

# Marxism & Militarism

ANALYSIS by INSITE

**W**ARFARE specialists who study the men, their weapons, and their strategies, are often so close to their subject that they fail to accord due weight to economic imperatives. And the detached, scholarly approach is often distorted by ideological sympathies.

Take, for example, the statistics known as "force ratios" – the number of full-time military personnel per 1,000 population (see table).

- Marxist countries, of which there are now 34, have a clear propensity to militarise their populations.

- Of the 32 countries for which there are statistics, the average force ratio is 13.3. This is double the ratio for 109 non-Marxist countries (6.1).

- The force ratio for the eight European Marxist countries is 13.8, compared with the 7.6 for 17 European non-Marxist countries.

*How do we account for this?*

Not exclusively in terms of a theory which claims that Marxist countries wish to dominate the world. For why should Mongolia, sandwiched between Red China and Russia, have a force ratio of 21.2?

So far as we know, Mongolia has no aspiration to conquer her giant neighbours. Nor does Romania (10.5) or Yugoslavia (10.9) or Bulgaria (19.7), countries which do not need to maintain a high state of readiness for war because of the threat of attacks from Western countries.

An explanation has been offered by James Payne, a professor of political science at Texas A & M University. Military might, he wrote on April 10 in the *Wall Street Journal*, is an expression of their basic character:

"The ruling parties in Marxist regimes reach for military power to validate their ideological view of a world locked in perpetual struggle. They have, as Henry Kissinger put it, 'a vested interest in tension'."

This sounds more like an expression of the ideology of the analyst than a theoretical formulation that explains the facts.

When it comes to militancy, Western countries are every bit as keen to get in on the act as Marxist countries.

*Is there an economic explanation for the statistical divide between the two ideological blocks?*

Marxist countries are economically inefficient: centralised planning cannot provide everyone with a job, or meet the aspirations of their citizens for decent and rising living

standards. But Marxist ideology does not accept the possibility of unemployment in a post-capitalist society. So what better way to mop up unemployment than to conscript workers into the army?

Non-Marxist countries, however, are little better at sustaining full employment. They deal with the problem in two ways:

- The borders of capitalist countries are open. Unemployment is shifted around the globe in a way that is unacceptable within Marxist countries. Thus, Pakistanis and South Koreans migrate to Saudi Arabia; Turks end up as "guestworkers" in West Germany; the British settle in Australia; Mexicans go over the fence to California.

- The welfare state provides a safety net, to diffuse the risk of overt social rebellion.

*If we add the military personnel to the army of the unemployed in non-Marxist countries, we get "force ratios" similar to those in Marxist countries.*

The lesson: basic defects in the structure of both economic systems lead to social discontent and/or militarisation. And both trends dispose people to aggression which in the end makes war seem like an attractive proposition.

FORCE RATIOS: full-time military personnel per 1,000 population

MARXIST		NON-MARXIST	
U.S.S.R.	16.3	U.S.A.	9.1
East Germany	14.0	West Germany	7.8
Poland	11.9	Norway	9.0
North Korea	38.0	South Korea	14.7
South Yemen	12.5	North Yemen	3.9
Cuba	23.5	Colombia	2.6
Nicaragua	27.8	Guatemala	2.3
Laos	15.8	Pakistan	5.2
Albania	19.3	Argentina	6.0
Bulgaria	19.7	South Africa	2.3
Mongolia	21.2	El Salvador	5.4

- Communist Party Secretary Hu Yaobang disclosed, early in May, that China – now in the throes of adopting free market principles in industry and agriculture – would reduce its 4.2m-strong army by 1m men. The workers are needed to meet the demands of a burgeoning economy.

## Land, war and peace

- **WARMONGERS** usually have to first gain political power before they can lay their hands on military power. To this end, they are helped by the civil discontent that is a product of an inefficient economic system. Hitler – and, more recently, many dictatorships – have emerged via this route.

- **PEACE** requires the elimination of the economic barriers to prosperity: full bellies, a decent home and access to education and recreation are major obstacles against those who lust after the power which they wish to exercise in illegitimate ways.

- **CAN** we define an ideal economic system which would help to minimise the conditions that tempt people into war? **JASON CHANG** (pictured right), who is Civilian Professor at the U.S. Military Academy, West Point, has thought about this problem for a long time. In his view, there is such a system.

**A** VIABLE tax structure is vital to a nation and its citizens. It affects the economy and every aspect of the individual's pocketbook. A sound tax structure should encourage production: it should certainly not lead to inflation and unemployment.

Such problems as cost-of-living adjustments or labour strikes should not exist.

The ideal system should not be complicated and beyond our under-

standing, but rather, fair, reliable, easy to administer, and yet productive of revenue.

After decades of studying tax problems, I have come to the conclusion that the United States could benefit from a tax system which would fall increasingly upon land values only.

A land value tax system is, as the term indicates, a tax structure

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primarily on the value of land; yet it is essentially different from the customary taxes levied on real property.

As applied to the land value tax system, the word "land" means, as Alfred Marshall pointed out, "a free gift of nature". It excludes all kinds of improvement, whether the improvement be so modest as a drainage ditch or as imposing as a sky-scraper.

We would do well to understand Sandburg's wisdom: "All we need to begin with is a dream that we can do better than before; all we need to have is faith, and that dream will come true; all we need to do is act, and the time for action is now."

I do not suggest that we abruptly change our present tax structure into a system of taxing land values only, but that we should accomplish it gradually. The transitional period might take five to ten years or more.

*The main point, however, is our decision to act.*

**T**HE SOCIALLY created value of land, known as economic rent, is growing day by day.

This truth was discovered originally by David Ricardo, the English economist, but was comprehensively developed by Henry George, an American economist, in the late 19th century.

*Especially since the last world war, this truth has become more and more evident.*

Manhattan Island, in New York City, was originally bought by the Dutch from Indian leaders with only 24 gold dollars. Its worth has grown to astronomical figures. It has grown so fast not because of the efforts of the individual owners but mainly because of the steady increase in demand for the land. This situation is true not only in New York City, but almost everywhere; the difference is only a matter of degree.

The price of anything else, such as machines, cars, tools, buildings, even planted trees, is decided by the law of demand and supply. If we levy a tax on a product, it would drive up its price.

The price of land, however, is decided by the situation of *demand* only, because we can neither increase nor decrease the supply of land. The only thing we can do is utilise or improve the land.

Increased population, transportation, the quality of environment, and particularly land speculation, constantly increase the price of land. This is why land price grows higher and higher, and speculatively-held lots are not utilized.

This is why slum areas exist in nearly every city, and why housing is in short supply everywhere, because the cost of available lots is beyond what people can afford.

**I**F WE levy a tax on land values only, and not on improvements or buildings, the land price would go down (proportionate to the economic rent being taken away) instead of climb. This is the *vitally important point* we should keep in mind when we seek to change the tax laws.

Should we gradually levy an increasingly heavier tax on land value, public revenue would grow and would eventually be sufficient to support government expenditure at all levels.

This is a mathematically certain consequence that has been overlooked by most economists.

Because we could derive enough revenue from land values only, we could decrease or, in due time, even abolish other taxes levied on capital, buildings, machinery, etc. This would pave the way to reduce the price of all consumer goods and allow the public, in general, to enjoy relatively inexpensive products. At the same time, it would be equally important that, with cheaper production costs,

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this system would enable the United States to export products much more readily.

When we reduce the taxes on capital in general, we automatically reduce the cost of investments, thereby providing more incentive for small or marginal investors to invest. With more available capital for production, we would eventually be able to increase the supply of all kinds of products at lower cost. This is the most dependable way to reduce the price level.

Furthermore, under this tax system, we would be able either to reduce or, in due time, even to abolish the personal income tax system, which has gradually become the backbone of the tax structure for the United States since 1913.

The income tax system was originally inspired by what eventually became Karl Marx's idealistic theory: "To each according to his need and from each according to his ability." But, nowadays, the income tax system has reached a point where

fewer people desire to work hard and more people want to hide their incomes. If we can develop something better, and abolish the income tax system, it would naturally enable each of us to anticipate a bigger pay cheque. Consequently, most Americans would be able to enjoy more and live better. We would not need cost-of-living adjustments and disruptive union strikes.

**C**ONFRONTED with these proposals, the tax specialists, especially government officials in Washington, will immediately cite the Constitution which prohibits the Federal Government from touching any revenue sources belonging to the states or local governments.

This situation could be easily handled through the revenue sharing programme; and in so doing, all states where such a system is in practice would have priority in the revenue sharing.

We should apply such a system in Washington D.C. first. Within a reasonably short period, we would see slum areas disappearing, speculative lots being developed, and businesses prospering.

Someone might ask, why and how? The answer is simple: the owners of speculative lots, or slum areas, would have to pay very high taxes, but they would develop those areas without the threat of additional taxes. If they could sell to other people, the new owners would develop — otherwise they would not buy the land.

This far-reaching policy could also be applied to advantage in the foreign aid programme.

Underdeveloped countries have one vital fact in common — most of their lands are monopolised by privileged groups, and the vast majority of the population is denied adequate resources for a decent life. Yet, they constantly ask for aid from the United States.

When they approach Washington again, we should tell them: "We like to help those who have helped themselves first — with a good tax system on land values."

At the International Meeting on Cooperation held in Cancun, Mexico, in October 1981, President Reagan said the best way to help a hungry man is to teach him how to fish, instead of giving him a fish. The former would help him forever and the latter would cause him to be hungry again soon after he ate the fish.

*A land value tax system in an underdeveloped country is just as important as teaching that hungry man how to fish.*