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Rethinking the Political Economy of Development in Mao's China

Covell F. Meyskens

If someone publicly declares today that China failed to develop under Mao Zedong, there is typically little need for explanation since this viewpoint accords with popular understandings of the history of state socialism in the twentieth century. In the contemporary era, a widely accepted narrative is that during the Cold War a protracted struggle took place between capitalism and socialism, and in the end capitalism won, and socialism lost. For many, capitalism's victory in the Cold War is taken as a sign of its economic superiority, and socialism's defeat is treated as definitive proof of its economic failure (Gaddis 1997; Fukuyama 1992). This same binary of success and failure frequently structures scholarly analysis of the Chinese economy in the Mao period. In the pages that follow, I do not intend to resolve the question of whether Mao's China was an economic success or failure. My aim is different. I come at the issue of the Chinese economy under Mao

from a meta-perspective, critically examining two theoretical frameworks used to evaluate Maoist economic affairs and presenting alternative explanations that I suggest more adequately explain the political economy of development in Mao's China.

Both of the theoretical frameworks that I focus on in this article presume to know what economic practices the Chinese Communist Party (CCP) should have engaged in and fault the Party for not conforming to their standards of judgment. I argue that this normative approach to analyzing Maoist development is wanting for four reasons, all of which are a result of not taking economic practices in Mao's China on their own terms. In its drive to depict China as acting in an anomalous manner, this normative standpoint insufficiently attends to the empirical specificities of economic activities of the Mao era. It does not take enough into account how China's socialist identity shaped the Communist Party's economic initiatives. Nor does it dig deep enough into how the geopolitical dynamics of the Cold War influenced Chinese development. This way of writing the history of the Mao period also overlooks similarities between China and other developmental states in Cold War East Asia.

The first theoretical framework that this article lays out and critiques is based on neoclassical economic theory. According to neoclassical economics, the fundamental issue with the CCP's approach to development was its inefficiency. A major source of inefficiency was the Party's decision to repress markets and not prioritize growth in light industry—the economic sector for which China's large population provided a comparative advantage. If the Party had pursued this policy direction, the theory goes that then domestic growth and consumption would have been higher. Instead of adhering to this comparative advantage-conforming policy line, the CCP concentrated on heavy industrial growth and implemented a policy of import substitution.

While supporters of the neoclassical framework criticize the CCP for contravening the principle of comparative advantage, proponents of the second framework think that the problem with Mao's China was that it never broke completely with capitalist practices and never truly turned into a socialist country. Still entrenched in capitalist logics, the CCP made China into a state capitalist regime. Theoretical claims of this sort come in two different varieties. The first variety maintains that China was state capital-

ist, because markets were not entirely liquidated, and the government took on a superintendent role in economic affairs. The second variety holds that China maintained a capitalist economy under Mao, since surplus value continued to be extracted from labor and channeled into capital accumulation. The only difference was that, rather than private actors exploiting workers, it was state agents running a countrywide bureaucracy who oversaw the mining of surplus value from Chinese labor to increase national capital and be internationally competitive.

I argue here that neither the neoclassical nor the state capitalist framework gives a sufficient assessment of the political economy of development in Mao's China. The neoclassical framework falls short in two regards. First, neoclassical analysis portrays the CCP's economic policies as abnormal. However, many of the developmental techniques implemented in China were practiced by other East Asian states that also sought to avoid overreliance on more advanced industrial countries and strengthen their geopolitical position. Second, while the CCP did not funnel its big rural population into light industry, government administrators did mobilize large quantities of rural labor for another purpose. The Maoist state routinely made up for scarce domestic machinery by routing masses of rural workers into labor-intensive infrastructure construction projects.

The state capitalist framework, on the other hand, errs in not sufficiently considering the seminal effects that the CCP's identification of China as a socialist country had on its economic course. As students of Marxist-Leninism, CCP leaders followed central pieces of its narrative of how to liberate China from feudalism and capitalism. Following Marxist-Leninism's stagist view of history, Party officials sought to have China progress first to a socialist developmental phase before reaching history's finale and morphing into a communist industrial nation. To attain this end, the Party undertook a series of policies to contain economic practices and actors that were viewed to be in the way of China's progress toward the end of history. Markets and private property were suppressed. The population was classified into political categories that structured their life chances and differentiated their value to socialist development. People in turn came to see their class status not based on their socioeconomic position as Marxism argues is the case in a capitalist system, but rather in terms of their state-assigned political category.

In line with the Soviet model of development, the Communist Party also gave first priority to heavy industrial growth, underfunded rural development, and treated labor exploitation as nonexistent in a socialist system, thereby delegitimizing demands by laborers for better working conditions as contrary to the objectives of socialist developmentalism. As a result of the underdevelopment of the countryside, the money-commodity-money relationship, which Marx asserted was characteristic of capitalism, became largely nonoperative in rural areas, as the Party demonetized them to bolster urban industrialization. Cash became very scarce in the urban economy too, as many items were only obtainable with state-issued ration coupons. China's geopolitical standing as a socialist country also significantly impacted its developmental trajectory. Beset by fears that the United States and the Soviet Union might militarily challenge China, Party leaders militarized China's developmental strategy and sanctioned the criticism of anyone who advocated alternative developmental methods as supporting bourgeois capitalist, Soviet, or counterrevolutionary policies that conflicted with the Party's project of building socialism in China.

The Neoclassical Framework

When scholars assess the political economy of Mao's China according to neoclassical principles, the most frequent problem that they cite is its inefficiency (Branstetter and Lardy 2008: 634; Deng and Shen 2019; Lin 2003: 70–90; Lin 2012: 71, 78; Naughton 2007: 80–82). Yet the question is inefficient in comparison to what? The answer is that the Chinese economy was inefficient in comparison to what neoclassical theory assumes to be optimal conduct (Marshall 1890). What the Chinese Communist Party should have done, following neoclassical norms, is favor markets and invest in economic sectors in which it had a comparative advantage (Ricardo 1817). This was not what the Communist Party did. It instituted a planned economy in which government personnel regularly flouted the principle of comparative advantage and tried to keep market activity to a minimum.

According to neoclassical ideas of correct economic behavior, the Communist Party should have recognized that the most efficient method of achieving economic growth was channeling resources toward labor-intensive

industries because China was short on capital and had a big population. The Chinese government did not follow this developmental policy. It ignored the comparative advantage that its huge labor force gave it in the labor-intensive light-industrial sector. Instead, it promoted heavy industrial development and pursued import substitution. The latter policy caused the prices of domestic goods to be higher than on international markets, and it enabled Chinese companies to remain inefficient, since they were not subject to foreign pressures to innovate, increase quality control, and improve production methods. Prioritizing heavy industrial development led to inefficiencies too, as start-up costs for projects were higher not only because China had a small existing capital base but also because building heavy industry required larger initial outlays than light industry.

Development in Cold War East Asia

Examined through the lens of neoclassical theory, Chinese developmental policy appears to have irrationally broken with universally valid economic truths. However, when the same policies are placed in regional perspective, Chinese industrial strategy appears not to be unreasonable but rather to be cut from a similar cloth as the economic practices of other East Asian states during the Cold War. In Taiwan, Japan, and the two Koreas, state elites implemented policies of industrial growth that while not exactly the same as China's still had significant overlap. As Bruce Cumings (1999: 88–92) has illustrated, government administrators in all four countries fostered development by nationalizing industries or forming cartels, shielding domestic industry from international competition, intentionally setting high prices for producer goods and low prices for consumer goods, backing import substitution, maximizing the extraction of agricultural resources, suppressing consumption, and maintaining a tight lid on labor politics. Every one of these policies also found favor in Mao's China.

Seen in this light, Chinese economic statecraft was not an aberrant deviation from a presumed neoclassical norm. It was part of a regional trend of East Asian states supervising development to establish a domestic industrial base that prevented national dependency on foreign industrial goods and shored up the country's geopolitical condition. By drawing attention to

points of resemblance between the developmental strategies of Mao's China and other states in East Asia, I do not mean to imply that they were identical in every respect. They were most definitely not. There were, however, structural commonalities in how East Asian governments on both sides of the Cold War divide handled national development. They all treated the creation of a robust industrial apparatus as a vital national affair that could not be left to the vicissitudes of domestic or international markets. Central government administrators had to take a leading role in overcoming the nation's underdeveloped state and constructing a new industrial future (Amsden 1989; Johnson 1982; Wade 1990).

Labor-Intensive Infrastructure Construction

Neoclassical interpretations of the Chinese economy under Mao also overlook the central role that labor-intensive methods of economic development played in the CCP's drive to transform China into an industrial nation. As Sigrid Schmalzer (2014: 79) has demonstrated, the CCP had leaned on the mass mobilization of labor as a means of development since the 1930s when it had to make do with the scant resources present in the impoverished mountains of inland China where its revolutionary base areas were located. The form that labor-intensive development assumed after the People's Republic of China's (PRC) establishment in 1949 was not the light-industrial sort that neoclassical economists take China to task for disregarding. It involved Chinese government representatives marshaling large quantities of labor to build economic infrastructure.

Like the CCP's statist approach to development, this strategy of bolstering China's infrastructural foundation was not an economic anomaly only found in socialist China. Its basic method bore a striking resemblance to the policy proposals of developmental economist W. Arthur Lewis. In his landmark 1954 paper "Economic Development with Unlimited Supplies of Labour," Lewis contended that if a country had very little in the way of industrial resources but had a large agricultural population, then one way that the government could bring about industrialization relatively quickly was to restrict consumption and direct idle rural labor toward the construction of infrastructure (Eisenman 2018: 7–8). The CCP pursued an

analogous developmental strategy right from the beginning of the PRC, marshaling a hundred thousand rural workers in the early 1950s to build the first railroad executed under CCP rule—the Chengdu-Kunming Line (Chengyu tielu 1953).

In subsequent years, economic planners continued to count on the muscle power of rural labor to complete other railroad projects (Meyskens 2015). The same labor-intensive construction techniques were utilized to erect dams, set up oilfields, reclaim land, put up buildings, fell forests, dig irrigation networks, and construct other pieces of infrastructure (Hershatter 2011: 241; Li 2009: 239–41; Pietz 2015: 174–82, 187–229, 238–51; “Shiyou shiren” 2000; Zhou 2018: 69–86). In all these economic endeavors, government representatives routinely made up for a lack of adequate industrial machinery by mustering a large rural labor force and assigning its members to perform labor-intensive construction work. The Communist Party thus did not ignore its comparative advantage in undertaking economic activities that required a sizable number of workers. Labor-intensive development was indeed central to the Party’s approach to building China into a socialist industrial society, just not in the manner prescribed by neoclassical economics.

The State Capitalism Framework

For neoclassical analysts, the principal defect of the political economy of Mao’s China was its inefficiency. On the opposite end of the political spectrum, scholars inspired by Marx and his progenitors have dealt with the issue of Chinese development from a rather different perspective. They question whether it is even correct to characterize China during the Mao era as a socialist economy. They argue that the PRC is more appropriately categorized as a form of state capitalism. This line of argumentation has taken two different forms. The first variety bases its claim that Mao’s China was a form of state capitalism on the continuing existence of markets and the state’s attempt to control market activities. According to this line of reasoning, if markets are operating in a given time and place, and state agents are heavily involved in administering economic relations, then that economic system is rightly classified as an instance of state capitalism.

This line of argumentation has not yet become a well-established historiographic position in studies of the Mao period (Gerth 2020; Zhao 2018: 13). It is, however, a well-worn theme in Marxist studies of the Soviet Union and East European states (van der Linden 2007: 59–62, 107–25, 180–92, 258–79). Given the amount of ink that has been spilled determining whether the persistence of markets disqualified the Soviet Union and East European countries as socialist states and made them into state capitalist regimes, it seems likely that this genre of argument will gain more prominence in PRC studies in years to come.

In a recent edited volume (Liu and Murthy 2017), Viren Murthy has argued from a very different theoretical perspective that state capitalism was the dominant politico-economic form in Mao's China. His claim is rooted in the work of Marxist historian Moishe Postone. According to Postone (2017: 44), countries like the Soviet Union and Mao's China were not socialist. They were statist regimes pursuing, in Postone's words, "alternative forms of capitalist accumulation." Postone (2017: 32, 34) comes to this conclusion based on a set of theoretical assumptions. He maintains that "traditional Marxism" has wrongly assumed that a regime is socialist if a proletarian movement forms a political regime that abolishes private property and markets and founds "a new form of society, characterized by collective ownership of the means of production and economic planning."

Postone is of the opinion that this view of socialism derives from a faulty interpretation of Marx's analysis of capitalism. According to Postone, the essential characteristics of a capitalist society are not the presence of private property and the market. Rather, the key determining attribute of capitalism is economic agents exploiting labor through the extraction of surplus value which is reinvested into the production process to increase the accumulation of capital. Postone (2017: 40) deduces from this argument that putatively socialist regimes were really state capitalist in character since they constructed elaborate administrative structures to extort surplus value from labor and plough it back into capital accumulation.

Postone is not alone in opining that states in the twentieth century that declared themselves socialist were actually state capitalist. In the history of Western Marxism, many scholars have taken this position (e.g., van der Linden 2007). The theoretician who comes closest to encompassing Postone's

arguments is Friedrich Pollock. A member of the Frankfurt School, Pollock (1982: 75–78) averred that a governmental regime was state capitalist if it met the following conditions: the replacement of autonomous markets with a governmental regime that manages the entire nation as if it were one huge capitalist factory. Under state capitalism, the whole nation becomes a signal corporation in which different economic sectors are treated like the workshops of a factory whose coordination the state orchestrates to augment the accumulation of national capital. To this end, members of the economic bureaucracy formulate wide-ranging economic plans that designate desired levels of “production, consumption, savings, . . . [and] investments.” Prices are set by government fiat. “The profit interests of individuals and groups are subordinated to the general plan,” and the national economy is run through a “scientifically-based management” system. All of these governmental activities are undertaken with the aim of boosting the economic resources that the state is able to draw on and deploy to push forward the process of capital accumulation.

Absent from the above analyses of state capitalism is a consideration of international affairs. Since the next part of this paper will consider China’s position in the international order, let us consider one final Marxist explanation of why the Soviet Union was state capitalist that could be extended to China. This theory was promulgated by Tony Cliff in the 1970s. Similar to Pollock, Cliff ([1974] 2018) viewed the state in the Soviet Union as transforming the nation into one gigantic capitalist corporation. This nation-corporation was not like a private corporation. It did not take its competitors to be private or public companies striving to obtain more market share. Its competition was other states vying for influence in the global economy. Moreover, since capitalist states were hostile toward the existence of socialist countries, they had to strive to not just economically outcompete capitalist states but also develop defense capabilities that enabled them to survive in an antagonistic world (see also Gerth 2020).

Building Socialism with Marxist-Leninist Characteristics

It is my view that Mao’s China was not capitalist but socialist. Behind the Communist Party’s claim that China was socialist, there was not, as Postone

implies, a solid capitalist core waiting to be uncovered by critical analysis. Nor was China's self-presentation as a socialist regime an act of false consciousness. The Party did not dupe the Chinese public into believing that it was building socialism when in fact China was capitalist all along. People who lived through the Mao era knew what kind of country they experienced—a country that took constructing a socialist economy as a driving political goal.

In making this assertion, I do not intend to deny that Mao's China had markets and that industrial workers were paid a wage. I even accept that work-points given to rural labor were a kind of wage. I also do not debate that the economic system erected during the Mao era was exploitative. It undoubtedly was. Even though Chinese political economy had all these attributes, I still disagree that Mao's China was a state capitalist regime. The logic behind my critique of the state capitalist framework can be summarized with a four-word phrase: China's socialist identity mattered. It informed how the Chinese state managed the economy. It impacted how the Party approached labor exploitation, and it shaped how foreign states related to the People's Republic. Scholars that claim that China in the Mao era was state capitalist do not adequately account for how China's socialist identity was embedded into its domestic and international affairs. Particularly consequential was how the Party leadership's self-perception as carrying forward the political lineage of Marxist-Leninism affected their understanding of the economic norms that the Chinese government had to enforce in the present and pursue in the future to advance China's transformation into a socialist country.

For lifelong communist revolutionaries like Mao Zedong and his comrades in arms, it would have made no sense to argue, as Postone does, that the Party's seizure of state power to execute a proletarian revolution was not a crucial feature of building a socialist country. Quite to the contrary, CCP leaders subscribed, like other Marxist-Leninist state builders, to what Jean-François Lyotard (1984: 32) has called a grand "narrative of emancipation." Years of revolutionary struggle had forged in top CCP members a strongly held belief that their historic purpose was to train "the 'people,' under the name of the 'nation' in order to point them down the path of progress." For CCP elites, history's dialectical arrow did not point toward state capital-

ism. It was headed toward a future in which the Party had unshackled the Chinese nation from imperialist subjection and removed the remnants of capitalism and feudalism from the Chinese polity (Apter and Saich 1994: 90–95, 115–21; Chen 2001: 7–8).

When Party leaders tried to move the Chinese economy in this progressive direction, the policies that they implemented were rooted in the Marxist-Leninist idea that China had to pass through distinct economic phases, with each phase being more advanced than the last, from feudalism and capitalism to socialism and finally communism. Party leaders' adherence to this historical schema profoundly impacted how they administered economic affairs, as Marxist-Leninism marked off some economic actors and practices as conducive to moving history toward its inevitable communist climax, while other economic activities and agents were tarred as illegitimate holdovers of an oppressive feudal and capitalist system that had to be brought under control and eventually expunged from the political order for the country to experience historical progress (Fitzpatrick 1993; Golfo, 2003: 17; Lenin 1932: 70–75, 78–85). This ideological understanding of what counted as legitimate economic behavior had very practical consequences for the course of Chinese development, as it structured the kinds of resources that the CCP endeavored to accumulate, curb, and jettison.

When the Party founded the PRC, it quickly moved to root out what it perceived to be feudal and capitalist elements within the national economy. Viewing landlords and rich peasants to be relics of a feudal and capitalist past, officials stripped them of their power and property and slotted them into the lower stratum of the social order (Lee and Selden 2009: 29). The Party then reassigned their landholdings to lower and middle peasants, who were entrusted with power over local society (DeMare 2019; Hinton 1966; Selden 1971). Over the course of the 1950s, lower and middle peasants lost their land too, as ownership of land was socialized and transferred to collective institutions (Li 2009: 23–80). Despite this shift in ownership, the political classifications attributed to individuals during land reform continued to structure power relations in rural areas (Wu 2014: 39–40).

People classified as rich peasants and landlords remained in a position of structural inferiority, and people labeled as lower and middle peasants retained positions of authority. Factional conflicts notwithstanding, this

political arrangement lasted until the Party annulled the political classification system in the early 1980s. The political labels that the state ascribed to people in the countryside became particularly consequential during the Great Leap Forward when rural cadres used their political connections to provide scarce food to their family members and associates (Cao and Yang 2016). During the other years of the Mao era, leading local rural cadres used their power to give jobs to their close contacts which earned more work-points and required less physical labor (Li 2009: 133). Political categories were such an enduring feature of social life in the Mao period that people came to develop a sense of class consciousness that was defined not by their relationship to the means of production, as Marxist scholars argue occurs under capitalism (Elster 1986: 29–34). Rather, the “classes” that individuals conceived themselves and others to be members of were none other than the political classifications that government officials assigned them to during land reform (Wemheuer 2019: 29–31; Fitzpatrick 1993).

The reorganization of the rural economy through land reform was only one part of China’s transition to socialism according to Marxist-Leninism’s eschatological narrative. The CCP had also to eliminate private business in cities and make state-owned and collective enterprises the core building blocks of the urban economy. In parallel to the remaking of the political economy of urban and rural areas, central planning agencies were established to implement governmental policies about what economic resources should be produced and consumed. Only with state control over the means of production institutionally cemented could the Party not only check the private accumulation of wealth through property ownership and the exploitation of labor that prevailed in a capitalist economic system but also orchestrate the building of China into a socialist society (Selden and Lippit 1982; Wemheuer 2019: 17). To ensure that China’s transition to socialism had a favorable social environment, urban officials engaged in the same governmental practice as their rural counterparts: they classified members of the urban population in different categories based on whether they were perceived to be integral to constructing socialism in China. Placed atop the political order were revolutionary cadres, industrial workers, and family members of revolutionary martyrs, while capitalists, counterrevolutionaries, and later rightists were relegated to an inferior political status (Wemheuer 2019: 29).

The CCP's stratification of Chinese society into politically suspect and favored categories of people had significant effects on China's developmental path. People deemed dangerous to the regime had to undergo thought reform and were sent to labor camps, where many stayed for decades. Isolated from the larger body politic, these marked people usually could not apply their technical and administrative skills to developmental efforts that matched their educational background and work experience because of the political threat that they were perceived to pose to building socialism in China (Smith 2012; Wang 2017). Although some individuals with bad class labels were still allowed to partake in economic activities that were more closely aligned with their skill set—most notably for projects related to national security—the politics of class status still operated as an important factor structuring the development of Mao's China and the life chances of individuals (Feigenbaum 2003: 72). For example, Zhaojin Zeng and Joshua Eisenman (2018) have demonstrated how attacks on scientists, technicians, and intellectuals during the Anti-Rightist campaign contributed to the subsequent depression of economic growth. Additionally, Andrew Walder and his colleagues have shown that people with a good class status tended to obtain more economic advantages and positions of administrative power than those with negative political classifications, a phenomenon that persisted even after the end of the Mao era (Treiman and Walder 2019; Walder, Li, and Treiman 2000: 191–209).

Socialist Development and Its Limits

The CCP's differentiation of legitimate and illegitimate behavior also led to the devaluation and suppression of economic practices thought to be bourgeois, rightist, or counterrevolutionary, while economic conduct considered by the state to be socialist was thought of positively and encouraged. If a given economic practice was characterized by the state as being socialist, it was politically incorrect to consider it to be exploitative since socialist practices were by definition not exploitative. The Party's politicization of exploitation in this way meant that social groups that sought to challenge economic inequities could be delegitimized by categorizing their demands as bourgeois, rightist, or counterrevolutionary concerns that contradicted

the collective aims that the CCP deemed necessary for advancing the construction of socialist China (Shearer 2009). Criticisms of this sort were used by the Party to disempower political movements advocating higher wages or expanding comprehensive welfare benefits beyond the narrow economic realm occupied by state-owned enterprises, whether it was the strike wave in 1957 during the Hundred Flowers Campaign or industrial worker protests in the late 1960s during the Cultural Revolution (Dillon 2015: 157–228; Perry and Xun 1997: 97–117; Wemheuer 2019: 235, 241–42).

The CCP did not constrain the growth of wages and welfare outlays in pursuit of the profit motive, as would have been the case with a capitalist enterprise. Rather, as Alexander Day has detailed in his article for this issue, economic governance in Mao's China was centered on channeling resources toward the production of specific economic resources considered critical to building Chinese socialism. Most consequential on a structural level was the ideological view inherited from the Soviet Union that economic endeavors linked to consumption were “non-productive,” closely connected to capitalism, and thus less worthy of development (Golfo 2003: 17; Li and Xia 2018: 75–78).

Imprinted with these negative political associations, the consumer sector was sapped of state investment, as raising consumption was not taken as a political priority but as a capitalist practice that had to be repressed. Central planners poured resources, instead, into the generation of economic goods categorized as “productive” and thereby more integral to the socialist developmental project. Included within this domain were heavy industrial items—such as coal, iron, and machinery—that were part of the aptly named producer goods sector, whose output, rather than serving as consumables, was funneled back into the production process to increase the total production capacity of heavy industry and the amount of economic resources, especially of the heavy industrial sort, available to China's socialist regime (Selden 1992: 113, 121–25, 129–30, 134–35).

In tandem, rural prices and living standards were kept at a minimalistic level, and very few resources were allotted to modernizing agriculture. Funding for rural areas was so low that it became nearly demonetized. Rural residents were principally remunerated for their labor in work-points, earning on average only 11–15 RMB per year in cash (*Nongye jingji* 1983:

516–17). This fiscal situation meant that the money-commodity-money relationship that Karl Marx maintained was a defining feature of a capitalist economy did not hold for the countryside in socialist China (Marx 1909: 168–73). This result was in part a result of cash and commodities being so scarce in rural areas that residents had no money to purchase commodities and even when they did there was little that they could buy. It was also a consequence of how work-points operated. Work-points could not like cash be exchanged for any commodity at any location that recognized the value of the currency used. Work-points were only exchangeable for grain and only at the local work-unit where they were earned (Wemheuer 2019: 24). Similarly in urban areas, a ration coupons regime covered 80 percent of basic consumer goods. Only with ration coupons could workers acquire staple goods such as cloth, grain, milk, eggs, tofu, and oil. Like work-points in rural areas, these coupons were only usable at specific workplaces or only in particular cities or provinces. Very few people were issued ration coupons that were valid throughout the country (Wu 2014: 153).

Instituting work-points in rural areas was partially a way for the Communist Party to limit the formation of new rural classes, since all rural residents were treated as agricultural laborers who were paid roughly the same amount in work-points (Wemheuer 2019: 100–101). It was also a way for the government to constrict rural consumption, so that more resources could be directed toward urban industrial development. Though this policy systematically disadvantaged rural areas, it could not be legitimately called exploitative since the Party had officially eliminated exploitation from the Chinese economy. Party leaders pushed the extraction of rural resources for the sake of urban industrialization into high gear in the late 1950s after the CCP determined that China had completed its conversion to the socialist phase of history (meaning the elimination of private ownership of means of production). As with earlier policy initiatives, Party officials proceeded to embrace a Marxist-Leninist developmental script and debated when the PRC would be ready to reach history's culmination and become a communist society. At Mao's urging, the Party launched the Great Leap to effectuate this penultimate move in China's economic trajectory (Walder 2015: 153–57).

If the CCP had thought of the PRC as a capitalist state, it would have never embarked on the Great Leap, since capitalist states do not hold the

Marxist-Leninist view that there is a historical stage after capitalism. Within the political logic of capitalism, there is no future phase of economic history that has to be achieved for historical progress to occur. All that the future holds is more capitalism. While capitalist regimes do acknowledge that a country might become socialist or fascist, this shift in character is not conceived as a historical step forward but as falling backward in history since capitalism is the only politico-economic formation recognized as progressive. If Mao's China had been a capitalist country, there would have therefore been no impetus to engage in a utopian movement like the Great Leap, which aimed to rapidly reach history's developmental end point, since the end of history had already come, and its name was capitalism (Buck-Morss 2000).

Socialist Insecurity and Capitalist Antagonism

The Communist Party's drive to bring China to a higher stage of development was profoundly shaped by its subordinate position within a global capitalist system dominated by the United States, which sought during the Cold War to prevent communist countries from expanding their foreign influence and eventually eliminating communist governments from the world economy, so that only capitalist regimes were left in the international order (Gaddis 1982; Leffler 2007; Westad 2007: 8–38). China's international status as a socialist state imparted Chinese development with a pronounced military bent as it faced off against a hostile capitalist world. This effect was visible from the PRC's very first years.

In 1950, Beijing decided to participate in the Korean War to consolidate control over the national economy and strengthen its alliance with the Soviet Union against the American-led capitalist camp (Garver 2016: 60–62). During the war, roughly 40 percent of state investment went into national defense. After hostilities subsided, while state investment in military industries declined, it remained a significant part of the national budget, as the United States stationed tens of thousands of troops in South Korea, Japan, and the Philippines to contain socialist expansion in East Asia at the hands of Mao's China and the Soviet Union. The breakdown of Sino-Soviet relations in the late 1950s further intensified Beijing's security concerns, as Mos-

cow bivouacked hundreds of thousands of troops on China's northern border and engaged in border skirmishes (Li and Xia 2018: 94). Troubled by the prospect that the United States or the Soviet Union might wage war against China, the Communist Party dedicated an average of 20 percent of the state budget to bolstering its military power from the early 1950s into the early 1970s (Fravel 2019: 72–138, 236–69; Mulvenon 2001: 36–37).

In this regard, the PRC was akin to the Soviet Union, which invested heavily in expanding its military industrial base out of concern that capitalist states might one day attack (Davies 1994: 143; Hanson 2003: 30–34). The PRC also adopted the Soviet Union's policy of prioritizing heavy industry over all other economic sectors, because China shared the Soviet view that heavy industry was critical to maintaining international security in a global environment in which the American-led capitalist world was endeavoring to contain socialist regimes and one day in the future do away with them entirely. In the face of capitalist animosity, Chinese economic planners severely limited investment in the consumer sector and made every effort to ensure that socialist China acquired a heavy industrial apparatus that could overcome enemy forces in the event that war broke out (Lardy 1985: 5). Strategic development choices were thus not simply based on theoretical or ideological frameworks: they were determined and defined by the Cold War imbalance of power, which was heavily tilted in favor of the US and Soviet armed forces, and fostered the very real fears that China's leaders had of their country's weakness.

The Party's apprehension about military threats to Chinese socialism grew even higher in the late 1960s and early '70s. The cause of the Party's trepidation was mounting tensions with the United States and its former-friend-turned-bitter-enemy, the Soviet Union. The CCP leadership worried that the United States might bring its fight against a socialist insurgency in Vietnam onto Chinese soil, and that the Soviet Union might take intensifying border friction as a pretext for a full-scale assault on Chinese territory. To guarantee that socialist China was properly prepared for a Sino-American or Sino-Soviet war, economic planners allocated nearly 40 percent of the capital construction budget to enhance China's military capabilities between 1964 and 1980 in a project called the Third Front (Chen 2003: 235; Garver 2016: 189–91).

When the Third Front campaign was at its height between 1964 and 1972, the central government de-emphasized development in China's industrial heartlands along the coast and in the northeast, since the Party center thought that the United States or the Soviet Union could easily bombard them with air raids or nuclear strikes and reduce coastal industry to rubble. Granted economic priority, the Chinese interior received roughly 50 percent of capital construction investment. Industrial projects were not placed in large cities in inland China because they were also judged to be vulnerable to aerial attacks. They were instead hidden in mountains and scattered over large areas, so that they would be harder for Soviet or American aircraft to find and bomb (Naughton 1988: 354–55). The Communist Party did not undertake this mammoth project to safeguard state capitalism in China. It did so to guarantee that Chinese socialism had sufficient military industrial power to meet the challenge of security threats emanating from Washington and Moscow.

The construction strategies behind the Third Front campaign also bore the imprint of Cold War tensions between the socialist and capitalist world. Concerned that war might break out at any moment, the Party center urged Third Front administrators to race against time to build up the country's military industrial defenses before the United States or the Soviet Union launched an attack (Shapiro 2001: 70–75). According to government orders, this rush to construct an industrial war machine could not principally rely on machinery, machine-made goods, and technically skilled personnel, which were all in short supply. Project administrators had to instead implement what the Party considered to be the socialist way of industrial development. Masses of workers needed to be mobilized to make up for industrial shortages, with manual labor and hand tools replacing machines, and handicrafts substituting for factory-made products. When Third Front participants questioned whether it was feasible to exchange manpower for machinery and technical expertise, the binary politics of the Cold War came into play. Party officials quashed critics by claiming that they were betraying the developmental ways of socialist China and supporting the bourgeois economic methods of the capitalist world and the revisionist techniques of the Soviet Union (Meyskens 2020: 122–64).

The Party's hostility toward the developmental policies of its Cold War

enemies were also stamped into the economic practices of everyday life in Mao's China. In the countryside, if someone expressed too much concern in village meetings about how many work-points they were attributed for their labor, there was a serious risk during the Cultural Revolution that they would be charged with being a "capitalist roader" who was disloyal to China's project of building a socialist country in which people were indifferent to receiving personal material rewards for their labor. Others opened themselves up to similar attacks if they advocated higher wages or giving more of the grain harvest to local residents to consume instead of selling it to the state or stockpiling it as reserves (Oi 1989: 150–51). Rural cadres were susceptible to the same kind of criticism if they overly favored their family members and other close relations (Li 2009: 133).

This built-in tendency for calls for more material wealth to be delegitimized in the Mao era played a vital role in economic differentiation being fairly flat within a given rural area and within a given urban area despite the massive economic divide between the city and the countryside. This tendency toward socioeconomic leveling was further reinforced in the urban realm when the Party condemned constructing cities with extensive non-productive facilities as following bourgeois capitalist and Soviet models. For the Chinese to be socialist, urban planners had to reduce the construction of nonproductive buildings—such as administrative offices, cultural centers, and housing—as well as make buildings out of local resources, such as rammed earth or local vegetation, instead of scarce materials, such as cement and iron (Li 2018: 95–134). In this way, socialist China's international conflict with capitalists in the White House and revisionists in the Kremlin became woven into the fabric of everyday life in cities across Cold War China.

Conclusion

When scholars talk about the political economy of the Mao era, they often focus on its faults. In this article, I have evaluated two theoretical approaches, both of which take a narrative of failure as their analytical starting point. Neoclassical economists, on the one hand, criticize Mao's China for not being sufficiently capitalist, maximizing efficiency, and following the prin-

ciple of comparative advantage. Advocates of the state capitalist paradigm, on the other hand, censure the CCP for not completely purging China of markets, wage labor, and the extraction of surplus value. In both cases, the presumption that Maoist economics was lacking is rooted in a firm conviction of knowing what policies should have been pursued instead of the ones that the CCP implemented. This sense of epistemological certainty leads to analyses that have significant blind spots.

The neoclassical paradigm, for instance, argues that Chinese developmental strategy made the mistake of not complying with universally applicable economic principles. However, from a regional standpoint, it is not Chinese developmental strategy that is out of place in East Asia. It is the neoclassical assumption that comparative advantage defying state-led industrialization was atypical at a time when all East Asian governments sought to administer the growth of a national industrial apparatus that increased their geopolitical and economic power. The neoclassical assertion that Mao's China neglected its comparative advantage in labor-intensive pursuits is equally flawed in that it does not notice the central position that mass mobilization played in the building of state socialism in China.

The theoretical presuppositions underlying the state capitalist framework also make its supporters blind to key features of Maoist development. Convinced that Mao's China was capitalist, adherents of this interpretation fail to consider the structural influence that the PRC's socialist identity had on both domestic policy formation and China's position in the global Cold War. As I have shown, the CCP leadership's subscription to socialism yielded a distinct vision of historical progress that pervaded its developmental policies. The Party's understanding of history's direction came through in the state structures built to develop the economy, the practices the regime endeavored to eradicate, and how state agents utilized resources.

The Party's self-identification as a socialist regime was also apparent in its claim that exploitation had disappeared from the national landscape, how it handled labor discontent, and how it classified the population. The political categories that the CCP used to differentiate Chinese society in turn came to influence people's life chances and led many people in China to understand class through the political labels that the state imputed to the national population, not in terms of their relationship to the means of production. China's

placement on the socialist side on the Bamboo Curtain also greatly affected its developmental arc. Apprehensive of nearly constant threats by the United States and the Soviet Union, the Party prioritized holding down consumption, so that the country could maintain a large military budget and invest massive amounts of resources into the expansion of heavy industrial sectors linked to national defense. The Party center assailed as favoring the developmental techniques of bourgeois capitalism or the Soviet Union anyone who came out against the labor-intensive, fast-paced building strategies that the Party center regarded as essential to quickly augmenting China's military industrial complex before Cold War frictions erupted in war. People were likewise castigated as cavorting with China's Cold War opponents for speaking out in favor of raising wages, extending welfare benefits, or lifting consumption standards.

For the field of PRC studies to gain a firmer grasp on the political economy of development in Mao's China, I contend that historians should follow a methodological approach that does not begin with the assumption that Mao's China was an economic failure. As demonstrated in this article, narratives of failure tend to result in explanations that see the Chinese economy not for what it was in practice, but as it could have been if only the Chinese government had put policies into action that were more in line with the analyst's theoretical biases. I call on historians to adopt a different approach to the study of Chinese development and scour available documentation with the aim of comprehending economic practices on their own terms. Achieving this analytical task will require a thorough examination of the logics behind policies advocated by the central leadership and how they were executed. It will also necessitate paying careful attention to state and non-state actors all the way down to the grassroots, whose economic activities both conformed to and broke with officially sanctioned practices. Only then will it be possible to not flatten out the complexity of how political economy worked under Maoism.

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