INTRODUCTION
Sherman Cochran

After the People’s Republic of China (PRC) was founded on October 1, 1949, did capitalism and communism become compatible in China? Later Mao Zedong as leader of the Chinese Communist Party (CCP) launched a series of campaigns—notably the Anti-Rightist campaign of 1957, the Great Leap Forward of 1958–1961, and the Cultural Revolution of 1966–1976—that carried China down the road to Stalinist state socialism and left no room for capitalism under communism until after Mao’s death in 1976. But immediately after the new government took power in 1949, was China inevitably destined to take this path? Was it the only way that capitalism could go under any Communist revolution?1

In this book, the contributors have reached a variety of conclusions about the relations between the Chinese Communist Party and Chinese capitalists in the early 1950s, but they all have taken positions that are relevant to one of two themes: the speed and decisiveness of the CCP’s transition from capitalism to socialism; and the importance of nationalism as the motivating force behind capitalists’ decisions whether to stay in the People’s Republic, leave it, or return to it from abroad.

The contributors have humanized these themes by focusing on individual capitalists in relation to the CCP, and they have provided fresh insights by consulting previously unused archival materials and making new discoveries. In particular, they have differed with each other on the question of how fast the CCP carried out the transition to socialism, and they have proposed a wide variety of alternatives to nationalism as the explanation for capitalists’ decisions whether or not to live and work in China after 1949.

1. These questions parallel one raised by Arif Dirlik about an earlier historical moment. Based on Chinese Marxist thinkers’ ideas before 1920, he has asked whether they were necessarily attracted to the doctrines of state socialism at that time, and he has suggested that they might well have been more open to republicanism, anarchism, or some other option. See Dirlik, The Origins of Chinese Communism (New York: Oxford University Press, 1989), 3–42.
How fast did the CCP make the transition from capitalism to socialism? The answer is critical because it is a potential indicator of the CCP’s attitude toward capitalism: if the process was slow, it suggests that the CCP allowed for the possibility that capitalism would develop under communism; if fast, it suggests that the CCP did not allow for this possibility.

On the question of how fast the transition to socialism occurred, the contributors to this volume all agree that in this process there were certain key events:

- the victories of the People’s Liberation Army over Chiang Kai-shek’s Nationalist forces in Chinese cities in 1949 (particularly in Tianjin on January 15, 1949, Shanghai on May 27, 1949, and Canton on October 14, 1949);
- the founding of the People’s Republic with its capital in Beijing on October 1, 1949;
- the outbreak of the Korean War on June 25, 1950;
- the completion of the Five Anti campaign (against “bribery, tax evasion, theft of state property, cheating on government contracts, and stealing of state economic information”), January 26 to October 25, 1952;
- the PRC government’s retention of direct control over all Chinese banks in December 1952;
- the PRC government’s retention of direct control over all Chinese industrial enterprises in 1956.

And yet, even though the contributors generally accept this basic chronology for the transition to socialism in China on a national scale, they reach strikingly different—even conflicting—conclusions about how fast it occurred based on their investigations into the experiences of particular Chinese capitalists.

In his chapter, Karl Gerth characterizes the CCP’s treatment of capitalists in the transition to socialism as one of “slow strangulation.” He acknowledges that the CCP established a legal basis for nationalizing industry as early as 1949, but he emphasizes that it did not implement this policy rapidly or abruptly. Instead, it went through three stages: utilization (1949–1952), restriction (1952–1953), and transformation (1953–1956) as outlined in the People’s Republic’s constitution in 1954. The CCP

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2. For a close and precise study of this sequence of events from the standpoint of Mao and the CCP, see Hua-yu Li, *Mao and the Economic Stalinization of China, 1948–1953* (Lanham: Rowman and Littlefield, 2006).
would have taken faster action if it could have, but Chinese capitalists prevented its leaders from doing so. The party’s “need to move to the left quickly was slowed by accumulated legacies such as the creation of ‘patriotic’ and ‘national’ capitalists like Wu Yunchu [China’s MSG King who is the central figure in Gerth’s chapter].”

Kai Yiu Chan similarly stresses that the CCP and Chinese capitalists took time to work out their relations with each other. His example of prolonged negotiations between the CCP and a capitalist focuses on Zhang Jianhui, an industrialist who thought seriously about leaving and returning to China at least three times—in 1949, 1951, and 1957–1958. In each instance, members of the CCP approached him differently. First, in 1949–1950, they emphasized their positive appeal to capitalists as expressed in Mao’s policies under New Democracy and United Front, which persuaded Zhang to stay in China. Later, in 1951, they campaigned against counterrevolutionaries, which frightened Zhang into fleeing to Hong Kong. Finally, in 1957–1958, they played the CCP’s “trump card” of permitting a family reunion, which induced Zhang to pay an extended visit to China but not to move his residence back from Hong Kong. Chan argues that on all three occasions, the CCP and Zhang seriously negotiated about whether he would settle permanently in China, and he warns that it would be a mistake to assume that the CCP and Chinese capitalists suddenly or definitively determined their relationship with each other when the revolution was launched in 1949. “The Communist Revolution of 1949 itself did not have an immediate or decisive impact on the Chinese capitalists,” he contends. “It was those events that followed the revolution, including the terror, the purge, the violence, and so on that gradually pushed some capitalists into the position where they made clear-cut decisions.”

Pui-Tak Lee also argues that Chinese capitalists took time to reach their decisions about how to deal with the Revolution of 1949. He suggests that historians have underestimated how long the process took because they have assumed that for each Chinese capitalist it ended as soon as he left China and arrived in the British colony of Hong Kong. In his study of the banker K.P. Chen, Lee has discovered that after Chen made his departure from Shanghai and resettled in Hong Kong in 1949, he maintained his connections with his bank’s branches not only in Shanghai but also in other cities under Communist rule—Tianjin, Nanjing, Beijing, and Hankou. Even while Chen arranged to remit funds from his former headquarters in Shanghai to his new one in Hong Kong, he tried to retain his bank’s license for exchange business in China and avoid confiscation of its foreign reserves there. In the process, he
corresponded with Premier Zhou Enlai and other top CCP leaders. For that matter, after relocating in Hong Kong, he also continued to hear from officials in Chiang Kai-shek’s Nationalist government, which by then had retreated from the mainland to Taiwan. In April 1950, he received invitations to attend meetings of both of the two rival boards of directors of the Bank of China—one in Beijing and the other in Taipei—and decided to accept the one from Taipei. In the early 1950s, even after making this decision, he continued to have ambivalent feelings and confided at the time that his heart was still in Shanghai.

Even though Gerth, Chan, and Lee have suggested that these examples show that the transition from capitalism to socialism in China was gradual, other contributors to the volume have come to contrary conclusions. Brett Sheehan has contended that the CCP’s actions in the first phase of its dealings with Chinese capitalists between 1949 and 1951 were indicative of its decisiveness—not its gradualism—and that its subsequent actions were mere continuations, if not redundancies, in the wake of these definitive first steps. As early as April 1949, he notes, Liu Shaoqi, who was second only to Mao among leaders of the CCP at the time, paid a month-long visit to Tianjin and announced that the party would cooperate with the city’s capitalists, including the industrialist Song Feiqing, who is the central figure in Sheehan’s essay. This early phase of the relationship between the CCP and Chinese capitalists has often been characterized as a “honeymoon period,” but Sheehan suggests that it was more like a “shotgun wedding.” As he puts it, “even during this honeymoon period, the party was able to impose its will on private industry leaving little freedom for capitalist maneuver.” In April 1949, before Liu had ended his brief visit to Tianjin, the CCP had already begun to weave its “web of controls” over Song’s Dongya Corporation, and in May 1950 Song fled to Hong Kong, never to return to China. Such actions indicate, Sheehan concludes, that the party had already shown its determination to take fundamental managerial control away from capitalists at the time of Song’s emigration, which was only eight months after the founding of the People’s Republic and well in advance of the CCP’s Five Anti campaign of 1952 and other efforts to deal with capitalists.

Like Sheehan, Man Bun Kwan emphasizes how fast the transition to socialism took place. Whereas Gerth concludes that the CCP’s transition was slowed down by a capitalist like the MSG King Wu Yunchu, Kwan finds that it was speeded up by the capitalist Li Zhuchen, the head of Jiuda Salt Refinery, China’s largest enterprise in the salt industry. In fact, Kwan shows that Li nationalized Jiuda faster than top CCP leaders would
have preferred. At the time, Li was in touch with Chairman of the CCP Mao Zedong, Premier Zhou Enlai, and the CCP’s chief economic planner Chen Yun (three members of the five-man “standing committee” of the Polituro that stood at the pinnacle of the new government’s structure), and while presiding over Jiuda as its manager, Li concurrently held a high-level official position. In 1952, when Li announced to China’s political leaders that he would voluntarily share authority over Jiuda with the government, he was cautioned by them not to move too quickly, but he forged ahead anyway, completing the process on July 1, 1952, and making Jiuda the first business in Tianjin to become officially designated as “jointly public and private” (gongsi heying).

While Sheehan and Kwan maintain that the transfer of managerial authority from capitalists to the state occurred swiftly, and Gerth, Chan, and Lee say that it happened gradually, Tomoko Shiroyama describes a case in which it was not completed at all—at least not in the 1950s. The subject of her chapter, Ma Xuchao, was a Cantonese who specialized in finance, not industry, and he managed to avoid government regulation of his remittance agency both before and after 1949. In this agency, he funneled funds from overseas Chinese in Canada, the United States, and Central America through the British colony of Hong Kong to members of their families and fellow villagers in south China’s Guangdong province. After 1949, he had to adjust his operation to cope with efforts at intervention by two governments: the People’s Republic, which tried to divert remittances from informal agencies like Ma’s to official institutions like the Bank of China; and the United States, which tried to prevent Chinese-Americans from sending remittances to China as part of a Cold War strategy against communism. And yet, despite the imposition of these political barriers, Ma’s remittance agency continued to conduct its transnational business with clients in China throughout the 1950s.

Is it possible to reconcile these seemingly contradictory conclusions that the CCP carried out the transition to socialism slowly (as Gerth, Chan, and Lee say), quickly (as Sheehan and Kwan maintain), or not at all (as Shiroyama concludes)? One possible basis for reconciliation may be found in the geographical locations of the capitalists’ enterprises. CCP leaders who were based in Beijing moved quickly and decisively in nearby Tianjin (the setting for essays by Sheehan and Kwan); they took longer and groped more tentatively as they reached out to the more distant and highly sophisticated urban economy of Shanghai (the setting for essays

by Gerth, Chan, and Lee); and they took the most time and established control least fully in very distant Guangdong province in south China, especially along its porous border with Hong Kong (the setting for the chapter by Shiroyama).4

Whether the contradictions in these chapters can be reconciled or not, the contributors have taken sides on an issue that is well worth debating because it may help to explain why the CCP ardently appealed to Chinese capitalists to stay in China after the revolution or return there from abroad. Several of the contributors have described these appeals in detail, leaving no doubt that the CCP made them.

Those who interpret the transition to socialism as gradual maintain that the CCP was interested in capitalists’ talent, technical know-how, and capital, which were needed to carry out an economic recovery in the aftermath of two devastating wars, the Sino-Japanese War of 1937–1945 and the Chinese Civil War of 1946–1949. Only with help from capitalists, in Gerth’s words, could the CCP imagine building “a wealthy, powerful, and independent China” in the early 1950s.

By contrast, those who consider the transition to have been rapid express doubts that the CCP appealed to capitalists for these reasons. The high speed of the transition to socialism, according to Sheehan, “belies any thought that the party really wanted to take advantage of the managerial and entrepreneurial skills of capitalists such as Song Feiqing.” If so, then why did the CCP make such a concerted effort to court Song and other capitalists? As Parks Coble has remarked in chapter 7 in this volume, if the CCP truly had no interest in making use of capitalists’ skills, its aggressive appeal to them “seems almost perverse.”5 Perverse or not, the CCP is clearly shown here to have recruited capitalists, but did it do so as part of a gradual or fast transition to socialism? If the contributors’ disagreements are any indication, this question is open to debate.


5. In his essay, Sheehan does not pretend to have a definitive answer to the question of why the CCP recruited capitalists, but he makes the tentative suggestion that “something about the existence of overseas Chinese capitalists’ rejection of party orthodoxy, either Communist or Nationalist, was simply untenable to either party’s sense of itself, threatening to its own sense of legitimacy.”
While contributors to this volume differ with each other over how fast the transition to socialism was carried out in China, they also differ over why capitalists made their decisions to stay in China, leave it, or return from abroad after 1949. Up to now it has generally been assumed that those Chinese capitalists who chose to live in China under communism did so because they were nationalistic and those who fled and stayed abroad did so because they were not nationalistic. In 1947 on the eve of the revolution, Mao Zedong drew a sharp distinction between “national capitalists” (minzu zibenjia) who would be welcome in China under socialism and “compradore bureaucratic capitalists” (maiban guanliao zibenjia) who would be targets of the revolution. Since then, whether embracing Mao’s distinction wholeheartedly or evaluating it critically, contemporary observers and historians have commonly accepted his point that Chinese capitalists who chose to live in China were motivated primarily or even exclusively by nationalism, and those who chose to leave and stay abroad were motivated by the lack of it.6

The contributors’ essays challenge this assumption that nationalism was the sole determinant of whether capitalists chose to live in China under socialism. To be sure, their findings show that nationalism was one of the determinants. Li Zhuchen, the manager of Jiuda Salt Refinery in 1949, as described by Man Bun Kwan, became a passionate nationalist as early as the 1930s. In 1937, when the Japanese invaded his hometown of Tianjin in north China, he escaped from the occupied area, moving his company to Chongqing, Chiang Kai-shek’s wartime capital in western China. During the Sino-Japanese War of 1937–1945, Li became, in Kwan’s words, “a capitalist who considered profitmaking secondary to national salvation.” After the war, on his return to Tianjin, Li had difficulty keeping Jiuda afloat, and in June 1949, after the People’s

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Liberation Army had taken the city but before the People’s Republic had been founded, he began appealing to the Communists in Beijing for aid. He dealt directly with top leaders of the CCP, who recognized him as a model national capitalist and appointed him to high official posts at the national level, including Minister of Food Industry (later known as Minister of Light Industry), his post during the last years of his life, 1956–1968.

If Li was a fervent nationalist, Gu Zhun, an accountant responsible for reforming taxation in Shanghai under the People’s Republic, as described by Christopher Leighton, was a committed localist. Born, raised, and educated in Shanghai, Gu became tightly enmeshed in professional networks consisting of his mentor, teachers, and clients whom he came to know through his training and career as an accountant. In the 1930s, he became attracted to communism and left Shanghai to go to a Communist base area where he became a member of the CCP, and as soon as the People’s Liberation Army took over his hometown in 1949, he returned there to serve as a tax administrator. Rising swiftly to an influential position in Shanghai under communism, he succeeded in increasing the collection of tax revenue in Shanghai in 1950 and 1951, and he devised a scheme for retaining a substantial share of it in the city through investments in decentralized enterprises rather than channeling all of it to Beijing as the capital of the nation. His scheme failed, and he was denounced, losing his position as early as March 1, 1952, and among the reasons for his downfall was his advocacy of Shanghai-based localism as opposed to Beijing-centered nationalism.

Another capitalist, Ma Xuchao, as characterized by Tomoko Shiroyama, also continued to operate in China after 1949, but unlike Li and Gu, Ma made his primary commitment there not to China as his nation or a big Chinese city like Shanghai as his hometown. Instead his allegiance was above all to a rural locality, Taishan in Guangdong province, his native place. The head of a remittance agency, he delivered funds and letters that were sent home by Taishan natives living abroad. In the process, he built up a large network of émigrés who had left Taishan and taken up residences in widely scattered locations mainly in North and South America, and he funneled their funds and letters through Hong Kong, recruiting fellow Taishanese as couriers to make the final deliveries to recipients in Taishan. To this extent, Ma was extremely native place-oriented, but according to Shiroyama’s analysis, he could not rely entirely on personal and native-place ties to keep his network functioning. To prevent couriers from absconding with funds, he kept track of the flow of money by requiring signatures on contracts,
receipts, and other documents. So his success at continuing to deliver overseas remittances through Hong Kong and across the border into China throughout the 1950s suggests that he based his operation not only on a native place-based personal network but also an effective use of written documents.

While Li, Gu, and Ma demonstrated their commitments in China to their nation, hometown, or native place, other capitalists chose to live and work there for reasons that were not identified so fully with geographical locations. Zhou Zuomin, as described by Parks Coble, was a banker who made his decision to return and live in the People's Republic because of his attachment not to a place but rather to an institution, the Jincheng Bank. Zhou founded this bank at Tianjin in 1917, moved it to Shanghai in 1936, and kept it operating by deftly adapting to efforts at intervention by the Nationalist government before and after the Sino-Japanese War and by the Japanese occupying forces during the war. In 1948, a year before the People's Liberation Army's takeover of Shanghai, Zhou fled to Hong Kong. Once there, his business associates who had also fled advised him not to return to China, but in 1950 he decided to go back because his Jincheng Bank was in Shanghai, and he believed that he might continue to be the head of it as he had been under previous governments. Even if it became converted into a joint public-private institution, he thought that it might remain under his guidance, especially in promoting investment in industry. Between 1950 and 1952, he achieved his goal to the extent that he participated in the reorganization of Jincheng Bank and its consolidation with other banks in China. Until mid-1952 he apparently held out hope that Jincheng would retain its identity and that he would exercise a measure of control over it. Then in December 1952 any such hope was dashed when it was nationalized and placed directly under the control of the People's Bank in Beijing like other private banks at the time. At the end of 1952, after guiding Jincheng for thirty-five years, including two years following his return from Hong Kong to Shanghai, Zhou finally lost even a semblance of control over his beloved bank.

Like these capitalists who stayed in China or returned there, the ones who chose to stay abroad also made decisions based on a variety of considerations. Many who fled to Hong Kong and Taiwan (including some described in this book) moved there merely because these were the two most accessible and convenient temporary way stations available to them as they departed from China at the time. But others who chose to live in Hong Kong and Taiwan became politically attached to these places and took actions to prevent China from encroaching on them.
Robert Ho Tung, as characterized by Siu-lun Wong and Victor Zheng, was at the time of the Communist Revolution the richest of all Chinese, and his experience was illustrative of Chinese capitalists who became committed to Hong Kong. Before 1949, he and his family had long been based in the British colony and had received honors bestowed in the British empire. But they also had large stakes in presocialist China: a vast and dense network of compradores and a valuable portfolio of real estate holdings. After 1949, when the PRC’s new government dismantled Robert Ho Tung’s network and confiscated his family’s property in China, he found no way to salvage his assets there, but he unflinchingly defended his base in Hong Kong. He took a firm political stand in support of his son, Ho Shai-lai, a military officer in Chiang Kai-shek’s Nationalist army, and on April 2, 1950, he even went so far as to lend a car for his son’s use in a daring commando raid to blow up airplanes that the People’s Republic had claimed in Hong Kong. Following this successful raid, his son rose to prominence in the Taiwan-based Nationalist government and held high diplomatic posts as well as military ones. In the meantime, Robert Ho Tung prospered in Hong Kong, and when he died at the age of ninety-four in 1956, he bequeathed his fortune to heirs in Hong Kong and elsewhere outside China. In his will, he pledged funds for philanthropic purposes in China, implying that he was not devoid of nationalism, but his donations did not go to China because he set conditions for their acceptance that the government of the People’s Republic refused to meet.

Just as Robert Ho Tung was politically committed to Hong Kong, so too was Koo Chen-fu politically committed to Taiwan. As portrayed by Tsai-man Ho, Koo had grown up in Taiwan like his ancestors before him and had considered it his home under Japanese colonial rule, which ended in 1945. In 1947, after Chiang Kai-shek’s Nationalist government began its retreat from China to Taiwan, the newly arrived mainland officials arrested the Taiwanese Koo as a traitor and war criminal for collaborating with the Japanese during the Sino-Japanese War of 1937–1945, and they imprisoned him for nineteen months. Once released, he fled to Hong Kong, where he remained from 1949 to 1952—the same years that many Chinese capitalists fled from China to Hong Kong. Then, after receiving Chiang Kai-shek’s personal guarantee for his safe return, Koo went back to Taiwan, and as the leader of Taiwan’s third largest land-owning family, he participated in the Nationalist government’s land reform and became the head of the Taiwan Cement Corporation. Unlike the other Chinese capitalists described in this book, he conceived of his homeland as the post-colonial island of Taiwan rather than the British colony of Hong
Kong, the nation of China, a Chinese city like Tianjin or Shanghai, a native place like Taishan, or anywhere else on the mainland.

If Robert Ho Tung and Koo Chen-fu chose to live outside China because they aligned themselves against its government and supported the governments of Hong Kong and Taiwan, not all Chinese capitalists refused to return to China for such politically charged reasons. A case in point is the banker Hsia Pin-fang, who, as described by Elisabeth Köll, was self-consciously apolitical. In 1951, after serving as a manager for the Bank of China in New York (1939–1945) and London (1946–1951), he decided not to take up a residence any place in Asia, and instead he spent the rest of his life in the West. According to Köll’s analysis, he made this decision not to return to China or Taiwan based on the ethics of his profession as a banker. His belief in this code is perhaps traceable all the way back to 1925–1927 when as a young man he earned an M.B.A. with a concentration in investment banking at Harvard Business School. Subsequently throughout his career, when his superiors urged him to bend the rules, he adamantly refused, establishing a reputation for financial probity and even moralistic rigidity. Between 1949 and 1951, he was aggressively courted by banking officials in Beijing and Taipei, and he chose to reject positions offered to him by both the Communist and the Nationalist governments on the grounds that their approaches to banking were politically motivated and morally repugnant. In Köll’s words, his decision not to serve as a banker in China or Taiwan and to remain in the West for the remainder of his life was “foremost guided by professional and personal values, not by dogmatic political convictions.”

Taken together, these interpretations for explaining why Chinese capitalists chose to live and work in or outside the People’s Republic encompass a wide array of possible motivations. They do not exclude nationalism, but they offer a variety of other alternatives: urban localism, rural native-place affiliation, political alignment with a government outside the mainland, and apolitical loyalty to an institution or a profession. Moreover they do not discount the possibility that a single capitalist adopted more than one of these rationales at various stages of his thinking about the difficult decision whether to live in China. For that matter, they include the possibility that such an individual entertained more than one of these rationales simultaneously.7

7. For example, it is easy to imagine that Zhang Jianhui, the subject of Chan’s essay, shifted his loyalties as he traveled from place to place and job to job in tumultuous times; and it seems likely that Gu Zhun, as portrayed by Leighton, remained committed to the nation even while he defended the interests of his hometown. On the compatibility of na-
CHINA IN COMPARATIVE PERSPECTIVE

On these two issues—the speed of China’s transition to socialism and the motivations of capitalists for staying or returning to China or leaving it—the contributors to this book have given contrasting interpretations that are well worth debating in the context of Chinese history. In raising these issues, have they posed challenges that go beyond Chinese history and have implications for the history of communism and capitalism in other settings? If similar issues arise in the history of other Communist revolutions, do these other cases yield comparisons that might help resolve the issues in the case of China? In search of answers, it is worth considering how these two issues have been addressed by historians writing about three other Communist revolutions: the ones in Russia, Vietnam, and Cuba.

During the Russian Revolution, the transition from capitalism to socialism seems to have been abrupt and violent. The Bolsheviks launched their revolution in 1917, and they completed the transition to socialism by 1920. Historians generally agree that prerevolutionary private capitalists were virtually all killed or driven out of Russia by “wartime communism,” 1918–1920, although they differ about whether the Bolsheviks or two wars—first World War I and then the Russian Civil War—were primarily responsible for this outcome. In 1921, after private capitalists had been eliminated from Russia, V.I. Lenin introduced his New Economic Policy, which included some forms of state capitalism. But it produced “Nepmen” (small-scale entrepreneurs and traders), not large-scale capitalists, and it ended abruptly when Joseph Stalin shut it down in 1928.8

By contrast, during the Vietnamese revolution, the transition from capitalism to socialism was slower and less violent. In 1945, Ho Chi Minh founded the Democratic Republic of Vietnam, based in Hanoi and confined to the northern part of the country, and in the 1950s Vietnamese leaders were well aware of precedents set by Russian and Chinese Communist revolutionaries in their treatment of capitalists. But not until 1958 did Vietnamese Communist leaders launch a campaign to “transform capitalism,” and although it lasted for two years, 1958–1960, this campaign did not eliminate capitalism in North Vietnam.

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much less the entire country. It bore some resemblance to the CCP’s Five Anti campaign of 1952 in China, but as Tuong Vu has observed, it included fewer public mass denunciations or trials than China’s Five Anti campaign and was “timid by Chinese standards.” Not until nearly twenty years later, 1978–1980, after winning the war against South Vietnam and the United States, did the Vietnamese Communist Party carry out a more radical policy toward capitalists throughout the country.

Compared to the transitions from capitalism to socialism in Russia and Vietnam, the one in Cuba was fastest and most decisive. Before taking power in January 1959, Fidel Castro was receptive to capitalists to the extent that he accepted financial aid from them, but within the next twenty-two months—by October 1960—he fully nationalized all private enterprises, causing Cuban capitalists to flee from Havana to Miami (only ninety miles away) and other cities abroad. Unlike Lenin in Russia or Ho Chi Minh in Vietnam, Castro was not in the midst of fighting a long or bloody war during the transition to socialism, and perhaps he felt free to adopt an uncompromising policy toward capitalists because he was not experiencing wartime devastation and did not feel the need for capitalists’ help in carrying out a postwar economic recovery. Subsequently he did not compensate for this elimination of private capitalism by introducing state capitalism (as Lenin had done with his New Economic Policy), and he still has not welcomed capitalists back into Cuba (as the governments of Russia, China, and Vietnam have all done under market reforms since the late twentieth century).

Within this comparative framework, where can we place China? If the speed of its transition to socialism is measured strictly by the time taken between the founding of a Communist government and the nationalization of private enterprises, then the length of time taken in China (seven years) was longer than the time taken in Cuba (less than two years) or Russia (three years not counting seven years of state capitalism under the New Economic Policy); and it was shorter than

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the length of time in Vietnam (thirteen years before the first campaign against capitalism in the north and another fifteen years before the nationalization of enterprises nationwide).

But in measuring speed, shouldn’t a Communist party’s goals for itself in approaching capitalists during the transition to socialism also be taken into account? If so, then the CCP’s aggressive courting of capitalists during the revolution in China (as documented in this book) seems to set it apart from Communist parties during the revolutions in Russia, Vietnam, and Cuba. Only in China did the party dispatch emissaries throughout the country and abroad to convince capitalists that they should serve their country under communism during the revolution. Or did the Communist parties in these other countries also make appeals to capitalists that have not yet come to light because they were made in secret? The findings by historians of China in the following essays pose this question for researchers in Russian, Vietnamese, and Cuban history.

On the issue of whether Chinese capitalists reacted nationally to a Communist revolution, it is also helpful to make comparisons with the Russian, Vietnamese, and Cuban revolutions. In these three cases, capitalists seem to have been even less inclined to take nationalist stances than Chinese capitalists were.

In Russia, a group of Moscow-based entrepreneurs became proponents of economic nationalism for “Great Russia” in the nineteenth and early twentieth centuries, but they failed to broaden their ideology to include political nationalism and found no justification in it for staying in their homeland during the Communist revolution. At that time Russian capitalists were, in Steve Smith’s characterization, “politically unassertive, deeply segmented by region and branch of industry and tied to the traditional merchant estate.”¹² Moreover, even if Russian capitalists had been more politically nationalist, they had no incentive to espouse nationalism during the revolution because as capitalists they were categorically condemned by the Bolsheviks whether they were identified as nationalists or not. As Sheila Fitzpatrick has observed, “The Bolsheviks considered themselves to be part of an international proletarian revolutionary movement [against capitalism], and hoped that their success

in Russia would spark similar revolutions throughout Europe; they did not originally think of the new Soviet Republic as a nation state.”

During the revolution in Vietnam, unlike the one in Russia, capitalists had incentives to portray themselves as nationalistic because Vietnamese Communist leaders, following Mao Zedong’s example, drew a sharp distinction between “national capitalists” (who were encouraged to remain in the country and live and work under socialism) and “compradore bureaucratic capitalists” (who were not). After defeating the French and ending colonial rule in 1954, Vietnamese Communists gave credit to Vietnamese capitalists who had demonstrated independence from French imperialists. In late 1955, these party members credited Vietnamese national capitalists as being “one of the four masters of the new regime” and considered them to be “a friend of the working class with many shortcomings but also many positive traits.” During and after the Vietnamese Communists’ campaign of 1958–1960 to “transform capitalists” (as described above), many Vietnamese sought identification as national rather than compradore capitalists, and those who failed to acquire this designation disguised or doctored their records to give the impression that no one in their families had ever been a capitalist so that they could qualify for jobs as workers in state enterprises.

In Cuba, the Communist leaders were more like those of Vietnam than those of Russia insofar as they bristled with nationalism, and in the initial phase of the revolution, some of the Cuban capitalists responded favorably to Castro’s calls for economic nationalism. In 1958, as he claimed the victories that brought him to power, they made financial contributions to his movement, and after he established his new government in January 1959, they supported his drive for “the economic liberation of Cuba,” which they found appealing because it included the idea of persuading consumers to “buy Cuban.” By all these means Cuban capitalists tried, in the words of Alfred Padula, “to wrap themselves in the Cuban flag whatever defense it might afford.” But their nationalism, if not totally rootless, was shallow and weak as a result of their historically

strong ties with the United States. In the past, they had seen the United States intervene when Cuba had become politically unstable, and with these precedents in mind, even while they courted Castro, they assumed that if he turned against them and posed a threat to their businesses, they could count on the United States to oust him and protect them. Accordingly, their nationalism did not prevent them from fleeing to Miami and other cities abroad when the new government nationalized first the country’s banks in August 1960 and then its private enterprises a few months later in October. As they departed, they remained confident that the United States would soon clear the way for their return, and they did not lose this confidence until April 17–19, 1961, when Cuban exiles under the sponsorship of the United States failed in their attempt to invade Cuba at the Bay of Pigs.

By comparison with capitalists in the Russian, Vietnamese, and Cuban Communist revolutions, the ones in China, as portrayed in this book, are similar in some respects and different in others. The most striking similarity is that Chinese capitalists, like Russian, Vietnamese, and Cuban ones, did not base their decisions to stay, leave, or return to their home countries solely on nationalism. In China, as in Vietnam (and not Russia or Cuba), the leaders of the new Communist government encouraged capitalists to espouse nationalism by placing a value on national capitalists as distinct from compradore bureaucratic capitalists. But even those that the government designated as national capitalists did not all choose to live in China under socialism for nationalistic reasons.

How can capitalists’ motivations during a Communist revolution be reliably documented and fully understood? Up to now, the answer to this question has generally eluded scholars who, for lack of nonofficial sources, have fallen back on Communist governments’ official explanations. But the essays in this volume confirm that, at least in the case of the Communist revolution in China, it is finally possible to make new and fresh interpretations. By focusing closely on individuals and

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17. Padula has concluded that Cuban capitalists “never … thought in terms of the nation.” See his “The Fall,” 573. Jorge Domínguez agrees that Cubans in general were not nationalistic at the time of the revolution in 1959, but he has added historical nuance to this conclusion: “Nationalism was a useful theme in the Cuba of the 1930s and of the 1960s, but not in that of the two decades in between.” see Domínguez, Cuba: Order and Revolution (Cambridge: Harvard University Press, 1978), 119.

probing deeply into their thinking and experience, the authors of these essays have discovered a wide range of reasons for why Chinese capitalists did or did not choose to live and work under communism. The contributors to this volume have all concentrated on the dilemma for capitalists in China’s Communist revolution. But their approach to their subject through archival research and rigorous analysis may also serve as a guide for future thinking about a variety of other historical figures. This approach is well worth adopting to explain how any members of society (not only capitalists) have resolved comparable dilemmas in all revolutions—the ones in China, Russia, Vietnam, Cuba, or anywhere else.