

Marx and Min Sheng in China

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There is a tremendous Georgist opportunity in mainland China now that Deng Xiaoping is loosening up the economics of the country. By how can they - and he - be weaned off their Marxist hang-ups?

Firstly, they've got to be sold the concept of the universal application of the mechanism of locational advantage - Rent, which in the very nature of human existence, must operate under any regime. Because of it, peasants (farmers) in one region must be better off than those in other regions. Sooner or later, these rent differences are going to manifest themselves in all sorts of ways. So we've got to teach them all about it!

Clue: In Das Kapital, Vol. III, Karl Marx wakes up to the fact that the landlords appropriate surplus value in the act of appropriating rent. Here are extracts, all from Vol. III, with page references:

"All ground rent is surplus value, the product of surplus labour - a surplus over and above profit." (743)

"This sum of money is called ground rent, no matter whether it is paid for agricultural soil, building lots, mines, fishing grounds, forests, etc." (725)

"The amount of ground rent (and with it the value of the soil) develops with the progress of social advance as a result of the total labour of society." (746)

"One section of society exacts from another a tribute for the permission of inhabiting the earth. Private property in land implies the privilege of the landlord to exploit the body of the globe, the bowels of the earth, the air, and with them the conservation and development of life." (898)

"To the same extent that the production of commodities develops as a capitalist production, and as a production of value, does the production of surplus value and surplus products proceed. But to the same extent that this continues does property acquire the faculty of capturing an ever-increasing portion of this surplus value by means of its land monopoly." (747-8)

"Private property in land is then the barrier which does not permit any new investment of capital upon hitherto uncultivated or unrented land without levying a tax - in other words, without demanding a rent." (854)

"The demand for building lots raises the value of the land as a building ground and foundation, and the simultaneous demand for elements of the terrestrial globe serving as building materials grows with it. It is the ground rent, and not the house, which forms the actual object of building speculation in rapidly growing cities." (899)

"The fact that capitalized ground rent represents itself as the price value of land, so that the earth is bought or sold like any other commodity, serves to some apologists as a justification of private property in land, seeing that the buyer pays an equivalent for it, as he does for other commodities and that the major portion of property in land has changed hands in this way. The same reason would, in that case, serve to justify slavery, since the returns from the labour of the slave, whom the slave-holder has bought, represent merely the interest on the capital invested in this purchase." (731-2)

"From the point of view of a higher economic form of society, the private ownership of the globe on the part of some individuals will appear as absurd as the pri-

vate ownership of one man by another. Even a whole society, or even all societies together, are not the owners of the globe. They are only its possessors, its users, and they have to hand it down to the coming generations in an improved condition, like good fathers of families." (901-2)

Evidently many Marxists are unfamiliar with such ideas. So we must start here, in terms of Marx, discuss the real nature of surplus value in terms of the rent bonus, and portray how the genesis of unfair advantage (= exploitation) lies in the situation where some workers and peasants enjoy locational advantages that the others don't! With free market entrepreneurial conditions emerging, this is going to become a more and more acute phenomenon.

At this point the discussion merges with the warnings by Dr. Sun Yat Sen about the great increases in the utility and consequent market value of land with the growth in population of the cities.

From the Georgist stance, the answer, of course, lies in the "socialization" of land rentals - and we can use that term advisedly because that socialization is precisely what is envisaged. My point is that, taking the comments from Marx cited above as the convergent point, we could give a Georgist exposition of the needs of China in terms of economic problems in modernization, without actually mentioning George, but giving the Communist apologists the face-saver of being able to relate it back to Marx. And so Mr. Deng can thus be reassured that Marx copes with modernization after all!

Here is an example of how it might work out: Take the case of the new Hilton Hotel in Beijing. What tax should it pay as an enterprise? Answer: What rent would a hotel in a comparable position vis-a-vis centrality, etc. pay by way of a site rental tax in, say, New York? Apply the same to the Hilton Beijing. And the same could go for any other Western venture occupying valuable Chinese real estate. For that matter, the Communist regime does not need to look beyond Hong Kong to see the rental factor in action!

There must be thousands of new generation Chinese studying in Western countries. These are the people that we must get to! The equalization of rent is the inference to be drawn and expounded from Das Kapital, Vol. III - and this is virtually the same as Sun Yat Sen's "equalization of land rights." This, he said was the Min Sheng principle. This, he said, was "communism." Thus Georgism is central to the ideological convergence of both the People's Republic of China and the Republic of China (Taiwan) in their mutual intents toward modernization.