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Socialism, Land and Banking: 2017 compared to 1917

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Socialism a century ago seemed to be the wave of the future. There were various schools of socialism, but the common ideal was to guarantee support for basic needs, and for state ownership to free society from landlords, predatory banking and monopolies. In the West these hopes are now much further away than they seemed in 1917. Land and natural resources, basic infrastructure monopolies, health care and pensions have been increasingly privatized and financialized.

Instead of Germany and other advanced industrial nations leading the way as expected, Russia's October 1917 Revolution made the greatest leap. But the failures of Stalinism became an argument against Marxism – guilt-by-association with Soviet bureaucracy. European parties calling themselves socialist or "labour" since the 1980s have supported neoliberal policies that are the opposite of socialist policy. Russia itself has chosen neoliberalism.

Few socialist parties or theorists have dealt with the rise of the Finance, Insurance and Real Estate (FIRE) sector that now accounts for most increase in wealth. Instead of evolving into socialism, Western capitalism is being overcome by predatory finance and rent extraction imposing debt deflation and austerity on industry as well as on labor.

Failure of Western economies to recover from the 2008 crisis is leading to a revival of Marxist advocacy. The alternative to socialist reform is stagnation and a relapse into neofeudal financial and monopoly privileges.

Socialism flowered in the 19th century as a program to reform capitalism by raising labor's status and living standards, with a widening range of public services and subsidies to make economies more efficient. Reformers hoped to promote this evolution by extending voting rights to the working population at large.

Ricardo's discussion of land rent led early industrial capitalists to oppose Europe's hereditary landlord class. But despite democratic political reform, the world has un-taxed land rent and is still grappling with the problem of how to keep housing affordable instead of siphoning off rent to a landlord class – more recently transmuted into mortgage interest paid to banks by owners who pledge the rental value for loans. Most bank lending today is for real estate mortgages. The effect is to bid up land prices toward the point where the entire rental value is paid as interest. This threatens to be a problem for socialist China as well as for capitalist economies.

Landlords, banks and the cost of living

The classical economists sought to make their nations more competitive by keeping down the price of labor so as to undersell competitors. The main cost of living was food; today it is housing. Housing and food prices are determined not by the material costs of production, but by land rent – the rising market price for land.

In the era of the French Physiocrats, Adam Smith, David Ricardo and John Stuart Mill, this land rent accrued to Europe's hereditary landlord class. Today, the land's rent is paid mainly to bankers – because families need credit to buy a home. Or, if they rent, their landlords use the property rent to pay interest to the banks.

The land issue was central to Russia's October Revolution, as it was for European politics. But the discussion of land rent and taxation has lost much of the clarity (and passion) that guided the 19th century when it dominated classical political economy, liberal reform, and indeed most early socialist politics.

In 1909/10 Britain experienced a constitutional crisis when the democratically elected House of Commons passed a land tax, only to be overridden by the House of Lords, governed by the old aristocracy. The ensuing political crisis was settled by a rule that the Lords never again could overrule a revenue bill passed by the House of Commons. But that was Britain's last real opportunity to tax away the economic rents of landlords and natural resource owners. The liberal drive to tax the land faltered, and never again would gain serious chance of passage.

The democratization of home ownership during the 20th century led middle-class voters to oppose property taxes – including taxes on commercial sites and natural resources. Tax policy in general has become pro-*rentier* and anti-labor – the regressive opposite of 19th-century liberalism as developed by "Ricardian socialists" such as John Stuart Mill and Henry George. Today's economic individualism has lost the early class consciousness that sought to tax economic rent and socialize banking.

The United States enacted an income tax in 1913, falling mainly on *rentier* income, not on the working population. Capital gains (the main source of rising wealth today) were taxed at the same rate as other income. But the vested interests campaigned to reverse this spirit, slashing capital gains taxes and making tax policy much more regressive. The result is that today, most wealth is not gained by capital investment for profits. Instead, asset-price gains have been financed by a debt-leveraged inflation of real estate, stock and bond prices.

Many middle-class families owe most of their net worth to rising prices for their homes. But by far the lion's share of the real estate and stock market gains have accrued to just One Percent of the population. And while bank credit has enabled buyers to bid up housing prices, the price has been to siphon off more and more of labor's income to pay mortgage loans or rents. As a result, finance today is what is has been throughout history: the main force polarizing economies between debtors and creditors.

Global oil and mining companies created flags of convenience to make themselves tax-exempt, by pretending to make all their production and distribution profits in tax-free trans-shipping havens such as Liberia and Panama (which use U.S. dollars instead of being real countries with their own currency and tax systems).

The fact that absentee-owned real estate and natural resource extraction are practically free of income taxation shows that democratic political reform has not been a sufficient guarantee of socialist success. Tax rules and public regulation have been captured by the *rentiers*, dashing the hopes of 19th-century classical reformers that progressive tax policy would produce the same effect as direct public ownership of the means of production, while leaving "the market" as an individualistic alternative to government regulation or planning.

In practice, planning and resource allocation has passed to the banking and financial sector. Many observers hoped that this would evolve into state planning, or at least work in conjunction with it as in Germany. But liberal "Ricardian socialist" failed, as did German-style "state socialism" publicly financing transportation and other basic infrastructure, pensions and similar "external" costs of living and doing business that industrial employers otherwise would have to bear. Attempts at "half-way" socialism via tax and regulatory policy against monopolies and banking have faltered repeatedly. As long as major economic or political choke points are left in private hands, they will serve s springboards to subvert real reform policies. That is why Marxist policy went beyond these would-be socialist reforms.

To Marx, the historical task of capitalism was to prepare the way for socializing the means of production by clearing away feudalism's legacy: a hereditary landlord class, predatory banking, and the monopolies that financial interests had pried away from governments. The path of least resistance was to start by socializing land and basic infrastructure. This drive to free society from economic overhead in the form of hereditary privilege and unearned income by the "idle rich" was a step toward socialist management, by minimizing *rentier* costs ("*faux frais* of production").

Proto-socialist reform in the leading industrial nations

Marx was by no means alone in expecting a widening range of economic activity to be shifted away from the market to the public sector. State socialism (basically, state-sponsored capitalism) subsidized pensions and public health, education and other basic needs so as to save industrial enterprise from having to bear these charges.

In the United States, Simon Patten – the first economics professor at the new Wharton business school at the University of Pennsylvania – defined public infrastructure as a "fourth factor of production" alongside labor, capital and land. The aim of public investment was not to make a profit, but to lower the cost of living and doing business so as to minimize industry's wage and infrastructure bill. Public health, pensions, roads and other transportation, education, research and development were subsidized or provided freely.[1]

The most advanced industrial economies seemed to be evolving toward some kind of socialism. Marx shared a Progressive Era optimism that expected industrial capitalism to evolve in the most logical way, by freeing economies from the landlordship and predatory banking inherited from Europe's feudal era. That was above all the classical reform program of Adam Smith, John Stuart Mill and the intellectual mainstream.

But the aftermath of World War I saw the vested interests mount a Counter-Enlightenment. Banking throughout the Western world find its major market in real estate mortgage lending, natural resource extraction and monopolies – the Anglo-American model, not that of German industrial banking that had seemed to be capitalism's financial future in the late 19th century.

Since 1980 the Western nations have reversed early optimistic hopes to reform market economies. Instead of the classical dream of taxing away the land rent that had supported Europe's hereditary landed aristocracies, commercial real estate has been made virtually exempt from income taxation. Absentee owners avoid tax by a combination of tax-deductibility for interest payments (as if it is a necessary business expense) and fictitious over-depreciation tax credits that pretend that buildings and properties are losing value even when market prices for their land are soaring.

These tax breaks have made real estate the largest bank customers. The effect has been to financialize property rents into interest payments. Likewise in the industrial sphere, regulatory capture by lobbyists for the major monopolies has disabled public attempts to keep prices in line with the cost of production and prevent fraud by breaking up or regulating monopolies. These too have become major bank clients.

The beginning and end of Russian socialism

Most Marxists expected socialism to emerge first in Germany as the most advanced capitalist economy. After its October 1917 Revolution, Russia seemed to jump ahead, the first nation to free itself from rent and interest charges inherited from feudalism. By taking land, industry and finance into state control, Soviet Russia's October Revolution created an economy without private landlords and bankers. Russian urban planning did not take account of the natural rent-of-location, nor did it charge for the use of money created by the state bank. The state bank created money and credit, so there was no need to rely on a wealthy financial class. And as property owner, the state did not seek to charge land rent or monopoly rent.

By freeing society from the post-feudal *rentier* class of landlords, bankers and predatory finance, the Soviet regime was much more than a bourgeois revolution. The Revolution's early leaders sought to free wage labor from exploitation by taking industry into the public domain. State companies provided labor with free lunches, education, sports and leisure activity, and modest housing.

Agricultural land tenure was a problem. Given its centralized marketing role, the state could have reallocated land to build up a rural peasantry and helped it invest in modernization. The state could have manipulated crop prices to siphon off agricultural gains, much like Cargill does in the United States. Instead, Stalin's collectivization program waged a war against the kulaks. This political shock led to famine. It was a steep price to pay for avoiding rent was paid to a landlord class or peasantry.

Marx had said nothing about the military dimension of the transition from progressive industrial capitalism to socialism. But Russia's Revolution – like that of China three decades later – showed that the attempt to create a socialist economy had a military dimension that absorbed the lion's share of the economic surplus. Military aggression by a half dozen leading capitalist nations seeking to overthrow the Bolshevik government obliged Russia to adopt War Communism. For over half a century the Soviet Union devoted most of capital to military investment, not provide sufficient housing or consumer goods for its population beyond spreading literacy, education and public health.

Despite this military overhead, the fact that the Soviet Union was free of a *rentier* class of financiers and absentee landlords should have made the Soviet Union the world's most competitive low-cost economy in theory. In 1945 the United States certainly feared the efficiency of socialist planning. Its diplomats opposed Soviet membership on the ground that state enterprise and pricing would enable such economies to undersell capitalist countries.[2] So socialist countries were kept out of the IMF, World Bank and the planned World Trade

Organization, explicitly on the ground that they were free of land rent, natural resource rent, monopoly rent and financial charges.

Capitalist economies are now privatizing and financializing their basic needs and infrastructure. Every activity is being forced into "the market," at prices that need to cover not only the technological costs of production but also interest, ancillary financial fees and pension set-asides. The cost of living and doing business is further privatized as financial interests pry roads, health care, water, communications and other public utilities away from the public sector, while driving housing and commercial real estate deeply into debt.

The Cold War has shown that capitalist countries plan to continue fighting socialist economies, forcing them to militarize in self-defense. The resulting oppressive military overhead is then blamed on socialist bureaucracy and inefficiency.

The collapse of Russian Stalinism

Russia's Revolution ended after 74 years, leaving the Soviet Union so dispirited that it ended in collapse. The contrast between the low living standards of Russian consumers and what seemed to be Western success became increasingly pronounced. In contrast to China's housing construction policy, the Soviet regime insisted that families double up. Clothing and other consumer goods had only drab designs, needlessly suppressing variety. To cap matters, public opposition to Russia's military personnel losses in Afghanistan caused popular resentment.

When the Soviet Union dissolved itself in 1991, its leaders took neoliberal advice from its major adversary, the United States, in hope that this would set it on a capitalist road to prosperity. But turning its economies into viable industrial powers was the last thing U.S. advisors wanted to teach Russia.[3] Their aim was to turn it and its former satellites into raw-materials colonies of Wall Street, the City of London and Frankfurt – victims of capitalism, not rival producers.

Russia has gone to the furthest anti-socialist extreme by adopting a flat tax that fails to distinguish wages and profits of labor and capital from unearned rental income. By also having to pay a value-added tax (VAT) on consumer goods (with no tax on trading in financial assets), labor is taxed much higher than the wealthy.

Most Western "wealth creation" is achieved by debt-leveraged price increases for real estate, stocks and bonds, and by privatizing the public domain. The latter process has gained momentum since the early 1980s in Margaret Thatcher's Britain and Ronald Reagan's America, followed by Third World countries acting under World Bank tutelage. The pretense is that privatization will maximize technological efficiency and prosperity for the economy as a whole.

Following this advice, Russian leaders agreed that the major sources of economic rent – natural resource wealth, real estate and state companies – should be transferred to private owners (often to themselves and associated insiders). The "magic of the marketplace" was supposed to lead the new owners to make the economy more efficient as a byproduct of making money in the quickest way possible.

Each Russian worker got a "voucher" worth about $25. Most were sold off simply to obtain money to buy food and other needs as many companies stopped paying wages. Russia had wiped out domestic savings with hyperinflation after 1991.

It should not be surprising that banks became the economy's main control centers, as in the West's bubble economies. Instead of the promised prosperity, a new class of billionaires was endowed, headed by the notorious Seven Bankers who appropriated the formerly state-owned oil and gas, nickel and platinum, electricity and aluminum production, as well as real estate, electric utilities and other public enterprises. It was the largest giveaway in modern history. The Soviet nomenklatura became the new lords in outright seizure that Marx would have characterized as "primitive accumulation."

The American advisors knew the obvious: Russian savings had been wiped out by the polst-1991 hyperinflation, so the new owners could only cash out by selling shares to Western buyers. The kleptocrats cashed out as expected, by dumping their shares to foreign investors so quickly at such giveaway prices that Russia's stock market became the world's top performer for Western investors in 1994-96.

The Russian oligarchs kept most of their sales proceeds abroad in British and other banks, beyond the reach of Russian authorities to recapture. Much was spent on London real estate, sports teams and luxury estates in the world's flight-capital havens. Almost none was invested in Russian industry. Wage arrears often mounted up half a year behind. Living standards shrank, along with the population as birth rates plunged throughout the former Soviet economies. Skilled labor emigrated.

The basic neoliberal idea of prosperity is financial gain based on turning rent extraction into a flow of interest payments by buyers-on-credit. This policy favors financial engineering over industrial investment, reversing the Progressive Era's industrial capitalism that Marx anticipated would be a transition stage leading to socialism. Russia adopted the West's anti-socialist rollback toward neofeudalism.

Russian officials failed to understand the State Theory of money that is the basis of Modern Monetary Theory: States can create their own money, giving it value by accepting it in payment of taxes. The Soviet government financed its economy for seventy years without any need to back the ruble with foreign exchange. But Russia's central bank was persuaded that "sound money" required it to back its domestic ruble currency with U.S. Treasury bonds in order to prevent inflation. Russian leaders did not realize that dollars or other foreign currencies were only needed to finance balance-of-payments deficits, not domestic spending except as this money was spent on imports.

Russia joined the dollar standard. Buying Treasury bonds meant lending to the U.S. Government. The central bank bought U.S. Treasury securities to back its domestic currency. These purchases helped finance Cold War escalation in countries around Russia. Russia paid 100% annual interest in the mid-1990s, creating a bonanza for U.S. investors. On balance, this neoliberal policy lay Russia's economy open to looting by financial institutions seeking natural resource rent, land rent and monopoly rent for themselves. Instead of targeting such rents, Russia imposed taxes mainly on labor via a regressive flat tax – too right wing to be adopted even in the United States!

When the Soviet Union dissolved itself, its officials showed no apprehension of how quickly their economies would be de-industrialized as a result of accepting U.S. advice to privatize state enterprises, natural resources and basic infrastructure. Whatever knowledge of Marx's analysis of capitalism had existed (perhaps in Nicolai Bukharin's time) was long gone. It is as if no Russian official had read Volumes II and III of Marx's *Capital* (or *Theories of Surplus Value*) where he reviewed the laws of economic rent and interest-bearing debt.

The inability of Russia, the Baltics and other post-Soviet countries to understand the FIRE sector and its financial dynamics provides an object lesson for other countries as to what to avoid. Reversing the principles of Russia's October 1917 Revolution, the post-Soviet kleptocracy was akin to the feudal epoch's "primitive accumulation" of the land and commons. They adopted the neoliberal business plan: to establish monopolies, first and most easily by privatizing the public infrastructure that had been built up, extracting economic rents and them paying out the resulting as interest and dividends.

This Western financial advice became a textbook example of how *not* to organize an economy.[4] Having rejoined the global economy free of debt in 1991, Russia's population, companies and government quickly ran up debts as a result of its man-made disaster. Families could have been given their homes freely, just as corporate managers were given their entire companies virtually for free. But Russian managers were as anti-labor as they were greedy to grab their own assets from the public domain. Soaring housing prices quickly plagued Russian's economy with one of the world's highest-priced living and business costs. That prevented any thought of industrial competitiveness with the United States or Europe. What passed for Soviet Marxism lacked an understanding of how economic rents and the ensuing high labor costs affected international prices, or how debt service and capital flight affected the currency's exchange rate.

Adversaries of socialism pronounced Marxist theory dead, as if the Soviet dissolution meant the end of Marxism. But today, less than three decades later, the leading Western economies are themselves succumbing to an overgrowth of debt and shrinking prosperity. Russia failed to recognize that just as its own economy was expiring, so was the West's. Industrial capitalism is succumbing to a predatory finance capitalism that is leaving Western economies debt-ridden.[5] The underlying causes were clear already a century ago: unchecked financial *rentiers*, absentee ownership and monopolies.

The post-Soviet collapse in the 1990s was not a failure of Marxism, but of the anti-socialist ideology that is plunging Western economies under domination by the Finance, Insurance and Real Estate (FIRE) sector's symbiosis of the three forms of rent extraction: land and natural resource rent, monopoly rent, and interest (financial rent). This is precisely the fate from which 19th-century socialism, Marxism and even state capitalism sought to save the industrial economies.

A silver lining to the Soviet "final" stage has been to free Marxist analysis from Russian Marxology. Its focus of Soviet Marxology was not an analysis of how the capitalist nations were becoming financialized neo-*rentier* economies, but was mainly propagandistic, ossifying into a stereotyped identity politics appealing to labor and oppressed minorities. Today's revival of Marxist scholarship has begun to show how the U.S.-centered global economy is entering a period of chronic austerity, debt deflation, and polarization between creditors and debtors.

Financialization and privatization are submerging capitalism in debt deflation

By 1991, when the Soviet Union's leaders decided to take the "Western" path, the Western economies themselves were reaching a terminus. Appearances were saved by a wave of unproductive credit and debt creation to sustain the bubble economy that finally crashed in 2008.

The pitfalls of this financial dynamic were not apparent in the early years after World War II, largely because economies emerged with their private sectors free of debt. The ensuing boom endowed the middle class in the United States and other countries, but was debt financed, first for home ownership and commercial real estate, then by consumer credit to purchase of automobiles and appliances, and finally by credit-card debt just to meet living expenses.

The same debt overgrowth occurred in the industrial sector, where bank and bondholder credit since the 1980s has been increasingly for corporate takeovers and raiding, stock buybacks and even to pay dividends. Industry has become a vehicle for financial engineering to increase stock prices and strip assets, not to increase the means of production. The result is that capitalism has fallen prey to resurgent *rentier* interests instead of liberating economies from absentee landlords, predatory banking and monopolies. Banks and bondholders have found their most lucrative market not in the manufacturing sector but in real estate and natural resource extraction.

These vested interests have translated their takings into the political power to shed taxes and dismantle regulations on wealth. The resulting political Counter-Reformation has inverted the idea of "free market" to mean an economy free *for* rent extractors, not free *from* landlords, monopolists and financial exploitation as Adam Smith, John Stuart Mill and other classical economists had envisioned. The word "reform" as used by today's neoliberal media means *undoing* Progressive Era reforms, dismantling public regulation and government power – except for control *by* finance and its allied vested interests.

All this is the opposite of socialism, which has now sunk to its nadir through the Western World. The past four decades have seen most of the European and North American parties calling themselves "socialist" make an about-face to follow Tony Blair's New Labour, the French socialists-in-name and the Clinton's New Democrats. They support privatization, financialization and a shift away from progressive taxation to a value-added tax (VAT) falling on consumers, not on finance or real estate.

China's socialist diplomacy in today's hostile world

Now that Western finance capitalism is stagnating, it is fighting even harder to prevent the post-2008 crisis from leading to socialist reforms that would re-socialize infrastructure that has been privatized and put a public banking system in place. Depicting the contrast between socialist and finance-capitalist economies as a clash of civilizations, U.S.-centered “Western” diplomacy is using military and political subversion to prevent a transition from capitalism into socialism.

China is the leading example of socialist success in a mixed economy. Unlike the Soviet Union, it has not proselytized its economic system or sought to promote revolution abroad to emulate its economic doctrine. Just the opposite: To avert attack, China has given foreign investors a stake in its economic growth. The aim has been to mobilize U.S. and other foreign interests as allies, willing customers for China’s exports, and suppliers of modern production facilities in China.

This is the opposite of the antagonism that confronted Russia. The risk is that it involves financial investment. But China has protected its autonomy by requiring majority Chinese ownership in most sectors. The main danger is domestic, in the form of financial dynamics and private rent extraction. The great economic choice facing China today concerns the degree to which land and natural resources should be taxed.

The state owns the land, but does fully tax its rising valuation or rent-of-location that has made many families rich. Letting the resulting real-estate and financialized wealth dominate its economic growth poses two dangers: First, it increases the price that new buyers must pay for their home. Second, rising housing prices force these families to borrow – at interest. This turns the rental value of land – value created by society and public infrastructure investment – into a flow of interest to the banks. They end up receiving more over time than the sellers, while increasing the cost of living and doing business. That is a fate which a socialist economy must avoid at all costs.

At issue is how China can best manage credit and natural resource rent in a way that best meets the needs of its population. Now that China has built up a prosperous industry and real estate, its main challenge is to avoid the financial dynamics that are subjecting the West to debt deflation and burying Western economies. To avoid these dynamics, China must curtail the proliferation of unproductive debt created merely to transfer property on credit, inflating asset prices in the process.

Socialism is incompatible with a *rentier* class of landlords, natural resource owners and monopolists – the preferred clients of banks hoping to turn economic rent into interest charges. As a vehicle to allocate resources “the market” reflects the status quo of property ownership and credit-creation privileges at any given moment of time, without consideration for what is fair and efficient or predatory. Vested interests claim that such a market is an immutable force of nature, whose course cannot be altered by government “interference.” This rhetoric of political passivity aims to deter politicians and voters from regulating economies, leaving the wealthy free to extract as much economic rent and interest as markets can bear by privatizing real estate, natural resources, banking and other monopolies.

Such rent seeking is antithetical to socialism’s aim to take these assets into the public domain. That is why the financial sector, oil and mineral extractors and monopolists fight so passionately to dismantle state regulatory power and public banking. That is the diplomacy of finance capital, aiming to consolidate American hegemony over a unipolar world. It backs this strategy with a neoliberal academic curriculum that depicts predatory financial and *rentier* gains as if they add to national income, not simply transfer it into the hands of the *rentier* classes. This misleading picture of economic reality poses a danger for China sending its students to study economics at American and European universities.

The century that has elapsed since Russia's October 1917 Revolution has produced a substantial Marxist literature describing how finance capitalism has overpowered industrial capitalism. Its dynamics occupied Marx in Volumes II and III of *Capital* (and also his *Theories of Surplus Value*). Like most observers of his era, Marx expected capitalism to make a substantial step toward socialism by overcoming the dynamics of parasitic capital, above all the tendency for debt to keep on expanding at compound interest until it produces a financial crash.

The only way to control banks and their allied *rentier* sectors is outright socialization. The past century has shown that if society does not control the banks and financial sector, they will control society. Their strategy is to block government money creation so that economies will be forced to rely on banks and bondholders. Regulatory authority to limit such financial aggression and the monopoly pricing and rent extraction it supports has been crippled in the West by "regulatory capture" by the *rentier* oligarchy.

Attempts to tax away rental income (the liberal alternative to taking real estate and natural resources directly into the public domain) is prone to lobbying for loopholes and evasion, most notoriously via offshore banking centers in tax-avoidance enclaves and the "flags of convenience" sponsored by the global oil and mining companies. This leaves the only way to save society from the financial power to convert rent into interest to be a policy of nationalizing natural resources, fully taxing land rent (where land and minerals are not taken directly into the public domain), and de-privatizing infrastructure and other key sectors.

Conclusion

Markets have not recovered for the products of American industry and labor since 2008. Industrial capitalism has been sacrificed to a form of finance capitalism that is looking more pre-capitalist (or simply oligarchic and neofeudal) with each passing year. The resulting polarization forces every economy – including China – to choose between saving its bankers and other creditors or freeing debtors and lowering the economy's cost structure. Will the government enforce bank and bondholder claims, or will it give priority to the economy and its people? That is an eternal political question spanning pre-capitalist, capitalist and post-capitalist economies.

Marx described the mathematics of compound interest expanding to absorb the entire economy as age-old, long predating industrial capitalism. He characterized the ancient mode of production as dominated by slavery and usury, and medieval banking as predatory. These financial dynamics exist in socialist economies just as they did in medieval and ancient economies. The way in which governments manage the dynamics of credit and debt thus are the dominant force in every era, and should receive the most pressing attention today as China shapes its socialist future.

Notes.

[1] I give the details in "Simon Patten on Public Infrastructure and Economic Rent Capture," *American Journal of Economics and Sociology* **70** (October 2011):873-903.

[2] My book *Super-Imperialism* (1972; new ed. 2002) reviews this discussion during 1944-46.

[3] I discuss the IMF and World Bank plan to wipe out Russian savings with hyperinflation and make manufacturing investment uneconomic in "How Neoliberal Tax and Financial Policy Impoverishes Russia – Needlessly," *Mir Peremen* (The World of Transformations), 2012 (3):49-64 (in Russian). МИР ПЕРЕМЕН 3/2012 (ISSN 2073-3038) Mir peremen М. ХАДСОН, Неолиберальная налоговая и финансовая политика приводит к обнищанию России, 49-64.

[4] I give details in "How Neoliberals Bankrupted 'New Europe': Latvia in the Global Credit Crisis," (with Jeffrey Sommers), in Martijn Konings, ed., *The Great Credit Crash* (Verso: London and New York, 2010), pp. 244-63, and "Stockholm Syndrome in the Baltics: Latvia's neoliberal war against labor and industry," in Jeffrey Sommers and Charles Woolfson, eds., *The Contradictions of Austerity: The Socio-Economic Costs of the Neoliberal Baltic Model* (Routledge 2014), pp. 44-63.

[5] For more analysis see Dirk Bezemer and Michael Hudson, "Finance is Not the Economy: Reviving the Conceptual Distinction," *Journal of Economic Issues*, **50** (2016: #3), pp. 745-768.