CHAPTER THREE

ECONOMIC DUTIES OF THE STATE IN ANCIENT CHINA

The principles of Chinese economic theory were not merely the discoveries of a few scholars and great economists. They also formed the basis of activity of great men of the past who used their abilities and wisdom, and even sacrificed their lives and property to put these principles into practice. In addition to studying the economic theories of ancient China, we should pay particular attention to the actual constructive economic activities of various dynasties, in order to understand thoroughly the principles of Chinese economics. The economic duties of the nation are twofold—to support the people and to protect the people. Let me explain the constructive eco-

1. This seems as appropriate a place as any to include a general comment on the author’s discussion of “Chinese economics.” In the first place, it is based on quotations from the classics and ancient dynastic histories, arbitrarily removed from their historical context and applied to modern conditions of which their authors were naturally ignorant. The dictums of Confucius, Mencius, and other ancient sages, no matter how pertinent to conditions in a feudal, agrarian society, can hardly be regarded as appropriate guides to the solution of modern economic problems. In fact, it is impossible to avoid the conclusion that this glorification of the wisdom of “ancient times” is designed to obscure the real nature of the present agrarian problem in China, and the urgent need for democratic reforms in the oppressive system of landlord-tenant relations and for the development of industry free from the strangling restrictions of bureaucratic control. Secondly, the fact that individual Chinese scholars and statesmen commented on or dealt with the specific economic problems of their day does not support the conclusion that there exists a Chinese “school of economics” superior to modern or “Western” economic theory, with its systematic and scientific analysis of economic data. Here, as in China’s Destiny, the main object appears to be to glorify “ancient China,” with its autocratic government and feudal agrarian economy, together with the political and social concepts of Confucianism, which provide an ideal philosophical base for a feudal-fascist state.
Men desire to live and thus have wants which give rise to demands. There is a limit to the things that men need to exist, but there is no limit to their wants and demands. Since it is impossible to satisfy unlimited wants and demands with a limited supply of goods, human conflicts develop. The land problems of an agricultural community and the disputes between capitalists and workers in industrial centers are examples of such conflicts. Is there any way to end such conflicts? Yes. Since human nature is naturally benevolent and loving, there must be principles and methods for stopping them.

As an individual, every man wishes to listen to pleasing sounds, look at beautiful colors, eat good tasting things, wear comfortable clothing, live in a good house, and ride in good vehicles. If he subjects himself to the “wants” and “demands” of his ears and eyes, he is serving and is controlled by material things. This is what the Analects of Confucius mean by saying: “The mind of the small man is fixed on advantages.” It is also what is meant by the statement in the “Great Learning” that “unkind men procure riches by bodily health,” which means the same as “sacrifice one’s life to gain possessions.”

We recognize that money and possessions are necessities of life, but it is extremely “unbenevolent” to die for possessions or riches simply because our ears, eyes, mouth, and body have been attracted by them. Appetites must be controlled by the mind, which is able to think, to consider, and to make distinctions. A man should consider his wants: which cannot and which should not be satisfied. He should also consider material possessions: which are not obtainable, and which it is not desirable to obtain. Furthermore, he should learn to differentiate between the things that should be consumed and those that should be saved, and between those that are for the good of the public and those that are private and harmful. If a man does all these, his activities will be well planned and he will be able to save money and use it to expand his enterprises.