

PEKING REVIEW

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Socialist Planned Economy

— Notes on studying political economy

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SOCIALIST economy is a planned economy. The entire national economy in socialist society develops in a planned and proportionate way. This is the objective law governing socialist economic development and an important feature showing the superiority of the socialist economy over the capitalist economy.

Planned Economy Possible Only Under Socialism

In capitalist society, the capitalists own the means of production and engage in production for the sole purpose of making profits and satisfying their private interests. Therefore, though there may be planned production in a few enterprises, competition is rife and lack of co-ordination prevails among the different enterprises and economic departments as a whole. Adjustment based on a unified plan is completely out of the question and anarchy in all social production is the order of the day. Cyclical economic crises which break out in capitalist society are the inevitable result of anarchy in production. They not only greatly undermine the social productive forces, but also are disastrous for the labouring people.

Engels pointed out: **“With the seizing of the means of production by society, ... Anarchy in social production is replaced by plan-conforming, conscious organization.”** The development of our socialist revolution and construction has fully borne out his prediction. Under the wise leadership of the Party and Chairman Mao, the proletariat and other labouring people in our country, after their seizure of political power by force of arms, have won great victories in the socialist transformation of the ownership of the means of production and have established socialist public ownership of the means of production. The state representing the interests of the proletariat and other working people holds the lifeline of the national economy

in its hands. Social production is aimed at meeting the ever increasing needs of the entire society in the interest of all the working people, instead of catering to the private interests of the few. The establishment of public ownership of the means of production and the fundamental identity of the interests of the working people in socialist society make it possible for the socialist state to arrange the whole society's labour force and means of production in a unified way. Under a unified state plan, it can distribute the labour force and the means of production among the various departments in the national economy so as to use manpower, material and financial resources rationally in the light of the needs of the state and the people and the proportional relations which exist objectively between the various departments. In this way, the entire national economy can develop in a planned and proportionate way and at high speed.

In his "Editor's Note to 'The Long-Range Plan of the Red Star Collective Farm'" written in 1955, Chairman Mao pointed out: **"Man has been developing for hundreds of thousands of years, but in China it is only now that he has secured conditions under which he can develop his economy and culture according to plan. Now that we have these conditions, the face of our country will change from year to year. Every five years will show a relatively large change. With several five-year periods, the change will be even greater."** Guided by Chairman Mao's revolutionary line, the Chinese people have brought tremendous changes to their country through stupendous efforts in the last three five-year plan periods. Semi-colonial and semi-feudal old China has been turned into a socialist state with initial prosperity.

Proportional Relations Between National Economic Departments

The objective law of planned and proportionate development of the national economy requires us to respect the proportional relations between its various departments. Socialist economy means large-scale socialized production. Interdependent and mutually conditioned as they are, all economic departments are very closely linked. Lenin pointed out: **"It [socialism] is inconceivable without planned state organization, which keeps tens of millions of people to the strictest observance of a unified standard in production and distribution."** That is to say, socialism can be realized and consolidated only when the proletarian state works out a unified plan for the production and distribution of products to ensure planned and proportionate development of the entire national economy.

The most important of the numerous proportional relations between the departments and branches of the national economy are those between the two major categories of social production: production of the means of production (first category) and of consumer goods (second category). The latter depends on the former for machinery, tools, fuel and other means of production. Its scope hinges on how much means of production the first category can provide. Giving priority to the growth of the first category is a prerequisite for socialist expanded reproduction. Nevertheless, the departments turning out the means of production

must enlist help from those producing consumer goods such as grain, daily necessities and other items. In other words, the priority development of the means of production must depend on increased production of consumer goods. It is, therefore, necessary to pay full attention to augmenting production of consumer goods while priority development of the means of production is guaranteed.

As consumer goods are mainly produced by agricultural and light industrial departments and the means of production by heavy industrial departments, the proportional relations between them generally find expression in those between agriculture, light and heavy industry. The principle of **“taking agriculture as the foundation and industry as the leading factor”** formulated by Chairman Mao scientifically reflects the objective law of socialist economic development and correctly expresses the position of agriculture and industry and their interrelations in the development of the national economy. The core of China’s economic construction, heavy industry must get priority, but it cannot develop without agriculture and light industry. Only when agriculture and light industry develop can heavy industry, assured of its funds, raw materials and market, grow faster. Thus we must handle the dialectical relations between the three well. Good handling of their proportional relations makes it easier for us to take care of those between others—such as between industry and agriculture on the one hand and communications and transport on the other, between industrial and farm production and commerce, between economic construction and cultural and educational undertakings, between accumulation and consumption, and so forth. So long as we conscientiously implement the principle of **“taking agriculture as the foundation and industry as the leading factor”** and plan our national economy in the order of agriculture, light and then heavy industry, we can lay the foundation for planned and proportionate development of the entire national economy and do a better job of promoting its growth.

Effecting a Balance

The law of planned and proportionate development of the national economy calls for consciously adjusting the proportional relations between the various departments through Planning. In other words, it is essential to do a good job of effecting a balance. Chairman Mao pointed out: **“Balance is nothing but a temporary, relative unity of opposites. By the end of each year, this balance, taken as a whole, is upset by the struggle of opposites; the unity undergoes a change, balance becomes imbalance, unity becomes disunity, and once again it is necessary to work out a balance and unity for the next year.”** Because the struggle of opposites is absolute, imbalance is a frequent occurrence.

There are many causes for imbalance in the course of national economic development. For instance, existing balance will be upset to a certain extent when any unit or department raises its labour productivity by introducing new techniques, technological processes, equipment and materials as a result of technical innovations. The same is true of the existing balance between various departments when new industrial ones are set up which invariably call for other departments to supply them with manpower and means of production and livelihood. Moreover,

a good or bad harvest in agriculture, the foundation of the entire national economy, is bound to affect the balance of the national economy.

In a word, as the forces of production develop, the old balance is often upset and a new imbalance results. However, imbalance sometimes results from mistaken planning and arrangement when subjective cognition does not conform with objective reality and the objective law of planned and proportionate development is violated. To do planning work well, we must make a thoroughgoing investigation and study and seriously sum up experience under the guidance of Marxism-Leninism-Mao Tsetung Thought so that our ideas conform with objective reality.

Lenin said: **“Constant, deliberately maintained proportion would, indeed, signify the existence of planning.”** By understanding the imbalance which often appears in the course of national economic development, we can bring about an overall balance and consequently maintain a relative balance between the various national economic departments according to the objective law of socialist economic development, thereby speeding up the overall development of the national economy.

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