

The Place of Communism in Chinese History: Reflections on the Past and Future of the People's Republic of China

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I. Introduction

Critics of Mao Zedong often compared the late Chairman to Qin Shihuangdi, the First Emperor who in the year 221 B.C. united the various feudal kingdoms of ancient China into a centralized empire under the Qin dynasty, the first in a long 2000-year line of imperial regimes. In traditional Confucian historiography, the First Emperor is portrayed as the epitome of the evil and tyrannical ruler—not least of all because he burned Confucian books and buried alive Confucian scholars. Mao Zedong, in the latter years of his own reign (the 1960s and early 1970s), eagerly embraced the historical analogy, praising the First Emperor and his Legalist minister Li Si for promoting historical progress in ancient China, unburdened by the outmoded traditions of the past. Mao also defended the harshness of the First Emperor's rule (and implicitly his own rule) as a model of revolutionary vigilance necessary to suppress reactionaries and hasten the progressive movement of history.

Mao Zedong's self-identification with the First Emperor served to reinforce a strong tendency among Western historians to assume an essential continuity between China's long imperial past and its Communist present. The People's Republic, from this point of view, appears as yet another dynasty in a long list of Chinese dynasties, with Mao Zedong an emperor in a long line of Chinese emperors; the Communist bureaucracy as the imperial bureaucracy reincarnated; and Marxism/Mao Zedong Thought, as the official state ideology, functionally playing a role similar to imperial Confucianism under the old regime.¹

It is no doubt the case that Chinese Communism, if not necessarily the carrier of some traditional Chinese “essence,” is imbued with at least aspects or fragments of traditional Chinese thought and culture. When Mao Zedong called for the “Sinification of Marxism” in 1938, he suggested more than repackaging Marxism in Chinese wrappings to make it more appealing to Chinese eyes. He also meant making the content of Marxism relevant to Chinese historical conditions and allowing it to incorporate and inherit all that was valuable in the Chinese past. To some degree, then, Chinese Marxism was partly “Chinese.” And it is also probably the case that Mao moved closer to tradition in his later years, as several scholars have argued.² In various stages of his intellectual and political life, Mao was attracted to numerous heroic personalities in traditional Chinese history. Just as the young Mao took as his hero the mid-19th-century conservative Confucian statesman Zeng Guofan, and Mao the revolutionary looked to the heterodox rebel-bandit tradition in Chinese literature, so Mao the ruler looked to the strong emperors of the past, especially Qin Shihuangdi, the First Emperor, who preceded Mao as one of the two great unifiers in Chinese history.

Yet these Communist affinities with traditional history and culture, while real enough, appear in what is an essentially post-traditional age. To appreciate where Communism stands in the long sweep of Chinese history, it is necessary to take into account two fundamental breaks with tradition that took place in the first half of the twentieth century, one preceding the rise of Chinese Communism, the second coinciding with the Communist victory of 1949. Both must be kept in mind in considering the place of the People’s Republic in Chinese history.

First, there was a crucial break with the Confucian intellectual tradition, a relatively gradual process of alienation from traditional values that began in the mid-19th century with the Opium Wars and the growing Western imperialist impingement. It was the beginning of a rupture with tradition that manifested itself in the emergence of a modern sense of nationalism in the 1890s (especially after China’s humiliating defeat in the Sino-Japanese War of 1894–95) and then found expression in a militant political nationalism during the May Fourth period (circa 1919). It was a nationalism that was paradoxically accompanied by powerful currents of cultural iconoclasm, a nationalism that tended more to discard traditional culture than celebrate it. In the 1890s, younger members of the gentry-literati-landlord ruling class began to lose faith in the utility of old Confucian values. They began to

question whether traditional beliefs could save China from the growing menace of foreign imperialism and rescue China from what was increasingly recognized as the country's terrible backwardness. What emerged, most importantly, from this process of alienation from traditional values was a new standard of judgment to measure the value of things both material and spiritual. That new nationalist standard of measurement was the wealth and power of China as a nation in a Social Darwinian world of rapacious nation-states. What was now seen as most important was no longer the preservation of some ancient Chinese cultural essence (*ti*), traditionally conceived in terms of Confucian moral principles, but rather the preservation and strength of the Chinese nation, with or without Confucian morality. The standard of judgment had changed dramatically.

This new nationalist perspective certainly left open the possibility of using traditional cultural values for modern nationalist ends. But Chinese nationalism also opened the possibility of abandoning, or even condemning, the traditional cultural heritage, if old values were deemed to be incompatible with the search for national "wealth and power."³

Modern Chinese nationalism, born at the end of the 19th century, was amenable to both conservative and radical social ends. It could be used equally well in the 20th century by Chiang Kai-shek and Mao Zedong. What Chinese nationalism could not do was to maintain any real continuity with tradition. It had become a post-traditional Chinese world in which the main value was the preservation and power of the Chinese nation, not the preservation of traditional culture. The old culture could be celebrated, but only insofar as the celebration served modern nationalist ends. The intellectual grounds had shifted enormously from the time when what was conceived as the traditional cultural essence (*ti*) was the dominant value, to which all other values and beliefs were to be subordinated.

Emerging from a long and painful process of alienation from traditional values, Chinese nationalism was potentially culturally iconoclastic as well as amenable to a nationalist celebration of the cultural heritage. That iconoclastic potential was realized with a vengeance during the New Culture Movement of 1915–19, the opening phase of the broader May Fourth Movement. Now a significant number of Chinese intellectuals began to look at the tradition not only as useless for the pursuit of modern nationalist ends but morally evil as well, the root cause of China's weakness and its plight in the modern world. Lu Xun,

modern China's most celebrated writer, characterized Chinese history as no more than 4,000 years of cannibalism.⁴ The only remedy was a complete transformation of the culture, the consciousness, and the psychology of the Chinese people—in effect, a “cultural revolution” (*wenhua geming*), the necessary precondition for meaningful political and social change.

But whether modern Chinese nationalists celebrated or condemned the cultural tradition, they did so in a post-traditional intellectual universe where traditional values, while often invoked, were no longer relevant to thought and action. This, in brief, was the intellectual break with tradition, and it preceded the Chinese Communist revolution by nearly half a century. Chinese Communism, it should be emphasized, was born and developed in this post-traditional intellectual world.

The second break with tradition was the Maoist revolution itself. The Chinese Communist rupture with the Chinese past was a social break, not a cultural one. Social revolutions are primarily acts of destruction, which permit societies to follow new courses. That is precisely what the Communist victory of 1949 signaled, although the new course in the end was hardly the one that the victors envisioned. What the Communist Revolution did, most crucially, was to destroy the old scholar-gentry class, the longest-lasting ruling class in world history, whose existence as a social class dated to the late feudal period in ancient China (circa the 5th century B.C.), and whose dominance was secured by the Qin victory of 221 B.C. and the establishment of the Imperial regime. Various known by the names “gentry,” “landlords,” “scholars,” “literati,” and “officials” (or bureaucrats), this was an exceptionally powerful ruling class that collectively performed the essential economic, political, social, and intellectual functions of traditional Chinese society. The strength and longevity of the “scholar-gentry” class, unmatched by any other ruling class in world history, was the social basis for the extraordinary continuity of traditional Chinese civilization over two millennia.

By the early 20th century, however, with the decline and fall of the Qing (the last of the great Chinese dynasties), under pressure from the foreign imperialist impingement, the scholar-gentry had largely degenerated into a parasitic landlord class, still economically, socially, and politically dominant in local rural areas, but no longer able to express its interests and authority on a national level. It was the Communist destruction of the remnants of the old gentry-landlord ruling class—first in the latter stage of the civil war with the Guomindang

(Nationalist Party) in the late 1940s and then in the nationwide land reform campaign of 1950–52—that marks the first social revolution in Chinese history since the Third Century B.C.

It is not the case, of course, that little changed in China over the 2000-year period that, for the sake of convenience, we call “traditional China;” that is, the long imperial era that began in the 3rd century B.C. and concluded early in the 20th century with the feeble republican revolution of 1911. The changes were profound over these centuries, and especially so in science, technology, and economic development—the very areas in which modern China stagnated and fell so far behind the advanced Western capitalist countries. Throughout most of human history, and certainly during what is sometimes called “the medieval economic revolution” (circa 8th–14th centuries A.D.), China was not only the most populous but also the most technologically and economically advanced country in the world. And between China’s relatively advanced material culture and its enormous population, there was an intimate relationship. The technological transformation of agriculture during these centuries was the basis for the extraordinary growth of the Chinese population, which reached nearly 300,000,000 by the 15th century, an astonishing figure for pre-modern times. A revolution in money and credit stimulated the emergence of a sophisticated proto-capitalist market economy, a vibrant mercantile class, the world’s most extensive and sophisticated commerce, and urbanization on a scale known nowhere else in the pre-modern world. These achievements can be traced back to (and were made possible by) the unification of China in the Third Century B.C.

The once popular notion of an “unchanging China”—a stereotype, partly Confucian, partly Hegelian in origin—is, of course, historically misleading. In such vital areas of human activity as scientific inquiry, technological innovation, economic development in general, and urbanization, China’s progress was quite extraordinary over the ages, especially during the “medieval” era, probably more impressive than any other pre-modern civilization. Yet developments in material life did not yield correspondingly innovative changes in traditional social and political institutions. There were, of course, important sociopolitical changes over the millennia, but they were overshadowed by the strong continuities with the social and political orders established in the Third Century B.C. Dynasties rose and fell over the millennia, and there were long periods of disunity, invasion, and civil war, but the

essentials of the imperial political system established by the Qin survived, as did its social foundation, the scholar-gentry ruling class.

Eventually, over a period of many centuries, the relative absence of social and political change began to retard economic and technological development. That point was probably reached in the 14th century, according to many scholars, more or less coinciding with the establishment of the Ming dynasty (1368–1644), although not necessarily because of the Ming. What is particularly striking to scholars of this period is the decline and stagnation of technological innovation and creativity, which over a period of centuries adversely affected economic growth. The reasons for this stagnation are not entirely clear. One widely discussed theory is known as “the high-level equilibrium trap,” which holds that China had exploited pre-modern technology to its economic limits, leaving little room for profitable innovations. Quantitative expansion was still possible but qualitative changes were severely limited.⁵

The notion that late traditional China was caught in a “high-level equilibrium trap” is perhaps little more than an abstruse way of saying that China failed to develop modern Western-style capitalism and failed to experience an industrial revolution. The reasons for the failures (perhaps a “West-centric” question to begin with) is an old and highly controversial matter, most forcefully raised by Max Weber more than a century ago.⁶ According to Weber, while capitalism did develop to a substantial degree in traditional China, it was a process that lacked the dynamism of its later Western European counterparts. Weber attributed the latter to the ascetic values highly favorable to capitalist enterprise that were derived from intellectual tensions inherent in the beliefs of certain Protestant sects, especially Calvinism. Conversely, as negative proof, he argued that such ascetic values were absent in traditional Chinese thought, especially Confucianism. To avoid misunderstanding and further oversimplification of a complex and sophisticated argument, it should be noted that Weber never argued that religious-derived values created Western capitalism but only that modern capitalism once in existence (due to a multitude of social, economic, and technological factors) acquired its extraordinarily dynamic character because of ascetic values and a “calculating business mentality” produced by certain religious beliefs. The absence of such beliefs in China, in turn, explains the comparatively weak development of indigenous Chinese capitalism.

While Weber's argument for "the non-development of capitalism" in China, or at least its relative weakness compared to Western Europe, is intellectually interesting and historically suggestive, it is perhaps more conducive to historical understanding to look to the nature of the traditional gentry ruling class rather than the nature of Confucian thought. The gentry were an extraordinarily powerful ruling class that monopolized (sometimes within an individual's lifetime, usually within the multigenerational family, and always collectively) the key economic, political, social, and intellectual functions in traditional Chinese society. The gentry were economically dominant as landlords in a primarily agrarian society, although they sometimes supplemented their incomes through commerce, money lending, and the operation of local industries. They were intellectually dominant as the literati who had mastered the written Chinese language and were the carriers of China's cultural traditions, especially the Confucian ideological tradition, which sanctified their dominant place in the traditional order. Economic and cultural dominance, in turn, yielded political power; the bureaucrats who managed the imperial regime were largely drawn from the gentry class, ideally through the civil service exam system which required a mastery of classical Confucian literature. The gentry were socially as well as politically dominant in the rural areas where 85 percent of the Chinese people lived. It was this monopolization of key social functions—economic, political, and intellectual—by a single social class that gave the gentry their power and extraordinary longevity as China's ruling elite for over two millennia.

Reinforcing the longevity and power of the gentry as a conservative ruling class were two rather unique features of traditional Chinese society. First, the gentry were not a hereditary nobility or a closed caste. Gentry status was based on a combination (or various combinations) of wealth and literacy. It was possible, although difficult, for enterprising peasants and merchants, for example, to attain gentry status by educating a son in the Confucian classics. This would enable him to pass the civil service examinations in order to become an official and use wealth derived by bureaucratic means to purchase land and raise the family to gentry status. A second feature of traditional society was a well-developed system of private property in land, a system more or less universalized by the Qin unification in the Third Century B.C. Most land (although certainly not all land at all times) was alienable; that is to say, it could usually be freely bought and sold.

These features of traditional Chinese society—first, a ruling class whose status was not based on heredity privilege and, second, the institution of private property in land—were quite unusual attributes for a pre-modern society. At first glance it would seem these factors should have favored the development of capitalism. In fact, ironically, they had profoundly conservative and traditionalist implications. The alienability of land meant that wealthy urban merchants and proto-industrialists could invest their profits in the relative security of the agrarian sector and become landlords, rather than invest in the more risky business of further expanding their commercial enterprises. Land ownership was not only secure and profitable but was also associated with great social prestige, that is to say, gentry status. Moreover, since gentry social standing (which conferred special social and legal privileges as well as moral and social authority) was theoretically based on merit and not heredity (with merit measured by knowledge of Confucian learning and moral precepts), urban entrepreneurs could aspire to join the scholar-gentry elite. They would typically do so by educating their brighter sons to enable them to compete in the civil service exams. Or, in the not infrequent times when corruption was rife, they could simply buy official degrees and, sometimes, bureaucratic office. The result of these tendencies was to encourage the traditional Chinese bourgeoisie to merge into the gentry ruling class and the traditional social system, rather than to challenge them, as was the general case in Western Europe. That in turn not only inhibited the development of capitalism but greatly strengthened the power and longevity of the gentry ruling class and its Confucian traditions.

The most important social result of the Chinese Communist revolution was the destruction of the traditional gentry ruling class. It was a class that had been in decline since the late 19th century, but one that still exercised social, political, and economic dominance in the vast rural areas of China, typically in the form of parasitic landlordism. The removal of the gentry was the essential precondition for modern economic progress, and especially industrialization. That process of class destruction was completed during the Land Reform campaign of 1950–52, during the course of which substantial numbers of gentry were killed by angry peasants. But the great majority of the approximately 20,000,000 members of gentry families (about 4 percent of the population) were reduced to ordinary cultivators of the soil, the bulk of their landholdings redistributed to poorer peasants. It was this destruction of the gentry as a social class that made the Revolution of 1949 not

simply a political upheaval but a social revolution, the first in Chinese history since the Third Century B.C. That, at least, is one answer to the question of the place of Chinese Communism in Chinese history. It stands as a fundamental break with a social structure that had existed for two millennia.

But if the Maoist victory marked a social revolution, what kind of revolution was it? The usual view is that the Communist victory of 1949 was a socialist revolution, or at least one that moved China in that direction. I would suggest, on the contrary, that the People's Republic of China (PRC) was never socialist in any meaningful sense of that term; that the social nature of the Maoist revolution, and the historical environment in which it took place, confined post-revolutionary society to "bourgeois" limits; and that the present era of massive capitalist development is the logical, although perhaps not the necessary, outcome of the 1949 Revolution. I will try to pursue these interrelated propositions in the remaining pages of this essay, along with a few comments on the peculiar nature of Chinese capitalism and its future, and do so in an attempt to locate the place of Chinese Communism in Chinese history.

II. The Social Nature of the PRC

The social results of great revolutions rarely correspond to either the social status of the revolutionaries or their intentions. For example, one might consider two of the great revolutions of modern history: the 17th-century English Revolution and the French Revolution of 1789. Both are characterized by many historians as "bourgeois," or "bourgeois-democratic," revolutions, that is, both facilitated the development of modern capitalism. Yet in neither revolution did members of the actual bourgeoisie play significant roles. Few large merchants, industrialists, and bankers were to be found among the 17th-century Puritans or among the leaders of the Jacobin Club and the insurgent mobs of the French Revolution in the late 18th century. The leaders of the English Revolution were largely members of the rural gentry while intellectuals, doctors, lawyers, and other professionals were the most prominent figures in the French Revolution. Cromwell's army was mostly composed of dispossessed yeomen while those who stormed the Bastille were mostly members of the urban poor. In both revolutions, the demands of the revolutionaries were political, social, and sometimes religious. Neither leaders nor masses sought to build a

capitalist order; free trade and a market economy were not among their demands. The Puritans, after all, wished to “purify” the Church, and the universal slogan of the French Revolution was “Liberty, Equality, Fraternity.”

Yet in broader historical perspective, and quite irrespective of the conscious aims of the revolutionary actors, the most important historical result of both the English and French revolutions was to facilitate the development of modern capitalism. The revolutions did so by abolishing remaining feudal prerogatives and doing away with restraints on trade and labor, centralizing everything from weights and measures to the authority of the state, thereby creating a national market, and freeing the peasants from feudal obligations so that they could engage in commodity production and capital accumulation or become urban proletarians. In these and other ways, the English and French revolutions served the interests of the bourgeoisie and promoted the development of modern capitalism, and thus became historical models of a “bourgeois” or “bourgeois-democratic” revolution, although that certainly was not the intention of the revolutionaries.

In this functional historical sense, the Chinese Communist Revolution can also be characterized as a bourgeois, or capitalist, revolution. This can be done without the benefit of hindsight that permits us, more than half a century after the revolutionary victory, to see the massive process of capitalist development that is sweeping China today as the outcome of 1949. Even before the “market reforms” undertaken by Deng Xiaoping and others in 1978 and after, there were good reasons to describe the Maoist victory as a “bourgeois revolution.” It was, of course, commonplace in both China and abroad to portray the Communist victory as a “socialist” revolution and Maoist China as a socialist society. But it was socialist only in the most superficial sense. What the Chinese Communists did was to borrow the Soviet definition of socialism as a society in which productive property was mostly state owned or state controlled. By that narrow definition, China was socialist in 1956, when its leaders claimed it to be so. It was socialist in the sense that by the mid-1950s most urban industrial and commercial enterprises had been nationalized (either expropriated outright by the government or bought by the government at low state-determined prices in return for interest-bearing bonds), with their former owners often staying on in a managerial capacity. In the countryside, socialism was the official result of the agricultural collectivization campaign of 1955–56. The state did not legally own collectivized agrarian property

but effectively controlled it through the organization of production by the Communist Party. (The distinction between Party and state in China is, of course, a rather thin one.) In any event, by 1956 productive private property in both town and countryside had been largely abolished and China was socialist by Stalinist definition.

The Stalinist definition of socialism was woefully inadequate, however. Indeed, it was a gross distortion of the traditional Marxist conception, which taught that socialism was a system by which the immediate producers (workers and farmers) democratically controlled the conditions and products of their labor. That, of course, was not the system that prevailed in China, nor was there any meaningful movement in that direction, either in theory or practice, during the Mao period or after. China after the mid-1950s might simply be described as a "post-revolutionary society," neither socialist nor capitalist, or perhaps, if one prefers, a society occupying a halfway position between capitalism and socialism. More realistically, post-revolutionary China was a country in which the state functioned as a collective capitalist, exploiting workers and peasants and putting the proceeds of their "surplus labor" into further investment in the industrial plant. It was a system of "capitalism without the capitalists," as Adam Ulam once characterized Communist societies.⁷

A more fruitful way to look at the historical role of Communism in China is to understand Maoism as the vehicle of China's bourgeois revolution, in effect carrying out the historical tasks that the Revolution of 1911 and the Guomindang sought but failed to achieve in the early decades of the twentieth century. As a bourgeois (or capitalist) revolution, the victory of 1949 and the first decade of Maoist rule were extraordinarily successful. After a long era of political disintegration and civil war, genuine national unification was achieved. Following more than a century of foreign impingements and invasions, China gained true national independence. Independence and national unification, in turn, formed the political basis for the creation of a national market and for a program of state-sponsored industrialization. About these measures there is nothing that can be characterized as socialist. They are typical features of the great bourgeois revolutions that have yielded modern capitalist economies. Even the Land Reform campaign of 1950–52, the most socially radical measure of the early Maoist regime, fell well within the limits of a bourgeois revolution. Land Reform destroyed what remained of the pre-capitalist gentry-landlord class, and thus marked the culmination of a great social revolution. It

was a capitalist agrarian revolution, however, not a socialist one. The social result of Land Reform was a petty bourgeois (or petty capitalist) system of individual family peasant proprietorship with peasants free to buy, sell, and mortgage land.

In bringing about the reunification of China, in establishing a central government that actually governed the vast land, in creating a national market free of foreign impingements, and in creating the conditions for rapid economic growth and industrialization, the Communists carried out a thoroughgoing bourgeois revolution that earlier 20th-century Chinese regimes had attempted—but failed—to achieve. Land Reform was a crucial step in this process of “modernization,” for it not only brought a degree of socioeconomic equity to the rural population but also established a mechanism to channel the agrarian surplus into financing urban industrialization. Under the Maoist regime, the peasants were still exploited, but the fruits of that exploitation were no longer squandered by a parasitic landlord class. Rather, they were directed by the state to mostly productive activities. The Communist state, however its leaders conceived and described it, functioned essentially as a collective capitalist.

In the early years of the People’s Republic, Mao Zedong frequently emphasized the “bourgeois” character and limits of the Communist Revolution. It was an emphasis that found theoretical expression in the Maoist theory of “New Democracy,” which envisioned for an indefinite length of time the existence of a significant private capitalist sector of the economy, albeit one operating under the political auspices of the Chinese Communist Party (CCP). It was not until the late 1950s that Mao Zedong, impatient with the sluggish pace of history and seized by utopian visions of a China that would be both wealthy and communist, totally abandoned the restraints that Marxist teachings placed on the revolutionary will. The eminently Marxist (and one-time Maoist) notion that China must proceed through the Marxian-defined “stages of development,” including a lengthy period of capitalist-type development in the course of which the material conditions for socialism would be created, was denounced as “revisionist” or worse. Accordingly, Mao embarked on the disastrous adventure of the Great Leap Forward, whose failures generated the political tensions that culminated in the destructiveness of the Cultural Revolution.

Despite the political and human disasters of Mao Zedong’s late years, China made remarkable economic and material progress during the quarter-century of Maoist rule. From 1952, when industrial

production was restored to its highest pre-war levels (i.e., 1936–37), to the end of the Mao era in 1976, the output of Chinese industry grew at an average per annum rate of approximately 11 percent. China was transformed from a primarily agrarian nation to an industrial one in the sense that industry's share in the net material product increased from 23 to over 50 percent, a rate of industrialization that compares favorably with Britain and Japan during comparable stages of modern industrial development.⁸ "In the postwar experience of newly industrializing countries," Y. Y. Kueh has observed, "probably only Taiwan has demonstrated as impressive a record as China in this respect."⁹ It is not the case, as sometimes assumed, that the Chinese people did not benefit from economic growth during the Mao period. Rapid industrialization was accompanied by impressive gains in literacy, education, and health care. Most strikingly, and despite the terrible famine that issued from the Great Leap, life expectancy nearly doubled over the quarter of a century that Mao ruled China, from an average of 35 years in the pre-1949 era to 65 years in the mid-1970s.

Yet as the Mao era was drawing to a close in 1976, there was an abundance of signs that the once great creative energies of Maoism were exhausted and that the Maoist political and economic system was moribund. During Mao's last year, the economy labored under the weight of a resumption of the factional political struggles left over from the unresolved battles of the Cultural Revolution. There was an upsurge in common crime, growing social discontent, popular political disillusionment, and a wave of industrial strikes and factory slowdowns. Agriculture stagnated, and industrial production, which had been growing at a per annum rate of 10 percent during the Cultural Revolution decade (1966–75), increased by barely one percent in the fateful year 1976. Productivity fell in both town and countryside, and total production was maintained only by expanding the workforce. It was clear that China needed a new course, but a dying Mao Zedong and a dogmatized Maoism were incapable of providing fresh initiatives.

In retrospect, it seems that it was almost inevitable, and certainly historically logical, that post-Mao China would embark on a process of capitalist development. The Maoist regime itself had unintentionally contributed to the prospect of a capitalist future, in both negative and positive ways. The Great Leap, at a terrible human cost, had revealed the impossibility of further radical social change in the countryside, where a still technologically primitive agrarian economy operated on

the bare margins of subsistence even in the best of times. Many peasants still worshipped a deified Mao Zedong but most had lost such enthusiasm they once had for collectivized farming and longed for their own plots of land to till.

Nor could China's growing, but still relatively small, urban working class provide any sustained impetus for socialism. The proletariat, terrorized into political passivity for the remainder of the revolutionary era by the GMD counterrevolution of 1927, also remained politically quiescent during the early years of the People's Republic, its activities tightly controlled by the CCP and official labor unions. It was not until the chaotic conditions created by the Cultural Revolution that workers had the opportunity to organize themselves and act on their own. While the political effectiveness of the urban working class was greatly diminished by deep divisions within its ranks—especially between relatively privileged state workers, who enjoyed the security of the “iron rice bowl,” and a highly exploited “wandering population” of temporary and contract workers—demands for egalitarianism and workers' control of production were soon heard. But the demands were denounced as “ultra-leftist” by Maoist ideologues well before the Cultural Revolution had run its bizarre course, and the working class was again largely condemned to political inaction.

At the same time that the Communist state inhibited political expression by the class that Marxist theory identified as the agent of socialism, the Maoist regime was unwittingly constructing the material conditions that would facilitate the rapid development of capitalism, although it did so in the name (and no doubt with the intention) of building the foundations for socialism. The unification of China, the establishment of a national market, the building of a centralized state apparatus and an effective bureaucracy, the construction of a vast infrastructure of roads, railroads, and electrical systems, and the education of the working population all were measures that could equally well serve the construction of a capitalist economy as a socialist one. In the end it was capitalism that was built on Maoist foundations, not socialism.

The construction of a capitalist order was not the conscious intent of the “market reformers” who achieved prominence and power in the post-Mao years. Deng Xiaoping, the most important and powerful of the reformers, had been a Communist all his adult life and clearly envisioned a socialist future for China, or at least socialism as he understood it. However, he was not averse to using capitalist

means to achieve ostensibly socialist ends. The goal was rapid economic development in the most expedient way possible. If political power remained in the hands of the CCP, Deng and the reformers assumed that the desired socialist results would more or less automatically follow from "the development of the productive forces," as the ubiquitous phase of the time went.

While the reform program originally was to be a hybrid combining "adjustment by the market" with "adjustment by the plan," it was soon discovered that giving the widest latitude to the operation of market forces was the quickest way to achieve what was called "socialist modernization," a strategy that found its ideological rationale (particularly among sympathetic foreign observers) in the dubious notion of "market socialism." The de-collectivization of agriculture in favor of various systems of contracting land to individual families soon resulted in a de-facto system of private property in land. Job security was abolished for workers in state enterprises, throwing them into a capitalist "free labor market," where they were joined by tens of millions of migrant workers, mostly redundant peasants who had been forced off the now de-collectivized land. Private sectors in both the urban and rural economies were encouraged, and grew with astonishing rapidity. Foreign trade and foreign investment were also encouraged, first in "special economic zones" and then throughout China. With the establishment of a free labor market, the universalization of the principle of enterprise profitability, and the decision to rely on market-determined prices, the Communist state created the essential conditions for a capitalist economy. Within less than a decade the capitalist means of economic development had overwhelmed the socialist ends that they were originally intended to serve. Indeed, a confusion between means and ends was present in the thought of the post-Mao reformers from the outset. "The purpose of socialism," Deng Xiaoping announced in 1980, "is to make the country rich and strong." That certainly was a novel definition of socialism, but it was well suited to providing a thin layer of ideological veneer to a program of capitalist modernization. Socialism, whatever Deng might once have meant by that term, had now been reinterpreted to mean the long sought nationalist goal of "wealth and power." In any event, capitalism, not socialism, was the outcome of the Communist destruction of the existing social structure.¹⁰

This is not the place to seriously discuss the development of capitalism that so rapidly followed from the market reforms undertaken in the 1980s, perhaps the most massive process of capitalist develop-

ment in world history. I will only briefly touch upon several closely interrelated aspects of this outcome: first, the role of the state in the development of capitalism; second, the phenomenon of "bureaucratic capitalism" in Chinese history, past and present; and finally, a few brief comments on the political and cultural consequences of contemporary Chinese capitalism, particularly as it bears on the question of the place of Communism in Chinese history.

III. Capitalism and the State

It is one of the great ironies of modern Chinese history that the dynamic capitalism that has transformed China over the past quarter of a century resulted from decisions that were made by a Communist Party and implemented by a powerful Communist state. While incongruous in terms of classical Liberal ideology, in historical fact a crucial role for the state in the development of capitalism is by no means unusual. The Bismarckian state, for example, provided much of the impetus and direction for the development of modern industrial capitalism in late 19th-century Germany, while state-promoted industrialization was the dominant force in the history of Meiji Japan (1868–1912). In the so-called "newly industrializing countries" of the post-World War II period, state-sponsored capitalist modernization has been universal. South Korea, Taiwan, and Singapore are among the more successful examples.

Indeed, it is not only in cases of late modernization (or what Barrington Moore has termed "conservative modernization") that the state has been involved in promoting capitalist development. State power also played an essential role in developing capitalism earlier in the Western countries, a role that has been obscured by the ideological need to portray capitalism as the natural expression of some essential human nature. It is a need that has found expression in the ideology of the "free market," which holds that capitalism operates best when it is free of all external governmental impingements. Yet even in England, the classic homeland of capitalist development and Liberal ideology, it was the intervention of the state that created a labor market, which in turn was a precondition for the development of modern industrial capitalism. The land enclosures, which promoted rural capitalism while driving millions of peasants off the land to eventually be transformed into urban proletarians, were not simply the workings of natural economic laws but Acts of Parliament enforced by the courts and police.

And it was the Poor Law reform of 1834 that finally did away with traditional rights of subsistence in favor of a “free labor” market, the functioning of which was enforced by the threat of the workhouse. The British state was very much involved in creating the necessary conditions for the development of modern industrial capitalism in its very homeland and its classic incarnation.¹¹

Yet the role of the Communist state in the development of Chinese capitalism has been qualitatively greater than in any earlier case of capitalist development. A market economy, after all, presupposes a bourgeoisie. In all previous cases of state-promoted capitalism there existed indigenous bourgeois classes whose interests the state could promote, a bourgeoisie whose numbers could be increased and whose energies could be harnessed by state authorities to the task of national economic development. But by the late 1950s, the Chinese bourgeoisie (always a relatively small social class) had all but ceased to exist. Most of the wealthier members of the bourgeoisie had fled the mainland in 1949. The commercial and industrial enterprises of those who remained were either expropriated outright or bought out by the Communist state. In the latter case, the former owners were given low-paying (and non-inheritable) government bonds in partial compensation for the nationalization of their industrial and commercial enterprises. What remained of the bourgeoisie at the end of the Mao era in 1976 was a small group of aging pensioners collecting modest dividends on state bonds. Thus an “entrepreneurial class,” in the terminology of the time, had to be created from scratch if the new market strategy of the reformers was to be implemented.

It is hardly surprising that this new bourgeoisie was largely recruited from the ranks of the Chinese Communist Party. Party officials and cadres had the political influence and the skills to best take advantage of the pecuniary opportunities that the market offered. Overcoming such ideological inhibitions as they may have had, many rushed to do so, either entering business themselves or, more typically, arranging lucrative positions for their children, relatives, and friends in what soon became a tangled but highly profitable web of patron-client relationships. Not only did individual Communist officials (and their families) join the new commercial, financial, and industrial bourgeoisie, but whole bureaucracies entered the marketplace in the guise of capitalist corporations, not excluding the People's Liberation Army (PLA), which garnered enormous profits by selling arms on the international market and also by operating a chain of luxury hotels and, through its

various subsidiaries, some 20,000 industrial, commercial, and financial enterprises.¹²

Thus the marriage of the market to a Communist bureaucracy produced not a "socialist market economy," as was once advertised, but rather a species of bureaucratic capitalism; that is, a system of political economy in which political power is used for private gain through capitalist methods of economic activity. The phenomenon in general is hardly a novelty in world history. But bureaucratic capitalism has been an unusually prominent feature of Chinese history, both in traditional and in modern times. Its Chinese origins go back to a former Han dynasty (202 B.C.–A.D. 9) when state monopolies were established for the production and sale of such lucrative commodities as salt, wine, and iron. Originally operated by Imperial bureaucrats for the purpose of generating a stable source of state revenue, the monopolies evolved into a hybrid system whereby private merchants managed production and distribution under the supervision of high-level bureaucrats. Both bureaucrats and merchants profited greatly from this symbiotic relationship. But it was the officials who usually had the upper hand. The officials were relatively secure in their positions, sanctified by tradition and ideology, whereas the merchants were dependent on bureaucratic patronage.

The state monopolies were not the only way that bureaucrats enriched themselves through involvement in capitalist-type activities. They also profited from a complex system of official leasing and licensing arrangements under which private merchants and craftsmen were compelled to work; various legal and extra-legal powers of taxation on commerce and industry; and simple (but usually customarily sanctioned) forms of bribery. Despite the Confucian bias against mercantile activities, Confucian bureaucrats did not hesitate to profit from market relationships, directly or indirectly.

One of the social consequences of bureaucratic capitalism in traditional China was that it inhibited the development of the bourgeoisie as an independent social class, separate from the bureaucracy. The bureaucrats ("scholar-officials" or "gentry," simply different terms to refer to the same social formation) were socially and politically dominant but at the same time they were closely allied with large merchants and proto-industrialists. In fact, one can speak of the bureaucrats and the traditional bourgeoisie as interdependent classes. The result, as the French Sinologist Etienne Balazs has put it, was that "the scholar-official became 'bourgeoisified,' while the merchant's ambition turned

to becoming a scholar-official and investing his profits in land.”¹³ The tendency of private merchants, industrialists, and bankers to become absorbed into the bureaucratically dominated economy of imperial China meant that an independent bourgeoisie never emerged to seriously challenge the traditional Confucian order.

A new chapter in bureaucratic capitalism unfolded in the late 19th century. During the waning years of the Qing dynasty, which had been battered by the Western imperialist onslaught since the Opium Wars of the mid-19th century, an attempt was made at “conservative modernization” to ward off the threat of foreign colonization. The modernization effort, known as “the self-strengthening” movement, was undertaken by the powerful Chinese provincial viceroys of the Manchu regime rather than by the Manchu dynasty itself, which was dominated by the obscurantist Empress Dowager. Partially modeled on the modernization efforts in Bismarckian Germany and Meiji Japan, the Chinese effort failed, partly because of the absence of a strong and effective central government and partly because the foreign imperialist impingement was already far along in gaining a stranglehold on the Chinese economy. However, in the course of the failure, the provincial viceroys used their official positions to promote a great variety of capitalist or quasi-capitalist undertakings from which they amassed vast private fortunes. The personification of this early phase of modern China’s bureaucratic capitalism was Li Hongzhang (d. 1901), who occupied the highest political offices in the Empire for three decades, during which time he also became China’s largest private capitalist, operating (and profiting from) a steamship transportation company, arsenals, coal mines, and textile mills, among other enterprises.¹⁴

The events immediately preceding and following from the Revolution of 1911 stimulated a reasonably vigorous and more conventional period of capitalist development (circa 1905–1927), which has been termed “the golden age of the Chinese bourgeoisie.”¹⁵ The “golden age” was brief, however. The consolidation of power by Chiang Kai-shek’s Nationalist (GMD) regime in 1927 gave rise to what is perhaps the classic case of bureaucratic capitalism in modern world history. The two-decade period that the GMD ruled China was marked by the dominance of the “four big families” (*sida*): the Kung, Soong, Chen, and Chiang families. The *sida* were closely interrelated by politics and marriage. By virtue of their control of the GMD party-state apparatus, they dominated—in their capacity as private capitalists—much of the modern sector of the Chinese economy.

This system of bureaucratic capitalism ended with the Communist victory of 1949, when bureaucratic capitalists (or for that matter all capitalists with ties to the Nationalist regime) were expropriated outright by the new state while so-called “national capitalists” were bought out by the new regime at low state-determined prices. The bourgeoisie as a social class ceased to exist in the PRC, although the term “bourgeois” (or “bourgeoisie”) lived on in official ideology as a condemnation of heterodox political and ideological behavior.

Yet one of the main conditions that fosters bureaucratic capitalism survived and indeed was magnified by the Communist political victory of 1949. It is a historical situation in which social classes are generally weak and the state is relatively strong. Such was the condition of China at the close of the Mao era in 1976, and one of its manifestations was the absence of a bourgeoisie. Thus, when state leaders in post-Mao China decided that the creation of a market economy was the most efficient way to promote national economic development, they were also forced to create a bourgeoisie. This state-fostered bourgeoisie, as we have seen, was largely recruited from the CCP, and from the relatives and friends of Party officials.

It would be tempting to attribute the contemporary bureaucratic capitalist regime to the persistence of old Chinese traditions. After all, bureaucratic capitalism, in various guises, was a prominent feature of Chinese history from the Han dynasty through the GMD era. Yet it seems difficult to link bureaucratic capitalism in the post-Mao era to its earlier incarnations. The Revolution of 1949 constituted a fundamental break with both the social and political structures of the past, and it is difficult to identify any meaningful continuities that connect pre-1949 and post-1979 China. Moreover, bureaucratic capitalism in contemporary China has been associated with extremely high rates of national economic growth, which has made China the world's second largest economy (as measured by purchasing power parity). This stands in striking contrast to bureaucratic capitalism in traditional and early modern China, which often, especially in the 19th and early 20th centuries, was associated with general economic stagnation (although the bureaucratic capitalists prospered). This suggests that factors other than the origins and nature of the bourgeoisie are crucial for determining the rate of economic growth. In the case of China, the contrast between the stagnant bureaucratic capitalism of the Guomindang period and the dynamic bureaucratic capitalism of the post-Mao PRC can be better explained by such factors as the 1950–52 land reform

campaign (and the consequent ability to channel the agrarian surplus into industrial development), a far more unified nation-state with a relatively well-developed infrastructure, and a much more favorable position in the global capitalist economy by an independent and strong Chinese nation-state.

The relationship between bureaucratic capitalism and economic growth has varied enormously from country to country, and indeed within the same country, as has been the case in China in different historical eras. It is not a matter that lends itself to easy conclusions or broad generalizations. On the other hand, the political and cultural implications of contemporary Chinese capitalism seem fairly clear. A few words might be ventured about these topics by way of conclusion.

IV. Capitalism and Political Democracy

The association of capitalism with political democracy, and the belief that a capitalist economy naturally produces a democratic political system, largely derive from the experience of countries where modern capitalism developed early, especially England, France, and the United States. Yet even in economically advanced countries, the construction of a democratic political regime has been a lengthy and tortuous process. For example, in France, the homeland of the classic bourgeois-democratic (or capitalist) revolution, it was not until the Third Republic in 1871, nearly a century after the great Revolution of 1789, that a viable political democracy was established. Monarchical restorations, dictatorships, and failed revolutions filled the intervening years.

In countries where industrial capitalism developed relatively late, the modernization process typically has taken place under the guidance of a relatively autonomous and authoritarian state, whose social basis is an alliance between a landed aristocracy that has turned to commercial pursuits and a modern bourgeoisie that is still too weak to rule on its own. Consequently, democratic institutions and traditions are weak and the state is strong. Indeed, in both Bismarckian Germany and Meiji Japan, the two most notable cases of late capitalist modernization, the eventual political outcome was fascism. In these and many other cases in which fascist or highly authoritarian political regimes resulted, the nascent bourgeoisie, as Moore has phrased it, exchanged "the right to rule for the right to make money."¹⁶ The authoritarian state, for its part, attempts to create conditions favorable to the development of urban and rural capitalism, supporting,

for example, repressive labor policies that aim to extract an ever larger surplus from the working population, especially in the rural areas. But the conscious aim of state leaders is not so much to promote capitalism as to pursue the eminently nationalist goals of building industrial and military power in order to catch up with the more advanced capitalist countries.

It seems to me that China, in the post-Mao era, has been pursuing a variant of this “conservative route to modernization.” A powerful and autonomous state apparatus is one of the legacies of the Mao period that has been preserved by the post-Mao market reformers. That state has been employed by Mao’s successors to sweep away all social and ideological barriers to rapid capitalist development, especially “socialistic” institutions constructed during the Mao period. In the countryside, collectivistic and cooperative work units (along with much of the rural health and welfare systems) have been dismantled in order to create a commercialized rural economy. In the cities, the so-called “iron rice bowl” of job security and welfare benefits enjoyed by about half of the urban working class during the Mao years has been broken in the name of “reform.” In both town and countryside these market reforms have facilitated a more intensive exploitation of the working population, the real secret of the Chinese economic miracle. Both the state and the state-created bourgeoisie have benefited from this process of intensive exploitation. And as in virtually all cases of “modernization,” it is the peasants who are the principal victims of economic progress. In China, the most visible manifestation of the price of modernization is the growing “floating population” (*youmin*) of migrant laborers. Several hundred million redundant peasants have been forced off the land and wander around the country to find temporary work, often at construction sites; they have little choice but to labor for pitiful wages and endure miserable conditions of life.

To greater or lesser degrees, these are common features of capitalist development in general and late “conservative modernization” in particular. What is unique in the case of China is that the social basis of the modernizing state—a bourgeoisie and commercialized rural class—had to be created by the state itself. It was the Communist state that undertook the task of breeding both an urban and a rural bourgeoisie, largely from within its own ranks. In this sense, the Chinese model of conservative modernization is even more statist and bureaucratic in character than were its German and Japanese predecessors. And the prospects for a democratic political evolution are even less promising.

It seems most unlikely that a bourgeoisie that is so dependent on the Communist state, indeed in many respects still psychologically and materially tied to the Party-state apparatus, will promote a movement to limit the power of a state from which it benefits so greatly.

V. Capitalism and the Chinese Tradition

Bureaucratic capitalism in contemporary China is still capitalism in its essential workings, however peculiar its origins. Like all processes of capitalist development, the Chinese version is profoundly subversive of tradition. No force in history has dissolved sacred beliefs and venerated cultural practices as rapidly and profoundly as capitalist forces of production. Karl Marx, more than a century-and-a-half ago, in celebrating the astonishing productive powers of capitalism, perhaps best described its cultural implications:

The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society... Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned.¹⁷

In this passage, and even more so in the longer passage of which this quotation is a part, Marx captures the dynamic and frenetic character of capitalism in a way that is no less relevant to our day than it was to his. He both celebrates and laments the dissolution of ancient beliefs and sanctified traditions under the relentless pressure of capitalist development. He anticipates the world of perpetual flux, upheaval, and fragmentation that today is described by such terms as “modernism,” “modernization theory,” and “globalization.”

No country has experienced a more massive and more rapid process of capitalist development than has China over the past quarter of a century. Just as capitalism is sweeping the vast land, so what remains of traditional beliefs and structures are disintegrating with equal rapidity. The Confucian tradition has been eroding for a long time, ever since the lengthy and painful transition from “culturalism to nationalism” in the late 19th century and the virulent cultural icono-

clasm of the May Fourth era. These were followed by the Maoist revolution of 1949, which destroyed the scholar-gentry class that had for so long been the social carrier of traditional values and culture. Yet at no time has there been so rapid and so radical a rupture with traditional culture as the one we are witnessing today, as China submits to, and indeed embraces, the relentless and coldly universal imperatives of the world capitalist market. The remnants of tradition are drowning in what Marx called capitalism's "icy waters of egotistical calculation."¹⁸ The traditions linger on only in the form of commodities, as objects on display in the silence of museums, and as grotesque exhibits in Disneyland-like theme parks, where they can be viewed by foreign and Chinese tourists for the price of an admission ticket. Thus, China shares with other modern nations that most non-Confucian feeling—the loss of any real sense of tradition.

It is one of the great ironies of Chinese history that Communism has been the historical agent to usher in modern capitalism. And capitalism, in turn, has concluded in the century-long iconoclastic assault on the Confucian tradition, uprooting and dissolving the vestiges of traditional culture. Even as the Communist regime substitutes a nationalist celebration of the millennial Chinese tradition (in the form of "Confucian institutes," for example) in place of its once revolutionary ideology, that tradition is melting away under the torrid development of the capitalist forces of production that Communist leaders have been promoting since 1978. ●

Notes

1. The writings of John K. Fairbank were particularly influential in conveying this image of continuity between traditional and contemporary China. See, for example, his *China: The People's Middle Kingdom and the U.S.A.* (Cambridge, Mass.: Harvard University Press, 1967).
2. Stuart Schram, "The Thought of Mao Tse-tung," *The Cambridge History of China*, Vol. 15, edited by Roderick MacFarquhar and John K. Fairbank (Cambridge and New York: Cambridge University Press, 1991); and Frederic Wakeman, *History and Will* (Berkeley: University of California Press, 1973).
3. On the anti-traditionalist origins of Chinese nationalism, see Benjamin Schwartz, *In Search of Wealth and Power: Yen Fu and the West* (Cambridge: Harvard University Press, 1964); and Joseph Levenson, *Liang Ch'i-ch'ao and the Mind of Modern China* (Cambridge: Harvard University Press, 1959) and *Confucian China and Its Modern Fate: A Trilogy* (Berkeley: University of California Press, 1968).
4. Lu Xun, "Diary of a Madman," *Selected Works of Lu Hsun*, Vol. 1 (Peking, 1956), pp. 8–21. On the origins and nature of modern Chinese iconoclasm, see Lin Yu-sheng, *The*

Crisis of Chinese Consciousness: Radical Antitraditionalism in the May Fourth Era (Madison: University of Wisconsin Press, 1979).

5. See Mark Elvin, *The Pattern of the Chinese Past* (London, 1973).

6. In Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (New York: Scribner & Son, 1958) and *The Religion of China* (Glencoe, Ill.: The Free Press, 1951).

7. Adam Ulam, *The Unfinished Revolution* (New York: Vintage, 1964), p. 45.

8. The periods 1801–41 and 1878–1927, respectively, as the noted Australian economist Y. Y. Kueh has pointed out in “The Maoist Legacy and China’s New Industrialization Strategy,” *The China Quarterly* 119 (September 1989): 421.

9. Ibid.

10. On the confusion between the means and ends of socialism by Deng Xiaoping and how this confusion facilitated the early phases of capitalist development under Communist auspices, see Maurice Meisner, *The Deng Xiaoping Era: An Inquiry into the Fate of Chinese Socialism, 1978–1994* (New York: Hill and Wang, 1996).

11. These developments were brilliantly analyzed more than six decades ago by Karl Polanyi in *The Great Transformation* (Boston: Beacon Press, 1944).

12. Eric Hyer, “China’s Arms Merchants: Profits in Command,” *The China Quarterly* 132 (December 1992): 1111.

13. Etienne Balazs, *Chinese Civilization and Bureaucracy* (New Haven: Yale University Press, 1964), p. 32.

14. The system of “official supervision and merchant management,” which flowed from the self-strengthening movement and was the prelude to the full-blown bureaucratic capitalism of the Guomindang period, is analyzed by Albert Feuerwerker in *China’s Early Industrialization: Sheng Hsuan-huai (1844–1916) and Mandarin Enterprise* (Cambridge, Mass.: Harvard University Press, 1958).

15. Marie-Claire Bergere, *The Golden Age of the Chinese Bourgeoisie, 1911–1937* (Cambridge, U.K.: Cambridge University Press, 1989).

16. Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon Press, 1966), p. 437.

17. Karl Marx, “Manifesto of the Communist Party,” in Robert C. Tucker, *The Marx-Engels Reader* (New York: Norton, 1978), p. 476.

18. Ibid., p. 475.