

BOOK REVIEW

Jason M. Kelly,

Market Maoists:

The Communist Origins of China's Capitalist Ascent
(Cambridge, Mass.: Harvard University Press, 2021)

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Observing the shortage of rice, salt, and other necessities in the Jiangxi Soviet area in the summer of 1933, a state of privation driven by the Nationalist blockade, Mao Zedong decried the exploitative attitudes of merchants who profited from the plight of the Communist Party and the peasants it ruled. His solution: the Chinese Communist Party must control its own trade.¹ Mao's determination and the CCP's pursuit of capitalist trade to achieve communism is at the center of Jason M. Kelly's new book, *Market Maoists: The Communist Origins of China's Capitalist Ascent*.

Market Maoists is part of a growing field in PRC studies that is revising previously held assumptions about China's isolation during the Cold War and uncovering transnational connections between China and the world throughout the Mao period.² While previous studies on this topic have focused mainly on China's political connections with its socialist allies, Third World countries, and international Maoist revolutionary groups, Kelly's focus on foreign trade allows us to see how China's socialist-era diplomacy involved serious material and technological entanglements with governments and businesses in the capitalist West. Weaving together archival sources and a wide array of business materials, such as advertisements printed by the Communist Party to sell Chinese goods overseas, ship manifests, and commercial catalogs, Kelly shows that China was never truly separated from the world of capitalism and reveals an active web of trade between China and the West animated by the disciplined maneuvering of socialist cadres and their capitalist counterparts.

While the book's first six chapters focus on the travails of establishing foreign trade for the Chinese Communists from the 1930s to the 1960s, the final

chapter and epilogue reveal another important finding of this work – China's "capitalist ascent" since the 1970s did not represent a radical departure from its earlier trade policies. Rather, the economic reforms were made possible by the Chinese Communist Party's pre-established trade knowledge and ongoing relationships with capitalist countries. Kelly's argument challenges the idea that China only "opened up" to the world after the 1970s economic reforms and suggests that its window to the world never fully closed.

The story of how Communist operatives smuggled currency and goods across international borders through Hong Kong in the late 1930s and 1940s, told in Chapter One, "Opening a Capitalist Window," sometimes reads like an action-packed spy novel. It includes dramatic details of CCP agents hiding gold in the linings of their clothes or posing as dandy entrepreneurs living in one of the island's luxury villas. These colorful details help furnish the chapter's discussion of the CCP's attempts to establish a trade network with capitalist countries and procure badly needed wartime supplies, such as radios and medicine. Kelly argues that these early experiments proved to the Communist Party that it was possible to trade with capitalists and serve the Party's revolutionary goals.

Chapter Two, "Closing the Open Door," references the Open Door Policy promoted by the United States in China during the late nineteenth century. Asserting that China no longer groveled at the feet of imperialist powers after 1949, the Communist-led government sought to exercise its sovereignty over how and with whom China would trade. Central state policies during this period prioritized trading with China's socialist allies before capitalist countries.

The first year of the People's Republic also solidified the trade principle that China would export farm products and import equipment and supplies needed for industrial development. The state's new trade policies prohibited consumer imports, such as lipsticks, lightbulbs, and pens.

The outbreak of the Korean War introduced new challenges to China's nascent trade system. In Chapter Three, "The Korean War and the Fight for Trade," the Chinese Communists scrambled to purchase goods and conceal their trade network in Hong Kong as the American government imposed a new trade embargo on China in late 1950. Cornered by an aggressive American blockade on trade, CCP officials focused their energy on deepening relationships with socialist countries, countries maintaining neutrality in the Cold War, and sympathetic left-leaning capitalists from the West. These efforts reaffirmed trade as a means of fighting U.S. imperialism and as part of a larger patriotic and revolutionary project.

In Chapter Four, "Commerce in the Making of 'Peaceful Coexistence,'" Kelly details how when the Korean War ended, the CCP seized the Geneva Conference as an opportunity to peddle Chinese products abroad and network with foreign trade officials. Kelly brings to life an impressive scene of exchange in a suite in Geneva's upscale Beau Rivage Hotel, where Chinese official Lei Renmin displayed ivory and jade, as well as Chinese art, and entertained visitors with aromatic Chinese tea and cigarettes. The chapter delineates how the Party-state continued to pursue an expansion of trade in the 1950s as a strategy for building "a material foundation for socialism" (Kelly, 116). While trade officials characterized their work as a form of political struggle against capitalists and "commercial war," they also absorbed foreign knowledge about buying and selling, publishing sales catalogs that boasted images of quality, abundance, and consumeristic enjoyment and constructing exhibition halls inside China to showcase its exportable products (Kelly, 118).

The Great Leap Forward campaign brought new difficulties into trade work, detailed in Chapter Five, "A 'Great Leap' in Trade." The Great Leap created chaos in the Chinese trade system, as new

decentralizing state policies allowed localities to make their own trade deals overseas and the CCP government blindly encouraged ambitious increases in trade volume. A familiar narrative follows: material shortage, starvation, and the state's struggle to extract additional rural resources to honor China's trade agreements.

Salvation arrives slowly in Chapter Six, "Trading for Salvation," where the CCP, having suffered a severe blow to its economy after the Sino-Soviet split in 1960, continued trading with capitalist countries to reduce its debt to the Soviet Union. Kelly's account shows just how many months and years it took for the CCP to terminate unfulfilled contracts to export grain and begin importing it from overseas. Analyzing a speech made by Zhou Enlai to the Nationalist People's Congress in 1962, Kelly demonstrates top Party leadership's refusal to admit the possible flaws in its macroeconomic approach and how this approach contributed to the Great Leap famine. He argues that this official attitude signaled the potential of future campaigns to again wreak havoc on the economy in the name of politics – the Cultural Revolution.

Chapter Seven, "Markets and the Rise and Fall of Redness," tracks trade developments from the early years of the Cultural Revolution through the rapprochement between the U.S. and China in the early 1970s. Like other governmental institutions, the Foreign Trade Institute in Beijing and other trade-related offices were assaulted by the Red Guards. In Guangdong, the threat of Red Guards descending upon the Canton Fair and smashing valuable Buddhist statues displayed for export drew the attention of Premier Zhou Enlai, who made a special trip to Guangzhou to pacify the rebels. The warming of relations between China and the U.S., following the continued deterioration of Sino-Soviet diplomacy, marked the beginning of a new era in trade. The CCP's top leadership approved a significant increase in technology imports, and new technology guest worker programs welcomed two thousand skilled individuals from capitalist countries into China in 1974. Kelly concludes the chapter by noting a decisive shift in how China managed its foreign trade by the 1970s: "China's trade was 'leaning' to the side of capitalism" (Kelly, 204).

The epilogue highlights Mao-era roots in China's rise in the world economy following the economic reforms. Kelly points out the continuity in personnel and technical know-how in China's trade engagements with capitalist nations. He also poses an important question about how the CCP will balance China's increasing economic integration with the rest of the world and its continued need for strict political control within China's borders.

Combining lively anecdotes with coherent historical analysis, *Market Maoists* makes for an engaging read for undergraduate and graduate courses on Chinese and world history. It is also a valuable addition to the work of PRC scholars interested in bridging the geographical divide between China and the world and the temporal divide between the socialist years and the economic reforms.

The work raises more questions than it answers. One concerns the separation between politics and the economy: *Market Maoists* reveals how trade-related economic practices were continuously devised and revised by CCP officials to serve a socialist purpose. This line of analysis also suggests a distinction between the political and the economic. Did the economy and politics exist in different spheres for the Chinese trade officials? What are the larger consequences of seeing China's transnational market practices as part of its political practice? On what

basis can one argue that China was truly socialist if, in its trade practices, it behaved much like its capitalist partners?

A second question concerns the "ideas, habits, and beliefs" of trade technocrats discussed throughout the book (Kelly, 4). Did exposure to the capitalist world transform the political commitment of China's trade officials? Did a new kind of habitus occur for these trade officials? If they were "market Maoists," as the book's title suggests, did the market ultimately influence or challenge their Maoist convictions?

These questions are examples of how Kelly's work can address complex theoretical concerns in the China field and new research directions inspired by this excellent monograph. Clearly delineating the developments of trade philosophies and practices in China from the 1930s through the early reforms, *Market Maoists* offers surprising insights into the contradictions within China's socialist political economy and its stubborn legacy for the present.

¹ Mao Zedong, "Pay Attention to Economic Work," in *Selected Works of Mao Tse-Tung Volume 1* (Oxford, U.K.: Pergamon Press, 1975), 129-136.

² Julia Lovell, *Maoism, A Global History* (New York: Knopf, 2019); Arunabh Ghosh, *Making it Count: Statistics and Statecraft in the Early People's*

Republic of China (Princeton, NJ: Princeton University Press, 2020); Matthew Galway, *The Emergence of Global Maoism: China's Red Evangelism and the Cambodian Communist Movement, 1949-1979* (Ithaca and London: Cornell University Press, 2022)

Response

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I am an avid reader of H-PRC postings, particularly the book review series, which makes it all the more gratifying to have my own work reviewed here. I am grateful to Yidi Wu for organizing the review, the H-PRC staff for its publication support, and—most of all—Sarah Chang for her thoughtful critique of my book, *Market Maoists*.

The book, as Chang notes, contributes to a growing body of scholarship that aims to deepen, and in many ways revise, how we understand China in the world during the Mao era. These works, including *Market Maoists*, shine new light on China's recent past, but they also link directly to politics in China today, as anyone who followed the recently concluded Twentieth Party Congress will recognize. History featured prominently at the congress, with Xi Jinping himself committing the nation to public-awareness initiatives on PRC history, especially the history of Reform and Opening and the development of socialism in China, two topics that can hardly be understood without turning first to the Mao era and its legacies. Outside China, public debate over China's place in a changing world has raised the stakes for anyone writing about Chinese foreign relations. For those of us who study China's international experience during the Mao years, all of this makes for exciting and fraught times, though not always in the ideal balance.

Chang's review underscores some of the connections between our current moment and the historical arguments at the heart of *Market Maoists*. In particular, the questions she raises touch on themes from the book that remain as relevant today as they were during the Mao years. In the space I have here, I would like to address two of those key questions.

First, Chang asks whether politics and the economy existed in different spheres for Chinese traders during the Mao period. My own view, as I try to show in the book, is no. For these officials, trade

served politics, and politics suffused their daily work. This was true despite dogged efforts by the CCP to relate economic practices to political identity in ways that suggested the two were tangential but distinct. "Red and expert" was one such formulation in the Mao era. Later, during Deng's rule, the notion of "capitalist tools in socialist hands" came into vogue.

For all their tidiness, these lines between politics and the economy became hopelessly blurred in practice, a tendency recognized by leaders at the Ministry of Foreign Trade, who scrutinized officials working overseas and set strict rules to govern their behavior. The fear was that these traders might be seduced by the glitz of money and soft living, which might lead them to wander from the true path of the revolution. Sugar-coated bullets, Mao called these threats. The Ministry's precautions suggested a recognition that commerce, if left unchecked, could corrupt political purpose even when conducted by the state's professionals. How did one know when trade had strayed from the correct political path? Traders groped for answers to this question throughout the Mao era but rarely found them, at least not clear, stable ones. This search itself brought politics into daily trade work, and the lack of a firm answer often had tragic results for top officials and the rank-and-file, particularly during the Cultural Revolution, as the book details.

These blurred lines relate to a second question Chang asks: did exposure to the capitalist world influence the Maoist convictions of the traders at the center of the book? I believe it did, but rather than frame this exposure as an outside element interacting with a stable, defined set of Maoist convictions, I find it more fitting to think of this influence as one ingredient mixing with a host of others to concoct Maoism over time. New experiences and ideas continually seasoned Maoism as the years passed, adding accents along the way. During the early PRC

period, commercial interactions with the capitalist world seemed to contribute little to Maoist convictions compared to the prevailing discourse on revolution and anti-imperialism. But for China's traders, who thought of themselves as just as Maoist as anyone else serving the revolution, these exchanges demonstrated how Maoism could relate to capitalist markets abroad in ways that benefitted the construction of socialism at home.

The significance of these interactions would not come into view until years later, as Sino-Soviet tensions deepened, U.S.-China relations transformed, and people lost faith in the Party and its early promises about how China's path to communism would unfold. These and other changes forced CCP leaders to reconsider their views as they pondered the path ahead. Chen Yun found himself in this position in the early 1970s, as I write in the epilogue. When he did, he had concepts and practices to draw from that had accumulated through decades of commercial interaction between Chinese traders and capitalist counterparts around the world. In this sense, the market did influence the Maoist convictions of China's traders and some of its leaders, but not by forcing officials to relinquish their faith in Maoism. Rather, it changed understandings of what Maoism meant and what it entailed.

Chang also commented on the narrative itself, something I would like to address in closing. I was happy to read her assessment that the book is a good fit for readers at the undergraduate and graduate levels. One of my unstated goals was to write a book that offered something to specialists and general readers alike, not just because I hoped the book would sell well—who doesn't—but also because I am convinced, perhaps not unlike the Chinese Communist Party, that historical context offers crucial insight into Chinese foreign relations today. I see this utility in a different light, of course. For my part, I have tried to reach readers outside the field by telling an interesting story in an accessible way. My hope is that this might encourage busy people to linger with the book a bit longer than they would have otherwise. I suppose this is my own attempt at a sugar-coated bullet. And while this may not be an easy task in an age of expanding schedules and shrinking attention spans, I believe it is worth the effort given the stakes involved.

My thanks again to Sarah Chang for her careful review and to H-PRC for the opportunity to respond to it.