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'The entrepreneurial transformation of Socialist China'

China's socialist era (1957--1980) is often described as having been void of entrepreneurial activity. Generations of scholars have argued that beginning with the Communist's victory over the Nationalists in 1949, private entrepreneurship was effectively purged from the Chinese economy, and that it was only with the introduction of market-oriented reforms in the early 1980s, that entrepreneurs began to reemerge. This paper combines novel historical and statistical methods to challenge such characterizations, demonstrating that capitalist entrepreneurship was in fact an enduring feature of the modern Chinese economy. Specifically, the paper develops and analyzes an original dataset of more than 2,600 cases of "speculation and profiteering" that were prosecuted by local government agencies in the 1960s and 1970s. Using this data, in conjunction with state statistical aggregates, it shows that private entrepreneurial activity not only persisted throughout the entire socialist era, but that it was far greater in scale and scope than previous scholarship leads us to believe. Of the millions of entrepreneurs who were prosecuted by the socialist state, the mean individual was engaged in the production and exchange of goods whose value represented years' of income for the median worker. Moreover, this paper reveals that the socialist state was not unified in its suppression of private entrepreneurial activity. A statistical analysis of the punishments detailed in "speculation and profiteering" case demonstrates that local government officials did not faithfully execute central directives. Rather, they adopted overtly protectionist strategies, sheltering entrepreneurs who were engaged in large-scale pursuits or activities that they viewed as more productive in the local economy. Finally, the paper demonstrates that by the late 1970s, private entrepreneurial activity had become so pervasive and normalized in China that it was no longer possible for the state to contain. In short, it was the irrepressibility of the so-called "spontaneous forces of capitalism," rather than the wisdom and vision of political leaders like Deng Xiaoping, that drove the Chinese state to eventually embrace market-based reforms. Collectively, these findings overturn longstanding ideas about the evolution of the modern Chinese economy and the historical antecedents of China's economic miracle. The original datasets that were analyzed in this paper are based on sources that were procured by the author from secondary document markets in China. The entire process of manually coding, cleaning, and checking the data for errors took approximately 20 months. The research for this paper, which will form the first chapter of the author's dissertation on the history of underground capitalism and entrepreneurship in socialist China, was completed in the summer, and the paper has now been fully drafted.