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Jason M. Kelly, *Market Maoists: The Communist Origins of China's Capitalist Ascent*. Cambridge, MA: Harvard University Press, 2021. ISBN 9780674986497

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Current studies of the People's Republic of China (PRC) tend to be figurehead-centered: Mao Zedong as a revolutionary and nationalistic communist; Deng Xiaoping as a reformist and internationalist. Scholars tend to compare and contrast the two paramount leaders when trying to decode the PRC's foreign and domestic policies in different periods. Against this backdrop, Jason Kelly's *Market Maoists* sheds a new light. By examining how the Chinese Communist Party (CCP) leadership treated trade with the capitalist world, he finds that Mao and his cohorts never shied away from and, in effect, were active in exploring capitalist markets. This strategic and policy orientation, he asserts, seemed consistent and resilient in the Mao period (from the 1930s through the mid-1970s) and invariably paved the way to China's reform and opening-up under Deng in the later 1970s. With this narrative of China's commercial policies and activities toward the capitalist world, Kelly sees the Maoists (including Deng) as being much more economically well informed and internationally vigorous than the existing literature suggests.

This work is indeed an attempt at a paradigm-shift. Kelly, for example, calls for a different approach to the periodization of the PRC history. A large number of PRC studies have treated the years 1949-1979 as the Maoist period and those since 1979 as the Deng period, which were manifested in visibly different sets of ideologies, values, beliefs and, hence, foreign and domestic policies. If, as Kelly convincingly argues, the Chinese Communists were market-sensitive and attached special importance to commercial interactions with capitalist countries so as to develop a socialist economy (with Chinese characteristics), there is reason not only to cross out 1949 as a breaking point but 1979 as well. Chinese opening-up and economic growth since 1979 is much more profoundly rooted in the Mao period than it is a sudden miraculous happening that took place after Deng took power. In this endeavor, Kelly is not the first scholar to make this argument but his work certainly commands warm applause.¹

Also commendable is Kelly's application of the international-history approach. A cutting-edge method of historical research, international history encourages cross-examinations of multiple players in history and hence requires a reliance on multiple archives and historical records. It is evident that Kelly is adept at this approach and that he invokes it rather meticulously and skillfully. Among his impressive archival work, some stands out. The use of British foreign office and colonial affairs documents, for example, adds new findings of Hong Kong's place and function in PRC's outreach to the capitalist market. The General CIA Records, which were declassified under the United States Freedom of Information Act and are available electronically, enrich the portrayal of American business dealing with China. The material from PRC's provincial archives—the Hebei Provincial Archives and Shanghai Municipal Archives—are rare and valuable. Along with the work of other international historian, Kelly's monograph can be added as another successful account of PRC international history.²

These among many other merits are highlighted by the four reviewers. As prominent scholars in the PRC history themselves, they without exception view Kelly's work as a significant contribution to the existing literature. Amy Kim points out that “Kelly joins those scholars who have sought to break down the strict

¹ See, for example, Richard von Glahn and Debin Ma, eds., *The Cambridge Economic History of China*, Vol. 2 (Cambridge, Cambridge University Press, 2022).

² Sergey Radchenko, *Two Suns in the Heavens: the Sino-Soviet Struggle for Supremacy* (Stanford, Wilson Center Press & Stanford University Press, 2009); Shen Zhihua and Yafeng Xia, *A Misunderstood Friendship: Mao Zedong, Kim Il-sung, and Sino-North Korean Relations, 1949–1976* (New York: Columbia University Press, 2018).

‘Communist’ and ‘capitalist’ binaries of the Cold War by demonstrating how goods, people, technology, and ideas flowed across Cold War lines, transforming China in the process.” Lawrence Reardon argues that the book’s “important new contribution” lies largely in its analysis of “how the Chinese Communist Party covertly developed international trading relationships prior to 1949, established the Ministry of Foreign Trade that maintained an extensive bureaucratic structure within China and overcame the US embargo to manage an extensive global trading network that was often routed through Hong Kong.” Mao Lin writes that *Market Maoists* “enriches our understanding of China’s economic statecraft by examining how the CCP used foreign trade to serve its political agenda.” In that, he specifically highlights Kelly’s depiction of how “the CCP and especially Mao Zedong himself tried to solve this dilemma through the theory of ‘red and expert’.” Accordingly, “[p]arty cadres handling trade with capitalist nations were supposed to become experts, that is, they should understand the capitalist market and play by its rules. At the same time, they should never become disoriented by their professionalism and lose their faith in Communism.” Echoing these praises, Greg Lewis finds it immensely helpful to know “considerably” more about the “Maoist-era individuals, institutions, ideology, and Western trade counterparts” who accounted an important part of the Chinese Communist Party’s market orientation.

The reviewers, however, wish that some of the critical and yet understudied issues had been more fully explored by Kelly and that they will be in future work. King, for example, suggests that whether or not the CCP’s trade and contact with the capitalist world “actually changed Chairman Mao Zedong’s China, or created legacies that would outlast the revolutionary period” is too important to ignore. Lewis points out that “the 10,000-plus Guomindang-era trade and banking personnel who remained in the employ of the People’s Bank, the Ministry of Foreign Trade, and other financial organizations after 1949” participated in and in effect contributed to the capitalist trade ought to be more substantially discussed. Reardon wishes that Kelly and other scholars would devote more research to, for example, “the Overseas Chinese, Hong Kong, and Macao’s contribution to China’s international trade strategy, such as the Overseas Chinese Investment Company and their Overseas Chinese Investment Enterprises” so as to shed more light on the period. Further studies, he asserts, should also address some general questions, including but not limited to these topics: “How did China’s international trade network change in the period from the 1950s to 1970s? How effective were China’s export promotion strategies, including *yijin yangchu*, preferential export loans as well as the export commodity processing bases, comprehensive bases, and specialized factories? What was the impact of the various trade delegations sent abroad during the Hua Guofeng period?”

Agreeing with the reviewers, I have little doubt that Kelly’s *Market Maoists* is a much appreciated addition to the ongoing studies of Beijing’s economic statecraft.³ I also found the book to be a joy to read: its narrative entails interesting, often personal, stories as well as logical analyses.

Participants:

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³ Shu Guang Zhang, *Beijing’s Economic Statecraft during the Cold War, 1949–1991* (Washington, DC and Baltimore, Woodrow Wilson Center Press and Johns Hopkins University Press, 2014).

and was previously Assistant Professor at the U.S. Naval War College in Newport, RI. Prior to becoming a historian, he was a Foreign Service Officer at the U.S. Embassy in Beijing

Shu Guang Zhang currently works as Professor of Global Studies at the University of Saint Joseph, Macau. He is the author of *Beijing's Economic Statecraft during the Cold War, 1949-1991* (Wilson Center Press and Johns Hopkins University Press, 2014), *Economic Cold War: America's Embargo against China and the Sino-Soviet Alliance, 1949-1963* (Wilson Center Press-Stanford University Press, 2001), *Mao's Military Romanticism: China and the Korean War, 1950-1953* (University Press of Kansas, 1995) and *Deterrence and Strategic Culture: Sino-American Confrontation, 1949-1958* (Cornell University Press, 1992). Zhang also taught at the University of Maryland, College Park, Shanghai International Studies University and East Normal University of China.

Amy King is Associate Professor and Australian Research Council DECRA Fellow in the Coral Bell School of Asia Pacific Affairs at the Australian National University. She is the author of *China-Japan Relations after World War Two: Empire, Industry and War, 1949-1965* (Cambridge University Press, 2016). She is now writing a second book on how Chinese ideas have shaped the changing international economic order.

Greg Lewis (Ph.D., Arizona State University) is a professor of history at Weber State University in Ogden, Utah, where he has taught Asian and world history since 1999. His research interests center on Maoist Chinese cinema history, foreign trade, and banking. His work has appeared in *Twentieth Century China*, *Asian Cinema*, *Education about Asia*, *Pacific Affairs*, *Shixue yuekan/Journal of Historical Science*, and other Chinese publications.

Mao Lin is an associate professor of history at Georgia Southern University. His research focuses on American foreign relations, the Cold War, and US-China relations. Lin's articles have appeared in a number of academic journals, covering a wide range of topics related to US-China relations.

Lawrence C. Reardon received his Ph.D. in political science from Columbia University (1991) and is professor of political science at the University of New Hampshire. He published, *A Third Way: The Origins of China's Current Economic Development Strategy* (Harvard University Asia Center, 2021); *The Reluctant Dragon: The Impact of Crisis Cycles on Chinese Foreign Economic Policy* (University of Washington Press/University of Hong Kong Press, 2002/2014); and two volumes of internal documents concerning China's coastal development strategy (*Chinese Law and Government*, 1994). He has written on China's foreign policy for *China Quarterly*, *The Journal of Contemporary China*, *China Business Review*, and *The Journal of Shenzhen University*. He also has published on religion, with special emphasis on Chinese religion, the Catholic Church, and Sino-Vatican relations. He co-edited *The Catholic Church and the Nation-State* (Georgetown University Press, 2006), and most recently contributed the chapter on the Catholic Church for the *Cambridge History of Nationhood and Nationalism*. He is a research associate at Harvard University's Fairbank Center, and is the co-founder and current coordinator of the Asian studies minor.

Jason Kelly's book makes a major contribution to a burgeoning literature on China's contact with the global economy, and particularly the capitalist half of that economy, during the Mao era. It upends the typical depiction of Maoist China as either "raging against the capitalist world or [being] contentedly detached from it" (3), instead showing how the Chinese Communist Party (CCP) consistently pursued foreign trade with capitalists from the earliest days of the War of Resistance against Japan, through the formation of the People's Republic of China, and during the various upheavals of the Mao era. In so doing, Kelly joins those scholars who have sought to break down the strict 'Communist' and 'capitalist' binaries of the Cold War by demonstrating how goods, people, technology, and ideas flowed across Cold War lines, transforming China in the process.¹

The book's most significant contribution is in its crafting of the fine-grained texture of how China's trade with the capitalist world worked in practice, the bureaucratic structures that worked to support that trade, and the people who made it possible. Some of the most colourful examples are found in Kelly's discussion of the wartime period, with cases such as that of the Yuehua Tea Company, established in 1938 as a discreet CCP trade office in British-controlled Hong Kong. Through this office, the CCP initiated early contact with the capitalist world as a way to funnel food, clothing and war materiel to Communist troops that were fighting on the mainland. Kelly captivatingly shows how this early contact helped working-level Chinese traders to quickly learn how to "perform" the part of the capitalist entrepreneur, with individuals such as Qin Bangli styling his suits, hair and manner in ways that belied his Communist Party identity and the modest lodgings he returned to each night (26-29). He also provides fascinating accounts of long-forgotten events like the 1952 Moscow Economic Conference, while re-inserting familiar moments, like the Geneva Conference, into the history of China's foreign trade with capitalists.

As the chapters progress, Kelly's account does not challenge the standard chronology of major turning points in China's domestic or foreign relations during the Mao era. Yet he pivots deftly between the high politics of this period and the more granular, day-to-day management of foreign trade. Kelly shows what the introduction of ideas and policies such as 'cleaning the house before entertaining guests,' 'peaceful coexistence,' and 'red vs expert' meant in practice, as senior CCP leaders and lower level cadres grappled with the daily realities of staffing foreign trade bureaus, finding the foreign currency needed to pay for imports, and learning how to interact with foreign capitalists abroad. In the process, he provides what will certainly become the definitive English-language account of the creation of the bureaucratic organs that facilitated the CCP's

¹ See, for example, Yongjin Zhang, *China in International Society since 1949: Alienation and Beyond* (Basingstoke, MacMillan Press in association with St Antony's College, Oxford, 1998), 28-29; Shu Guang Zhang, *Beijing's Economic Statecraft during the Cold War, 1949-1991* (Washington, DC and Baltimore, Woodrow Wilson Center Press and Johns Hopkins University Press, 2014); Mitcham, Chad J., *China's Economic Relations with the West and Japan, 1949-1979: Grain, Trade and Diplomacy* (London, Routledge, 2005); Eckstein, Alexander, *Communist China's Economic Growth and Foreign Trade* (New York, McGraw-Hill, 1966); Amy King, *China-Japan Relations after World War Two: Empire, Industry and War, 1949-1971* (Cambridge, Cambridge University Press, 2016); Amy King, "China's External Economic Relations during the Mao Years," in Richard von Glahn and Debin Ma, eds., *The Cambridge Economic History of China*, Vol. 2, Cambridge: Cambridge University Press, 2022): 685-721.

foreign trade, including the Central Ministry of Trade and its Foreign Trade Division, the International Trade Association, the China National Import and Export Corporation, and the Ministry of Foreign Trade.

Beyond these bureaucratic structures, however, the critical question we are left with is whether this trade and contact with the capitalist world actually changed Chairman Mao Zedong's China, or created legacies that would outlast the revolutionary period. Most significant, in my view, is Kelly's discussion of how China's participation in global markets spurred nascent ideas about how a socialist state might relate to the global capitalist economy. Senior CCP figures such as Chen Yun, for instance, pioneered ideas about how to develop "permanent export production bases" that would "expand and stabilise the supply of exports to overseas markets," while others repackaged older Chinese ideas that pre-dated the Mao era, such as the "use of imports to cultivate exports" [*yijin yangchu*] (175-176). Similarly, Premier Zhou Enlai demonstrated a keen appreciation of the *relational* dimension of foreign trade, and the concrete ways in which China's external economic ties might affect its image on the world stage. In late 1958, Zhou urged his colleagues to remember that trade was a "mutual undertaking," which required China to better appreciate the perspectives of its trade partners (152). Engaging in activities like price dumping or renegeing on contracts, both of which had escalated during the Great Leap Forward, would undermine China's relationships with trade partners and its wider diplomatic goals. Many of these Mao-era ideas were often subsumed by the political upheavals of the 1950s and 1960s, but, as Dorothy Solinger and others have shown elsewhere, they were later taken up and given new life by economic planners in the Deng era.²

Perhaps the most radical finding of this book is its portrayal of China's participation in the global economy as an entirely natural and normal phenomena. Kelly shows how, throughout the 1950s, Chinese officials used the language of 'normal' economic relations as a way to exhort Western nations and Japan to reject the US-led Cold War embargo and resume economic contact with China.³ Yet this normalisation of trade with capitalists went far deeper than mere propaganda; Kelly demonstrates that, time and again, the CCP's internal language framed China's greater participation in the global economy as both normal and desirable (118-119). CCP officials viewed the turn to global markets for the daily necessities of life, as well as for the technologies and more advanced goods that would enable China to realise its socialist modernisation, as entirely natural.

Nevertheless, this normalisation of China's engagement with the global capitalist economy is somewhat at odds with Kelly's constant questioning of how the CCP sought to reconcile the use of capitalist markets with its socialist ideology. To me, what is most striking from the evidence Kelly presents is that, in general, the CCP remained willing to defer this central question, or at least to accept the inherent tensions posed by capitalist trade. At times, this failure to reconcile socialist ideology with actual trade practice created uncertainties for working-level trade officials, as well as deep frustration for some of the CCP's most senior economic planners, particularly as the political upheavals of the Great Leap Forward and Cultural Revolution took hold. But learning to live with the duality of China's situation also inspired other profoundly creative ideas, such as '*zili gengsheng*,' which is typically translated as 'self reliance,' or, as Kelly puts it, "revival through one's own efforts" (19). Kelly defines *zili gengsheng* as a "disposition, a blend of caution and ambition from which Party leaders could derive the orientation and scope of China's economic interaction in a given historical context" (19). Such a definition usefully captures the CCP's willingness to live with duality and

² Dorothy J. Solinger, "Economic reform via reformulation in China: where do Rightist ideas come from?" *Asian Survey*, 21: 9 (1981): 947-960.

³ On the CCP's usage of the term "normal trade," see also King, *China-Japan Relations after World War Two*, pp. 84-85.

inherent tensions rather than forcing binary choices between socialism and capitalism, or openness and isolation. Kelly's definition also grasps the CCP's willingness to constantly reassess the balance struck between these different alternatives against the backdrop of changing historical conditions. Thus, as Kelly shows, the degree of foreign trade that a *zili gengsheng*-inspired CCP was willing to countenance "could expand or contract depending on the exigencies of the moment" (41-42).

Similarly, although Kelly attempts to sort through the relative importance of trade *or* politics in Mao's China, the evidence undercuts any neat 'trade vs politics' binary. Instead, it shows that the CCP pursued trade with capitalists for many reasons, often simultaneously: trade provided access to badly needed goods and foreign currency, it supported the political goal of socialist modernization, *and* it allowed China to chip away at the US-led embargo and weaken US alliances. As Kelly makes clear in his discussion of the aims of Vice Minister of Foreign Trade, Lei Renmin, at the Geneva Conference, "China did want trade to develop, but it also wanted political capital in equal measure" (113).

Jason Kelly has written an important history of the people, institutions, and trade practices that entrenched a set of ideas that remain palpable in China today: "how to use capitalist markets without succumbing to them" (211).

Jason Kelly's *Market Maoist* provides unprecedented details of China's foreign economic policies during the pre-1978 period and is an excellent example of scholarship based on field work in Mainland China.

Studies analyzing China's emergence as a global economic superpower often fail to appreciate the importance of China's pre-1978 foreign economic policies. There is a general misunderstanding that China reacted to the 1951 UN trade embargo by implementing an autarkic, self-reliance strategy, which resulted in a disengagement from the global economy until the 1978 Third Plenum of the 11th Party Congress. General Secretary Xi Jinping recently modified this autarkic Maoist concept, renamed "dual circulation," which promotes the country's national security strategy of "strengthening technological research and development and accelerating the country's scientific and technological self-reliance (*zili ziqiang*)."¹ Yet such ubiquitous Maoist slogans are not representative of the complex reality, as the Chinese party-state implemented a pragmatically flexible approach to foreign economic policy starting in the 1950s. Analyzing this period is vital to understanding the institutions and policies that resulted in the post-1978 transformation.

While US and European leaders are currently facing difficulties of supporting Ukraine by strengthening the Russian embargo, the embargo on strategic exports to China imposed at the beginning of the Korean conflict was even more porous. While acknowledging the increased difficulty of accessing foreign military technology and long-term credit financing, Alexander Eckstein argued that China could obtain necessary imports with minor additional costs.² The Soviet Union and its Eastern European allies already had regularized trade with China, which had signed a 30-year Treaty of Friendship, Alliance, and Mutual Assistance and borrowed \$300 million to buy Soviet technology to rebuild China. The Eisenhower administration quietly loosened its embargo to allow Western European allies, Japan, Australia, Canada, as well Canadian subsidies of US companies to double and/or triple trade with China by the late 1950s.³ To sell its products in these new capitalists markets, Chinese leaders approved their first biennial export commodity trade fair in Guangzhou in spring 1957 and proposed their first major export promotion strategy, *yijin yangchu* (using imports to develop exports) to meet foreign market demands.⁴

Chairman Mao Zedong undeniably reinforced the perception of China's disengagement from the global economy. He sloganized his vision of self-reliance and "walking on two legs" during the Great Leap Forward (GLF), which resulted in the semi-autarchic development strategy embodied by the Third Front movement

¹ *Renmin Ribao*, 30 June 2022, 1, [把科技的命脉牢牢掌握在自己手中 不断提升我国发展立性自主性安全性](#) (people.com.cn); CCP Central Committee, 18 November 2021, [中共中央政治局会议审议《国家安全战略（2021—2025年）》《军队功勋荣誉表彰条例》和《国家科技咨询委员会2021年咨询报告》习近平主持 滚动新闻 中国政府网](#) (www.gov.cn)

² Alexander Eckstein, *Communist China's Economic Growth and Foreign Trade* (New York: Columbia University Press, 1966), 263-64; 273.

³ Qing Simei, "The Eisenhower Administration and Changes in Western Embargo Policy against China, 1954–1958," in Cohen, Warren I., and Akira Iriye, eds. *The Great Powers in East Asia, 1953–1960*. (New York: Columbia University Press, 1990), 121–42.

⁴ Tan Qingfeng Yao Xuecong, and Li Shusen, eds. *Waimao fuchi shengchan shijian* [The practice of supporting foreign trade production]. (Beijing: Zhongguo Duiwai Jingji Maoyi Chubanshe, 1984) 43.

and the Cultural Revolution.⁵ Yet during the early 1950s, Mao approved the large-scale import substitution development strategy as outlined in the First Five-Year Plan and its “156 projects.” By purchasing Soviet and Eastern European turnkey plants and technology, Mao approved one of the greatest transfers of technology, especially dual-use technology.⁶ During the early 1960s and throughout the 1970s, as the paramount leader Mao approved the continuation of the import substitution strategy by importing foreign steel mills, chemical fertilizer plants, chemical fiber plants, and other technologies from the capitalist marketplace.

Political economists have understood the symbolic nature of China’s self-reliance and the significant role of the global economy in China’s development. Agreeing with Kenneth Lieberthal that foreign technology and equipment imports were a complete rejection of self-reliance principles,⁷ Nicholas Lardy described four basic characteristics of China’s import substitution program carried out from the early 1950s to early 1980s: the centralization of foreign trade; dynamic pricing of imported goods and increased protection of domestically-produced goods; the maintenance of an overvalued Renminbi and strict foreign exchange controls; and the focused importation of machinery and equipment.⁸ Michael Yahuda, Allen Whiting, and A. Doak Barnett provide insightful analysis of the self-reliance debates and the importation of turnkey plants and foreign technology in the 1970s.⁹

Based on Central Committee and State Council documents, Bo Yibo’s *Ruogan zhongda juece yu shijian de huigu*, the *Zhou Enlai Nianpu*, and various collections of elite speeches and writings, I published a 2002 monograph on China’s pre-1978 foreign economic policies, whose basic argument I updated in a second 2021 monograph.¹⁰ I argued that Mao’s embrace of a semi-autarkic, self-reliance model in the mid-1950s resulted in the economic chaos of the GLF. Premier Zhou Enlai and First Vice Premier Chen Yun thus proposed export promotion policies after 1959, including export processing zones, to finance grain imports and the 1963 Four Modernizations program utilizing European and Japanese technology. Unable to prevent the implementation of Mao’s normative semi-autarkic policies during the Third Front/Cultural Revolution period, Zhou and Chen Yun revived the Four Modernization strategy after 1971 and expanded its export promotion policies. They approved the large-scale 4-3 Plan, which authorized the importation \$ 5 billion of western industrial plants; by the late 1970s, Mao Zedong’s successor Chairman Hua Guofeng planned to double foreign industrial plant imports under the New Great Leap.

⁵ Mao Zedong, “Speech at the Sixth Plenum of the Eight Central Committee,” 19 December 1958, in Mao Zedong, *Miscellany of Mao Tse-tung Thought (1949-1968)*, (Arlington, Va.: Joint Publications Research Service 61269-1): 143.

⁶ John Wilson Lewis and Xue Litai. *China Builds the Bomb* (Stanford, CA.: Stanford University Press, 1988).

⁷ Nicholas R. Lardy and Kenneth Lieberthal, *Chen Yun’s Strategy for China’s Development: A Non-Maoist Alternative*, (Armonk, N.Y.: M. E. Sharpe, 1983).

⁸ Lardy, *Foreign Trade and Economic Reform in China, 1978–1990*. (Cambridge: Cambridge University Press, 1992): 18, 29.

⁹ Michael Yahuda, *Towards the End of Isolationism: China’s Foreign Policy after Mao*, (New York: St. Martin’s Press, 1983); Allen S. Whiting, *Chinese Domestic Politics and Foreign Policy in the 1970s* (Ann Arbor: Center for Chinese Studies, University of Michigan, 1979); A. Doak Barnett, *China’s Economy in Global Perspective* (Washington, D.C.: Brookings, 1981).

¹⁰ Lawrence C. Reardon, *The Reluctant Dragon: Crisis Cycles in Chinese Foreign Economic Policy* (Seattle, WA: University of Washington Press, 2002); Reardon, *A Third Way: The Origins of China’s Current Economic Development Strategy* (Cambridge, MA: Harvard University Asia Center, 2021).

Kelly's *Market Maoist* thus makes an important new contribution to the existing literature by analyzing how the Chinese Communist Party covertly developed international trading relationships prior to 1949, established the Ministry of Foreign Trade that maintained an extensive bureaucratic structure within China and overcame the US embargo to manage an extensive global trading network that was often routed through Hong Kong. Instead of an actual development strategy, Kelly interprets Mao's views of self-reliance as a basic guide for action. While agreeing with Chairman Vladimir Lenin that foreign capitalists would always engage in exploitative economic relations, Mao believed that such trade could be beneficial if carefully managed under the concept of self-reliance. According to Kelly, self-reliance was not just a policy, but "a disposition, a blend of caution and ambition...[which] meant never trusting one's fate to outsiders and never placing all of one's eggs in a single basket" (19).

The book is organized into seven chapters and an epilogue covering the early 1930s to early 1970s. Kelly's first chapter relies on primary documents from the British Colonial Office, the US State Department, collected speeches of Chinese elites including Mao Zedong and Li Fuchun, local Chinese histories, and western secondary sources to explore the first forays into the international market during the Sino-Japanese War of the 1930s and 1940s. He describes the 1947 arrival in Hong Kong of the Soviet freighter *Aldan* that not only carried a shipment of medicine, soybeans, and animal pelts from CCP-occupied areas in northeast China, but also four-party cadre who deposited CCP gold reserves in the Hongkong Shanghai Bank. With the establishment of trading companies in Dalian, Pyongyang, Hong Kong and Guangdong, this initial foray heralded the start of the CCP's clandestine network of international trade connections that financed the purchase of necessary imports including medicine, newsprint paper, vacuums, and filters. The first chapter also provides interesting details on the expanding role of the CCP's foreign trade office in Hong Kong under Liao Chengzhi to finance the CCP's anti-Japanese activities. China's international trading network expanded after 1945 with the establishment of secretly owned companies in the northeast city of Dalian under Chen Yun's direction that expanded exports of grain production and promoted trade with the Soviet Union and North Korea.

Chapter Two provides new evidence that the Central Committee expanded the CCP's foreign trade in the late 1940s. While the CCP gave highest priority to the Soviet Union and Eastern Europe, China also traded selectively with capitalist countries, with whom it maintained strong friendly relations. Private Hong Kong companies remained the CCP's key listening posts to collect economic intelligence, transmit party directives and issue letters of solicitation to western capitalist markets. To coordinate international trade policies, the party-state established the Central Finance and Economics Committee (CFEC) that assumed administrative control following the 1949 fall of the Guomindang government. The CFEC's mandate was to coordinate international trade not only with the Soviet Union, but as Mao confirmed in December 1949, with Britain, Japan, the United States, India, and other capitalist economies.

Chapter Three incorporates an important discussion of the Chinese foreign trade bureaucracy, including the establishment of the Ministry of Trade, its Foreign Trade Division, and other associated offices. Their first task was to recruit talented bureaucrats who had sophisticated knowledge of the international markets from within the government and among former Guomindang trade experts, as well as newly graduated talent from universities in Beijing and foreign countries. They also established the China International Trade Association (ITA) with branches throughout China that gathered experts and practitioners to advise the ministry on foreign trade matters such as the promotion of best practices and practical administrative policies.

This newly established foreign trade bureaucracy immediately tackled the fallout from China's entry into the Korean conflict. The US seized \$42.5 million dollars of assets and imposed an embargo on China, Hong Kong, and Macao, which was monitored by the Coordinating Committee (COCOM) and enforced by the China Committee (CHINCOM). Although it does not discuss the May 1951 UN embargo, the chapter explains how the foreign trade bureaucracy needed greater coordination to overcome embargo obstacles, especially those encountered by the import export firms. With the US threatening those involved in this surreptitious entrepôt activity in Hong Kong, the ministry diversified its sourcing by establishing commercial offices inside its Western European embassies, which authorized foreign trade contracts and supervised foreign commercial transactions. However, such workarounds were not always successful. The 1952 Moscow Conference resulted in a propaganda triumph, with the signing of \$220 million of contracts with Western European and American entrepreneurs. Unfortunately for China, these contracts remained unfulfilled as capitalist entrepreneurs failed to overcome COCOM restrictions (92).

Chinese trade officials learned from these experiences and redoubled their efforts to strengthen their foreign trade initiatives. The CFEC established the Ministry of Foreign Trade in 1952, which was responsible for all provincial foreign trade bureaus and foreign trade corporations. They transformed the ITA into the China Committee for the Promotion of International Trade (CCPIT), which expanded connections with foreign businesspeople and international trade associations. The China National Import and Export Corporation (CNIEC) represented China's import/export activities in Europe. Kelly concludes that China no longer concealed its foreign trade activities, but openly conducted such exchanges in Europe and Asia.

Chapter Four analyzes China's expanding foreign trade role following the 1953 Korean Armistice. Premier Zhou Enlai agreed with the Soviet suggestion that China should attend the 1954 Geneva Conference in part to promote "peaceful coexistence," but also to normalize China's international trade relations, starting with Great Britain (112-115). With the reduction in overseas remittances and increased demand for international technology and equipment mandated by the First Five-Year Plan, the State Planning Commission restricted non-essential foreign exchange outlays and promoted foreign trade expansion. China thus participated in international trade expositions, and completed Soviet-style exhibition halls in Shanghai, Beijing, and Guangzhou by 1957.

Kelly provides new insights concerning foreign economic policy during the Great Leap Forward (Chapter Five), the post-GLF recovery period (Chapter Six), the Cultural Revolution, and the early 1970s (Chapter Seven). In Chapter Five, Kelly explains how the Ministry of Foreign Trade satisfied Mao Zedong's exhortation of "more, faster, better, and more economical" by promoting the Double-Anti Movement of early 1958, which attacked conservatism ("more, faster") and wastefulness ("better, and more economical") (132). Second, the Ministry adopted the *dajin dachu* strategy, "[achieve] large-scale imports and exports" (page citation). While the Minister for Foreign Trade Ye Jizhuang agreed with Mao on the importance of bureaucratic decentralization, he reminded the ministry to maintain a "united front" when negotiating with foreign businesspeople and governments. Yet, local trade offices continued to make separate foreign trade deals, resulting in the dumping of Chinese export goods on Indian and Southeast Asian markets (146-150). This contributed to the economic chaos of the GLF and China's inability to fulfill its export contracts.

Chapter Six analyzes the problems of meeting export quotas, solving domestic starvation by importing grains, and importing western technology. Reacting to the Soviet withdrawal of its advisors, the Central Committee established the Foreign Trade Headquarters in 1960 composed of Zhou Enlai, Li Fuchun, and Li Xiannian, which agreed that the country's highest priority was to repay the Soviets and Eastern Europeans. Kelly

describes the establishment of the Grain Import Leadership Small Group, which procured grain on international markets including Australia and Canada. To finance grain imports, China sold silver and other valuable exports, established export production bases, revived the *yijin yangchu* program, and abandoned the *dajin dachu* strategy. They later signed contracts to import various industrial plants from Japanese and Western European manufacturers, who could more quickly deliver the technology than their Soviet counterparts. Chapter Seven succinctly discusses the Cultural Revolution, Zhou Enlai's 4-3 import program, the use of petroleum exports, and the *yijin yangchu* program. Kelly concludes his monograph by observing that the CCP continues to confront the problem of "how to use capitalist markets without succumbing to them" (211).

Jason Kelly's *Market Maoists* is a well-written analysis that provides new insights into pre-1978 Chinese foreign economic policy. Hopefully, he and others will continue their research to shed more light on the period, including the Overseas Chinese, Hong Kong, and Macao's contribution to China's international trade strategy, such as the Overseas Chinese Investment Company and their Overseas Chinese Investment Enterprises. More research can clarify the impact of the leadership's autarchic beliefs, the Cultural Revolution and the "Gang of Four" on foreign economic policy. We also need to uncover more materials on Zhou's 4-3 Plan and Hua Guofeng's New Ten-Year plan of the 1970s. How did China's international trade network change in the period from the 1950s to 1970s? How effective were China's export promotion strategies, including *yijin yangchu*, preferential export loans as well as the export commodity processing bases, comprehensive bases, and specialized factories? What was the impact of the various trade delegations sent abroad during the Hua Guofeng period? Unfortunately, under the current circumstances on the Mainland and Hong Kong, it is unlikely that scholars will have access to pertinent Chinese research materials to answer these questions.

For half a century or more, the dominant narratives on the Chinese revolution and victory focused on Chairman Mao Zedong, his person, his political philosophy, and his actions.¹ But they did not explore his acumen in economic development. Mao's attempts to achieve self-sufficiency with "revolutions after the revolution," namely the Great Leap Forward (1958-62) and the Cultural Revolution (GPCR, 1966-76), precipitated economic reverses that were not seen anywhere else in the world in the Cold War era. End of story, or so it seemed.

From the abyss came a new epoch, however. And thus China's determined modernization in the decades after 1978 required a partial excavation of the Mao era—at least for historians. Individuals like Premier Zhou Enlai came to the fore. Most familiar as the foreign affairs minister in the first decade of the People's Republic (PRC), Zhou also directed many aspects of China's economic development. Others, like Chen Yun, Bo Yibo, and Li Xiannian, lived long enough so that their earlier financial contributions to the PRC's modernization could be recognized. Chen Yun, especially, served as architect of the PRC's successful conquest of ruinous Nationalist-era inflation, and advocated early for market forces as a positive element in China's industrialization. Li Xiannian became Minister of Finance (1954-70) as China prepared to ramp up to the collectivism of the Great Leap and the Cultural Revolution. Then and later, he seemed to differ from Chen Yun in pushing against a precipitous movement to either markets or the West.

The embrace of China by Western trade partners is another factor in the PRC's reform-era economic success. This was in sharp contrast to a crippling trade embargo and economic blockade imposed by the US (and including Western Europe and Japan) soon after the establishment of the PRC that extended through most of the 1950s. A similar pattern holds true for the global economy. China's GNP averaged 16% annual growth for the thirty years ending in 2009 (by which time China's singular contribution to global productivity reached 9.3%). By contrast, it was 1952 before China's economy recovered to levels of fifteen years before, and only then—via the China Committee for the Promotion of International Trade (CCPIT, which was established in 1952)—did officials establish an institutional trade mechanism to deal exclusively with countries with whom China had no diplomatic relations.

Jason Kelly's *Market Maoists* adds considerably to our knowledge of Maoist-era individuals, institutions, ideology, and Western trade counterparts. First, the individuals. As the author's research demonstrates, individuals matter in history. At the highest level, Zhou Enlai and Chen Yun's footprints (with regard to PRC policy) seem so large that a certain abstraction seems unavoidable. Zhou's portrait is familiar, and yet here he is tied to specifics, as when he reestablished entrepreneur Qin Bangli—the brother of early "28 Bolsheviks" member Bo Gu and a vital supplier to the CCP of hard currency—in business in Hong Kong in 1946. Thereafter, Zhou Enlai is everywhere to be found. He consistently advocated for foreign trade and diplomacy with the industrialized West, positing that "where water flows, a channel will follow," and then, tangibly, helping to create the institutional framework to make it happen.² In five short years, as premier, he: chaired (along with Chen Yun) the critical, nearly month-long financial conference in May 1949 that allowed

¹ See for example, Jerome Chen, *Mao and the Chinese Revolution* (New York: Oxford University Press, 1965); Maurice Meisner, *Mao's China and After* (New York: Free Press, 1986); Keith Schoppa, *Revolution and Its Past* (London: Routledge, 2019); and Andrew Walder, *China Under Mao* (Cambridge, MA: Harvard University Press, 2017).

² "Maoyi xianxing, yimin cuguan," [People to people relations first, government to government relations to follow], *Zhongguo maoyi bao* [*China Trade News*] (5 March 1998): 1-2.

Shanghai businesses to use their own foreign currency to finance imports; traveled to Moscow in early 1950 to establish the PRC's "economic lifeline" (68-69); orchestrated every aspect of China's impressive, 25 person-strong mission to Moscow that founded the China Committee for the Promotion of International Trade (CCPIT) in 1952, the PRC's new institutional trade mechanism to deal with countries that had not yet officially recognized China³; and organized 200 officials to go to Geneva in April 1954, where many advocated with their counterparts for increased contact with Western European foreign experts. Again, an institutional framework followed in the form of 33,000 Ministry of Foreign Trade personnel in 382 offices by end-1955, which included offices outside China.

Chen Yun is another oft-cited leader in the PRC's formative years whose actions as recounted in *Market Maoists* affirm and expand upon existing historiography. Serving as vice-premier under Zhou Enlai, his financial work also traces back to Qin Bangli, who began his work on behalf of the Chinese Communist Party (CCP) by opening six Hong Kong retail stores under Chen's supervision in 1938. By 1946 Chen Yun argued from inflation-ridden Harbin for foreign trade as necessary to keep the CCP in the civil war, and he became one of a triumvirate managing the PRC's economy into the 1960s. In fact, while Zhou Enlai dissembled and compounded Great Leap Forward suffering by insisting that export trade contracts be fulfilled despite widespread famine, Chen Yun nudged PRC trade further towards the West. He approved the creation of the Ministry of Foreign Trade (MOFT) to fund and develop export bases, and with the end of the US-led trade embargo (and the so-called 'China differential'), and foresaw that future PRC foreign trade volume with capitalist countries could triple that of the Soviet bloc. The other critical contextual point Kelly makes with regard to Chen Yun is his recognition of and advocacy that PRC exporters meet international standards in quality, price, and consistency (175).

The individual who emerges as something of a revelation in *Market Maoists* is Li Xiannian. His thinking seems to have been antithetical to that of Chen Yun, and he makes his initial appearance in the book as a Great Leap Forward-era "worrier" (159) in Kelly's narrative. Whether he personally sanctioned the PRC's shift to capitalist trade in the early 1960s is not clear. However, during the Cultural Revolution Li attempted to minimize disruption to the Foreign Trade Institute, for one, and also presided over limited PRC trade declines of 8% (1967) and 3% (1968). What happened next, the 4-3 program, is the centerpiece in Kelly's narrative, and its timing offers a ringing endorsement of his thesis as well. Li Xiannian was the driving force behind a sustained PRC effort, with firm roots in the Cultural Revolution, to import complete plants for manufacturing artificial fibers, chemical fertilizers, and rolling steel. The price tag was a whopping US\$4.3 billion, a fantastical sum given the acute anxiety of leadership regarding much smaller outlays during the Great Leap. Li and others also faced determined opposition from the Gang of Four led by Jiang Qing, reminding us of the incongruity between the project and its times. Perhaps most impressively, the 4-3 program gained support from unexpected places (Mao Zedong) and stayed the course despite a \$1.4 billion trade deficit (1974) that in previous years would have sent CCP leadership running for cover. As the author notes, by 1979 twenty of twenty-six large industrial projects were built and operational, and by 1982 all 26 had been completed (204).⁴ Now indeed, China was leaning to the side of capitalism.

³ Nan Hanchen's secretary, Yang Peixin said that upon completing the draft of Nan's Moscow speech he was summoned to a midnight conference with Zhou Enlai, whereupon the Premier "made many changes . . . [he had] strict conditions"; interview with Greg Lewis, May 21, 1998 (Beijing).

⁴ The author here gives due credit to scholar Chen Donglin for bringing this seldom remarked-upon episode to light in Chinese-language publications.

Other subjects that are central to *Market Maoists* include the Ministry of Foreign Trade, and its chairman Ye Jizhuang and vice-chair Lei Renmin. The Ministry of Foreign Trade as an organization appears to have been almost schizophrenic at times. Ye Jizhuang traveled to Moscow with Zhou Enlai and Chen Yun and, as the so-called “Red housekeeper” (73), embraced the PRC’s initial tilt toward the Soviet bloc. With increases in foreign trade volume, centralization, and professionalism via a defined division of labor during the First Five Year Plan, the MOFT then confidently transitioned to capitalist-oriented trade. Unfortunately, its rapid growth and elevated profile in the PRC’s economy made the MOFT an easy political target in the Great Leap Forward. Forced decentralization, shortfalls in contracted exports, Soviet perfidy, fratricidal poaching, and price dumping soon followed, unraveling the organization from top to bottom. Consider for example, as Kelly, does, the fate of chairman Ye Jizhuang. Effectively reduced to the role of mouthpiece for Great Leap propaganda, Ye later became an early victim in the Cultural Revolution, dying of a heart attack in June 1967 at age 74 (191).⁵

Lei Renmin, meanwhile, joined the 1952 CCPIT mission to Moscow at Zhou Enlai’s behest, and the author asserts that he was soon put in charge of all commerce with capitalist countries. Lei envisioned a future in which PRC agents would market Chinese exports directly to West Europe without middlemen, seeing trade with capitalists as not only patriotic but internationalist as well. At Geneva in 1954, Lei Renmin put this theory into practice, residing downtown where he could meet with British and other European traders (Kelly here references a photo in the PRC magazine *Foreign Trade* of Lei drinking with Italian businessmen as a point of emphasis, 120). However, even as his portrait exceeds that of stereotype-bureaucrat, Lei exists in *Market Maoists* largely as an appendage of his institution, the Ministry of Foreign Trade. Still, by all accounts Lei was a competent and dedicated official who would later lead the MOFT, and he outlived all his contemporaries, passing in 2005 at the age of 96.

My research into Lei Renmin, his CCPIT rival Ji Chaoding, and the CCPIT itself affirms Kelly’s thesis even as our perspectives differ with regard to the two men. I met Lei Renmin in Beijing at a memorial for former British Committee for the Promotion of International Trade (BCPIT) member Jack Perry in 1997. Perry was one of three key figures when the BCPIT became the first Western European entity to sign a trade agreement with China, and Lei freely reminisced about the 1953 “Icebreaker mission” and weakening the US trade embargo. He agreed then to be interviewed, but two days later declined. Why? Three former banking and trade officials suggested it was due to long-simmering tensions between Lei Renmin and my research subject, CCPIT vice-chair Ji Chaoding. Ji occupied the same title within the CCPIT as Lei, but according to two former secretaries had responsibility for the organization’s day-to-day activities from 1955. Ji was well-qualified by temperament and experience to deal with the West, speaking and writing in perfect English, with a degree in economics (Columbia University, 1936) and dozens of publications over the seventeen years he lived in Chicago and New York. In the same period, Lei Renmin studied law in Japan and spoke Japanese, but since he had spent much of the war in Yanan he had had little contact with Western Europe or the US⁶

⁵ The author’s best arguments for seismic shifts in PRC ideology and trade volume with capitalists are found in chapters 5, 6 and 7 of *Market Maoists*.

⁶ For Lei Renmin, see Lei Bin, “Cong Pingyao gucheng zhouchude guojia duiwai maoyi buzhang—Lei Renmin/From ancient Pingyao city to national foreign trade minister—Lei Renmin (September 19, 2012), accessed via internet Baidu.com, June 4, 2018. For meeting Lei Renmin and stories told at the Jack Perry memorial in Beijing, see Greg Lewis, *Shades of Red and White: the Life and Political Career of Ji Chaoding, 1903-1963* (Arizona State University Ph.D. dissertation, 1999), 327fn103. The most complete list of Ji Chaoding’s publications can be found in Lewis, *Shades*

Ji Chaoding had further capitalist-familiar experiences between 1939 and 1949 that make him more than worthy of Kelly's praise. Ji was secretary in the quasi-governmental Universal Trading Corporation (UTC), which conducted two-way trade between China and New York in an effort to aid the Nationalist government's war effort against Japan (1939-1941); served as Nationalist Minister of Finance Kong Xiangxi's secretary and key advisor on foreign trade and banking issues during the Pacific War, including most notably, as executive secretary of the wartime Sino-American-British Currency Stabilization Board (1941-44); and headed economic research at the Central Bank of China in Shanghai (1944-49). With the first two positions Ji gained unusually broad and intimate knowledge of the US Treasury Department and the US Export-Import Bank. He also observed and assisted with institution-building in each of the three above-referenced organizations (UTC, the Currency Stabilization Board, and the Central Bank's economic research department on the eve of the CCP takeover).⁷

Lei Renmin, by contrast, seems to have been the ultimate company man. He spent the Anti-Japanese War years in CCP organization, intelligence, and internal affairs, and even after 1949 was prosecuting domestic economic and political corruption in the successive Three- and Five-Anti Movements of 1951-52, which targeted Nationalist-era capitalists. Ji Chaoding traveled to Beijing from Chongqing in January 1949 and for the first time was publicly acknowledged as member of the new Communist party-state. In the economic recovery phase of the PRC before the CCPIT came into being (1949-52), Ji worked on the Foreign Capital Enterprise Control Bureau, as economic research director for the People's Bank of China, as deputy director overseeing the Bank of China's overseas trade finance, and not incidentally, was appointed to the United Nations (UN) Economic and Social Council (before China's entry to the U.N. was denied by the United States and its allies). Each of these positions brought him into contact with prominent domestic and foreign traders. Ji's former secretaries noted that the CCPIT resembled—in its professional staff, its library, and open access reading room, replete with up-to-date English-language publications, and work culture—its market-oriented counterparts in the West.⁸

Missing from *Market Maoists* is substantial accounting for the 10,000-plus Guomindang-era trade and banking personnel who remained in the employ of the People's Bank, the Ministry of Foreign Trade, and other financial organizations after 1949. In most cases these were not political appointees. However, they were familiar with capitalist markets, banking, and trade, and PRC officials like Nan Hanchen, first president of the People's Bank (and later CCPIT chairman) made use of these personnel to good effect. Nan's secretary, Yang Peixin, said that Nan viewed trade with capitalists as necessary, and even in Moscow (in 1952) advocated for the inclusion of "red capitalists" who ultimately won over Western European and Southeast Asian delegates especially.⁹

of Red and White, 363-368. Ji's dissertation, *Key Economic Areas in China* was published in London in 1936, and his unpublished Institute of Pacific Relations-sponsored study, *The Wartime Economic Development of China* (unpublished Institute of Pacific Relations manuscript, 1941), perhaps the most comprehensive assessment of China's wartime economy, was finally published in New York by Garland Publishing in 1980.

⁷ See Lewis, *Shades of Red and White*, especially 139-223.

⁸ Greg Lewis, "Searching for Identity in Maoist China—the CCPIT and its Leadership, 1952-1966," *Weber: the Contemporary West* 35:2 (Spring 2019), 49-59.

⁹ Greg Lewis interview with Yang Peixin, May 23, 1998, Beijing (multiple interviews). See also Deng Jiarong and Han Xiaohui, *Nan Hanchen zhuan! A Biography of Nan Hanchen* (Beijing: Jinrong chubanshe, 1993), 345. Nan Hanchen, like Ye Jizhuang, became a victim of the Cultural Revolution in 1967 after a lifetime of service to the Chinese

Not surprisingly, several red capitalists made it into the MOFT, which, as mentioned, employed 33,000 persons by the end of 1955. The centrality of the MOFT in China's steady shift away from the Soviet bloc to capitalist country trade during the Mao period is properly acknowledged in *Market Maoists*. Kelly traces the outlines of the MOFT's institutional framework, the leadership, its ideology, and the effects of the *Sturm und Drang* of the Great Leap Forward and Cultural Revolution. However, his coverage makes one wish for a comprehensive scholarly institutional history of the organization. The same goes for the CCPIT, which receives only passing mention. With personnel numbering in the hundreds, the CCPIT hosted nearly 100 Chinese commodity-trade exhibitions at home and abroad, and sent dozens of PRC trade delegations to Europe, Asia, Africa, and the Western hemisphere in the years leading up to 1966.¹⁰

Whether the rivalry between the CCPIT and the MOFT would be a point of emphasis in any comprehensive history of either organization is open to question, but the numerous references to it I encountered during interviews is something that remains a powerful memory even 25 years later. It is doubtful that many written references to such tensions would see the light of day even if they exist. However, the striking differences in the backgrounds of Lei Renmin and Ji Chaoding were hardly atypical, and should be acknowledged. Along the same lines, the additional context that *Market Maoists* could reflect would be the devastating Nationalist-era inflation as a decisive influence for all who endured it. One can easily imagine, for example, being in the position of a Lei Renmin or another Yanan CCP stalwart with years of service to the Chinese revolution in the hinterland, and suddenly being confronted with an environment like that in Shanghai in May 1949, an international metropolis that was almost completely devoid of food, other necessities, or a viable currency. How could one familiarize oneself with the environment and to develop a strategy of governing, and quickly, with so many destitute people needing help? The same holds for Ji Chaoding, who essentially lived a spy's life—in Chicago, New York, Chongqing, and Shanghai—over two decades and was thus unknown to Lei Renmin and a host of other CCP leaders when he finally acknowledged being a communist in 1949. Unlike Lei Renmin, Ji Chaoding observed the catalogue of Nationalist government policy errors first-hand. What both men shared, despite their very different backgrounds, was a survival instinct that existed beyond any pro forma political ideology, and which unfortunately often put them at odds until Ji suddenly passed away in August 1963. I would argue that this survival instinct moved Zhou Enlai, Chen Yun, and Li Xiannian to trade with the capitalist countries at critical junctures that are described in *Market Maoists*, as much as any considerations along the continuum between “financial warfare” or “peaceful coexistence.”

Regarding sources, Kelly deserves enthusiastic kudos for tracking down the materials he needed to tell his story: biographies and/or chronologies of key figures like Zhou Enlai and Chen Yun, the massive compilations on PRC foreign trade, banking, and finance, plus an impressive number of harder-to-find newspaper articles (British, US, Chinese, and Japanese), Chinese archival materials (including from provincial archives), and English-language PRC foreign trade publications.¹¹

revolution; Lewis, “Searching for Identity in Maoist China—the CCPIT and its Leadership, 1952-1966,” *Weber: the Contemporary West* 35:2 (Spring/Summer 2019), 49-59.

¹⁰For an apolitical institutional history of the CCPIT, see the in-house *Maocu chungiu/Chronicle of the China Committee for the Promotion of International Trade* (Beijing: Zhongguo caizheng jingji chubanshe, 2013). See also the CCPIT's memorial to Nan Hanchen (especially for many never-before-seen visual images provided by family members), *Nan Hanchen jinian ce/In Commemoration of Nan Hanchen* (Beijing: Zhongyang wenxian chubanshe, 2005).

¹¹ Readers would have been able to affirm the breadth and depth of Jason Kelly's research had the publisher included a separate bibliography rather than just footnotes. Two authors Kelly might have referenced would be Chinese

A final word concerns observations that may say more about the recognition by both Lei Renmin and Ji Chaoding regarding the consumer-style lifestyle that would accompany increased foreign trade with the industrialized West. In Geneva, the British officials who negotiated with Lei Renmin noted “dapper brown shoes” which set off his “standard-issue Mao suit.” In similar fashion, a Hong Kong-based British banker had bemusedly remarked upon the incongruence of Ji Chaoding’s dress in a 1950 meeting: “(he was) wearing ‘coolie blues’ which all respectable Communists wore, [but] distinguished from the others by his beautiful English-made shoes which he still wore whenever he could get away with it.” Ultimately, Lei and Ji probably had much more in common than either man realized during this turbulent decade.¹²

Academy of Social Sciences emeritus scholar Dong Zhikai, who wrote extensively on the PRC economy in the 1950s and the US trade embargo and economic blockade, and Wang Xi, eminent scholar of PRC foreign trade history. Kelly does reference Zhang Shuguang’s outstanding *Economic Cold War* (Stanford, CA: Stanford University Press, 2001). See for example, Dong Zhikai, *Zhongguo shouci zaoyu fengsuo jinyun shimo* (Beijing: Beijing Renmin chubanshe, 2019), and Wang Xi’s compendium on foreign trade, *Qiu su ji* (2017).

¹² For Lei’s dress, see Kelly, 104. For Ji Chaoding’s, see Frank King, *The Hongkong Bank in the Period of Development and Nationalism, 1941-1984*, volume four of the *History of the Hongkong and Shanghai Banking Corporation* (London: Cambridge University Press, 1986), 375.

The rise of China as a global power since the late twentieth century is one of the most significant changes in recent history and has had a profound impact on the international order. Most scholars and observers trace China's ascent back to the Reform and Opening policy launched by Deng Xiaoping, the paramount Chinese leader after the death of Mao Zedong. Under Deng, the People's Republic of China (PRC) adopted new economic policies that encouraged the growth of market economy at home and accelerated China's foreign trade. Today, China is the second largest economy in the world and one of the most important global trading partners. While China's economic liberation since the 1980s has been welcomed as a departure from the period of Mao's China, many observers argue that the economic liberation so far has failed to produce political liberation.¹ Jason M. Kelly's *Market Maoists* can be read against this background.

Kelly's book focuses on China's trade with capitalist nations from the 1930s to the 1970s. Drawing upon a wide range of sources, including materials from several Chinese provincial archives, Kelly argues that China's economic transformation under Deng did not mark a totally new departure from the nation's Communist past. Rather, China's shift toward a capitalist economy has its roots in the Mao-era trade with capitalist countries. Between 1930s and 1970s, the Chinese Communist Party (CCP) did not avoid doing business with capitalist nations. Kelly writes that "rather than shun capitalist markets outright, Party leaders adapted to them by selectively appropriating commercial practices and norms in an effort to expand access to markets abroad" (3). Compared with the Chinese economy today, China's trade with capitalist nations during the Mao-era can seem trivial. Kelly argues, however, that the continued existence of the capitalist trade laid the foundation of the Deng-era economic takeoff. To analyze the continuity of China's capitalist trade under Mao and Deng, Kelly focuses on the top CCP leaders such as Zhou Enlai, Chen Yun, Li Xiannian, Li Fuchun, and Ye Jizhuang. Those elite CCP leaders, as Kelly shows, never completely rejected trade with capitalist nations. The careers of those party leaders, therefore, brought legitimacy to the expanded capitalist trade under Deng. Equally important, Kelly focuses on the trade-related institution-building under Mao. He examines the founding and operation of the Ministry of Foreign Trade, the China International Trade Association, the China Committee for the Promotion of International Trade, and other institutions that were created to handle foreign trade. Those institutions, Kelly argues, provided continuity, stability, and professionalism to China's trade with capitalist nations. They also created safe spaces that shielded some trade officials from China's domestic political turmoil.

While the CCP has pursued capitalist trade since the 1930s, Kelly correctly points out that "Party needs, not profits alone," drove the CCP's trade policy (28). Indeed, Kelly outlines an overarching theme that underlined the CCP's trade policy: the tension between the Communist ideology and the practice of trading with capitalist powers. On the one hand, the Communist ideology dictated that trade with capitalist powers was inherently unequal and harmful to China, as the imperialist powers had used trade to exploit China and keep China backward. On the other hand, reality forced the Party to do business with capitalist powers, because only those markets could provide materials, technologies, and know-hows that the CCP needed to support its revolutions. As Kelly argues, the CCP and especially Mao Zedong himself tried to solve this dilemma through the theory of 'red and expert.' Party cadres handling trade with capitalist nations were supposed to become experts, that is, they should understand the capitalist market and play by its rules. At the

¹ For example, see James Mann, *The China Fantasy: Why Capitalism Will Not Bring Democracy to China* (New York: Penguin Group, 2007); Arron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W.W. Norton & Company, 2011).

same time, they should never become disoriented by their professionalism and lose their faith in Communism. Capitalist trade should be regarded as a tool that would serve the revolution, and not as an end by itself. As Kelly shows, this theory did not always solve the dilemma, because the line between “red” and “expert” cannot be clearly drawn.

The CCP first faced this “red and expert” dilemma during the 1930s and 1940s. While accusing the imperialist powers of using trade to hurt China, the Party quietly and secretly tapped into capitalist markets first through Hong Kong and later through Dalian. Those markets provided much-needed material for the CCP to survive both the war against Japan and the civil war against the Chinese Nationalist Party. Trade, however, was tightly controlled by the CCP leadership and handled by loyal party cadres. Kelly argues that this experience demonstrated that “the CCP could trade with foreign capitalists without relinquishing its revolutionary goals” (37). Indeed, the tight party control of trade quickly became an established norm. After the founding of the PRC, ideology became an even more important factor determining China’s foreign trade policy. Ideology now dictated that China should expand trade with the Soviet Union and other socialist nations, but Mao also wanted to reduce trade with capitalist nations. Yet the CCP did not want to completely cut its trade with capitalist powers. “For Mao,” Kelly argues, “the question remained not whether to continue this trade, but how” (66). The CCP wanted to restart trade with capitalist nations on its own terms, insisting that trade with those nations should be based upon the principle of ‘equality and mutual benefit.’

China soon faced a new challenge of its trade policy, however. The America-led economic embargo against China, which was implemented once the Korean War broke out, did serious damages to the Chinese economy. China thus decided that trade with capitalist nations could be an effective tool for breaking the American embargo. New trade institutions were created and refined, and the Party recruited trade professionals to staff those institutions. The trade officials were assured that they would not be deemed as straying away from the Party orthodoxy in their pursuit of capitalist trade. On the contrary, they were contributing to the Communist revolution because trade now became an essential task in the struggle against the American imperialism. China’s trade policy especially targeted America’s major allies such as Great Britain and Japan. Chinese trade officials now tried to decouple ideology from trade. Kelly argues that the consistent message China tried to send during this time was that “trade was normal, a natural pursuit for all nations no matter their ideological predisposition, and the Americans were preventing it” (91). Kelly examines in great detail China’s trade offensive during the 1954 Geneva Conference. As he shows, the Chinese took pains to expand trade with capitalist powers, not only in order to break the America-led embargo but also to prove that China was willing to coexist with others peacefully through commerce. China’s aim “was to challenge not just the US-led embargo but also the American presumption to dictate the rules of global commerce, particularly the fundamental question of who can participate, and who cannot” (103).

China’s trade offensive worked to a certain extent. The America-led embargo soon cracked, as many American allies resumed trade with China. Yet the launch of the Great Leap Forward (GLF) at home soon created chaos in China’s foreign trade. Mao intended to use the GLF to industrialize China quickly, only to end up causing famine and economic chaos. Zhou Enlai, Chen Yun, and other CCP leaders who wanted moderate economic policies were dismissed by Mao as conservatives. The Ministry of Foreign Trade was now under great pressure to launch a leap in foreign trade. The Ministry was forced to decentralize trade control so that local governments could be allowed to pursue their own foreign trade, with the assumed result that trade would grow rapidly. Ideology was elevated over expertise, and trade officials had to come up with unrealistic goals. The emerging Sino-Soviet split delivered another fatal blow to the already crumbling Chinese economy, as the Soviet Union cut off aid and withdrew Soviet advisors from China. China was unable to fulfil many trade

contracts, which greatly damaged its credibility as a reliable trade partner in the eyes of the capitalist nations. Ultimately, Mao was forced to admit that the GLF was a mistake, and he allowed his moderate colleagues such as Zhou Enlai and Liu Shaoqi to repair the economy. Kelly argues that the failure of the GLF marked a turning point in China's foreign trade. On the one hand, China rushed into capitalist markets after the GLF to purchase food and other essential goods to rescue the economy. In doing so, expertise was once again valued over ideology. On the other hand, the Sino-Soviet split reduced China's trade with socialist nations, and this decline turned out to be permanent. From the 1960s on, the bulk of China's foreign trade turned toward the capitalist world. Kelly argues that this shift "presaged a much more consequential shift in China's relationship to the global economy that would occur during Reform and Opening" (176).

China's foreign trade reorientation, Kelly argues, "chipped away at the relevance of the distinction between socialism and capitalism in the context of development through foreign trade" (184). This trend, according to Kelly, continued even during the Cultural Revolution. Mao launched the Cultural Revolution in order to defend his own legacy and the perceived threats from what he called the "capitalist roaders." Ideological fever reigned over China, followed by violence and chaos. Yet Chinese trade officials continued to expand the PRC's trade with capitalist nations. The 1969 Sino-Soviet border war and the US-China rapprochement forced Mao to reevaluate China's Cold War strategy. The changed international environment, Kelly points out, favored China's drive to expand trade with the capitalist world. "By the early 1970s, it was becoming an increasingly accepted view among CCP leaders that capitalist markets abroad were not just important to the construction of a strong and modern Chinese socialist state; they were essential" (187). Thus, when Deng Xiaoping took power, China's trading policies were already leaning to the capitalist side.

Kelly's research provides a nuanced account of China's capitalist trade during the Mao era. Together with the publications of other scholars, Kelly's work enriches our understanding of China's economic statecraft by examining how the CCP used foreign trade to serve its political agenda.² Although Kelly does not fully discuss the centrality of China's capitalist trade to the PRC's overall economic transformation during the Deng-era, he demonstrates that China's Reform and Opening should be examined within a much longer historical context. As he argues:

To overlook these Maoist roots is to misunderstand the nature of the historical forces behind China's engagement with global capitalism in the late twentieth and early twenty-first centuries. What China and the world witnessed in the Reform and Opening era and afterward was not simply the rise of capitalism in post-Mao China, but rather the continuation under new historical circumstances of the Party's long-standing willingness to use markets to achieve political aims, foremost among which remained the development of a strong, modern China state capable of "standing up," as Mao said, for its own interest (211).

In other words, Kelly argues that the CCP did not pursue foreign trade for trade's own sake. Rather, foreign trade with capitalist markets has always been subject to the Party's political agenda. This thesis is naturally tied to another central question facing today's China scholars: the link between China's economic liberation and its political liberation. Indeed, the assumption that China's economic reform can guide the nation toward

² For examples of studies of China's economic statecraft, see Chad J. Mitcham, *China's Economic Relations with the West and Japan, 1949-1979: Grain, Trade and Diplomacy* (London: Routledge, 2005); Shu Guang Zhang, *Beijing's Economic Statecraft during the Cold War, 1949-1991* (Washington DC: Woodrow Wilson Center Press; Baltimore: Johns Hopkins University Press, 2014).

democracy is a hotly contested one.³ Kelly's book proves that this assumption is at the same time both correct and wrong. On the one hand, Kelly shows that expanded trade with the capitalist world challenged the Chinese to rethink Communism as a development model, and today's China has clearly moved away from the Mao-era in certain political aspects. On the other hand, China has yet to fully embrace political liberation, as the CCP continues to have a monopoly of political power. But Kelly's work provides a way to understand the tension between economic and political liberation. The CCP's long history of trading with capitalist nations made it possible for the Party to justify China's shift toward a capitalist economy without making a clear break from Maoist China.

³ For example, see David Shambaugh, *Beautiful Imperialist: China Perceives America, 1972-1990* (Princeton: Princeton University Press, 1991); Richard Madsen, *China and the American Dream* (Berkeley: University of California Press, 1995); David M Lampton, *Same Bed, Different Dreams: Managing US-China Relations, 1989-2000* (Berkeley: University of California Press, 2001); Warren I. Cohen, *America's Response to China: A History of Sino-American Relations* 6th ed. (New York: Columbia University Press, 2019).

Response by Jason Kelly, Cardiff University

I am grateful for this opportunity to have my book reviewed and discussed, particularly by this group. These essays, and the introduction, were written by five scholars whose work has done much to sharpen how I think, teach, and write about China. So, this is a real pleasure, and I am thankful to Zhang Shu Guang, Amy King, Greg Lewis, Mao Lin, and Chris Reardon for taking the time to read and critique the book so carefully. My sincere thanks also to Zhou Taomo for organizing the roundtable and to Diane Labrosse and the H-Diplo team for supporting it.

I was pleased to read the positive responses of the reviewers—not just because I admire their work and value their perspectives, but also because I am conscious of the fact that, although we all share a deep interest in Chinese foreign relations, we approach the subject from different disciplines, which can sometimes lead scholars to write past one another. One of the unspoken goals behind this book was to bring to life a facet of Chinese foreign relations during the Mao era that I believe has been underappreciated and misunderstood, and to do so by telling an engaging story. Good history—or, at least, the history I find most meaningful—takes seriously the obligation of storytelling, something I tried to do when I set out to write the book.

Hence my gratification when I read Amy King's view that one of the book's chief contributions lies in "its crafting of the fine-grained texture of how China's trade with the capitalist world worked in practice, the bureaucratic structures that worked to support that trade, and the people who made it possible." Crafting this fine-grained texture was essential, I believe, to bringing Mao-era trade politics to life, with all its nuance, ambiguity, tragedy, and optimism. This fine detail was also important for tracing the subtle ways in which certain people and institutions helped unwittingly, over time, to lay groundwork for the subsequent transformations of Reform and Opening.

King observes elsewhere that "[p]erhaps the most radical finding of this book is its portrayal of China's participation in the global economy as...entirely natural and normal," a feature she finds "somewhat at odds with [my] constant questioning of how the CCP sought to reconcile the use of capitalist markets with socialist ideology." Here we seem to see things slightly differently. I agree with King's reading of the evidence that, in retrospect, the CCP seemed generally willing during the Mao era to accept the tensions posed by capitalist trade, and that this willingness helped to inspire creative and limber concepts, such as *zili gengsheng*. As King suggests, elements of this capitalist trade seemed normal, accepted, and natural even at the time. The Ministry of Foreign Trade (MOFT) expected trade with capitalists abroad as a matter of course when tallying annual plans for each coming year.

Yet I also see in the evidence a consistent effort by the CCP to distinguish capitalist from socialist—in recordkeeping, in policy deliberations, in curricula at colleges and training institutes, and in documented assessments of the behaviors and identities of the women and men who conducted China's foreign trade. This, too, became natural and normal. Beneath this tidy distinction, however, lurked troubling ambiguities that left space for discretion in daily work and, by extension, risk and anxiety. Judgments could also change with time. A bedrock socialist transaction today could become a flagrant capitalist deviation tomorrow. For those who lived and worked in this environment, the blend of ambiguity and stark capitalist-socialist binaries produced a climate in which trade with foreign capitalists felt fraught and far from settled or normalized. In a sense, then, CCP dealings with overseas capitalist markets could be both entirely natural but also unsettled.

King’s thoughtful essay identifies another binary at work in the book. She sees an effort “to sort through the relative importance of trade *or* politics in Mao’s China,” noting that “the evidence undercuts any neat ‘trade vs politics’ binary.” On this point, perhaps somewhat contrary to the thrust of King’s observation, I agree completely. Trade and politics were tightly entwined. The book identifies many moments when CCP leaders sought to “pursue politics through trade, and trade through politics” (143), as I argue in the context of the CCP’s decision to suspend trade with Japan following the Nagasaki flag incident in May 1958. The CCP pursued trade for many reasons, as King rightly notes, and trade always served politics, a point raised by Mao Lin in his meticulous review. I couldn’t agree more.

Mao Lin’s review also picks up on another key theme of the book: the connection, so often presumed, between economic and political liberalization. As Lin suggests, the question of whether economic reform in China will guide the nation toward some form of political liberalization is not a new one, but it is one that has taken on increased salience and stakes in recent years, not just in the United States, where I wrote the book, but around the world. In a sense, the book is a response to the churn surrounding this issue, as we all search for clues to what the future might bring for Chinese politics. Placing this contemporary debate into broader historical context, I find, is helpful for thinking critically about future possibilities, and I’m glad to see Mao Lin shares this view.

Greg Lewis’s essay focuses largely on the people who populate the book and those who may have been overlooked. He pays particular attention to Lei Renmin and Ji Chaoding, two individuals who, despite simmering tensions between them, both played central roles in developing China’s trade relations with capitalist markets. Lewis, who knows more about the life of Ji Chaoding than perhaps any other historian working in English, suggests that Ji perhaps deserves more attention in the book than he received.¹

Perhaps this is right. Ji was a remarkable figure, a busy man of considerable talent who had deep ties to capitalist markets, several of which Lewis identifies in his review. A fuller accounting of Ji might allow for a deeper discussion of the differences—in experience, in temperament, and in outlook—that separated Ji from Lei and, to some extent, the institutions in which both men worked.

But Ji Chaoding and Lei Renmin also had much in common, as Lewis writes, particularly when it came to their support for China’s commercial ties to capitalist markets overseas. This shared foundation features prominently in *Market Maoists* because it brings into focus the early inclinations of the CCP to seek commercial relationships abroad that otherwise appeared antithetical to CCP orthodoxy as commonly interpreted. Of course, this doesn’t diminish the importance of the differences that separated Ji from Lei and the CCPIT from the MOFT. Such tensions are also part of the story of Chinese trade during the Mao era. But the elements of commonality, including the shared commitment to promoting trade with capitalists, help to answer questions at the core of the book: how and why this trade developed in the first place and why it persisted despite the political turbulence of the era.

As Chris Reardon suggests in his detailed review, answers to these Mao-era questions can lead to a deeper understanding of Chinese politics after Mao’s death. This includes the politics of today. Reardon mentions the concept of “dual circulation” as one such example of a contemporary concept with deep Maoists roots. There are many others, of course. Because I think this historical context is so important for understanding

¹ For Lewis’s detailed investigation of Ji Chaoding, see Greg Lewis, *Shades of Red and White: The Life and Political Career of Ji Chaoding, 1903-1963* (Arizona State University Ph.D. dissertation, 1999).

China today, I tried to write the book in clear, accessible prose. My hope is that it will appeal not just to historians and specialists, but also to scholars and China watchers of all stripes.

Reardon's review raises other keen observations, but I was particularly struck by his conclusion. His short list of promising research questions is uplifting—these are certainly the kinds of questions that cry out for more research. But he also alludes to a shadow that has crept over the field when he observes that scholars are unlikely to have access to the kinds of materials in China that are needed to pursue these questions with sufficient rigor.

Many of us in the field share this concern, and I realize I am fortunate to have finished *Market Maoists* when I did. At the same time, I am clinging to optimism, fortified in part by memories of my first experiences in China in 2002. Then, the future seemed bright for China-related research and collaboration. Archives were opening, fantastic new scholarship was emerging from newfound access to documents, scholarly exchanges were taking shape, and conversations on campuses seemed relatively freewheeling. In that moment, few predicted the changes we have seen in recent years. Looking back at that time reminds me how much—and how quickly—things can change in China.

This thought has helped me remain hopeful that, despite global health crises and shifting political winds, a more promising research environment will reemerge in the days ahead. Until then, other research questions on the history of Chinese foreign relations are ripe for exploration, particularly those that can be pursued by adopting an international approach that makes use of archives and resources elsewhere around the world. While they are no substitute for rummaging through the archives and market stalls of Hong Kong and Mainland China, such projects nonetheless keep the field alive and vibrant as we wait for the winds to shift again.