
Review Essay

China's Market Reform Debate

Lin Chun

Isabella M. Weber, *How China Escaped Shock Therapy: The Market Reform Debate*. London and New York: Routledge, 2021. 358 pp.

SETTING THE SCENE

In the histories of capitalist genesis and development, including the capitalist logic of the Cold War and post-Cold War (and the threatened new Cold War) and of neoliberal globalization, the market integration and invigoration which has brought the economy of Communist China to global prominence is a remarkable story. Of intense scholarly interest are China's growth model, institutional and policy adaptations, and interactions with others in the geo-economic and geopolitical reordering of the world. Yet, despite the expanding literature in this field, comparative case studies which delve into the extensive historical and international, as well as intellectual and discursive, contexts are relatively rare. Isabella Weber's book *How China Escaped Shock Therapy* contributes to filling this gap.

A quick background sketch of the familiar yet often neglected basics is useful here. The People's Republic of China (PRC) was founded upon, and fundamentally defined by, the victory of the Chinese Communist Revolution in 1949. Committed to both national and social liberations, the revolution achieved unity and independence for the country in terms of socio-economic development, forging a self-aware sovereign people in the process. In constructing a socialist political economy, the new regime pursued a collective, egalitarian and participatory politics. The state mobilized resources to rapidly accumulate capital and labour, buttressed by a

I would like to thank Andrew Fischer and his co-editors at *Development and Change* for their kind invitation and critical comments on an earlier draft of this paper, and the editorial office team for their copy-editing assistance. My appreciation goes to Isabella Weber for her original and stimulating contribution, and for all that we share in understanding China.

Development and Change 0(0): 1–20. DOI: 10.1111/dech.12751

© 2023 The Authors. *Development and Change* published by John Wiley & Sons Ltd on behalf of International Institute of Social Studies.

This is an open access article under the terms of the Creative Commons Attribution License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited.

rudimentary ‘public good regime’ to meet basic needs. China could thus withstand imperialist blockades and transform itself from one of the world’s largest poor nations. By the end of the 1970s — before any ‘market miracle’ and despite recurrent policy errors of dizzying scale — Communist China had built up an industrial edifice and seen both the size and life expectancy of its population approximately double, an epic feat to be appreciated with ‘an acute and painful awareness of all the horrors and crimes that accompanied the revolution’ (Meisner, 1999: 12).

Taking 1949 as the normative benchmark, a balance sheet of the vicissitudes of the Chinese Communist Party (CCP), state and society since reform began in 1978 can be drawn up. The landmark 1978 Party plenary decision to reform the economic system within the bounds of socialism enjoyed a broad mandate and kindled a novel atmosphere of political openness and intellectual probing. Despite early signs of derailing, contemporaneous with surging neoliberalism in the West, the nature of China’s 1980s reformism was clearly distinguishable from the next decades of ‘revolutionary’ neoliberalization. Brewing discontent over burgeoning official corruption and social insecurity, however, erupted in 1989, with the Tiananmen Square protests signalling the breakdown of the initial reform consensus. A refined periodization of the ‘long 1980s’ (1978–92) identifies the events of 1989 and Deng Xiaoping’s 1992 southern tour, reinstating the Special Economic Zones (SEZs), as a turning point. The 1990s became a testament to the ‘great reversal’ of socialism in China (as William Hinton put it), consistent with the triumph of capitalism globally, marked by imposed privatization, privileged foreign investment, marketization of healthcare, education and other public services, and resultant crises in *minsheng* or livelihood — the ‘rural triple crisis’ being the best known. In the first two decades of the 21st century, seemingly incompatible policy positions of seeking corrective repairs and ‘deepening’ the reform were pursued simultaneously. If it was the predicaments of Chinese socialism that compelled reform, it was the radicalization of that reformist position that led to the accumulation of contradictions from within which became ultimately self-negating.

The Transitional 1980s

The preoccupations of the 1980s centred around the end of the Cultural Revolution and the beginning of ‘Reform and Opening’. To recover from the ravages wrought by Maoist mass attacks on the party state, the reformers oversaw two diverse tracks. One was bureaucratic ‘crony capitalism’ (known in the common Chinese perception as *quanguo zibenzhuyi*) of public office in collusion with private wealth to take advantage of the loopholes of market transition. The other was legalization and democratization encouraged from above and below since the late 1970s, prompting the leadership to formally pledge to institutionalize a ‘highly civilized and highly democratic

socialist society'. It is hard to imagine anything worse than the logic of China's subsequent development: as the former became systemic, the latter proved short lived, resulting in just a few co-opted demands, such as procedural legality and limited competitive elections. By the early 1980s, closing the door on popular participation as the foundation of power and the only force which could counter bureaucratic capitalism meant that a fleeting chance of political regeneration was forfeited.

The reform process began to steadily liberalize the economy, first embarking on rural decollectivization to replace the existing communes with a family responsibility system. Urban restructuring followed, alongside authorizing an initially 'shallow globalization' making use of foreign capital, markets and technologies. Dissolving communal agriculture and ending the unified purchase and marketing of grain, cotton and oil did not alter collective land ownership, but changed the entire structure and operation of the economy. Left in its wake were rundown villages and disorganized farmers — the context of the present effort to reinstate cooperation and 'revitalize the countryside'. The rural contract system was transplanted to the urban state-owned enterprises (SOEs) for managerial autonomy. Instead of government budget allocations, each enterprise was to be liable for its own profits and losses on interest-bearing bank loans. Meanwhile, collectively managed township and village enterprises (TVEs) flourished, absorbing agricultural surplus labour and raising local wage income. The invention of coastal SEZs led the way in converting China into 'the factory of the world'. Before long, however, both thriving TVEs and the majority of regional SOEs vanished in waves of private and foreign takeovers in the 1990s.

THE MARKET REFORM DEBATE

Revisiting China's vibrant 1980s, before its neoliberal and developmentalist turns, can be daunting. Isabella Weber, a young scholar of originality, rigour and nuance, succeeds in her endeavour of scrutinizing the Chinese debate over price liberalization. She explains how China's leaders resisted the temptations of 'crashing through the barriers of prices' (p. 255) in the late 1980s, narrowly escaping a disastrous Russian-style big bang.¹ Since then, nothing could make China deviate from its gradual and experimental mode 'on a path of catching up, reindustrializing, and reintegrating into global capitalism' (p. 10). With the anticipation of capitalist integration undisputed,

1. This is the term commonly applied to the radical transformation of the Russian economy from a centrally planned to an integrated market economy. As Weber describes it, the measures caused a massive fall in GDP, hyperinflation, soaring economic inequality, poverty, and a marked decrease in male life expectancy. The collapsing economy also led a financial crisis, with Russia receiving loans of some US\$ 20 billion from the International Monetary Fund.

Weber focuses her attention on its trajectory. She knows every detail of the complexities of the price debate and its wider and deeper historical and intellectual stimuli, and she substantiates her observations and interpretations with rich data, compelling empirical evidence and conceptual erudition.

Among the participants in this debate, two generations can be identified between the passing of Maoist socialism and the looming unknowns of market conversion. The older generation of veteran communists had managed the wartime base area economies before running the PRC national economy as central planners. The younger generation had grown up during the Cultural Revolution and many spent their formative youth living with the peasants and workers at the grassroots. At the founding meeting of the Rural Development Group (later the System Reform Institute) in 1977, Deng Liqun, then head of the Party Central Secretariat's Political Research Office, spoke to the young members: 'Without knowing about rural China, it would be impossible to know about China; without solving rural problems, China's problems are unsolved. ... By [being] willing to earnestly dedicate yourselves to the 800 million peasants, you represent the direction and forces of China's progress'. Du Runsheng, deputy director of the State Agricultural Commission and hailed as the 'father of China's agrarian reform', continued: 'If peasants are not prosperous, China cannot be; if peasants suffer, China suffers; if peasants are pre-modern, China cannot be modern! Only if peasants are settled, can *Tianxia* [the whole land] settle. ... Our cause has originated from working with the peasantry, and we are determined to reach socialism without capitalist polarization' (both quoted in Wang, 2015). How this emotionally charged commitment was diluted as peasant China disappeared in the soaring ambition of urban, industrial and globalized modernity is a fascinating story.

Price reform was on the agenda once the rural economy became partially marketized and market dynamics were unleashed. Across the generations, as Weber meticulously recounts, the reformers were divided about how marketization should proceed successfully while minimizing turbulence. 'Package reformers' subscribed to, but failed to implement, a planned scheme to be achieved in one giant move. 'Pragmatists' advocated for a state-guided dual track arrangement — and prevailed. The enduring rivalry among those who claimed credit for inventing the dual track may look like a farce but is an indication of the non-ideological or technical nature of the debate. While deeply appreciative of Weber's insights, I would take issue with her overall approach, as well as pointing out some blind spots or missteps. I argue below that having undergone multiple shocks — big and small — spread over years, China's neoliberal transformations may have been more incremental but were no less spectacular in magnitude and depth than those that various shock therapies have delivered in Russia and elsewhere. More to the point, if privatization is accepted as the kernel of shock therapy, it is debatable whether China has in fact escaped. Looking into Weber's framing of state–market relations, I also underscore the changing nature of the PRC

state itself, identifying along the way a significant stream of thought missing from her outlook. All my critiques are made in the hope of furthering the conversations about post-socialist market transitions that Weber has so ably and fruitfully stimulated.

MASTERS OF THE MARKET

Two exceptional strengths of *How China Escaped Shock Therapy* are its historical depth and its theoretical reflections, all consonant with heterodox economics and versatile economic sociology. The first four chapters describe price control in imperial, republican and pre-reform Communist China as contextual illuminations for the post-reform debate. Apart from those traditions considered indigenous sources of modern market creation, Chapter 5 discusses what could be learned from post-war economic recovery in the West and reforming communist undertakings in the East. Far from positing a Sinocentric narrative, the book shows how the competing repositories of economic knowledge and theorization can help us understand the mode of reform in question. As a product of genuine strategic and intellectual contestations, Weber argues, the Chinese approach has proven 'more inductive, institutionalist, and pragmatic than that of neoclassicism' (p. 12).

Chapter 1 offers a substantial account of bureaucratic market participation in ancient China as a flourishing (commercial) market economy. Two millennia before the advent of European classical and neoclassical economics, the classic Chinese economic-philosophical text, the *Guanzi*, was believed to be a record of the economic principles discussed between the Duke of Qi and his prime minister Guan Zhong in the Chun-Qiu period. Crucial to these treasured texts is the 'light-heavy' distinction in the hierarchy of importance attached to goods and their production and trade, which determines the need for, and extent and methods of, price regulation, hence setting the boundary between state function and market freedom. To control the 'heaviest' item, for example, the government must 'stabilize the price of grain in order to stabilize the overall price level and the value of money' (pp. 24–25). The *Guanzi* theories and institutions laid the foundations of economic governance in China for many centuries to come: the government-maintained depots under the mechanism of the 'ever normal granary' to balance grain prices and regional price differentials; periodic government procurement and monopoly over essential products; uniform taxes; controlled currency issuance; and calibrated competition. A classic dispute, known as the 'Salt and Iron Debate', emerged from the famous West Han conference (81 BC) between the realist Guanzians and the moralistic Confucian literati. As 'policy activists', the former promoted state facilitation of economic prosperity and state obligation to guard the population against price speculations. The latter, on behalf of the aggrieved producers and merchants suffering under predatory officials, lamented a foregone age of state restraint. The crux of

the debate, Weber stresses, centred on the necessity of the state harnessing spontaneous market forces (pp. 37–38).

Even more apposite is communist economic management before and after the CCP came to national power. Once state building of the PRC began in the rural margins, the Communists used their position of power in their local territories to break the weak links of counterrevolution. The ‘mass line’ necessitated by this strategy implied a policy priority of popular subsistence. In the history of ‘red finance’ in China, the first Communist-run workers’ cooperative was founded for the miners in Anyuan, Hunan, in 1923. Mao Zemin, its general manager, later became the first governor of the Bank of the Chinese Soviet Republic in Ruijin, in 1931. Working together with Lin Boqu and Deng Zihui, Ministers of Economy and Finance, respectively, they created an independent currency, established the central treasury, operated a state mining company to secure a source of revenue, and set up special trade zones to get around the embargos that were in place at that time. Buying the harvest at fair or higher than market prices and selling grain during the lean season, to sustain the peasant population, the local Communist regimes also sought to supply the Red Army. As part of the Long March in the mid-1930s, special troops carried the coins, banknotes and minting machines that the army relied on, until it established its new base in Yan’an in 1935–36. The Party went on to construct its economic strongholds in the larger liberated areas with farms, factories, trading and remittance networks, and banks holding reserves both in kind and in other currencies. The first set of *renminbi* or ‘people’s dollars’ was issued nationally in 1948 (Cao and Zhou, 2007; Xiang, 2021).

Chapter 3 of *How China Escaped Shock Therapy* is devoted to the ‘economic warfare’ of the 1940s. According to Weber, the Communists’ main weapon was commerce, which integrated production, trade, banking and taxation under a stable money regime. As Chen Yun, Chief of the CCP Northwestern Financial Committee, understood it, ‘a revolutionary businessman is an outright revolutionary’. In the Shandong base area, Xue Muqiao and his team ensured government possession of a stock of salt, grain, cotton and other basic goods to back their own currency, *beipiao*, in the Communist jurisdiction. Its exchange rate with the national *fabi* was adjusted to boost ‘foreign’ trade with other regions, and its credibility and convertibility grew to the extent of ‘good money driving out bad’. A similar strategy turned the CCP’s Northeastern base ‘into a financial powerhouse for the communist revolution’ during its final campaigns in the civil war (pp. 76–80), and later also enabled the new state to overcome acute food shortages and hyperinflation in its urban centres nationally. Famously, winning the economic battle in Shanghai involved coordinated government actions across regions: swiftly transporting large quantities of supplies into the city, bulk buying through the municipal authority’s own trading agencies to accelerate price increases, and then flooding the market with released stocks to instantly bankrupt hoarding speculators. Skilfully manipulating market

tools to depress both prices and excess cash flow, the Communists restored the value of money and economic activities. In Weber's words: 'As much as inflation helped the downfall of the Nationalists, the success of the Communists in enforcing price stability within a matter of months ... was an important source of their legitimacy' (p. 70).

Weber rightly discerns the existence of an early dual-track price mechanism — state-run retailers applied list prices and private sellers applied market prices — which 'prefigured the dual track price system of the 1980s' (p. 84). Defying the prediction of an enraged international bourgeoisie that these rustic reds would not be able to manage the national economy, the new state also flouted the logic of neoclassical postulates by stabilizing the price level before overcoming the budget deficit (p. 80). A closely related theoretical tenet of China's revolutionary economists was the 'material standard' (*wuzi benwei*) for paper money and its use in macro regulation, in contrast with pegged metal currencies (Xue, 1996: 174). Such a tenet remains relevant and stands out in an age of unbridled financialization of the market that exerts intense pressure on China's currency sovereignty and capital account convertibility.

Once nationwide land reform had been completed, the planners and price fixers of the socialist non-market economy undertook the tasks of economic recovery and 'internal accumulation' for industrialization, even as China was entangled in the Korean war. Under central planning, prices were kept stable and low. Increases in the purchase price of grain were compensated for by subsidies to ensure affordability. The pricing principles of differentiating between essential and non-essential consumer goods, with the former protected through a cost-plus formula for the latter, were consistently observed (pp. 102–03). Weber is even-handed in viewing pre-reform development without detailing Maoist economics. It is worth noting, however, that the Maoist approach was intended to be an alternative to the Stalinist statist model, building a pragmatic policy for China based on local knowledge and conditions. Although there were no conventional market incentives or 'financial discipline', the Chinese economy grew significantly to lead the so-called third world countries by a large margin in both human development and physical infrastructure. There is a marked contrast between the assessment of the 1983 World Bank report that 'the previous 30 to 40 years of Chinese development had been remarkably successful', and the negative post-Mao official judgement (cited by Weber, p. 104). Market reorientation could be more politically driven. Relying on her interviewees, Weber sees it as largely non-ideological. However, this might be inaccurate: a case in point is the official line, which remains unsubstantiated, that the national economy was 'at the brink of collapse' by the end of the Cultural Revolution (Bramall, 2009; Naughton, 1995; Riskin, 1987).

Planned pricing was no doubt rational in its own terms of ensuring a stable supply of both everyday necessities and primary producer goods, and of public budgeting and monetary transactions. Since the state pursued the goal

of independent development, its industrial and fiscal-monetary policies dictated and managed the investments, costs, profits and spending of industries and firms, as well as transfers of funds and resources. ‘Planned loss’ could be compensated for by profitability elsewhere. Banks were state-owned policy instruments. Administering prices was therefore a vehicle of in-sector relocation as much as cross-sectoral redistribution. It was the onset of reforms to recreate the market that turned the command economy and its artificial and distorted price signals into a bottleneck, although ‘soft budget constraint’ could have lowered price responsiveness. Practical solutions focused first on fixing the price system (pp. 103, 186, 111).

PRICE REFORM AND BEYOND

Chapters 5 to 8 trace the debate over price reform that involved leaders and their advisers oscillating between certain doctrinal beliefs and ‘seeking truth from facts’. As price incentives had to be corrected for SOE restructuring, flexible multi-tier pricing already in place was upgraded into a national policy in January 1985. This meant that the heart of the industrial economy was ‘officially under the dual track price system and on its way to being marketized’ (p. 182). In actuality, ‘dual track’ entailed five types of price determination: planned prices for the ‘heaviest’ or most important goods, floating prices for goods in oversupply, negotiated prices between traders for above-quota products, free market prices for ‘light’ or minor goods, and market prices stabilized by state steering on surpluses of key agricultural produces. It was expected that once the main productive inputs of energy and raw materials were integrated into a single market track, the varieties of dual track pricing would become obsolete. The general price level could still climb given higher market prices for scarce commodities, but production would tailor the market setting and be governed by exchange values and profitability motives (pp. 125, 177, 182).

To accomplish such a transition, China actively looked around for lessons to be learned and consulted experts globally, sending researchers abroad and receiving foreign delegations. Price control in the American and European war economies was one point of reference, post-war price deregulation and market restoration in the US, UK and West Germany were another (Chapter 2). The field experiences of dissident economists who master-minded reform attempts in communist Europe aroused most interest among the Chinese interlocutors. A World Bank mission studied China’s reform initiative and organized high-profile conferences in 1982 and 1985 to facilitate adaptive policies. Weber detects a gesture of ‘Chinese independence’ during these encounters, as mirrored in Milton Friedman failing to admit ‘the great sensitivity’ to price controls in China (pp. 130–31). Getting to know more about the local situations, the visitors ‘became progressively less radical’.

Włodzimierz Brus even warned against applying his own recommendations (pp. 127, 145).

In Weber's delineation of China's two marketization paradigms, the big bang approach was informed by modern mathematical economics and Eastern European reform precedence, while the gradualist approach involved navigating via experimentation and situational adaptability. Advocating systemic change based on ideal market principles, package reformers saw price liberalization as a decisive step along the line of Ota Sik's prescription: to impose strict macroeconomic austerity, adjust prices to calculated equilibrium values, and then free all prices at a stroke (p. 185). The experimentalists proposed instead to temporarily keep certain building blocks of the old structure, including semi-planned prices and allocations, in order to reap the benefits of transitional stability (pp. 178–79). However, the two groups diverged only on methods, with a shared intent to rewrite 'the whole nature' of the existing economic system (pp. 173–75, 179).

They also shared the fear of damaging livelihoods and risking socio-political instability. If the simplest justification for dual track pricing was to 'protect the people from violent economic shocks' (p. 178), those who opposed prolonging this hybrid structure and its associated disadvantages were just as concerned about any sudden disruption of daily consumption. From the outset, the Chinese reformist policy makers were clear that 'it was not an option to raise the cost of living' (p. 125). This characteristic concern was a legacy of the revolution, reinforced by the anguish caused by past policy blunders. The same fear also underpinned the leadership's hesitation about, and backing away from, big bang opportunities. As breathtakingly narrated in Chapter 7, the proposed 'package reform' nearly prevailed before Premier Zhao Ziyang pulled back, in 1986 and again in 1988, afraid of risking uncertainty and instability. Damage was done in the latter instance, however, when inflation and panic buying spiralled, fermenting mass unrest. As tensions heightened, a Polanyian social movement exploded a few months later — 'Economic anger, rather than a wish for democracy, was what moved most demonstrators in May 1989' (Adrian Wood quoted by Weber, p. 256).

Much of this anger was caused by the chaos and injustice of dual prices. Especially unpopular were the loopholes inherent in dual track pricing, as 'restricted' items priced within the plan were accessed and (repeatedly) traded on the market at higher prices by crooked officials and cronies, to enrich themselves. The package reformers had good reason to call for repeal of dual track pricing; they also blamed it for perpetuating false demand and overinvestment. Xue Muqiao, now the Central Committee's principal economic adviser (who had previously held other roles, including directing the State Price Commission throughout its tenure), described the economy in the mid-1980s as seriously overheating. He told an international conference audience that China must regain macro control over inflation through fiscal and economic leverages. In a letter to the Premier dated 27 June 1986, he criticized the policy of indulging monetary expansion that also

worsened speculation and profiteering. Evaluating these difficulties and the fact that enterprises had by then mostly linked earnings and performance while non-staple food prices fluctuated within a safe range, Xue considered price rationalization to be opportune. But after inflation hit the market later in the year, he judged that ‘a good opportunity for price liberalization already gained was lost’, because that objective would be achievable ‘only when we can curtail excessive demand and inflation’ (Xue, 1996: 402–16).

This was why Xue did not support launching the package promoted by Deng Xiaoping in 1988. What he regarded as indispensable preparation — establishing a ‘stable and flexible environment’ by cooling and rebalancing the economy — had not been undertaken. Pulling the plug on price liberalization for him required microeconomic retrenchment with a flattened inflation curve: calculation-based unification of price tracks and strict control over money supply, interest rate, volume of credit and fiscal subsidies, and hence the general price level (pp. 125, 140, 205). He disagreed with Zhao’s prioritizing of growth and ‘illusory’ dismissal of the danger of inflation, arguing that the government should also absorb any aggregated hidden inflation by capping money issuance, consumption funds and cash flows. Sounding like the perfect monetarist, he was also convinced of the need for central bank independence to enhance macro-regulatory capacity (Xue, 1996: 464–65, 421–24). Presumably, Xue did not see a link between low inflation and high unemployment, among other alleged drawbacks, in a socialist economy in which government itself was a dominant employer.

In *How China Escaped Shock Therapy*, we learn that the country twice ‘came within a hair’s breadth of a big bang’, and ‘the political consequences of the 1988 aborted big bang shaped the fate of China and the world’ (pp. 245, 253–55). But, arguably, the events of 1989 had a more emphatic impact on the course of reform. An improbable conjuncture of civil rebellion and state violence in a post-popular revolutionary society cleared the way for a peculiar development unforeseen by participants on either side of the price reform debate. The Party subsequently recentralized power, reintroduced price controls and halted inflation and, in 1992–93, abolished planned prices that covered non-essential as well as essential consumer and producer goods. We are nevertheless still missing an explanation for this eventual soft landing, a seeming vindication of the dual track detour, other than the fact that by then ‘the plan had already become an island surrounded by an ocean of market price transactions’ (Naughton, 1995: 290). Weber’s research reveals that the 1988 scheduling of a price and wage reform as ‘a shift toward marketizing the industrial core and commodifying the basic livelihoods’ was accompanied by a State Council emergency plan to invoke a projected public security law to suppress any resistance (pp. 249, 252). The military shock of 1989 came as a brutal test, a horrific departure from the CCP’s traditional priority of *minsheng* and social protection.

To answer the question as to how prices finally came to be liberalized in China — was it just a natural conclusion of the dual track system or, as

critics contend, the fresh memory of Tiananmen? — Weber returns to the intellectual foundations of the two debating camps in methodological terms as a comparison between idealism and pragmatism. The package reform approach was first and foremost an ideal model, in contrast to the system to be replaced. It was dogmatic and inclined to idealize either planning or market, either visible or invisible hand, striving for a pure type of economy. From this idealistic perspective, the dual track approach was seen as short sighted, incoherent and inherently flawed in breeding social and economic adversities. Weber does not refute such criticisms but argues that with ‘an emphasis on the feasible rather than on the ideal’, the dual track system had indeed ‘brought forth historic transformations of rare intensity and scope’ in China (pp. 261–68). Chalmers Johnson’s diagram of conflicting positions with aligned methods of ‘plan ideological’ and ‘market ideological’ versus ‘plan-rational’ and ‘market-rational’ comes to mind (Johnson, 1982: 19), in which target models hold positions regardless of epistemology. While Weber clarifies that the price reform debate was not about the destination (the ‘where’), but about ‘how’ to get there, she implies that the idealists were associated with big bang market fundamentalism and the pragmatists with socialist institutional legacies.

An immediate problem with this division is that the debaters are straight-jacketed, and some do not fit easily into their assigned locations. Xue Muqiao, above all, was hardly a market radical. In terms of the price reform alone, his 1988 proposal of macro stabilization was about China needing to spend three years compressing investment, capital construction and money circulation to get ready for ‘gradually liberalizing most prices’ (Xue, 1996: 411–24). Among the gradualist group of Weber’s protagonists, Li Yining, Gao Shangquan and Zhang Weiying all tended to be receptive to neoliberal premises. For Li, the only two substantial reform options were blanket price liberalization and piecemeal ownership reform (p. 251), and his logic was that of privatization. Both Chen Yizi, leader of the dual track supporters, and Zhu Jiaming, a facilitator of communications between senior and junior groupings who was sympathetic to the 1988 package push, admired Pinochet’s economic programme which tapped into the Chicago boys’ expertise (pp. 243–47). With the older generation gone, and unlike most of those who subsequently became power holders, Wang Xiaoqiang, Chen’s deputy of 40 years earlier, was among the few to have remained a staunch defender of socialism, defined as ‘modernization for the majority of the people’ (Deng, 2013), especially after the death of his comrade Deng Yingtao.

These individual examples show the blurred demarcation between market fundamentalists wishing to make a clean break with central planning and their more cautious opponents. At issue, however, is not the murkiness or the fluidity of such a divide, but what is obscured by it. By equating package price reform with comprehensive shock therapy, by treating market transition as ideologically neutral, and by tolerating a tendency towards pragmatic contempt for visionary theoretical explorations, Weber’s ‘how’ thesis (how

to best introduce market mechanisms) against ‘where’ (the goal being to arrive at the market economy) suffers avoidable limitations. It deprives the revived arguments about the meaning and feasibility of ‘market socialism’ of a history which intersected the price debate and involved some of the same people. Faithful to her thesis, captured in a brilliant book title, Weber stops short of recognizing the significance of this parallel intellectual (under)current corrective to the (hidden) ideological impulse of radicalizing the reform. The pressing question for the 1980s, after all, was whether market mechanisms could be mastered for the socialist end. Any specifics were yet to be worked out, but they were logically predicated on a broad vision of the other side of the river to be reached by feeling the stones.

THE TARGET MODEL OF REFORM?

Interestingly, this intellectual current of market socialism was neither official, nor mainstream. The 1984 Party plenary decision redefined the socialist economy as ‘a planned commodity economy based on public ownership, in which the law of value must be consciously followed and applied’ (Xinhua, 1984). This articulation was a precursor to the breakthrough language of a ‘socialist market economy’ declared at the 14th Party Congress in 1992. In such an economy, the document stipulated, ‘the market plays a decisive role in resource allocation under macro regulation’ (Jiang, 1992). Any disputes over the legitimacy of (socialist) planning versus (capitalist) market were rendered irrelevant under Deng’s ‘no arguing’ directive to silence ideological dissent. Yet, the social characteristics of the Chinese transition away from state socialism remained unspecified; the officially sanctioned reform discourse did not go beyond abstract statements.

The target model for Weber’s ‘competing reform paradigms’ is a different concept. It is confined to market institutionalization which is treated not as a mere technical matter but as politically important with regard to state mediation. She depicts an autonomous PRC state moving ‘into global capitalism’ ‘without losing control over its domestic economy’ (p. 269). Weber’s study does not engage with the developmental state literature, probably because market refashioning in China was a unique post-socialist project and Weber’s story is about getting prices right rather than wrong, as with the East Asian model (Amsden, 1992). In response to a review of her book, however, she confirms the connection between these experiences and points out that the most vital prices continue to be managed with government participation in China’s specific markets (Weber, 2022). Apparently, state capacity for ‘governing the market’ (à la Robert Wade) and fixing market failures entails both getting the prices right and getting them wrong, depending on the situation. It seems superfluous to add that the advanced economies, too, utilize selective price controls. Universal market prices are not always the best recipe (pp. 66, 190; also Weber, 2022). On the other hand, market prices are a

prerequisite for market operation and, moreover, fair pricing is a rightful demand from the developing world in an asymmetrical international market of unequal exchanges and multinational monopolies. Subsidized farm imports from rich countries taking sizeable market shares in poor countries is a long-standing practice (to say nothing of the former's aggressive yet often unspoken industrial policies). What concerns us here, however, is analytical. Any change in the nature of the state would affect the critical edge of established state–market analyses. State neoliberalization and market bureaucratization blend in China to pose a local challenge to this major framework for critique.

Weber emphasizes price marketization as the first and pivotal shock in shock therapy, of which a complete sequence would also contain other components, 'such as trade liberalization and privatization'. The latter, though, would be slow going even for 'the most dedicated shock therapists' (pp. 119, 184–85). However, privatization ought to be deemed absolutely central to shock therapy as a matter of transforming the relations of production, as proven in Russia or Ukraine. And privatization can be implemented quickly and sweepingly, as happened in China and many Eastern bloc and Latin American countries. Branko Milanović (2021) criticizes 'easy conflation between macroeconomic reforms and privatization': the former succeeded in Poland but failed in Russia where 'the hurried and inequitable privatizations created a kleptocratic oligarchy'. It was thus not Gaidar's big bang but 'the worst possible privatization strategy' that did the lasting damage, when a bunch of 'political' billionaires (after the purged oligarchs) were granted permission to get rich in exchange for political loyalty (ibid.). Having fared better by managing state capital and re-conglomerating the largest SOEs (Nolan, 2014), China has nevertheless allowed its basic socio-economic structure and relations to be reshaped by privatization. This was far more crucial than price marketization in accounting for the country's neoliberal swings. Wu Jinglian professed the authority of Milton Friedman's position and recommended a complete shock therapy script. Li Yining asserted that the success of transition 'cannot be determined by price reform but only by ownership reform'. Hua Sheng's wholesale market transition would hinge on 'clearly defined property rights' (pp. 233–34, 206–08, 239). Any epistemic difference did not matter, as advocates of privatization from both sides of the price debate converged to concentrate on 'clarified and consolidated' private property.

Left out from official abstractions and from Weber's picture are the tentative arguments for a socialist market which championed economic reform but deplored privatization. Incorporating this school of thought could have put certain ideas of price reform in a different light. Xue's package, as a prime example, was to be carried out in steps, none of which would accommodate privatization. As a Marxist economist, his faith in market dynamics was derived from the Marxian 'law of value', echoing the oppressed voices of Sun Yefang or Gu Zhun in the 1950s. His position on price formation formed part of a grand market constitution for socialism. Unlike the

disillusioned Eastern Europeans who perceived incurable pathologies in existing socialist economies, Xue and fellow market socialists held to the principles of national planning, fiscal balance, sectoral proportionality, and equilibrium between total supply and demand. Resembling some of the ideas of Włodzimierz Brus and Oskar Lange, articulated during the inter-war socialist calculation debate, he believed that a socialist market could outcompete capitalist markets (Xue, 1996: 448–65). Even if Weber is correct about price reform being the quintessential neoliberal prescript, privatization would still be the more definitive path to follow. She does detect ‘planned gradualism’ twisting the big bang logic. Yet, in lamenting Xue’s ‘intellectual turnaround’ (pp. 145, 205), she bypasses the substance of his ambition and thereby the independent discourse of market socialism in China more generally.

Weber is otherwise astute about the ‘fanciful vision’ of rational firms operating in a perfectly efficient market with an all-encompassing signalling system of free and undistorted market prices (see Weber, 2022). Theoretically, she suggests in her book that ‘shock therapy is underpinned by neo-classical economics that constituted an intellectual bridge between mainstream economists in the West and market socialists in the East’ (p. 10; see also Bockman, 2011). Advocacy for the law of value and price rationalization epitomized a Marxist economics critically re-appropriating germane non-Marxist thinking — elements of mercantilism, Listianism, Keynesianism, welfarism, monetarism, and so on — without validating the tenet and power of private domination. The Chinese reform strand of Marxist economics tackled the theoretical questions around marketization and embraced the envisioning of a socialist market that the pragmatists failed to engage with: the amalgamated use value of socially necessary final products under macro planning and regulations to satisfy needs as the material expression of the purpose of socialist production; the full socialization of the markets of commodities, labour, capital, information and technology as a historical trend as much as a socialist task; the organized subjective position of labour interacting with the object of capital as a process of working class emancipation through united workers and public enterprises in cooperative competition; and a Marxist eco-economics rediscovered and reworked to corroborate micromanagement of economic life and resources (e.g. X. Jiang, 1988; Y. Jiang, 1980; Lin, 1985, 1986; Liu, 1988; Xu, 1985; Xue, 1984; Yu, 1981, 1988). Manifesting an emerging eco-socialist consciousness, Deng Yingtao tirelessly appealed — in the intersection of land, hydraulic, demographic and development economics — for inventive policy responses to ecological degradation (Deng, 1991).

Less convinced by the boundless socialist prospect of a thoroughgoing market economy, some of the old guard ‘conservatives’ also belonged to the category of market socialists. They might have differed on issues around price reform but all ascribed to Chen Yun’s ‘bird cage’ theory of a socially restricted market. For Chen, who emerged during the Communist wartime struggle as an economic manager and Party leader as well as a passionate

reformer, 'reform should not overrule the primacy of socialist planning'. Sceptical of Premier Zhao's acclaimed strategy of 'extending both ends abroad' (importing raw materials to be processed by cheap Chinese labour for export), he was worried about domestic resource draining and the potential jeopardy of foreign dependency (pp. 227, 236–38, 241). Warning voices like his were overwhelmed by the single-minded pursuit of growth in the aftermath of 1989, relinquishing the hard-won socialist fundamentals. Weber has no issue with the reformist identity of Chen and the like, but without politically foregrounding the target model of transition, she lets a distinct intervention of Marxist market economics slip through her fingers.

In fact, the price reform debaters, and most others in various reform coalitions in the optimistic 1980s, were all path-dependent socialists before ideological and political divisions grew in the 1990s. The socialist transition was once premised on Communist power. The collective mood in China then was strikingly innocent of the coming decay. Serving as guarantors of a socialist self-regeneration were the revolutionary groundwork, the Communist state, the PRC political economy and legal and cultural establishments, and the regime's founding commitment to the dignity and well-being of labour and the common people. These tenets had been translated into 'society's normative infrastructure' (Lee, 2007: xi). Any capitalist facets were a far cry, aided by a deformed Marxism that 'justified' the making up (*buke*) of China's 'skipped' (capitalist) stage in a 'normal' course of development. Impending obstacles rooted in the (internalizing) outside world, market volatilities and perilous geopolitics, were yet to be registered. Deng Xiaoping was so confident that based on China's 'socialist state and public ownership', he drew up a simple criterion: 'If our policy led to polarization, it would mean that we had failed; if a new bourgeoisie emerged, it would mean that we had strayed from the right path' (Deng, 1993: 111). Soon, however, much of what was taken for granted began to crumble. Negating the previously overriding questions of the goal and the strategy, the 'only hard truth' of economic development won the day. The rejection of ideological struggle, political vigilance and theoretical clarity changed the terms of debate and allowed the reform to derail.

SMALL BANGS?

Why should socialism matter, after all? If socialism is merely a functional equivalent to capitalism in achieving modernization, it matters not. But one answer as to why it matters, exemplified by the earlier, representative quote from Du Runsheng, following Marx, is that it should circumvent 'capitalist polarization'. Weber is largely unconcerned with ideological contentions. At stake in the early days of reform, she reports, was China's 'transformation from a poor agricultural country with revolutionary ambitions to one of global capitalism's manufacturing powerhouses'. And it was reformist

gradualism in China that laid ‘the institutional and structural foundations for its economic ascent’. She concedes that ‘neoliberal reformers made deep inroads in the arenas of ownership, the labour market, and the healthcare system’ by the 1990s, with socially adverse effects. Still, as ‘the core of the Chinese economic system was never destroyed in one big bang’, it has ‘fundamentally transformed by means of a dynamic of growth and globalization under the activist guidance of the state’ (pp. 267–68). How should this fundamental transformation be evaluated, if its social consequences cannot be disregarded as just an inexorable price for China’s ascendance? Without undergoing a thorough shock therapy for ‘a revolutionary change’ (Janos Kornai quoted by Weber, p. 6), how could the Chinese position vis-à-vis global capitalism be so dramatically reconfigured? Weber’s eclectic appraisal is questionable, especially from the perspectives of altered class, gender and ethnic relations.

The post-1978 rural reform was a ‘great success’ for Weber’s dual track price heroes, as most commentators would agree. Alongside staggering short-term benefits, however, grave problems surfaced and accumulated in a vulnerable household economy after the ‘two-tier management’ policy intended to preserve the collective level evaporated. Vast displacement and turmoil over land grabbing, in conjunction with private agrarian capitalization and breakneck urbanization, severely weakened petty land holders. This also undermined the potential for an organized eco-tech moral economy which would have been desirable for the peasant commons, national food security, and general human and natural health. Mass outmigration from rural China and a drastic contraction of the urban state sector combined to reorient the economic landscape towards manufacturing for export. Having legitimated the revamp of ‘non-performing’ SOEs, the 1995 policy of ‘grabbing the big and releasing the small’ gave a green light to private buyouts involving many large firms, including profitable and tech-oriented companies. Many were sold off at knockdown prices to their managers or other higher-level ‘insiders’. For the 40 million state sector workers who were laid off, and for the industrial sector itself, the blow was a very ‘big bang’ which inflicted lasting pain. A once perceptibly ‘leading working class’ was defeated by a ‘workers’ state’, and the defeat continued to unfold. In the new and increasingly conflictual and precarious labour market, the subalternized and atomized individual workers could seek redress only through ‘depoliticized’ and at times inaccessible legal procedures. From the young workers dying by jumping from factory dormitories or the Marxist university students being denounced and punished, to the many banished citizens facing unaffordable hospital bills or coercive restrictions across social divides, the retreat from reform socialism was devastating.

The infiltration of foreign capital without corresponding technological transfers is a manifestation of uneven globalization, putting the country at risk of a dependency trap. By repositioning itself to bend to global requirements, hastened by its accession in 2001 to the World Trade Organization,

China has produced for the world on a massive scale, paid for by social deprivation, pollution and resource depletion at home. Sitting on a feeble fence of capital controls while chasing financial liberalization, and of public land while solidifying private use rights, the PRC state has overseen a shift in its economy to shore up capitalist super profits and rents globally. Notwithstanding what is truly laudable in Chinese engagements overseas, China's neo-globalist adventures have been spoiled by a resource hunt and a chauvinistic yearning for 'great power' status (or *lieqiang*, with its negative connotations in the anti-imperialist vocabulary of the revolution), and hence are susceptible to exogenous hazards. The slogan of 'national rejuvenation' is morally crippled and politically dangerous if no longer underwritten by socialism and socialist internationalism. Imperialist rivalries, an arms race and threats of war cannot be countered by capitalist nationalism.

The Chinese economy has grown magnificently — and at an enormous cost. The downgrading of labour, the plight of over 250 million migrant workers, widespread insecurity, inequalities, and incidents of legal, social and environmental injustice have long been humanly and socially indefensible. These, along with a pervasive power–money nexus, have hollowed out the regime's initial powerbase. The corrosion in governing institutions and social ecology are also manifest in declining social trust and solidarity, the worship of money and frantic consumerism, and the commercialization of cultural production and the media. Given the impact of many 'bangs' as big as Tiananmen or privatization, as well as small or slow ones, whether China's reform has ever experienced a typical shock therapy becomes bookishly trivial. Confronted with such sea changes, is it relevant to ask whether these events amount to a colossal shock, even bigger than in post-communist Europe, given the size of the Chinese population and the magnitude of the transformation? Isn't this argument of gradualist radicalism puzzling, when the extent of the changes, and indeed the destruction wrought, belie the usual connotation of gradualism itself? The judgement that China's macro-institutional adjustments have been attained without a big bang, and that the dual track reformers set the ensuing path of reform free of shocks, can be considered complacent. In the end, the exclusive preference for gradualism evades the principal question about destination (or phased targets) and its social desirability and practicality. Among the criticized 'idealists', those who insisted on checking on the transition's direction beyond the horizon of market liberalization deserve more positive recognition.

China may have followed the path of incremental marketization, sidestepping the kind of transitional catastrophes of the former Soviet bloc. The detours it took, however, did not prevent some of the significant gains of revolution and socialist experiments from being dismantled, intentionally or otherwise. The Sino–Russia contrast, the starting point of Weber's analysis, may require a longer view, taking into account big and small bangs and their side effects and farther-reaching outcomes. As Adam Tootz contends, in his discussion of *How China Escaped Shock Therapy*: 'It may not have been a

Big Bang, but the wave of restructuring in the 1990s smashed the iron rice bowl once and for all. ... As the data compiled by Thomas Piketty's team for the World Income Database show, the divergence between China and Russia over the last three decades is less striking than their similarities' (Tootz, 2021). Similarly, according to Joel Andreas, a different metric of economic inequality starting from the mid-1990s marks 'the close alignment of the income ratios in China and Russia by 2015'. He concludes: 'with or without shock therapy, capitalist transformation produces socio-economic polarization' all the same (Andreas, 2021: 111)

Moreover, the notion of gradualism might imply an element of evolutionary spontaneity, concealing the power of politics and of political and ideological manipulation or imposition. Such non-natural forces, however, explain the intensity and extent of changes. Since Weber's story is precisely about state steering or planned marketization, more than predisposition and speed, 'gradualism' — with a contrived flavour of voluntarism — is somewhat misleading. There are further cautions. Any contrast between transitions in China and Russia may have less to do with the presence or absence of shock therapy than with the historical legacies of 'the two revolutions' (Anderson, 2010; Werner, 2021) and the two command systems, with regard, for instance, to institutional rigidity/flexibility and (de)centralization. It is also worth considering the elephant in the room: that Russia has an unmatched advantage in natural endowment over China (forget for the moment 'resource curse' or the Russian regression of replicating the peripheral pattern of exporting raw materials). In an economy reliant on human labour, Chinese workers have borne an incalculably greater degree of exploitation. Small businesses survive on meagre profit margins in a ruthless race to the bottom in regional and global markets. China's real economy may well be superior to resource-dependent and financialized economies, but the forgotten truth is that capitalism with Chinese characteristics is brutally 'labour intensive' in the sense of its stigmatic 'cheap labour'.

REFORM AS AN OPEN CONTOUR

A highlight of Weber's argument is that some of the ancient wisdom of economic policy making impacted on the Communist economic statecraft before and after 1949, which exerted an explicit influence on China's market reform. As such, 'China could make its own way cautiously, and it had to use a range of theories and experiences ... to assess its progress and trajectory of development' (p. 267). Accordingly, this case 'suggests the need for countries to carve out their own path based on a careful understanding of past experiences (foreign and domestic, successes and pitfalls), local circumstances and a creative mobilization of both development planning and markets as the means of economic governance. The big lesson is that there is no magic fix and that development is treacherous' (Weber, 2022: 4). In

How China Escaped Shock Therapy, Weber's depiction of an unusual time when leaders solicited the collective advice of practitioners and theorists, old and young, central and local, party members or not, is particularly pertinent. Today's self-congratulatory 'top level designing' (*dingceng sheji*), largely shielded from popular inputs through open scrutiny and critical deliberation, is a disturbing departure from an earlier and more democratically spirited episode in the reform process.

In line with the concepts of developmental autonomy and open history full of twists and turns, China's transitional journey can be gauged historically and counterfactually — what if different choices had been made at those crossroads? Nothing is predestined, sanctioning paths not (yet) taken and the logic of contingency and indeterminacy. This could be another key message of *How China Escaped Shock Therapy* for transitional economies and the global South. Isabella Weber's intervention compels us to rethink the entire project of Chinese reform. For all that is lamentable and criticized, there are real achievements to be applauded and to be proud of: unprecedented poverty eradication, markedly uplifted standards of living, material and technological advancements, as well as renewed pledges to common prosperity and serious steps toward green development. For many of us born in the new China and growing up throughout its revolutionary, reformist and neoliberal passages, the 1980s are memorable not because that first reform decade eventually resolved the puzzle of 'gradual' capitalist transformation, but because of its fidelity to the original socialist reform, and its public politics with creative energy and a participatory and argumentative ethos.

REFERENCES

- Amsden, A. (1992) 'Getting Relative Prices "Wrong": A Summary', in A. Amsden *Asia's Next Giant: South Korea and Late Industrialization*, pp. 139–56. Oxford: Oxford University Press.
- Anderson, P. (2010) 'Two Revolutions: Rough Notes', *New Left Review* 61: 59–96.
- Andreas, J. (2021) 'Paths not Taken', *New Left Review* 130: 101–11.
- Bockman, J. (2011) *Markets in the Name of Socialism: The Left-wing Origins of Neoliberalism*. Stanford, CA: Stanford University Press.
- Bramall, C. (2009) *Chinese Economic Development*. London: Routledge.
- Cao, H. and Y. Zhou (2007) 'From a Peasant in Shaoshan to the Governor of State Bank', *Party History Review* 6 (in Chinese). https://news.ifeng.com/history/1/200708/0808_335_180536.shtml (accessed 1 July 2021).
- Deng, X. (1993) 'Unity Depends on Ideal and Discipline', in *Selected Works of Deng Xiaoping*, Vol. 3, pp. 110–12. Beijing: People's Publishing House.
- Deng, Y. (1991) *New Development Model and China's Future*. Beijing: Zhongxin Publisher (in Chinese).
- Deng, Y. (2013) *Modernization for the Majority of the People*. Beijing: Sanlian Publisher (in Chinese).
- Jiang, X. (1988) *New Theories of the Socialist Economy*. Xi'an: Shanxi People's Publishing House (in Chinese).
- Jiang, Y. (1980) 'On the Entrepreneurial Standard', *Social Sciences in China* 1: 21–36 (in Chinese).

- Jiang, Z. (1992) 'Report at the CCP 14th National Congress' 20 October (in Chinese). <http://cpc.people.com.cn/GB/64162/64168/64567/65446/4526308.html> (accessed 1 July 2021).
- Johnson, C. (1982) *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–75*. Stanford, CA: Stanford University Press.
- Lee, C. (2007) *Against the Law: Labour Protests in China's Rustbelt and Sunbelt*. Berkeley, CA: University of California Press.
- Lin, Z. (1985) *On the Socialist Economy: China's Economic Reform, Vol. 1*. Beijing: Economic Science Publisher (in Chinese).
- Lin, Z. (1986) *On the Socialist Economy: China's Economic Reform, Vol. 2*. Beijing: Economic Science Publisher (in Chinese).
- Liu, G. (1988) *Great Change of the Chinese Economy and the Development of Marxist Economic Theory*. Nanjing: Jiangsu People's Publishing House (in Chinese).
- Meisner, M. (1999) 'The Significance of the Chinese Revolution'. Working Paper No. 1. London: London School of Economics and Political Science.
- Milanović, B. (2021) 'Distinguishing Post-communist Privatizations from the Big Bang', *Globalinequality* blog 4 March. <http://glineq.blogspot.com/2021/03/distinguishing-post-communist.html> (accessed 1 May 2021).
- Naughton, B. (1995) *Growing Out of the Plan: Chinese Economic Reform 1978–93*. Cambridge: Cambridge University Press.
- Nolan, P. (2014) 'Globalization and Industrial Policy: The Case of China', *The World Economy* 37(6): 747–64.
- Riskin, C. (1987) *China's Political Economy: The Quest for Development since 1949*. Oxford: Oxford University Press.
- Tootz, A. (2021) 'Soviet-style Collapse', *Noema Magazine* (16 September). www.noemamag.com/how-china-avoided-soviet-style-collapse/ (accessed 1 October 2021).
- Wang, X. (2015) 'Meeting Du Runsheng the First Time'. Hong Kong: *Strongwind* Dispatch 9 October. <https://strongwindhk.com/9> (accessed 15 October 2015).
- Weber, I. (2022) 'Response'. *PRC History Review* 38: 4–5. http://prchistory.org/wp-content/uploads/2022/04/Weber_review.pdf (accessed 1 July 2022).
- Werner, J. (2021) 'China's Market Reformers'. *Portside* 13 October. <https://portside.org/2021-10-13/chinas-market-reformers> (accessed 15 December 2021).
- Xiang, G. (2021) 'Red Finance'. *Kunlunce Research Academy* 3 October. <http://www.kunlunce.com/e/wap/show.php?classid=219&id=155569> (accessed 10 December 2021).
- Xinhua (1984) 'The CCP Central Committee Decision on Economic System Reform'. Xinhua News Agency. <http://www.reformdata.org/1984/1020/21123.shtml> (accessed 1 July 2022).
- Xu, D. (1985) *An Exploration of Eco-economics*. Shanghai: Shanghai People's Publisher (in Chinese).
- Xue, M. (1984) *A Study of Socialist Economic Problems in China*, revised edn. Beijing: People's Publishing House (in Chinese).
- Xue, M. (1996) *Memoirs*. Tianjin: Tianjin People's Publishing House (in Chinese).
- Yu, G. (1981) *The Purpose of Socialist Production: 13 Essays*. Beijing: China Social Sciences Publisher (in Chinese).
- Yu, G. (1988) *Studies in the Socialist Political Economics, Vol. 4*. Beijing: People's Publishing House (in Chinese).

Lin Chun (C.Lin@lse.ac.uk) is Professor in Comparative Politics in the Department of Government, London School of Economics and Political Science, London, UK. She is the author, among other books, of *The Transformation of Chinese Socialism* (Duke University Press, 2006), *China and Global Capitalism* (Palgrave Macmillan, 2013), and *Revolution and Counterrevolution in China* (Verso, 2021).