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Debates and Discussion on the Property Issue in the 21st Century: A Brief Introduction to the Book of Ulrich Duchrow and Franz Hinkelammert

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The book of Ulrich Duchrow and Franz J. Hinkelammert –Property for People – Not for Profit”- is relevant from several perspectives, including the conceptual and political implications. From this perspective, these words attempt to make a presentation of some of the main findings of the book and will highlight two particular issues in terms of the alternatives posed by the authors: a) The conceptual implications in terms of Marxism and Institutionalism, b) The implications in terms of development policies for the 21st century.

1. Overall Findings of the Book

The book presents an overwhelming richness of conceptual, historical and empirical reflections. The issues presented below do not expect to present all of them, but rather to highlight specific items to be related in the second part.

The starting point of the book is clearly critical of the current global process of globalization; it has generated a massive process of ecological degradation and destruction and increased socioeconomic polarization between core and peripheral countries, as well as within them. From a very wide perspective –including an economic, political, sociological and biblical analysis- the authors stress the need to present an alternative conceptual and policy framework. However, such a discussion on alternative should begin with a fundamental definition and understanding of “the issue of property”, leaving aside historical simplifications such as under specific streams of authors justifying capitalism or socialism. A much more in-depth debate is required, which would also allow for understanding the wide varieties of existing forms of property. Any other “principalist” (Duchrow and Hinkelammert 2003:14)² discussion would not only be ahistorical –since it does not acknowledge for existing forms of property-, but particularly dogmatic and primitive. The former point of reference is of particular relevance for the current stage of capitalism, i.e. we are approaching a “global dictatorship of property” (D&H 2003:17) in which alternatives are only feasible if we explicitly include the social responsibility and obligations with life.

Why is an alternative form of property necessary? The authors stress that the current process of globalization has generated massively violence and destruction in terms of lives, material and energy, as well as in terms of overall polarization and inequality. In general –Chapter 6 analyzes this topic- economic and development theories have not been able to go beyond the apparent need to enhance economic growth, allow for efficiency and competitiveness. Under these circumstances,

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² In what follows the references to the book of Duchrow and Hinkelammert (2003) will be defined as (H&D 2003) and refers to the original text in Spanish; the translation has been done from Spanish to English by Enrique Dussel Peters.

however, economic theory has only justified for the "hurricane of globalization (D&H 2003:167) and the –dogmatic and tautological¹- rationality that the market mechanism is the only and most efficient historical process for assigning a price to commodities.² Rather, the process of globalization in the last two decades have allowed for an increasing underdevelopment for most of the periphery. As discussed in chapter 6, most of development theory still hopes for "growth with jobs" since the 1950s while the "totalized market" undermines the possibility for investments in the productive sector resulting in a "dynamic stagnation" (D&H 2003:172):

"Our thesis is that the policy of the totalized market itself does not allow for extensive growth. By the elimination of the denominated "market distortions", and the subsequent market interventions, the sphere of possible productive investments is blocked with the result that capital has to be assigned in non-productive spheres. These spheres are especially services, the indebtedness of the United States and financial speculation. Further, the primary reason of this increasing orientation is not higher profits of non-productive investments compared to the productive ones, but the fact that the policy of the totalization of the market blocks investments in the productive sphere, even if this sphere generates high profits" (D&H 2003:170).

This process is critical for understanding how capital devours life and becomes a "cannibal" (D&H 2003:173) in a process of "dynamic shrinking": global competition without distortions –protection through barriers and frontiers- destroys incentives for new investments in the productive sphere. While some Asian countries –particularly India and China- have been able to reap benefits since the 1990s, not a single Latin American country has followed the steps of the Asian countries.³

Two final topics are significant for the understanding of the book.

First, that the current process of globalization has generated massive limits to its own process in terms of ecology and the use of energy, but also in socioeconomic terms: the increasing process of "jobless growth" and of local, regional, national and global "losers" as a result of the process of competition has questioned the existence of hundreds of millions of inhabitants globally in sectors such as agriculture, manufacturing and services.⁴

Second, and an insistence throughout the book, this "logic of death" (D&H 2003:181) has to be abolished in favor of life of all human beings and the planet: life goes beyond capital, i.e. alternatives to the totalitarian system of global capital have to be found and implemented. These alternatives have to start beginning with the transformation of property. As presented in Chapter 7 –but also in earlier chapters- a critical method of knowledge theory can be found in the Bible and

¹ The authors stress the tautology in most of the economic thought in which there "exists a competitive price if they are market prices ... [in dependency theory however] a determined wage is not rational because it originates in a competitive market, but because it is possible to live with it. With this the tautology ends and it is required to work on reality" (D&H 2003:168).

² Hinkelammert (1984) has already discussed these issues earlier in terms of von Hayek and Friedman, among others, showing that market-mechanisms resulting in efficient and equilibrium prices is an utopia that cannot be shown empirically or even theoretically, i.e. the violent and absolute statement (and "believe") that the market has resulted in the most efficient allocation process is a dogma and believe without theoretical and historical foundation.

³ D&H are extremely cautious and critical regarding the potential of competitiveness: „It happens as with drug traffickers who support the prohibition of drug trafficking since their high profitability depends on this prohibition. They do not follow this prohibition, but are in favour of it. The mentioned countries do not surrender to the strategy of globalization, still they defend it. But they enter a crisis when they surrender to it" (D&H 2003:176).

⁴ „For this reason, the loser in competition has a right to protect. But not only the right. It is also economically rational that he does so. When he is eliminated through competition, it is lost much more than what could be won through the positive effects" (D&H 2003:178).

earlier writings: the perspective of the losers and poor that allow for the guarantee of life; any other rationality based on the maximization of profits and resulting in destruction and self-destruction is under no means –economically, socially, ecologically, politically, etc.– neither sustainable nor rational from the perspective of “life”: “any concrete proposal of institutions and alternative actions have to be examined and judged based on the questioning if they in fact, are useful for concrete life and if nobody is being excluded by its elaboration and with respect to its effects (D&H 2003:188).

The book finalizes –and begins– examining some concrete and diverse forms of local and regional forms of property in Latin America “from below” and beyond a “fundamentalist” discussion between private property and the state property of the means of production: alternatives regarding private property have to originate –with Marx– from the use-value of commodities in a way that producers are subjects and not objects in the socioeconomic process of production. From this perspective, concrete life can also be controlled and evaluated in a more sustainable way at the local-regional level and from the perspective of communities. From this perspective, Chapter 7.3. presents multiple forms of property: personal and private property, but also other historical and current forms of property on water, earth, ecological goods, mediums of production, firms, labor (power), basic services, intellectual property and culture, money and finances, etc. While property on intellectual goods and on culture has substantially undermined “the future of life” (D&H 2003:217) and the level of fetichization of commodities has reached levels that were not imaginable a few decades ago, parallel, several new forms of local and community-level property have also been developed, which capital and private property are “subordinated to the social responsibility and to the obligation towards life” (D&H 2003:211).

3. Relevant Topics From the Perspective of Periphery for the 21st Century

In what follows, and only briefly, I would like to highlight two issues that are of outstanding relevance of the book for future discussion: a) the conceptual and, b) the policy relevance.

3.1. Is there Life Beyond Private and Social Commodities?

The book of Duchrow and Hinkelammert is an excellent critical introduction to the discussion of property for the 21st century. Rather surprisingly the debate on property as such has been extremely limited and particularly from the perspective of the “Critique of Political Economy”. Today, apparently, little has been learned since the discussions of the 19th century, i.e. from the analysis of Marx –from the Jewish Question to Das Kapital (Marx 1843, 1867) in favor of socializing the means of production– to August Friedrich von Hayek’s aggressive and extreme –and dogmatic– proposal for private property as the basis for any human development (Hayek 1973-1979). Thus, the book of D&H allows for an interesting and absolute necessary discussion within the Critique of Political Economy and at least with several other schools of thought:

- a) *With authors such as Philip Mirowski (1988, 2002, 2004). The work of Mirowski has concentrated –and allowed for an excellent understanding– since the 1980s on the high influence of physics –and particularly mechanics– since the middle of the 19th century on marginalist economics, and highlighting that natural sciences, including physics, but also chemistry and biology, have gone far beyond a view of mechanics, equilibrium and timeless reversible events, i.e. current neoclassical economists should include the developments in natural sciences from the last 100 years and not continue –rather primitively– including*

knowledge from physics more than 150 years ago (Mirowski 1988). In his more recent work (Mirowski 2002 and Mirowski and Sent 2002), however, he has also increasingly focused on the "science of economics" in time and space particularly in the United States. Interestingly, he stresses several periods of economic science –a protoindustrial regime, the Cold War Regime and the globalized privatization regime- highlighting that knowledge and science have become increasingly private: the case of Petr Taborsky reflects how privatization not only affects the increasing privatization of patents, TRIMS (Trade Related Investment Measures) and TRIPS (Trade Related Intellectual Properties), among others, but the complete separation between private projects at universities and the subjects of this knowledge and ideas.¹ From this perspective, the creation and reproduction of ideas and knowledge is changing substantially as a result of their increasing privatization. These patterns do also lead to changes socioeconomic structures of capital accumulation.

- b) *With institutions and authors on global public goods.* Since the 1990s an increasing group of institutions –particularly around the UNDP (United Nations Development Programme) and the work of Inge Kaul (Kaul 2005; GPGNET 2006)- have discussed the unsustainability and limitations of globalization and global capitalism. However, while most of this discussion emphasizes the need or global public ownership of "ecological goods" –such as forests, water, air, etc.- the book of Duchrow and Hinkelammert goes far beyond this limited debate: in line with other authors (Altvater and Mahnkopf 1999), they stress that current global capitalism does not only question the ecological –and use-value of commodities-, but particularly the local, regional, national and global socioeconomic conditions given its increasing polarization and exclusion. Results for particular countries do also stress this polarization process (Dussel Peters 2000); they reflect that globalization requires export-oriented industrialization to link to the world market with historically not comparable unequal results for households, firms, branches, sectors and regions.

3.2. Development Theory and Policy Debates

As the book of Duchrow and Hinkelammert correctly highlights, current debates on development theory and policy have so far neglected the wide variety of existing forms of property. Particularly multilateral agencies have continued to discuss the topic of development only in terms of private and State-owned property, even in the case of the rapid growth of Asia (World Bank 1993, 1995); this is particularly the case for Latin America and Mexico, since development and growth have been proposed as parallel to a process of privatization. Particularly the International Monetary Fund and the World Bank have been aggressive in asserting that only private property is able to achieve the most efficient and successful results.

The book of Duchrow and Hinkelammert allows us for at least two sets of discussions:

- a) While these authors (Duchrow&Hinkelammert 2003:chapter 7) show a massive diversity of forms of property, most of institutionalism today –North (1991); Williamson (1996), among many others- still highlights the relevance of clear and transparent institutions for allowing for the genesis of markets, and particularly regarding institutions and norms for private property,

¹ Mirowski and Sent (2002) briefly present the case of Petr Taborsky who worked at an university project, was able to present a significant innovation and decided to pursue the patent of his ideas. Since the results of the project were private, the author of the ideas was jailed as a result of insisting to use his own ideas.

i.e. private property is understood as the basis for development and growth in several current schools of thought far beyond von Hayek.

- b) Independently of the results of these privatization policies in Latin America –resulting in increasing polarization and inequality at the household, firm, branch, sectorial, regional and overall national level- these institutions and authors have not been able to acknowledge the wide variety of existing ownership in Latin America, such as presented by Duchrow and Hinkelammert. In addition, authors such as Ha-Joon Chang (2002) have demonstrated that public firms can and have been extremely efficient and profitable in many countries, including Asia, i.e. the “myth” of the public sector being inefficient and the private being efficient is not sustainable.*
- c) The latter debate is particularly relevant for the case of China and the reforms implemented since the end of the 1970s. An important of authors and institutions have “pushed” the discussion to the private-State-owned debate (World Bank 1995, 1997; OCDE 2000, 2005). From the perspective of these institutions, the socioeconomic success of China since the end of the 1970s is a result of the increasing privatization of China’s economy: in the producer goods market, for example, in 1978 0% of the transactions were allowed at market prices, while in 2003 87.3% were conducted at market prices (OECD 2005:29). The conclusions, from this perspective, are very clear: the further the privatization process, i.e. the selling of property of the central government to the private sector, the better the growth and development potential of China. There are, however, several topics that require a more in-depth knowledge of the Chinese economy and of other existing conditions:*
 - a. Authors such as Qian (2003) stress that one of the main sources of China’s socioeconomic growth have been “transitional institutions”, i.e. the ability of the public sector to generate incentives for growth and productivity for public property.*
 - b. Based on the findings of Duchrow and Hinkelammert (2003), Qian (2003) and own research (Dussel Peters 2005), it is possible to present that the current analysis and discussion from multilateral agencies on private and state-owned property in China is insufficient, i.e. that China currently includes dozens of different forms of property that could be presented in a matrix of property forms at the city, municipal, regional, central government level and, by collectives (urban collectives, township-owned enterprises, village-owned enterprises, cooperatives, etc.), foreign, private (individually owned enterprises), centrally owned property (including State-owned enterprises), and others (joint ventures, overseas funded enterprises, etc.). As a result, the public sector in China is much wider than only the central government, in addition that it highly underestimates the incentives structure and control of the central government, independently of its direct property.*
 - c. As a result, there is no discussion that private property has increased its share in China since the end of the 1970s, but rather on its scope and overall share in trade, GDP, etc. Based on official Chinese statistics, the share of the public sector in total investment in*

fixed assets, exports, imports, GDP, employment, among other variables, is much higher than estimated by multilateral agencies (NBS 2006; MOFCOM 2006).¹

- d. *The latter results allow for a wide discussion on development policies. If the public sector –understood in a wide manner beyond the central government- not only maintains direct property, but also incentives and direct control over other forms of property, it is not possible to understand China's socioeconomic performance as a privatization process. On the contrary, "transitional institutions" and a strong control and direct public ownership have played a critical role for understanding China's socioeconomic process since the late 1970s. In addition –if the substantial share, control, incentives and direct ownership of the public sector are acknowledged- the effects on development theory and policy will be substantial.*

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¹ Detailed statistical information based on these official sources will be presented at the Seminar.

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