

# Chapter 3

## The First Symposium on the Theories of Economics of the People's Republic of China in April 1959



Zhouyuan Zhang

### 1 The Reflection on the Negation of Commodity Production and “Equalitarianism and Indiscriminate Transfer of Resources” in the People's Commune Movement in 1959 and 1960

In the People's Commune Movement in 1958, the “communism fad” characterized by “equalitarianism and indiscriminate transfer of resources”, which negated commodity production and the law of value, swept the countryside in China. In the industrial area, people propagandized the “great campaign of smelting steel” without proper calculation on labor and cost, only considering the effects in politics regardless of economic effects. Under such a situation, a group of documents and papers that preached the strange and preposterous arguments and theories emerged within a few months. The prominent ones were the idea of Chen Boda that negated commodity production and exchange<sup>1</sup> and the article *Breaking and Removing the Thought of Bourgeois Rights*<sup>2</sup> published by Zhang Chunqiao, negating distribution according to performance.

At the end of 1958, the Sixth Plenary Session of the Eighth CPC Central Committee timely criticized the view that negated commodity production and the law of value. It was specifically pointed out that “To continue developing commodity production and to continue to retain the principle of distribution according to performance are two important principle issues in the development of socialist economy. People must unify the understanding of the entire Party. Some people sought to ‘enter communism’ too early and, at the same time, sought to abolish commodity

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<sup>1</sup>See Su (2007).

<sup>2</sup>*People's Daily*, Oct. 13, 1958.

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Z. Zhang (✉)  
Institute of Economics CASS, Beijing, China  
e-mail: [zhangzy@cass.org.cn](mailto:zhangzy@cass.org.cn)

production and exchange too early and negate the positive role of commodity, value, currency and price too early. Such idea is harmful to the development of socialist construction and thus is incorrect.”

In March 1959, Mao Zedong pointed out, targeting the “communism fad” characterized by “equalitarianism and indiscriminate transfer of resources”, that, only through calculation, could people practice the law of value which existed objectively. “This law is a great school. Only through utilizing it can we teach our cadres in millions and our people in hundred millions and can we build socialism and communism. Otherwise, nothing is possible.” This assertion proposed by Mao Zedong represented an important turning point in the study on the issues of commodity and value in socialism in the circle of economics in China.

From then on the study on the issues of commodity and value in the circle of economics quickly turned from criticizing the “communism fad” to the discussion on the issues about the historical status and role of commodity production in socialism and why the law of value was a great school.

## **2 The First Symposium on the Theories of Economics of the People’s Republic of China Held in Shanghai in April 1959**

It was under the circumstance mentioned above that the Institute of Economics of the Chinese Academy of Sciences, namely the present Institute of Economics of the Chinese Academy of Social Sciences, and the Institute of Economics of the Shanghai Academy of Social Sciences initiated the largest symposium on the theories of economics since the founding of the People’s Republic of China, which was held in Shanghai and lasted for twenty days from April 3 to 22 in 1959. 245 economists attended the symposium and 77 papers and investigation reports were submitted, which mainly discussed the issue on the roles of commodity production and the law of value in socialism. This meeting was of unprecedented scale and tremendous influence. It raised the great wave of discussion on the issues above.

On June 1, 1959, the *People’s Daily* published a news report on the First Symposium on the Theories of Economics of The People’s Republic of China in 1959, entitled *Letting One Hundred Schools of Thought Contend to Achieve Joint Improvement*. It reads as follows:

“*People’s Daily News*: The Institute of Economics of the Chinese Academy of Sciences and the Institute of Economics of the Chinese Academy of Social Sciences recently held a symposium on the theories of economics in Shanghai, discussing the issues of commodity production, the law of value and piece rate wage under socialist system. Altogether 245 people attended the meeting, including the workers on economics theories from the research organs of economic science in various provinces and municipalities and from the departments and schools of economics in higher education institutions and workers on economy and on economic theories from

state economic departments and competent departments in various CPC committees. 54 papers and 23 investigation reports were contributed to the symposium.”

“The symposium focused on discussing three questions related to the commodity production and the law of value under socialist system, namely the self-sufficient and commodity productions of the people’s commune, the three types of exchange relations under socialist system, and the role of the law of value under socialist system. (See the seventh page in today’s newspaper for the main content of the discussion.)”

“In the past, the circle of economics of our country discussed over a long period of time on the issues of commodity production and the law of value under socialist system. In addition, some preparations were made before the symposium. The comrades who were to attend the meeting carried out study and research on the issues to be discussed at the meeting beforehand. They made surveys and investigations in state-operated enterprises and the people’s communes in the countryside and submitted investigation reports. They compiled and printed related materials and wrote papers on the basis of them. And they also made discussions in various regions and organizations.”

“The comrades who attended the meeting believed that certain achievements were made both in theory and in the study of style at this symposium. The main reason to this was because the meeting implemented the policies of combining theory with practice and of letting one hundred schools of thought contend. The issues discussed in this meeting, such as commodity production, the law of value and piece rate wage under socialist system, were all important questions in the economic life in reality currently in China. They were also important questions in the part on socialism in political economics. It is of great importance to carry out academic discussion and exploration on these issues for correctly handling contradictions among the people in the area of economic relations and mobilizing the initiative of the people in the city and the countryside in building socialism, for consolidating people’s communes in China and further improving and developing the production relations inside people’s communes, and for further improving the standard of the work in the planning and management of national economy. It also plays a positive role in summarizing in theory the experiences of socialist construction in China and improving our theoretical standard.”

“The comrades who attended the meeting believed that this symposium showed very active atmosphere in free discussion. Various academic opinions were fully expressed. People made great efforts to convince their opponents with scientific demonstration and carried out debates in a delightful mood. Through discussion and debate, they took each other’s strengths to make up for their own shortcomings. They either revised or strengthened their own arguments. All of them achieved improvement in different degrees.”

The economists who attended this symposium and make speech at the meeting included Xue Muqiao, Sun Yefang, Yu Guangyuan, Wang Xuewen, Luo Gengmo, Wang Sihua, Huang Yifeng, Wang Yanan, Yong Wenyuan, Jiang Xuemo, Fan Hong, Gu Shutang, Yao Nai, Yang Jianbai, Guan Mengjue, Zhu Jiannong, Song Zexing, Qi Qisheng and Deng Kesheng.

After the symposium, the Institute of Economics of the Chinese Academy of Sciences edited the book *A Compilation of the Papers and Materials on the Symposium in April 1959 on the Issues of Commodity Production and the Law of Value under Socialist System* (1959 Edition). It was published by the Science Press in a length of 1.27 million Chinese characters.

### 3 Some Important Common Understandings Achieved at the Symposium

Through this symposium, people achieved agreements on the following several questions.<sup>3</sup>

First, China was a country with much undeveloped commodity production. China had too little commodity economy rather than too much. Its commodity economy was not only inferior than developed capitalist countries but also more backward even than India. China's rural population, which accounted for 80% of its population nationwide, led a semi-self-sufficient life. As social productivity developed in China, division of work became more and more detailed and production showed an increasing degree of specialization and socialization. In the end, such development would manifest itself as the development of commodity economy. The development of commodity production in the present stage was first a major issue in which the working class united with five hundred million peasants in China to build socialism. As far as a people's commune is concerned, various units inside it also needed to develop commodity production and exchange while it developed commodity production to carry out exchange with the state and other communes.<sup>4</sup>

Second, commodity production existed from the late primitive commune period to socialist society. But the social nature of commodity, namely the relationship between people which was embodied by commodity, and the status and role of commodity production in the economic life in the society were different in different periods. In his paper submitted to the symposium, Yu Guangyuan said, "What is the characteristic of commodity exchange as a mode of exchange? In a word, it means that two parties in equal status compare in exchange the socially necessary labor crystallized in the value in use to be exchanged and practice the principle of exchanging an amount of labor with an identical amount of labor. Any exchange carried out in such a mode is commodity exchange. And the products that entered such a type of exchange are commodities."<sup>5</sup> He also pointed out specifically that the exchanges between the two types of public ownership systems under socialist system, between state-operated enterprises, and between the society and an individual were all commodity relations.

Third, people should all admit and respect the role of the law of value and adhere to the principle of exchange at equal values. In particular, when handling the economic

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<sup>3</sup>See Sun et al. (1979).

<sup>4</sup>See Xu (1959).

<sup>5</sup>See Yu (1959).

relations with collective ownership system, people had to oppose “equalitarianism and indiscriminate transfer of resources”, practice exchange at equal values, and do pricing and accounting between the state and communes and between various levels inside a commune. Besides, they should recognize that the law of value played a regulatory role in collective ownership economy. When directing the production in collective economy and arranging the tasks in sale by state quota, they need consider such regulatory role.<sup>6</sup>

Fourth, the law of value was a great school indeed. The reasons were as follows: First, people could learn from it how to correctly handle contradictions among the people from economic relations. Second, people could learn economic management. In the exchange relations between the state and commune, between communes, and inside a commune, people practiced exchange at equal values for the purpose of retaining and encouraging the initiative of economic production in collective ownership system. In the exchange relations between the state and employees, people practiced exchange at equal values for the purpose of correctly implementing the principle of distribution according to performance. In the exchange relations between state-operated enterprises, people practiced exchange at equal values for the purpose of ensuring that the labor consumed in production could be rewarded, of carrying out reproduction, and of strictly implementing economic accounting system.

Fifth, people had to make full use of the function of the law of value and let it serve for socialist planned economy. The law of value could be utilized by the state as one of the bases for formulating national economic plans. It could be utilized to influence the quantities of some products in production and sale and to function as supplementary means for carrying out regulation through state planning and achieving the balance between supply and demand. It could be utilized to organize economic accounting and improve the effect of economic activities. And it could be utilized as the instrument for the distribution and re-distribution of national income, and so on.<sup>7</sup> Some economists further stated that the true role of the law of value was exhibited in its positive functions of improving labor productivity and promoting production. The main issue that we faced today was not how to prevent its negative and destructive effect but how to bring into playing its positive effect in promoting production as much as possible.<sup>8</sup>

Sixth, the law of value and the principle of developing national economy in a planned and proportionate way were not mutually repelling, restrictive or destructive. When organizing economic activities, including formulating plans, the state should fully consider the roles of both the principle of planned development and the law of value. This was because these two principles acted simultaneously in real life. As long as there were economic conditions on which certain economic principle depended to exist, such principle would act. It would not stop acting because of the existence of other economic principles. The state might stipulate the prices of various commodities according to the principle of developing national economy in a planned and proportionate manner. But when determining the planned prices of

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<sup>6</sup>See Zheng (1959).

<sup>7</sup>See Xue (1959).

<sup>8</sup>See Wang (1959).

various kinds of products, the state still could not stop estimating and utilizing the action of the law of value. Similarly, the state needed to determine the proportions between various departments in national economy on the basis of the principle of developing national economy in a planned and proportionate manner. But this did not mean that, when carrying out regulation through state planning on the production and circulation of commodities, the state could stop considering the law of value. If the law of value was regarded as being in a subordinate status, such practice would result in the failure to correctly estimate and utilize the action of the law of value in practical work.<sup>9</sup>

Seventh, now that the law of value was an objective economic principle, there were no positive or negative roles in the law of value itself. It can only be said that, on what condition the action of the law of value was favorable to people or on what condition it was unfavorable. Moreover, the law of value itself did not have the distinction between spontaneous action and conscious action. A principle was objective so that it acted on a spontaneous basis permanently. The only difference was whether people could recognize it and whether there were conditions to utilize it to achieve a predetermined goal.

It should be said that the views above were all obtained from the study on the lessons in the economic construction work in 1958. These were spiritual wealth obtained at enormous price and therefore very precious. In the practice later, these views were proved to have both theoretical and practical values. They not only further enriched Marxist economic theory but also played an important instructive role in China's socialist construction. Besides, it should also be pointed out that opinions different from the mainstream views above were also fully expressed at the symposium so that a situation of letting a hundred schools of thought content was formed.

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<sup>9</sup>See Institute of Economics of the Chinese Academy of Sciences ed., *A Compilation of the Papers and Materials on the Symposium in April, 1959 on the Issues of Commodity Production and the Law of Value under Socialist System*, Science Press, 1959, pp. 9–10.

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