This led to the creation of a highly centralized planned economic system.

Based on this, Lin (2012) rebranded his theory as New Structural Economics, positing that a country's economic development strategy should align with its factor endowment structure. Generally, in the early stage of economic development, a country with relatively abundant labor should initially prioritize labor-intensive industries, then transition to capital-intensive industries through capital accumulation, and finally develop technology-intensive industries through knowledge innovation. Economic development thus sequentially upgrades and transforms with changes in the factor endowment structure.

There are similar theoretical propositions. For example, Fan (2019, 2020) proposed the paradox of development in developing countries: Although developing countries lag in many areas, they grow faster than developed countries. Fan suggests a country should leverage different "development factors" (e.g. comparative advantage, latecomer advantage and indigenous advantages) at different stages: In the first stage, relying purely on comparative advantages to earn the "first pot of gold" allows for more investment in infrastructure and education. In the second stage, utilizing the comparative advantages and latecomer advantages manifested as opening up, learning, imitating and benefiting from "knowledge spillovers." In the third stage, continuing learning and imitating, further utilizing latecomer advantages and intensifying independent innovation.

The theory of comparative advantage of endowments and the industrial development sequence, like classical economic theories, fails to unify the theoretical and historical logic in explaining China's economic development before and after implementing the reform. Utilizing the comparative advantage theory to negate the heavy industry priority strategy overlooks the historical prerequisite of possible exchanges between nations; similarly, adopting the industrial development sequence theory to dismiss the strategy of prioritizing heavy industry ignores the country's need to balance development and security.

We believe that after the founding of the People's Republic of China, the country initially faced comprehensive blockades from Western capitalist countries led by the United States. By the 1960s, China also faced blockades from the socialist camp led by the Soviet Union, placing its national security at significant risk. Under these blockade conditions, without extensive market exchanges with other countries, how could China participate in the international division of labor relying on the comparative advantage of endowments? Division of labor is contingent upon the ability to exchange. When national security is severely threatened, how can the industrial development of a country proceed according to a predetermined sequence? In fact, China had no choice but to prioritize the development of urgently needed industries and produce necessary goods domestically.

From the perspective of selecting an economic development strategy, while the endowment structure of factors is undoubtedly an important consideration, the most fundamental basis

should be the principal social contradiction (Xiang *et al.*, 2019). If one were to adhere strictly to the principle of comparative advantage based on factor endowments, there would be only one strategic option: to abandon the development of industries producing goods that currently lack a comparative advantage, which would raise the question of whether China should invest in the development of strategic emerging industries, such as the semiconductor industry, in the present day.

In summary, the modernization process of China's economy includes both the ongoing stage of the socialist market economy and the previous stage of the socialist planned economy. In 2013, regarding China's two periods before and after the reform and opening-up, General Secretary Xi Jinping emphasized that these two stages were essentially practical explorations of the socialist construction of people led by CPC and the historical periods before and after the reform and opening up cannot be used to negate each other (Xi, 2014, pp. 22–23). According to the report to the 19th National Congress of the CPC, "The path of socialist political advancement with Chinese characteristics is the logical outcome of the evolution of history, theory, and practice as the Chinese people have long engaged in struggles since the advent of modern times" (Xi, 2017a, p. 36). The same can be said for the path of China's economic modernization. Based on the foundation that the two historical periods cannot negate each other, further elucidation of China's economic modernization based on the principle of "the unity of historical, theoretical and practical logic" is both a political requirement and a higher scientific requirement.

Marxism has guided China's economic modernization, and only by integrating Marxist political economy with China's specific realities and the characteristics of the times can the "secret" be unraveled. Identifying a more inclusive and broadly consensual analytical category might help in addressing this issue. To explore this analytical category, we must look back at historical development and understand its essence through the lens of dialectical and historical materialism. The historical logic starting point is where the theoretical logic starting point lies. Reviewing the journey of the CPC leading the Chinese people through revolution, construction, reform and opening-up, the theme of "get organized" has been central throughout. However, a deeper theoretical elaboration on "get organized" is still needed. In Wen's study (2016), "get organized" is a fundamentally essential part. Different from Wen employing Adam Smith's principle of division of labor based on market scale, we utilize the paradigm of broad Marxist political economy, as well as Marx and Engels' ideas on division of labor, markets and planning, and the analytical method of principal contradiction in this paper.

The remainder of this paper is structured as follows: The second section elucidates the main logical thread of the broad Marxist political economy to establish the starting category of the historical logic and the theoretical logic for China's economic modernization. The third section discusses the three-level analytical logic of the main logical thread of the broad Marxist political economy, establishing the primary evolutionary thread of China's economic modernization. The fourth section, within the paradigm of the broad Marxist political economy, illuminates that "get organized" is both the engine and the realization mechanism of China's economic modernization. The fifth section contains the conclusion.

2. Establishing the starting category in the logic thread of broad Marxist political economy

2.1 The main logical thread of the broad Marxist political economy

Engels (2018a, p. 155) pointed out, "Political economy, in the widest sense, is the science of the laws governing the production and exchange of the material means of subsistence in human society" and is "the science of the conditions and forms under which the various human societies have produced and exchanged and on this basis have distributed their products" (Engels, 2018a, pp. 158–159). The broad political economy aims to "establish the few quite general laws which hold good for production and exchange in general" (Engels, 2018a, p. 156) based on the study of specific laws governing each individual development stage of production

and exchange. Although such “political economy in this wider sense has still to be brought into being” (Engels, 2018a, p. 159), the works of Marx and Engels already contain a rich array of ideas about the broad political economy that require further exploration, systematization, refinement and innovation.

Marx and Engels, during their lifetimes, did not explicitly propose a logical thread for the broad political economy, constructed from starting categories (such as commodities) and central categories (such as surplus value), as they did in *Das Kapital*. However, they elucidated the most abstract and fundamental analytical paradigm: that the forces of production determine the relations of production and that the relations of production adapt to the requirements of the development of the forces of production. This overarching paradigm encompasses a logical thread starting with labor as the starting category, focusing on the division of labor as the central category and centering on the evolution of modes of production, which is essentially the evolution of the organization of labor division [2].

- (1) Labor is the starting category of broad political economy. Engels (2018b) noted, “Labor is the prime basic condition for all human existence, and this to such an extent that, in a sense, we have to say that labor created man himself” (p. 303). Labor creates value. Since labor is the historical starting point for human development, it can be the theoretical and logical starting point for the broad political economy. Lin (2007, p. 32) stated that Marxist political economy began its logical process from the category of labor.
- (2) Division of labor is the central category of broad political economy. Engels pointed out that the matter of historical materialism “can most easily be grasped from the standpoint of the division of labor” (Marx and Engels, 2012b, p. 609), while Marx regarded the second type of division of labor as “the category of all categories of political economy in a certain respect” (Marx and Engels, 1998b, p. 304). By connecting and unifying the above ideas of Marx and Engels, we obtain the central category for the broad political economy, namely, the division of labor. With the division of labor come commodities, money, capital, surplus value and other categories.
- (3) The evolution of the organization of labor division is the main thread of broad political economy. The categorization of primitive society, slave society, feudal society, capitalist society, socialist society and communist society fundamentally depends on the mode of production. The core issue of the mode of production is the organization of labor division, which is determined by the ownership of the means of production corresponding to a certain level of productive forces. In primitive society, the mode of production is based on the organization of labor division in the community under the primitive communal ownership of the means of production. In the slave society, the mode of production is based on the labor division under the enslavers’ possession of all means of production (including slaves). In the feudal society, the mode of production is based on the labor division under feudal landlords’ ownership of primary means of production, land, and partial ownership of direct producers, serfs and peasants. In a capitalist society, the mode of production is based on the labor division under the private ownership of means of production and wage labor, while in a socialist society, the mode of production is based on the division of labor under the public ownership of means of production. The communist mode of production is characterized by the division of labor within associations of free individuals. Thus, if abstractly considering the evolution of modes of production as the primary logical thread of broad political economy holds true, it will be valid in a concrete sense to consider the evolution of the organization of labor division as the logical main thread of the broad political economy.

Therefore, within the thoughts of Marx and Engels on the broad political economy, there exists a logical thread that begins with labor as the starting category, centers on the division of labor and is organized around the evolution of modes of production, i.e. the evolution of the organization of labor division [3]. A deeper exploration and elucidation of some fundamental issues regarding the category of division of labor in the works of Marx and Engels would facilitate a better understanding and grasp of this logical thread.

2.2 Exploration and clarification of some fundamental issues in the category of labor division [4]

- (1) The connotation of the division of labor: As the totality of all specific modes of production activities, the division of labor represents the general form of social labor. In the theoretical community, defining the connotation of the division of labor involves intuitive descriptions. A widely accepted notion is that the division of labor refers to the diversification and specialization of various types of social labor, essentially equating it with specialization. This view stems from an individualistic perspective. Yang (1998, p. 49) pointed out that although division of labor and specialization are related, they are also distinct; division of labor is a form of production structure. Through comparative analysis, we find that Marx's definition of the connotation of the division of labor remains the most scientific to date. He stated that the division of labor, as the totality of all specific methods of production activities, is the general form of social labor, considered as labor producing use-values from a material perspective (Marx and Engels, 1998a, p. 445). This suggests that the connotation of division of labor should primarily be understood from a societal perspective. As the totality of all specific methods of production activities, division of labor is the general form of social labor, which can serve as the general definition that Marx provides for the connotation of division of labor.
- (2) Components of the division of labor: The unification of specialized diversification, labor specialization, roundabout production and economic organization. Marx, in his works, proposed several "sub-definitions" of the division of labor based on different contexts. These can be interpreted as the intrinsic components or structure of the division of labor, namely, the intrinsic composition of the "general form of social labor." Xiang *et al.* (2021) summarized the labor division as the unification of specialized diversification, labor specialization, roundabout production and economic organization. Among these, labor specialization, roundabout production and specialized diversification generally represent the concretization of the productive forces, while economic organization represents the concretization of production relations.
- (3) Attributes of the division of labor: The labor division is a specific "general form" of the mode of production, which is a specific mode of production. Since the division of labor is the "general form of social labor", it should not be merely regarded as a category of the productive forces or the production relations or as a mediator between the two (Qin, 1983) but rather as a "general form" that unifies the productive forces and production relations (Xiang *et al.*, 2021). The mode of production is likewise the unification of the productive forces and production relations. Therefore, the division of labor is a specific mode of production and a specific "general form" of the mode of production. Correspondingly, self-sufficiency is another specific "general form" of the mode of production. Once the division of labor is defined in terms of its attributes as a specific mode of production, the evolution of the mode of production, in a concrete sense, is the evolution of the organization of the division of labor. Even the regression of the division of labor to self-sufficiency is a potential direction of its evolution. Therefore, considering the evolution of modes of production as the logical thread of broad

political economy essentially means considering the evolution of the organization of the division of labor as the logical thread of broadly defined political economy.

- (4) Types of division of labor: The first type is market-based division of labor, and the second type is team-based division of labor. In the academic community, it is common to describe these as “social division of labor” and “intra-firm division of labor,” but this is not precise. Although this terminology can be traced back to Marx, it does not fully capture the essence. According to the research by [Xiang et al. \(2021\)](#), the first type of division of labor mentioned by Marx is market-based because of adopting market regulation mechanisms. The second type of division of labor operates under non-market regulation mechanisms, such as patriarchal system, caste system, feudal system and planned system, essentially using planned regulation mechanisms. This type of labor division includes divisions of labor within primitive communities, communes, families, workshops, factories, firms and even associations of free individuals. Therefore, they can collectively be referred to as a team-based division of labor. In other words, the social division of labor can be categorized into market-based division of labor and team-based division of labor based on coordination mechanisms.

The market-based and team-based divisions of labor reinforce each other. According to Marx, the division of labor led to further division of labor, which results in the social division of labor within the whole production process, complementary through commodity exchange and influenced by the competition and supply-demand laws [i.e. market-based division of labor] and the intra-factory division of labor that characterizes capitalist production, completely eliminating the independence of workers and making them as components of a social institution under the command of capital [i.e., a type of team-based division of labor], and they advance together ([Marx and Engels, 1998b](#), pp. 308–309). He also asserted that the free, seemingly accidental and uncontrolled division of labor by commodity producers within society (i.e. market-based division of labor) is consistent with the systematic, planned, regulated division of labor within factory under the command of capital (a type of team-based division of labor) and that these two types advanced side by side, creating each other through interaction ([Marx and Engels, 1998b](#), p. 360).

- (5) Basis of the division of labor: The dialectical relationship between division of labor and comparative advantage. The pattern of what an economic entity (including individuals, enterprises and even nations) produces, who produces it and where it is produced constitutes the framework of division of labor. So, what is the basis of the division? The answers to this question are encapsulated in dialectical materialism and historical materialism. Starting from the idea that social existence determines social consciousness, Marx and Engels posited that factor endowments have historically played a dominant role in an economic entity’s production decisions – what to produce, where to produce and who produces it. According to Marx and Engels, the natural division of labor arose before exchange and was based not only on natural differences among individuals but also on the natural factors of production possessed by communities ([Marx and Engels, 1998b](#), p. 312). From the perspective of human history, the natural division of labor has persisted for a long time and still exists today. Therefore, factor endowments have played a dominant role in shaping the patterns of division of labor throughout much of human history.

Based on the active and practical impact of social consciousness on social existence, [Marx and Engels \(2012a\)](#) argued that the greatest productive force is the revolutionary class (p. 274), and the environment is precisely changed by people (p. 138). As human capability to understand and transform nature improves, innovation promotes division of labor and division of labor promotes innovation. “Every big mechanical invention is followed by a greater division of labor, and each increase in the division of labor gives rise to new mechanical inventions”

(Marx and Engels, 2012a, p. 246). Big industry “made natural science subservient to capital and took from the division of labor the last semblance of its natural character” (Marx and Engels, 2018a, p. 60), which means that what a country produces, how it produces and who produces it can transcend current factor endowment constraints by leveraging human social consciousness and creativity in reshaping and transforming the world. Compared to Smith, Marx (2018a, p. 378) pointed out, “Not only have we here an increase in the productive power of the individual, by means of co-operation, but the creation of a new power, namely, the collective power of masses.” He emphasized that the collective power generated by the organization of the division of labor is an important source of endogenous comparative advantages. Consequently, the division of labor changes the pattern of comparative advantages.

The comparative advantage of endowments constrains the pattern of the division of labor, while the division of labor also changes the pattern of comparative advantages, which is precisely Marx and Engels’s view on the dialectical relationship between the division of labor and comparative advantage (Xiang and Liu, 2020). This important concept implies that there is no immutable “theorem” in the division of labor and trade [5]. What a country produces depends on principal social contradiction, economic development strategies, and internal and external conditions.

- (6) The trend of the division of labor: From dependence on people to dependence on things and finally to the associations of free individuals. From the perspective of human societal development, primitive society was based on a team-based division of labor founded on primitive public (or communal) ownership. This marks the historical starting point for the development of the division of labor in human society. As primitive tribes began to engage in exchange, the market-based division of labor emerged, expanding the scope of society and further the scope of social division of labor. The development of commodity exchange and market-based division of labor among primitive communes significantly undermined the team-based division of labor based on primitive public (or communal) ownership. As a result, private ownership and team-based division of labor based on private ownership gradually evolved. Modern society consists of team-based divisions of labor based on public ownership, non-public ownership and mixed ownership. Meanwhile, the market-based division of labor has reached unprecedented heights. According to Marx and Engels’s vision, a future communist society will be characterized by an association of free individuals who collectively own the means of production. Thus, the entire human society evolves from the primitive second type of division of labor, and through the advanced development and mutual promotion of two types of division of labor, ultimately achieves a higher level of the second type of division of labor. In this advanced stage, commodities and spontaneous, alienated division of labor are abolished. If the division of labor persists, it manifests as a conscious, autonomous and free division of labor, which is the highest form of a fully developed division of labor (Xiang *et al.*, 2021).

In summary, the evolution of the division of human labor – from a division based on dependency on individuals, to one based on dependency on material conditions, and finally to a division within associations of free individuals – represents the historical trend of labor division development as revealed by Marx and Engels. The broad political economy’s logical thread proposed in this paper aligns with this historical trend, which serves to corroborate the former.

- (7) The position of the division of labor: The second type of division of labor is the category that encompasses all the categories of political economy. Marx stated that the second type of division of labor, in a certain respect, was the category of all categories of political economy. Yet, it must be considered only as a special productive force of capital herein (Marx and Engels, 1998b, p. 304). According to Xiang *et al.* (2021),

based on the subject of study in *Das Kapital* and the historical evolution of the division of labor, “certain respect” refers to the aspect of production relations. Thus, Marx’s words could be paraphrased as “although here the second type of division of labor is considered as a special productive force of capital, from the aspect of production relations, it is the category of all categories in political economy.” Considering that the second type of division of labor, i.e. the team-based division of labor, predates the market-based division of labor, it serves as the historical starting point for the division of labor. From the division of labor within primitive communities, communes and families to the division of labor within workshops, factories and firms, this type of organizational form of labor division can better reflect the evolution of the mode of production and the corresponding production relation and exchange relation, thereby more accurately reflecting the special attributes of specific modes of production and their appropriate production and exchange relations. It was precisely through dissecting the capitalist wage labor within the intra-factory and intra-enterprise divisions of labor in the second type of division of labor that Marx disclosed the entire mystery of surplus value. Hence, from the viewpoint of historical development, the second type of division of labor is the category encompassing all categories in the political economy.

2.3 “Get organized” is the historical starting point for China’s economic modernization, and the corresponding division of labor is the starting point for theoretical logic

The broad political economy studies the general laws of economic development throughout human society and takes labor as the starting category, while the narrow political economy focuses on the particular laws of socio-economic development at specific stages of human society or in specific countries, of which theoretical logical starting points vary due to different development stages and starting points. For instance, *Das Kapital* examines the capitalist mode of production, where the division of labor, passing through the stage of primitive capital accumulation, has developed considerably. Therefore, commodities become the economic cell of capitalist society and can serve as the theoretical logical starting point, with the division of labor being a preliminary category. The political economy that studies China’s economic modernization also falls within the category of narrow political economy. However, it cannot use commodities as the theoretical logical starting point. From the founding of the People’s Republic of China in 1949, China’s economic modernization began amid the self-sufficient natural economies, where the division of labor and commodity economy had not yet been extensively developed. Since the Opium War of 1840, countless patriots have sought ways to save and rejuvenate the nation. Mr. Sun Yat-sen attempted to organize the scattered Chinese populace, but it was the CPC that truly accomplished this task. At the First Plenary Session of the Chinese People’s Political Consultative Conference, Mao (1996b, p. 348) stated that Chinese people should be further organized and build a new China that is independent, democratic, peaceful, unified and prosperous with the collective strength of the great masses. It means getting organized to conduct “more extensive division and combination of labor” (Marx and Engels, 1979, p. 380) [6] for modernization development. “Get organized” is thus the historical starting point for China’s economic modernization.

In economic terms, the academic expression of “get organized” is referred to as economic organization, which stands in contrast to a scattered, unconnected, self-sufficient natural economy (Xiang and Han, 2007). The economic organization encompasses two fundamental aspects: first, the team-based organization, such as the development of hierarchies within enterprises, cooperatives and governments, indicating an evolution toward a team-based division of labor; second, the market-based organization, referring to the establishment of buying and selling relationships through product and factor markets, indicating a market-based division of labor. The concept of “getting organized” economically is precisely what Marx and

Engels described as the development of “two types of division of labor.” They share an intrinsic unity.

Therefore, if the premise of “getting organized” as the historical starting point for China’s economic modernization holds, then considering the division of labor as the theoretical and logical starting point for explaining China’s economic modernization is naturally follows. Consequently, this allows for the unification of theoretical logic and historical logic at the starting point when analyzing China’s economic modernization. This precisely aligns with selecting the starting category for explaining China’s economic modernization within the primary logic thread of broad Marxist political economy.

3. Establishing the evolutionary thread within the logical framework of the broad Marxist Political Economy

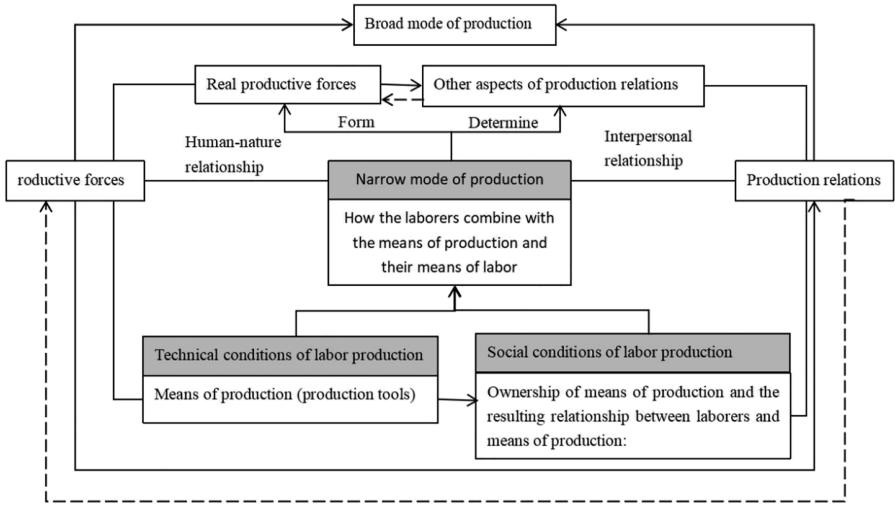
If we take the evolution of the mode of production as the main thread of broad Marxist political economy, further analysis is required to delineate the different levels within this logical framework. This will allow us to select the appropriate logical level to explain the main thread of the evolution of China’s economic modernization.

3.1 The first level at the highly abstract mode of production

The narrow mode of production refers to the manner in which laborers combine with means of production and the methods of labor in the direct production process and can be regarded as the unity of productive forces and relations of production from a statistical perspective and a mediator between productive forces and relations of production when viewed dynamically. The broad mode of production represents the unity of productive forces and relations of production, as well as the economic base and superstructure. The contradiction between productive forces and relations of production drives the evolution of the mode of production.

In the studies of dialectical materialism and historical materialism, the most common understanding of the relationship between productive forces, relations of production and the mode of production is that productive forces determine relations of production, which in turn react upon productive forces and adapt to their development requirements; the mode of production is the unity of productive forces and relations of production; the contradiction between productive forces and relations of production is the fundamental contradiction in all social forms. In the field of Marxist political economy, [Ma and Lin \(1980\)](#), as well as [Wu \(2017\)](#), cited Marx’s assertion that “in acquiring new productive forces men change their mode of production; and in changing their mode of production, in changing the way of earning their living, they change all their social relations” ([Marx and Engels, 2009](#), p. 602) and proposed that productive forces do not directly determine relations of production, but rather do so through the mode of production, thereby presenting an analytical paradigm of “productive forces–mode of production–relations of production” for the Marxist political economy. [Meng \(2016\)](#) disagrees with the perspective that places the mode of production as a mediator between productive forces and relations of production in opposition to the perspective that unifies productive forces and relations of production. The discourses of Marx and Engels can substantiate both perspectives, and it is necessary to reconcile them. Otherwise, the integrity of dialectical materialism, historical materialism and Marxist political economy would be compromised. We support the idea of unifying these two perspectives from both narrow and broad senses, as well as from static and dynamic perspectives, as shown in [Figure 1](#).

3.1.1 Narrow and broad modes of production. The narrow mode of production refers to the dominant way in a society by which laborers are combined with the means of production and their means of labor based on specific technical and social conditions. It encompasses what is produced, how it is produced, how much is produced and for whom it is produced in the direct production process.



Note(s): Solid lines indicate the determining effect and its direction, while dashed lines indicate the counter-effect and its direction.

Source(s): Compiled by the authors

Figure 1. Broad and narrow modes of production

- (1) The mode of production depends on the technical conditions of the direct production process, particularly the means of production and, specifically, the tools of production and their technical characteristics. Marx discussed the production of relative surplus value in the study of the production process of capital, noting that “the conditions of production, i.e., his mode of production” and “the technical and social conditions of the process, and consequently, the very mode of production must be revolutionized before the productiveness of labor can be increased” (Marx, 2018a, p. 366), here has been a more general discussion on this point: “The way in which people produce their means of subsistence depends first of all on the nature of the means of subsistence they find in existence and have to reproduce. This mode of production must not be considered simply as being the production of the physical existence of the individuals. Rather it is a definite form of activity of these individuals, a definite way of expressing their life, a definite mode of life on their part. As individuals express their life, so they are. What they are, therefore, coincides with their production, both with what they produce and with how they produce. The nature of individuals thus depends on the material conditions determining their production” (Marx and Engels, 2018b, p. 12). Among these material conditions, the means of labor are crucial to the extent that Marx (2018a, p. 210) asserted, “It is not the articles made, but how they are made, and by what instruments, that enables us to distinguish different economic epochs.”
- (2) The mode of production depends on the social conditions of the direct production process. The most fundamental social condition is the ownership of the means of production. For example, during the historical movement that turned producers into wage workers, “on the one hand, as their emancipation from serfdom and from the fetters of the guilds; . . . But, on the other hand, these new freedmen became sellers of themselves only after they had been robbed of all their own means of production, and of all the guarantees of existence afforded by the old feudal arrangements” (Marx, 2018a, p. 822). Marx (2018a) indicated, “With this polarization of the market for

commodities, the fundamental conditions of capitalist production are given. The capitalist system presupposes the complete separation of the laborers from all property in the means by which they can realize their labor” (p. 821). The distribution under these production conditions “is a feature of the mode of production itself” (Marx, 2018c, p. 16). Hence, all modes of production depend on the ownership of the means of production.

- (3) Technical conditions drive changes in social conditions. As Marx noted, “The hand-mill gives you society with the feudal Lord; the steam-mill society with the industrial capitalist” (Marx and Engels, 2012a, p. 222). Means of labor, such as instruments of labor, “not only supply a standard of the degree of development to which human labor has attained, but they are also indicators of the social conditions under which that labor is carried on” (Marx, 2018a, p. 210). Marx and Engels (2018b, pp. 49–50) pointed out, “Our investigation hitherto started from the instruments of production, and it has already shown that private property was a necessity for certain industrial stages. In extractive industries, private property still coincides with labor; in small industry and agriculture up till now, property is the necessary consequence of the existing instruments of production; in big industry, the contradiction between the instrument of production and private property appears from the first time and is the product of big industry; moreover, the big industry must be highly developed to produce this contradiction. And thus, only with big industry does the abolition of private property become possible.” Thus, instruments of production and corresponding levels of productive forces play a decisive role in the development of ownership of the means of production. It can be said that the ownership of the means of production, as the foundation of social economic relations, is a result of ever-increasing levels of productive forces, particularly the development of instruments of production.
- (4) The manner in which laborers combine with means of production and their modes of labor determines the real productive forces, the reproduction of social conditions and other aspects of production relations. Both the technical conditions and social conditions jointly determine the manner in which laborers combine with the means of production and their modes of labor in the direct production process. Among all manners in which laborers combine with means of production and their modes of labor, there is always a unity of the material transformation relationship between humans and nature and the socio-economic relation between humans. A specific relationship between people and things requires a corresponding specific relationship between people, and it is only within specific relationships between people that certain relationships between people and things can genuinely arise, thus forming real productive forces. “They produce only by working together in a specified manner and reciprocally exchanging their activities. In order to produce, they enter into definite connections and relations to one another, and only within these social connections and relations does their influence upon nature operate – i.e., does production take place” (Marx and Engels, 2012a, p. 340). Even the production of life, “The production of life, both of one’s own in labor and of fresh life in procreation, now appears as a double relationship: on the one hand as a natural, on the other as a social relationship. By social we understand the co-operation of several individuals, no matter under what conditions, in what manner and to what end. It follows from this that a certain mode of production, or industrial stage, is always combined with a certain mode of cooperation, or social stage, and this mode of cooperation is itself a ‘productive force’” (Marx and Engels, 2018a, p. 25). Since the mode of production is always linked with a “certain mode of cooperation,” without such a mode, there would only be elements of productive forces without real productive forces. Only by combining the elements of productive forces – humans and things – through a “certain mode of collective

activity” can real productive forces be realized. It is in this sense that “this mode of cooperation itself” is a “productive force.” The manner in which laborers integrate with the means of production, along with their modes of labor and the real productive forces, collectively reproduces the ownership of the means of production and other social conditions and determines other aspects of production relations, such as exchange, distribution and consumption.

Based on the aforementioned definition of the narrow mode of production, from a static perspective, it is understood as the unity of productive forces and production relations. This encompasses the technical conditions representing productive forces and the social conditions representing production relations, i.e. the ownership of the means of production. It also includes the dual relationships between humans and nature, as well as between humans, within the labor process and comprises the initial distribution relationships. It encapsulates what, how, how much and for whom to produce in the direct production process, embodying the unity of productive forces and production relations. In addition, from a dynamic perspective, that is, from the view that “each standing on the shoulders of the preceding one, developing its industry and its intercourse, modifying its social system according to the changed need” (Marx and Engels, 2018a, p. 20), the narrow production mode serves as a mediator between productive forces and production relations, i.e., “productive forces—narrow mode of production—production relations.” It is based on the existing level of productive forces and ownership of means of production, generating new real productive forces. Together with new real productive forces, it may either reproduce the existing ownership of means of production on a larger scale, influencing exchange, distribution, consumption and other production relations, or generate new ownership of means of production and determine the corresponding exchange, distribution, consumption and other production relations.

Regarding the broad mode of production, there is a general consensus in the theoretical community that the broad mode of production encompasses the narrow mode of production, the other aspects of production relations that correspond to the narrow mode of production and the superstructure that adapts to the socioeconomic structure. The first two elements together form the socioeconomic structure and these three aspects together constitute the socioeconomic formation. The broad mode of production represents the unity of productive forces and production relations, as well as the economic base and superstructure.

3.1.2 The contradiction between productive forces and relations of production drives continuous changes in the mode of production. The intrinsic contradiction of the mode of production is the contradiction between productive forces and relations of production. This contradiction propels the transformation of the modes of production. Some scholars, including Ping (1959), Dong (1980) and Wei (2014), argued that the driving force stems from internal contradictions within the productive forces, such as those between the means of production and labor force, between means of production and objects of labor, and between means of production themselves. Zhang (1979) sought contradictions and driving forces within the relations of production, categorizing them into two types: the “general relations of production,” such as the division of labor and cooperation formed according to technical requirements, which reflect the productive forces directly; and “particular relations of production,” which refers to the ownership relations of means of production and products in a specific social form.

The general relations of production exist within the particular relations of production. The contradiction between productive forces and relations of production is “not external to the relations of production but intrinsic to them,” manifesting as a contradiction between these two types of relations of production. Meng (2016), in the theory of the organic mode of production, argued that the relations of production had the dual functions of adapting to or promoting the development of productive forces while helping rulers extract surplus value. Whether contradiction exists in this dual functionality depends on whether the relations of production are productive or exploitative. Meng (2016) integrates the determination of production

relations by productive forces, the determination of production relations by factors beyond productive forces and the determination of productive forces by production relations under certain conditions to explain the fundamental transformation of the mode of production from the system of productive forces, class struggle and inter-state competition.

This paper posits that the above contradictions within the productive forces and relations of production can be further unified into the contradiction between the absolute enhancement of individual survival and development capabilities (corresponding to increased individualized actions) and the relative insufficiency of individual survival and development capabilities (corresponding to increased collectivized actions), and through this contradiction, one can choose modes of production and forms of economic organization. Engels (2018c, p. 35) stated, “For man’s development beyond the level of the animals, for the achievement of the greatest advance nature can show, something more was needed: the power of defense lacking to the individual had to be made good by the united strength and co-operation of the herd.” This statement encapsulates a universal contradiction: On the one hand, as new productive forces are acquired, individual survival and development capabilities are absolutely enhanced, leading to an increase in individualized actions; on the other hand, relative to competitive natural and social relations, individual survival and development capabilities are always insufficient, requiring collective actions to compensate. This creates a contradiction between individualized and collectivized actions [7]. From the perspective of human development history, in the early stages of humanity, given the extremely low levels of productive forces at that time and the hazardous external natural and social environments, survival and development through individual efforts alone were hardly possible, necessitating the “united power and collective action of hordes.” The scale and power of collective action were primarily dependent on the population size. The larger the population, the greater the potential scale and power of collective action, which was advantageous for improving the efficiency of hunting large animals, transforming farmland and irrigation for agricultural and pastoral production, and enhancing the capability to respond to external environmental risks. Therefore, expanding the population size was a crucial goal for early human societies. To expand the population size of primitive communities, in conditions where productive forces were extremely low and living materials were extremely limited, the fruits of collective action were distributed as equitably as possible to ensure everyone’s share, and “distributed fairly equally” (Engels, 2018a, p. 156), to maintain the survival of every member within the community [8]. This formed the early human communal ownership forms, such as primitive communal ownership, tribal ownership and ancient communal ownership, along with corresponding socio-economic relations. Engels (2018a, p. 156) noted, “With which, or with the easily recognisable survivals of which, all civilised peoples enter history.” With humans mastering technologies such as fire acquisition and producing tools like bows and arrows in productive forces, individual survival and development capabilities were absolutely enhanced, allowing individuals and families to accomplish tasks previously completed only through collective actions, for example, the transformation from collective hunting to individual hunting. The trajectory from horde marriage systems to clan societies and then to family units demonstrates the development of individualized actions. Private ownership is the result of individualized actions driven precisely by the acquisition of new productive forces and the absolute enhancement of individual survival and development capabilities. Taking the example of paired plowing in ancient China, in which two people would plow the soil together, it persisted from the Xia, Shang and Western Zhou dynasties until it eventually declined during the Warring States period. This practice emerged alongside the development of early canal agriculture in the Yellow River basin. In order to meet the need for soil overturning, a plowing tool called *laisi* was invented, and the collaboration between two people proved to be the most suitable form. Paired plowing, the well-field system and the communal village system constituted a “trinity” of production relations. By the Warring States period, the advancement of new productive forces, namely cattle plowing and iron tools, facilitated individual households in conducting independent farming, thus promoting the development of the self-

sufficient peasant economy. Consequently, the feudal Lord system, centered around the well-field system and the communal village system, began to decline [9]. However, due to the relatively insufficient survival and development capabilities of individuals, a trajectory of collective action development has emerged—from clan communes to nation-states and then to civilized states. The state, as a product of “the alliance of hordes and collective action” based on common interests, is an institutional choice that supports collective action. The state requires support in areas like ownership, taxation and currency to ensure the implementation of collective action for common interests. Among these, public ownership is an institutional choice that supports collective action, adapting to the fundamental contradiction between productive forces and relations of production. The principal social contradiction varies at the different stages of socio-economic development and under specific circumstances [10]. The principal social contradiction determines the tension between individualized and collectivized actions, which endogenously generates various ownership structures and forms of economic organization, driving the transformation of the mode of production. That is, there exists a logical thread from the fundamental contradiction between productive force and production relations to the principal social contradiction, the contradiction between individualized and collectivized actions, and, finally, the evolution of the modes of production. Ultimately, it is the contradiction between productive forces and production relations that drives the continuous transformation of the mode of production.

3.2 The second level at the relatively concrete modes of production: the division of labor and self-sufficiency, forming a general mechanism of economic development characterized by a cumulative cycle of division development and market expansion

According to the dialectical logic of ascending from the abstract to the concrete, this paper concretizes the highly abstract mode of production from two aspects: relatively concrete and individually concrete.

3.2.1 Further definition of the attributes of the division of labor. The division of labor is based on a certain level of productive forces and forms of ownership. At the same time, it promotes the development of the forms of ownership. “The division of labor implies from the outset the division of the conditions of labor, of tools and materials, and thus the splitting-up of accumulated capital among different owners, and thus, also, the division between capital and labor, and the different forms of property itself” (Marx and Engels, 2018a, p. 74). “The various stages of development in the division of labor are just so many different forms of ownership” (Marx and Engels, 2018a, pp. 12–13), ranging from tribal ownership, ancient communal and state ownership, to feudal or estate ownership and capitalist private ownership. Therefore, from a dynamic perspective, the division of labor is a mediator between productive forces and production relations, that is, the transition of “productive forces—narrow mode of production—production relations” into “productive forces—division of labor—production relations.” [11] These various forms of ownership, in turn, determine the economic relations between individuals within the division of labor. “The existing stage in the division of labor also determines the relations of individuals to one another with reference to the material, instrument, and product of labor” (Marx and Engels, 2012a, p. 148). From a static viewpoint, the division of labor remains a unity of productive forces and production relations. Therefore, in terms of the relatively concrete mode of production, the division of labor is both a mediator between and the unity of productive forces and production relations.

3.2.2 Division of labor and self-sufficiency. The relatively concrete modes of production can be categorized into the division of labor and self-sufficiency. Looking back at the history of human development, we experienced several stages of the modes of production, including the cooperative production mode featuring team-based division of labor, the mode of self-sufficient production and the cooperative production mode featuring team-based division of labor and market-based division of labor reinforcing each other.

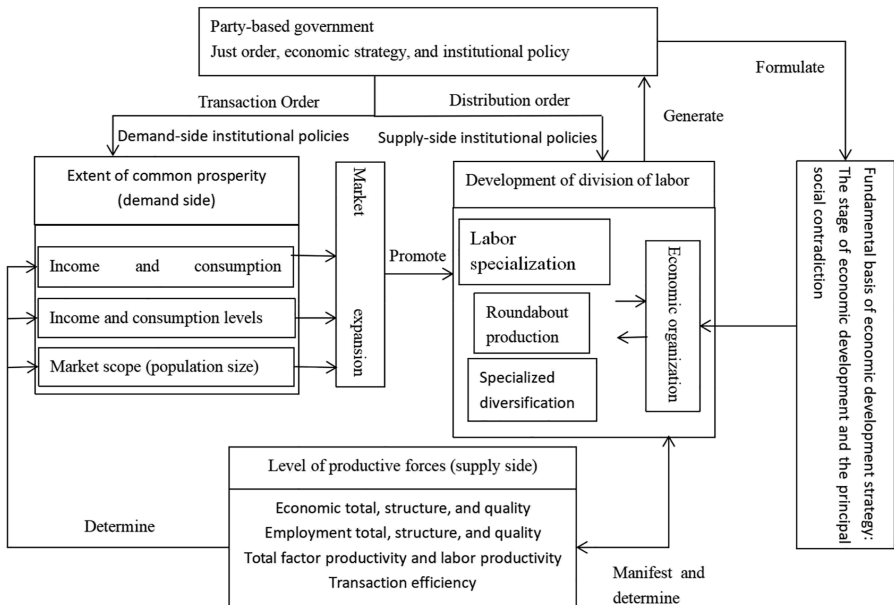
During the period of primitive communal societies, the level of productive forces and corresponding individual capacity for survival were extremely low. The primitive public ownership of means of production supported communal living, within which “natural division of labor”, i.e. primitive team-based division of labor, took place. As the level of productive forces increased and individual capacities for survival and development improved, the family emerged as the basic unit of social living and production. However, the efficiency of societal transactions remained low, leading to the development of self-sufficient production methods based on family units. This is what Marx referred to as the “traditional self-sufficient mode of production” (Marx and Engels, 2012a, p. 147). Regarding the situation of the French peasants, Marx pointed out, “Their mode of production isolates them from one another instead of bringing them into mutual intercourse. The isolation is furthered by France’s poor means of communication and the poverty of the peasants. Their field of production, the small holding, permits no division of labor in its cultivation, no application of science, and therefore no multifariousness of development, no diversity of talent, no wealth of social relationships. Each individual peasant family is almost self-sufficient, directly produces most of its consumer needs, and thus acquires its means of life more through an exchange with nature than in intercourse with society” (Marx and Engels, 2012a, p. 762). This self-sufficient mode of production is widespread in societies dominated by modes of production such as slavery and feudalism. Marx (2018a, pp. 388, 872) noted that the smallholder economy and independent handicraft production partly formed the foundation of the feudal mode of production and partly coexisted with capitalist production after the disintegration of the feudal system. He also observed that after the breakdown of the primitive oriental communal system and prior to the true dominance of slavery, these forms of production constituted the economic basis of the classical community during its peak period. Additionally, Marx indicated that this mode of production existed in the systems of slavery, serfdom and other dependent relationships. However, with the further development of productive forces and improvements in transaction efficiency, the scope of society and interactions expanded, the commodity economy developed and market competition intensified. “Our small peasant, like every other survival of a past mode of production, is hopelessly doomed. He is a future proletarian” (Marx and Engels, 2020, p. 595). As production tools and productive forces continuously advance, the team-based divisions of labor, grounded in various forms of ownership of means of production, have flourished.

The team-based division of labor within primitive communities marks the historical starting point for the division of labor, while the market-based division of labor developed from two opposing starting points. One emerged at the points of contact between clans and communes. “At the point where a physiological division of labor begins, the various specialized organs of the whole, which are in direct mutual contact, separate and detach from each other—the main driving force of this separation process is the exchange of commodities with other communities—and become independent, so that the connection between different types of labor is mediated by the exchange of products as commodities. In one case, originally independent entities lose their independence [i.e., the establishment of market exchange relationships between different communes results in the communes losing their independence], while in another case, originally non-independent entities gain independence [i.e., the disintegration within the commune]” (Marx and Engels, 2016, p. 361). In summary, “such a state of reciprocal independence has no existence in a primitive society based on property in common, whether such a society takes the form of a patriarchal family, an ancient Indian community, or a Peruvian Inca State. The exchange of commodities, therefore, first begins on the boundaries of such communities, at their points of contact with other similar communities, or with members of the latter” (Marx and Engels, 2016, pp. 69–70). From that point onward, market-based division of labor develops.

Regarding the historical development trend, on the one hand, from the perspective of production, laborers are increasingly specialized. Although their individual capabilities within a specialized field have absolutely improved, they have increasingly become mere “organs” in

the production of goods, requiring team-based division of labor and cooperation to complete the production of entire products. On the other hand, from the demand perspective, the capability of individuals to directly satisfy their diverse needs through their own production becomes relatively inadequate, making market-based division of labor and cooperation a necessary choice to fulfill diverse individual needs. Since the advent of contact and exchange in primitive communities, human society has entered a lengthy historical process wherein team-based and market-based divisions of labor enhance each other.

3.2.3 *The formation of a general mechanism of economic growth through the cyclical accumulation and mutual promotion of the division of labor and market expansion.* As previously mentioned, the division of labor is the “general form of social labor,” representing the unity of specialized diversification, labor specialization, roundabout production and economic organization. It is a relatively concrete mode of production. Specialized diversification, labor specialization and roundabout production, as elements of productive forces, determine the development of economic organization for production relations; meanwhile, specialized diversification, labor specialization and roundabout production can generate real productive forces only when depending on specific forms of economic organization. Economic organization constrains the development of specialization diversity, labor specialization and roundabout production. These interactions between productive forces and production relations in the division of labor further form a general mechanism of economic development characterized by cyclical accumulation and mutual promotion of the division of labor and market expansion (as illustrated in Figure 2). Xiang et al. (2021) traced the ideological origins. They outlined the developmental trajectory, elucidating from the perspective of intellectual history that Marx and Engels first and most comprehensively discussed the cyclical and cumulative, mutually reinforcing relationship between the development of labor division and market expansion, as discussed in *The Communist Manifesto*, whose analysis is more comprehensive than that of Smith (1972) and predates that



Source(s): Compiled by the authors

Figure 2. The general mechanism of economic development based on the development of division of labor and market expansion

of Young (1928) [12]. This constitutes one of the few laws that are universally applicable to production in general and exchange in general since the advent of primitive communal societies (Marx and Engels, 2014, p. 155). Any nation or country aspiring to achieve economic development and economic modernization must adhere to this general mechanism of economic development.

The development of the division of labor not only reflects the level of productivity but also further determines it, shaping the elements of the level of productive forces and the supply side, such as the economic total, structure and quality, the employment total, structure and quality, the total factor productivity and labor productivity, and transaction efficiency. The level of productive forces and the supply side determine the size of the population, market scope, as well as income and consumption levels, structure and quality, which altogether represent the degree of common prosperity. The degree of common prosperity determines market size and the extent of market expansion, forming the demand side. Market expansion promotes the development of the division of labor, and this division promotes the improvement of productive forces. Thus, a cyclical and cumulative causal chain of economic development is formed. The mutual promotion of team-based division of labor and market-based division of labor as two fundamental aspects of economic organization constitutes the fundamental mechanism of endogenous market size (Yang, 1998; Xie and Li, 2009), thereby playing a crucial role in the general mechanism of economic development through the cyclical accumulation and mutual promotion of division of labor development and market expansion.

Based on the discourse of Marx and Engels in *The German Ideology*, it is precisely the contradiction between individual interests and common interests arising in the development of the division of labor that gives rise to classes, parties and government. This is a significant aspect of economic organization. As a party-based government, it needs to formulate economic development strategies and play a crucial role in the organization and coordination of the development of the division of labor by providing a conducive transaction order and distribution order, as well as supply-side and demand-side institutional policies [13]. The principal social contradiction is the fundamental basis for a country to formulate economic development strategies, which influence labor specialization, roundabout production and specialized diversification through the economic organization, thereby entering the circular accumulation link of economic development [14].

3.3 The third level at the specific concrete modes of production: the concretized organizational forms of labor division reveal unique patterns of economic operation and development within the general mechanism of economic development

Here, we further concretize the relatively concrete mode of production, namely, concretizing the mode of the division of labor. The division of labor is a relatively concrete mode of production in which laborers and means of production are combined, while “the specific manner in which this union is accomplished distinguishes the different economic epochs of the structure of society from one another” (Marx, 2018b, p. 44). The mode of labor division, determined collectively by a certain level of productive forces and the ownership of means of production, can be further categorized into specific production modes: primitive communal production, slave-based production, feudal production, capitalist production, socialist production and communist production. These divisions subsequently give rise to different socio-economic formations.

The general mechanism of economic development, characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion, presents a unique pattern of economic operation and development under specific modes of production, which is the comprehensive outcome of social production, exchange, distribution and consumption.

3.3.1 Primitive mode of production. It is a form of organization of division of labor within the community based on the primitive public ownership of the means of production. The

mechanisms regulating this division of labor and economic operation are non-market coordination mechanisms, including kinship, religion and customs. Division of labor is arranged according to the needs of the community, and private labor is directly social labor; each member of the community exists not only as a laborer but also as an owner in their capacity; the purpose of production is to obtain the use value of products directly and own the surplus products collectively to sustain the entire community. In the late primitive society, there emerged the first social division of labor, as proposed by Engels, which separated pastoralism from agriculture, followed by the second social division of labor separating handicrafts from agriculture, and then the third social division of labor separating commerce from other industries. Starting from the first social division of labor, “we find all the conditions ripe for exchange between branches of different tribes and its development into a regular established institution” (Engels, 2018c, p. 178). The contact and exchanges between communities mark the beginning of the transformation of products into commodities and the subsequent development of money, signaling the onset of the market-based division of labor. This also marks the beginning of the mutual promotion between the team-based and market-based divisions of labor and the nascent stage of the general mechanism of economic development characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion.

3.3.2 Slave mode of production and feudal mode of production. With the disintegration of primitive public ownership came the advent of private ownership and social classes. The slave mode of production emerged when some individuals (such as war captives) became the private property of others. When landlords owned the primary means of production (i.e., land) and partially owned the direct producers, whether serfs or peasants, the feudal mode of production arose. In both slave and feudal societies, the dominant slave mode or feudal mode of production coexisted with small-scale production (the typical forms are smallholder economy and small-scale handicraft industry, characterized by the combination of personal labor with privately owned means of production). On the one hand, as a self-sustained small-scale production mode, “this mode of production presupposes parceling of the soil and scattering of the other means of production. As it excludes the concentration of these means of production, so also it excludes cooperation, division of labor within each separate process of production, the control over, and the productive application of the forces of Nature by society, and the free development of the social productive powers” (Marx, 2018a, p. 872). On the other hand, the dominant slave or feudal modes of production, through organized division of labor, fostered the development of commodity and monetary economies, intensified market competition and exacerbated the contradiction between private labor and social labor, leading to the concentration of means of production. “The transformation of the individualized and scattered means of production into socially concentrated ones, of the pigmy property of the many into the huge property of the few, the expropriation of the great mass of the people from the soil, from the means of subsistence, and from the means of labor, this fearful and painful expropriation of the mass of the people forms the prelude to the history of the capital” (Marx, 2018a, p. 873). The team-based division of labor and self-sufficient production methods underwent prolonged competition, ultimately resulting in the bankruptcy of small-scale production methods. An increasing number of people were involved in the systems of team-based and market-based division of labor. The general mechanism of economic development continuously evolved, characterized by a cumulative cycle of labor division and market expansion that were mutually reinforced.

3.3.3 Capitalist mode of production. The capitalist mode of production is an organizational form of labor division based on the private ownership of the means of production and a system of free wage labor. Marx and Engels revealed that the fundamental contradiction in capitalist society is the conflict between the private ownership of means of production and the socialization of production. This contradiction is manifested as the conflict between the bourgeoisie and the proletariat in class relations. This antagonistic nature determines the unique features of the general mechanism of economic development characterized by the

cyclical accumulation and mutual promotion of division of labor development and market expansion within the capitalist socio-economic operation and development: the contradiction between the trend towards the unlimited expansion of production (expansion of labor division) and the relative reduction in the purchasing power of laborers, as well as the contradiction between the organized production within individual enterprises (i.e., the organizational and planned nature of the team-based division of labor) and the anarchy in the total social production process (i.e., the spontaneous and blind nature of the market-based division of labor), leading to economic development being persistently interrupted by periodic economic crises.

3.4 The choice of the evolutionary thread: from the mode of production to the general mechanism of economic development and then to the pattern of economic operation and development

The logical hierarchy of the broad Marxist political economy encompasses three levels: highly abstract modes of production, relatively concrete modes of production and specific concrete modes of production. The relatively concrete modes of production give rise to the general mechanism of economic development, while the specific concrete modes of production determine the pattern of economic operation and development. Therefore, overall, the logical hierarchy starts from the mode of production to the general mechanism of economic development and further the pattern of economic operation and development (see Figure 3).

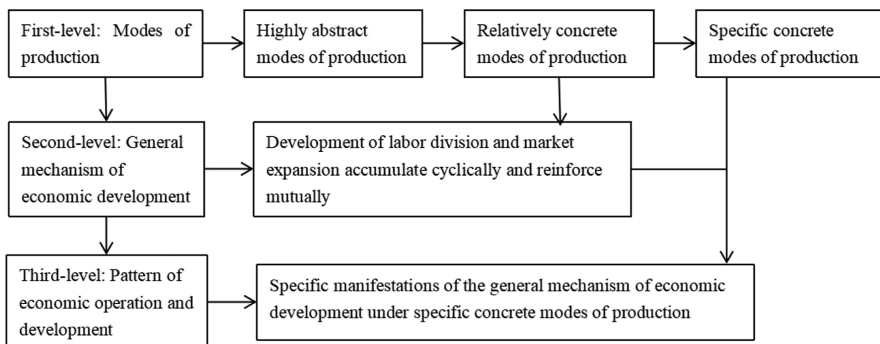
China's economic modernization has realized long-term prosperity and stability of China's economy, which poses a theoretical issue that requires further exploration. Following the main thread of evolution from the mode of production to the general mechanism of economic development and, subsequently, to the pattern of economic operation and development, this paper employs the principal contradiction analysis method to provide an interpretation of China's economic modernization from broad Marxist political economy.

4. Get organized: the engine and mechanism for China's economic modernization

4.1 Unity of theoretical and historical logic at the starting point

Get organized to implement the division of labor, thereby establishing a foundation of public ownership of means of production for the development of a team-based division of labor (1949–1956)

4.1.1 "Get organized" is the political prerequisite for China's economic modernization. Modern China's social nature was semi-colonial and semi-feudal, with low productive forces



Source(s): Compiled by the authors

Figure 3. The logical hierarchy of broad Marxist political economy

and people exploited by imperialist and feudal systems. Therefore, the CPC recognized that the then principal social contradictions were between imperialism and the Chinese nation and between feudalism and the masses. Under the repression of imperialism and feudalism, individual survival and development capacities were severely inadequate both in absolute and relative terms. To achieve victory in the anti-imperialist and anti-feudal struggles, it is necessary to compensate with the “united power and collective action of hordes”. Therefore, we must get the masses organized. In the *Report on an Investigation of the Peasant Movement in Hunan*, Mao (1991a, pp. 13–14) explicitly proposed to “organize the masses.” [15] In his speech titled *Get Organized* at the Hero Labor Conference in Yan’an, Shaanxi-Gansu-Ningxia Border Region in 1943, Mao Zedong pointed out, “The masses have great creative power,” and “to organize the strength of the masses is one policy” (Mao, 1991b, pp. 930–933). Throughout the 28 years of hard struggle, all the policies and strategies adopted by the CPC aimed at getting the masses organized to fight against imperialism and feudalism, thereby achieving national independence and people’s liberation. By organizing the masses, the People’s Republic of China was established in 1949, laying the political prerequisites for China’s economic modernization.

4.1.2 The choice of the relative concrete mode of production pursues a path of team-based division of labor. The founding of the People’s Republic of China marked the beginning of a new historical phase in the modernization of China’s economy. At this juncture, China faced the choice between maintaining the traditional self-sufficient mode of production or adopting the labor-based mode of labor division. Undoubtedly, the latter was the necessary path forward, which entailed getting organized to implement a “broader division and combination of labor”. As Comrade Mao Zedong pointed out, “The masses have boundless creative power. They can organize themselves and concentrate on places and branches of work where they can give full play to their energy; they can concentrate on production in breadth and depth and create more and more undertakings for their own well-being” (Mao, 1999a, p. 457). “Get organized” marks the historical logical starting point for China’s economic modernization. Correspondingly, the theoretical logical starting point is the division of labor, specifically, the second type of division of labor, which refers to the team-based division of labor. In this way, the theoretical logic aligns with the historical logic right from the starting point.

4.1.3 The choice of specific concrete mode of production lays the foundation of public ownership of the means of production for the development of the team-based division of labor. The team-based division of labor can be constructed on the basis of private ownership of the means of production to follow a capitalist path or on the basis of public ownership to follow a socialist path. How should China choose for its economic modernization? From the world history perspective, the capitalist path cannot achieve China’s industrialization and modernization in a relatively short period. If we consider the 1940s as the end of the Second Industrial Revolution, it took approximately 200 years for both the United Kingdom, with a population in the tens of millions, and the United States, with a population in the hundreds of millions, to complete the first and second industrial revolutions. To complete the first and second industrial revolutions with a larger population base, China would undoubtedly require more time than the United States and the United Kingdom spent if we were to choose the capitalist path of development. Moreover, taking 200 years to achieve national industrialization and modernization would certainly be unacceptable to the people, let alone the Communist Party of China. The great changes unseen in a century that are currently occurring in the world serve as a stark reminder that, within the existing international political and economic environment dominated by developed countries, competition among nations will not afford the Chinese nation such leisurely time. The Soviet Union followed the path of socialism and developed a state-owned economy. Within approximately 30 years, from the second decade to the mid-20th century, the Soviet Union achieved national industrialization and modernization. Emulating the Soviet model by adopting the socialist path to accelerate the pace of modernization was the prevailing consensus at that time. As early as 1944, Comrade Mao (1996a, p. 146) pointed out: “For China’s national independence to be firmly guaranteed,

it must become industrialized. We Communists are committed to striving for China's industrialization." However, at the outset of China's economic modernization, the state of the country's industry was as Mao described: "What can we manufacture now? We can make tables and chairs, teacups and teapots, grow grain, and grind it into flour, and even produce paper. But we cannot manufacture a single automobile, airplane, tank, or tractor" (Mao, 1999a, p. 329). The generation represented by Comrade Mao Zedong, which experienced the decline of the Chinese nation and endured trials of blood and fire, was eager to find a quick path to industrialization and modernization, driven by the deep-seated desire for national rejuvenation. Mao (199a, p. 299) indicated that the capitalist path could also increase production, but was lengthy and painful. In 1950, after visiting the Soviet Union, Mao said: "The history of the development of the first socialist country provided us with the best experience and that we could use their experience for reference" ([Zhonggong zhongyang wenxian yanjiushi \[Party Literature Research Center of the CPC Central Committee\], 2013, p. 99](#))

Upon its founding, the People's Republic of China faced threats from the capitalist bloc led by the United States. The individual capacity for survival and development, whether in absolute or relative terms, was severely insufficient. It was only through collective action and organization that China could enhance its capacity for survival and development to truly "stand up". [16] However, considering the principal social contradiction, it was impossible to quickly and widely organize the masses for "a broader division and combination of labor" in an underdeveloped agricultural country based on private ownership. This was due to the severe constraints imposed by the principal social contradiction between the working classes and the bourgeoisie, and between the peasantry and the feudal bourgeoisie. In other words, the united power and collective action of hordes were severely limited by the class contradictions rooted in private ownership [17]. Therefore, while pursuing the capitalist path and depending on the spontaneous development of private ownership might organize the people to some extent, it could not organize them more quickly and broadly to undertake "a broader division and combination of labor." Therefore, the principal social contradiction leaves little room for reconciling the tension between individual actions and collective actions. It can be said that, at that time, unless the path of private ownership was blocked, the steps toward China's industrialization could not be taken [18]. To resolve this principal social contradiction, "the proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the State, i.e., of the proletariat organised as the ruling class; and to increase the total of productive forces as rapidly as possible" (Marx and Engels, 2018b, p. 49). In other words, state power combined with public ownership of the means of production would enable a faster and more extensive organization of "the more extensive division and combination of labor." After the founding of the People's Republic of China, the Party led the people to overcome a series of severe challenges in the political, economic and military spheres within three years, thereby restoring the national economy and creating the conditions for embarking on socialist revolution and large-scale economic construction. In 1953, the Party officially proposed the general line for the transition period, which aimed to gradually achieve the socialist industrialization of the state and the socialist transformation of agriculture, handicrafts and capitalist industry and commerce over a considerable period. "The essence of the Party's general line during the transition period is to make the socialist ownership of the means of production the sole economic foundation of our country's state and society," according to Mao (1999a, p. 316). The initial plan for the transition period was to span three five-year plans. However, under the leadership of the Communist Party of China, the masses were broadly organized, and by 1956, the socialist transformation of agriculture, handicrafts, and capitalist industry and commerce was largely completed, establishing a system of public ownership of the means of production that covered the entire society. Therefore, in certain specific modes of production, a foundation was laid for more rapidly and broadly organizing the masses through team-based division of labor under a system of public ownership of the means of production.

4.2 *Vigorously develop the team-based division of labor based on public ownership of the means of production, thereby laying a solid foundation for China's economic modernization (1956–1978)*

4.2.1 *The principal social contradiction [19] and development strategy.* As socialist transformation was largely completed by 1956, China entered the period of socialist construction. The principal contradiction during this period was the need of the people for rapid development in the economy and culture versus the current state of economic and cultural development, which could not meet the people's needs. This principal contradiction encompasses a wide range of issues. However, if we narrow the focus, one particularly salient aspect is highlighted in the resolution of the Eighth National Congress of the Communist Party of China regarding the political report, indicating "the contradiction between the people's demand for the establishment of an advanced industrial country and the reality of an underdeveloped agricultural country" ([Zhonggong zhongyang wenxian yanjiushi \[Party Literature Research Center of the CPC Central Committee\], 1994, p. 341](#)). Given the then domestic and international situations, a significant amount of human and material resources needed to be directed towards the development of heavy and defense industries to ensure state and national security, which represents "the people's demand for the establishment of an advanced industrial country." Agricultural support was essential for the internal accumulation of these resources, but then agricultural productive forces were still backward, unable to provide sufficient grain, oil, cotton, other raw materials and capital accumulation for the development of industrialization, particularly heavy and defense industries. This is the "reality of an underdeveloped agricultural country." The urgent and demanding task was to quickly establish an industrial and defense system to ensure national security and independence while also developing productive forces and improving people's living standards. The key to achieving this balance of development and security was industrialization. Therefore, the resolution of the political report from the Eighth National Congress of the Communist Party of China pointed out: "The current main task of the Party and the entire nation is to concentrate efforts on resolving this contradiction and to transform our country from an underdeveloped agricultural nation into an advanced industrial one as quickly as possible" ([Zhonggong zhongyang wenxian yanjiushi \[Party Literature Research Center of the CPC Central Committee\], 1994, pp. 341–342](#)). This principal social contradiction was the fundamental basis for formulating economic development strategies. On the one hand, from the perspective of security, developing the defense industry requires the support of the heavy industry; on the other hand, from the perspective of development, agriculture, light industry and infrastructure construction such as railways and highways also require the production materials supplied by heavy industry. Prioritizing the development of heavy industry is key to resolving the principal social contradiction and is an important support for balancing development and security. Therefore, prioritizing heavy industry development is a historically inevitable choice determined by the principal social contradiction and the need to balance development and security. Of course, prioritizing heavy industrial development does not mean it should advance in isolation; instead, under the Party's leadership, the people will engage in comprehensive, large-scale socialist construction to gradually build China into a socialist power with modern agricultural and industrial sectors, modern national defense and modern technologies, known as the "Four Modernizations" strategy with an emphasis on prioritizing heavy industry development.

4.2.2 *"Get organized".* The principal social contradiction and development strategy during the period of socialist construction, along with the weak material foundation, dictated that there remained little room for reconciliation between individual actions and collective actions. Collective action remained the principal aspect of the contradiction. Hence, regarding the specific concrete mode of production, the team-based division of labor production method, based on the public ownership of the means of production, must be vigorously developed.

- (1) Addressing the issue of the quantity and quality of the organized population. People are the main subjects of “getting organized,” and only by achieving a certain population scale and through the broader division and combination of labor can a comprehensive industrial system and national economy be formed, thereby achieving economic independence. During this period, given the extreme scarcity of capital, implementing the “Four Modernizations” strategy with the heavy industry development as the focus required substituting capital with manpower to overcome the constraints of capital shortage. Whether it was the construction of heavy industry and defense industry or the infrastructure construction of transportation, farmland irrigation and water conservancy, it largely relied on a huge-crowd strategy and the spirit of working hard and perseveringly. Apart from necessary machinery and equipment, other physical constructions like civil engineering, buildings and roads primarily depended on human labor, which means China capitalized on its abundant labor resources, adopting technological approaches that substituted labor for capital to develop heavy industry, defense industry and infrastructure like irrigation and water conservancy, railway and highway transportation from the 1950s to the 1970s [20]. Given the reliance on a larger workforce, a higher birth rate was necessary. Chairman Mao Zedong had a multi-faceted approach towards population control: First, he advocated for planned birth control in the long run, recognizing the natural need for human beings to plan their reproduction; second, from the perspective of the production-consumption relationship, he emphasized that people are not only consumers but also producers, advocating an optimistic rather than pessimistic attitude; third, he proposed addressing the issue of overpopulation only when the population reached around 800 million (Xiang *et al.*, 2019). Concurrently, to better align higher education with the strategic needs of prioritizing heavy industrial development within the “Four Modernizations,” private higher education institutions were nationalized, and adjustments were made to the faculties and academic disciplines of higher education institutions. Significant efforts were made to develop public health, medical care and sports, thereby improving the overall quality of the population in China. According to data from the National Bureau of Statistics, by 1978, China’s total population had rapidly increased to 960 million, with a life expectancy of 68 years and millions of scientific and technical personnel and skilled workers had been trained.
- (2) Developing the organizational form of the team-based division of labor based on the public ownership of means of production. After 1950, the Soviet Union assisted China with 156 key industrial projects, primarily focused on defense and heavy industries. What form of ownership did these key industrial projects and the supporting medium- and large-sized projects adopt? Clearly, they could not be handed over to private enterprises; thus, they inevitably adopted state ownership or collective ownership forms, initiating the nationwide industrialization process. Following the socialist transformation, there was a significant development of the team-based division of labor, manifested as state-owned enterprises and a collective economy based on the public ownership of means of production to accelerate China’s industrialization. According to data from the National Bureau of Statistics, by 1978, there were 52,781 people’s communes and 2,067 state-owned farms; the number of state-owned and collectively owned industrial enterprises reached 348,000. By 1980, there were 1.425 million commune and brigade enterprises and 2.369 million commercial, catering and service institutions. In essence, the entire national economy, from micro to macro levels, was organized in this manner, forming a highly centralized planned economic system with a prevalent planning regulation mechanism. The planned economy was essentially a second type of division of labor organized by the state, showcasing the institutional superiority of concentrating resources to achieve significant undertakings [21].

- (3) The “vanguard” played a crucial leading role in the broader division and combination of labor. One perspective intentionally or unintentionally emphasizes egalitarianism before the reform and opening-up era, advocating for “eating from a communal pot” and promoting “common poverty.” However, adhering to this theoretical viewpoint contradicts the *Resolution of the CPC Central Committee on the Major Achievements and Historical Experience of the Party over the Past Century*, which states, “achieving great success in socialist revolution and construction through a spirit of self-reliance and a desire to build a stronger China.” Thus, theory cannot genuinely unite with history and practice. We posit that, while income distribution disparities before the reform and opening-up were indeed narrow, it was not due to egalitarianism. Mao (1999c, pp. 11, 130) contended that “from each according to his ability, to each according to his work” is the socialist principle of distribution, which should be implemented throughout the entire socialist period, opposing egalitarianism. He argued that we must also check and correct two tendencies of our own—egalitarianism and excessive centralization. “Our stance is to oppose both egalitarianism and excessive inequality.” So, how should we view the small income distribution gap of that time? Given the low historical starting point of economic development and the gradual process of productivity improvement, widening the income gap under conditions of widespread material scarcity would result in more people struggling to meet basic needs. The ethical principle of “ensuring no one starves” takes precedence over efficiency (Xiang *et al.*, 2019). Although distribution was based on labor, the income gap should not be excessively large. Therefore, Mao Zedong emphasized both material incentives and spiritual encouragement.

During the period of socialist construction, the “spirit of the Red Flag Canal,” “the Daqing spirit,” “the aerospace spirit,” the “role model spirit,” and enterprise management innovations such as the “Angang Constitution” (two participations, one reform and three combinations) exemplify this fact: the Chinese Communist Party members and the masses shared hardships and worked arduously, with role models leading the way during socialist construction. Workers’ enthusiasm was fully displayed under the spirit of being the masters of their own destiny, on the path of the planned national economy, conducting a “broader division and combination of labor.” Especially under the state’s long-term planning and the guidance of the “vanguard,” inter-temporal “broader division and combination of labor” was carried out, making it possible for us to proudly witness the Beidou satellites traversing the vast universe today. Of course, this does not deny that there were instances where distribution according to labor was not practically implemented, leading to egalitarianism; but this was not the mainstream of that era. The mainstream was sharing hardships and working arduously [22]. Only by understanding history in this way can we connect and unify the different periods.

- (4) Leveraging the law of value to moderately employ the role of the “first type of division of labor,” i.e., market-based division of labor. During the period of socialist construction, Comrade Mao Zedong conducted an in-depth study and reflection on the economic issues facing Soviet socialism and Chinese socialism in the late 1950s. This led to significant explorations in the Chinese socialist political economy (Wu, 2013). He proposed learning from the lessons of the Soviet Union further to integrate Marxism-Leninism with the specific circumstances of China, aiming to identify a socialist construction path suited to China’s national conditions (Chen, 2013; Gu, 2020). Mao stated, “We should now utilize commodity production, commodity exchange, and the law of value as useful tools to serve socialism” (Mao, 1999b, p. 435). He emphasized that the law of value “is a great school; only by utilizing it can we educate our millions of cadres and hundreds of millions of people, making it possible to build our socialism and communism” (Mao, 1999c, p. 34). He also accurately noted that the nature of commodity production depends on the economic system it is connected to:

“Commodity production linked to the capitalist system is capitalist commodity production, whereas that linked to the socialist system is socialist commodity production” (Mao, 1999b, p. 439). This concept can be seen as the foundational thought for the later proposal of a socialist market economy. According to Marx’s categorization of “two types of division of labor,” developing commodity production and exchange corresponds to developing the “first type of division of labor,” which organizes market-based division of labor. This means establishing market relations between publicly owned enterprises and between producers and consumers, following the law of value and allowing the market to operate as a regulatory mechanism.

4.2.3 General mechanism of economic development. During the period of socialist construction, the general mechanism of development characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion has the following features: (1) Vigorous development of team-based division of labor organizations based on public ownership, quickly organizing the people to engage in a “broader division and combination of labor” and to “advance into the depth and breadth of production”; (2) The first type of division of labor, that is, market-based division of labor, has limited impact on market regulation [23]; (3) Through a “broader division and combination of labor,” improving the level of productive forces, with an emphasis on creating supply to generate demand. This involves focusing on improving the level of division of labor to enhance productivity, thereby expanding social demand. During this stage, among the “two types of division of labor,” the emphasis was on developing a team-based division of labor to address the question of “what to produce”, laying the foundation for a market-based division of labor in the next stage.

4.2.4 Economic operation and development pattern. (1) A predominantly planned regulatory mechanism was in place, demonstrating the institutional advantage of concentrating resources to achieve major tasks. (2) Given the need for internal self-reliance and external economic blockade, the focus on domestic demand led to a self-sufficient approach. This meant addressing the issue of “what to produce” on the supply side, emphasizing the cultivation and development of endogenous capabilities and advantages, and forming an internal economic circulation system primarily based on domestic division of labor. From 1952 to 1978, China’s foreign trade dependency remained below 10%. The “Four Modernizations” strategy prioritizing the development of heavy industry was a significant practice in strengthening China’s endogenous economic advantages through self-reliance (Xiang *et al.*, 2019). (3) Market-oriented division of labor was underdeveloped, while team-based labor division evolved in a relatively balanced manner between urban and rural areas and regions. By adhering to the principle of distribution according to work, the income distribution gap among residents was controlled, resulting in relatively small income disparities across society. (4) High accumulation, high investment and low consumption were characteristics of the period, completing the primitive capital accumulation necessary for the modernization of the Chinese economy. (5) In less than 30 years, large-scale farmland irrigation and water conservancy, as well as transportation infrastructure projects, were undertaken nationwide, establishing a relatively comprehensive and independent industrial and national economic system, defense system and scientific education system, making China the sixth largest industrial nation in the world.

Undoubtedly, “get organized,” i.e., developing the team-based division of labor based on public ownership, serves as the engine of China’s economic modernization and establishes a solid foundation for China’s economic modernization during the period of socialist construction.

4.3 Mutual promotion of the two types of divisions of labor: accelerating China’s economic modernization (1978–2012)

4.3.1 Principal contradiction and development strategy. During the periods of socialist revolution and socialist construction, China initially established a relatively complete

industrial system and national economic framework, achieving significant scientific and technological accomplishments exemplified by the development of nuclear bombs, missiles and satellites. By the late 1970s, the safety of the nation, people and country was fundamentally secured, easing the tension between development and security. Consequently, the principal contradiction shifted to addressing the need for development and prosperity. Thus, in the era of reform and opening-up and socialist modernization, the principal social contradiction became “the ever-growing needs of the people for a better life versus unbalanced and inadequate development”. According to the social principal contradiction at this stage, the main task of the Party was to continue exploring the correct path for building socialism in China, liberating and developing productive forces, and enabling the people to escape poverty and achieve prosperity as quickly as possible. This was aimed at providing robust systems and rapidly growing material conditions for the great rejuvenation of the Chinese nation. Therefore, a development strategy of socialist modernization targeting a moderately prosperous society was formed.

Although a highly centralized planned economic system can leverage the advantages of concentrating resources to accomplish major tasks, it faces significant challenges: (1) The vitality of workers is difficult to manifest outside the tracks of a national economic plan, resulting in insufficient diversification in the development of societal products; (2) Market-based division of labor is restricted, and the market’s regulatory mechanism has a very limited role in resource allocation. Production scale is primarily determined by plans rather than market demand, which often fails to achieve economies of scale and leads to underutilization of production potential; (3) The increasing complexity of the division of labor, combined with the inherent contradictions between individual and social labor (Cai, 2023, p. 375), and the subjective, individualistic, diverse and absolutely variable nature of product value, make it difficult for any social center to accurately measure value quantity independently of the involved parties. This results in an increasing trend in the marginal cost of planning scale; namely, once the plan’s scale surpasses a certain point, the marginal cost of planning increases. This limitation necessitates a shift from a planned economy to a market-driven economy, leveraging the decentralized decision-making of economic agents [24]. Furthermore, external blockades have led China’s economy to function in a passive internal circulation, hindering the full development of the potential for wider division and combination of labor based on its large population. To implement a development strategy aimed at achieving a moderately prosperous society, thereby resolving the contradiction between the people’s growing material and cultural needs and inadequate social production, reform and opening up are required.

4.3.2 “*Get organized*”. During the period of reform, opening-up and socialist modernization, the principal social contradiction and development strategies provided significant room for maneuvering the tension between individual and collective actions. The development of productive forces during the socialist construction period offered a certain material foundation for reconciling this contradiction.

- (1) The agricultural production model has shifted from collective to family-based management on the foundation of public land ownership. In a certain sense, this reflects a transition from a team-based division of labor to a family self-sufficient production model. With various reform measures implemented in the agricultural sector—such as reducing mandatory planning directives, abolishing the unified purchase and sale system, implementing a dual-track pricing system, guiding cross-regional migration of farmers, loosening regulations on the development of non-public ownership economies and allowing negotiated land transfers—farmers were granted the freedom to choose regarding migration, employment, investment and production management. The organizational evolution of Chinese agriculture has followed a trajectory from people’s communes to family-based management, agricultural commercialization, agricultural industrialization and then farmer team-based organization (Xiang and Han, 2007). Overall, on the one hand, the team-based

division of labor and self-sufficient production models coexist; on the other hand, the market-based division of labor from agricultural products to the farm production process has developed. Most farmers are involved in the market-oriented division of labor to varying degrees, but some farmers, due to a lack of industry and low transaction efficiency, cannot effectively participate in this market-oriented division of labor. This set the stage for the later “targeted poverty alleviation” initiatives.

- (2) In the 1980s and 1990s, township and village enterprises (TVEs), mainly based on “commune and brigade enterprises,” experienced rapid growth. Wen (2016, p. 31) highly praised this phenomenon, stating that this “Chinese-style” rural industrialization was essentially in line with the wave of “proto-industrialization” that occurred in Europe, especially in Britain, during the 17th and 18th centuries, just before the Industrial Revolution, sharing the same significance, mechanisms and patterns. This wave of rural industrialization, led by TVEs, ignited the first industrial revolution characterized by labor-intensive industries such as light textiles. According to data from the National Bureau of Statistics, between 1978 and 2000, the number of TVEs increased from 1.52 million to 20.85 million, the number of employees grew from 28.27 million to 128.2 million and the added value of TVEs rose from 20.9 billion yuan to 2.7156 trillion yuan. The development of TVEs greatly promoted the development of both team-based division of labor and market-based division of labor.
- (3) Beginning in 1984, a comprehensive economic reform with a focus on urban areas was launched to develop an ownership structure with public ownership as the mainstay, accompanied by multiple forms of ownership, along with corresponding team-based division of labor, given that with the development of productive forces, the transformation of principal social contradiction and economic development strategies, and the improvement of the external security environment, the tension between individual action and collective action gained more room for maneuver and reconciliation. Under the premise of public ownership as the mainstay, subjective and objective conditions for developing the non-public economy were formed. The team-based division of labor organizations based on a diverse ownership structure got to thrive.
- (4) In accordance with the requirements for developing a socialist market economy, vigorous efforts were made to develop transportation and other infrastructure, continually improve the goods and factor markets, and gradually establish a unified and open national market system. As a result, transaction efficiency was enhanced, market-driven division of labor was continuously expanded and the market played a fundamental role in resource allocation.
- (5) From establishing special economic zones including Shenzhen, developing and opening up Pudong, promoting the opening-up of coastal, border, riverfront and inland central cities, to joining the World Trade Organization, from “bringing in” to “going global,” fully utilizing both international and domestic markets and resources, leveraging the comparative advantages of the labor force endowment and the latecomer advantage to develop the manufacturing sector, and implementing an export-oriented strategy to expand into global markets and further unlock the potential of “broader division and combination of labor.”
- (6) Improving government planning. Significantly reducing the scope and scale of government plans, shifting the primary focus from directive planning to indicative planning. The focus of government planning was guiding the development of fundamental and key industries that were essential to the national economy and people’s livelihoods, the scientific guidance and regulation of the macroeconomy using fiscal, monetary and industrial policies, and providing social security and public goods (including economic order) services for all citizens.

4.3.3 General mechanism of economic development. During the period of reform, opening-up and socialist modernization construction, the general mechanisms of economic development characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion exhibit the following features: (1) The team-based division of labor organization with public ownership as the mainstay, alongside multiple forms of ownership economies is developed; (2) The market-based division of labor was greatly boosted, with the market playing a fundamental role in resource allocation to a greater extent and on a larger scale; (3) The focus was on from expanding markets and increasing demand to further unleashing the potential of broader division and combination of labor, and ultimately advancing the level of productive forces. The general mechanism of economic development, characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion, continued to evolve.

4.3.4 Economic operation and development pattern. (1) Combining planned and market mechanisms to form an economic operation mechanism where the government regulates the market and the market guides enterprises; (2) Mainly leveraging the comparative advantages of labor factors and latecomer advantages, developing industries with comparative advantages, actively participating in the international division of labor, with a continuous increase in foreign trade dependency, which reached 66% in 2008, forming a development pattern primarily driven by international economic cycles; (3) The mutual promotion between the team-based division of labor and market-based division of labor drove urbanization, with urban areas becoming the primary carriers of the two types of division of labor; (4) The development of light industry, urbanization and basic infrastructure, such as transportation and communication, generated enormous market demand for heavy industry, leading to the second golden period of development for heavy industry in China in the late 1990s, and by 2010, China became the world's largest manufacturing nation, completing the second industrial revolution represented by industrial urbanization; (5) Investment, consumption and exports have become the "three engines" driving economic growth; (6) In relatively concrete modes of production, the development of the division of labor remains unbalanced and insufficient. Groups deeply integrated into domestic and international divisions of labor see relatively rapid income growth, while those less integrated or not integrated at all (i.e., those with higher unemployment or self-sufficiency levels) experience slower income growth [25]. In particular modes of production, the modes of production based on public ownership coexist with those based on non-public ownership. Correspondingly, in the distribution mechanism, distribution predominantly based on labor contribution coexists with multiple distribution methods. The combination of these two levels (i.e., development and distribution) has jointly propelled the widening of income disparities among residents.

Undoubtedly, the rapid growth and mutual promotion of the "two types of division of labor" facilitated high-speed development in China's economic modernization despite unbalanced and insufficient development.

4.3.5 Theoretical reflection. Why was it possible for the people's commune to transition to the household contract responsibility system? Is the low level of productive forces and uneven development a justification for developing a non-public economy? Prior theoretical analyses of the transition from the people's commune to the household contract responsibility system primarily focus on the perspective that the absence of residual rights leads to endogenous transaction costs (Lin, 1988; Zhou, 1994). The household contract responsibility system can be viewed as a self-sufficient structure without internal division of labor, which naturally avoids endogenous transaction costs but also cannot reap the benefits of the economy of the division of labor. In contrast, the people's commune was a team-based division structure, and any team-based organization will generate endogenous transaction costs, but it can also enjoy the benefits of the economy of the division of labor. As long as the benefits from the economy of the division of labor in the people's commune exceed the endogenous transaction costs, it remains efficient. In other words, the analysis of these two production methods—people's commune and household contract responsibility system—should be grounded in the conflict

between the economic benefits of the division of labor and endogenous transaction costs. Analyzing the transition solely from the perspective of endogenous transaction costs is insufficient. The people's commune organized the masses to complete nationwide irrigation and water conservancy projects, developed "five small industries" (iron and steel, fertilizer, machinery, cement, coal and hydropower) to promote agricultural mechanization and chemicalization and enhanced individual survival and development capabilities. The household contract responsibility system later realized the crop yield per acre achieved by the collective. Given similar crop yields per acre, it is economically rational for an organization with no endogenous transaction costs to replace one that generates such costs. However, if nationwide irrigation improvements and agricultural mechanization and chemicalization had not been completed, or if a smallholder economy based on family farming had been maintained after the founding of the People's Republic of China, would this be viable?

Schultz (1987) opined that merely recombining existing production factors within traditional agriculture is futile for its development. The 176 cases documented in *The Socialist Upsurge in China's Countryside*, compiled under the direct supervision of Mao Zedong, provided a negative answer to the scattered smallholder economy based on family farming. For instance, in the context of smallholder agricultural production, grain crop yield in China was only 68.6 kilograms per mu in 1949. However, with the progression from mutual aid teams to elementary cooperatives, advanced cooperatives, and then to people's communes, grain crop yields steadily increased, reaching 88.1 kilograms per mu in 1952, 97.3 kilograms in 1957, 108.4 kilograms in 1965, 134.1 kilograms in 1970, 156.7 kilograms in 1975 and 168.5 kilograms in 1978. By 1982, with the shift to the household contract responsibility system, yields had increased to 208.3 kilograms per mu [26]. It is precisely because new productive forces were obtained that the ability of individuals to survive and develop was absolutely enhanced. As a result, the transition from people's communes to household contracting did not decrease crop yields; rather, it even led to improvements. Therefore, it can be said that the people's communes were the entities that developed the productive forces and enhanced individual survival and development capabilities, creating the material foundation that allowed for self-negation and the shift towards household contracting in agriculture. Additionally, the commodity exchange that began between communes became a significant force in the disintegration of the communes, similar to how primitive communities were dissolved.

However, when it is mentioned here that "the people's commune can transition to the household contract responsibility system," it also implies that not all communes must transition to the household contract responsibility system. This is because the people's commune was actually an integrated agricultural-industrial-commercial combine. The "broader division and combination of labor" in this context was not limited to agricultural production and management but extended to the development of industry and commerce. The division of labor in such combines often surpassed that within agriculture alone, thereby significantly reducing the constraints of endogenous transaction costs within people's communes. This is evidenced by the continued existence of people's communes in places like Huaxi Village, Zhaojiazhuang Nanjie Village and Dazhai Village, as well as the development of township enterprises across the country. When some farmers engaged in the household contract responsibility system were constrained by self-sufficiency under market economy conditions and could not effectively engage in market-based division of labor due to relative inadequacies in individual survival and development capabilities, team-based division of labor to facilitate market-based division of labor became a historical necessity.

In the 1980s, an essential justification for developing a non-public economy in China was low productive forces and uneven development. From a historical perspective, when individual survival and development capabilities are grievously inadequate and require "united power and collective action of hordes" to compensate, public ownership becomes an institutional choice to support collective action. Therefore, low productive forces are more likely to justify developing public ownership rather than a non-public economy [27]. Marx and

Engels both believed that private ownership arose in the process of productive force improvement and the development of the division of labor. It was precisely due to 30 years of public sector economic development before the reform and opening up that productive forces improved, and individual survival and development capabilities were enhanced, leading to increased individual actions and creating a realistic demand for a non-public economy. Thus, the presence of private ownership in the primary stage of socialism is “not a result of underdeveloped productive forces” (Cai, 2023, p. 48). In fact, public and private ownership are contradictory outcomes that align with certain levels of productive forces and environmental conditions—specifically, the absolute enhancement of individual survival and development capabilities versus the relative inadequacy of such capabilities (i.e., the dichotomy between individual actions and collective actions). According to Marx’s vision of a future society, it is only when productive forces have advanced to such an extent that social wealth flows abundantly and the degree of socialization of production has reached a high level, leading to a complete unity of individual and collective interests, as well as personal and social labor, that the “negation of the negation” in terms of ownership will be fully realized. Therefore, the argument for the “withdrawal of private enterprises” at the current stage and for a considerable period into the future is untenable.

4.4 High-quality development of the two types of division of labor: promoting high-quality development of China’s economic modernization (2012 to present)

4.4.1 Principal contradiction and development strategy. Since the 18th National Congress of the CPC, socialism with Chinese characteristics has entered a new era. As the economy develops continuously, people’s needs for material and cultural life are shifted to the pursuit of a better life, with its focus transitioning from quantity to quality. However, social and economic development still faces issues of imbalanced and inadequate growth across various domains, such as economic construction, political development, cultural advancement, social development and ecological civilization. This imbalance is also evident across different regions, urban and rural areas, industrial chains and fields of science and technology, becoming the main constraint in meeting people’s ever-growing needs for a better life. Meanwhile, with the changing international political and economic landscape, we are facing unprecedented transformations not seen in a century, heightening tensions between development and security. The earlier phase of imbalanced and inadequate development has compounded the difficulty in balancing growth and security. For instance, self-driven innovation in high-tech and high-end segments of industrial chains is insufficient with imbalanced and inadequate development, thus easily being “choked” by others. Whether to address development issues or security issues, the core is to resolve the problem of imbalanced and inadequate development. Hence, the principal contradiction in the new era of socialism with Chinese characteristics is the contradiction between people’s ever-growing needs for a better life and unbalanced, inadequate development.

To address the principal contradiction in the new era, China’s strategy for economic modernization must embrace the new development concepts of innovation, coordination, green growth, openness and shared prosperity, pursuing a path of high-quality development. This involves establishing an industrial foundation that supports the acceleration of a new development pattern where the domestic economy is the mainstay, and domestic and international circulations reinforce each other. Additionally, it is essential to provide a robust real economy that coordinates both development and security, enabling China to rapidly catch up with and lead the development of the times.

4.4.2 “Get Organized”. The principal social contradictions and development strategies of the new era of socialism with Chinese characteristics, along with the tasks of coordinating development and security, and the “material conditions for rapid development” provided during the period of reform, opening up and socialist modernization (Central Committee of the CPC, 2021, p. 15), have created greater flexibility for reconciling the contradictions between

individual and collective actions. Through high-quality development, it is possible to transform the potential zero-sum relationship between individual and collective actions into one of mutual coordination and promotion.

- (1) Adhering to the two “unwavering principles”. On the one hand, unwaveringly consolidating and developing the public sector; and second, unwaveringly encouraging, supporting and guiding the development of the private sector and push for high-quality development of team-based division of labor. On the one hand, this entails promoting the improvement of the modern enterprise system with Chinese characteristics in state-owned enterprises (SOEs), accelerating the optimization of the layout, structural adjustment and strategic reorganization of the state-owned economy, and enhancing the competitiveness, innovation capability, control, influence and risk resistance of the state-owned economy to make state-owned capital and enterprises get stronger, do better and grow bigger. On the other hand, it involves continuously optimizing the development environment and policy support for the private economy, focusing on promoting high-quality development in the private sector. This includes eliminating market entry barriers from the perspectives of legal, policy and market environments, fully implementing policies and systems for fair competition, improving social credit incentives and constraints mechanisms, market-based restructuring mechanisms and financing support policies, legally protecting private enterprise property rights and entrepreneur rights, continuously improving the intellectual property protection system, guiding the improvement of governance structures and management systems to support the enhancement of technological innovation capabilities, supporting participation in major national strategies, and fostering and promoting entrepreneurial spirit. In sum, through the construction of a high-level socialist market economy system, China continuously optimizes a stable, fair, transparent and predictable development environment, fully unleashes the vitality and dynamism of the private economy, and promotes the high-quality development of private enterprises.
- (2) Building a unified national market and boosting high-quality development of market-based specialization. This entails strengthening and unifying foundational market system rules, facilitating the improvement of the comprehensive property rights protection system, implementing a unified market access regime, maintaining a unified fair competition system, and establishing a comprehensive social credit system. It is advocated to promote the market connectivity with high-standard infrastructure to upgrade circulation networks, streamline information exchange and enhance platform functionality, with a focus on boosting market operational efficiency; create a unified market for factors and resources by establishing and improving unified land and labor markets, capital markets, technology and data markets, energy markets and the ecological environment market; promote a high level of unification in the goods and services markets, focused on refining quality and standards system; ensure fair and consistent market regulation to enhance regulatory stability and predictability, thereby improving regulatory efficiency. China aims to establish an efficient, standardized and competitively fair domestic market to foster high-quality development in the market-based division of labor and better utilize the function of the efficient market.
- (3) Promoting the modernization of the state governance system and governance capacity to leverage the role of an active government better. China’s economic development has reached a stage where it is poised to leap over the “middle-income trap” and enter the ranks of high-income countries. Traditional factor advantages are gradually diminishing, necessitating a shift from factor-driven to innovation-driven economic development. Against the backdrop of the U.S. “decoupling and disconnection” from

China, “the broader division and combination of labor” face bottlenecks in key scientific technologies and the industrial development challenges thereof. It is particularly essential to drive industrial innovation through technological innovations and foster new industries, models and drivers through disruptive and frontier technologies. This will develop new quality productive forces, build strategic emerging industries, explore future industries and accelerate the transformation and upgrading of traditional industries. Therefore, it is even more critical to pave the way for the development of new quality productive forces by improving the superstructure and production relations. Since the 18th National Congress of the CPC, the Party has led the masses in advancing the holistic framework of the “Five-Sphere Integrated Plan” and the strategic framework of the “Four-Pronged Comprehensive Strategy,” continuously improving the system of socialism with Chinese characteristics and enhancing the modernization of the state governance system and governance capacity. This has better leveraged the role of an active government, achieving high-quality economic and social development.

- (4) Developing a higher-level open economy guided by the vision of building a global community with a shared future. Since the 18th National Congress of the CPC, we have coordinated both domestic and international situations, adhered to the basic national policy of opening up, maintained peaceful development and promoted common development. We have consistently pursued a mutually beneficial strategy of opening up, and upheld proactive and engaged opening-up policies. We have comprehensively improved the level of openness, propelled the liberalization and facilitation of trade and investment, and continuously deepened openness involving the flow of goods and factors. We have steadily expanded institutional openness in terms of rules, regulations, management and standards. The Belt and Road Initiative (BRI) has been a guiding force in promoting the reform and improvement of the global economic governance system. We have actively taken on international responsibilities and obligations commensurate with our capabilities and status, upheld the multilateral trading system and elevated the development of a higher-level open economy to new heights. By expanding openness to foster innovation, propel reforms and promote development, the eastern coastal regions have continued to play a leading role in opening up. Meanwhile, we have accelerated the development of inland open highlands, steadily advanced border (cross-border) economic cooperation zones, and key pilot zones for development and opening up along the border. China has made significant progress in the reform and innovation of pilot free trade zones, creating a new framework for comprehensive openness that is all-dimensional, multi-level and wide-ranging. By improving the regional layout of opening up, as well as the trade and investment structures, injecting new momentum into China’s economic development, adding vitality and expanding new opportunities. Proactively engaging in opening-up allows China to take the initiative in economic development and international competition, thereby enhancing its ability to organize global resources, industries and markets.

4.4.3 General mechanism of economic development. In the new era of socialism with Chinese characteristics, the development mechanism characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion has the following features: (1) The team-based labor division mode based on public ownership of means of production and the team-based labor division mode based on non-public ownership and mixed ownership develop synergistically and promote each other; (2) High-quality development of the market-based division of labor leverages the decisive role of the market in resource allocation; (3) Adhere to the dynamic unity of supply side and demand side, maintain the unity of high-quality team-based division of labor and high-quality market-oriented division of

labor, and unify the goals of “increasing the pie” and “distributing the pie well,” thereby forming a higher-level dynamic balance where high-quality supply leads and creates new demand, while demand drives supply.

4.4.4 *Pattern of economic operation and development.* (1) Persist in promoting a better combination of efficient market mechanisms and an active government, and more scientifically leverage the complementary advantages of market regulation and planned regulation. (2) Adhere to the strategy of “fostering advantages for development” (Xi, 2017b, p. 54), integrating the reinforcement of existing strengths, tapping into latent strengths and developing new strengths (Xi, 2006, p. 73). Accelerate the establishment of a new development pattern that takes the domestic cycle as the mainstay, with domestic and international cycles mutually promoting each other. (3) On the supply side, insist on structural supply-side reform as the main task, driving changes in the quality, efficiency and dynamism of economic development while improving total factor productivity. Implementing policy measures aimed at “reducing excess capacity, destocking, deleveraging, lowering costs, and filling gaps” in the supply structure to reduce ineffective supply and increase effective supply. Regard technological independence and self-strengthening as strategic supports for national development and build a new national system under the conditions of a socialist market economy that focuses on breakthroughs in key core technologies. This system should form a division of labor and coordination mechanism that concentrates on accomplishing significant tasks. Implement the innovation-driven development strategy to create an industrial ecosystem that unifies talent chains, innovation chains, industrial chains, supply chains, value chains and demand chains, thereby continuously overcoming bottlenecks in key core technologies. Further break through the industrial development bottlenecks encountered by the broader division and combination of labor, promoting the upgrading of the industrial foundation and modernization of the industrial chain. Maintain a basically stable proportion of the manufacturing industry, enhance the competitive edge of the manufacturing sector and drive high-quality development in manufacturing. Accelerate the construction process of new infrastructure represented by next-generation information infrastructure, vigorously promote digital industrialization and industrial digitalization, guide the deep integration of the digital economy and the real economy, and drive the development of new productive forces. (4) On the demand side: Firstly, deepen the scope of domestic and international markets. Domestically, a ten-year “targeted poverty alleviation” program was implemented in underdeveloped remote areas, developing industrial poverty alleviation based on collective economy and market-oriented poverty alleviation based on transportation and communication networks. This approach synergistically promoted team-based and market-based division of labor, incorporating nearly 100 million people into a unified national market and historically solving the poverty issue. Internationally, China promoted high-quality development of the Belt and Road Initiative to form a diversified international market. Secondly, promote common prosperity. With a focus on “bolstering the lower-income groups, expanding the middle-income groups, and adjusting the higher-income groups,” improve the primary distribution system based on the market and increase labor compensation’s share in the primary distribution. Enhance the intensity and precision of tax, social security and transfer payments, and reasonably adjust the relations between urban and rural areas, regions, and different groups regarding distribution to narrow the gap in income distribution. Effectively utilize charitable organizations in supporting the elderly, rescuing orphans, aiding the sick, assisting the disabled, poverty alleviation, disaster relief and providing for entitled groups, thereby advancing the process towards common prosperity.

There’s no doubt that the high-quality development and the mutual promotion of the two types of division of labor boost the high-quality economic modernization of China in a more balanced and comprehensive manner. In summary, from the period of rapid economic modernization during the reform and opening-up and socialist modernization construction to the promotion of high-quality economic modernization in the new era of socialism with Chinese characteristics, the mechanism of economic development characterized by the

endogenous development of “get organized” and the cyclic accumulation of market expansion has been a crucial means for achieving economic modernization in China, ensuring long-term stability and prosperity.

4.5 The CPC is always the core force of “get organized”

Reflecting on the grand tapestry of the CPC leading China’s revolution, construction, reform and opening-up, we deeply recognize that the core force leading China’s undertakings has always been the Communist Party of China, and the theoretical foundation has always been the power of Marxism-Leninism. In the process of organizing the people to achieve economic modernization, the CPC has always been the core organizing force. There are three fundamental reasons why the CPC is able to organize the masses and transform China into a modern state within a relatively short period: (1) Adhering to the principle of whole-heartedly serving the people, maintaining people-centered development, upholding the notion of “people first,” and always regarding the enhancement of people’s well-being as the primary purpose of development, constitute the fundamental driving force of organization; (2) Undertaking the mission of national rejuvenation by combining the basic principles of Marxism with China’s actual conditions and excellent traditional culture, seeking truth from facts and formulating corresponding strategies, guidelines, principles and policies according to the contradiction, conditions, goals and tasks of different stages, forming a theoretical, institutional, path and cultural system for the sinicization and modernization of Marxism, serving as a systemic guarantee for getting organized; (3) Continuously carrying out self-revolution, forming a strong core leadership at every stage, fostering millions of excellent cadres and pioneering exemplars, and bringing into full play the “spirit of historical initiative and creativity” in the organization, plays a vital leading role.

Xi Jinping (2014, p. 118) stated: Adhering to the leadership of the Party and harnessing its role as the core leadership that oversees the overall situation and coordinates various aspects is a significant feature of China’s socialist market economic system.” According to the report to the 19th National Congress of the CPC, the greatest advantage of the socialist system with Chinese characteristics is the leadership of the Communist Party of China. After over 70 years of practical exploration and practice of China’s modernization, a pathway has been identified wherein the CPC guides the “invisible hand” of the market alongside the “visible hand” of the government to influence economic development jointly, which has resulted in the establishment of a stable structure of “Party + Government + Market” within the political economy of socialism with Chinese characteristics (Zhou, 2023, p. 226), achieving an organic unity of a strong Party, an active government and an efficient market.

5. Conclusion

Based on clarifying the fundamental issues within the division of labor category, this paper proposes a logical framework of broad Marxist political economy with labor as the starting category, division of labor as the central category and the evolution of the modes of production, specifically the organization of division of labor, as the main thread. This framework explains the three-level analytical logic of moving from highly abstract modes of production to relatively concrete modes of production and then to specific concrete modes of production. Among these, the evolution of the relatively concrete modes of production, i.e., the modes of the division of labor, endogenously generates a general economic development mechanism characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion. Specific concrete modes of production manifest this general economic development mechanism in specific economic operations and development patterns across different social forms. Following the evolutionary main thread from the modes of production to general economic development mechanisms and then to economic operation and development patterns, this paper adopts the analytical method of principal contradictions

to interpret China's economic modernization through the broad Marxist political economy lens. The conclusion is that applying the broad Marxist political economy provides a unified theoretical explanation of China's economic modernization that integrates theoretical logic, historical logic and practical logic. "Get organized" is identified as the driving force behind China's economic modernization and the mechanism for its realization, with the CPC always being the core force of organizing.

5.1 *Evolution of the modes of production*

The principal social contradiction that aligns with certain productive forces and relations of production and the resulting economic development strategies determined the tension between individual and collective actions and further the choice of relatively concrete modes of production and specific concrete modes of production.

- (1) Relatively concrete modes of production: The establishment of the People's Republic of China in 1949 marked the beginning of a new historical process for China's economic modernization. Organizing people and conducting "a more extensive division and combination of labor" within the two relatively concrete modes of production—self-sufficiency and division of labor—was inevitable. "Get organized" represents the historical logical starting point for China's economic modernization, while division of labor is the theoretical logical starting point for explaining China's economic modernization. This achieves a unity of theoretical logic and historical logic at the starting point.
- (2) Specific concrete modes of production: During the period of socialist construction, the principal social contradiction and the strategy of prioritizing heavy industry meant that there was little room for reconciling the tension between individual and collective actions. Collective actions became the dominant aspect of this contradiction, necessitating reliance on state power to vigorously develop the team-based division of labor grounded in public ownership of the means of production. This approach aimed to more rapidly and widely organize the people, boosting both the breadth and depth of production to lay a solid foundation for China's economic modernization.

With the continuous development of productive forces, the principal social contradictions and economic development strategies have transitioned accordingly. During the period of reform, opening-up and socialist modernization, the principal social contradiction and the strategic goal of building a moderately prosperous society provided greater flexibility and reconciliation space for the tension between individual and collective actions and determined the development of an ownership structure featuring public ownership as the mainstay, complemented by the coexistence of diverse economic components, alongside a team-based division of labor. In the new era of socialism with Chinese characteristics, the principal social contradiction necessitates high-quality development to harmonize the tensions between individual and collective actions. It is essential to transform the potentially competitive relationship between individual and collective actions into one of mutual collaboration and promotion, which indicates the need for high-quality development of team-based divisions of labor grounded in the public ownership of the means of production, as well as those based on non-public and mixed ownership, allowing them to advance and reinforce each other synergistically.

5.2 *Evolution of general mechanism of economic development*

The evolution and mutual promotion of the two types of division of labor—the team-based and market-based divisions of labor—have endogenously given rise to the general mechanism of economic development characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion, as revealed by Marx and Engels.

- (1) In the first thirty years before reform and opening up, the focus was on addressing the development of the team-based division of labor, primarily regulated through planned mechanisms. The emphasis was on enhancing the level of division of labor, followed by improving the level of productive forces and subsequently expanding social demand, thereby laying the groundwork for the next stage of market-based division of labor.
- (2) In the period of reform, opening-up and socialist modernization: On one hand, developing an ownership structure characterized by public ownership as the mainstay, with the coexistence of diverse economic components while organizing the team-based division of labor; on the other hand, advancing the organization of the market-based division of labor to leverage the fundamental role of market mechanisms in resource allocation. These two types of divisions of labor mutually reinforced each other, leading to the development of the general economic development mechanism, characterized by the cyclic accumulation and mutual promotion between division of labor development and market expansion. This period focused on expanding markets and increasing demand, further unleashing the potential of “broader division and integration of labor,” and ultimately improving the productive forces.
- (3) In the new era of socialism with Chinese characteristics, high-quality development focuses on developing the team-based division of labor based on public ownership and those based on non-public or mixed ownership and developing the market-based division of labor to leverage the decisive role of the market in resource allocation, enabling the two types of division of labor to promote each other, leading to a dynamic balance where high-quality supply drives new demand and demand drives higher-level supply. The general economic development mechanism characterized by the cyclic accumulation and mutual promotion between the division of labor and market expansion becomes more mature.
- (4) Since the founding of the People’s Republic of China, “get organized” has evolved from the team-based division of labor rooted in public ownership (the second type of division of labor), and, through the development and mutual promotion of team-based and market-based divisions of labor, generated the general mechanism of economic development characterized by the cyclic accumulation and mutual promotion between division of labor development and market expansion. This progress is consistent with the historical trajectory revealed by Marx and Engels: starting from the second type of division of labor in primitive communities, moving through the advanced development of both types of division of labor, and eventually progressing toward a higher phase of the second type of division of labor – a community of free individuals. We are currently at a stage where both types of division of labor require further high-quality development.

5.3 *The evolution of the pattern of economic operation and development*

- (1) Transitioning from primarily relying on planned adjustment mechanisms to promoting better integration of an effective market with an active government aligns with the process described by Marx and Engels, where planning and market coordination mechanisms, suited to different types of economic organization, continuously achieve better integration in practice. This process has ensured the long-term stability of China’s economic development amid the cyclical fluctuations of the global economy.
- (2) Transitioning from primarily nurturing endogenous advantages to leveraging comparative advantages and late-mover advantages, and then to both reinforcing existing advantages while uncovering new ones, as well as autonomously innovating to develop new advantages, follows the objective conditions. By embodying the “spirit

of historical initiative and creativity,” this process inherits and develops the dialectical thought of division of labor and comparative advantage by Marx and Engels within the practice of China’s economic modernization. This has ensured the independence of China’s economic development while integrating into the international division of labor system.

- (3) Transitioning from a supply-side focus with a predominantly domestic economic circulation to initially emphasizing the demand side and expanding markets, leading to a period where international economic cycles dominated, and eventually to a model where supply creates demand and demand drives supply. This forms a new development pattern characterized by a primary domestic cycle that mutually promotes both domestic and international cycles. This growth trajectory reflects how the economic development mechanism of economic development described by Marx and Engels, where the development of division of labor and market expansion cyclically accumulate and promote each other, arises, grows and matures, ensuring the long-term prosperity of China’s economic development.

5.4 *The particularity and universality of China’s economic modernization*

- (1) Particularity: In the process of development where the Chinese people were organized, the CPC has always been the core force of this organization. The fundamental driving force for this organization is the implementation of the principle of serving the people wholeheartedly. The formation of a theoretical, institutional, path and cultural system that integrates Marxism with the Chinese context and modern times serves as the systematic guarantee for this organization. Conducting continuous self-revolution has, in each period, formed a strong leadership core and leadership collective of the party, cultivated millions of vanguard models and promoted the “spirit of historical initiative and historical creativity,” thereby playing a key leading role in this organization. It has achieved the organic unity of a strong political party, an active government and an effective market, highlighting the particularity of China’s economic modernization.
- (2) Universality: China’s economic modernization has been gradually realized within the general economic development mechanism revealed by Marx and Engels, wherein the development of the division of labor and the expansion of the market accumulate cyclically and promote each other. This is one of the few entirely universal laws suited to general production and general exchange, manifesting the universality of China’s economic modernization.

In summary, applying the broad Marxist political economy to analyze China’s economic modernization can achieve an organic unity of theoretical logic, historical logic and practical logic. Without experiencing the stage of a socialist planned economy, China would be impossible to establish and consolidate socialist public ownership and to rapidly and widely organize the people to engage in “a more extensive division and combination of labor,” thus failing to lay a solid foundation for China’s economic modernization. Only by surpassing the stage of socialist planned economy and advancing to the stage of socialist market economy, where the economic development mechanism characterized by the cyclical accumulation and mutual promotion of division of labor development and market expansion evolve, grow and mature continuously, can China achieve rapid and high-quality economic modernization. The broad political economy ideas of Marx and Engels are theoretical tools for explaining the economic development miracles created since the establishment of the People’s Republic of China and for constructing China’s autonomous economic knowledge system.

Notes

1. According to [Engels \(2018c\)](#), with the advancement of production tools, labor productivity increased and the surplus products available for exchange grew, which promoted the development of the division of labor and also facilitated the emergence and development of family, private property and state.
2. [Liu \(2022\)](#) pointed out that the history of political economy is a continuous evolution from the narrow political economy to the broad political economy. The broad political economy examines the modes of production in human societies and their dynamics, thereby uncovering the historical laws and trends of the evolution of these modes of production. This idea strengthens our resolve to set forth the main logical thread of the broad Marxist political economy. [Xie \(2023, p. 112\)](#) proposed an integrated framework with modes of production at its core.
3. Significant systematic contributions to the study of broad Marxist political economy in China include works by [Xu \(1954\)](#) and [Yao \(2019\)](#). Although they studied the modes of social production and their evolution, they have not specified this logical thread in the broad political economy proposed by Marx and Engels. This paper is the first to expound this logical thread based on the thoughts of Marx and Engels.
4. Some issues discussed here have already been addressed in our previous papers. The need to present these issues concisely and systematically here arises from the necessity to better understand and grasp the main logical thread, which serves as a prerequisite for introducing the three-level analytical framework within the broader context of Marxist political economy. This approach ensures the completeness of the discourse.
5. Yang Xiaokai and Zhang Yongsheng proposed the “Trade Impossibility Theorem,” which states that “general equilibrium is shaped by numerous feedback loops among parameters like technology, endowments, preferences and transaction efficiency through prices and quantities, making it impossible to identify universal laws” and “the relationships between trade volumes, prices and resource endowments cannot follow any general laws, with specific laws only applicable within specific parameter ranges of specific models.” In response, Xiang Guocheng and Han Shaofeng encapsulated this concept with “comprehensive comparative advantage.” This is consistent with Marx and Engels’s view on the dialectical relationship between division of labor and comparative advantage, which can be regarded as the economic philosophical basis of “comprehensive comparative advantage” and the “Trade Impossibility Theorem.” See [Yang and Zhang \(2001\)](#), [Xiang and Han \(2005\)](#).
6. Based on the scale and dynamism of the population, realizing a broader “division and combination of labor” to enhance labor productive power and thereby create new productive forces and endogenous comparative advantages is a key aspect of Marx’s important thoughts on division of labor. See [Xiang and Liu \(2020\)](#).
7. Here, this paper preliminarily defines individualized actions and collectivized actions: Individual actions refer to actions originating from the collective with individuals gaining increasing independence, autonomy and freedom in decision-making; while collectivized actions refer to actions originating from individuals with individuals integrating into some form of collective relationship and progressively losing independence, autonomy and decision-making freedom.
8. Marx pointed out that, prior to capitalist production, in systems of small land ownership and communal land ownership based on Eastern communities, “individuals did not see themselves as laborers but rather as members of a community who are both owners and workers. The purpose of their labor was not to create value—although they might engage in surplus labor to exchange surplus products for others’ goods—but rather to sustain each owner and their family, as well as the entire community” ([Marx and Engels, 1995, p. 466](#)).
9. See [Li \(1983\)](#) and [Chen \(2007\)](#).
10. [Xie \(2023, p. 22\)](#) argues, based on the discussions by leaders such as Comrade Mao Zedong, that “the preliminary formation of a theory of historical orientation with Chinese characteristics has been established, adopting the analysis method of fundamental contradiction and principal contradiction as the theoretical foundation, with fundamental contradiction to determine the nature of social formation and principal contradiction to determine the stages of social development.” This serves as the basic analytical method adopted in this paper.

11. The attributes of the division of labor are further defined herein. According to [Cui \(2011\)](#), Marx constructed a grand framework for the development of the division of labor from the perspective of historical materialism, encompassing the paradigm of “productive forces–division of labor–production relations”. However, Cui argues that Marx did not clarify that division of labor is a relatively concrete mode of production and merely regarded the division of labor as a mediator between productive forces and production relations, without recognizing that it represents a unity of productive forces and production relations.
12. The notion that “the division of labor depends on the market size, and the market size depends on the division of labor,” often referred to as the “Smith-Young Theorem,” is merely another expression of the cyclical accumulation and mutual promotion of division of labor development and market expansion as elucidated by Marx and Engels ([Xiang et al., 2021](#)).
13. Zhou, based on the Marxist perspective of the state and national interests, argued that the state is a key mechanism for explaining economic development ([Zhou and Bao, 2021](#), p. 105), while [Yang and Liu \(2019\)](#) asserted that strong state capacity is the foundation for China’s sustained development.
14. There we accept the idea proposed by [Lin et al. \(1994\)](#) that the economic development strategy endogenously organizes economy (such as the endogenous plan prices, unified purchase and sale system, and micro-foundation of public ownership under the strategy of giving priority to the development of heavy industry). However, this paper differs from theirs in that they consider factor endowments as the fundamental basis for choosing economic development strategies, while this paper argues that the principal social contradiction is the fundamental basis for such choices. See [Xiang et al. \(2019\)](#).
15. “Get organized” has political and military connotations as well as economic ones. Team-based division of labor organization is common to both political and military spheres, whereas market-based division of labor organization is specific to a certain stage of human economic development. Politically, “get organized” facilitates economic organization and may even serve as a political prerequisite for it. As Mao (1999c, p. 132) pointed out, all revolutionary history proves that new productive forces do not fully develop first; instead, creating public opinion, engaging in revolution and seizing power are necessary steps to abolish old production relations. Eliminating old production relations and establishing new ones pave the way for the development of new productive forces. Although this paper focuses on economic organization, political and military organization are also indispensable.
16. Consider this: When human development was still in its primitive stages, there was minimal technological disparity between primitive communities in terms of warfare and threats. However, by the time the People’s Republic of China was founded, the technological disparity in warfare and threats between nations had become significantly large. This implies that it is much more challenging for an underdeveloped country to liberate itself than it was for a primitive community.
17. The campaign launched in 1952 against bribery, tax evasion, theft of state property, shoddy workmanship and the theft of economic intelligence was essentially a struggle “directed against the illegal activities of the bourgeoisie,” highlighting the constraining effect of class contradictions. For more details, refer to [Zhonggong zhongyang dangshi he wenxian yanjiuyuan \[Party History and Literature Research Institute of the CPC Central Committee\] \(2024, p. 47\)](#).
18. [Xiao \(2014, p. 40\)](#) posited that practical evidence has shown that such institutional arrangements [i.e. establishing public and collective ownership] were not conducive to China’s development. Even adopting a catching-up strategy with a priority to develop heavy industrial, it is hard to justify that all private ownership must be eradicated. This paper argues that, from a historical perspective, under circumstances of extremely low productivity levels and severe material shortages, there was little room for choosing between individual and collective actions. In such a context, establishing a system of public ownership of the means of production was conducive to concentrating resources to promote a strategy of prioritizing heavy industry, which benefitted China’s development. Even though there are examples of late-developing countries that relied on private ownership to develop heavy industry, the differing national conditions make it impossible to conclude that establishing state ownership and collective ownership was detrimental to China’s development. Since the end of Second World War, only China has successfully achieved industrialization and developed a systematic industrial capacity based on large populations of hundreds of millions or even billions. This achievement is primarily attributed to the country’s socialist revolution and the efforts to develop the team-based

division of labor during the construction period based on the state ownership and collective ownership system.

19. In accordance with the “Resolution of the CPC Central Committee on the Major Achievements and Historical Experience of the Party over the Past Century,” the social principal contradiction herein after the basic completion of socialist transformation is described through three stages: the period of socialist construction, the period of reform and opening up and socialist modernization, and the new era of socialism with Chinese characteristics.
20. Leveraging the comparative advantage of factor endowments should not be directly equated with leveraging the comparative advantage of industries. Since the factor structure of industrial products is variable, developing heavy industry, defense industry and foundational industries and infrastructure like railroads, highways and farmland irrigation before the reform and opening up period was not inherently capital-intensive at every stage. There was a technological possibility of substituting labor for capital to some extent. Following the technological route of substituting labor for capital conformed precisely to China’s factor endowment structure at the time, which was rich in labor but short on capital. Hence, developing heavy industry did not imply neglecting the comparative advantage of China’s abundant labor. Conversely, insisting on a capital-intensive path for developing heavy industry at that time would have contradicted the comparative advantage of China’s abundant labor endowments. Of course, with the change in the factor endowment structure, the situation may reverse; for instance, infrastructure such as farmland irrigation, railroads and highways, which were labor-intensive in the past, have now become capital-intensive.
21. Hicks (1987, p. 24) pointed out that under the pressure of what Toynbee calls “challenges,” institutions may shift towards a command orientation, but in the absence of challenges, there is a law of inertia, a social gravity, that acts in the opposite direction. This means that as long as certain historical conditions emerge, planned economies may be chosen by society. Therefore, it is incorrect to outright deny China’s socialist planned economy without considering historical conditions. Similarly, when historical conditions change, it is also wrong to stubbornly adhere to the socialist planned economy.
22. Mao Zedong (199c, p. 136), in his talks while reading the Soviet “Political Economy Textbook,” mentioned that regarding product distribution, “we should emphasize hard work, expanding reproduction, the communist future and its prospects, and educate the people with communist ideals.”
23. As Wen (2016, p. 34) pointed out, “It was precisely the Chinese government, under the leadership of Mao Zedong and a series of rural collectivization movements that taught them how to organize themselves.”
24. Engels, in his *Outline of a Critique of Political Economy* in 1844, remarked that “value is the relation of production costs to utility.” By 1878, in *Anti-Dühring*, he maintained this view, noting: “The scientific demonstration of this view has only become possible thanks to Marx’s *Das Kapital*” (Engels, 2018a, p. 334). Engels did not elaborate on how *Das Kapital* scientifically demonstrated this view, and the theoretical domain has not entirely clarified it, mainly interpreting it through “two kinds of necessary labor time.” Xiang and Han (2002) proposed the theory of labor value structure based on Marx’s theory of the double nature of labor, supporting Engels’ view and emphasizing that value is a unity of objectivity and subjectivity, social and individual characteristics, uniformity and diversity, relative stability and absolute variability. This duality dictates that, on the one hand, a certain degree of economic planning is feasible, allowing for the benefits of centralized planning decisions; on the other hand, it determines the limitations of planning, necessitating the role of market-based decentralized decision-making.
25. Smith believed that division of labor leads to universal prosperity, while Marx, from the perspective of development process, argued that imbalanced and inadequate development of division of labor leads to inequality. Only more balanced and adequate development of division of labor can lead to common prosperity. Refer to Xiang *et al.* (2022).
26. Data converted using ESP data platform; rounded off. In 1982, the Central Committee of the CPC implemented the household contract responsibility system nationwide through the issuance of No. 1 Central Document.

27. Wang (2021) introduced cases from impoverished regions with low productive forces, such as Tangyue Village in Anshun, Guizhou Province and Yijia Village in Yantai, Shandong Province, which reverted to collectivization. These cases indicate that low productive forces are more likely to justify developing public ownership.

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