

A Refutation of Comrade Yang Hsien-chen's absurd Views
Which Distort New Democracy To Mean Capitalism

by

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In January 1941, Comrade Mao Tse-tung published a famous book, On New Democracy, which comprehensively expounded the basic questions in the Chinese revolution and advanced new democratic theories and programs.

At the time, under the leadership of the Party center and Chairman Mao, he had already set up more than 10 liberated areas behind the enemy line, and had established there a democratic regime under proletarian leadership with a state-owned and cooperative economy. We had already carried out a great deal of democratic reform.

In theory and in practice, new democracy had been impressed deeply on the hearts of the people.

It was under these circumstances that Comrade Yang Hsien-chen published in August 1941, More on the Question of Nature of Society in the Resist-Japan Base Areas behind the Enemy Line, (Hsin-hua Jih-pao [North China edition], August 13, 1941; Jen-min Jih-pao, December 20, 1964) and in February 1942, Some Incorrect Views on New Democracy (carried by the Chin-Ch'a Chi Jih-pao on February 6, 1942).

In these articles, he comprehensively advanced viewpoints which were basically opposed to On New Democracy, and completely exposed his bourgeois stand and world outlook. This was closely connected with the series of mistakes he was to commit later. In order to eradicate Comrade Yang Hsien-chen's mistakes thoroughly, it is essential that these old roots of his be dug up.

These two articles by Comrade Yang Hsien-chen were strung upon a dark line, which was to describe new democracy completely as capitalism, and to lead the new democratic revolution onto the road of capitalism. It is intended here to criticize several viewpoints contained in the two articles, which are wrong in principle, and approach them from four perspectives: the characteristics of the new democratic revolution, the nature of the new democratic regime, the nature of new democratic economy, and the road after the democratic revolution.

Whether It Was New Democratic Revolution
or Old Democratic Revolution

Comrade Yang Hsien-chen alleged that the new democratic revolution was totally a revolution to develop capitalism. He said: "What are the characteristics of new democratic revolution? In my opinion, they are as follows:

"First, with regard to non-monopolistic private capitalism, it had been in existence before establishment of the new democratic regime. Fettered, however, by old production relations, it was unable to develop. After establishment of the new democratic regime, the mere removal of the fetters of semi-colonial, semi-feudal production relations has created conditions for its unobstructed development. ... With regard to state-monopoly capitalism, however, as it has never existed before, its creation must commence under the new democratic regime."

"Secondly, the basic tasks of the new democratic revolution are to establish the new democratic regime, making this regime suited to the economic development of the present non-monopolistic private capitalism, and, at the same time, establishing state-monopoly capitalism (which, in the base areas today, comprises the publicly-operated business) through this regime.

"Thirdly, with regard to non-monopolistic private capitalism, the task of the new democratic revolution seems to be complete with the establishment of the new democratic regime. With regard to state-monopoly capitalism, however, the establishment of the new democratic regime can only be called the starting point for the new democratic revolution. Meanwhile, use is made of the regime as a lever for transforming the old economy and building the new economy." (More on the Question of Nature of Society in the Resist-Japan Base Areas behind the Enemy Line).

The core of this piece of verbosity is that the keynote of the new democratic revolution is to found and develop state-monopoly capitalism--and its task, to develop capitalism (non-monopolistic capitalism and state-monopoly capitalism).

This is a basic distortion of the keynote and task of the new democratic revolution.

Comrade Mao Tse-tung told us clearly that the Chinese democratic revolution changed from an old democratic revolution to a new democratic revolution, because, internationally, the first imperialist world war and the victory of the October Revolution of Russia opened up the new era of socialist revolution for the world proletariat. The Chinese revolution was made a part of this revolution. At home, with the rise of the proletariat and the founding of the Chinese Communist Party, the power of leadership over the democratic revolution fell into the hands of the proletariat. Comrade Mao Tse-tung pointed out:

"What we mean by the new democratic revolution is the anti-imperialist, anti-feudal revolution of the broad masses of the people under proletarian leadership." ("Chinese Revolution and Chinese Communist Party," Selected Works of Mao Tse-tung, Vol. 2, People's Publishing House, 2nd edi., 1952, p. 642)

He also said that the new democratic revolution--

"Though, judging by its social nature it is still bourgeois democratic, and though its objective requirement is to clear the way for the development of capitalism, yet this revolution is no longer the old, bourgeois-led revolution aimed at founding a capitalist society and bourgeois dictatorship. It is a new, proletarian-led revolution aimed at establishing, for the first stage, a new democratic society and joint dictatorship by all revolutionary classes. For this reason, this revolution happens also to clear a broader path for the development of socialism." ("On New Democracy," Selected Works of Mao Tse-tung, Vol. 2, p. 661.)

This makes clear the marked distinction between the new democratic revolution and the old. The old democratic revolution is led by the bourgeoisie, and its result is to set up a bourgeois dictatorship, remove obstacles in the way of the development of capitalism, and enable capitalism to develop smoothly.

The new democratic revolution is a revolution of the broad masses of the people led by the proletariat, and its result is to set up a people's democratic regime under proletarian leadership, and prepare conditions in various ways for development toward a socialist revolution.

The new democratic revolution will cause the capitalist factor to develop to a certain extent, but more important than this is the development of the socialist factor. Comrade Mao Tse-tung said:

"After the victory of the revolution--because obstacles in the way of the development of capitalism will have been eliminated--the capitalist economy will develop to a considerable extent in the Chinese society. This can readily be imagined and should cause no surprise. ... But this is only one section of the result of the Chinese revolution, and is not its total result. The total result of the Chinese revolution will be the development of the capitalist factor on the one hand and the development of the socialist factor on the other.

"What is this socialist factor? It refers to an increase in the proportion which the proletariat and the Communist Party bear to all the political forces in the nation. It refers to the fact that the peasants, intellectuals, and urban petty bourgeoisie either have recognized, or are likely to recognize, the leadership of the proletariat and the Communist Party. Further, it refers to the state-operated economy of the democratic republic and the cooperative economy of the laboring people. All these are socialist factors.

"Adding a favorable international environment to this, it cannot but be extremely probable for the Chinese bourgeois democratic revolution, in its final result, to avoid a capitalist future and realize a socialist one." ("Chinese Revolution and Chinese Communist Party," Selected Works of Mao Tse-tung, Vol. 2, p. 645.)

If a democratic revolution merely creates conditions for the development of capitalism and merely develops capitalism, then it will be no new democratic revolution, but an old democratic revolution.

The founding and development of state-monopoly capitalism is definitely neither the keynote nor the task of the new democratic revolution. State-monopoly capitalism is monopoly capitalism marked by combining monopoly capital and the state into one entity. The monopolistic capital bloc makes use of state power for accelerating the concentration and accumulation of capital, for stepping up exploitation of the laboring people, for increasing its own forces of competition and expansion at home and internationally, and for snatching high profit at will.

There are different types of state-monopoly capitalism, such as the Chiang Kai-shek-type comprador's feudal state-monopoly capitalism, the Bismarckian-type nationalization, and the state-monopoly capitalism now prevalent in imperialist countries.

The Chiang Kai-shek-type comprador's feudal state-monopoly capitalism did not need Comrade Yang Hsien-chen to create and develop it. After Chiang Kai-shek had usurped the fruits of the revolution, the four major families and clans of Chiang, Soong, K'ung, and Ch'en spared no effort to found and develop it. Such state-monopoly capitalism was not something which had to be founded and fostered by the new democratic revolution. On the contrary, it was an object of the new democratic revolution.

During the War of Resistance against Japan, though we did not clearly propose to confiscate bureaucratic capital, yet Comrade Mao Tse-tung proposed "nationalization of the big banks, big industry, and big commerce by this republic," and prohibition of manipulation over state affairs and the people's livelihood by private capital. These propositions were directed against such state-monopoly capitalism.

As to founding and development of the Bismarckian state-monopoly capitalism or that now present in the imperialist countries, that was the task of the big bourgeoisie and monopolistic capital bloc--certainly not anything which the proletarian-led new democratic revolution sought to do. Had the democratic revolution developed in such a direction during the imperialist era, it would have suited the interests of the imperialist monopolistic capital bloc perfectly. China would have been made an imperialist colony or dependent. That actually would still mean the road of the Chiang Kai-shek-type comprador's feudal state-monopoly capitalism. It is thus clear that Comrade Yang Hsien-chen's proposal to found and develop state-monopoly capitalism ran counter to the new democratic revolution.

Some may think that Comrade Yang Hsien-chen's proposition about state-monopoly capitalism was merely a case of confusion in terms or improper phraseology. Comrade Yang Hsien-chen stated clearly that "the new democratic regime is still a regime with a bourgeois character"; that "there still is exploitation" in state-operated enterprises; that China wanted to "follow the road of capitalism"; and that new democracy is "new capitalism." For this reason, what he meant by state-monopoly capitalism was outright capitalism. It was certainly not a mistake resulting from improper phraseology.

Comrade Yang Hsien-chen held that, where private capitalist economy was concerned, the task of the new democratic revolution was only to create conditions for its unobstructed development. This, too, was basically wrong. Such was the characteristic of the old democratic revolution, not the characteristic of the new democratic revolution.

The old democratic revolution was confined to smashing the fetters of the old society which hindered development of capitalism and to creating favorable conditions for its development. Its task would be done if it succeeded in achieving this.

While objectively the new democratic revolution cleared the way for the development of capitalism, what is more important is that it brought about the development of socialist factor and prepared conditions for a change toward a socialist revolution. It not only eliminated capitalism as the leading sector of the national economy, but also prepared conditions for the further restriction and elimination of the whole of the capitalist economic sector. What Comrade Yang Hsien-chen did was obviously an attempt to return to the old democratic revolution and the road of developing capitalism.

Comrade Yang Hsien-chen talked, too, about such things as "transforming the old economy and building the new." Quite obviously, by "transformation" he meant transforming a non-capitalist economy into a capitalist one. The "new economy" he wanted to build was a state-monopoly capitalist economy. Transform and build economy as he might, he would still be turning round and round in the "labyrinth" of capitalism.

In short, though Comrade Yang Hsien-chen displayed a signboard of new democratic revolution, what he actually wanted to peddle were goods of the old democratic revolution. He tried to drag our country's new democratic revolution back to the path of the old democratic revolution.

Whether the New Democratic Government Was One
with a Bourgeois Character

Comrade Yang Hsien-chen ran completely counter to Chairman Mao's instructions. He basically distorted the nature of the new democratic government. He said:

"The new democratic government is one with a bourgeois character. Even if some change should occur in the future in the composition of the 'three one-third' system,* and supposing that the bourgeoisie should completely withdraw then, the peasants will not withdraw. Lenin said: 'Unity with the peasants is a manifestation of the bourgeois character of the revolution.'" (Some Incorrect Views on New Democracy)

The main basis for Comrade Yang Hsien-chen's argument for the "bourgeois character" in the new democratic government was the bourgeois character of the revolution. According to him, as the revolution had a bourgeois character, so did the government.

It is obvious he deliberately confused the nature of revolution and the nature of the government, which are two different things. The former refers to the social economic contents of the revolution, while the latter refers to the class substance of the government. The bourgeois character of revolution refers to the fact that the knife-edge of the revolution does not face ordinary capitalism and capitalist private property, but faces imperialism and feudalism.

* The "Three one-third" democratic government system was introduced in 1940, during the second period of the War of Resistance against Japan, in the Resist-Japan base areas: one-third of the government, (Communist Party members) representing the proletariat and peasants; one-third, representing the petty bourgeoisie, one-third, representing the middle bourgeoisie and the enlightened gentry. See infra. SCMM ed.

Comrade Mao Tse-tung said: "Why is the revolution of the present era called 'revolution with a bourgeois democratic character'? This means to say that the object of the revolution is not the general bourgeoisie, but national oppression and feudal oppression; the measure for the revolution is not the general abolition of private property, but the general protection of it; and, as a result of the revolution, the working class will be able to gather forces for leading China to develop in the socialist direction, though capitalism will continue to secure appropriate development for a considerable length of time." ("On Coalition Government," Selected Works of Mao Tse-tung, Vol. 3, People's Publishing House, 2nd ed., 1953, p. 1075).

On the other hand, the bourgeois character of the government refers to the fact that in such government the bourgeoisie plays the decisive role. The policies and decrees of the government represent the interests and reflect the aspirations of the bourgeoisie. To be more explicit, it refers to bourgeois dictatorship. By confusing the two, Comrade Yang Hsien-chen obviously tried to distort the nature of the new democratic government and change it into a bourgeois government.

Another basis for Comrade Yang Hsien-chen's distortion of the nature of the new democratic government is the type of people who took part in it: if the bourgeoisie and the peasants took part in it, then it had a bourgeois character. This, too, is completely wrong.

The basic factor deciding the nature of a government is which class leads and which class plays the decisive role, whose aspirations its policies and decrees reflect, and whose interests they serve. What kind of people take part in the government does not decide its nature. Bourgeois dictatorship, too, is sometimes represented by the working class, the peasants, and the petty bourgeoisie. But this does not change its bourgeois character.

Since liberation, there have been representatives of the bourgeoisie taking part in our country's people's democratic government, but this has not changed the substance of it as a proletarian government. The worker-peasant alliance is the foundation of the new democratic government, and is also the foundation of proletarian dictatorship. For this reason, it definitely cannot be said that the government has a bourgeois character just because the bourgeoisie and peasant participate in it.

Concerning the nature of the new democratic government, Comrade Mao Tse-tung pointed out clearly in his On New Democracy: It was a joint dictatorship of all anti-imperialist and anti-feudal revolutionary classes under proletarian leadership. In this government, the bourgeoisie did not occupy the leading position, nor did it occupy an important position. "The Chinese proletariat, peasants, intellectuals, and other petty bourgeoisie are the basic forces deciding the fate of the nation. These classes ... are bound to become the basic component in the structure of both the state and the government of the Chinese Democratic Republic, while the proletariat is the leading force." ("On New Democracy," Selected Works of Mao Tse-tung, Vol. 2, p. 668.)

Such was the class composition of the democratic government set up in the Resist-Japan base areas. Comrade Mao Tse-tung said: "During the War of Resistance against Japan, the Resist-Japan democratic government set up in the Resist-Japan base areas under the leadership of the Chinese Communist Party is one of the Resist-Japan national united front. It is neither the one-class dictatorship of the bourgeoisie, nor the one-class dictatorship of the proletariat. It is a dictatorship in which, under the leadership of the proletariat, several revolutionary classes join together." ("Chinese Revolution and Chinese Communist Party," Selected Works of Mao Tse-tung, Vol. 2, pp. 642-643.)

At the time, a "three one-third" system was practiced by the government in personnel postings. This means that one third of the personnel were Communist Party members, representing the working class and the poor peasants; one third were non-Party left-wing progressives, representing the petty bourgeoisie; and one third were middle-of-the-roads, representing the middle bourgeoisie and the enlightened gentry.

Although the Communist Party members did not form the majority in the government, yet, because there were the Party's correct policies and because they were able to play pioneering and exemplary roles in work, Party leadership could be realized. This shows that the working class was the leader of the state and government, and that the mainstay of the regime consisted of the workers, the peasants, and the petty bourgeoisie.

The new democratic government sought to make the workers, peasants, and other petty bourgeoisie the masters of the country, give democratic rights to the broad masses of the people, nationalize monopolistic big enterprises, restrict private capital to prevent it from manipulating state affairs and the livelihood of the people, confiscate the land of the landlord class for distribution among landless peasants and peasants with little land, and lead the peasants actively onto the road of mutual assistance and cooperation.

Such a program definitely did not represent the interests of the bourgeoisie, and definitely the bourgeoisie was neither willing nor able to carry out such a program. The program was a manifestation of the supreme interests of the proletariat at the stage of the democratic revolution, and it also represented the wishes and interests of the broad masses of the people.

Concerning the policy of the democratic government during the War of Resistance against Japan, Comrade Mao Tse-tung pointed out: "The policy of the government of the Resist-Japan united front should regard as its basic starting point opposition to Japanese imperialism, protection of the people who resist Japan, regulation of the interests of all strata which resist Japan, improvement of the living standard of the workers and peasants, and suppression of national traitors and reactionaries." ("The Question of Political Power in Resist-Japan Base Areas," Selected Works of Mao Tse-tung, Vol. 2, p. 737.)

This reflects the basic interests of the proletariat and the broad masses of the people during the War of Resistance against Japan, which were basically different from the selfish bourgeois policy of oppressing and exploiting the people.

This fully illustrates that the new democratic government did not have a bourgeois character, but was a people's democratic government under proletarian leadership. Since it was led by the proletariat, and since its policy reflected the interests of the proletariat at the time and prepared conditions for the socialist revolution, it undoubtedly was a socialist factor in the new democratic society. It enforced a new democratic program at the stage of the democratic revolution.

Naturally, as it entered into the stage of the socialist revolution, it was to enforce a socialist program and perform the functions of a proletarian dictatorship, without having to undergo once more the process of seizing political power, smashing the state machine, and found anew a government of proletarian dictatorship.

Comrade Yang Hsien-chen's misinterpretation of the new democratic government as one "with a bourgeois character" is closely connected with his complete distortion of the new democratic economy to mean capitalist economy, and with his proposal that China "follow the road of capitalism."

New Democratic Economy Must Not Be Distorted
To Mean Capitalist Economy

By describing it as capitalistic, Comrade Yang Hsien-chen deliberately distorted the structure and nature of state-operated economy in the new democratic society. He said:

"The new democratic economy has two forms. One is 'state-monopoly capitalism.' The other is non-monopolistic private capitalism. ... These two forms of capitalism make use of each other and boost each other." (More on the Question of Nature of Society in Resist-Japan Base Areas)

"The view that the new democratic economy naturally contains a socialist sector merits even more careful consideration. Without proletarian dictatorship, how can there be a socialist sector in the social economic structure of a country?" (Some Incorrect Views on New Democracy).

In the Resist-Japan base areas, "the publicly operated businesses will be the embryo of state-monopoly capitalism." (Ibid.)

"Whereas it is alleged there is no longer exploitation in the new democratic publicly operated businesses, the fact is not so ... Such a category as exploitation still exists, because the new democratic mode of production basically has a bourgeois character, and is capitalistic. In other words, the system of exploitation has not yet been abolished. Even the arsenals of the 8th Route Army and the cooperative are not exceptions." (Ibid.)

In Comrade Yang Hsien-chen's view, the new democratic economy was unadulterated capitalist economy, and, should there be any difference between the two, it was the difference in form between state monopoly and private enterprise. Were this true, the economy would not have been a new democratic economy; it would have been hundred per cent capitalist economy.

In On New Democracy, Comrade Mao Tse-tung clearly stated that the new democratic state was to nationalize the big banks, big industry, and big commerce, set up an economy with a socialist character, and make it the leading force of the national economy. But "the other capitalist private property will not be confiscated. ... The land of the landlords will be confiscated for distribution among landless peasants and peasants with little land."

On the basis of this, all kinds of cooperative economy containing the socialist factor were to be developed. At the same time, the existence of the rich-peasant economy would be permitted.

The new democratic economy as manifested by the above had at least four forms: the state-operated economy with a socialist character, the cooperative economy containing the socialist factor, the private capitalist economy (including the rich-peasant economy in the rural areas), and the small private individual economy.

Before 1944, both the state-operated economy and the cooperative economy made tremendous development in the liberated areas behind the enemy line. They were not a matter of theory, but an actuality before us. In 1945, Comrade Mao Tse-tung clearly pointed out in his report, On Coalition Government: "At the present stage, the Chinese economy must be composed of these three things: state enterprise, private enterprise, and cooperative enterprise." (Selected Works of Mao Tse-tung, Vol. 3, p. 1059)

However, according to what Comrade Yang Hsien-chen wrote, there existed no state-operated economy with a socialist character, nor cooperative economy containing the socialist factor, nor individual economy. What remained was only the capitalist economy. This, undoubtedly, was a basic distortion of both Comrade Mao Tse-tung's theory and objective reality.

In making this distortion, Comrade Yang Hsien-chen used the excuse that--since there was no proletarian dictatorship in the new democratic society--there could not be any socialist sector in the economic structure. To be sure, if what he said were true, then the democratic revolution would result in establishing a government with a bourgeois character with the development of the capitalist economy. There would be no socialist factor or socialist economic sector.

But what he said was not true. The new democratic revolution was led by the proletariat, and the government set up by this revolution was a people's democratic government under proletarian leadership. It enforced policies which reflected the interests of the proletariat and the broad masses of the people. It prepared conditions for the socialist revolution.

Under such a government, why could there not be an economy with a socialist character or one containing the socialist factor? In fact, not only were there such economies, but the socialist economy and the economy containing the socialist factor developed continuously precisely with the support of this government. History is the best witness.

One of the methods to which Comrade Yang Hsien-chen resorted in distorting the new democratic economy was to represent that the state-operated economy had a capitalist nature and contained exploitation. This is a slander against our state-operated economy. Comrade Mao Tse-tung stated clearly in On New Democracy:

"The state-operated economy of the new democratic republic under proletarian leadership is socialist in nature and is the leading force of the entire national economy." (Selected Works of Mao Tse-tung, Vol. 2, p. 671.)

During the War of Resistance against Japan, the nature and role of the publicly-operated enterprises in the liberated areas were like this. At the time, the publicly-operated economy contained three parts: (1) Government-operated industry and commerce; (2) Army-operated agriculture, industry, and commerce; and (3) the agriculture, industry, and commerce operated by Party and Government offices. These economic operations were developed in those days mainly for the purpose of overcoming the serious difficulties brought about by Japanese imperialist offensives and by the blockade of the Kuomintang reactionary government. They directly safeguarded the supply of livelihood needs to Party, Government, and Army personnel in the base areas, and the supply of funds for the revolution.

In the production process, all personnel worked together without distinction between the leadership and the masses, and they depended on revolutionary consciousness and zeal. They struggle hard. The production relations in these economies were characterized by these facts:

The means of production were publicly owned by the laboring people, and the purpose of production was to safeguard the supply of the revolution's needs. In the production process, the mutual relations among men were comradely relations of mutual assistance and cooperation. All took part in production for the sake of the same revolutionary cause and as ordinary laborers, and worked with a Communist labor attitude.

The products were publicly owned by the laborers and distributed according to the needs of the revolution.

The earnings of the Army, offices, and schools from their economic operations were distributed in such a manner that the majority of them were used on the work of the respective units themselves and on the livelihood of their members. A portion of them were forwarded to the government for distribution according to a unified plan. The income from Government-operated industry and commerce was distributed by the Government for use among all Party, Government, and Army personnel.

Quite obviously, this was a socialist economy and one completely different from a capitalist economy. To represent that such economy has a capitalist nature and contains exploitation as well, is completely a premeditated distortion. Not only is such a distortion extremely absurd in theory. It is also a great insult to our selfless revolutionaries-laborers and to our Party and state offices.

In his book, The Economic Question and the Financial Question, written in 1942, Comrade Mao Tse-tung stated clearly: In the production operations of the Army, "the cadres, when they actively guide the production movement, do so consciously for the purpose of overcoming difficulties in the revolutionary process. The soldiers, too, when they take part in productive labor, do so consciously for the purpose of overcoming difficulties in the revolutionary process. Without the consciousness of these two kinds of people--and but for their feeling that they are working not for others but for themselves, and not for any idle purpose but for meeting the sacred needs of the revolution--they would not have been able to complete such hard tasks of production. Had they felt they were hired elements, and the production in which they engage has no bearing on their own interests or on the common revolutionary cause, it would not have been possible to complete such production tasks."

He added: The personnel of offices and schools all take part in productive labor for the sake of the revolution; "they take a portion but of their labor earnings and give them to the public. They are completely helping our own glorious and sacred revolutionary cause. They do not count on any acquisition of additional private property for themselves." (The Economic Question and the Financial Question, Chieh Fang She [Liberation Press], 1944 ed., pp. 159 and 190-191.)

These words concretely and clearly illustrated the nature of the publicly-operated economy at the time. Comrade Yang Hsien-chen could not but have had an ulterior motive when he distorted it.

As Comrade Yang Hsien-chen observed, to say that there is no exploitation in publicly-operated undertakings would lead to neglecting management, giving up accounting, wasting materials, absence of labor discipline, and other such serious phenomena. This would not awaken class consciousness in the workers to wage struggle for the final liberation of the working class, but would only benumb the working class. In short, he considered in an extreme evil.

Comrade Yang Hsien-chen believed that economic work could be a success only through perpetuation of the exploiting class and its system. He believed the moment exploitation disappeared, state of anarchy and lack of discipline would arise, and the economy would collapse.

He evidently viewed the working class from the standpoint of the exploiting class, and was slandering and insulting the working class and the Party's economic work. He stated that only by admitting the existence of exploitation in the publicly-operated undertakings could we avoid numbing the workers and enlighten them so that they would strive for liberation. Quite obviously, he regarded the Party-led offices and the cadres leading production as exploiters and oppressors, and instigated the workers to struggle against them and to win "liberation" from them. His motive was really very insidious.

Comrade Yang Hsien-chen's representation of the new democratic state-operated economy as state-monopoly capitalism is indeed an absurdity without parallel. The state-operated economy under "a regime with a bourgeois character" which Comrade Yang Hsien-chen mentioned, was indeed state-monopoly capitalism. But the state-operated economy of the proletarian-led new democratic state is definitely different from state-monopoly capitalism. The former is socialist economy, while the latter is capitalist economy. They must not be equated.

It is only through revolutionary struggle, through transfer of political power from the hands of the bourgeoisie to the hands of the proletariat, and through the confiscation and socialist transformation of state-monopoly capital by the proletarian-led state, that state-monopoly capital can be changed into socialist public property. To describe state-operated economy with a socialist character as state-monopoly capitalism is to distort its nature basically. For Comrade Yang Hsien-chen to do so showed that he tried to make the socialist state-operated economy leave the socialist direction and embark upon the capitalist road.

Another method to which Comrade Yang Hsien-chen resorted in distorting the new democratic economy to mean capitalist economy was to obliterate the existence of the cooperative economy and individual economy. The cooperative economy not only was an important component of the new democratic economy, but already contained the socialist factor during the stage of new democratic revolution.

Comrade Mao Tse-tung said: "The various kinds of cooperative economy developed on the basis of 'land to the tiller' also contain the socialist factor." (On New Democracy, Selected Works of Mao Tse-tung, Vol. 2, pp. 671-672.)

This is so because the cooperative economy already possesses public accumulation and public means of production. It makes unified production and operational plans, practices collective labor, and its products are distributed through the collective.

It changes the characteristics of the small peasant economy, can prevent polarization, and can, through further development, become collective economy which is completely socialist in nature. It is a way of transforming the small commodity economy into socialist economy.

Moreover, before the socialist transformation, the individual economy accounted for the overwhelmingly greater part of the value of total output in our national economy. And the peasants were the mainstay army for the democratic revolution.

Comrade Mao Tse-tung said: "In substance, our country's revolution is a peasant revolution; and the present resistance against Japan is in substance a resistance against Japan by the peasants." ("On New Democracy," Selected Works of Mao Tse-tung, Vol. 2, p. 685.)

Though the small peasant economy was private economy and though it was the basis for the production of capitalism, it was, after all, not a capitalist economy. The peasants as a rule had to depend on their own labor, and their products basically provided their own needs of livelihood. The peasants were both small private owners and laborers. As the former, they tended toward capitalism. As the latter, they tended toward socialism.

Under the government of the proletariat (through the Communist Party) and under the leadership of the socialist economy, the individual economy was capable of transforming itself into a socialist economy by way of the road of cooperation. During the War of Resistance against Japan, the question of leading the peasant to embark upon the road of mutual assistance and cooperation was already solemnly raised by the Party center and Chairman Mao, and actual work was done about this question generally in the liberated areas.

But Comrade Yang Hsien-chen in his writing quietly obliterated such an important economic sector and such an important practical question. Why? Quite obviously, the reason was that he took the bourgeois standpoint and yearned for the development of capitalism. As a result, he saw nothing except capitalism, and, what is more, he took non-capitalist things for capitalist things.

If he had admitted that the individual economy was not equivalent to capitalist economy, if he had admitted that the individual economy was a huge thing in its totality and bore a high proportion to the entire national economy, if he had admitted that the peasants, thanks to the leadership of the working class, were playing a tremendous role in the process of the new democratic revolution, and if he had admitted that the individual economy was capable of following the road of cooperation under the leadership of the working class and that the cooperative economy contained the socialist factor--where, then, would he have placed the capitalist economy? And what would have been the future of capitalism? He dared not think, and did not want to think about these things. To imagine or admit these things would have been an act against his bourgeois "conscience."

After distorting the heterogeneous new democratic economy to mean homogeneous capitalist economy, Comrade Yang Hsien-chen considered that there was no struggle within the new democratic economy. To be sure, if as he said, there were only private capitalism and state-monopoly capitalism in society, then they would "make use of each other and develop each other." But what he said was actually not true.

As stated above, the new democratic economy contained numerous and varied sectors. It could be basically divided into a socialist sector and a capitalist sector--two types of economy which are mutually opposed. Since the socialist economy and the capitalist economy were present at the same time, an acute struggle would surely occur to decide "which wins, and which loses." We wanted to make use of that aspect of the capitalist economy which was good for the affairs of the state and the livelihood of the people. We absolutely could not allow capitalism to make use of the socialist economy.

At the stage of democratic revolution, we still permitted some development of the capitalist economy, which, however, was conditional and limited. Our basic direction was to promote the development of the socialist economy and increase the socialist sector's proportion. In this there was basically no case of "mutual utilization or mutual development." If the socialist economy and the capitalist economy had "made use of each other and developed each other," the entire social economy would certainly have evolved into capitalist economy. In Comrade Yang Hsien-chen's subjective world, such an evolution had already been completed.

On the basis of his above-mentioned distortion, Comrade Yang Hsien-chen included new democracy in the category of capitalism. He said: "The new democratic mode of production basically comes under the capitalist mode of production." This all the more clearly exposed his idea of making the new democratic economy capitalistic, and further exposed the absurdity of his viewpoint. As everybody knows, a new democratic state wants to nationalize imperialist capital in various ways, confiscate bureaucratic capital and become transformed into a socialist economy. A new democratic state wants to hold in its own hands the life of the national economy, turning it into the leading force of the national economy to create an important condition for transformation of private industry and commerce, and the individual economy.

After the land reform, the Party and the state actively led the peasants to embark upon the road of cooperation. It gradually transformed the individual economy into collective economy with a socialist character.

Meanwhile, there were still present the private capitalist economy and the individual economy which were being gradually transformed. In this way, in the new democratic economy, a struggle occurred between the socialist economy--which was occupying the leading position and was growing steadily--and the non-socialist economy gradually until finally the entire national economy had become a socialist one.

It is thus clear that the new democratic economy was transitional, and the new democratic society was also transitional. The transition was toward socialism.

The new democratic society comes under the socialist system and definitely does not come under the category of capitalism. Comrade Mao Tse-tung said: "New democracy at present, and socialism in the future, are two parts of an organic structure. They are guided by the entire system of Communist thought." ("On New Democracy," Selected Works of Mao Tse-tung, Vol. 2, p. 680.)

Comrade Yang Hsien-chen disregarded all this and insisted on including new democracy in the category of capitalism.

It is clear from the above analysis that Comrade Yang Hsien-chen's attempt to make the new democratic economy completely capitalistic ran completely counter to the facts and to Comrade Mao Tse-tung's theories on new democracy and to the Party's programs and policies. He made such a distortion because he dreamed of leading China to "the road of capitalism" to meet bourgeois needs.

China Must Never "Follow the Capitalist Road"

On the basis of his distortion of new democracy in various ways, Comrade Yang Hsien-chen advanced a line which was basically opposed to that of the Party. It was to "follow the road of capitalism" as he stressed repeatedly in the two articles mentioned above. He said:

"If China does not follow the road of capitalism today, what other road can it follow?" (Some Incorrect Views on New Democracy)

"It is not true that China does not want capitalism today. What it does not want is the capitalism of bourgeois dictatorship." (More on the Question of Nature of Society in the Resist-Japan Base Areas behind the Enemy Line)

"To fear the development of capitalism in China ... is completely wrong and harmful. In On New Democracy, Comrade Mao Tse-tung merely said that, in China today, the road of establishing a capitalist society of bourgeois dictatorship is an impasse. It is not possible to follow the road of capitalism. On the contrary, he insisted that we must not follow the road of 'regulated capital' and 'equal ownership of land.' Isn't that the road of capitalism?" (Ibid.)

In On New Democracy, Comrade Mao Tse-tung clearly pointed out that for China the road of capitalism was an impasse. Internationally, we were in an era when capitalism was heading for doom, and socialism for victory. In the first place, the nearer capitalism was to death, the more it would depend on colonies and semi-colonies for survival. It definitely would not permit them to found a capitalist society and develop capitalist economy.

Then, in order to be independent, China must firmly oppose imperialism. That was something which imperialism could not permit. Such a revolution definitely could not separate itself from the assistance of socialist countries and the international proletariat.

At home, the bourgeoisie did not have the power to lead the democratic revolution to victory. The power of leadership over the revolution was held in the hands of the proletariat. In the War of Resistance against Japan and the democratic revolution, the decisive forces were the workers, the peasants, and the other petty bourgeoisie. They were waking up. Under such conditions, China could not follow the road of capitalism.

The history of China, too, has completely proved that the road of capitalism is at an impasse. We shall say nothing of the process which we have now undergone since the War of Resistance against Japan. Even the history before that war can fully prove this point.

After the Opium War, many in China learned from Europe and America and wanted to develop capitalism and build a capitalist society in China. They learned a lot, but their plan did not work. Imperialist aggression smashed the dream of the Chinese about learning from the West.

As for the Kuomintang reactionary regime, it brought China to a colonial, semi-colonial, semi-feudal status. During the War of Resistance against Japan, a large part of Chinese territory was reduced to colony status. In the areas ruled by the Kuomintang reactionary government, it was sunless darkness. Had China continue to follow the "road of capitalism," she would have been reduced to a colony completely, or would have still been under the rule of the Kuomintang reactionary government.

Comrade Mao Tse-tung pointed out quite definitely:

"The final future of China will be, not capitalistic, but socialist and Communist."
("Chinese Revolution and Chinese Communist Party," Selected Works of Mao Tse-tung, Vol. 2, p. 645.)

China "definitely cannot build the capitalist society after the fashion of Europe or America, and definitely cannot remain the old, semi-feudal society. Whoever dares to go contrary to this direction will certainly fail to reach the end, and he will break his head." ("On New Democracy," Selected Works of Mao Tse-tung, Vol. 2, p. 672.)

But Comrade Yang Hsien-chen insisted that Comrade Mao Tse-tung did not say that China must not follow the road of capitalism. Wasn't he telling a blatant lie? Comrade Mao Tse-tung said that the road of building a capitalist society of bourgeois dictatorship was an impasse. But Comrade Yang Hsien-chen held that the road of "capitalism without bourgeois dictatorship" was still open to us, and insisted that that was what Comrade Mao Tse-tung meant. Indeed, he distorted Comrade Mao Tse-tung's words to an alarming degree.

All those with some knowledge of history know that, short of bourgeois dictatorship, capitalism has no chance to develop fully, and in turn the capitalist society cannot be built. The dream of the Chinese bourgeoisie about developing capitalism and building a capitalist society in China was shattered precisely because it did not have the power to build a regime of bourgeois dictatorship. In fact, the capitalism which Comrade Yang Hsien-chen wanted to practice was not capitalism without a bourgeois government, but capitalism with a government of bourgeois character." He disregarded Comrade Mao Tse-tung's warning, and ran counter to the socialist direction. Naturally and definitely, he could not achieve his objective, but would break his head.

From Comrade Mao Tse-tung's words, "The Chinese economy must follow the road of 'regulated capital' and 'equal ownership of land,'" Comrade Yang Hsien-chen arrived at the conclusion about "following the road of capitalism." That, in his own words, was indeed a "stroke of genius."

Comrade Mao Tse-tung pointed out clearly: The purpose of "regulated capital" was to nationalize monopolistic big enterprises and turn them into a socialist economy. While the existence of other private capitalist economy would be permitted, to have it manipulate state affairs and the livelihood of the people was impermissible.

In other words, an important portion of the national economy was to be turned into socialist economy, the socialist economy was to exercise vital control, the private capitalist economy was to be restricted, and conditions were to be prepared for transforming the capitalist economy. Clearly, a road was to be paved for development toward socialism. How was it that, in Comrade Yang Hsien-chen's view, the road became a road of capitalism?

The practice of "land to the tiller" and abolition of the feudal system of land ownership objectively was indeed favorable to the development of capitalist economy. "The proposition 'land to the tiller' is a proposition with a bourgeois democratic character, not one with a proletarian socialist character. It is a proposition of all revolutionary democrats, not one of us Communists alone." ("On Coalition Government," Selected Works of Mao Tse-tung, Vol. 3, p. 1075.)

But the degree of thoroughness and the final result would be fundamentally different should the land question be settled under bourgeois or proletarian leadership. Under bourgeois leadership, it was confined to the changing of feudal land relations to suit the development of capitalism, and, for the greater part by far, the changing of the feudal land relations was to be effected under conditions of compromise with feudal forces. In the latter case, it was through the land reform movement under the leadership of our Party and through stormy class struggles of the masses. As a result, not only was the land question thoroughly settled, but the peasants' class consciousness was greatly raised, the leadership of the proletariat over the peasants was consolidated, and conditions were created for leading the peasants to follow the road of socialism. Indisputable proof of this is that after land reform, our country's agriculture soon embarked upon the road of cooperation and rapidly completed socialist transformation.

Comrade Yang Hsien-chen was distorting the Party's policy from the bourgeois standpoint when he, in this connection, saw and stressed only the aspect favorable to capitalism, describing it as following the "road of capitalism."

Comrade Yang Hsien-chen not only put forward the direction of "following the road of capitalism," but also advanced measures. These were:

- (1) Develop private capitalist economy,
- (2) "Build state-monopoly capitalism",
- (3) "Develop the rich-peasant economy and encourage rich-peasant production" (Some Incorrect Views on New Democracy)

(4) "The middle peasants are the basic force on which the new democratic government depends in the rural areas, and the new democratic society is to develop in such a direction" (Ibid),

(5) Make the government suit the development of capitalist economy,
(6) "Advocate and guide the development of capitalism, and even the Communist Party members themselves are to operate factories of a capitalist character." (Ibid.)

This was a concrete program for following the road of capitalism. It was diametrically opposed to our Party's program.

Our basic economic program was to nationalize the monopolistic big enterprises by the state under proletarian leadership (to be followed later by confiscation of bureaucrat capital), transform them into an economy of a socialist character, make socialism the leading force of the national economy, and require the state to develop such economy actively.

It was to confiscate the land of the landlord class for distribution among landless peasants and peasants with little land (a policy of reducing rents and reducing interests was enforced during the War of Resistance against Japan), actively lead the peasants to follow the road of cooperation from this basis, and require the state to support actively the development of cooperative economy. It was to permit the existence and some development of the capitalist sector good for the national economy, impose the necessary restrictions on it at the same time, and, after the victory of the democratic revolution, subject capitalist industry and commerce to gradual socialist transformation.

In the cities, we depended on the working class. In the rural areas, we depended on the poor farm employees during the land reform, and on the poor peasants and lower middle peasants during the socialist revolution.

In the ideological realm, we struggled constantly against bourgeois thought, and firmly opposed instances of corruption of the revolutionary ranks by bourgeois thought and instances of degeneration among the revolutionary ranks.

We persevered in the direction indicated by the Party. That was why the new democratic revolution triumphed and the new democratic economy developed. That was why economic and other conditions could be prepared for the development of the new democratic revolution into socialist revolution.

Had we acted in accordance with the program put forward by Comrade Yang Hsien-chen, the new democratic revolution would have failed. China would have remained in a semi-colonial, semi-feudal state or would even have been reduced to an imperialist colony. The wheel of history has thrown Comrade Yang Hsien-chen's program into the depths of quagmire.

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In different ways, Comrade Yang Hsien-chen distorted new democracy to be capitalistic, described the new democratic revolution as a revolution for the purpose of developing capitalism, represented the new democratic government as one with a bourgeois character, completely twisted the new democratic economy as a capitalist economy, and stressed that China must follow the road of capitalism.

His was a typical, consistent, bourgeois program. It was exactly in line with the Ch'en Tu-hsiu capitulationist line in the historical process of the Chinese revolution, and basically opposed to the Party's new democratic theory and general line for the new democratic revolution.

Comrade Yang Hsien-chen's advancement of such absurdities at the time completely suited the needs of Japanese imperialism in their aggression against China, and the needs of Chiang Kai-shek in opposing Communism and the people.

A dissection of the basic viewpoints in Comrade Yang Hsien-chen's two articles under reference will make it clear that he was already no thorough democrat during the democratic revolution. At the time, he already had a firm bourgeois stand and an integral bourgeois world outlook. And he has been persisting in them without modification ever since. This was where he began consistently to oppose the thought of Mao Tse-tung, and why he advanced the "theory of comprehensive economic foundation" in 1955, opposed identity between thought and existence in 1958, attacked the three red banners in 1959 and afterward, and recently advanced the theory of "uniting two into one."

Under the guidance of the thought of Mao Tse-tung, and singing songs of triumph aloud, the Chinese people have gone through the stage of democratic revolution and won tremendous victories in socialist revolution and construction. At present, we are carrying out a thorough socialist revolution on the economic front, the political front, and the ideological and cultural fronts.

Should Comrade Yang Hsien-chen stubbornly continue to cling fast to capitalism and refuse to give it up, he will eventually only cause himself to be buried together with capitalism.

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