Beyond “Market Socialism”: A Comparison of China’s Reform and Opening with the Cycles of Reform in Eastern Europe since 1960s

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Abstract

Between 1963 and 1968, several governments in Eastern Europe implemented reforms of the economic system to combine plan and market. Furthermore, profit was introduced as an important category at the enterprise level. Poland and Yugoslavia had already partly decollectivized agriculture. The party leadership in China enforced a “readjustment” of the economy in the early 1960s to overcome the disastrous effects of the famine created by the Great Leap Forward. However, this reform cycle was interrupted by the Cultural Revolution in 1966. In Eastern Europe, many reform projects were marginalized after the Soviet invasion to crush the Prague Spring in 1968. After the Reform and Opening in China in 1978, the leadership under Deng Xiaoping introduced economic reforms similar to those in Eastern Europe in the 1960s, but with much greater success in fostering growth and wealth. As a result, China could prevent a regime change in 1989, whereas the Soviet block collapsed. After 1992, the Chinese party leadership promoted reforms that went far beyond the “market socialism” of the 1980s. With the privatization of some state-owned industries and the abolishment of the urban socialist welfare state, the Chinese economy became partly capitalistic without a formal political regime change.

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