

Adam Frost

Capitalism at the Margins: Illicit Entrepreneurship in Socialist China

The business history of emerging markets is a new frontier that is forcing scholars to productively rethink the nature of entrepreneurship and its relationship to historical change. However, due to their unique institutional barriers and varying documentary practices, emerging market contexts present historians with research challenges that cannot be overcome through traditional methods alone.

This paper proposes the collection and analysis of unconventional sources as a viable research strategy for pursuing alternative business histories, and applies this methodology to explore the untold history of entrepreneurship in socialist China (1949-1978). Through three illustrative examples, the paper will show how unconventional sources can be used to study the macro-structures of illicit exchange, the processes by which non-market actors identified and valued entrepreneurial opportunities, and the mechanisms through which entrepreneurs filled institutional voids. These examples paint a radically different portrait of socialist economic practice; as we will see, socialist citizens actively engaged in entrepreneurial activities to profit from inefficiencies of the planned economy and, more generally, to make things work. Such evidence stands in sharp contrast to historical orthodoxy, which holds that Chinese entrepreneurship ended with “socialist transformation” in 1949 and resumed only after the economic reforms of Deng Xiaoping in 1978.